



REFERENCE DOCUMENT 2011



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 27 April 2012 under the number D. 12-0463. It may be used in support of a financial operation if accompanied by a “note d’operation” (securities note) approved by the AMF. This document has been authored by the issuer and is binding upon the signatories.

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 2009, as well as the related auditors’ reports, appear on pages 71 to 148 of the reference document filed with the AMF on 2 June 2010 under number D.10-0496.
- The consolidated and individual financial statements for the fiscal year ended 31 December 2010, as well as the related auditors’ reports, appear on pages 74 to 148 of the reference document filed with the AMF on 29 April 2011 under number D.11-426.

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: 14 rue Auber 75009 Paris
French corporation with capital of 3,855,299 euros
Tel.: (33) 1 58 16 20 40
Paris Corporate and Trade Register No. 429 338 130 - NAF code 5821Z

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

1.1 Person Responsible for the Reference 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 management report appearing on pages 12 to 153 fairly reflects changes in the business, profit 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 consolidated financial statements presented in this reference document were the subject of a statutory auditors’ report appearing on page 122 of the current reference document for the fiscal year ended 31 December 2011. This report was issued without qualification and contains notes regarding the activation of Gameloft S.A.’s losses carried forward as well as the discontinuation of some game projects.

The individual financial statements presented in this reference document were the subject of a statutory auditors’ report appearing on page 152 of the current reference document for the fiscal year ended 31 December 2011. This report was issued without qualification.

The consolidated financial statements for the fiscal year ended 31 December 2010 were the subject of a statutory auditors’ report prepared according to IRFS standards and containing a comment regarding the fact that there were no changes in the deferred tax assets in the amount of €10,291,000 on Gameloft S.A.’s fiscal deficit and featured in section 3.1.5.5 of the 2010 Gameloft reference document submitted to the AMF on 29 April 2011 under number D. 11- 426.

The individual financial statements for the fiscal year ended 31 December 2010 were the subject of a statutory auditors’ report. This report was issued without qualification or comment.

The consolidated financial statements for the fiscal year ended 31 December 2009 were the subject of a statutory auditors’ report prepared according to IRFS standards and containing two comments regarding changes in accounting methods and standards following the 1 January 2009 implementation of new accounting standards and interpretations and changes to assessment methods during the fiscal period featured in section 3.1.8 of the 2009 Gameloft reference document submitted to the AMF on 2 June 2010 under number D. 10-0496.

The individual financial statements for the fiscal year ended 31 December 2010 were the subject of statutory auditors’ reports and contain a comment regarding changes in accounting methods and standards contained in section 3.2.6.2 of the 2009 Gameloft reference document submitted to the AMF on 2 June 2010 under number D. 10-0496.

Paris, 25 April 2012,

Mr Michel Guillemot

Chairman of the Board of Directors and Chief Executive Officer

1.3 Persons Responsible for the Audit of the Financial Statements

1.3.1 Principal Auditors

	Date of 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 ending 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 ending 31 December 2011

1.3.2 Acting Auditors

	Date of Appointment	Term and Expiration Date
Mr Pierre BORIE 15 rue Charles Le Goffic 35700 Rennes	29 June 2006	Six fiscal years expiring after the Ordinary General Meeting called to approve the financial statements for the fiscal year ending 31 December 2011
Cabinet Chevy et Associés 16 boulevard de Bel Air 75012 Paris	29 June 2006	Six fiscal years expiring after the Ordinary General Meeting called to approve the financial statements for the fiscal year ending 31 December 2011

1.4 Person Responsible for Financial Communications

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1.5 Financial Communications Schedule

Publication of 2012 first-quarter revenue: 3 May 2012.

2. MANAGEMENT REPORT

2.1. Group Activity and Earnings for Fiscal Year 2011

2.1.1 Presentation of the Group

2.1.1.1 History – Company Activity

A world leader in the development and publishing of downloadable video games, Gameloft has positioned itself since the year 2000 as one of the top innovators in its field. Gameloft creates games for every digital platform, including mobile telephones, smartphones and tablets (Apple iOS and Android), set-top boxes, Smart TVs, social networks, and consoles. Partnership agreements with major rights holders allow Gameloft to associate its games with big international brands like UNO™, Spider-Man, Harry Potter, LEGO, *Ice Age*, and Sonic. Gameloft has its own portfolio of original properties with established franchises like *Real Football*, *Asphalt*, *Modern Combat*, and *N.O.V.A. Near Orbit Vanguard Alliance*. Gameloft has a studio on every continent, distributes its games in over 80 countries and today employs 5,461 people in 26 countries across the world.

2.1.1.1.1 Mobile and Tablet Games

The use of mobile telephones has spread very quickly. The number of worldwide mobile subscribers was estimated at 5.3 billion at the beginning of 2011² versus only 100 million in 1996³. This figure makes the mobile telephone the most adopted personal technology in the world, just ahead of the television (4.9 billion), and far ahead of the PC (1.9 billion)⁴. 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. For this reason, the Gameloft Group has positioned itself in this market since 2000, where it has become a major player thanks to a diversified game catalogue, strong licences and the largest customer and distributor networks in the market.

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

- Consumers can download high-quality action games directly onto their mobile phones. Downloading through a telecommunications network gives consumers flexibility and total freedom when purchasing and saving games. These games can be kept on the phones for as long as the consumer wants, at no additional cost.
- The downloading of a game and the quality of the game itself are not dependent on the quality of the telecom networks. Telecommunications networks, whether 2G or 3G, allow consumers to download a game in less than one minute. 3G or “third generation” networks, therefore, do not necessarily have 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 3 and 6 euros in developed countries and between 0.5 and 2 euros in emerging countries.
- Java and Brew technologies are standards to which all telephone manufacturers are gradually being forced to adhere. This standardisation allows Gameloft to run its games at a low cost on most of the new telephones

² Source: UIT, February 2011

³ Source: CSFB, July 2002

⁴ Source: ZDnet.fr, September 2009

sold today. At the end of 2011, the number of Java telephones worldwide reached 3 billion as compared to 2 billion in 2008 and 1 billion in 2006⁵.

Gameloft was one of the first companies in the world to develop games for Java and Brew telephones, collectively referred to as "feature phones", and has offered an extensive catalogue of downloadable games since the end of 2002. This catalogue is compatible with most feature phones sold today. The games run on Nokia, Samsung, Sony Ericsson, Motorola, RIM, LG, Mitsubishi, and HTC telephones, to name a few. All in all, the company currently offers more than 400 Gameloft games which can be downloaded onto more than 600 different models of mobile phones. Game sales on these feature phones represented 60% of the company's total revenue in fiscal year 2011.

In 2008, the arrival of a new generation of mobile phones, called smartphones, brought on a second major shift in the mobile video game market. Unlike Java and Brew, smartphone games are developed natively, in other words, directly on the telephone's operating system (Apple's iOS, Google's Android, Microsoft's WP7, Samsung's Bada, etc.). These smartphones allow for the production of games that are several hundred megabytes in size while Java and Brew only allowed for applications of 1 or 2 megabytes. Furthermore, the vast majority of smartphones have a touchscreen and motion-sensing functionality which allow for greater immersion and for a greater variety of possible game types. The gameplay experience on a smartphone is therefore appreciably better than it would be on a telephone that uses Java and Brew, while the sale price of a smartphone game is only slightly higher than that of a Java or Brew game. For consumers, the price-quality ratio of a mobile game is therefore significantly increased thanks to the smartphone and consequently, these consumers now download three to four times more games on their smartphones than they did on their Java and Brew telephones. As a result, the mobile game market witnessed a second growth phase in 2008. The smartphone is progressively replacing the feature phone around the world and is generating more game sales than feature phones, which allows the mobile gaming industry to continue to develop rapidly. In 2011, for the first time, more smartphones were sold than PCs (across all categories); 488 million of the former and 415 million of the latter⁶. To date, Gameloft has developed over 120 smartphone games and a significant proportion of its teams now work in the development of new high-definition games for smartphones. At present, Gameloft develops for over 400 different models of smartphones.

The release of touch tablets in 2010, particularly Apple's iPad, has meant that, in addition to smartphones, there is a new platform for downloadable games. Gameloft immediately positioned itself at the forefront of these new devices, which have experienced tremendous success and which share the same business model as smartphones. Gameloft has developed roughly sixty tablet games so far for Apple, Samsung, LG, etc. and has established itself as a major player in this new market niche.

Game sales on these smartphones and touch tablets represented 34% of Gameloft's total revenue in fiscal year 2011, an increase of 59%.

Gameloft has three distinct distribution networks for its mobile and tablet games: telecom operators, telephone manufacturers and its own portal.

1. Gameloft games are distributed by more than 200 telecom operators in over 80 countries worldwide. The number of potential consumers to which Gameloft has direct access via these operators is more than 2 billion. To date, none of Gameloft's competitors has a comparable distribution network. Mobile telephone subscribers can purchase and download Gameloft games directly onto their telephones through the operator's portal. This portal provides access to Gameloft's game catalogue. This catalogue describes the games and indicates their price. Consumers simply select the game and download it 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 and the company. Gameloft estimates that the operators accounted for slightly more than 50% of their total revenue for 2011.

2. The telephone manufacturers that are currently Gameloft customers and partners are Nokia, Samsung, Apple, LG, Sony-Ericsson, Motorola, RIM, Palm, Google, etc. These manufacturers recently created their own mobile game download portals for smartphones and feature phones which compete directly with the operators' portals. Gameloft therefore sells its mobile games through Apple (App Store for iPhone and iPad), Google (Google Play), Amazon (App

⁵ Source: Oracle, January 2012

⁶ Source: Canalys, February 2012

Store), Nokia (OVI Store), Samsung (Samsung Apps), RIM (App World), etc. The manufacturer acts as a distributor of Gameloft games and the revenues generated are shared between the manufacturer and Gameloft. In addition to offering downloadable games on manufacturers' portals, some manufacturers buy one or more games from Gameloft at a fixed price and integrate them directly into their telephones. The game can therefore be used by the consumer immediately at no additional cost. Gameloft estimates that the manufacturers accounted for just under 40% of their total revenue.

3. Mobile and tablet games can also be downloaded directly from the various Gameloft portals and in particular through the "Gameloft LIVE!" social network put in place by the company. The direct sale of these games is a major growth factor for Gameloft and the company estimates that roughly 3% of its revenue for 2011 was generated through this distribution channel.

2.1.1.1.2 Console Games, PC Games and Smart TV Games

Since 2008, a new generation of game consoles has been made available to consumers, allowing them to download games rather than purchase them in stores as game cartridges. Gameloft immediately positioned itself in this new "downloadable" console market. For instance, in March 2008 the company launched its first game, *Brain Challenge*, for Microsoft's Xbox Live Arcade service. This service allows Xbox console owners to download mass market games via the Internet at a price far below that of game cartridges sold in stores. Xbox Live Arcade games are therefore sold at around 5 to 10 euros in Europe and \$5 to \$10 in the United States. *Brain Challenge* topped the sales charts of Xbox Live Arcade games immediately after its release. In addition, Gameloft now offers 12 and 20 games respectively for Nintendo's WiiWare and DSiWare services and 8 games for Sony's PlayStation®Network service, which run based on the same principle as Xbox Live Arcade. However, in the second quarter of 2011, it was decided that the company would no longer work on new projects for consoles. Disappointing sales of the Nintendo 3DS and the PS Vita, competition on smartphones and touch tablets; piracy; and the April 2011 worldwide hacking of PlayStation®Network, which put it out of commission for 45 days, all led the company to concentrate on the heart of its business which is the mobile phone and the touch tablet, the market for which is noticeably more dynamic than that of consoles. Therefore, Gameloft reassigned all of the teams that had been working on console game projects (approximately 240 employees) to smartphone, touch tablet and TV projects.

In 2010, Gameloft entered the social gaming market. The main characteristic of these games is that the main goal is to bring together players within the game itself and to allow them to exchange messages, virtual gifts, etc. Facebook is the main platform on which these games are played. During the course of fiscal year 2011, Gameloft launched three PC games on social networks. However, as was the case with its console activity, the company decided to put its focus on smartphones and touch tablets. Gameloft's weak growth prospects in the niche of PC games, tied to the absence of a real organised market for social games, led the company to reassign all of its teams (approximately 120 employees) to the more promising sector of smartphone, touch tablet, and TV games.

Finally, Gameloft creates games for the latest generation of set-top boxes and Smart TVs. Major agreements have been signed with Iliad regarding its Freebox Revolution, as well as with Panasonic, Samsung and Lenovo regarding new lines of Smart TVs. Thanks to new technologies embedded in set-top boxes or directly in televisions, consumers can now download video games and play them directly on their television without needing a game console. Naturally, Gameloft has taken an interest in these new platforms, which have many points in common with its existing downloadable-game activities for mobile phones and tablets.

Revenue generated by console, TV and PC games represented 6% of the total for 2011.

2.1.1.2 Group Strategy

The company continues to reap the benefits of its investments with its ability to create and distribute games. These investments have allowed Gameloft to grow rapidly in the last few years and to position itself as a market leader, which has also translated into the increased profitability of the company. Gameloft now has:

- the greatest internal development capabilities in the industry, well ahead of its competitors. The amount allocated for research and development, excluding self-constructed assets and charges related to stock options, represented 47% of revenue in 2011 and 2010.
- unique know-how that is illustrated by the numerous awards that its mobile games have received around the world;

- a catalogue of over 120 iPhone games and more than 64 games for iPad. Gameloft has also launched roughly 100 titles for Google, Nokia, Samsung, LG, Sony Ericsson, Palm, and RIM smartphones;

- a catalogue of Java and Brew games that generate recurring revenue, including more than 400 games on over 600 models of mobile telephones;

- new internal and external licences that have been successfully added to the Gameloft catalogue, such as *Modern Combat*, *Dungeon Hunter*, *The Adventures of Tintin*, *Fast Five*, *Sonic Unleashed*, *Street Fighter Alpha: Warriors' Dreams*, *Resident Evil: Uprising*, *Iron Man 2*, *Shrek Forever After*, *Real Football 2012*, *Asphalt 6: Adrenaline*, *UNO™*, *The Chronicles of Narnia: The Voyage of the Dawn Treader*, *Jurassic Park*, *Spider-Man: Total Mayhem*, *James Cameron's Avatar*, Ferrari, and NBA;

- a unique distribution network made up of more than 200 operators that distribute Gameloft's games in more than 80 countries around the world;

- a growing number of market opportunities for its products, as indicated by the release of Gameloft games for the iPhone and iPad, Android and other smartphones, for touch tablets, on Smart TVs, and on Internet Service Providers' set-top boxes.

The company's long-term objective is to retain its position as a world leader in downloadable games for mobile telephones and consoles. The company is pursuing this goal by:

- creating in-house a diversified, high-quality catalogue of downloadable games;
- making this catalogue available on the largest number of platforms;
- including world-renowned licences in its catalogue;
- implementing the most extensive distribution network in the world.

2.1.1.2.1 The Only Game Catalogue of Its Kind in the World

To date, nearly 4,600 Gameloft Group employees are involved in developing downloadable games. This creative force, which is unparalleled in the gaming industry, has allowed the company to develop a catalogue of more than 500 games covering all genres, including mass market, action, sport, puzzle and adventure games, to name a few. The development activity includes both the creation of new games and porting, a process by which each new game is adapted to all existing platforms and models. The greatest barrier to penetrating the downloadable game industry is the large number of telephone models, tablets, and consoles 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 platform to another, the screens differ in size, the processors have different characteristics, and so on. Each game must therefore be adapted to many models in order to reach the largest number of consumers. Today, for example, Gameloft's catalogue covers 600 different feature phones in 12 languages, making it accessible to the vast majority of mobile telephone owners.

Gameloft's Game Catalogue

Action/Adventure	Mass Market/Arcade	Sports
9mm	1 vs. 100	Asphalt: Urban GT II 3D
Assassin's Creed	Abracadaball	Asphalt 3: Street Rules
Assassin's Creed HD	Deal or No Deal	Asphalt 3: Street Rules 3D
Assassin's Creed - Altaïr's Chronicles	Beowulf	Asphalt 4: Elite Racing
Assassin's Creed - Revelations	Block Breaker Deluxe	Asphalt 4: Elite Racing 3D
Blades of Fury	Block Breaker Deluxe 2	Asphalt 5
Brothers in Arms 3D	Block Breaker Deluxe 3	Asphalt 6: Adrenaline
Brothers in Arms: Earned in Blood	Blokus	Asphalt Injection
Brothers in Arms: Art of War	Brain Challenge	Death Race
Brothers in Arms: Hour of Heroes	Brain Challenge 2: Anti-Stress	Driver
Brothers in Arms 2: Global Front	Bridge Odyssey	Driver: San Francisco
Chuck Norris: Bring on the Pain	Bubble Bash	Fast Five
Cops: L.A. Police	Cannon Rats	Ferrari: World Championship

Cowboys & Aliens	Castle Frenzy	Ferrari GT: Evolution
Die Hard 4.0	Castle of Magic	GT Racing: Motor Academy
Dungeon Hunter	Catz	K.O. Fighters
Dungeon Hunter 2	Where's Wally Now?	Let's Golf!
Dungeon Hunter 3	Chess Classics	Let's Golf! 2
Earth Invasion	Christmas Pool	Let's Golf! 3
Earthworm Jim	Pocket Chef	Marcel Desailly Pro Soccer
Eternal Legacy	Crazy Taxi	Massive Snowboarding 3D
Far Cry 2	Detective Ridley and the Mysterious Enigma	Motocross: Trial Extreme
Gangstar	Desperate Housewives	NBA Pro Basketball 2009
Gangstar 2: Kings of L.A.	Diamond Twister	NBA Smash!
Gangstar Rio: City of Saints	Diamond Twister 2	NFL 2009
Gangstar: Miami Vindication	DJ Mix Tour	NFL 2010
Ghost Recon 2	Dogz	NFL 2011
Ghost Recon: Jungle Storm 3D	Dogz 2	NFL Pro 2012
Heroes	Domino Fever	Nitrostreet Racing
Hero of Sparta	Fantasy Town	Off-Road Dirt Motocross
Iron Man 2	Fishing Kings	Pro Moto Racing
Jurassic Park	Fort Boyard	Real Golf 2011
Night at the Museum 2	Gameloft Backgammon	Rayman Golf
The Chronicles of Narnia: The Voyage of the Dawn Treader	Gameloft Casino	Rayman Kart
The Adventures of Tintin: The Secret of the Unicorn	Gameloft's Solitaire	Real Football 2009
Immortals	Green Farm	Real Football 2010
Surf's Up	Grey's Anatomy	Real Football 2011
Lost	Guitar Rock Tour	Real Football 2012
Lost Planet 2	Harry Potter and the Deathly Hallows - Part 2	Real Football: Manager Edition 2009
Medieval Combat: Age of Glory	High School Hook Ups	Real Football: Manager Edition 2010
The Mummy: Tomb of the Dragon Emperor	Hulkamania Wrestling	Real Tennis
March of Heroes	LEGO Batman	Reggie Bush Pro Football 2007
Might and Magic	CSI: NY	Roland Garros 2009
Might and Magic II	CSI: Miami	Skater Nation
Mission: Impossible 3	Let's Go Bowling	Vijay Singh Pro Golf 2007
Modern Combat: Domination	Lock 'Em Up	Vijay Singh Pro Golf 2007 3D
Modern Combat: Sandstorm	Date or Ditch	
Modern Combat 2: Black Pegasus	Love Triangle: Dating Challenge	
Modern Combat 3: Fallen Nation	Megacity Empire: New York	
N.O.V.A.: Near Orbit Vanguard Alliance	Mega Tower Assault	
N.O.V.A. 2: Near Orbit Vanguard Alliance	Miami Nights: Singles in the City	
Order & Chaos Online	Miami Nights 2: The City Is Yours	
Predators	Midnight Pool	
Pirates of the Seven Seas	Midnight Pool 2	
Prince of Persia: The Two Thrones	Midnight Pool 3	
Prince of Persia: Harem Adventures	Midnight Bowling	
Prince of Persia: The Sands of Time	Midnight Bowling 3D	
Prince of Persia: Warrior Within	Midnight Bowling 2	
Prince of Persia Classic	Midnight Casino	
Prince of Persia HD	Midnight Pool 2	
Rainbow Six 3: Raven Shield	My Life in New York	
Rainbow Six: Broken Wing	Mystery Mansion Pinball	
Rainbow Six: Urban Crisis	Everyday English Trainer	
Rayman 3	Naval Battle: Mission Commander	
Rayman Raving Rabbids	New York Nights: Success in the City	
Resident Evil: Uprising	New York Nights 2: Friends for Life	
Rise of Lost Empires	Where's Wally? In Hollywood	

Rogue Planet	Paris Nights
Sacred Odyssey: Rise of Ayden	Platinum Kakuro
Shadow Guardian	Platinum Mahjong
Sherlock Holmes	Platinum Solitaire
Shrek the Third	Platinum Solitaire 2
Shrek Kart	Platinum Solitaire 3
Shrek Party	Platinum Sudoku
Shrek Forever After	Platinum Sudoku 2
Siberian Strike	Playful Minds
Siberian Strike: Episode II	Pop Superstar: Road to Celebrity
Silent Ops	Questions pour un champion
Six-Guns	Rayman Bowling
Soul of Darkness	Sally's Studio
Ultimate Spider-Man: Total Mayhem	Sexy Poker 2009
Spider-Man: Toxic City	Sexy Poker Manga
Splinter Cell	Sexy Vegas
Splinter Cell: Chaos Theory	Sid Meier's Civilization V
Splinter Cell: Chaos Theory 3D	Sonic Advance
Splinter Cell Double Agent	Sonic Unleashed
Splinter Cell: Pandora Tomorrow	Spring Break Fever
Splinter Cell: Pandora Tomorrow 3D	Spooks
Splinter Cell: Conviction	Tank Battles
Star Battalion	Texas Hold 'Em Poker
Starfront: Collision	The Oregon Trail
Terminator Salvation	The Oregon Trail: American Settler
The Settlers	TV Show King
Tom Clancy's Ghost Recon: Jungle Storm	UNO™
Tom Clancy's Rainbow Six 3	
Tom Clancy's Rainbow Six: Lockdown	
Tom Clancy's Rainbow Six: Vegas	
Shadow Guardian	
Tom Clancy's H.A.W.X.	
Zombie Infection	
Zombiewood	

Source: Gameloft, March 2012

Gameloft records its mobile game development costs as expenses at the time they are incurred. Each year, the company develops and places on various operators' sites thousands of versions of its games covering the more than 600 different models of mobile telephones currently 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 operators, 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 this fiscal year. However, the company does capitalise its development costs related to the creation of games for Sony on PlayStation®Store and PlayStation®Vita, for Mac, set-top boxes and Smart TVs. The decision to completely stop production of new games for console and PC led the company to fund and depreciate all console and PC games yet to be put on sale at 31 December 2011, as well as console and PC games that were put on sale but whose sales prospects were very limited, particularly due to the absence of future marketing support linked to the reassignment of internal R&D, sales, and marketing teams towards smartphones, tablets and TVs.

By choosing to insource all its design teams, the company places special emphasis on the quality of its productions. As a result, for the fourth straight year, Gameloft was chosen as the best game developer in 2011 for all existing mobile platforms. In addition, Gameloft games have been particularly well-received by consumers and market professionals, as evidenced by the many awards and honours which the company has received around the world:

- Gameloft was chosen as the best developer of 2011 by Pocket Gamer, an authoritative news and review site. "The explosive growth of the mobile games industry meant coming up with our list of the top 50 developers of 2011, which was a tricky task," said Jon Jordan, editor of PocketGamer.biz. "Yet, despite the competition, there's no

question Gameloft deserves the top spot. It has demonstrated the ability to create a wide range of great games for all mobile and portable platforms, while growing its business at an impressive rate.”

- Gameloft received an award from jeuxvidéo.com for best iPhone/iPad action/adventure game of 2011 for *The Adventures of Tintin*.
- Gameloft received an award from jeuxvidéo.com for best iPhone/iPad MMORPG game of 2011 for *Order & Chaos Online*.
- Gameloft was also awarded the prize for best game at the Mobile World Congress 2009 trade show in Barcelona for its *Real Football* title. The Mobile World Congress is the largest telecom trade show in the world.
- Gameloft received the 2010 “iLounge Editor’s Choice Developer” prize for best iPhone publisher from the iLounge website.
- Gameloft also received the 2009 “Editor’s Choice” award for iPhone/iPod Touch for *Modern Combat: Sandstorm*.

In addition, Gameloft games consistently receive the highest ratings from magazines and websites specializing in video games. On Java and Brew telephones, games such as *The Adventures of Tintin*, *Gangstar Rio*, *Sherlock Holmes*, *Asterix and Obelix Encounter Cleopatra*, *Assassin’s Creed 2*, *Real Football 2010*, *Real Football: Manager Edition 2010*, *Guitar Rock Tour 2*, *Bubble Bash 2*, *UNO™*, *Platinum Sudoku*, *Crazy Taxi*, *Paris Nights*, *Date or Ditch*, *Cops: L.A. Police*, *Earthworm Jim*, and *Chuck Norris: Bring on the Pain* received a rating equal to or greater than 8/10 on the Pocket Gamer site in 2009. On iPhone and iPad, games like *The Adventures of Tintin*, *Starfront: Collision*, *Ultimate Spider-Man: Total Mayhem*, *Modern Combat: Black Pegasus*, *Let’s Golf! 2*, *Star Battalion*, *The Oregon Trail*, *Siberian Strike*, *Driver*, *Dungeon Hunter*, *N.O.V.A.*, and *N.O.V.A. 2* received a rating of 9/10 or higher from the Jeux Vidéo Magazine, Pocket Gamer, FunTouch and Vous et Votre Mac sites. The following iPhone games received a rating of 8/10 or higher from Pocket Gamer in 2009: *Pocket Chef*, *Skater Nation*, *Castle Frenzy*, *The Settlers*, *Asphalt 5*, *Earthworm Jim*, *Brain Challenge 2*, *Modern Combat: Sandstorm*, *Gangstar: West Coast Hustle*, *Guitar Rock Tour 2*, *Castle of Magic*, *Let’s Golf!*, and *Assassin’s Creed*.

2.1.1.2.2 A Catalogue of Strong Licences

Gameloft has a clear positioning in a mass market. The use of world-renowned licences and brands 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:

- Paramount's *The Adventures of Tintin*
- Universal's *Fast Five*
- DC Comics' *The Dark Knight Rises*
- Sony Pictures' *Men In Black 3*
- Fox's *Ice Age 4: Continental Drift*
- Marvel's *The Avengers*
- Marvel’s Spider-Man and *Iron Man 2*
- Fox’s *The Chronicles of Narnia: The Voyage of the Dawn Treader*, a film released in December 2010
- Warner Bros.’ *Sherlock Holmes*, released in 2010
- DreamWorks’ *Shrek Forever After*
- *Shrek the Third*, produced by DreamWorks Studios
- Fox’s *Predators*, released in 2009
- Different car manufacturers for the release of *Asphalt 6: Adrenaline* (BMW, KTM, Kawasaki, Bugatti, Bentley, BRP, Maserati, etc.)
- Warner Bros.’ *Harry Potter and the Deathly Hallows Part 2*
- *Terminator Salvation*
- James Cameron’s *Avatar*, produced by Fox
- Capcom’s *Resident Evil* and *Street Fighter* franchises
- Sega’s *Sonic Unleashed* and *Crazy Taxi*

- Interplay's *Earthworm Jim*
- Mattel's *UNO™* and *Blokus*
- Riverdeep's *The Oregon Trail*
- Ferrari
- The NBA, the official US basketball league, has partnered with Gameloft for the *NBA Pro Basketball* games
- The NFL, the US football league, has partnered with Gameloft for the *NFL* football games
- The various versions of the *CSI: Crime Scene Investigation* series: *CSI: Las Vegas*, *CSI: Miami* and *CSI: New York*
- FIFPro Foundation: this licence allows Gameloft to use all the official names of FIFA football players and teams
- and many more.

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. The company has used the Ubisoft licences since January 2004 to launch products including *Far Cry 2*, *Dogz 2*, *Tom Clancy's Splinter Cell: Chaos Theory*, *Prince of Persia: The Two Thrones*, *Tom Clancy's Rainbow Six: Vegas*, *Rayman Raving Rabbids*, and *Assassin's Creed*. Ubisoft brands make up less than 10% of the company's revenue for 2011.

2.1.1.2.3 The Most Extensive Distribution Network in the Industry

With more than 200 operators 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 operators currently work with Gameloft. The company also works with the four leading Japanese operators. As a result, the company now has a presence among all major telecom operators worldwide. The company is also continuing to diversify its operator distribution network, mainly by targeting India, the Middle East and Africa.

Gameloft's Telecom Operator Partners

North America		Asia Pacific	
United States	Verizon, Sprint, Cingular, Nextel, T-Mobile, US Cellular, Midwest Wireless, Boost, Alltel, Metro PCS, Cricket, Virgin, Helio	Hong Kong	Hutchison, Sunday, Starhub, Peoples, Smartone, CSL
Canada	Rogers, Telus, Bell Mobility, Fido, Virgin Canada, Cityfone, Unicel	China	China Mobile, China Unicom
Europe		Japan	KDDI, Vodafone, DoCoMo, Willcom
Germany	Vodafone, T-Mobile, E-Plus, O2	Malaysia	Maxis, Celcom, Digi
United Kingdom	Vodafone, T-Mobile, O2, Orange, H3G	Singapore	SingTel, M1, StarHub
France	Orange France, SFR, Bouygues Telecom	Philippines	Globe Telecom, Smart
Italy	TIM, Omnitel Vodafone, Wind, H3G	South Korea	SKT, KTF, LG Telecom
Spain	Telefonica, Vodafone, Amena, Yogo	Thailand	Orange, Dtac, AIS
Netherlands	T-Mobile, O2, Vodafone, KPN	Australia	Vodafone, Optus, Telstra, H3G
Belgium	Mobistar, Proximus, Base	Indonesia	Indosat, Telkomsel
Portugal	Optimus, TMN, Vodafone	New Zealand	Vodafone, Telecom NZ
Sweden	Telia, Vodafone, Tele2, H3G	South America	
Norway	Elisa, Sonera, Tele2, Netcom	Brazil	Vivo, Claro, Oi, Tim Brasil
Ireland	Vodafone, O2, H3G	Argentina	Movistar, CTI Movil
Luxembourg	Vodafone, VoxMobile	Guatemala	BellSouth, Movistar
Austria	T-Mobile, Mobilkom, One, H3G	Venezuela	Telcom Movinet, Movistar

Switzerland	Swisscom, Orange	Peru	BellSouth, Telefonica
Greece	Vodafone, Cosmote	Ecuador	Concel, BellSouth
Czech Republic	Eurotel, T-Mobile	Panama	BellSouth
Slovakia	Eurotel	Mexico	Telcel, USACell, Movistar
Hungary	T-Mobile, Vodafone, Pannon	Chile	BellSouth, Movitel, Movistar
Poland	T-Mobile, Play P4, Polkomtel	Bolivia	Entel
Finland	Elisa, Telia	Colombia	BellSouth, Columbia Movil
Lithuania	Bité, Omnitel	Puerto Rico	Verizon, Centennial
Estonia	Radiolinja Eesti, Tele 2	Nicaragua	BellSouth
Romania	Orange, Vodafone	<i>Rest of the world</i>	
Croatia	VIPnet, HT Mobile	Israel	Orange, Cellcom, Pelephone
Slovenia	SiMobil, Mobitel	Turkey	Turkcell
Serbia	Telekom Srbija	Egypt	Vodafone
Bulgaria	Mobiltel	Réunion	Orange, SFR
Denmark	Telia, H3G, Sonofon, Telmore	Dominican Republic	Orange, Codetel
Iceland	Iceland Telecom	Malta	Vodafone
Russia	MTS, MegaFon	Morocco	Meditel
Malta	Go Mobile	Caribbean	Orange
Cyprus	MTN, Vodafone	Georgia	GeoCell, MagtiCom
		India	Airtel, Hutchinson
		UAE	Qanawat, Cellempower
		Jordan	MobileCom
		South Africa	MTN, Vodacom
		Tunisia	Tunisiana
		Algeria	Wataniya

Source: Gameloft

2.1.1.3 Market Outlook

With a 17% increase in operations for 2011, Gameloft continues to grow rapidly.

Gameloft is probably the company that benefits the most from innovations by long-time telephone manufacturers such as Nokia, Samsung, Sony Ericsson, LG, etc. and from the arrival of powerful newcomers such as Apple, Google, and Microsoft.

Gameloft continues to gain a significant share of the smartphone and traditional Java and Brew telephone markets.

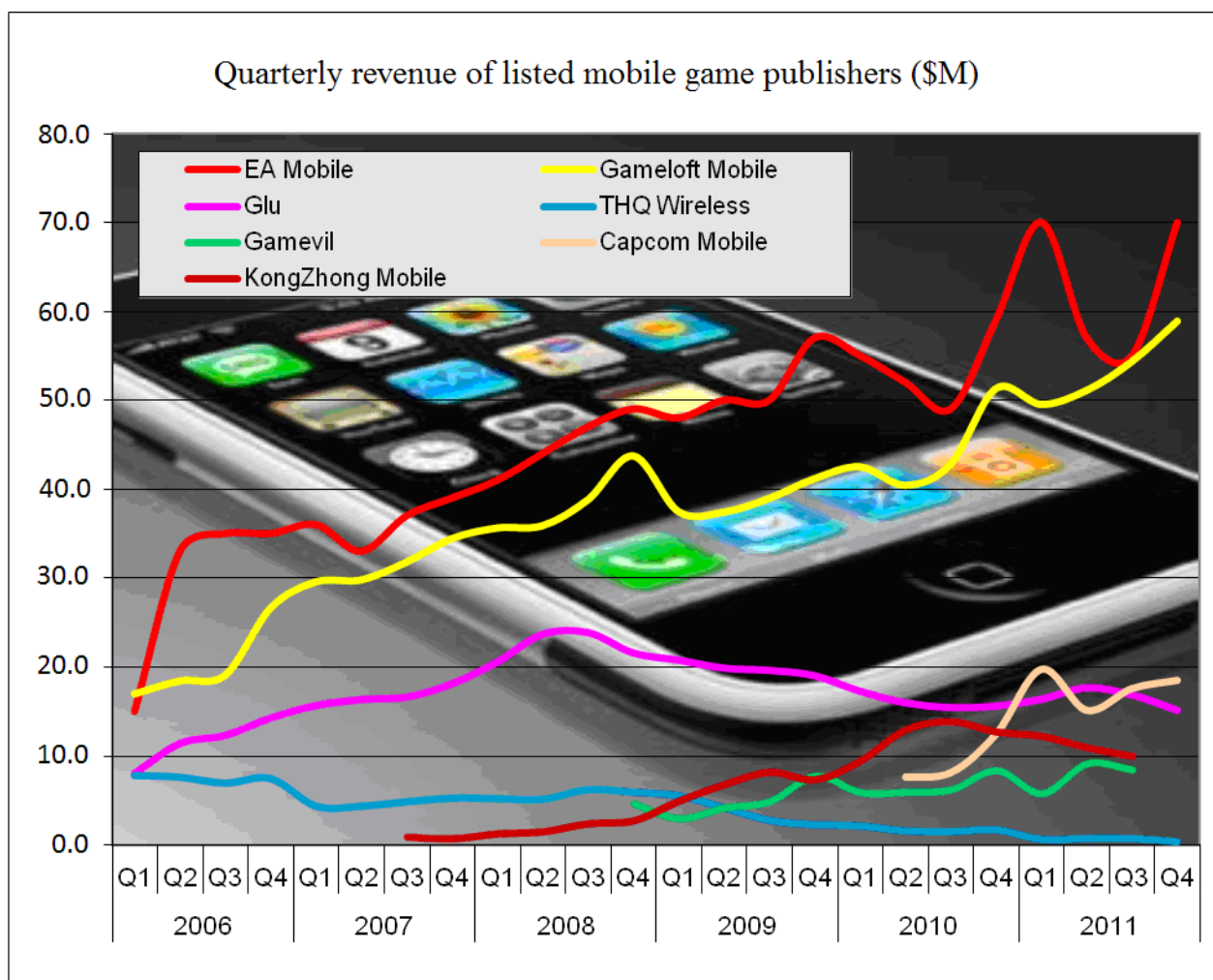
Gameloft is one of the few companies in the market with sufficient resources and know-how to consistently have a product presence at the launch of new downloadable game platforms (tablets like Amazon's Kindle Fire, Android smartphones, etc.).

The company therefore anticipates growth in the 2012 fiscal year in terms of revenue.

It should, however, be noted that:

- Since Gameloft's mobile games are downloaded to feature phones and smartphones, the penetration rate of these phones will determine the success of Gameloft's offering in the mobile telephony market.

- The mobile phone video game market is extremely fragmented because between 2000 and 2006 it was heavily financed by venture capital companies. This source of financing has all but dried up since 2007 and the market has been in a phase of rapid consolidation since then. Many of Gameloft's competitors have filed for bankruptcy since 2007 or been sold to other market players, including InFusio, Oasys, Superscape, iFone, iPlay, Hands On, The Mighty Troglodytes, etc. More recently, Vivendi Games, a subsidiary of the Vivendi Group, and THQ Wireless, a subsidiary of THQ, potentially strong competitors for Gameloft, have announced that they are closing. Today, Gameloft and Electronic Arts share the top two places in this market, far ahead of other competitors. Although these competitors are far smaller than Gameloft and Electronic Arts in terms of revenue and development and distribution capacity, they are still numerous. The level of competition is therefore less intense than it was a few years ago despite the fact that it remains fairly high in absolute terms. The last few months have witnessed a return to fundraising on the part of smaller independent publishers who are looking to take advantage of the explosion in terms of the installed base of smartphones and touch tablets. Competition in the mobile gaming market has now increased to levels similar to where they were in 2000 to 2006. The growth of Gameloft's operations will depend on its ability to consolidate its current position among the market leaders.



Source: Arkéon, January 2012

2.1.2 Fiscal Year 2011 Earnings

1.2.1. Highlights of Fiscal Year 2011

- Creation and capital increase of the subsidiaries:

This year, a new company was created in Toronto, Canada (Gameloft Entertainment Toronto Inc.).

Subsidiary companies, Gameloft Pte and Gameloft Venezuela, respectively increased their shareholder's equity capital by €56,000 and €72,000 during the year in order to comply with local regulations.

- Change in reporting entity:

The consolidation scope used for fiscal year 2011 differs from that of 2010 with the addition of a newly created company. Gameloft Entertainment Toronto Inc. was added to the consolidation scope when it was established.

- Share capital increases:

Gameloft saw an increase of share capital through the issuance of stock options and bonus shares in the amount of €4,274,000, of which €4,173,000 were issue premiums. The share capital is currently €3,855,000.

- Impact of currency fluctuations on revenue:

Currencies such as the US dollar, the Argentine peso, and the Mexican peso fell sharply in 2011. This impacted our accounts and, more importantly, our revenue, with a negative exchange rate differential of €2,836,000. The Japanese yen and Australian dollar also increased this year, generating a positive revenue differential of €276,000 as compared to the same period in 2010.

- Activation of losses:

This year, Gameloft activated losses to carry over of €9,638,000 following several years of positive results.

- Discontinuation of some game development:

Gameloft has decided to concentrate its efforts on the creation of games for smartphones, touch tablets and Smart TVs, a growing market, and therefore to discontinue some development for consoles and social networks.

2.1.2.2 Quarterly and Annual Consolidated Revenue

Revenue in Million Euros*	2011	2010	Change
1 st quarter	39.5	33.0	+20%
2 nd quarter	37.4	33.6	+11%
3 rd quarter	40.6	34.7	+17%
4 th quarter	47.0	39.7	+18%
Total	164.4	141.0	+17%

* rounded figures

On the whole, the revenue for fiscal year 2011 reached 164 million euros, an increase of 17%. On a comparable exchange rate basis, the growth rate in revenue over twelve months reached 19%. Operations in 2011 were carried by the vitality of emerging countries and by Gameloft's tremendous success in the smartphone and touch tablet markets.

2.1.2.3 Revenue by Support Type

	12-Month Fiscal Year 31/12/11		12-Month Fiscal Year 31/12/10	
	€K	%	€K	%
Smartphones	55,947	34%	35,093	25%
Feature Phones	98,265	60%	98,567	70%
Large Screens	10,145	6%	7,298	5%
Total Revenue	164,357	100%	140,958	100%
Self-Constructed Assets	8,013		10,121	-
Closing Inventory	-13		-443	

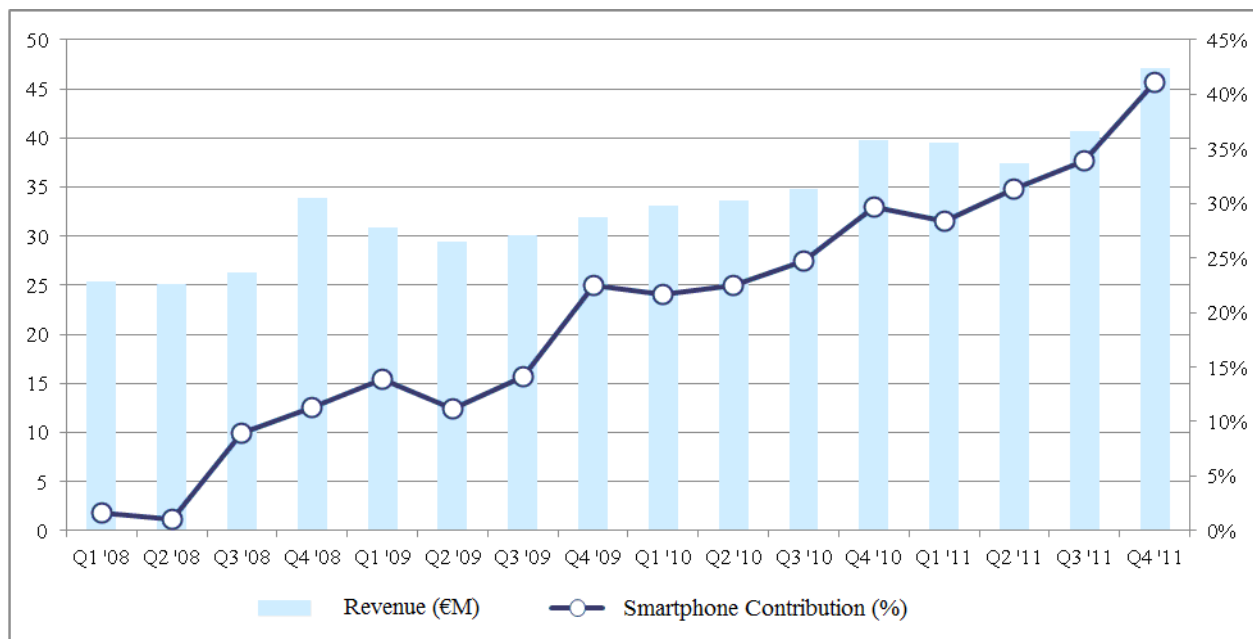
Total

172,357

-

150,636

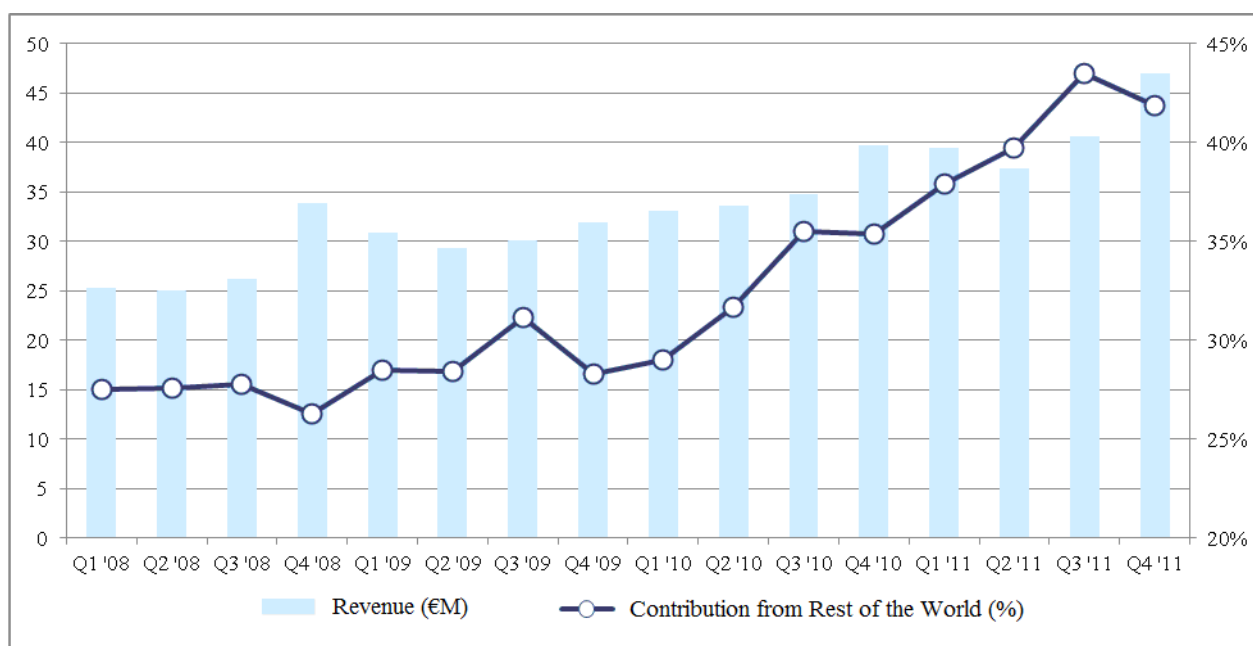
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2.1.2.4 Revenue by Geographic Region

	12-Month Fiscal Year 31/12/11		12-Month Fiscal Year 31/12/10	
	€K	%	€K	%
Europe	49,868	30%	49,131	35%
North America	47,351	29%	45,250	32%
Rest of the world	67,138	41%	46,577	33%
Total	164,357	100%	140,958	100%

In fiscal year 2011, 30% of revenue was generated in Europe, 29% in North America, and 41% in the rest of the world. Sales in the rest of the world pulled up the Group's growth and increased by 44% in 2011.



2.1.2.5 Change in Income

INCOME STATEMENT (in thousands of euros)	2011	2010
Revenue	164,357	140,958
Other business-related income	151	149
Cost of sales*	-19,377	-19,434
R&D**	-77,975	-65,687
Sales and Marketing	-30,046	-26,469
Administration	-14,508	-11,324
Other operating income and expenses	-1,486	-1,122
Operating income/expenses from ordinary activities***	21,115	17,072
Share-based payments	-2,139	-2,283
Other operating income and expenses	-5,311	-222
Operating income/expense	13,665	14,567
Cost of net financial debt	377	123
Financial income	5,097	6,625
Financial expense	-6,618	-5,437
Net financial income/expense	-1,144	1,312
Employees' interest	-36	-117
Tax expense	5,740	-2,197
Net profit	18,225	13,566

* Includes changes in inventories of finished products and merchandise as well as provisions tied to royalties.

** Restatement of allocations and write-backs of provisions for capitalised R&D costs and self-constructed assets.

*** Before recognition of share-based payments

The solid growth in revenue and strict cost tracking in the company's three departments (Research and Development, Sales and Marketing, and Administration) allowed Gameloft to increase its margins. The gross margin for 2011 was 88% as compared to 86% in 2010. The operating income/expense from ordinary activities rose to 21.1 million euros in 2011, an increase of 24%, and the current operating margin was 13%.

The cost of sales, excluding restatement of provisions and changes in inventories, reached 19 million euros and was made up of 11.8 million euros of royalties and 7.2 million euros of sales.

R&D costs before recognition of share-based payments and after restatement of self-constructed R&D costs represented 47% of revenue for 2011, Sales and Marketing expenses before recognition of share-based payments represented 18%, and Administrative expenses before recognition of share-based payments represented 9%. In 2010, these figures were at 47%, 19% and 8% respectively. R&D and Administrative expenses slightly increased in terms of percentage of revenue and Sales and Marketing expenses decreased.

In summary, the 2011 operating income/expense from ordinary activities, before recognition of share-based payments, increased 24% compared to fiscal year 2010. These results total 21.1 million euros, which translates into a current operating margin of 13%.

The annual expense for options granted to employees was 2.1 million euros. This expense had no impact on the company's equity or its cash situation.

Other non-recurring operating expenses are amortisations and depreciations of previously capitalised games that were cancelled. This non-recurring expense of 5.3 million euros was registered on capitalised console and PC games on the company's balance sheet. This reflects the strategic decision taken during the second quarter of 2011 to focus the company's future creation efforts on smartphones, touch tablets and Smart TVs, the market for which is growing.

The operating income/expense reached 13.7 million euros, an annual decrease of 6%, due to this non-recurring expense.

The net financial expense was 1.1 million euros and consisted mainly of foreign exchange losses tied to the decrease in the dollar during the first quarter of 2011.

The company registered tax income of 5.7 million euros when activating losses to carry over of the parent company, whose last three fiscal years were largely profitable, in the amount of €9,638,000. The amount of consolidated non-capitalised losses to carry over reached 14.1 million euros at 31 December 2011.

The net annual earning was 18.2 million euros, an increase of 34% compared with fiscal year 2010, which puts Gameloft's net margin for fiscal year 2011 at 11%.

2.1.2.6 Change in Working Capital Requirement (WCR) and Debt

Cash flow statement	2011	2010
Cash flow from operating activities		
Net profit	18,225	13,566
Depreciation of tangible and intangible assets	8,308	9,058
Change in provisions		
Income related to stock options and similar	2,139	2,283
Change in deferred taxes	-9,066	95
Sales of assets	154	186
Net self-constructed R&D (1-3)	2,355	-2,550
Acquisition of licences (1-2)	-3,695	-5,455
Cash from operations	18,420	17,184
Change in inventories	0	457
Change in trade receivables	-12,400	-12,153
Change in operating liabilities	7,469	2,767
Change in WCR	-4,931	-8,928
Operating cash flow	13,489	8,256
Investment-related cash flow		
Purchases of intangible assets (1-2)	-813	-684

Purchases of tangible assets	-5,190	-4,016
Purchases of other financial assets	-810	-505
Purchases of equity security		0
Repayment of loans and other financial assets	912	138
Change in reporting entity	-	79
Other cash flows	49	65
Total investment-related cash flows	-5,853	-4,924
Cash flow from financing activities		
Repayment of loans		
Share capital increase	101	14
Increase in issue premium	4,173	859
Other cash flows	6	-59
Total cash flows from financing activities	4,280	814
Impact of translation gains and losses	-101	1,237
Change in cash and cash equivalents	11,815	5,384
Net cash and cash equivalents at start of fiscal year	25,133	19,749
Net cash and cash equivalents at end of fiscal year	36,948	25,133

- (1) Reclassification of R&D and licence cost acquisitions (intangible assets).
- (2) Adjusted to reflect the change in non-operating liabilities for €175,000 in 12/2011 and -€360,000 in 12/2010.
- (3) Adjusted to reflect the reclassification as expenses of amounts previously capitalised.

The change in the Working Capital Requirement was of -4.9 million euros compared to -8.9 million euros in 2010. The company's cash from operations rose and is now at +18.4 million euros compared to +17.2 million euros (adjusted to reflect licence acquisitions and capitalised R&D expenses) in 2010. Gameloft's financial position is particularly solid as of 31 December 2011. The company's equity capital reached 102.9 million euros and the net cash and cash equivalents were at 36.9 million euros. Cash generation was particularly strong with 11.8 million euros of additional net cash and cash equivalents generated over the year. Therefore, Gameloft has at its disposal the necessary financial means to continue to grow rapidly and to gain market share all over the world.

2.1.2.7 Policy on Financing of Assets

The company does not make use of securitisation contracts, "cession Dailly" (Daily assignments), sales with option of repurchase, discounts or factoring.

2.1.3 Cash Assets and Capital

2.1.3.1 Change in Shareholders' Equity Capital

The company's equity capital reached 102.9 million euros and the net cash and cash equivalents were at 36.9 million euros. Operating cash flow is largely positive, totalling 18.4 million euros for the fiscal year as a whole.

2.1.3.2 Cash Flow

Cash flows related to development cost investments are spread out regularly over nine- to fifteen-month periods, given that all projects progressively increase in intensity but that teams are generally split up over several projects. They represented less than 2.4 million euros in 2011. Cash flows related to investments into the "advances on licences" item represented 3.7 million euros in 2011.

Cash flows related to financing activities are mostly capital increases amounting to 4.3 million euros, made up of issue premiums emanating from the conversion of stock options and the awarding of bonus shares.

2.1.3.3 Borrowing Terms and Financing Structure

Financing is handled internally; the company does not rely on loans to finance itself, except for occasional cash flow shortages. Having generated more than 11.8 million euros of net cash and cash equivalents, the company has at its disposal the financial means to continue to invest and grow rapidly.

2.1.4 Sustained Development

2.1.4.1 Human Resources

2.1.4.1.1 Supporting the Growth of Gameloft

Gameloft pursued its growth strategy throughout fiscal year 2011 and has enlarged its development teams all year long so that nearly 4,600 employees work exclusively on video games for mobile phones and consoles. The company is also growing because of the opening of new studios. These in-house creative teams are a major asset in the company's strategy. The fact that Gameloft has its own development studios allows it to guarantee the quality of its games, while still maintaining its responsiveness and flexibility.

In this context of rapid growth, Gameloft seeks to promote a work environment that reflects its corporate culture and that values expertise, creativity and innovation. In order to remain at the cutting edge of innovation, Gameloft pays special attention to recruiting the best talent in the mobile phone video game industry. The company's strategic international presence through its 21 production sites allows it to attract well-established industry professionals from around the world. In the video game industry, the creation process requires a strong collaborative effort between the various teams involved, since all the technical and artistic fields interact throughout the entire process.

2.1.4.1.2 Supporting Individual Development

Teams are regularly informed of company strategy and news through a variety of channels, including a monthly informational newsletter, internal meetings in all the branches, and team seminars. The diversity of our employees and the different cultures and customs that are brought together allow for a diverse work environment. Employees benefit from considerable autonomy in their work. The working methods in place encourage employees to become truly involved. Our production methods are constantly evolving and ensure a work setting that, at all levels, encourages experimentation, new ideas, and the taking of initiative and responsibility by the various teams.

Gameloft has put in place a bonus policy that reflects its desire to promote individual and collective achievements:

- Production teams receive a bonus which is calculated based on the profitability of the game on which they worked as well as their individual contribution.
- The business teams receive a bonus calculated according to their ability to achieve quantifiable results fixed at the beginning of the year.

Furthermore, stock options or bonus shares are given out in a discretionary manner to employees who regularly overachieve.

2.1.4.1.3 Gameloft Employment in France

2.1.4.1.3.1 Working Environment and Conditions

- *Workforce*

In fiscal year 2011, the average workforce at Gameloft S.A. was 28 employees: 20 men and 8 women.

- *Layoffs*

During fiscal year 2011, the company carried out 1 layoff.

- *Organisation of work time*

Since 1 January 2011, a change of work times was carried out in accordance with the provisions of the applicable collective agreement.

There has been no notable absenteeism in the company.

- *Labour relations and collective agreements*

The company abides by the provisions of the Syntec collective agreement. To date, only one representative has been elected.

- *Health and safety conditions*

The company abides by legal norms in terms of occupational health and safety in France.

- *Employing and integrating persons with a disability*

The company abides by the relevant legal framework.

- *Use of subcontracting*

Gameloft occasionally makes use of freelancers (notably for artistic performances) and temporary workers. In certain locations, peripheral tasks (caretaking, cleaning, etc.) are entrusted to external companies.

2.1.4.1.3.2 Developing Expertise

Gameloft has integrated the DIF (individual right to training) into its training policy. In fiscal year 2011, there was a total of 3,036 hours. No provision was recorded.

2.1.4.1.3.3 Employment and Non-Discrimination

Information related to employment and non-discrimination in France is listed below:

- 92% of Gameloft's workforce in France is made up of management;
- women make up 22% of all employees and 96% of them are part of the management;
- in terms of compensation, equal opportunity for men and women is abided by;
- 98% of employees have open-ended contracts (CDI).

2.1.4.1.3.4 Compensation

Gross average monthly compensation (premium included) was €9,697 as of the date of the drafting of this document.

2.1.4.1.3.5 Global Workforce

At 31 December 2011, Gameloft employed 5,461 people around the world.

As of 31 December 2011, the worldwide workforce is divided as follows:

- *Breakdown by geographic region:*

	31/12/11	31/12/10
Europe	873	694
North America	586	483
Rest of the world	4,002	3,634
Total	5,461	4,811

- *Breakdown by department:*

	31/12/11	31/12/10
Administration	331	285
Sales and Marketing	538	512
Mobile phone development	4,592	4,014
Total	5,461	4,811

2.1.4.2 Community Enterprises

Nil.

2.1.4.3 Information Related to the Impact of the Company's Activities on the Environment

Data related to the group's impact on the environment only concerns its activities directly related to the production and publishing of video games. Given that the company only produces and markets video games through electronic distribution, which is an entirely virtual medium, its direct impact on the environment is very minimal, be it in terms of emissions into the air, the water, or the ground, or in terms of odour or sound nuisances. Gameloft's water consumption is not significant.

2.1.4.3.1 Teleconference Tools and Business Travel Policy

Given the international nature of the group, employees are required to travel regularly to other locations.

The group's policy aims to minimise the environmental consequences of its employee travel and to encourage employees to optimise the efficiency of their trips as much as possible.

The following measures are therefore encouraged:

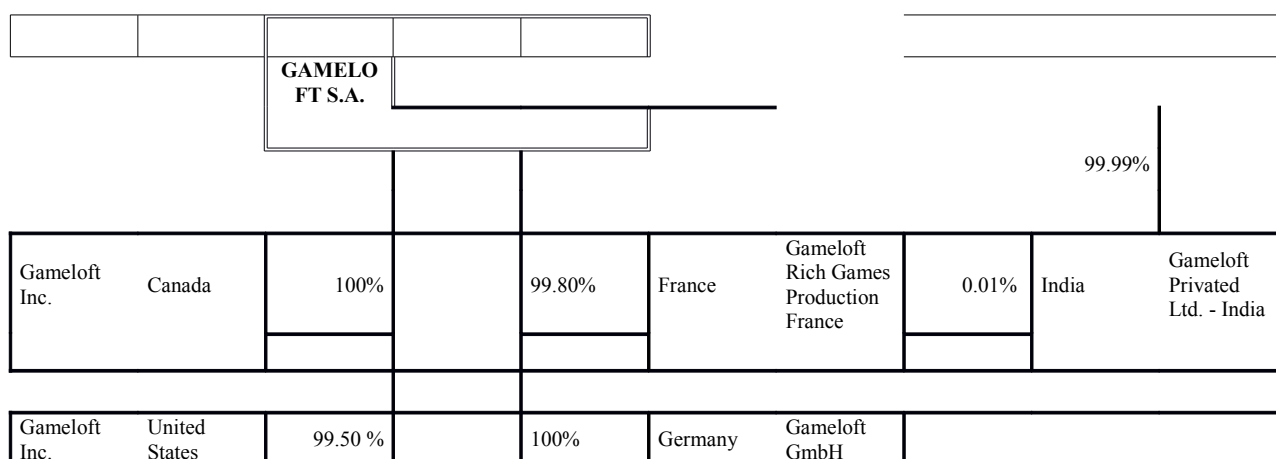
- managing employee agendas so that travel is limited to the minimum required;
- choosing modes of transportation that are the least costly and least harmful to the environment;
- making use of video conferences, audio conferences and other collaborative methods.

2.1.4.3.2 Managing the Life Cycle and Recycling of Used Computer Equipment

Gameloft takes an active role in ensuring the recycling of its electric, electronic and computer equipment. The vast majority of Gameloft's branches manage end-of-life computer equipment by relying on external service providers such as specialised organisations or companies.

2.1.5 Subsidiaries and Equity Capital Holdings

2.1.5.1 Organisational Chart as of 31 December 2011



Gameloft Software Beijing		China	100%		100%	Spain Gameloft Iberica S.A.
Gameloft KK		Japan	100%		99.737 %	Italy Gameloft Srl
Gameloft Company Limited		Vietnam	100%		99.5%	U.K. Gameloft Ltd.
Gameloft S. de R.L. de C.V.		Mexico	99.95%		100%	Romania Gameloft Srl
Gameloft Co, Ltd.		Korea	100%		100%	China Gameloft Software Shanghai (LTD)
Gameloft EOOD		Bulgaria	100%		100%	China Gameloft Software Chengdu
Gameloft Australia Pty Ltd.		Australia	100%		95%	Argentina Gameloft Argentina SA
Gameloft LLC		Ukraine	100%		100%	France Gameloft Partnerships SAS
Gameloft Do Brazil Ltda		Brazil	99.00%		100%	France Gameloft Live SAS
Gameloft Pte Ltd.		Singapore	100%		100%	Czech Republic Gameloft S.r.o.
Gameloft Ltd.		Hong Kong	100%		99.50%	Belgium Gameloft S.p.r.l.

Ludigames SAS	France	100%		99.99%	Philippines	Gameloft Philippines Inc.	
Gameloft Live Inc.	Canada	100%		99.00%	Venezuela	Gameloft de Venezuela S.A.	
PT Gameloft Indonesia	Indonesia	100%		99.99%	China	Gameloft Software Shenzhen Co.	
Gameloft Entertainment Toronto Inc.	Canada						100%

2.1.5.2 Fiscal Year Holdings

The company created a subsidiary in Canada, Gameloft Entertainment Toronto Inc.; the subsidiary's share capital is 100% and is held by Gameloft S.A.

2.1.5.3 Subsidiary Activities

Subsidiaries (in thousands of euros)	Fiscal Year Ended 31/12/11		Fiscal Year Ended 31/12/10	
	Revenue	Profit/Loss	Revenue	Profit/Loss
Production activity				
Gameloft Software Shanghai LTD. - China	3,499	42	5,576	191
Gameloft Rich Games Production France	3,929	79	3,173	65
Gameloft Ltd. Vietnam	7,886	437	5,745	291
Gameloft Software Chengdu	4,233	73	3,793	271
Gameloft Software Shenzhen Co. Ltd.	1,022	-58	491	-17
Gameloft Toronto	2,224	100	-	-
Distribution activity				
Gameloft GmbH Germany	181	3	969	829
Gameloft SRL (Italy)	3,552	110	2,924	28
Gameloft Partnerships	2,693	72	2,480	89
Gameloft Pte Ltd. (Singapore)	771	26	97	3
Gameloft LTD. (England)	2,605	66	3,088	71
Gameloft Limited (Hong Kong)	246	28	200	16
Gameloft Live	662	23	648	18
Gameloft Live Divertissements	862	42	843	40
Gameloft Do Brasil Ltd.	8,133	175	3,426	107
Gameloft Sro (Czech Republic)	-	-61	2	-43

Ludigames	44	1	90	4
Gameloft Venezuela	271	6	315	12
Gameloft Belgium Sprl	-	-	-	-1
Mixed activity				
Gameloft Inc. – Canada	18,666	1,173	15,098	763
Gameloft Inc. United States	30,652	760	30,005	473
Gameloft Iberica S.A. (Spain)	9,412	291	7,028	208
Gameloft SRL (Romania)	10,306	163	6,899	169
Gameloft Software Beijing (China)	10,085	640	12,142	896
PT Gameloft Indonesia	2,083	134	-	-118
Gameloft KK (Japan)	3,761	859	3,986	129
Gameloft Australia Ltd.	3,189	55	1,084	-30
Gameloft EOOD – Bulgaria	2,053	83	1,536	64
Gameloft Argentina	12,922	3,886	12,780	3,420
Gameloft Co, Ltd. – Korea	2,451	-2,741	1,443	-149
Gameloft Privated Ltd. - India	2,974	111	2,933	53
Gameloft R.L. de C.V.	16,007	1,670	9,555	-66
Gameloft LLC	2,087	37	1,479	-9
Gameloft Philippines	2,372	72	1,907	55

The group's activity is divided into two sections:

- The first is marketing activity, primarily by the following companies: Gameloft GmbH in Germany, Gameloft Iberica in Spain, Gameloft LTD in the United Kingdom, Gameloft Inc. in the United States, Gameloft Srl in Italy, Gameloft Venezuela, Gameloft Do Brasil Ltd. in Brazil, Gameloft Pte Ltd. in Singapore, Gameloft Limited in Hong Kong, Gameloft Live in France and Gameloft S.A. in France, which distribute Gameloft's catalogue of games for mobile phones in their respective regions.

- The second is game creation and development activity primarily by the following companies which develop downloadable games for mobile phones and consoles: Gameloft SRL in Romania; Gameloft Inc. in Canada; Gameloft Software Beijing, Chengdu, Shanghai and Shenzhen in China; Gameloft Argentina; Gameloft Ltd. Vietnam; Gameloft Privated Ltd. in India; Gameloft S.A.; Gameloft LLC in Ukraine; and Gameloft RGPF in France.

Some of our subsidiaries are active in both categories, such as Gameloft Inc. in the United States, Gameloft R.L de C.V., Gameloft Romania, Gameloft Divertissements Inc. and Gameloft Software Beijing.

The parent company, located in France, coordinates activities with different subsidiaries and develops downloadable mobile phone and console games. It employs 32 people as of 31 December 2011.

2.1.6 General Information

2.1.6.1 Investment Policy

Gameloft has pursued an investment policy which allows it to establish itself on new platforms, to create new licences in different genres, and more generally, to grow its market share.

Investments in non-current assets include intangible assets, tangible assets, non-current financial assets, deferred tax assets, and assets being sold or discontinued businesses.

€K	Non-current assets		
In 2011	Intangible assets	Tangible assets	Financial & deferred tax assets
Europe*	11,600	992	9,727
North America	466	1,297	397
Rest of the world	228	2,900	854
Total	12,275	5,190	10,978

* the European Union

€K	Non-current assets		
In 2010	Intangible assets	Tangible assets	Financial & deferred tax assets

Europe*	13,626	1,265	204
North America	410	954	158
Rest of the world	289	1,797	661
Total	14,325	4,016	1,023

* the European Union

Investments are completely financed internally. Gameloft generated more than 11 million euros of net cash in 2011.

Non-current assets are allocated to the segments based on their geographic location.

€K	Non-current assets	
	31/12/11	31/12/10
Europe*	23,317	16,423
North America	6,511	6,085
Rest of the world	6,611	4,423
Total	36,439	26,931

* the European Union

2.1.6.2 Research and Development Policy

Gameloft invests extensively in research and development in order to create and develop innovative, high-quality games. The amount allocated for research and development, not excluding self-constructed assets and charges related to stock options, represents 54.1% of revenue.

Gameloft provides all necessary means to facilitate the development of its games, be it in terms of competent, motivated personnel, or in terms of infrastructure with the goal of quickly communicating with subsidiary production teams, as well as making telephony resources available to the different development teams.

Development costs for downloadable console games are capitalised once the feasibility and profitability of the project can reasonably be considered to be assured. Development costs for games on the new platforms are fixed once their technical feasibility has been established and they have been considered collectable.

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 operators' sites thousands of versions of its games covering the 600 different models of mobile telephones on the market and the 12 languages it supports as well as 400 models of smartphones. Given this extreme fragmentation and the more general nature of the sales-related information received from operators, 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 capitalizing 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.

2.1.7 Risk Factors

Gameloft carried out a review of risks that could have a significantly negative effect on its activity, its financial situation or its earnings (or its capacity to reach its goals) and deemed that there are no other significant risks other than those presented here.

Risks identified are categorised by type of risk.

2.1.7.1 Risks Related to Activity

2.1.7.1.1 Risks Related to Failure to Implement the Development Plan

Gameloft forecasts a significant increase in sales 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.

2.1.7.1.2 Risks Related to Dependence on Strategic Partners and Indirect Sales Networks

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

2.1.7.1.3 Risks Related to Delays 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. The successful launching of a game is imperative in a market that is new to us, like that of new platforms.

2.1.7.1.4 Risks Related to Employees

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 creative 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.

Gameloft S.A. has purchased an insurance policy to cover all the group's de jure or de facto directors in case of pecuniary liability.

2.1.7.1.5 Risks Related to the Departure of Key Employees

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.

The company is organised today in such a way as to minimise risk related to the departure or extended unavailability of key employees or managers. One measure aimed at reducing this risk is stock option plans and bonus share issues.

2.1.7.1.6 Risks Related to Dependence on Clients

Gameloft has an important number of clients spread out across the world through its 200 operators and 150 affiliates and thus does not have any major dependencies with regards to clients that is likely to affect its development plan. Only Apple makes up slightly more than 22% of the Gameloft Group's pre-tax revenue. Our top five clients and top ten clients respectively represent 39% and 49% of the Gameloft Group pre-tax revenue.

2.1.7.1.7 Risks Related to Dependence on Suppliers, Subcontractors and Strategic Partners

Gameloft is a developer and publisher of downloadable games. Telecom operators are distributors of downloadable games. Gameloft's games are sold through operators' sites and the revenues generated are shared between Gameloft and the operator. Contracts signed with operators are very simple distribution agreements. These agreements only outline a percentage for revenue sharing, the geographic region in question, technical requirements, etc. The contract does not contain an end date. As long as both parties are satisfied with the distribution contract it is renewed implicitly most of the time. There is no particular risk of dependence on telecom operators since we currently work with over 200 of them. The diversity of this partner network prevents dependence. No telecom operator has ever represented more than 10% of the Gameloft Group's revenue since its establishment.

Furthermore, Microsoft, Sony and Nintendo have each released downloadable game platforms on which Gameloft games are distributed. The relationship that Gameloft has with these three manufacturers is, in the end, fairly similar to the agreement it has with telecom operators: they distribute Gameloft games in exchange for a distribution margin of roughly 30% of net sales. Microsoft, Nintendo and Sony are not absolutely essential distributors or partners: Gameloft's console revenue, meaning the sales Gameloft makes on these three manufacturers' consoles, rose to only 6% of the Group's total revenue for 2011.

The company has no significant financial dependence on its subcontractors or suppliers that is likely to affect its development plan.

2.1.7.1.8 Risks Related to Continued Sales Success of Console Games and to Game Development

Gameloft allows the owners of consoles like the Xbox, DSi, 3DS, PS3, PSP, or PlayStation®Vita, to download mass-market games at a price far below that of game cartridges sold in stores.

Gameloft is part of a very competitive market, subject to increasing concentration, economic fluctuations and marked by quickly changing technologies that require serious investment in research and development.

In order to remain competitive, it is essential for a publisher to properly anticipate market tendencies and choose the right development format for a game. This selective and strategic choice is very important relative to the amounts invested. An inappropriate choice or a decrease in the sales of downloadable console games could have negative consequences on expected revenue. Console games represented 6% of the group's revenue in 2011.

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 related to mobile, tablet or console games, and even social games.

During the second quarter of 2011, Gameloft took the strategic decision to focus the company's creative efforts on smartphones, touch tablets and Smart TVs, the market for which is growing.

2.1.7.1.9 Risks Related to Information Systems and 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.

2.1.7.1.10 Risks 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.

2.1.7.1.11 Risks 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.

The amount allocated for R&D by the company is 54% of group revenue (amount not excluding self-constructed assets).

2.1.7.1.12 Risks Related to Changes in the Market

Gameloft is part of a very competitive market, subject to increasing concentration, economic fluctuations and marked by quickly changing technologies that require serious investment in research and development.

In order to remain competitive, it is essential for a publisher to properly anticipate market tendencies and choose the right development format for a game. This selective and strategic choice is very important relative to the amounts invested. An inappropriate choice or a decrease in the sales of downloadable console games could have negative consequences on expected revenue.

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 related to mobile, tablet or console games, and even social games.

In this way, while continuing to invest in new technologies (for example, the iPad, the Mac, Internet set-top boxes and Smart TVs) and developing its catalogue of licences, Gameloft has succeeded in diversifying its portfolio of brands and proven its know-how with consoles that make use of downloadable content.

Gameloft thus continues to invest in its studios in order to guarantee its mastery of future technologies, while still reinforcing its production force in new countries and limiting costs, thanks to operations in countries such as China, India and Vietnam, where production costs are lower.

In Canada, Gameloft depends on substantial grants; in 2011 this rose to 6.5 million euros, and any changes to government policy could have a negative impact on production costs and the profitability of the company. Gameloft makes sure to regularly renegotiate its agreements and does not anticipate any major risk in the next few years.

Expectations of market growth remain positive and are fundamentally sound. Gameloft has shown in 2011 that its business model, combined with competitive development costs, a variety of private brands, constant innovation and ability to react to an ever-changing market, is solid.

2.1.7.2 Legal Risks

2.1.7.2.1 Litigation – Legal Proceedings and Arbitration

There are no government, court or arbitration proceedings, including any proceedings of which the company is aware, which are pending or with which it is threatened, that could have or have had a significant impact on the financial position or profitability of the company and/or group over the past 12 months, other than that which is accounted for in the consolidated accounts.

2.1.7.2.2 Regulatory Environment

The company, like all game publishers, must abide by a number of national regulations, notably concerning the content of games and consumer protection. Non-compliance with these regulations can have a negative impact on sales (delayed release or recalling of products from the market, for example).

Gameloft has developed tools and set up the necessary procedures to comply with local laws and regulations regarding consumer protection, including making information on game content accessible to consumers (according to the "age rating" systems of Europe's PEGI and the ESRB in the United States), the protection of personal data (through the development of "opt in" membership schemes, both in Europe and the United States), and the protection of minors (through the COPPA (Children's Online Privacy Protection Act), and by the establishment of procedures for receiving parental consent).

2.1.7.2.3 Intellectual Property Risks

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 Harmonisation in the Internal Market; internationally: the World Intellectual Property Organisation; 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.

2.1.7.2.4 Risks Related to Licence Agreements

Each year, Gameloft signs numerous partnership contracts that allow 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 revenues and operating income, to the extent that the loss is not offset by other new licences. Licences represented 34% of downloads in 2011, including 10% for Ubisoft-licensed games.

2.1.7.3 Industrial Risks or Risks Related to the Environment

To date, the group is not aware of any industrial or environmental risk. Gameloft did not set up a provision or obtain any guarantee to cover possible environmental risks (earthquake, natural disaster, etc.) and did not pay any indemnity in this respect during the fiscal year. However, the company remains attentive to regulatory changes in the countries where it has operations.

2.1.7.4 Financial Risks

Within the framework of its activity, the group is more or less exposed to financial risk (notably in regards to foreign exchange, financing and liquidity, interest rates), and risks related to securities.

The policy of the group consists of:

- minimizing the impact of exposure to market risk on its earnings, and to a lesser extent, on its balance sheet;
- centralised monitoring and managing of its risk exposure;
- not making use of derivatives except for economic coverage.

2.1.7.4.1 Risks Related to Foreign Exchange

Given the group's international presence, it can be subject to fluctuations in exchange rates in the following three cases:

- Concerning its operational activity: sales and operating expenses of the group's subsidiaries are primarily issued in the currency of their country. Nonetheless, certain transactions, like distribution contracts and the billing of benefits between companies, are issued in another currency. The operating margin of the subsidiaries in question can then be exposed to fluctuations in exchange rates relative to their functional currency.

- Concerning its financing activity: in applying its risk centralisation policy, the group manages multicurrency financing and cash and cash equivalents.

- During the process of converting its subsidiaries' accounts (issued in foreign currency) into euros: the operating income/expense from ordinary activities can be carried out in currencies other than the euro. Therefore, the exchange rates of foreign currencies compared to the euro can have an impact on the group's income statement. These fluctuations also cause variation in the book value of assets and liabilities denominated in currencies found in the consolidated balance sheet.

Change in exchange rates of principal currencies:

	31/12/11		31/12/10	
	Average Rate	Closing Rate	Average Rate	Closing Rate
US dollar	1.39171	1.29390	1.32680	1.33620
Canadian dollar	1.37564	1.32150	1.36650	1.33220
Pound sterling	0.86777	0.83530	0.85824	0.86075
Japanese yen	111.02107	100.200	116.45511	108.65000
Argentine peso	5.74526	5.56790	5.18981	5.29300
Mexican peso	17.27907	18.0512	16.75316	16.54750
Brazilian real	2.32592	2.41590	2.33444	2.21770
Korean won	1,541.04864	1,498.69	1,532.51369	1,499.06
Australian dollar	1.34816	1.27230	1.44418	1.3136

Financial risk-sensitivity regarding exchange rates:

31/12/2011	Impact on Profit/Loss before Tax		Impact on Equity Capital before Taxes	
	Increase of 1%	Decrease of 1%	Increase of 1%	Decrease of 1%
CAD – Line of credit			-10.2	+10.4
BRL – Investments	-1.8	+1.8	-9.6	+9.8
ARS – Investments	-0.1	+0.2	-49.2	+50.2
Total in €K	-1.9	+2.0	-69.0	+70.4

Exposure of operating assets and liabilities in the main currencies:

31/12/11	Assets (1)	Liabilities (2)	Net Exposure before Hedging	Rate-Hedging Instruments	Net Exposure after Hedging (€K)
Currency	(€K)	(€K)	(€K)		
Euro	29,768	12,464	17,304	-	17,304
\$ US	7,300	7,490	-190	-	-190
\$ CAD	7,832	3,267	4,565	-	4,565
Other currencies	19,044	8,191	10,853	-	10,853
Total	63,944	31,412	32,532	-	32,532

- 1) Operating assets include accounts receivable net of provisions as well as other receivables
- 2) Operating liabilities includes supplier debt, tax and social security liabilities, and other debts

2.1.7.4.2 Credit Risk

Credit risk represents the group's risk of financial loss in the event that a client fails to make its payment. At 31 December 2011, the amount of past due trade receivables not yet amortised was not significant.

2.1.7.4.3 Liquidity Risks

As part of its operational activity, the group did not amass a recurring or significant debt. Operating cash flows are generally sufficient to self-finance operational activity and organic growth. However, the group may have to increase its debt by using lines of credit to finance developments. 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.

2.1.7.4.4 Interest Rate Risks

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.

Summary table related to managing interest rate risk in €K:

31/12/11	Financial Assets: Interest-Bearing Savings Accounts		Financial Liabilities: Line of Credit		Net Exposure before Hedging		Rate-Hedging Instruments		Net Exposure after Hedging	
	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate
In %	2.20 & 20	10.30	3.50	-						
Less than 1 year	10,007	4,974	1,027		8,980	4,974	-	-	8,980	4,974
1 to 5 years	-	-	-	-		-	-	-	-	-
Total	10,007	4,974	1,027		8,980	4,974	-	-	8,980	4,974

2.1.7.4.5 Risks 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.

2.1.7.4.6 Risks Related to Securities

Given its share repurchase policy and the authority given by the General Meeting, the company can end up buying its own shares. Fluctuations in share prices purchased this way have no impact on the group's earnings.

2.1.7.4.7 Investment Policy

The financial crisis of the last few years has significantly altered the banking landscape and calls for more restraint and dynamic risk management in the group's investment policy. Almost all of the group's cash flow is managed by an international bank known on the market for its financial solidity.

All cash assets must remain readily available by limiting risk taking on capital as much as possible. They tend to be invested in products that have a high degree of safety and very low volatility. On 31 December 2011, financial investments consisted of an interest-bearing account.

2.1.7.5 Insurance and Risk Coverage

In order to optimise and centralise risk management and to prevent losses, Gameloft put in place, as of 1 January 2008, a group insurance programme that allows all its subsidiaries to have full professional civil liability and operational civil liability coverage. This comprehensive programme was revised at the end of 2011 and new coverage was put in place as of 1 January 2012.

The company also took out an insurance policy for pecuniary liability for its directors in order to assist them in the event of claims made against them.

Finally, an insurance contract, "Employment Practices Liability", has been established for the group as of 1 February 2010. This contract covers the liability of Gameloft and its affiliates for any social violations.

The overall cost of the Gameloft Group's insurance policy is €338,000.

2.1.8 Commitments

A number of games are marketed according to licence agreements signed by Gameloft. The commitments made and recorded provide for the payment of guaranteed minimums for use of the game. The commitments made with respect to this guaranteed minimum total €3,028,000.

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

There is no minority interest in the group's structure. There is therefore no risk related to the buyout of minority interests.

The Gameloft Group has commitments toward some of the group's subsidiaries:

- In calculating its leases, Gameloft Divertissements Inc. has agreed with the lessor, in accordance with rent regulations and the obligations outlined in the leases, to a chattel mortgage of CAD 322,000 on all chattels found in the leased premises until the coming of term on 15 August 2014.
- The operating commitments related to rental expenditures through our subsidiaries total €14,142,000.

- Gameloft Divertissements Inc. renewed its line of credit for CAD 3,000,000 under the same terms and conditions with the Bank of Montreal.
- Gameloft Divertissements Inc. received a line of credit for CAD 3,000,000 with HSBC.
- A commitment from the Government of Ontario in the form of a grant agreement with hiring and spending conditions over 5 years amounting to CAD 1,725,000 to benefit Gameloft Entertainment Inc. Toronto.
- HSBC acted as a guarantor for our supplier Ferrari in the amount of €412,500, following our licensing agreement.
- Securing credit facilities amounting to CAD 500,000 for Gameloft Entertainment Toronto Inc., from HSBC Bank Canada.

2.2 Year-End Financial Statements at 31 December 2011

2.1. The Gameloft Group's Consolidated Financial Statements at 31 December 2011

2.2.1.1 Consolidated Statement of Comprehensive Income at 31 December 2011

1- Consolidated Income Statement

	12-Month Fiscal Year 12-Month Fiscal Year
	31/12/11 31/12/10
Revenue	
	164,357
Self-constructed assets	140,958
	8,013
Closing inventory	10,121
	-13
Other business-related income	-443
	3,197
Cost of sales	1,357
	-19,040
Research & Development costs	-18,911
	-88,861
Commercial expenses	-75,925
	-30,542
Overhead costs	-26,998
	-15,061
Changes in inventories of finished products	-11,920
	-
Provisions	-
	-1,967
Other operating income	-2,553
	239
Other operating expenses	379
	<u>-1,347</u>
	<u>-1,275</u>

Operating income/expenses from ordinary activities**18,976**
14,790

Other operating revenue

-
56

Other operating expenses

-5,311
-278**Operating income/expense****13,665**
14,568

Cost of net financial debt

377
123

Financial income *

5,097
6,626

Financial expenses *

-6,618
-5,437**Net financial income/expense**- **1,144**
1,312

Employees' interest

-36
-117

Tax expense

5,740
-2,197

Share in earnings of equity-accounted companies

=
=**Net profit/loss before income from businesses discontinued or being sold****18,225**
13,566

Profit/loss of businesses discontinued or being sold

-
-**Net profit/loss for the period ******18,225**
13,566

Earnings per share

0.24
0.18

Diluted earnings per share

0.23
0.17

* Including: - financial income from affiliates not fully or proportionately consolidated at 31 December 2011: €0;
 - financial expenses related to affiliates not fully or proportionately consolidated at 31 December 2011: €0.

** Profit/loss for the period is completely attributable to equity capital holders.

2- Consolidated Statement of Net Profit/Loss and Accrued Gains and Losses of Shareholder Equity Capital

	31/12/11	31/12/10
Net profit/loss (group share)	18,225	13,566
Translation gains/losses, net of tax	+24	-625
Revaluation of derivative instrument coverage		
Revaluation of assets		
Other	+208	-57
Other parts of the comprehensive income (recorded under shareholder's equity capital and net of tax)	+232	-682
Comprehensive consolidated income	18,457	12,884

Revenue increased by 17% compared to the previous fiscal year. The current operating expenses increased by 14% compared to 2010 due to investments the company made into new platforms such as Android, Apple, PC social games, Smart TVs, set-top boxes, etc. These activities caused the company to increase its workforce and to open several new R&D studios. Licence costs correlate with increases in the company's revenue. Other operating expenses are amortisations and provisions of previously capitalised games for which activity was ended. Operating results are largely positive and were €13,665,000. Financial income is primarily made up of the recognition of interest income from cash investments and gains on exchange. Financial expenses consist primarily of losses on exchange largely tied to the weakness of the US dollar during the first quarter of 2011.

2.2.1.2 Consolidated Financial Statement at 31 December 2011

ASSETS	Net 12-Month Fiscal Year 31/12/11	Net 12-Month Fiscal Year 31/12/10
Intangible assets	11,856	14,564
Tangible assets *	7,509	5,964
Non-current financial assets	2,211	2,337
Deferred tax assets	11,400	1,753
Other non-current receivables	3,463	2,313
Non-current assets	36,439	26,931
Inventory		-
Advance payments made	10	119
Trade receivables and related accounts	50,609	42,100
Financial assets**	71	71
Other receivables and accruals	13,335	10,637
Cash and cash equivalents	38,034	27,038
Current assets	102,060	79,965
Total assets	138,499	106,896

* Including assets under a financial lease: €115,000.

** Including advances to affiliates not fully or proportionately consolidated at 31 December 2011: -€K.

LIABILITIES	12-Month Fiscal Year 31/12/11	12-Month Fiscal Year 31/12/10
Share capital	3,855	3,754
Issue and merger premiums	71,625	67,452
Consolidated reserves	-8,788	-22,823
Other reserves	17,996	15,834
Consolidated profit/loss	18,225	13,566
Shareholders' equity capital (group share)	102,914	77,783
Minority interests		
Total shareholders' equity capital	102,914	77,783
Provisions for contingencies and charges	70	30
Employee benefits	443	353
Financial debts		
Advance payments received		
Other debts		
Deferred tax liabilities	2,573	1,924

Non-current liabilities	3,086	2,307
Provisions for contingencies and charges	-	-
Financial debts*	1,086	1,906
Trade payables and related accounts	17,394	15,158
Advance payments received	-	-
Tax and social security liabilities	11,153	9,290
Other debts	2,866	453
Current liabilities	32,499	26,807
Total Liabilities	138,499	106,896

* Including advances received by affiliates not fully or proportionately consolidated at 31 December 2011: €0

The “Cash and cash equivalents” item is comprised of short-term investments.

The company saw an increase of share capital through the exercise of stock options in the amount of €4,274,000, issue premiums included. This has contributed to an increase in shareholders’ equity capital as compared to the previous fiscal year as well as positive results in the amount of €18,225,000 during that period. Shareholders’ equity capital is positive at €102,914,000 compared to €77,783,000 in 2010.

At 31 December 2011, there was a net financial surplus of €36,948,000 compared to €25,132,000 at 31 December 2010.

The “Trade receivables and related accounts” item increased by nearly 21% compared to fiscal year 2010; however, this amount is equivalent to 95 days of revenue corresponding to the seasonal nature of the market.

The “Financial debts” item increased by 15% compared to the previous fiscal year.

The “Tax and social security liabilities” item increased by 20% compared to the previous fiscal year.

2.2.1.3 Consolidated Cash Flow Statement at 31 December 2011

€K	12-Month Fiscal Year 31/12/11	12-Month Fiscal Year 31/12/10
Cash flow from operating activities		
Net profit	18,225	13,566
Depreciation of tangible and intangible assets	18,001	13,924
Change in provisions	596	1,131
Change in deferred taxes	- 9,066	95
Income related to stock options and similar	2,139	2,283
Capital gains and losses	154	186
Cash from operations	30,048	31,185
Change in inventories	-	457
Change in trade receivables	- 12,400	- 11,474
Change in operating liabilities	7,469	2,767
Change in non-trade receivables		
Change in non-operating liabilities (1)		
Change in operating working capital	-4,931	-8,250
Total operating cash flow	25,118	22,935
Investment-related cash flow		
Purchases of intangible assets (2)	-8,746	-9,230
Purchases of tangible assets (1)	-5,190	-4,016
Purchases of financial assets	-	-
Purchases of other financial assets	-810	-1,184
Acquisition of advances on licences (1)	-3,695	-5,455
Sales of assets/Deconsolidation	49	65
Repayment of loans and other financial assets	912	138
Repayment of advances on licences		
Change in reporting entity		79

Other cash flows		
Total investment-related cash flows	-17,481	-19,603
Cash flow from financing activities		
New long- and medium-term loans		
Repayment of loans		
Share capital increase	101	14
Increase in issue premium	4,173	859
Change in shareholders' current accounts		-2
Other cash flows	6	-57
Total cash flows from financing activities	4,280	814
Impact of translation gains and losses	- 101	1,237
Change in cash and cash equivalents	11,815	5,384
Net cash and cash equivalents at start of fiscal year	25,133	19,749
Net cash and cash equivalents at end of fiscal year	36,948	25,133

(1) Adjusted to reflect the change in non-operating liabilities for €175,000 in 12/2011 and -€360,000 in 12/2010.

(2) Adjusted to reflect the reclassification as expenses of amounts previously capitalised.

2.2.2 Individual Financial Statements of Gameloft S.A. at 31 December 2011

2.2.2.1 Gameloft S.A. Income Statement at 31 December 2011 (€K)

€K	Fiscal Year Ended 31/12/11	Fiscal Year Ended 31/12/10
Total operating income	141,349	121,981
Total operating expense	- 131,524	115,036
Operating Profit/Loss	9,825	6,945
Total financial income (1)	5,681	7,699
Total financial expense (2)	- 6,923	4,561
Net financial income/expense	- 1,242	3,138
Profit/loss from ordinary activities	8,583	10,083
Extraordinary profit/loss	-5,321	-258
Pre-tax profit/loss	3,262	9,825
Income tax	- 212	- 10
Net fiscal year profit/loss	3,050	9,815
(1) Income concerning affiliates:	2,433	3,521
(2) Expenses concerning affiliates:	2,173	921

2.2.2.2 Gameloft S.A. Balance Sheet at 31 December 2011 (€K)

ASSETS

31/12/11
31/12/11
31/12/11
31/12/10

12-Month Fiscal Year
12-Month Fiscal Year

Gross
Amort./Dep.
Net
Net

€K
€K

	€K	
	€K	
Intangible assets		53,225
		41,780
		11,445
		14,242
Tangible assets		4,509
		3,753
		756
		958
Financial assets		9,480
		116
		9,364
		9,134
		Long-term assets
		67,214
		45,649
		21,565
		24,334
Inventories of finished products		-
		-
		-
		-
Advance payments made		-
		-
		-
		-
Trade receivables and related accounts		100,364
		2,454
		97,910
		79,741
Other receivables		18,747
		5,092
		13,655
		9,668
Short-term investment securities		-
		-
		-
		-
Cash on hand		19,682
		-
		19,682
		15,758

Current assets

138,793
7,546
131,247
105,167

Accruals

2,664
-
2,664
1,440

Total assets

208,672
53,196
155,476
130,941

LIABILITIES	31/12/11 12-Month Fiscal Year €K	31/12/10 12-Month Fiscal Year €K
Capital	3,855	3,754
Premiums	71,625	67,452
Reserves	-8,757	-18,572
Fiscal year profit/loss	3,050	9,815
Shareholders' equity capital	69,773	62,449
Provisions for contingencies and charges	2,518	1,165
Misc. financial debts (1)	2,151	6,116
Trade payables and related accounts	66,683	48,687
Tax and social security liabilities	1,366	1,415
Debts on assets	4,210	4,381
Other debts	5,857	3,934
Total debts	80,267	64,534
Accruals	2,917	2,793
Total Liabilities	155,476	130,941
(1) including partners' current accounts	2,110	6,024

2.2.3 Proposed Allocation of Profit

Less all expenses, taxes and depreciation, the accounts presented give a positive result of €3,049,962.88.

We propose to allocate the gain of 31 December 2011, in the amount of €3,049,962.88, to losses carried forward. Pursuant to the provisions of Article 243 *bis* of the French General Tax Code, no distribution of dividends has taken place in the last three fiscal years and the company has no intention of distributing dividends in the near future.

Pursuant to the provisions of Article 223 *quater* of the French General Tax Code, the amount of €10,000, corresponding to either non-deductible expenses or costs under Article 39-4 of the French General Tax Code, was registered in the current fiscal year and restated.

The company does not hold any of its own stock at 31 December 2011.

2.2.4 Financial Table (Art. 135 of the Decree of 23 March 1967) (€K)

Fiscal Year	31/12/07	31/12/08	31/12/09	31/12/10	31/12/11
	12 Months	12 Months	12 Months	12 Months	12 Months
Share capital (€)	3,652,918	3,680,255	3,739,894	3,754,146	3,855,299
No. of ordinary shares	73,058,357	73,605,094	74,797,874	75,082,924	77,105,980
No. of preferred shares	-	-	-	-	-
Maximum no. of shares that may be created	8,311,036	7,011,987	11,821,550	13,933,150	12,921,504
By exercised options	7,323,778	6,358,987	11,101,300	12,486,150	11,769,354
By bonus issues of shares			720,250	1,447,000	1,152,150
By BSPCE subscriptions	987,258	653,000	0	0	0
Revenue	74,236	84,911	96,252	111,121	131,787
Profit/loss before tax, profit-sharing, depreciation and provisions	2,178	7,876	15,301	22,200	21,396
Income tax	-	-	11	-10	-212
Profit-sharing	-	-	-	0	0
Profit/loss after tax, profit-sharing, depreciation and provisions	-2,538	-5,067	4,653	9,815	3,050
Dividend payout	-	-	-	0	0
Per share, profit/loss after tax and before depreciation and provisions (€)	0.03	0.11	0.20	0.30	0.27
Per share, profit/loss after tax and depreciation and provisions (€)	-0.03	-0.07	0.06	0.13	0.04
Dividend allocated to each share	-	-	-	-	-
Average number of employees	40	35	30	30	28
Total payroll	3,929	4,007	3,898	3,760	3,973
Social security taxes and benefits	1,752	1,821	1,719	1,758	1,782

2.2.5 The LME Law – Gameloft S.A. Payment Deadlines (€K)

Pursuant to Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, at the close of the fiscal year on 31 December 2011, the balance of debts to suppliers breaks down by due date as follows:

€K	Trade Payables		Trade Payables on Assets		Total	
	2010	2011	2010	2011	2010	2011
Non-group trade payables						
Payments:						
0 to 30 days	1,664	1,508	577	641	2,241	2,149
30 to 60 days	418	908	92	255	510	1,163
Overdue	1,411	1,136	435	42	1,846	1,178
Non-group trade payables	3,493	3,552	1,104	938	4,597	4,490
Intra-group debts	38,566	51,012	215	212	41,229	51,224

GROUP invoices pending	2,447	6,367	-	22	2,447	6,389
Invoices pending	4,181	5,752	3,062	3,038	7,243	8,790
Total accounts payable	48,687	66,683	4,381	4,210	53,068	70,893

2.3 Information about the Company

2.3.1 General Information about the Company

Corporate name

The corporate name of the company is Gameloft.

Registered office

The company's registered office is located at 14, rue Auber, 75009 Paris (France).

Legal form

Gameloft is a *société anonyme* under French law administered by a Board of Directors and subject to French law, particularly the provisions of Book II of the French Commercial Code and certain provisions of the regulatory section of the French Commercial Code.

Applicable legislation

Company subject to French legislation.

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.

Corporate and Trade Register

The company is registered with the Corporate and Trade Register under number 429 338 130 RCS Paris.

Location for consulting legal documents related to the company

The company's legal documents can be consulted at the registered office and business address at 14, rue Auber 75009 Paris,.

Accounting period

The accounting period, which lasts twelve months, begins on 1 January and ends on 31 December.

Managing Body of the Company

The Board of Directors, in its meeting on 3 December 2001, decided not to separate the functions of the Chairman of the Board of Directors from those of Chief Executive Officer; the general management of the company is taken on by the Chairman of the Board of Directors, Mr Michel Guillemot, Chief Executive Officer of the company.

The Chief Executive Officer of the company is assisted by Executive Vice Presidents named by the Board of Directors; the number should not exceed 5 people. Mr Michel Guillemot, Chief Executive Officer of the company, is assisted by four Executive Vice Presidents:

- Mr Christian Guillemot, Executive Vice President
- Mr Claude Guillemot, Executive Vice President
- Mr Yves Guillemot, Executive Vice President
- Mr Gérard Guillemot, Executive Vice President.

2.3.2 Additional Information about the Company

2.3.2.1 Memoranda of Association and Articles of Association

2.3.2.1.1 Corporate Purpose (Article 3 of the Articles of Association)

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 devices, including in particular digital televisions and related activities, and mobile telephones and smart 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, audio-visual 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.

2.3.2.1.2 Year-End Financial Statements – Allocation and Distribution of Profit (Article 16 of the Articles of Association)

Net profit/loss is equal to income during the fiscal 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 Association 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 capital is or would be less than the amount of capital plus reserves which may not be distributed under the law or the Articles of Association.

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.

2.3.2.1.3 General Meetings (Article 14 of the Articles of Association)

a) Convening and holding of General Meetings

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

b) Access to Meetings - Powers

The General Meeting is made up of all shareholders, regardless of the number of shares they own, provided that the required payments have been made and that the voting rights have not been revoked.

The right to participate in the company's general meetings is evidenced by the registration of the shares in the name of the shareholder or the intermediary acting on his/her behalf (under the conditions provided by law) by 12:00 a.m. Paris time of the third business day preceding the meeting:

- for registered shareholders: in the registered securities accounts maintained by the company;

- for bearer shareholders: in the bearer securities accounts maintained by the authorised intermediary, under the conditions provided by applicable regulations.

In addition, owners of registered or bearer shares must, at least three days prior to the meeting, have filed a proxy form or vote-by-mail form, or the single-copy document used in lieu of it, or, if the Board of Directors has so decided, an admission card application. However, the Board of Directors will, if it deems appropriate, have the power at all times to shorten this period. It will also have the power to authorise the remote transmission (including by electronic means) to the company of the proxy and vote-by-mail forms under the conditions provided by the laws and regulations in force.

When an electronic signature is used, said signature must be in a form that meets the conditions defined in the first sentence of paragraph two of Article 1316-4 of the French Civil Code.

c) 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, and 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.

d) 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.

2.3.2.1.4 Holdings outside the Statutory Thresholds (Article 6 of the Articles of Association)

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.

2.3.2.1.5 Rights Attached to Shares (Articles 7 and 8 of the Articles of Association)

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 Association). 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 Association).

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.

2.3.2.1.6 Amendments to the Articles of Association

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

2.3.2.2 Share Capital

2.3.2.2.1 Change in Share Capital during the Fiscal Year Ended 31 December 2011

2.3.2.2.1.1 Share Capital Increase

After exercising share rights attached to stock options, the Gameloft Group's employees applied for 1,305,806 shares during the fiscal year ended 31 December 2011. This capital increase was noted by the Board of Directors on 26 January 2012. The company's share capital therefore increased by 65,290.30 euros through the issue of 1,305,806 new shares with a par value of 0.05 euros due to the exercising of share rights attached to stock warrants by the company and 35,862.50 euros, through the issue of 717,250 new shares with a par value of 0.05 due to the awarding of bonus shares.

2.3.2.2.1.2 Share Capital at 31 December 2011

At 31 December 2010, Gameloft S.A.'s share capital consisted of 77,105,980 shares, each with a par value of 0.05 euros, for a total of 3,855,299 euros.

2.3.2.2.2 Buyback by the Company of Its Own Shares

2.3.2.2.2.1 Governing Authority at the Date of the Current Report

The Combined General Meeting of 22 June 2011 renewed the authorisation, previously given by the Combined General Meeting of 24 June 2010, in favour of the Board of Directors allowing the company to repurchase its own shares, pursuant to Article L. 225-209 et seq. of the French Commercial Code (hereinafter the "Buyback Programme").

2.3.2.2.2.2 Description of the Share Buyback Programme from the Combined General Meeting of 22 June 2011

Affected shares: normal Gameloft S.A. shares listed on Euronext Paris Eurolist Compartment B, ISIN code: FR 0000079600.

Objectives of the new buyback programme:

The objectives of the programme are:

- to cancel shares acquired by a reduction of capital within the limits established by law;
- to implement any company stock option plan within the framework of the conditions of Articles L. 225-177 et seq. of the French Commercial Code;
- to grant bonus shares within the framework of Articles L. 225-197-1 et seq. of the French Commercial Code;
- to issue or transfer shares to employees to allow them to benefit from the company's growth or as part of the creation of an employee savings plan, under conditions provided by law;
- to retain shares 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;
- to 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 Autorité des marchés financiers.

Maximum share capital, maximum number, and characteristics of securities: the maximum purchase price per share is set at 7 euros and the maximum number of shares which the company may purchase is set at 10% of the total number of shares comprising the capital on the date of the purchase. In theory, the maximum number of shares that

may be purchased based on the number of shares existing on 31 December 2011 is 7,710,598. The total amount which the company can spend to buy back its own shares may not exceed 53,974,186 euros.

Duration of the programme: this share buyback programme is authorised to continue for eighteen months beginning from the Combined General Meeting of 22 June 2011 until 22 December 2012.

Status of the previous programme: during the course of the previous share buyback programme, the terms of which are described in the share buyback programme approved by the Combined General Meeting of 24 June 2010, the company did not repurchase any of its own shares and does not hold any of its own shares to date.

2.3.2.2.3 Unissued Authorised Capital

2.3.2.2.3.1 Delegations Granted by the General Meeting to the Board of Directors Regarding Capital Increases

1- In its tenth resolution, the Combined General Meeting of 22 June 2011 approved a delegation of authority to the Board of Directors in order 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, with shareholders' pre-emptive rights, of ordinary shares of the company and securities of any kind granting entitlement to the company's capital. 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 to become null and void, including the undrawn portions, previous authorisations having the same purpose.

The company's Board of Directors has not, to date, made use of such a delegation in order to increase the company's share capital.

2- In its eleventh resolution, the Combined General Meeting of 22 June 2011 approved a delegation of authority to the Board of Directors in order 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, without shareholders' pre-emptive rights, of ordinary shares of the company and all securities granting entitlement to the company's capital. 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 to become null and void, including the undrawn portions, previous authorisations having the same purpose.

The company's Board of Directors has not, to date, made use of such a delegation in order to increase the company's share capital.

3- In its fourteenth resolution, the Combined General Meeting of 22 June 2011 authorised the Board of Directors to carry out capital increases reserved for those enrolled in a group savings plan offered by the company and/or companies or groups of companies affiliated with it pursuant to the provisions of Articles L. 225-129, L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code and under the conditions set out in Articles L. 3332-1 et seq. of the French Labour Code, up to a maximum nominal amount representing 1% of the share capital as of the date of the Board of Directors' decision. 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 to become null and void, including the undrawn portions, previous authorisations having the same purpose.

The company's Board of Directors has not, to date, made use of such a delegation in order to increase the company's share capital.

4- In its thirteenth resolution, the Combined General Meeting of 22 June 2011 approved a delegation with the intention to authorise the Board of Directors to grant options giving a right to subscribe for the company's shares as well as options giving the right to purchase company shares to company employees and managers. 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 to become null and void, including the undrawn portions, previous authorisations having the same purpose and particularly the first resolution of the Extraordinary General Meeting of 25 June 2009.

The company's Board of Directors has, at 20 September 2011, made partial use of such a delegation within the authorised limits in order to allocate Gameloft company shares to some paid employees and managers of the Group.

5- In its eighteenth resolution, the Combined General Meeting of 25 June 2009 approved a delegation with the intention to authorise the Board of Directors to issue bonus shares of the company to some of the group's employees and managers. The number of bonus shares issued may not exceed 5% of the total number of shares comprising the company's share capital as of the date of the Board of Directors' allotment decision. The period during which this authorisation is valid was set at 38 months starting on the date of said General Meeting.

The company's Board of Directors has, at 20 September 2011, made partial use of such a delegation within the authorised limits in order to issue Gameloft bonus shares to some paid employees and managers of the company.

2.3.2.2.3.2 Summary Table of Delegations Granted by the General Meeting to the Board of Directors Regarding Capital Increases

	General Meeting	Term	Authorised Amount	Usage of Delegations in Previous Years	Usage of Delegations This Fiscal Year
Delegation to allow a share capital increase by issuing shares and/or all securities providing access to share capital, while maintaining pre-emptive rights	AGM of 22 June 2011	Valid for 26 months starting on the date of said AGM, i.e. until 22 August 2013	Maximum nominal amount of shares that may be issued: 5,000,000 euros	-	-
Delegation to allow the increase of share capital by issuing shares and/or all securities providing access to share capital, without maintaining pre-emptive rights	AGM of 22 June 2011	Valid for 26 months starting on the date of said AGM, i.e. until 22 August 2013	Maximum nominal amount of shares that may be issued: 5,000,000 euros	-	-
Delegation to allow the issue of bonus shares of the company to the group's employees and managers	AGM of 25 June 2009	Valid for 38 months starting on the date of said AGM, i.e. until 25 August 2011	The total number of shares that can be allotted as bonus shares may not exceed 5% of the shares comprising the share capital	The Board of Directors on 1 June 2010 approved the issue of 733,250 bonus shares	The Board of Directors on 20 September 2011 approved the issue of 548,900 bonus shares
Delegation to allow the granting of subscription options and share purchase rights to employees and company managers	AGM of 22 June 2011	Valid for 38 months starting on the date of said AGM, i.e. until 22 August 2014	The total number of shares related to subscription options may not exceed 3% of the shares comprising the share capital	-	The Board of Directors on 20 September 2011 approved the issue of 2,245,000 stock options
Delegation to decide share capital increase by issuing shares reserved for those enrolled in a group savings plan	AGM of 22 June 2011	Valid for 26 months starting on the date of said AGM, i.e. until 22 August 2013	Maximum nominal amount of the share capital increase is fixed at 1% of the share capital as of the date of the Board's decision	-	-

2.3.2.2.4 Potential Capital

At 31 December 2011, the number of subscription options open and not yet exercised reached 11,769,354 and the number of bonus share issues reached 1,152,150.

If all of these options were exercised and the performance and attendance conditions related to bonus shares were met, resulting in their final purchase by their recipient, Gameloft S.A.'s capital would increase as follows:

	Potential Shares	Potential Capital (in €)
Stock options not exercised	11,769,354	588,467.70
Bonus issues of shares	1,152,150	57,607.50
Total	12,921,504	646,075.20

At 31 December 2011, the exercise of all the warrants and options and bonus shares, namely 12,921,504 shares, would result in a potential dilution of 14.35%.

2.3.2.2.5 Share Subscription Options (Plans in Effect at 31 December 2011)

Stock option plans approved in 2006:

	Managers and Employees of the Gameloft Group's US and Canadian Subsidiaries			The Gameloft Group's Managers and Employees, Excluding Employees of the Group's US and Canadian Subsidiaries				The Gameloft Group's French Managers and Employees	
Board of Directors' meeting	11/01/2006			11/01/2006				07/06/2006	
Number of shares eligible for subscription:	612,000			2,790,300				40,200	
Number of people concerned:	33			101				2	
of which are managers	0			5				0	
Start of exercise period	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 period	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 31/12/11	93,000	93,000	93,000	86,000	96,500	1,086,500	182,300	15,000	15,000
Options exercised at 31/12/11	-	-	-	-	-	10,000	-	-	-
Options not yet exercised at 31/12/11	111,000	111,000	111,000	234,900	224,400	138,200	731,500	5,100	5,100

Stock option plans approved in 2007:

	Managers and Employees of the Gameloft Group's US and Canadian Subsidiaries			The Gameloft Group's Managers and Employees, Excluding Employees of the Group's US and Canadian Subsidiaries.		
Board of Directors' meeting	03/01/2007			03/01/2007		
Number of shares eligible for subscription:	710,100			2,811,000		
Number of people concerned:	39			123		
of which are managers	1			4		
Start of exercise period	03/01/09	03/01/10	03/01/11	03/01/09	03/01/10	03/01/11
End of exercise period	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 31/12/11	69,300	69,300	99,300	115,300	115,300	451,800
Options exercised at 31/12/11	33,066	33,066	29,068	109,468	109,468	278,675
Options not yet exercised at 31/12/11	134,334	134,334	108,332	150,532	150,532	1,329,925

Stock option plans approved in 2008:

	Managers and Employees of the Gameloft Group's US and Canadian Subsidiaries			The Gameloft Group's Managers and Employees, Excluding Employees of the Group's US and Canadian Subsidiaries.		
Board of Directors' meeting	11/04/2008			11/04/2008		
Number of shares eligible for subscription:	534,300			3,110,250		
Number of people concerned:	48			199		
of which are managers	1			4		
Start of exercise period	11/04/10	11/04/11	11/04/12	11/04/10	11/04/11	11/04/12
End of exercise period	11/04/14	11/04/14	11/04/14	11/04/14	11/04/14	11/04/14
Subscription price (€)	2.95	2.95	2.95	2.80	2.80	2.80
Options cancelled at 31/12/11	13,100	22,800	28,800	86,350	111,100	443,490
Options exercised at 31/12/11	159,400	65,300	-	255,897	110,948	43,000
Options not yet exercised at 31/12/11	5,600	90,000	149,300	206,303	326,502	1,526,660

Stock option plans approved in 2009:

	Managers and Employees of the Gameloft Group's Subsidiaries	
Board of Directors' meeting	14/05/09	
Number of shares eligible for subscription:	2,208,500	
Number of people concerned:	189	
of which are managers	2	
Start of exercise period	14/05/11	14/05/13
End of exercise period	14/05/15	14/05/15
Subscription price (€)	2.36	2.36
Options cancelled at 31/12/11	157,600	157,600
Options exercised at 31/12/11	353,500	-
Options not yet exercised at 31/12/11	593,150	946,650

Stock option plans approved in 2010:

	Managers and Employees of the Gameloft Group's Subsidiaries	
Board of Directors' meeting	01/06/2010	
Number of shares eligible for subscription:	2,240,000	
Number of people concerned:	189	
of which are managers	2	
Start of exercise period	01/06/2012	01/06/2013
End of exercise period	01/06/2014	01/06/2014
Subscription price (€)	3.82	3.82
Options cancelled at 31/12/11	115,000	115,000
Options exercised at 31/12/11	-	-
Options not yet exercised at 31/12/11	1,005,000	1,005,000

Stock option plans approved in 2011:

	Managers and Employees of the Gameloft Group's Subsidiaries	
Board of Directors' meeting	20/09/2011	
Number of shares eligible for subscription:	2,245,000	
Number of people concerned:	170	
of which are managers	2	
Start of exercise period	20/09/2013	20/09/2014
End of exercise period	20/09/2015	20/09/2015
Subscription price (€)	3.87	3.87
Options cancelled at 31/12/11	5,000	5,000
Options exercised at 31/12/11	-	-
Options not yet exercised at 31/12/11	1,117,500	1,117,500

Information on the employee stock ownership plan

Stock Options Granted to the Top 10 Non-Management Employee Recipients and Options Exercised by Them

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)

Number	Weighted Average Price	Plan Number and Expiration Date
Null	-	-

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)

196,206

€4.04

Plan Number 7
of 03/01/2007
and
Plan Number 8
of 11/04/2008

2.3.2.2.6 Bonus Issues of Shares (Plans in Effect at 31 December 2011)

Bonus share plans approved in 2009:

	French Managers and Employees of Gameloft S.A.
Date of the Board of Directors' meeting	21/04/09
Total number of shares	720,750
Total number of recipients	55
of which are managers	3
including 10 top employee allottees	418,500
Date of purchase of shares	21/04/11
Retention end date – date of transferability	22/04/13
Performance conditions	- Employee recipients: continuous presence in the Gameloft Group during the entirety of the vesting period. - Proxy recipients: internal and external performance conditions.
Number of shares cancelled at 31/12/11	3,500
Number of shares cancelled at 31/12/11	717,250
Total shares at 31/12/11	0

Bonus share plans approved in 2010:

	French Managers and Employees of Gameloft S.A.
Date of the Board of Directors' meeting	01/06/2010
Total number of shares	733,250
Total number of recipients	60
of which are managers	3
including 10 top employee allottees	417,000
Date of purchase of shares	01/06/2012
Retention end date – date of transferability	01/06/2014
Performance conditions	- Employee recipients: continuous presence in the Gameloft Group during the entirety of the vesting period. - Proxy recipients: internal and external performance conditions.
Number of shares cancelled at 31/12/11	108,500
Total shares at 31/12/11	624,750

Bonus share plans approved in 2011:

	French Managers and Employees of Gameloft S.A.
Date of the Board of Directors' meeting	20/09/2011
Total number of shares	548,900
Total number of recipients	47
of which are managers	3
including 10 top employee allottees	310,900
Date of purchase of shares	20/09/2013
Retention end date – date of transferability	20/09/2015
Performance conditions	- Employee recipients: continuous presence in the Gameloft Group during the entirety of the vesting period. - Proxy recipients: internal and external performance conditions.
Number of shares cancelled at 31/12/11	21,500
Total shares at 31/12/11	527,400

2.3.2.2.7 The Employee Stock Ownership Plan within the Framework of a Collective Employee Shareholding Plan (Hereinafter FCPE)

The Combined General Meeting of 22 June 2011 authorised the Board of Directors to issue, at its sole discretion, a share capital increase reserved for French employees, within a maximum limit of 1% of the share capital as of the date of the Board of Directors' decision, via the FCPE. The Board of Directors did not make use of this authorisation during the fiscal year ended 31 December 2011.

2.3.2.2.8 Change in Share Capital over the Last Three Fiscal Years

Date	Type of Operation	Number of Shares	Total Number of Shares	Share Par Value	Issue Premium	By Cash Contribution	By Contribution in Kind	Total Capital
31/12/09	Share capital increase noted after exercise of stock options and BSPCE in 2009	1,192,780	74,797,874	€0.05	€2,803,033€	€2,862,672€		€3,739,893.70
31/12/10	Share capital increase noted after exercise of stock options in 2010	285,050	75,082,924	€0.05	€859,402.50	€873,655		€3,754,146.20
31/12/11	Share capital increase noted after exercise of stock options and bonus shares in 2011	2,023,056	77,105,980	€0.05	€4,172,948.30	€4,274,101.10		€3,855,299

2.3.2.2.9 Securities Not Representing Capital

Nil.

2.3.2.2.10 Purchase Rights or Obligations Linked to Capital Subscribed but Not Paid

Nil.

2.3.2.2.11 Options or Agreements Not Conditional on a Member of the Group

Nil.

2.3.2.2.12 Identifying Security Holders

Article 5 of the Articles of Association authorises the company to implement a procedure identifying security holders.

2.3.2.2.13 Provision Causing a Delay in Change in Control

Nil.

2.3.2.2.14 Clause Establishing Approval Requirement

Nil.

2.3.2.2.15 Provision Governing Changes in Capital when These Conditions Are Stricter than Those Provided by Law

Nil.

2.3.2.2.16 Gameloft Shares

2.3.2.2.16.1 Change in Share Price

Month	Maximum Price (in Euros)	Minimum Price (in Euros)	Average Price (in Euros)	Trading Volume
January 2008	6.23	2.60	4.20	11,234,166
February 2008	3.30	2.70	2.99	14,821,011
March 2008	3.08	2.45	2.77	8,115,620
April 2008	3.73	2.73	3.29	7,468,553
May 2008	3.71	3.11	3.33	5,334,494
June 2008	3.26	2.85	3.07	4,161,467
July 2008	3.12	2.66	2.94	3,738,329
August 2008	3.67	2.91	3.35	2,287,439
September 2008	3.80	3.07	3.58	4,611,838
October 2008	3.55	2.43	2.86	4,134,457
November 2008	2.79	1.81	2.21	2,467,693
December 2008	2.13	1.32	1.67	3,284,778
January 2009	1.74	1.37	1.56	1,461,584
February 2009	1.67	1.26	1.51	1,216,053
March 2009	1.83	1.27	1.62	1,826,636
April 2009	2.65	1.56	1.97	3,253,467
May 2009	3.04	2.50	2.78	2,660,309
June 2009	2.98	2.60	2.76	1,540,829
July 2009	2.77	2.16	2.42	6,083,667
August 2009	2.91	2.60	2.78	1,998,601
September 2009	3.89	2.65	3.27	9,789,983
October 2009	3.96	3.10	3.68	3,840,852
November 2009	3.68	3.11	3.36	5,715,564
December 2009	3.53	2.92	3.26	3,680,869
January 2010	4.21	3.50	3.82	5,813,838
February 2010	3.94	3.00	3.25	5,219,969
March 2010	3.60	3.12	3.37	4,737,550
April 2010	4.15	3.54	3.81	6,586,115

May 2010	4.08	3.52	3.83	6,705,810
June 2010	4.07	3.62	3.86	3,696,432
July 2010	3.79	3.37	3.66	2,356,564
August 2010	3.81	3.36	3.57	1,846,746
September 2010	3.66	3.41	3.55	2,559,663
October 2010	4.45	3.58	4.16	4,114,696
November 2010	4.93	4.20	4.46	4,046,386
December 2010	5.46	4.32	4.96	5,963,381
January 2011	5.28	4.76	4.97	4,202,473
February 2011	4.75	4.47	4.62	6,015,561
March 2011	4.19	4.67	4.61	7,451,640
April 2011	4.92	4.42	4.58	4,290,665
May 2011	5.14	4.84	5.04	3,727,124
June 2011	5.27	4.87	5.00	2,599,910
July 2011	4.59	5.02	4.82	1,835,818
August 2011	3.72	4.84	4.02	3,880,946
September 2011	3.92	3.58	3.70	2,670,903
October 2011	4.11	3.21	4.03	3,900,309
November 2011	4.76	3.90	4.76	6,975,501
December 2011	5.04	4.48	4.84	4,616,441

2.3.2.2.16.2 Change in Number of Shares

	Par Value in €	Number of Shares	Amount in €K
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 03/12/2004	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
Exercised options on 21/03/2003	0.05	43,128	2
Exercised options on 03/12/2004	0.05	33,263	2
Exercised options on 15/09/2003	0.05	470,346	23
At 31/12/08	0.05	73,605,094	3,680
Exercised options on 03/12/2004	0.05	1,192,780	60
At 31/12/09	0.05	74,797,874	3,740
Exercised options on 11/04/2008	0.05	144,950	7
US options exercised on 11/04/2008	0.05	94,100	5
Exercised options on 03/01/2007	0.05	38,000	2
US options exercised on 03/01/2007	0.05	8,000	0
At 31/12/10	0.05	75,082,924	3,754
Exercised options on 11/01/2006	0.05	10,000	0
Exercised options on 03/01/2007	0.05	271,405	14
US options exercised on 03/01/2007	0.05	87,200	4
F options exercised on 03/01/2007	0.05	188,206	9
Exercised options on 11/04/2008	0.05	221,895	11
US options exercised on 11/04/2008	0.05	130,600	7
F options exercised on 11/04/2008	0.05	43,000	2
Exercised options on 14/05/2009	0.05	353,500	18
Allotment of bonus shares on 21/04/2009	0.05	717,250	36
At 31/12/11	0.05	77,105,980	3,855

2.3.2.2.17 Dividends

The company has not distributed any dividends in the course of the last three fiscal years and does not foresee, for the moment, distributing any in the near future.

2.3.2.2.18 Securities Services Provider

CACEIS Corporate Trust
14 rue Rouget de Lisle
92862 Issy-les-Moulineaux Cedex 09

2.3.2.3 Key Shareholders

2.3.2.3.1 Changes in the Share Structure over the Last Three Fiscal Years

At 31 December 2009		Capital and Voting Rights		
	Number of Shares	% of Capital	Voting Rights	% of Voting Rights
Guillemot family	12,839,507	17.166%	25,520,114	29.091%
Guillemot Brothers S.A.	5,998,221	8.019%	11,996,442	13.675%
Claude Guillemot	2,142,706	2.865%	4,285,412	4.885%
Michel Guillemot	1,683,050	2.250%	3,366,100	3.837%
Yves Guillemot	707,609	0.946%	1,406,318	1.603%
Gérard Guillemot	801,188	1.071%	1,602,376	1.827%
Christian Guillemot	1,081,703	1.446%	2,163,406	2.466%
Yvette Guillemot	170,030	0.227%	340,060	0.388%
Marcel Guillemot	95,000	0.127%	190,000	0.217%
Tiphaine Guillemot	160,000	0.214%	170,000	0.194%
Guillemot Corporation S.A.	68,023	0.091%	68,023	0.078%
Treasury shares	-	0.000%	-	-
Crédit Agricole	9,178,725	12.271%	9,178,725	10.463%
Fidelity (FMR)	8,377,701	11.200%	8,377,701	9.550%
T. Rowe Price	7,440,984	9.948%	7,440,984	8.482%
Cominvest Asset Management	5,101,591	6.821%	5,101,591	5.816%
Amiral Gestion	4,239,505	5.668%	4,239,505	4.833%
Public	27,551,838	36.835%	27,796,125	31.686%
Total	74,797,874	100%	87,722,768	100%

At 31 December 2010		Capital and Voting Rights		
	Number of Shares	% of Capital	Voting Rights	% of Voting Rights
Guillemot family	11,178,294	14.888%	22,197,688	25.673%
Guillemot Brothers S.A.	5,174,548	6.892%	10,349,096	11.969%
Claude Guillemot	2,042,706	2.721%	4,085,412	4.725%
Michel Guillemot	1,683,050	2.242%	3,366,100	3.893%
Yves Guillemot	382,609	0.510%	756,318	0.875%
Gérard Guillemot	688,648	0.917%	1,377,296	1.593%
Christian Guillemot	781,703	1.041%	1,563,406	1.808%
Yvette Guillemot	170,030	0.226%	340,060	0.393%
Marcel Guillemot	95,000	0.127%	190,000	0.220%
Tiphaine Guillemot	160,000	0.213%	170,000	0.197%
Guillemot Corporation S.A.	68,023	0.091%	68,023	0.079%
Treasury shares	-	0.000%	-	0.000%
Fidelity (FMR)	8,377,701	11.158%	8,377,701	9.689%
T. Rowe Price	7,466,181	9.944%	7,466,181	8.635%
Crédit Agricole	6,314,783	8.410%	6,314,783	7.303%
Allianz	5,101,591	6.795%	5,101,591	5.900%
Public	36,576,351	48.714%	36,936,812	42.721%
Total	75,082,924	100%	86,462,779	100%

At 31 December 2011

Capital and Voting Rights

	Number of Shares	% of Capital	Voting Rights	% of Voting Rights
Guillemot family	10,407,217	13.498%	20,590,284	23.487%
Guillemot Brothers S.A.	4,918,221	6.379%	9,836,442	11.221%
Claude Guillemot	2,061,456	2.674%	4,104,162	4.682%
Michel Guillemot	1,692,050	2.194%	3,375,100	3.850%
Yves Guillemot	401,359	0.521%	775,068	0.884%
Gérard Guillemot	568,648	0.737%	1,137,296	1.297%
Christian Guillemot	340,453	0.442%	662,156	0.755%
Yvette Guillemot	170,030	0.221%	340,060	0.388%
Marcel Guillemot	95,000	0.123%	190,000	0.217%
Tiphaine Guillemot	160,000	0.208%	170,000	0.194%
Guillemot Corporation S.A.	68,023	0.088%	68,023	0.078%
Treasury shares	-	0.000%	-	0.000%
Fidelity (FMR)	8,742,775	11.339%	8,742,775	9.973%
T. Rowe Price	7,519,735	9.752%	7,519,735	8.578%
Crédit Agricole	3,777,745	4.899%	3,777,745	4.390%
Amiral Gestion	3,168,076	4.109%	3,168,076	3.614%
Public	43,422,409	56.315%	43,767,451	49.926%
Total	77,105,980	100%	87,664,089	100%

2.3.2.3.2 Distribution of Capital and Voting Rights at 31 March 2012

At 31 March 2012	<i>Capital and Voting Rights</i>			
	Number of Shares	% of Capital	Voting Rights	% of Voting Rights
Guillemot family	11,210,332	14.422%	21,193,399	24.070%
Guillemot Brothers S.A.	4,918,221	6.328%	9,836,442	11.172%
Claude Guillemot	2,061,456	2.652%	4,104,162	4.661%
Michel Guillemot	2,695,165	3.468%	4,378,215	4.972%
Yves Guillemot	401,359	0.516%	775,068	0.880%
Gérard Guillemot	568,648	0.732%	1,137,296	1.292%
Christian Guillemot	140,453	0.181%	262,156	0.298%
Yvette Guillemot	170,030	0.219%	340,060	0.386%
Marcel Guillemot	95,000	0.123%	190,000	0.216%
Tiphaine Guillemot	160,000	0.206%	170,000	0.193%
Guillemot Corporation S.A.	68,023	0.088%	68,023	0.077%
Treasury shares	-	0.000%	-	0.000%
Fidelity (FMR)	8,742,775	11.248%	8,742,775	9.929%
T. Rowe Price	7,519,735	9.675%	7,519,735	8.540%
Cyrte Investments	4,058,319	5.221%	4,058,319	4.609%
Crédit Agricole	3,439,094	4.425%	3,439,094	3.906%
Amiral Gestion	3,168,076	4.076%	3,168,076	3.598%
Public	39,219,626	50.845%	39,859,625	45.270%
Total	77,725,980	100%	88,049,046	100%

To the company's knowledge, there are no other shareholders who own 5% or more, either directly, indirectly or in concert, of the capital or voting rights.

2.3.2.3.3 Holdings outside Thresholds concerning Capital and Voting Rights

2.3.2.3.3.1 Gameloft S.A.'s Holdings outside Thresholds concerning Capital and Voting Rights during Fiscal Year 2011:

- On 21 January 2011, the share of voting rights held by Amundi, Société Générale Gestion and Etoile Gestion SNC rose above the 1% statutory threshold, acting jointly. These companies then held 900,983 Gameloft shares representing as many voting rights, i.e. 1.22% of capital and 1.06% of existing voting rights.
- On 10 February 2011, the share of capital held by Mr Christian Guillemot fell below the 1% statutory threshold. Mr Christian Guillemot then individually held 730,557 Gameloft shares representing 1,461,114 voting rights, i.e. 0.97% of capital and 1.69% of existing voting rights.
- On 15 February 2011, the share of capital held by T. Rowe Price Group, Inc. (100 East Pratt Street, Baltimore, Maryland 21202, USA) via T. Rowe Price Associates, Inc. and T. Rowe Price International, Inc., which it controls, rose above the 10% statutory threshold. T. Rowe Price Group, Inc. then held 7,519,735 Gameloft shares representing as many voting rights, i.e. 10.02% of capital and 8.70% of existing voting rights.
- On 17 March 2011, the share of voting rights held by UBS Investment Bank, Wealth Management and Corporate Center rose above the 1% statutory threshold. UBS Investment Bank, Wealth Management and Corporate Center then held 900,983 Gameloft shares representing as many voting rights, i.e. 1.20% of capital and 1.04% of existing voting rights.
- On 22 April 2011, the share of capital held in concert by the Guillemot family fell below the 25% threshold. The members of the Guillemot family held 10,918,453 Gameloft shares in concert, representing 21,609,983 voting rights, i.e. 14.41% of capital and 24.89% of existing voting rights.
- On 13 May 2011, the share of voting rights held by Amundi, Société Générale Gestion and Etoile Gestion SNC fell below the 1% statutory threshold, acting jointly. These companies then held 842,260 Gameloft shares representing as many voting rights, i.e. 1.04% of capital and 0.91% of existing voting rights.
- On 19 May 2011, the share of capital held by T. Rowe Price Group, Inc. (100 East Pratt Street, Baltimore, Maryland 21202, USA) via T. Rowe Price Associates, Inc. and T. Rowe Price International, Inc., which it controls, fell below the 10% statutory threshold. T. Rowe Price Group, Inc. then held 7,519,035 Gameloft shares representing as many voting rights, i.e. 9.93% of capital and 8.66% of existing voting rights.
- On 1 June 2011, the share of voting rights held by Amundi, Société Générale Gestion and Etoile Gestion SNC fell below the 1% statutory threshold, acting jointly. These companies then held 743,864 Gameloft shares representing as many voting rights, i.e. 0.98% of capital and 0.86% of existing voting rights.
- On 7 June 2011, the share of capital held by FMR LLC (82 Devonshire Street, Boston, Massachusetts 02109, USA) fell below the 10% statutory threshold. FMR LLC then held 8,604,165 Gameloft shares representing as many voting rights, i.e. 11.36% of capital and 9.91% of existing voting rights.
- On 5 October 2011, the share of capital held by Groupama Asset Management rose above the 1% statutory threshold. Groupama Asset Management then held 803,221 Gameloft shares representing as many voting rights, i.e. 1.06% of capital and 0.93% of existing voting rights.
- On 20 October 2011, the share of capital held by Groupama Asset Management fell below the 1% statutory threshold. Groupama Asset Management then held 656,111 Gameloft shares representing as many voting rights, i.e. 0.87% of capital and 0.76% of existing voting rights.
- On 3 November 2011, the share of voting rights held by Mr Christian Guillemot fell below the 1% statutory threshold. Mr Christian Guillemot then individually held 440,453 Gameloft shares representing 862,156 voting rights, i.e. 0.58% of capital and 0.99% of existing voting rights.
- On 4 November 2011, the share of voting rights held by Crédit Agricole S.A. (91-93 boulevard Pasteur, 75015 Paris, France) indirectly through the intermediaries of Crédit Agricole Corporate and Investment Bank

and Crédit Agricole Chevreux fell below the 5% statutory threshold. Crédit Agricole S.A. then held 3,894,593 Gameloft shares representing as many voting rights, i.e. 5.14% of capital and 4.49% of existing voting rights.

- On 10 November 2011, the share of capital held by FMR LLC (82 Devonshire Street, Boston, Massachusetts 02109, USA) rose above the 10% statutory threshold. FMR LLC then held 8,742,775 Gameloft shares representing as many voting rights, i.e. 11.53% of capital and 10.08% of existing voting rights.
- On 29 November 2011, the share of capital held by T. Rowe Price Associates, Inc. (100 East Pratt Street, Baltimore, Maryland 21202, USA) fell below the 5% statutory threshold. T. Rowe Price Associates, Inc. then held 3,503,723 Gameloft shares representing as many voting rights, i.e. 4.62% of capital and 4.06% of existing voting rights.
- On 30 November 2011, the share of capital held by Allianz Global Investors Luxembourg S.A. rose above the 1% statutory threshold. Allianz Global Investors Luxembourg S.A. then held 793,400 Gameloft shares representing as many voting rights, i.e. 1.05% of capital and 0.92% of existing voting rights.
- On 15 December 2011, the share of capital held by Crédit Agricole S.A. (91-93 boulevard Pasteur, 75015 Paris, France) indirectly through the intermediaries of Crédit Agricole Corporate and Investment Bank and Crédit Agricole Chevreux fell below the 5% statutory threshold. Crédit Agricole S.A. then held 3,777,745 Gameloft shares representing as many voting rights, i.e. 4.98% of capital and 4.37% of existing voting rights.

2.3.2.3.3.2 Gameloft S.A.'s Holdings outside Thresholds concerning Capital and Voting Rights after the Closing of Fiscal Year 2011:

- On 13 February 2012, the share of voting rights held by Crédit Agricole S.A. (91-93 boulevard Pasteur, 75015 Paris, France) indirectly through the intermediaries of Crédit Agricole Corporate and Investment Bank and Crédit Agricole Chevreux fell below the 4% statutory threshold. Crédit Agricole S.A. then held 3,439,094 Gameloft shares representing as many voting rights, i.e. 4.46% of capital and 3.93% of existing voting rights.
- On 22 February 2012, the share of voting rights held by Mr Michel Guillemot rose above the 4% statutory threshold. Mr Michel Guillemot then individually held 2,312,050 Gameloft shares representing 3,955,100 voting rights, i.e. 2.98% of capital and 4.54% of existing voting rights.

2.3.2.3.4 Agreements Made by the Company Which Are Amended or Terminated in Case of Change in Control

Some of the company's agreements could be terminated in case of a change in control of the company, with the stipulation that such an occurrence is not routine and that this is merely a possibility.

2.3.2.3.5 Shareholders' Agreements

To the company's knowledge, there are no declared or undeclared shareholders' agreements concerning Gameloft shares.

2.4 Corporate Governance

2.4.1 Code of Corporate Governance

In application of the 3 July 2008 Act implementing the European Union Directive 2006/46/CE of 14 June 2006, the company shall thus refer to the code of corporate governance of listed companies published in December 2008, resulting from the consolidation of the AFEP and the MEDEF's October 2003 report and the AFEP/MEDEF's January 2007 and October 2008 recommendations on the compensation of executive directors of listed companies (the "AFEP/MEDEF code") notably through the report prescribed by Article L. 225-37 of the French Commercial Code. The AFEP/MEDEF code is available on the MEDEF website (www.medef.fr).

2.4.2 Composition and Operation of the Board of Directors and Management

2.4.2.1 Composition of the 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 25 June 2009	At the end of the AGM called to approve the financial statements for the fiscal year ending 31 December 2014
Christian Guillemot Director	Incorporation meeting of 1 December 1999 Term renewed on 25 June 2009	At the end of the AGM called to approve the financial statements for the fiscal year ending 31 December 2014
Claude Guillemot Director	Incorporation meeting of 1 December 1999 Term renewed on 25 June 2009	At the end of the AGM called to approve the financial statements for the fiscal year ending 31 December 2014
Yves Guillemot Director	Incorporation meeting of 1 December 1999 Term renewed on 25 June 2009	At the end of the AGM called to approve the financial statements for the fiscal year ending 31 December 2014
Gérard Guillemot Director	Incorporation meeting of 1 December 1999 Term renewed on 25 June 2009	At the end of the AGM called to approve the financial statements for the fiscal year ending 31 December 2014
Marie-Thérèse Guiny Director	General Meeting of 22 June 2011	At the end of the AGM called to approve the financial statements for the fiscal year ending 31 December 2016

2.4.2.2 The Group's Management

Name	Start Date of Term	Expiration Date of Term
Michel Guillemot Chief Executive Officer	3 December 2001 Term renewed on 25 June 2009	At the end of the AGM called to approve the financial statements for the fiscal year ending 31 December 2014
Christian Guillemot Executive Vice President Administration	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 ending 31 December 2014
Claude Guillemot Executive Vice President Technologies	1 December 1999 Term renewed on 25 June 2009	At the end of the AGM called to approve the financial statements for the fiscal year ending 31 December

Yves Guillemot Executive Vice President Strategy and Development	1 December 1999 Term renewed on 25 June 2009	2014 At the end of the AGM called to approve the financial statements for the fiscal year ending 31 December 2014
Gérard Guillemot Executive Vice President Strategy and Development	1 June 2008 Term renewed on 25 June 2009	2014 At the end of the AGM called to approve the financial statements for the fiscal year ending 31 December 2014

2.4.2.3 Rules Applicable to the Appointment and Replacement of the Members of the Board of Directors

During the course of the company's existence, directors are appointed, reappointed or removed by the Ordinary General Meeting.

Between two meetings, and in case of a vacancy due to death or resignation, the Board of Directors may make appointments on a temporary basis and these appointments must be approved at the next meeting.

When, pursuant to the laws and regulations in force, a director is appointed to replace another director, he holds this office only for the remainder of his predecessor's term.

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.

2.4.2.4 Operation of the Board of Directors and Management

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.

2.4.2.5 Absence of Fraud Conviction, of Association with Bankruptcy or of Incrimination and/or Public Sanction

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.

2.4.2.6 Loans and Guarantees Granted to the Board of Directors

The company has not extended any loan or granted any guarantee to a member of the Board of Directors.

2.4.2.7 Potential Conflicts of Interest concerning 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.

Michel, Claude, Yves, Gérard and Christian Guillemot are brothers and members of the Management and Board of Directors of Gameloft S.A. and Ubisoft Entertainment S.A. 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 S.A. granted to Gameloft S.A. 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 sales figures posted by Gameloft S.A. This agreement is one of Gameloft S.A.'s regulated agreements, the details of which appear in §5.1 of this document.

The two companies also collaborated on launching games for the Nintendo DS and the PlayStation®Vita over the past few fiscal years. Gameloft S.A. had developed several titles for the Nintendo DS and the PlayStation®Vita but did not have the experience or expertise to handle physical distribution, so Ubisoft Entertainment S.A. managed the distribution chain for the games. The distribution of Gameloft S.A.'s Nintendo DS and PlayStation®Vita games was carried out subject to payment to Ubisoft Entertainment S.A. of royalties proportional to the sales figures posted by Gameloft S.A.

Gérard Guillemot is a Director of Gameloft S.A. and Longtail Studios Inc. Christian Guillemot is director of Gameloft S.A. and Longtail Studios Inc. Gameloft S.A. distributed to its telecom operator customers the *Love Triangle* mobile game developed by the design studios at Longtail Studios Inc. This agreement is one of Gameloft S.A.'s regulated agreements, the details of which appear in §5.1 of this document.

Michel, Claude, Yves, Gérard and Christian Guillemot are Directors of Gameloft S.A. and Advanced Mobile Applications Limited. Gameloft S.A. distributed the mobile games developed by Advanced Applications Limited's design studios.

2.4.2.8 Services Contract with the Issuer and Its Subsidiaries

No services contract has been made between the members of the Board of Directors and the issuer or any of the group's subsidiaries which grants a benefit at the end of such contract.

2.4.3 Composition/Role and Functions of the Board of Directors' Committees

2.4.3.1 Composition of the Committees

Appointments and Compensation Committee

Marie-Thérèse Guiny, Chairperson
Claude Guillemot, Secretary

Audit Committee

Marie-Thérèse Guiny, Chairperson
Claude Guillemot
Christian Guillemot

2.4.3.2 Role and Functions of the Committees of the Board

2.4.3.2.1 Appointments and Compensation Committee

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.

2.4.3.2.2 Audit Committee

The role of the Audit Committee is to:

- examine the accounts and ensure the appropriateness and consistency of the accounting methods used to prepare the company's consolidated and individual financial statements;
- monitor the financial reporting process;
- monitor the efficiency of the internal control and risk management systems.

2.4.4 Other Offices Held by Directors

2.4.4.1 Offices Currently Held at 31 December 2011

2.4.4.1.1 Offices Currently Held within the Gameloft Group

Member	Offices Currently Held
Michel Guillemot	Manager of Gameloft Rich Games Production France SARL President of Gameloft Partnerships SAS President of Gameloft Live SAS President of Ludigames SAS 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 of Gameloft Software (Beijing) Company Ltd. (China) President of Gameloft Software (Shanghai) Company Ltd. (China) President of Gameloft Software (Chengdu) Company Ltd. (China) President of Gameloft Software (Shenzhen) Company Ltd. (China) 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 KK (Japan) President and Director of Gameloft Company Ltd. (Vietnam) President and Director of Gameloft Iberica S.A. (Spain) 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) President and Director of Gameloft Philippines Inc. (Philippines) President and Director of Gameloft Limited (Singapore) President and Director of PT Gameloft Indonesia (Indonesia) President of Gameloft Live Développements Inc. (Canada) President and Director of Gameloft Entertainment Toronto Inc. (Canada) President and Director of PT Gameloft Indonesia (Indonesia) Director of Gameloft Australia Pty. Ltd. (Australia) Director of Gameloft de Venezuela S.A. (Venezuela)
Claude Guillemot	Director of Gameloft Inc. (United States) Director of Gameloft Iberica S.A. (Spain) Director of Gameloft Inc. (Canada) Director of Gameloft Limited (England) Director of Gameloft Live Développements Inc. (Canada)

Yves Guillemot	Director of Gameloft Inc. (Canada) Director of Gameloft Live Développements Inc. (Canada)
Gérard Guillemot	Director of Gameloft Inc. (United States) Director of Gameloft Inc. (Canada) Director of Gameloft Live Développements Inc. (Canada)
Christian Guillemot	Director of Gameloft Inc. (United States) Director of Gameloft Iberica S.A. (Spain) Director of Gameloft Inc. (Canada) Director of Gameloft Limited (England) Director of Gameloft Live Développements Inc. (Canada)

2.4.4.1.2 Offices Currently Held outside the Gameloft Group

Michel Guillemot	Director and Executive Vice President of Guillemot Brothers S.A. (France) Director and Executive Vice President of Ubisoft Entertainment S.A. (France) Director of Advanced Mobile Applications Ltd. (Great Britain) Director and Executive Vice President of Guillemot Corporation S.A. Director of Guillemot Inc. (United States) Director of Guillemot Limited (Great Britain) Director of Guillemot Inc. (Canada) Director of Guillemot S.A. (Belgium)
Claude Guillemot	Director and Executive Vice President of Guillemot Brothers S.A. (France) Director and Executive Vice President of Ubisoft Entertainment S.A. (France) Director of Ubisoft Nordic A/S (Denmark) Director of Ubisoft Sweden A/B (Sweden) Director of Ubisoft Emirates FZ LLC (United Arab Emirates) Alternate Director of Ubisoft Entertainment Sweden A/B (Sweden) Alternate Director of Redlynx Oy (Finland) Director of Advanced Mobile Applications Ltd. (Great Britain) President of Hercules Thrustmaster SAS Chief Executive Officer of Guillemot Corporation S.A. 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 S.A. (Belgium) Director of Guillemot S.R.L. (Italy) Director of Guillemot Romania S.R.L. (Romania) Director of Guillemot Spain S.L. (Spain)
Yves Guillemot	Director and Executive Vice President of Guillemot Brothers S.A. (France) Chief Executive Officer of Ubisoft Entertainment S.A. (France) President of Ubisoft France SAS (France) President of Ubisoft International SAS (France) President of Ubisoft Montpellier SAS (France) President of Ubisoft Paris SAS (France) President of Ubisoft Annecy SAS (France) President of Ubisoft Production Internationale SAS (France) President of Nadéo SAS (France) President of Owlent SAS (France) President of Ubisoft Motion Pictures Rabbids SAS (France) President and Director of Ubisoft Divertissements Inc. (Canada) President and Director of Ubisoft Canada Inc. (Canada) President and Director of Ubisoft Music Inc. (Canada) President and Director of Ubisoft Music Publishing Inc. (Canada) President and Director of Ubisoft Digital Arts Inc. (Canada) President and Director of Hybride Technologies Inc. (Canada) President and Director of Ubisoft Vancouver Inc. (Canada) President and Director of Ubisoft Toronto Inc. (Canada)

President and Director of Quazal Technologies Inc. (Canada)
 President and Director of Ubisoft Nordic A/S (Denmark)
 President and Director of Red Storm Entertainment Inc. (United States)
 President and Director of Ubisoft Holdings Inc. (United States)
 President and Director of Ubisoft Entertainment India Private Ltd. (India)
 President and Director of Ubi Games S.A. (Switzerland)
 President and Director of Ubisoft Emirates FZ LLC (United Arab Emirates)
 Manager of Ubisoft EMEA SARL (France)
 Manager of Ubisoft Learning & Development SARL (France)
 Manager of Ubisoft Motion Pictures SARL (France)
 Manager of Ubisoft Entertainment SARL (Luxembourg)
 Manager of Spieleentwicklungskombinat GmbH (Germany)
 Manager of Ubisoft GmbH (Germany)
 Manager of Blue Byte GmbH (Germany)
 Manager of Ubisoft EooD (Bulgaria)
 Manager of Ubisoft Studios S.R.L. (Italy)
 Manager of Ubisoft SARL (Morocco)
 Manager of Ubisoft BV (Netherlands)
 Vice President and Director of Ubisoft Inc. (United States)
 Executive Director of Shanghai Ubi Computer Software Company Ltd. (China)
 Executive Director of Chengdu Ubi Computer Software Co. Ltd. (China)
 Director of Ubisoft Pty. Ltd. (Australia)
 Director of Ubisoft S.A. (Spain)
 Director of Ubisoft Ltd. (Great Britain)
 Director of Ubisoft Entertainment Ltd. (Great Britain)
 Director of Red Storm Entertainment Ltd. (Great Britain)
 Director of Ubisoft Ltd. (Hong Kong)
 Director of Ubisoft Studios S.L. (Spain)
 Director of Ubisoft S.p.A. (Italy)
 Director of Ubisoft KK (Japan)
 Director of Ubisoft Osaka KK (Japan)
 Director of Ubisoft S.R.L. (Romania)
 Director of Ubisoft Singapore Pte. Ltd. (Singapore)
 Director of Ubisoft Sweden AB (Sweden)
 Director of Ubisoft Entertainment Sweden AB (Sweden)
 Director of Redlynx Oy (Finland)
 Director and Executive Vice President of Guillemot Corporation S.A.
 Director of Guillemot Inc. (United States)
 Director of Guillemot Limited (Great Britain)
 Director of Guillemot Inc. (Canada)
 Director of Advanced Mobile Applications Ltd. (Great Britain)
 Director and Executive Vice President of Guillemot Brothers S.A.
 President of Longtail Studios Inc. (United States)
 Director of Advanced Mobile Applications Ltd. (Great Britain)
 Director and Executive Vice President of Ubisoft Entertainment S.A.
 Director and Executive Vice President of Guillemot Corporation S.A.
 Director of Guillemot Limited (Great Britain)
 Director of Guillemot Inc. (United States)
 Director of Guillemot Inc. (Canada)
 Chief Executive Officer of Guillemot Brothers S.A.
 President and Director of Advanced Mobile Applications Ltd. (Great Britain)
 Vice President of Ubisoft Holdings Inc. (United States)
 Director and Executive Vice President of Ubisoft Entertainment S.A.
 Director of Ubisoft Nordic A/S (Denmark)
 Director of Ubisoft Sweden AB (Sweden)
 Manager of Guillemot Administration et Logistique SARL
 Director and Executive Vice President of Guillemot Corporation S.A.
 Director of Guillemot Inc. (United States)
 Director of Guillemot Limited (Great Britain)
 Director of Guillemot Corporation (HK) Limited (Hong Kong)
 Director of Guillemot S.A. (Belgium)

G rard Guillemot

Christian Guillemot

Director of Guillemot Inc. (Canada)
 Director of Guillemot Recherche et Développement Inc. (Canada)
 Director of Longtail Studios Inc. (United States)

2.4.4.2 Expired Terms (Last 5 Fiscal Years)

2.4.4.2.1 Expired Terms within the Gameloft Group

Member	Expired Terms
Michel Guillemot	Manager of L'Odyssee Interactive Games SARL (France) Director of Jeuxvideo.com S.A. Director of Gameloft Ltd. (Malta)
Claude Guillemot	Director of Jeuxvideo.com S.A.
Yves Guillemot	Director of Jeuxvideo.com S.A. Director of Gameloft Inc. (United States)
Gérard Guillemot	Executive Vice President of Gameloft S.A. Director of Jeuxvideo.com S.A.
Christian Guillemot	Director of Jeuxvideo.com S.A.

2.4.4.2.2 Expired Terms outside of the Gameloft Group

Member	Expired Terms
Michel Guillemot	Manager of Ubi Studios S.R.L. (Italy) Manager of Ubisoft Studios S.L. (Spain) Executive director of Shanghai Ubi Computer Software Company Ltd. (China) Director of Ubisoft S.A. (Spain) Director of Ubisoft KK (Japan) Director of Ubisoft Inc. (United States) Director of Ubisoft Holdings Inc. (United States) Director of Chengdu Ubi Computer Software Company Ltd. (China)
Claude Guillemot	Director and Vice President of Ubisoft Divertissements Inc. (Canada) Vice President of Ubisoft Digital Arts 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 Limited (Ireland) Executive Director of Shanghai Ubi Computer Software Co. Ltd. (China) Alternate Director of Ubisoft Norway A/S (Norway) Alternate member of the liquidation committee and President of Ubisoft Norway A/S (Norway)
Yves Guillemot	President and Director of Chengdu Ubi Computer Software Co. Ltd. (China) President of Ludi Factory SAS President of Ubisoft Books and Records SAS President of Ubisoft Computing SAS President of Ubisoft Design SAS President of Ubisoft Development SAS President of Ubisoft Editorial SAS President of Ubisoft Graphics SAS President of Ubisoft Manufacturing & Administration SAS President of Ubisoft Marketing International SAS President of Ubisoft Operational Marketing SAS President of Ubisoft Organisation SAS President of Ubisoft Support Studios SAS President of Ubisoft World SAS President of Tiwak SAS President of Ubisoft Finland Oy (Finland) Manager of Ubisoft Art SARL

Manager of Ubisoft Castelnau SARL
 Manager of Ubisoft Counsel & Acquisitions SARL
 Manager of Ubisoft Gameplay SARL
 Manager of Ubisoft Marketing France SARL
 Manager of Ubisoft Market Research SARL
 Manager of Ubisoft Paris Studios SARL
 Manager of Ubisoft Production Annecy SARL
 Manager of Ubisoft Production Internationale SARL
 Manager of Ubisoft Studios Montpellier SARL
 Manager of Ubisoft Production Montpellier SARL
 Manager of Ubisoft Design Montpellier SARL
 Manager of Ubisoft IT Project Management SARL
 Manager of Ubisoft Innovation SARL
 Manager of Ubisoft Créa SARL
 Manager of Ubisoft Talent Management SARL
 Manager of Ubisoft Services SARL
 Manager of Ubisoft Warenhandels GmbH (Austria)
 Manager of Max Design Entertainment Software Entwicklungs GmbH (Austria)
 Manager of Ubisoft GmbH (Germany)
 Director of Ubisoft Norway A/S (Norway)
 Director of Ubisoft Ltd. (Ireland)
 Liquidator of Ubisoft Warenhandels GmbH (Austria)
 Sole member of the liquidation committee and President of Ubisoft Norway A/S (Norway)
 Gérard Guillemot Executive Director of Shanghai Ubi Computer Software Company Ltd. (China)
 Director of Ubisoft S.A. (Spain)
 Director of Ubisoft Inc. (United States)
 Director of Ubisoft Holdings Inc. (United States)
 Christian Guillemot Executive 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 Ltd. (Great Britain)

2.4.5 Compensation of Senior Executives

Pursuant to Article L. 225-102-1, paragraph 1 and paragraph 2 of the French Commercial Code, presented below are the details of the total compensation and benefits of any kind paid out to company managers during the fiscal year.

Summary table of compensation granted to each executive director in 2011:

Amounts in Euros	Total Gross Compensation	Directors' Fees	Number of Stock Options Allocated	Exercise Price	Number of Bonus Shares Allocated	Fair Value
Michel Guillemot	743,827	0	300,000	3.87		
Claude Guillemot	371,244	0			14,500	2.40
Gérard Guillemot	497,348	0	37,500	3.87		
Yves Guillemot	56,244	0			14,500	2.40
Christian Guillemot	493,752	0			14,500	2.40

2.4.5.1 Compensation and Benefits of Any Kind Earned by Executive Directors

The compensation of the executive directors consists of fixed compensation and benefits in kind. The executive directors do not receive variable compensation. They may be granted stock options and performance shares. The total is determined by the Board of Directors on the recommendation of the Compensation Committee. As of 2009, stock options and performance shares granted to the executive directors are subject to performance conditions.

The tables below include the compensation and benefits of any kind due and/or paid out to the senior executives as related to their mandate by:

- (i.) the company;
- (ii.) the companies controlled, as per Article L. 233-16 of the French Commercial Code, by the company under which the mandate is exercised;
- (iii.) the companies controlled, as per Article L. 233-16 of the French Commercial Code, by the company or companies that control the company under which the mandate is exercised;
- (iv.) the company or companies that control, with respect to the same Article, the company under which the mandate is exercised.

The total gross compensation paid during the fiscal year by the company, controlled companies as defined by IAS 24.16, and by the controlling company where they exercise their mandate, was €2,162,000, of which €154,000 was paid out by Gameloft S.A.

Amounts in Euros	GAMELOFT S.A. Gross Fixed Compensation	Gameloft Inc. Gross Fixed Compensation	Gameloft Ltd. Gross Fixed Compensation	Gameloft HK Gross Fixed Compensation	Gameloft PTE Gross Fixed Compensation	Guillemot Brothers S.A. Gross Fixed Compensation	TOTAL Compensation for 2011
Michel Guillemot	60,000		172,857	238,392	240,265	42,313	743,827
Claude Guillemot	31,248					339,996	371,244
Gérard Guillemot	-	34,852				462,496	497,348
Yves Guillemot	31,248					24,996	56,244
Christian Guillemot	31,248					462,504	493,752

For 2011, the total gross compensation paid to the executive directors, and for which a provision was set up, was €2,162,415.

Summary tables of compensation paid to each executive director (amounts in euros):

Michel Guillemot	2011		2010	
	Amount Owed	Amount Paid	Amount Owed	Amount Paid
Fixed compensation	743,827	743,827	478,532	478,532
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind	-	-	30,369	30,369
TOTAL	743,827	743,827	508,901	508,901

Claude Guillemot	2011		2010	
	Amount Owed	Amount Paid	Amount Owed	Amount Paid
Fixed compensation	371,244	371,244	371,244	371,244
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	371,244	371,244	371,244	371,244

Gérard Guillemot	2011		2010	
	Amount Owed	Amount Paid	Amount Owed	Amount Paid
Fixed compensation	497,348	497,348	399,052	399,052
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	497,348	497,348	399,052	399,052

Yves Guillemot	2011		2010	
	Amount Owed	Amount Paid	Amount Owed	Amount Paid
Fixed compensation	56,244	56,244	56,244	56,244
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	56,244	56,244	56,244	56,244

Christian Guillemot	2011		2010	
	Amount Owed	Amount Paid	Amount Owed	Amount Paid
Fixed compensation	493,752	493,752	493,752	493,752
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	493,752	493,752	493,752	493,752

2.4.5.2 Directors' Fees and Other Compensation Received by Non-Executive Directors

The company did not pay out directors' fees to the executive directors of Gameloft S.A. during the fiscal year ended 31 December 2011.

2.4.5.3 Stock Option and Subscription Plan

The executive directors receiving the options described below must keep in registered form five per cent (5%) of the shares resulting from the exercise of options until termination of their duties.

Stock Options Granted to Company Managers by the Company during the Fiscal Year:

STOCK OPTIONS GRANTED DURING THE FISCAL YEAR BY GAMELOFT S.A.					
Name of Executive Director:	Plan Number and Date	Type of Options	Number of Options Granted	Exercise Price	Exercise Period
- Mr Michel Guillemot	Plan 11 of 20/09/2011	Stock options	300,000	€3.87	50% starting 20/09/2013 through 20/09/2015 and 50% starting 20/09/2014 through 20/09/2015
- Mr Gérard Guillemot	Plan 11 of 20/09/2011	Stock options	37,500	€3.87	50% starting 20/09/2013 through 20/09/2015 and 50% starting 20/09/2014 through 20/09/2015
TOTAL			337,500		

Exercise of the options granted by the Board of Directors to the company managers is subject to an internal performance condition and an external performance condition. Furthermore, the exercise of options granted by the Board of Directors to the company managers is conditional on the purchase of stocks by these same executive directors, for a volume equalling 1% of the amount of net gain that each earned after taxes.

Stock Options Granted to Company Managers by the Company during Previous Fiscal Years

STOCK OPTIONS GRANTED DURING PREVIOUS FISCAL YEARS					
	Plan Number 6 of 11/01/2006	Plan Number 7 of 03/01/2007	Plan Number 8 of 11/04/2008		
Date of the Board of Directors' meeting	11/01/2006	03/01/2007	11/04/2008		
Total number of shares eligible for subscription by:					
- Mr Michel Guillemot	90,000	270,000		300,000	
- Mr Christian Guillemot	90,000	30,000	37,500		
- Mr Yves Guillemot	90,000	30,000	37,500		
- Mr Claude Guillemot	90,000	30,000	37,500		
- Mr Gérard Guillemot	90,000	90,000			37,500
Start date for exercising stock options	11/01/2010	03/01/2011	11/04/2012	11/04/2010	11/04/2010
Expiration date	11/01/2012	03/01/2013	11/04/2014	11/04/2014	11/04/2014
Subscription price	€5.35	€4.10	€2.80	€2.80	€2.95
Exercise period	50% per year starting 11/01/2010 through 11/01/2012	From 03/01/2011 through 03/01/2013	From 11/04/2012 through 11/04/2014	1/3 per year starting 11/04/2010 through 11/04/2014	1/3 per year starting 11/04/2010 through 11/04/2014
Number of shares subscribed at 31 December 2011	-	-	-	-	-
Cumulative number of cancelled or voided share subscription options	225,000	-	-	-	-
Remaining share subscription options at the end of the fiscal year	225,000	450,000	450,000		

STOCK OPTIONS GRANTED DURING PREVIOUS FISCAL YEARS		
	Plan Number 9 of 14/05/2009	Plan Number 10 of 01/06/2010
Date of the Board of Directors' meeting	14/05/2009	01/06/2010
Total number of shares eligible for subscription by:		
- Mr Michel Guillemot	300,000	300,000
- Mr Gérard Guillemot	37,500	37,500
Start date for exercising stock options	14/05/2011	01/06/2012
Expiration date	14/05/2015	01/06/2014
Subscription price	€2.36	€3.82
Exercise period	50% starting 14/05/2011 through 14/05/2015 and 50% starting 14/05/2013 through 14/05/2015	50% starting 01/06/2012 through 01/06/2014 and 50% starting 01/06/2013 through 01/06/2014
Number of shares subscribed at 31 December 2011	-	-
Cumulative number of cancelled or voided share subscription options	-	-
Remaining share subscription options at the end of the fiscal year	337,500	337,500

2.4.5.4 Bonus Issues of Shares

Bonus issues of shares allotted during the fiscal year to company managers by the Company

	BONUS ISSUES OF SHARES ALLOTTED TO COMPANY MANAGERS DURING THE FISCAL YEAR					
Name of Executive Director:	Date of the Board of Directors' meeting	Number of shares	Date of purchase of shares	Option fair value	Retention end date – date of transferability	Performance conditions
- Mr Christian Guillemot	20/09/2011	14,500	20/09/2013	€2.40	20/09/2015	Internal and external performance conditions
- Mr Yves Guillemot	20/09/2011	14,500	20/09/2013	€2.40	20/09/2015	Internal and external performance conditions
- Mr Claude Guillemot	20/09/2011	14,500	20/09/2013	€2.40	20/09/2015	Internal and external performance conditions
TOTAL		43,500				

Bonus issues of shares allotted by the Company during previous fiscal years to company managers

	BONUS ISSUES OF SHARES ALLOTTED DURING THE FISCAL YEAR ENDED 31 DECEMBER 2010					
Name of Executive Director:	Date of the Board of Directors' meeting	Number of shares	Date of purchase of shares	Option fair value	Retention end date – date of transferability	Performance conditions
- Mr Christian Guillemot	01/06/2010	18,750	01/06/2012	€2.44	01/06/2014	Internal and external performance conditions
- Mr Yves Guillemot	01/06/2010	18,750	01/06/2012	€2.44	01/06/2014	Internal and external performance conditions
- Mr Claude Guillemot	01/06/2010	18,750	01/06/2012	€2.44	01/06/2014	Internal and external performance conditions
TOTAL		56,250				

	BONUS ISSUES OF SHARES ALLOTTED DURING THE FISCAL YEAR ENDED 31 DECEMBER 2009					
Name of Executive Director:	Date of the Board of Directors' meeting	Number of shares	Date of purchase of shares	Option fair value	Retention end date – date of transferability	Performance conditions
- Mr Christian Guillemot	21/04/09	18,500	21/04/11	€1.19	22/04/13	Internal and external performance conditions
- Mr Yves Guillemot	21/04/09	18,500	21/04/11	€1.19	22/04/13	Internal and external performance conditions
- Mr Claude Guillemot	21/04/09	18,500	21/04/11	€1.19	22/04/13	Internal and external performance conditions
TOTAL		55,500				

2.4.5.5 Compensation and Benefits Due to Termination of the Duties of the Company's Managers

Executive Directors	Employment Contract		Supplemental Retirement Plan		Indemnities or Benefits Owed or Potentially Owed as a Result of the Termination or Change in Duties		Indemnities under a Non-Compete Clause	
	Yes	No	Yes	No	Yes	No	Yes	No
- Mr Michel Guillemot		X		X		X		X
- Mr Christian Guillemot		X		X		X		X
- Mr Yves Guillemot		X		X		X		X
- Mr Claude Guillemot		X		X		X		X
- Mr Gérard Guillemot		X		X		X		X

No commitment has been made 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 termination or change in their duties or subsequent to said duties.

2.4.6 Operations Referred to in Article L. 621-18-2 of the French Monetary and Financial Code and 222-15-3 of the General Regulations of the AMF

Reported by: Mr Michel 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
Acquisition	22/09/2011	3,000	€3.60	€10,800
Acquisition	22/09/2011	2,000	€3.54	€7,080
Acquisition	03/10/2011	4,000	€3.427	€13,708

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
Transfer	10/02/2011	51,146	€4.6055	€235,552.90
Transfer	11/02/2011	3,088	€4.60	€14,204.80
Transfer	14/02/2011	102,951	€4.6456	€478,269.17
Transfer	15/02/2011	2,815	€4.67	€13,146.05
Transfer	22/02/2011	19,576	€4.6031	€90,110.29
Transfer	23/02/2011	3,412	€4.60	€15,695.20
Transfer	28/02/2011	8,897	€4.50	€40,036.50
Transfer	01/03/2011	44,773	€4.5222	€202,472.46
Transfer	02/03/2011	3,345	€4.50	€15,052.50
Transfer	09/03/2011	19,997	€4.5075	€90,136.48
Transfer	17/10/2011	21,000	€4	€84,000
Transfer	03/11/2011	79,000	€4.0527	€320,163
Transfer	08/11/2011	100,000	€4.20	€420,000

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
Transfer	24/03/2011	5,288	€4.60	€24,324.80
Transfer	28/03/2011	62,576	€4.6038	€288,087.39
Transfer	25/05/2011	52,136	€5	€260,690.43

Reported by: Guillemot Brothers Corporation

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
Transfer	08/11/2011	4,000	€4.2077	€16,830.80
Transfer	09/11/2011	7,770	€4.2022	€32,651.09
Transfer	14/11/2011	213,986	€4.2344	€906,102.32
Transfer	15/11/2011	30,571	€4.25	€129,926.75

3. Financial Statements

3.1. Consolidated Financial Statements at 31 December 2011

3.1.1. Statement of Consolidated Financial Position at 31 December 2011 (€K)

ASSETS	Notes	Net	
		12-Month Fiscal Year	12-Month Fiscal Year
		31/12/11	31/12/10
Intangible assets	1	11,856	14,564
Tangible assets *	2	7,509	5,964
Non-current financial assets	3	2,211	2,337
Deferred tax assets	4	11,400	1,753
Other non-current receivables	5	3,463	2,313
Non-current assets		36,439	26,931
Inventory		-	-
Advance payments made	6	10	119
Trade receivables and related accounts	7	50,609	42,100
Financial assets**	8	71	71
Other receivables and accruals	9	13,335	10,637
Cash and cash equivalents	10	38,034	27,038
Current assets		102,060	79,965
Total assets		138,499	106,896

* Including assets under a financial lease: €115,000.

** Including advances to affiliates not fully or proportionately consolidated at 31 December 2011: -€K.

LIABILITIES	Notes	12-Month Fiscal Year	
		31/12/11	31/12/10
Share Capital		3,855	3,754
Issue and merger premiums		71,625	67,452
Consolidated reserves		-8,788	-22,823
Other reserves		17,996	15,834
Consolidated profit/loss		18,225	13,566
Shareholders' equity capital (group share)	11	102,914	77,783
Minority interests			
Total shareholders' equity capital		102,914	77,783
Provisions for contingencies and charges	12	70	30
Employee benefits	13	443	353
Financial debts	14		
Advance payments received			
Other debts	17		
Deferred tax liabilities	15	2,573	1,924
Non-current liabilities		3,086	2,307
Provisions for contingencies and charges	12	-	-
Financial debts*	14	1,086	1,906
Trade payables and related accounts	16	17,394	15,158
Advance payments received			
Tax and social security liabilities	18	11,153	9,290
Other debts	17	2,866	453
Current liabilities		32,499	26,807
Total Liabilities		138,499	106,896

* Including advances received by affiliates not fully or proportionately consolidated at 31 December 2011: €0

1.2. Consolidated Statement of Comprehensive Income at 31 December 2011 (€K)

1.2.1. Consolidated Income Statement

	Notes
	12-Month Fiscal Year
	12-Month Fiscal Year
	31/12/11
	31/12/10
Revenue	
	19
	164,357
	140,958
Self-constructed assets	19
	8,013
	10,121
Closing inventory	19
	-13
	-443
Other business-related income	20
	3,197
	1,357
Cost of sales	21
	-19,040
	-18,911
Research & Development costs	22
	-88,861
	-75,925
Commercial expenses	23
	-30,542
	-26,998
Overhead costs	24
	-15,061
	-11,920
Changes in inventories of finished products	-
	-
Provisions	25
	-1,967
	-2,553
Other operating income	26
	239
	379
Other operating expenses	26
	<u>-1,347</u>
	<u>-1,275</u>
Operating income/expenses from ordinary activities	
	18,976
	14,790
Other operating revenue	27
	-
	56
Other operating expenses	27

		<u>-5,311</u>
		<u>-278</u>
Operating income/expense		
		13,665
		14,568
Cost of net financial debt		
		377
		123
Financial income		
		5,097
		6,626
Financial expense		
		<u>-6,618</u>
		<u>-5,437</u>
Net financial income/expense		
		28
	-	1,144
		1,312
Employees' interest		
		-36
		-117
Tax expense		
		29
		5,740
		-2,197
Share in earnings of equity-accounted companies		
		=
		=
Net profit/loss before income from businesses discontinued or being sold		
		18,225
		13,566
Profit/loss of businesses discontinued or being sold		
		-
		-
Net profit/loss for the period **		
		18,225
		13,566
Earnings per share		
		0.24
		0.18
Diluted earnings per share		
		0.23
		0.17

* Including: - financial income from affiliates not fully or proportionately consolidated at 31 December 2011: €0;
- financial expenses related to affiliates not fully or proportionately consolidated at 31 December 2011: €0.

** Profit/loss for the period is completely attributable to equity capital holders.

3.1.2.2 Consolidated Statement of Net Profit/Loss and Accrued Gains and Losses of Shareholder Equity Capital

	31/12/11	31/12/10
Net profit/loss (group share)	18,225	13,566
Translation gains/losses, net of tax	+24	-625
Revaluation of derivative instrument coverage		
Revaluation of assets		
Other	+208	-57

Other parts of the comprehensive income (recorded under shareholder's equity capital and net of tax)	+232	-682
Comprehensive consolidated income	18,457	12,884

3.1.3. Consolidated Cash Flow Statements at 31 December 2011 (€K)

€K		12-Month Fiscal Year	12-Month Fiscal Year
		31/12/11	31/12/10
Cash flow from operating activities			
Net profit		18,225	13,566
Depreciation of tangible and intangible assets	21-22-23-24	18,001	13,924
Change in provisions	20-25-28	596	1,131
Change in deferred taxes	29	- 9,066	95
Income related to stock options and similar	22-23-24	2,139	2,283
Capital gains and losses	26	154	186
Cash from operations		30,048	31,185
Change in inventories		-	457
Change in trade receivables		- 12,400	- 11,474
Change in operating liabilities		7,469	2,767
Change in non-trade receivables			
Change in non-operating liabilities (1)			
Change in operating working capital		-4,931	-8,250
Total operating cash flow		25,118	22,935
Investment-related cash flow			
Purchases of intangible assets (2)	1	-8,746	-9,230
Purchases of tangible assets (1)	2	-5,190	-4,016
Purchases of financial assets	3	-	-
Purchases of other financial assets	3-5	-810	-1,184
Acquisition of advances on licences (1)	1	-3,695	-5,455
Sales of assets/Deconsolidation	26	49	65
Repayment of loans and other financial assets	3	912	138
Repayment of advances on licences			
Change in reporting entity			79
Other cash flows			
Total investment-related cash flows		-17,481	-19,603
Cash flow from financing activities			
New long- and medium-term loans			
Repayment of loans	14		
Share capital increase	11	101	14
Increase in issue premium	11	4,173	859
Change in shareholders' current accounts			-2
Other cash flows		6	-57
Total cash flows from financing activities		4,280	814

Impact of translation gains and losses		- 101	1,237
Change in cash and cash equivalents	10	11,815	5,384
Net cash and cash equivalents at start of fiscal year		25,133	19,749
Net cash and cash equivalents at end of fiscal year		36,948	25,133

(1) Adjusted to reflect the change in non-operating liabilities for €175,000 in 12/2011 and -€360,000 in 12/2010.

(2) Adjusted to reflect the reclassification as expenses of amounts previously capitalised.

3.1.4. Statement of Changes in Consolidated Shareholders' Equity Capital at 31 December 2011 (€K)

	Capital	Premiums	Consolidated Reserves and Earnings	Reserves Related to Financial Instruments	Consolidated Reserves Stock Options	Other		Shareholders' equity capital	Minority interests	Total Shareholders' Equity Capital
						Translation Gains and Losses	Directly Held Stocks			
Position at 31 December 2008	3,680	63,790	-29,092	0	12,587	-1,529	0	49,436		49,436
Change in capital of the consolidating company	60	2,803						2,863		2,863
Consolidated fiscal year profit/loss			5,972					5,972		5,972
(Gameloft S.A. net profit/loss: €4,653,000)										
Other changes			147		2,686	-1,167		1,666		1,666
Position at 31 December 2009	3,740	66,593	-22,973	0	15,274	-2,696	0	59,936		59,936
Change in capital of the consolidating company	14	859						874		874
Consolidated fiscal year profit/loss			13,566					13,566		13,566
(Gameloft S.A. net profit/loss: €9,815,000)										
Other changes			150		2,283	973		3,406		3,406
Position at 31 December 2010	3,754	67,452	-9,257	0	17,557	-1,723	0	77,783		77,783
Change in capital of the consolidating company	101	4,173						4,274		4,274
Consolidated fiscal year profit/loss			18,225					18,225		18,225
(Gameloft S.A. net profit/loss: €3,050,000)										
Other changes			469		2,139	24		2,632		2,632
Position at 31 December 2011	3,855	71,625	9,437	0	19,696	- 1,699	0	102,914		102,914

The “translation gains and losses” item includes exchange differentials from conversion of the financial statements of non-eurozone subsidiaries. The conversion reserves consist mainly of the increase in the US dollar between the closing rate of 31/12/10 (€1 = 1.33620) and the closing rate of 31/12/11 (€1 = 1.2939), i.e. - €771,000; the increase in the Canadian dollar between the closing rate of 31/12/10 (€1 = 1.33220) and the closing rate of 31/12/11 (€1 = 1.32150), i.e. - €105,000; the increase in the Korean won between the closing rate of 31/12/10 (€1 = 1,499.06) and the closing rate of 31/12/11 (€1 = 1,498.69), i.e. +€78,000; by the increase in the yen between the closing rate of 31/12/10 (€1 = 108.65) and the closing rate of 31/12/11 (€1 = 100.20), i.e. +€187,000; the decrease in the Argentine peso between the closing rate of 31/12/10 (€1 = 5.2930) and the closing rate of 31/12/11 (€1 = 5.5679), i.e. +€215,000; the increase in the pound sterling between the closing rate of 31/12/10 (€1 = 0.86075) and the closing rate on 31/12/11 (€1 = 0.83530), i.e. +€65,000; the decrease in the Mexican peso between the closing rate of 31/12/10 (€1 = 16.5475) and the closing rate of 31/12/11 (€1 = 18.0512), i.e. +€226,000; and by the decrease in the Indian rupee between the closing rate of 31/12/10 (€1 = 59.758) and the closing rate of 31/12/11 (€1 = 68.713), i.e. +€89,000.

3.1.5. Notes to the Consolidated Financial Statements

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

3.1.5.1. Introduction

A world leader in the development and publishing of downloadable video games, Gameloft has positioned itself since the year 2000 as one of the top innovators in its field. Gameloft creates games for every digital platform, including mobile telephones, smartphones and tablets (Apple iOS and Android), set-top boxes, Smart TVs, social networks, and consoles. Partnership agreements with major rights holders allow Gameloft to associate its games with big international brands like UNO™, Spider-Man, Harry Potter, LEGO, Ice Age, and Sonic. Gameloft has its own portfolio of original properties with established franchises like *Real Football*, *Asphalt*, *Modern Combat*, and *N.O.V.A. Near Orbit Vanguard Alliance*. Gameloft has a studio on every continent, distributes its games in 80 countries and today employs 5,461 people in 26 countries across the world.

Gameloft S.A. is located in France.

Thanks to its agreements with all of the main wireless telecom operators, telephone manufacturers, and its specialized distributors, as well as its virtual store, www.gameloft.com, Gameloft distributes its games in more than 80 countries.

Gameloft is listed on segment B of the Paris Stock Exchange (ISIN: FR0000079600, Bloomberg: GFT FP, Reuters: GFT).

Gameloft S.A.'s consolidated financial statements include Gameloft S.A. and its subsidiaries.

The Gameloft Group's consolidated accounts at 31 December 2011 have been approved by the Board of Directors on 21 March 2012.

3.1.5.2. Highlights

Share capital increases:

Gameloft saw an increase of share capital through the issuance of stock options and bonus shares in the amount of €4,274,000, of which €4,173,000 were issue premiums. The share capital is currently €3,855,000.

Subsidiary companies, Gameloft Pte (Singapore) and Gameloft Venezuela, respectively increased their shareholder's equity capital by €56,000 and €72,000 during the year in order to comply with local regulations.

Creation:

This year, a new company was created in Toronto, Canada (Gameloft Entertainment Toronto Inc.).

Change in reporting entity:

The consolidation scope used for fiscal year 2011 differs from that of 2010 with the addition of a newly created company. Gameloft Entertainment Toronto Inc was added to the scope when it was established.

Impact of currency fluctuations on revenue:

Currencies such as the US dollar, the Argentine peso, and the Mexican peso fell sharply in 2011. This impacted our accounts and, more importantly, our revenue, with a negative exchange rate differential of €2,836,000. The Japanese yen and Australian dollar also increased this year, generating a positive revenue differential of €276,000 as compared to the same period in 2010.

Activation of losses:

This year, Gameloft activated losses to carry over of €9,638,000, following several years of positive results.

Discontinuation of some game development:

Gameloft has decided to concentrate its efforts on the creation of games for smartphones, touch tablets and Smart TVs, a growing market, and therefore to discontinue some development for consoles and social networks.

3.1.5.3. Accounting Principles and Methods

1.5.3.1. General Principles – Primary Basis of Accounting

1.5.3.1.1. Primary Basis of Accounting

The Gameloft Group's consolidated financial statements at 31 December 2011 are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union as of the balance sheet date.

The IFRS as adopted by the European Union may be consulted on the website of the European Commission: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The group did not apply in advance standards, amendments and interpretations for which application was not mandatory as of 1 January 2011.

The IFRS as adopted by the European Union differ from the IFRS published by the IASB in several respects. Nevertheless, the group has made sure that the financial information presented would not have been substantially different if it had applied the IFRS as published by the IASB.

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.

1.5.3.1.2. Effects of the IFRS Accounting Standards and Interpretations Applicable as of 1 January 2011

Standards, amendments and interpretations adopted by the European Union for which application is mandatory for fiscal years starting on 1 January 2011.

Adoption by the European Union of the following accounting standards and interpretations has no impact on the group's financial statements:

- Amendment to the IFRS 1 standard – Exemption from the requirement to provide comparative disclosures for IFRS 7;
- IAS 24 revised - Information regarding related parties;
- IFRIC 14 revised – Prepayments of a Minimum Funding Requirement;
- IFRIC 19 – Extinguishing financial liabilities with equity instruments;
- Amendment to the IAS 32 standard – Classification of Rights Issues;
- Refinements to IFRS 2010.

At 31 December 2011, there are no IFRS standards or interpretations published and effective as of 1 January 2011 that are applicable by the group and not adopted by the European Union.

These accounting standards, amendments to existing standards, and interpretations have had no significant impact on the group's financial statements.

1.5.3.1.3. Comparability of Accounts and Change in Estimate

There was no reclassification in the consolidated financial statements at 31 December 2011.

1.5.3.1.4. Consolidation Principles

The group's subsidiaries are fully consolidated once the group exercises control over them. Exclusive control is the direct or indirect power to guide a company's financial and operational policies in order to obtain benefits from its activities. To assess control, potential voting rights that are currently exercisable are taken into account, as well as the power to appoint or remove the members of the managing bodies and to have this body hold the majority of voting rights. Control is presumed to exist when the parent company holds, either directly or indirectly, more than one-half of an entity's voting rights.

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

Ad hoc entities are consolidated if, on the basis of a substantial analysis of the relationship with the group and the expected risks and benefits, the group concludes that it has control over it.

Companies that are not significant to the group are not consolidated. At 31 December 2011, there was no exclusion from the scope of consolidation.

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.

■ **Subsidiaries**

A subsidiary is an entity controlled by Gameloft S.A. 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 capital 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 capital is kept at the historical rate. Translation gains and losses are recorded under shareholders' equity capital. Translation gains and losses are entered on the income statement when the subsidiary is sold.

1.5.3.1.5. Estimates and Judgment

Preparation of the consolidated financial statements according to IFRS standards 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. They serve as the basis for the exercise of judgement necessary in determining the book values of assets and liabilities, which cannot be obtained from other sources. Actual values may differ from estimated values. Significant judgments made by management to implement the Group's accounting methods and analyse the main sources of uncertainty relating to estimates are identical to those described in the financial statements for the fiscal year ended 31 December 2010. 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.

Summary of estimates:

Note	Estimate	Type of Information Disclosed
§ 3.1.5.3.2.2	Impairment losses	Principal hypotheses used to determine the recoverable value of assets
§ 3.1.5.3.2.13 & Note 13	Employee benefits	Discount rate, inflation rate, yield of the plan assets, salary growth rate
§ 3.1.5.3.2.13 & Note 11	Share-based payments	Model, underlying assumptions for determining fair values
§ 3.1.5.3.2.12 & Note 12	Provisions	Underlying assumptions for assessing and estimating risks

Note 29	Corporate income tax	Assumptions used for recognition of deferred tax assets and conditions for applying tax legislation
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1.5.3.1.6. Segment 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 regions (Europe, North America and the rest of the world).

In accordance with IFRS 8 - Operating Segments, the segment information by geographic region presented in point 3.1.6 is the information used by the group's management, and particularly by its Chief Executive Officer.

1.5.3.2. Valuation Rules and Methods Applied by the Group

1.5.3.2.1. 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 on the basis of either 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 profit or loss.

1.5.3.2.2. 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.

- 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 for impairment is recorded.
 -
 - Expenses related to brands created in-house are recognised as expenses, as are expenses incurred to renew their protection.
- Development costs:

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

- Next-generation game consoles:

Development costs for next-generation game consoles are capitalised on the balance sheet when the criteria set out in IAS 38 have been 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 18 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, a provision for impairment 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 operators' sites thousands of versions of its games covering the 600 different models of mobile telephones and 400 models of smartphones 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 operators, 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 capitalizing development costs. Since Gameloft does not meet all the capitalisation criteria, these costs are recognised as expenses, unlike those for new platforms which have been capitalised since fiscal year 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.

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, an additional provision for impairment is then applied accordingly.

- Office software

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

1.5.3.2.3. 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 are 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 telephone 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.

1.5.3.2.4. 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.

1.5.3.2.5. Non-current Financial Assets

-

- Equity holdings and long-term investments are recorded as “non-consolidated companies” 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 capital.
-
- Other securities are valued at their historical cost, exclusive of incidental expenses.
-
- Deposits and guarantees are recorded under “Loans and receivables”.
-

1.5.3.2.6. Deferred Tax and Current Tax

Income tax: expense or income that includes the current tax expense/income and the deferred tax expense/income. Tax is recognised in profit or loss unless it pertains to items that are recognised directly in shareholders’ equity capital, in which case it is recognised in shareholders’ equity capital.

Current tax is:

- The estimated amount of tax due on taxable profit for a period. It is calculated using the tax rates adopted or substantively adopted as of the balance sheet date.
- Any adjustment to the amount of current tax for previous periods.

Deferred tax is determined and recognised based on the balance sheet approach of the liability method for all temporary differences between the book value of the assets and liabilities and their tax basis. The following items do not result in recognition of deferred tax:

- initial recognition of goodwill;
- initial recognition of an asset or liability in a transaction which is not a business combination and which affects neither accounting income nor taxable income.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period in which the asset is realised and the liability is settled based on the tax laws that have been adopted or substantively adopted by the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that the Group will have future taxable income on which the temporary differences can be applied. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available.

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

1.5.3.2.7. Other Non-current Receivables

Other non-current receivables include Research and Development tax credits from prior fiscal years. They are recorded when they are definitively accepted from the local bodies and their expiration periods are of 10 and 20 years.

1.5.3.2.8. Inventory

In accordance with IAS 2, inventory is recorded at the lower of the cost of the finished products and the net realisable value.

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

A provision for impairment 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.

1.5.3.2.9. 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 impairment is set up based on the expected collectability of the receivables at year's end.

1.5.3.2.10. 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 a significant risk of changes in value through the income statement. They are entered on the balance sheet at their fair value and changes are recorded in profit or loss.

1.5.3.2.11. Share Capital

Ordinary shares:

Incidental costs directly attributable to the issue of ordinary shares or stock options are recognised as a deduction from shareholders' equity capital, net of tax effects.

Treasury shares:

Shares of the parent company which are held by the parent company or one of its consolidated subsidiaries are recognised as a reduction of shareholders' equity at their acquisition cost. Changes in fair value during the holding period are not recognised. Gains or losses on disposal of these securities are charged to shareholders' equity capital, net of tax effects.

The group currently has no treasury shares.

1.5.3.2.12. 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.

1.5.3.2.13. 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, which are generally public pension plans or specific defined contribution plans. Expenses correspond to the contributions made during the fiscal year. The group has no subsequent obligation to its employees.
- 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 2011 are as follows:

	France
Rate of growth in salaries	1 to 3%
Discount rate	4%
Retirement initiated by the employee	65 years

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

Within the Gameloft Group, defined benefit plans are not funded by any investments in various instruments, equity capital securities or bond investments.

- End of contract indemnities

The provision for end-of-employment contract indemnities for employees in Vietnam includes the accumulated benefits acquired by the employees during their year of service until 2008. The indemnities are paid to the employee upon his/her termination and the group has no further debts toward the employee once the indemnity is paid. Rights are updated annually based on the provisions that apply in Vietnam. Unemployment coverage funded by the employer and the employee was introduced in 2009.

Gameloft has not set up special employee benefits.

- Stock options and bonus shares

The benefit granted to employees at the time of issuance of stock options (value of the option as of the date of issuance) and bonus shares constitutes additional compensation recorded as a payroll expense and spread out over the benefit vesting period.

For stock option and bonus share 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 as loss 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 expenses. 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.

The risk-free rate, also called “constant maturity rate”, is the yield of a notional French fungible Treasury bond with a 5- or 7-year maturity.

The method used to value stock options and bonus shares is based on the binomial model.

Plans in effect as of 31 December 2011:

	2006 Stock Option Plan	2007 Stock Option Plan	2008 Stock Option Plan
Volatility	46% (1)	39% (2)	45% (3)
Turnover rate linked to termination from the group	8% per year	8. % per year	5.5% per year for France 12% per year for the USA – Canada 8% per year for the rest of the world

Assumptions regarding distributions of dividends	None		None	None
	Yield of 5- and 6-year zero-coupon bonds		Average between the 5-year constant maturity rate and the 7-year constant maturity rate	Average between the 5-year constant maturity rate and the 7-year constant maturity rate
Risk-free rate	3.93 %	3.85% in June 2006	3.93 %	3.90%

(1) 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.

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

(3) Volatility was determined by using Gameloft's historical share price from April 2003 to April 2008.

	2009 Stock Options and Bonus Shares Plan		2010 Stock Options and Bonus Shares Plan	2011 Stock Options and Bonus Shares Plan
Volatility	44% (4)		55% (5)	53.8% (6)
Turnover rate linked to termination from the group	5.5% per year for France 8% per year for the USA – Canada 8% per year for the rest of the world		6% per year for France 8% per year for the rest of the world	6% per year for France 8% per year for the rest of the world
Assumptions regarding distributions of dividends	None		None	None
	Average between the 5-year constant maturity rate and the 7-year constant maturity rate		Average between the 3-year constant maturity rate and the 5-year constant maturity rate	Average between the 3-year constant maturity rate and the 5-year constant maturity rate
Risk-free rate	2.95%	2.39% for the bonus shares allotted	1.36%	1.52%

(4) Volatility was determined by using Gameloft's historical share price from April 2004 to April 2009.

(5) Volatility was determined by using Gameloft's historical share price from June 2007 to June 2010.

(6) Volatility was determined by using Gameloft's historical share price from September 2008 to September 2011.

- Individual right to training (DIF)

The law of 4 May 2004 gives French employees an individual right to training ("droit individuel à la formation" - DIF). 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.

1.5.3.2.14. Trade Payables and Related Accounts

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

1.5.3.2.15. Revenue

In accordance with IAS 18, all revenue is measured net of rebates, discounts, reductions, and cash discounts.

Revenue from mobile game activity is the company's core business, thanks in particular to innovations by long-time telephone manufacturers and the arrival of powerful newcomers. Revenue is determined via information from our distribution network (operators, affiliates, manufacturers, etc.) showing the number of downloads of our games to their various servers and based on the terms of the contract.

Console revenue comes from home console game download services (Xbox Live Arcade, 3DS, PS Vita, and PlayStation®Network), from social networks, the latest generation of set-top boxes, and Smart TVs as well as from the sale of physical game products. For downloadable game revenue, we use the same accounting method as for mobile game activity. However, revenue from sales of “physical products” is recorded as income from sales, and discounts, where applicable.

1.5.3.2.16. Cost of Sales

Cost of sales includes console game cartridge or disc production costs excluding change in inventory, royalties and costs related to the sale of games based on the various download options.

1.5.3.2.17. Operating Income/Expense from Ordinary Activities and Total Operating Income/Expense

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

Total operating income/expense includes operating income/expense from 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.

The group believes that the “Operating income/expense from ordinary activities” subtotal presented separately in the income statement makes recurrent operational performance easier to understand and gives users of the financial statements useful information for analysing this performance.

1.5.3.2.18. 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 gains/losses on disposals 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 gains/losses on disposals 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.).

1.5.3.2.19. Cash Flow Statement

The cash flow statement is presented according to the indirect method (on the basis of net profit/loss) in accordance with IAS 7.

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

The net impact of changes in reporting entity is presented in a special section on 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 parent company dividends were paid at 31 December 2011 with regard to 2010 profit.

1.5.3.2.20. 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.

1.5.3.2.21. 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.

	31/12/11	31/12/10
Net profit/loss - Group share (€) – A	18,224,813	13,566,374
Number of weighted ordinary shares – B	76,410,413	74,887,287
Net earnings per share – C = A/B	0.239	0.181
Number of weighted ordinary shares after inclusion of potentially diluting instruments – D	80,649,269	78,155,708
Net profit/loss (€) – E	18,224,813	13,566,374
Net earnings per diluted share – F= E / D	0.226	0.174
Operating income/expense from ordinary activities (€)	18,975,829	14,789,946
Operating income/expense from ordinary activities per share	0.2483	0.1975
Operating income/expense from ordinary activities per diluted share	0.2353	0.1892

The number of diluted shares related to stock options is 2,503,235 shares and the number of diluted shares related to bonus share plans is 1,040,054 shares.

1.5.4. Scope of Consolidation

1.5.4.1. Companies Included in the Gameloft Group's Consolidated Financial Statements at 31 December 2011

Only significant entities are presented in the table below. The materiality of an entity is assessed in terms of its contribution to the Group's self-constructed assets and sales figures. Other subsidiaries and any ad hoc entities whose contributions are insignificant are not included in this list.

Company	Country	Acquisition /Creation Date	Activity - Sector	Percentage of Interest	Percentage of Control	Method
GAMELOFT S.A.	France	1999	Mobile	-	Parent	Full Consolidation

429,338,130			Distribution / Production		company	
Gameloft Inc.	USA	2000	Mobile Distribution / Production	100.00%	100%	Full Consolidation
Gameloft Inc. Divertissements	Canada	2000	Mobile Distribution / Production	100.00%	100%	Full Consolidation
Gameloft Ltd.	United Kingdom	2001	Mobile Distribution / Production	99.50 %	100%	Full Consolidation
Gameloft Iberica S.A.	Spain	2001	Mobile Distribution / Production	100.00%	100%	Full Consolidation
Gameloft SRL	Italy	2001	Mobile Distribution	99.74%	100%	Full Consolidation
Gameloft SRL	Romania	2001	Mobile Production / Distribution	100.00%	100%	Full Consolidation
Gameloft Software Beijing Ltd.	China	2003	Mobile Production / Distribution	100.00%	100%	Full Consolidation
Gameloft Software Shanghai Ltd.	China	2004	Mobile Production	100.00%	100%	Full Consolidation
Gameloft KK	Japan	2004	Mobile Production / Distribution	100.00%	100%	Full Consolidation
Gameloft Ltd. Vietnam	Vietnam	2004	Mobile Production	100.00%	100%	Full Consolidation
Gameloft S. de R.L. de C.V.	Mexico	2005	Mobile Production / Distribution	99.85%	100%	Full Consolidation
Gameloft Privated Ltd.	India	2005	Mobile Production / Distribution	99.00%	100%	Full Consolidation
Gameloft Co. Ltd.	Korea	2005	Mobile Distribution / Production	100.00%	100%	Full Consolidation
Gameloft Argentina	Argentina	2005	Mobile Production / Distribution	95.00%	100%	Full Consolidation
Gameloft Do Brasil Ltda	Brazil	2007	Mobile Production / Distribution	99.00%	100%	Full Consolidation

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

1.5.4.2. Companies Not Included in the Gameloft Group's Consolidated Financial Statements at 31 December 2011

The criteria applied are the company's activity, number of employees, total non-group revenue and the company's balance sheet total. All these criteria determine whether the company is significant and whether or not it should be included in the scope of consolidation.

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

At 31 December 2011, all of the group's subsidiaries formed part of the scope of consolidation. There were no exclusions.

1.5.4.3. Change in Reporting Entity

The consolidation scope used for fiscal year 2011 differs from that of 2010 with the inclusion of a new subsidiary, Gameloft Entertainment Toronto Inc.

1.5.5. Notes to the Balance Sheet

1. OTHER INTANGIBLE ASSETS

Other intangible assets at 31 December 2011 were as follows:

Assets	At 31/12/10 Cumulative	Increases	Decreases	Book Transfer	Change in reporting entity	Exchange Differential	At 31/12/11 Cumulative
Software	2,213	778	-124	22		33	2,922
Marketed games	18,032	5,123	-3,381	6,760			26,534
Advances on licences	22,452	3,555	-1,916			10	24,101
Games in production	4,613	2,819	-8	-6,760			664
TOTAL	47,311	12,275	-5,429	22	-	43	54,221

Development costs are defined as the costs required to develop games that have been completed or are already marketed on new platforms such as the Nintendo DSi, 3DS, Sony's PSN and the PS Vita, Apple's iPad and Mac, I-TV such as the Freebox Revolution, Samsung TV, and more.

The increase in development costs for completed or marketed games on new platforms such as the Nintendo 3DS, Sony's PSN and PS Vita, Apple's Mac, Smart TVs, set-top boxes, etc. is in the amount of €5,123,000.

Games in production include development costs of games not yet completed as of the balance sheet date and this year, there was an increase of €2,819,000, of which €2,418,000 are for games marketed during the fiscal year.

The company performs feasibility tests of projects and their marketing. In 2011, Gameloft conducted a review of its current projects. Based on these results, the company decided to record as expenses previously capitalised costs in the amount of €8,000.

Reductions in development costs are part of our games developed on many platforms (such as the 3DS, Facebook and various other social networks, the PlayStation®Vita, and PlayStation®Store) on which an exceptional amortisation was applied in the amount of €3,381,000. These development projects are games under production on which all activity was discontinued at the end of 2011. Gameloft has redirected its operations and is refocusing on consoles like Apple's Mac, set-top boxes and Smart TVs.

Advances on licences pertain to licence agreements signed with various automobile manufacturers, golf courses, top-ranked athletes like golfers Anthony Kim, Vijay Singh, and Camillo Villegas, footballers Steven Gerrard and Robinho, legendary wrestler Hulk Hogan, FIFPro (International Federation of Professional Footballers), the NBA, the NFL and so on.

In 2011, new licence agreements were signed mainly with Paramount for last October's film *The Adventures of Tintin*; Universal for *Fast Five*, which came out in May 2011; Sony Pictures for the legendary *Men In Black 3*; as well as Fox for *Ice Age 4: Continental Drift*; DC Comics for the upcoming *The Dark Knight Rises*; Marvel for *The Avengers*; TT Games for the release of *LEGO Batman*; Epic Games for the use of the Unreal engine; and Classic Media for the release of the *Where's Wally Now?* game, among others. These contracts are a continuation of agreements from the preceding years with Universal for the *Jurassic Park* film, Capcom for several games such as *Resident Evil: Uprising* and *Street Fighter Alpha: Warriors' Dreams*, Warner Bros. for the release of the final instalment of *Harry Potter and the Deathly Hallows*, Fox for the adaption of the *Avatar* game on various platforms, Les éditions Albert René for the release of the *Asterix and Obelix Encounter Cleopatra* game, and Marvel for *Iron Man 2*. Gameloft also signed licence agreements related to board games, TV series, and game shows such as *Blokus*, *UNO*, *Sonic* by Sega, *Topa ou Não Topa* (the Brazilian version of *Deal or No Deal*), *Heroes*, *CSI*, etc.

The decrease in advances on licences in the amount of €1,916,000 pertains to licences to which Gameloft is no longer contractually entitled as of 31 December 2011.

Amortisation	At 31/12/10 Cumulative	Increases	Decreases	Book Transfer	Change in Reporting Entity	Exchange Differential	At 31/12/11 Cumulative
Software	1,888	696	-32	21		26	2,599
Marketed games	12,700	10,141	- 3,381				19,460
Advances on licences	15,385	3,611	-1,916			-20	17,060
Games in production	-						-
Subtotal	29,973	14,448	- 5,329	21		6	39,119
Provisions							
Marketed games	1,749	2,935	-2,516				2,167
Games in production	292	12	-282				22
Advances on licences	733	572	-248				1,057
Subtotal	2,774	3,519	-3,046	-	-	-	3,246
TOTAL	32,747	17,967	-8,375	21	-	6	42,365

The decreases in provisions for marketed games and games in production in the amount of €2,798,000 correspond to value tests on some previously recorded provisions.

The increase in amortisation and provisions for marketed games and games in development was €10,141,000 and €2,947,000, respectively. The amortisations correspond to an amortisation plan over 18 months of development costs as of the game's release date in the amount of €6,760,000. Value tests were conducted on all marketed games and games in development at the end of the fiscal year, resulting in a provision of €1,016,000.

The weak growth prospects in the niche of PC games that is tied to the absence of a real organised market for social games, as well as the disappointing sales of the Nintendo 3DS and the PS Vita, competition on smartphones and touch tablets, and the April 2011 worldwide hacking of the PlayStation®Network, which put it out of commission for 45 days, led the company to reassign all of its teams to the most promising sector.

This year, an exceptional amortisation was recorded in the amount of €3,381,000 for games that were cancelled following changes to the internal economic policy and an exceptional depreciation in the amount of €1,931,000.

The company decided to put its focus on smartphones and touch tablets.

The increase in amortisation for advances on licences resulted from the rise of sales, which led to an increase in royalties prorated based on the sales of various licensed products or amortised on a straight-line basis according to the duration of the contract for flat fees in the amount of €3,611,000.

In light of the weak sales outlook for certain licences, an additional amortisation in the amount of €572,000 was recorded at 31 December 2011.

2. TANGIBLE ASSETS

Tangible assets are as follows:

Assets	At 31/12/10 Cumulative	Increases	Decreases	Book Transfer	Change in Reporting Entity	Exchange Differential	At 31/12/11 Cumulative
Plant and machinery	2,868	874	-83			38	3,698
Transportation equipment	-						-
Computer equipment and furniture	15,708	4,316	-1,437	-22		220	18,785
Leased computer equipment	114					1	115
TOTAL	18,690	5,190	-1,519	-22		259	22,598

The increase in tangible assets was due to:

- the development of different production studios and the replacement of certain equipment;
- the purchase of mobile telephones for the purpose of creating games and the purchase of development kits from Nintendo, Sony, etc.

The reductions in computer equipment are related to sales and disposals.

The reductions in general facilities are mainly due to disposals.

Amortisation	At 31/12/10 Cumulative	Increases	Decreases	Book Transfer	Change in Reporting Entity	Exchange Differential	At 31/12/11 Cumulative
Plant and machinery	1,650	552	-31			5	2,176
Transportation equipment	-						-
Computer equipment and furniture	10,966	3,136	-1,393	-21		114	12,802
Leased computer equipment	110	1					111
Construction work in progress							
TOTAL	12,726	3,689	-1,424	-21		119	15,089

3. NON-CURRENT FINANCIAL ASSETS

Assets	At 31/12/10 Cumulative	Increases	Decreases	Reclassification s	Change in Reporting Entity	Exchange Differential	At 31/12/11 Cumulative
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Non-consolidated companies (gross values)	38			-38			-
Deposits and guarantees	2,299	810	-912			13	2,211
Loans	-				-		
TOTAL	2,337	810	-912	-38	-	13	2,211

The increases in deposits and guarantees mainly concern Gameloft Korea (€383,000), Gameloft KK (€ 98,000), Gameloft Vietnam (€57,000), and Gameloft S.A. (€76,000).

The decreases mainly concern Gameloft Korea (€247,000), Gameloft KK (€ 318,000), Gameloft Beijing (€171,000), Gameloft Shanghai (€55,000), and Gameloft Divertissements Inc. (€73,000).

The reclassification of other debts is regarding Gameloft Dubai, which was a company in the process of being created, but the project was discontinued and funds will be restored.

Percentage of ownership of non-consolidated companies:

Company	Acquisition Cost of Shares	Percentage of Ownership	Shareholder s' Equity in Foreign Currencies	Net Profit/Loss in Foreign Currencies	Net Profit	Net Profit/Loss in €K At 31/12/11	Net Profit/Loss in €K At 31/12/10
Gameloft Dubai	-	100.00%	-	-		-	38
€K	-					-	38

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 (see note 5.4.2).

At 31 December 2011, no subsidiary was excluded from the group.

4. DEFERRED TAX ASSETS

	31/12/11	31/12/10
Capitalised losses	9,696	90
Timing differences	1,704	1,664
TOTAL	11,400	1,753

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.

The expiration periods of the tax losses are as follows:

- 20 years: €58,000
- Unlimited: €9,638,000.

Timing differences mainly concern provisions for accrued expenses and deferred depreciation. The expiration periods of the timing differences are as follows:

- 3 years: €5,000
- 5 years: €589,000
- 7 years: €1,000
- 8 years: €10,000
- 10 years: €229,000
- 15 years: €14,000
- 20 years: €668,000
- Unlimited: €188,000.

Capitalised/non-capitalised losses:

€K	31/12/11 Capitalised Losses	Non-Capitalised Losses	31/12/10 Capitalised Losses
Gameloft Hong Kong		441	
Gameloft Canada	30		11
Gameloft Iberica		607	
Gameloft Brazil		507	
Gameloft Australia		274	
GAMELOFT S.A.	9,638	-	
Gameloft KK		1,930	
Gameloft Chengdu		-	45
Gameloft Singapore		68	
Gameloft Divertissements Live	24		34
Gameloft Belgium		3	
Gameloft Bulgaria		-	
Gameloft Venezuela		20	
PT Gameloft Indonesia		-	
Gameloft Czech Republic		173	
Gameloft Toronto	3	-	
Gameloft Ltd. UK		2,520	
Gameloft Ltd. Co.		5,315	
Gameloft GmbH		1,834	
Gameloft Software Shanghai Ltd.		59	
Gameloft Software Shenzhen Co. Ltd.		49	
TOTAL	9,696	14,127	90

This year Gameloft S.A. activated losses to carry over of €9,638,000 from the three previous fiscal years which proved to be largely profitable.

The expiration periods of the non-capitalised tax losses are as follows:

- 3 years: €20,000
- 4 years: €507,000
- 5 years: €607,000

- 7 years: €1,930,000
- 10 years: €5,315,000
- 15 years: €607,000
- Unlimited: €5,141,000.

5. NON-CURRENT TAX RECEIVABLES

	31/12/11	31/12/10
Gameloft Divertissements Inc.	3,461	2,311
Other	2	2
TOTAL	3,463	2,313

These tax receivables are R&D tax credits for our Canadian subsidiary from 2005 to 2010.

Gameloft Divertissements received notices of assessment for the non-refundable R&D credits claimed by the company for fiscal years 2005 to 2009. The tax audit was conducted by the tax authorities and these amounts were recognised.

The amount of the 2005 credit can be carried over for 10 years, and the amounts of the subsequent years can be carried over for 20 years.

6. ADVANCE PAYMENTS MADE

	At 31/12/10	Increase	Decrease	At 31/12/11
Advance payments made	119		- 109	10
TOTAL	119		- 109	10

7. TRADE RECEIVABLES AND RELATED ACCOUNTS

At 31/12/11	Gross	Provision	Net	At 31/12/10
Trade receivables and related accounts	51,087	478	50,609	42,100
Total	51,087	478	50,609	42,100

The average term of payment of the Gameloft Group's customers is 95 days.

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

The trade receivables item is higher than it was at 31 December 2010 due to the final quarter's revenue increases.

8. FINANCIAL ASSETS

	Gross Value	Provision	Net at 31/12/11	31/12/10
Partners' current accounts	71	-	71	71

TOTAL	71	-	71	71
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There are no current accounts for non-consolidated subsidiaries.

9. OTHER RECEIVABLES AND ACCRUALS

Other receivables are as follows:

	Gross Value	Provision	Net at 31/12/11	31/12/10
VAT	2,594		2,594	2,195
Other tax and social security receivables (1)	8,648		8,648	6,713
Credit notes from suppliers	9		9	5
Receivables from suppliers	253		253	172
Other	320		320	216
Pre-paid expenses	1,132		1,132	1,019
Called-up share capital (issue premium included)	379		379	316
TOTAL	13,335	-	13,335	10,637

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

(1) Tax receivables = €8,380,000, due mainly to the tax credit related to the operating subsidies of Gameloft Canada, Gameloft Divertissements Live and Gameloft Toronto (€5,934,000) and Gameloft Argentina (€1,238,000), and corporate income tax receivables for Gameloft Mexico (€283,000) and Gameloft Italy (€366,000);
Social security claims = €268,000.

10. CASH AND CASH EQUIVALENTS

The “cash and cash equivalents” item includes bank account balances totalling €38,034,000 at 31 December 2011 compared to €27,038,000 at 31 December 2010.

The change in net cash breaks down as follows:

Cash Detail	31/12/11	31/12/10
Cash on hand	38,034	27,038
Short-term investment securities		
Foreign currency advances		
Bank overdrafts and short-term credit	-1,086	-1,906
TOTAL	36,948	25,133

At 31 December 2011, this item includes interest-bearing savings accounts at varying interest rates depending on the country, made up of nine contracts signed at an average rate of 2.2% per year on a 24-month investment for a fair value of €9,039,000 in France, as well as three 6-month investments in Brazil at an interest rate of 10.3% per year in the amount of €4,974,000, and in Argentina, with a 1-month investment at 20% per year in the amount of €969,000.

The cash assets are available immediately.

11. SHAREHOLDERS' EQUITY CAPITAL

Capital

At 31 December 2011, Gameloft S.A.'s share capital consisted of 77,105,980 shares, each with a par value of 0.05 euros, for a total of 3,855,299 euros.

Gameloft saw an increase of share capital through the issuance of stock options and bonus shares totalling €101,000 in share capital, and €4,173,000 in issue premiums.

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

A voting right double that granted to other shares, based on the percentage of share capital they represent, is attached to all fully paid-up shares which are proven to be registered in the same shareholder's name for at least two years.

This 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.

Number of Gameloft S.A. Shares

	Par Value €	Number of Shares	Amount in €K
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 03/12/2004	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
Exercised options on 21/03/2003	0.05	43,128	2
Exercised options on 03/12/2004	0.05	33,263	2
Exercised options on 15/09/2003	0.05	470,346	23
At 31/12/08	0.05	73,605,094	3,680
Exercised options on 03/12/2004	0.05	1,192,780	60
At 31/12/09	0.05	74,797,874	3,740
Exercised options on 11/04/2008	0.05	144,950	7
US options exercised on 11/04/2008	0.05	94,100	5

Exercised options on 03/01/2007	0.05	38,000	2
US options exercised on 03/01/2007	0.05	8,000	0
At 31/12/10	0.05	75,082,924	3,754
Exercised options on 11/01/2006	0.05	10,000	0
Exercised options on 03/01/2007	0.05	271,405	14
US options exercised on 03/01/2007	0.05	87,200	4
F options exercised on 03/01/2007	0.05	188,206	9
Exercised options on 11/04/2008	0.05	221,895	11
US options exercised on 11/04/2008	0.05	130,600	7
F options exercised on 11/04/2008	0.05	43,000	2
Exercised options on 14/05/2009	0.05	353,500	18
Allotment of bonus shares on 21/04/2009	0.05	717,250	36
At 31/12/11	0.05	77,105,980	3,855

Stock options and bonus shares

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

Date of Board of Directors' Meeting	11/01/06	Balance at 31/12/06	Balance at 31/12/07	Balance at 31/12/08	Balance at 31/12/09	Balance at 31/12/10	Balance at 31/12/11
Number of shares eligible for subscription:	2,790,300	2,716,200	2,547,900	2,401,800	2,335,500	2,212,500	1,329,000
Number of shares cancelled:		74,100	242,400	388,500	454,800	577,800	1,451,300
Number of people concerned:	101						
of which are managers	5						
Start of exercise period	11/01/2008	11/01/2008	11/01/2008	11/01/2008	11/01/2008	11/01/2008	11/01/2008
End of exercise period	11/01/2012	11/01/2012	11/01/2012	11/01/2012	11/01/2012	11/01/2012	11/01/2012
Subscription price	5.35 euros	5.35 euros	5.35 euros	5.35 euros	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	Balance at 31/12/08	Balance at 31/12/09	Balance at 31/12/10	Balance at 31/12/11
Number of shares eligible for subscription:	612,000	468,000	363,000	333,000	333,000	333,000	333,000
Number of shares cancelled:		144,000	249,000	279,000	279,000	279,000	279,000
Number of people concerned:	33						
of which are managers	0						
Start of exercise period	11/01/2008	11/01/2008	11/01/2008	11/01/2008	11/01/2008	11/01/2008	11/01/2008
End of exercise period	11/01/2012	11/01/2012	11/01/2012	11/01/2012	11/01/2012	11/01/2012	11/01/2012
Subscription price	5.61 euros	5.61 euros	5.61 euros	5.61 euros	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	Balance at 31/12/08	Balance at 31/12/09	Balance at 31/12/10	Balance at 31/12/11
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Number of shares eligible for subscription:	40,200	40,200	40,200	10,200	10,200	10,200	10,200
Number of shares cancelled:	-	-	-	30,000	30,000	30,000	30,000
Number of people concerned: of which are managers	2 0						
Start of exercise period	07/06/2010	07/06/2010	07/06/2010	07/06/2010	07/06/2010	07/06/2010	07/06/2010
End of exercise period	07/06/2012	07/06/2012	07/06/2012	07/06/2012	07/06/2012	07/06/2012	07/06/2012
Subscription price	5.37 euros	5.37 euros	5.37 euros	5.37 euros	5.37 euros	5.37 euros	5.37 euros

Date of Board of Directors' Meeting	03/01/07	Balance at 31/12/07	Balance at 31/12/08	Balance at 31/12/09	Balance at 31/12/10	Balance at 31/12/11
Number of shares eligible for subscription:	2,811,000	2,734,800	2,535,000	2,421,700	2,238,000	1,630,989
Number of shares cancelled:		76,200	276,000	389,300	535,000	682,400
Number of people concerned: of which are managers	127 4					
Start of exercise period	03/01/2009	03/01/2009	03/01/2009	03/01/2009	03/01/2009	03/01/2009
End of exercise period	03/01/2013	03/01/2013	03/01/2013	03/01/2013	03/01/2013	03/01/2013
Subscription price	4.10 euros	4.10 euros	4.10 euros	4.10 euros	4.10 euros	4.10 euros

Date of Board of Directors' Meeting	03/01/07	Balance at 31/12/07	Balance at 31/12/08	Balance at 31/12/09	Balance at 31/12/10	Balance at 31/12/11
Number of shares eligible for subscription:	710,100	604,800	530,400	511,200	494,200	377,000
Number of shares cancelled:		105,300	179,700	198,900	207,900	237,900
Number of people concerned: of which are managers	38 1					
Start of exercise period	03/01/2009	03/01/2009	03/01/2009	03/01/2009	03/01/2009	03/01/2009
End of exercise period	03/01/2013	03/01/2013	03/01/2013	03/01/2013	03/01/2013	03/01/2013
Subscription price	4.30 euros	4.30 euros	4.30 euros	4.30 euros	4.30 euros	4.30 euros

Date of Board of Directors' Meeting	11/04/2008	Balance at 31/12/08	Balance at 31/12/09	Balance at 31/12/10	Balance at 31/12/11
Number of shares eligible for subscription:	3,110,250	3,015,000	2,850,600	2,595,350	2,059,465
Number of shares cancelled:		95,250	259,650	369,950	640,940
Number of people concerned: of which are managers	199 4				
Start of exercise period	11/04/2010	11/04/2010	11/04/2010	11/04/2010	11/04/2010
End of exercise period	11/04/2014	11/04/2014	11/04/2014	11/04/2014	11/04/2014
Subscription price	2.80 euros	2.80 euros	2.80 euros	2.80 euros	2.80 euros

Date of Board of Directors' Meeting	11/04/2008	Balance at 31/12/08	Balance at 31/12/09	Balance at 31/12/10	Balance at 31/12/11
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Number of shares eligible for subscription:	534,300	525,300	508,200	398,900	244,900
Number of shares cancelled:		9,000	26,100	41,300	64,700
Number of people concerned:	48				
of which are managers	1				
Start of exercise period	11/04/2010	11/04/2010	11/04/2010	11/04/2010	11/04/2010
End of exercise period	11/04/2014	11/04/2014	11/04/2014	11/04/2014	11/04/2014
Subscription price	2.95 euros	2.95 euros	2.95 euros	2.95 euros	2.95 euros

Date of Board of Directors' Meeting	14/05/2009	Balance at 31/12/09	Balance at 31/12/10	Balance at 31/12/11
Number of shares eligible for subscription:	2,208,500	2,130,900	2,003,800	1,539,800
Number of shares cancelled:		77,600	204,700	315,200
Number of people concerned:	189			
of which are managers	2			
Start of exercise period	14/05/2011	14/05/2011	14/05/2011	14/05/2011
End of exercise period	14/05/2015	14/05/2015	14/05/2015	14/05/2015
Subscription price	2.36 euros	2.36 euros	2.36 euros	2.36 euros

Date of Board of Directors' Meeting	01/06/2010	Balance at 31/12/10	Balance at 31/12/11
Number of shares eligible for subscription:	2,240,000	2,200,200	2,010,000
Number of shares cancelled:		39,800	230,000
Number of people concerned:	189		
of which are managers	2		
Start of exercise period	01/06/2012	01/06/2012	01/06/2012
End of exercise period	01/06/2014	01/06/2014	01/06/2014
Subscription price	3.82 euros	3.82 euros	3.82 euros

Date of Board of Directors' Meeting	20/09/2011	Balance at 31/12/11
Number of shares eligible for subscription:	2,245,000	2,235,000
Number of shares cancelled:		10,000
Number of people concerned:	170	
of which are managers	2	
Start of exercise period	20/09/2013	20/09/2013
End of exercise period	20/09/2015	20/09/2015
Subscription price	3.87 euros	3.87 euros

Allotment of Bonus Shares	21/04/2009	Balance at 31/12/09	Balance at 31/12/10	Balance at 31/12/11
Date of Board of Directors' meeting	21/04/2009			
Maturity - Vesting period	2 years - 22/04/2011			
End of holding period	2 years - 22/04/2013			
Number of instruments allotted	720,750	720,250	717,250	0
Number of shares cancelled:	-	500	3,500	3,500
Number of people concerned:	55			
of which are managers	3			

Allotment of Bonus Shares	01/06/2010	Balance at 31/12/10	Balance at 31/12/11
Date of Board of Directors' meeting	01/06/2010		
Maturity - Vesting period	2 years – 01/06/2012		
End of holding period	2 years – 01/06/2014		
Number of instruments allotted	733,250	729,750	624,750
Number of shares cancelled:	-	3,500	108,500
Number of people concerned:	60		
of which are managers	3		

Allotment of Bonus Shares	20/09/2011	Balance at 31/12/11
Date of Board of Directors' meeting	20/09/2011	
Maturity - Vesting period	2 years – 20/09/2013	
End of holding period	2 years – 20/09/2015	
Number of instruments allotted	548,900	527,400
Number of shares cancelled:	-	21,500
Number of people concerned:	47	
of which are managers	3	

The bonus shares allotted, which are subject to performance conditions being met by managers only, are unavailable for four years following the allotment date. Since the shares allotted are ordinary shares and belong to the same category as the old shares that comprise the company's share capital, at the end of the vesting period the shareholder employee receives the dividends and voting rights attached to all his/her shares.

In total, at 31 December 2011, the maximum number of shares that may be created through the exercise of stock options and bonus shares is 11,769,354 and 1,152,150, respectively.

The cancellations recorded during the fiscal year are the result either of terminations of recipients prior to the start of the period in which they could exercise their rights or the expiration of plans under market conditions making it impossible to exercise all the rights.

Gameloft holds no treasury shares.

12. PROVISIONS FOR CONTINGENCIES AND CHARGES

Non-current liabilities:

	At 31/12/10	Allocations for the Year	Write-Backs for the Year		Change in Reporting Entity	At 31/12/11
			Amount Used during the Year	Amount Not Used during the Year		
Provisions for contingencies and charges						
For other risks	30	70	- 15	- 15		70

For charges	-				
Total	30	70	-15	-15	70

Write-backs of provisions concern Gameloft Live (€15,000) and Gameloft Romania (€15,000) following the introduction of a new revenue law.

There have been no new tax audits at the foreign or French subsidiaries this year. During the previous tax audits at Gameloft Argentina, Gameloft Iberica and Gameloft Privated India, no provision was recorded in the accounts due to the impossibility of determining potential adjustments.

Provisions for contingencies and charges were recorded for lawsuits concerning employees (€70,000).

13. EMPLOYEE BENEFITS

	At 31/12/10	Allocations	Write-Backs	Exchange Differential	Change in Reporting Entity	Reclassifications	At 31/12/11
Provisions for retirement	232	188	- 80	3			343
Provisions for termination	121		- 24	2			100
TOTAL	353	188	- 104	5	-	-	443

The provision for retirement indemnities was increased by €168,000 for Gameloft Korea, €8,000 for Gameloft India and €10,000 for Gameloft Hong Kong.

Write-backs of pension plan provisions concern Gameloft Hong Kong (€6,000), Gameloft Korea (€48,000), Gameloft Italy (€16,000) and Gameloft India (€10,000).

Write-backs of provisions for termination concern Gameloft Vietnam (€24,000).

The allocation of the provision for retirement recorded for Gameloft Vietnam is due to the employee salary increase which came into effect before 31 December 2008 and the provision is due to the retirement of employees who joined the company before 31 December 2008. Since the institution of unemployment coverage, the provision for retirement is recorded directly as payroll expenses for all employees hired since 1 January 2009.

14. FINANCIAL DEBTS

Non-current financial debts are as follows:

	31/12/11	31/12/10
Loans	-	-
Bank overdrafts	-	-
Loans resulting from restatement of financial leases	-	-
Partners' current accounts	-	-
Financial debts	-	-

Current financial debts are as follows:

	31/12/11	31/12/10
Loans		
Bank overdrafts	1,086	1,906
Loans resulting from restatement of financial leases		-
Partners' current accounts		-

Financial debts	1,086	1,906
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	Less than 1 Year	1 Year to 5 Years	More than 5 Years
Amounts still due at 31/12/11	1,086		

Bank overdrafts are used to fund occasional cash flow shortages.

	31/12/11	31/12/10
Financial debts excluding government advances	1,086	1,906
Cash on hand	-38,034	-27,038
Short-term investment securities		
Net financial surplus	-36,948	-25,133

At 31 December 2011 there was a net financial surplus of €36,948,000 compared to €25,133,000 at 31 December 2010. All financial debts are based on a fixed rate.

15. DEFERRED TAX LIABILITIES

	31/12/11	31/12/10
Subsidies to be received	2,559	1,923
Miscellaneous	14	1
TOTAL	2,573	1,924

Our Canadian subsidiaries receive 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.

The subsidies will be received in fiscal year 2012.

16. TRADE PAYABLES AND RELATED ACCOUNTS

	31/12/11	31/12/10
Trade Payables	13,402	10,992
Trade payables on assets	3,992	4,166
Total	17,394	15,158

Trade payables are due in less than one year. Given this short period, they are not subject to significant interest rate risk.

17. OTHER DEBTS

Other current debts are as follows:

	31/12/11	31/12/10
Customer credit balances	717	224
Other debts	824	152
Unearned income	1,325	77
TOTAL	2,866	453

Unearned income is income related to the advances on subsidies received in Canada (€261,000) and New York (€1,064,000).

18. TAX AND SOCIAL SECURITY LIABILITIES

Tax and social security liabilities are as follows:

	31/12/11	31/12/10
Social security liabilities	6,545	5,817
Tax liabilities	4,608	3,474
TOTAL	11,153	9,291

Social security liabilities mainly concern Gameloft Inc. Divertissements (€1,637,000), Gameloft S.A. (€900,000), Gameloft Software Beijing (€550,000), Gameloft Vietnam Ltd. (€308,000), Gameloft Argentina (€367,000), Gameloft S.R.L. Romania (€466,000), Gameloft Rich Games Production France (€434,000), Gameloft Partnerships (€280,000), Gameloft Mexico (€224,000) and Gameloft Software Chengdu Ltd. (€211,000).

The tax liabilities mainly concern Gameloft Argentina (€1,955,000), Gameloft S.A. (€466,000), Gameloft S. de R.L. de C.V. (€375,000), Gameloft Software Beijing (€195,000), Gameloft Divertissements Inc. (€227,000), Gameloft Rich Games Production France (€160,000), Gameloft Partnerships (€131,000), Gameloft Inc. NY (€144,000), Gameloft Indonesia (€101,000) and Gameloft Do Brasil Ltd. (€133,000).

Operating liabilities are as follows:

	Less than 1 Year	1 Year to 5 Years	More than 5 Years
Amounts still due at 31/12/11	30,088	1,325	

3.1.5.6 Notes to the Income Statement

Profit/loss from 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.

19. CONSOLIDATED REVENUE, SELF-CONSTRUCTED ASSETS AND INVENTORIED PRODUCTION

The breakdown of revenue by activity is as follows:

	12-Month Fiscal Year 31/12/11		12-Month Fiscal Year 31/12/10	
	€K	%	€K	%
Smartphones	55,947	34%	35,093	25%
Feature phones	98,265	60%	98,567	70%
Large screens	10,145	6%	7,298	5%
Total revenue	164,357	100%	140,958	100%
Self-constructed assets	8,013		10,121	-
Closing inventory	-13		-443	
Total	172,357	-	150,636	-

Self-constructed assets include the capitalisation of games developed for Apple's Mac, Smart TVs, set-top boxes, as well as the cost of console games which were released in the second half of 2011.

The breakdown of revenue by geographic region is as follows:

	12-Month Fiscal Year 31/12/11		12-Month Fiscal Year 31/12/10	
	€K	%	€K	%
Europe	49,868	30%	49,131	35%
North America	47,351	29%	45,250	32%
Rest of the world	67,138	41%	46,577	33%
Total	164,357	100%	140,958	100%

20. OTHER BUSINESS-RELATED INCOME

Other operating income is as follows:

	31/12/11	31/12/10
Write-backs of provisions	3,197	1,357
on liabilities	134	150
on assets	3,063	1,207
TOTAL	3,197	1,357

The write-backs of provisions pertain to provisions for accounts receivable (€3,000), contingencies and charges (€30,000), depreciation of capital assets and R&D costs (€2,798,000), licence depreciation (€248,000) and a retirement commitment following employee terminations (€104,000).

21. COST OF SALES (excluding change in inventory of finished products)

Cost of sales is as follows:

	31/12/11	31/12/10
Purchases of goods	11	123
Expenses related to cost of sales	7,231	5,291
Costs of royalties	11,798	13,497
TOTAL	19,040	18,911

“Purchases of goods” refer to purchases of discs for the *TV Show King* game for the Wii™ as well as various purchases of equipment for resale.

“Expenses related to cost of sales” pertain to all costs related to the sale of games that use the various available download options.

“Costs of royalties” pertain to the sale of licensed games.

22. RESEARCH & DEVELOPMENT COSTS

Research & Development costs are as follows:

	31/12/11	31/12/10
Purchases of studies, services and other supplies	-	-
Other external charges	14,492	14,564
Employee compensation	58,839	47,529
Operating subsidy	-6,249	-4,682
Social security charges	11,154	10,072
Taxes	607	606
Amortisation expense on capital assets	10,018	7,836
TOTAL	88,861	75,925

Research & Development costs pertain to the mobile-game development sector.

At 31 December 2011, R&D included 4,592 employees.

R&D staff increased by 14% over the same period.

The “employee compensation” and “social security charges” items increased by 22% during the year and do not include expenses related to stock options. Personnel expenses related to stock options and bonus shares totalled €1,091,000 in 2011, compared to €1,157,000 in 2010.

The amount of subsidies received in Canada and Argentina is calculated based on Gameloft Canada’s and Gameloft Argentina’s payroll for R&D department employees.

The amortisation expense increased due to the amortisation of capitalised development costs in the amount of €6,760,000 in 2011 compared with €5,042,000 in 2010.

23. COMMERCIAL EXPENSES

Sales & Marketing costs are as follows:

	31/12/11	31/12/10
Purchases of studies, services and other supplies	-	-
Other external charges	12,373	11,105
Employee compensation	13,530	12,141
Operating subsidy	-396	-319
Social security charges	3,281	3,118
Taxes	1,408	587
Amortisation expense on capital assets	346	365
TOTAL	30,542	26,998

Commercial expenses are made up of all expenses related to the marketing and sale of the company's mobile and console games (marketing, B2B sales teams, B2C, Business Intelligence teams, purchasing advertising space, trade shows, etc.).

At 31 December 2011, the Sales & Marketing department had 538 employees.

The number of employees increased by 5% between these two periods.

Advertising, marketing and trade show expenses for the year totalled €5,899,000 compared to €5,214,000 in 2010. These expenses represent 3.59% of revenue, a significant decrease based on the 4% of revenue it represented in 2010.

The "employee compensation" and "social security charges" items increased by 11% and do not include expenses related to stock options and bonus shares which totalled €495,000 in 2011 compared to €530,000 in 2010.

Operating subsidies include multimedia credits granted by the Canadian government for certain types of functions, including the Sales & Marketing function, and subsidies received from the Argentine government.

24. ADMINISTRATIVE COSTS

Administrative costs are as follows:

	31/12/11	31/12/10
Purchases of studies, services and other supplies	-	-
Other external charges	5,911	4,298
Employee compensation	6,864	5,854
Operating subsidy	-425	-312
Social security charges	1,452	1,290
Taxes	614	385

Amortisation expense on capital assets	645	404
TOTAL	15,061	11,920

Administrative costs are made up of expenses related to the company's accounting, legal, information technology and human resources teams.

At 31 December 2011, the Administrative segment had 331 employees which was a 16% increase compared to 2010.

The "employee compensation" and "social security charges" items increased by 19% following the establishment of new studios which entailed, on one hand, the arrival of new administrative employees in order to ensure proper supervision and training, and on the other hand, an increase in the group's operations. Personnel expenses related to stock options and bonus shares totalled €553,000 in 2011, compared to €596,000 in 2010.

Operating subsidies include multimedia credits granted by the Canadian government for certain types of functions, including the Administrative function, and subsidies received from the Argentine government.

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:

	31/12/11	31/12/10
Pensions and similar benefits	188	130
Share-based payments	2,139	2,283

25. PROVISIONS

	31/12/11	31/12/10
Provisions	1,967	2,553
TOTAL	1,967	2,553

Provisions pertain to the recognition of a retirement commitment (€188,000), provisions for trade receivables (€121,000), provisions for contingencies and charges (€70,000) for labour-related lawsuits. It also includes a provision for asset depreciation (€1,588,000) of which €572,000 is for licence depreciation and €1,016,000 is for depreciation of games that have been marketed or are in production. Provisions for asset depreciation are determined based on the profitability of console games, already marketed or still in production.

26. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses are as follows:

	31/12/11	31/12/10
Gain/loss on disposal of assets	-154	-186
Other income	191	314
Other expenses	-1,145	-1,024
TOTAL	-1,108	-896

The “gain/loss on disposal” item includes the sale of computer equipment as well as equipment that was disposed.

The “other income” item is primarily made up of the €46,000 repayment of part of the VAT made by the Chinese government, and €35,000 for commercial litigation and other operating income.

The “other expenses” item is made up of deductions at source (€903,000), bad debts (€63,000), costs associated with changing locations (€66,000), and non-recoverable VAT (€48,000).

27. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses are as follows:

	31/12/11	31/12/10
Other operating revenue	-	56
Other operating expenses	5,311	278
TOTAL	-5,311	-222

Other non-recurring operating expenses are amortisations and depreciations of previously capitalised games that were cancelled. Amortisation expenses were recorded for an exceptional amortisation expense for projects that were discontinued and removed from the balance sheet (€3,381,000), and for provisions related to the development costs of commercial software for projects that were discontinued (€1,931,000).

These charges reflects the strategic decision taken during the second half of 2011 to focus the company's future creation efforts on smartphones, touch tablets and Smart TVs, the market for which is growing.

28. NET FINANCIAL INCOME/EXPENSE

Net financial income/expense breaks down as follows:

	31/12/11	31/12/10
Cost of net financial debt	377	123
<i>Cash and cash equivalents income</i>	<i>481</i>	<i>209</i>
<i>Gain/loss on disposal of cash equivalents</i>	<i>-</i>	<i>-</i>
<i>Interest on financing activities</i>	<i>104</i>	<i>85</i>

<i>Gain/loss on currency hedges on cash and cash equivalents</i>		
Financial income	5,097	6,626
<i>Dividends</i>		
<i>Foreign exchange gains</i>	5,097	6,626
<i>Other financial income</i>		
Financial expense	6,618	5,437
<i>Foreign exchange losses</i>	6,618	5,437
<i>Other financial expenses</i>	-	-
TOTAL	- 1,144	1,312

The company has financial debts in euros and Canadian dollars.

The company had no interest rate or foreign currency hedge at 31 December 2011.

“Cash and cash equivalents income” is investment income from the various interest-bearing accounts.

The “interest on financing activities” item includes the financial expenses (€41,000) related to the short-term loan financed by HSBC in Canada to fund Gameloft Divertissements Inc.’s occasional cash flow shortages and €17,000 in financial charges for Gameloft S.A.

29. INCOME TAX

Income tax consists of the following:

	31/12/11	31.12.10
Current tax	3,326	2,102
Deferred tax		95
	- 9,066	
Total	- 5,740	2,197

• Current tax:

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

The tax liabilities mainly concern the following subsidiaries: Gameloft Argentina (€1,878,000), Gameloft S.A. (€293,000), Gameloft Inc. (€337,000), and Gameloft S. de R.L. (€373,000).

Since 1 January 2009, a tax consolidation agreement between the French companies has offset the tax amounts imposed on the recipient companies to the benefit of Gameloft S.A.

• Deferred tax:

	31/12/11	31/12/10
Deferred tax assets (see detail 4)	11,400	1,753
Deferred tax liabilities (see detail 15)	2,573	1,924

Tax reconciliation:

	31/12/11	31/12/10
Pre-tax profit/loss	12,485	15,763
Notional tax	4,162	5,254
Effect of tax losses:		
Unused tax losses for the fiscal year	667	226
Unused tax losses for prior fiscal years	-10,652	-3,638
Tax effect at the theoretical rate	-62	-472
Permanent differences between corporate income and consolidated income	868	1,495
<i>of which are taxes on stock options</i>	713	761
<i>of which are intragroup provision eliminations</i>	-551	-68
<i>of which are dividend eliminations</i>	679	1,118
<i>of which are standardisations</i>	16	-27
<i>of which are fair value increments</i>	-9	-341
Permanent Difference	164	-467
Tax/Social gap	-887	-202
Total	- 5,740	2,197

1.6. Segment Information

In accordance with IFRS 8 - Operating Segments, the information presented below for the only operating segment is identical to the one presented to the chief operating decision maker (Chief Executive Officer) in order to make decisions regarding the allocation of resources to a segment of the company and to evaluate its performance.

Since Gameloft has worldwide management, it does not identify different segments in this instance. However, an analysis by geographic sector can be presented as follows:

€K	Revenue	
	31/12/11	31/12/10
Europe*	49,868	49,131
North America	47,351	45,250
Rest of the world	67,138	46,577
Total	164,357	140,958
* the European Union		

For the purpose of presenting information by geographic segment, revenue is determined on the basis of the customers' geographic location. Non-current assets are allocated to the segments based on their geographic location.

€K	Non-current assets	
	31/12/11	31/12/10
Europe*	23,317	16,423
North America	6,511	6,085
Rest of the world	6,611	4,423
Total	36,439	26,931
* the European Union		

Non-current assets include intangible assets, tangible assets, non-current financial assets, deferred tax assets, other non-current receivables and assets being sold or discontinued businesses.

Moreover, as detailed below, Gameloft has one client that generates at least 10% of total revenue:

€K	Revenue			
	31/12/11		31/12/10	
	Amount	%	Amount	%
Apple	36,587	22.26 %	30,774	21.83 %
Total	36,587	22.26 %	30,774	21.83 %

1.7. Additional Information

1. Off-balance sheet commitments:

Guarantees given: none

Collateral provided: none

Guarantees received: HSBC acted as a guarantor for our supplier Ferrari in the amount of €412,500, following our licensing agreement.

Cash credits:

- Gameloft Divertissements Inc. renewed its financial line of credit for CAD 3,000,000 under the same terms and conditions with the Bank of Montreal.
- Gameloft Divertissements Inc. received a line of credit for CAD 3,000,000 with HSBC.
- Secured credit facilities amounting to CAD 500,000 for Gameloft Entertainment Toronto Inc., from HSBC Bank Canada.

Off-balance sheet commitments:

Off-Balance Sheet Commitments Related to Operating Activities	Characteristics		At 31/12/11
	Description	Commitment End Date	
Commitments related to the implementation of operating agreements	Business leases	31/12/2020	€14,142,000
	A commitment from the Government of Ontario in the form of a grant agreement with hiring and spending conditions over 5 years to benefit Gameloft Entertainment Inc. Toronto.		CAD 1,725,000
Guaranteed commitments, mortgages, etc.	Chattel mortgage to guarantee the payment of rent and adherence to the obligations stipulated in the leases entered into by the lessor and Gameloft Divertissements Inc.	15/08/2014	CAD 322,000

Discounted bills not due: none

Financial leases: none

Other commitments:

The law of 4 May 2004 gives French employees an individual right to training (“droit individuel à la formation” - DIF). This 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 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.

2. Compensation of the group’s senior executives

The total gross compensation paid to senior executives in 2011 by both the company and its subsidiaries was €830,000.

No directors’ fees were paid out to Gameloft S.A.’s company managers during the course of the fiscal year ended 31 December 2011.

	2011	2010
Salaries, misc. charges and benefits	830	395
Total pensions and other post-employment benefits		
Severance pay		
Total stock options and bonus shares issued	381,000	393,750

Pursuant to Article L. 225-102-1, paragraph 1 and paragraph 2 of the French Commercial Code, presented below are the details of the total compensation and benefits of any kind paid out to company managers during the fiscal year.

▪ **Compensation and Benefits of Any Kind Earned by Executive Directors**

The compensation of the executive directors consists of fixed compensation and benefits in kind. The executive directors do not receive variable compensation. They may be granted stock options and performance shares. The total is determined by the Board of Directors on the recommendation of the Compensation Committee. As of 2009, stock options and performance shares granted to the executive directors are subject to performance conditions.

The tables below include the compensation and benefits of any kind due and/or paid out to the senior executives as related to their mandate by:

- (i.) the company;
- (ii.) the companies controlled, as per Article L. 233-16 of the French Commercial Code, by the company under which the mandate is exercised;
- (iii.) the companies controlled, as per Article L. 233-16 of the French Commercial Code, by the company or companies that control the company under which the mandate is exercised;
- (iv.) the company or companies that control, with respect to the same Article, the company under which the mandate is exercised.

The total gross compensation paid during the fiscal year by the company, controlled companies as defined by IAS 24.16, and by the controlling company where they exercise their mandate, was €2,162,000, of which €154,000 was paid out by Gameloft S.A.

Amounts in Euros	Gameloft S.A.	Gameloft Inc.	Gameloft Ltd.	Gameloft HK	Gameloft PTE	Guillemot Brothers S.A.	TOTAL Compensation for 2011
	Gross Fixed Compensation	Gross Fixed Compensation	Gross Fixed Compensation	Gross Fixed Compensation	Gross Fixed Compensation	Gross Fixed Compensation	
Michel Guillemot	60,000		172,857	228,392	240,265	42,313	743,827
Claude Guillemot	31,248					339,996	371,244
Gérard Guillemot	-	34,852				462,496	497,348
Yves Guillemot	31,248					24,996	56,244
Christian Guillemot	31,248					462,504	493,752

For 2011, the total gross compensation paid to the executive directors, and for which a provision was set up, was €2,162,415.

Summary tables of compensation paid to each executive director (amounts in euros):

	2011		2010	
Michel Guillemot	Amount Owed	Amount Paid	Amount Owed	Amount Paid
Fixed compensation	743,827	743,827	478,532	478,532
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees				

Benefits in kind	-	-	30,369	30,369
TOTAL	743,827	743,827	508,901	508,901
Claude Guillemot				
	2011		2010	
Amount Owed	Amount Paid	Amount Owed	Amount Paid	
Fixed compensation	371,244	371,244	371,244	371,244
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	371,244	371,244	371,244	371,244
Gérard Guillemot				
	2011		2010	
Amount Owed	Amount Paid	Amount Owed	Amount Paid	
Fixed compensation	497,348	497,348	399,052	399,052
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	497,348	497,348	399,052	399,052
Yves Guillemot				
	2011		2010	
Amount Owed	Amount Paid	Amount Owed	Amount Paid	
Fixed compensation	56,244	56,244	56,244	56,244
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	56,244	56,244	56,244	56,244
Christian Guillemot				
	2011		2010	
Amount Owed	Amount Paid	Amount Owed	Amount Paid	
Fixed compensation	493,752	493,752	493,752	493,752
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	493,752	493,752	493,752	493,752

▪ **Stock Option and Subscription Plan**

The executive directors receiving the options described below must keep in registered form five per cent (5%) of the shares resulting from the exercise of options until termination of their duties.

Stock Options Granted to Company Managers by the Company during the Fiscal Year

STOCK OPTIONS GRANTED DURING THE FISCAL YEAR BY GAMELOFT S.A.					
Name of Executive Director:	Plan Number and Date	Type of Options	Number of Options Granted	Exercise Price	Exercise Period
- Michel Guillemot	Plan 11 of 20/09/2011	Stock options	300,000	€3.87	50% starting 20/09/2013 through 20/09/2015 and 50% starting 20/09/2014 through 20/09/2015
- Gérard Guillemot	Plan 11 of 20/09/2011	Stock options	37,500	€3.87	50% starting 20/09/2013 through 20/09/2015 and 50% starting 20/09/2014 through 20/09/2015
TOTAL			337,500		

Exercise of the options granted by the Board of Directors to the company managers is subject to an internal performance condition and an external performance condition. Furthermore, the exercise of options granted by the Board of Directors to the company managers is conditional on the purchase of stocks by these same executive directors, for a volume equalling 1% of the amount of net gain that each earned after taxes.

▪ Bonus Issues of Shares

BONUS ISSUES OF SHARES ALLOTTED TO COMPANY MANAGERS DURING THE FISCAL YEAR						
Name of Executive Director:	Date of the Board of Directors' meeting	Number of Shares	Date of purchase of shares	Option fair value	Retention end date – date of transferability	Performance conditions
- Christian Guillemot	20/09/2011	14,500	20/09/2013	€2.40	20/09/2015	Internal and external performance conditions
- Yves Guillemot	20/09/2011	14,500	20/09/2013	€2.40	20/09/2015	Internal and external performance conditions
- Claude Guillemot	20/09/2011	14,500	20/09/2013	€2.40	20/09/2015	Internal and external performance conditions
TOTAL		43,500				

▪ Compensation and Benefits Due to Termination of the Duties of the Company's Managers

Executive Directors	Employment Contract		Supplemental Retirement Plan		Indemnities or Benefits Owed or Potentially Owed as a Result of the Termination or Change in Duties		Indemnities under a Non-Compete Clause	
	Yes	No	Yes	No	Yes	No	Yes	No
- Mr Michel Guillemot		X		X		X		X
- Mr Christian Guillemot		X		X		X		X
- Mr Yves Guillemot		X		X		X		X
- Mr Claude Guillemot		X		X		X		X
- Mr Gérard Guillemot		X		X		X		X

No commitment has been made 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 termination or change in their duties or subsequent to said duties.

3. Loans extended to the group's senior executives

At 31 December 2011, no advance or credit was extended to the group's senior executives pursuant to Article L. 225-43 of the French Commercial Code.

4. Events subsequent to year's end

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

5. Personnel

The workforce at 31 December 2011 breaks down as follows:

a) Breakdown by geographic region:

	31/12/07	31/12/08	31/12/09	31/12/10	31/12/11
Europe	797	544	449	694	873
North America	324	375	394	483	586
Rest of the world	2,902	3,083	3,422	3,634	4,002
Total	4,023	4,002	4,265	4,811	5,461

b) Breakdown by department:

	31/12/07
	31/12/08
	31/12/09
	31/12/10
	31/12/11
Administration	185
	226
	239
	285
	331
Sales & Marketing	425
	438
	447
	512
	538
Research & Development	3,413
	3,338
	3,579
	4,014
	4,592
Total	4,023
	4,002
	4,265
	4,811
	5,461

In 2011, the workforce showed strong growth.

c) Average number of employees

	2011	2010
Research & Development	4,497	3,822
Sales & Marketing	569	479
Administration	331	257
Total	5,397	4,558

6. IFRS 7 – Financial instruments

IFRS 7 sets out the rules for presenting financial information related to financial instruments, as defined by IAS 32 “Financial Instruments: 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.

The following table shows the net book value by category and the fair value of the group's financial instruments (according to the definitions provided by IAS 32) at 31/12/11 and 31/12/10:

ASSETS		Category Fair Value	December 2011		December 2010	
Net Book Value in €K	Category IAS 39		Book Value	Fair Value	Book Value	Fair Value
Non-current financial assets (excluding securities)	Loans and receivables at amortised cost		2,211		2,300	
Non-current financial assets (securities)	Assets available for sale at fair value through equity capital	Level 3	0		38	
Other non-current receivables	Loans and receivables at amortised cost		3,463		2,313	
Advance payments made	Loans and receivables at amortised cost		10		119	
Trade receivables and related accounts	Loans and receivables at amortised cost		50,609		42,100	
Financial assets	Loans and receivables at amortised cost		71		71	
Other receivables and accruals	Loans and receivables at amortised cost		13,335		10,637	
Cash and cash equivalents	Financial assets at fair value through profit or loss	Level 1	37,995	38,034	27,018	27,038
LIABILITIES		Category Fair Value	December 2011		December 2010	
Net Book Value in €K	Category IAS 39		Book Value	Fair Value	Book Value	Fair Value
Non-current financial debts	Financial liabilities at amortised cost		0		0	
Financial debts	Financial liabilities at amortised cost		1,086		1,906	
Trade payables	Financial liabilities at amortised cost		17,394		15,158	
Tax and social security liabilities	Financial liabilities at amortised cost		11,153		9,290	
Other debts	Financial liabilities at amortised cost		2,866		453	

In accordance with the amendment to IFRS 7 – “Financial Instruments: Disclosures”, the following table shows the distribution among the three hierarchy levels for the financial assets and liabilities measured at fair value:

level 1: for financial assets listed on an active market, fair value corresponds to the listed price;

level 2: for financial assets not listed on an active market and for which observable market data exists which the group can use to measure their fair value;

level 3: for financial assets not listed on an active market and for which no observable market data exists to measure their fair value.

As a reminder, the other financial instruments valued at amortised cost are not included in the following table:

	31/12/2011			
Item	Level 1	Level 2	Level 3	Total
Non-current financial assets (securities)			-	0
Cash and cash equivalents	38,034			38,034
Total assets at fair value	38,034	0	0	38,034
Total liabilities at fair value	0	0	0	0
	31/12/2010			
Item	Level 1	Level 2	Level 3	Total
Non-current financial assets (securities)			38	38
Cash and cash equivalents	27,038			27,038
Total assets at fair value	27,038	0	38	27,076
Total liabilities at fair value	0	0	0	0

- Securities-related risk management

Risk related to the company's shares

Given its share repurchase policy and the authority given by the General Meeting, the company can end up buying its own shares. Fluctuations in share prices purchased this way have no impact on the group's earnings.

Risk related to other shares

Equity capital holdings in listed companies may have a negative impact on the group's earning in case of a significant and/or prolonged decrease in the share price.

At 31 December 2011, equity capital holdings did not include any shares in companies listed on the stock market.

- Liquidity risk management

The group has no significant risk on financial debts and its short-term investment securities (available for sale or cash equivalents). The group's short-term investment security portfolio consists mainly of short-term money market investments with guaranteed rates and capital. Cash and cash equivalents allow the group to meet its commitments without any risk of liquidity.

- Interest rate risk management

The group does not rely on credit institutions to finance itself. However, it uses short- and medium-term financing that charges interest on the Euribor base interest rate and places its available cash and cash equivalents in investment products bearing 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

The group owns assets, collects revenue and incurs expenses and commitments directly and through subsidiaries in a large number of foreign currencies; however, accounts are presented in euros. Consequently, when financial statements are prepared, values of assets, liabilities, revenue and expenses must be converted from other currencies to euros, according to the exchange rates applicable on that date. Therefore, increases and decreases in the value of the euro in relation to these other currencies will affect the value of these elements in financial statements, even if their value has not changed in their original currency.

Nevertheless, Gameloft uses a natural foreign currency hedging system to the extent that its intra-group relations, current account advances to subsidiaries, re-invoicing of subsidiaries' expenses to the parent company and royalties to subsidiaries are done in foreign currencies (US dollars, Canadian dollars, pounds sterling, etc.) and that income in foreign currencies compensates for the company's expenses in foreign exchanges.

To date, the group has not implemented foreign currency hedging for its internal cash flows.

Change in exchange rates of principal currencies:

	31/12/11		31/12/10	
	Average Rate	Closing Rate	Average Rate	Closing Rate
US dollar	1.39171	1.29390	1.32680	1.33620
Canadian dollar	1.37564	1.32150	1.36650	1.33220
Pound sterling	0.86777	0.83530	0.85824	0.86075
Japanese yen	111.02107	100.200	116.45511	108.65000
Argentine peso	5.74526	5.56790	5.18981	5.29300
Mexican peso	17.27907	18.0512	16.75316	16.54750
Brazilian real	2.32592	2.41590	2.33444	2.21770
Korean won	1,541.04864	1,498.69	1,532.51369	1,499.06
Australian dollar	1.34816	1.27230	1.44418	1.3136

Impact on sales figures of the variation in exchange rates during the year:

€K	31/12/11	31/12/10
US dollar	-1,188	1,248
Canadian dollar	-26	314
Pound sterling	-20	114
Japanese yen	226	379
Argentine peso	-1,247	1
Mexican peso	-401	606
Brazilian real	-39	552
Korean won	-4	198
Australian dollar	49	157

Financial debt sensitivity:

	Amount	Type of Interest Rate	Interest Rate	Face Value	Int./Year	Var. of +1%	Difference in €K
Bank loan, France	60	Variable	8.40%	-	1	1	0
Bank loan, Canada	1,026	Fixed	3.50%	1,026	36	47	11
Cash on hand	38,034	Variable	-	38,034			
Investments	-		-				
Total					37	48	11

The breakdown of financial debts by currency is as follows:

	31/12/11	31/12/10
Euros	60	97
Canadian dollar	1,026	1,809
Financial debts	1,086	1,906

Credit risk:

Credit risk represents the group's risk of financial loss in the event that a client fails to make its payment. At 31 December 2011, the amount of past due trade receivables not yet amortised was not significant.

		31/12/11				Amount of Past Due Assets Not Amortised		
	Note	Book Value	Provisions	Net Profit/Loss in €K	Amount of Assets Not Yet Due	0-6 Months	6 Months to 1 Year	More than One Year
Non-current and current operating financial assets								
Trade receivables	7	51,087	478	50,609		50,609		
Other current trade receivables	9	13,335	-	13,335		13,335		
Other financial assets in loans and receivables	8	71	-	71		71		
LOANS AND RECEIVABLES								
Other non-current financial assets								
Other current financial assets								
		64,493	478	64,015		64,015		

7. Information regarding related parties

In accordance with IAS 24, transactions carried out with companies owned and controlled by common senior executives and transactions carried out with subsidiaries not included in the group's consolidated financial statements are considered transactions with related parties.

Transactions carried out with companies owned by common senior executives:

- a) With Ubisoft Group:

Operating expenses:

- re-invoicing of services provided by Ubisoft on behalf of Gameloft S.A. (€455,000);
- royalties under a licence agreement with Ubisoft Entertainment by which Gameloft S.A. is authorised to use their brand (€1,560,000).

Operating income:

- re-billing of services provided by Gameloft S.A. on behalf of Ubisoft Entertainment (€2,596,000);
- marketing by Ubisoft EMEA under a distribution agreement for console games produced by Gameloft S.A. (€121,000).

- b) With AMA:

Operating expenses:

- re-invoicing of royalties for marketing games produced by AMA (€136,000).

c) With Longtail Studios:

The transactions concern royalties on sales completed by Gameloft S.A. for distribution of the *Love Triangle* mobile game (€5,000).

d) With the Guillemot Brothers Group:

In fiscal year 2011, no transactions were made with the Guillemot Brothers Group.

	31/12/11	31/12/10
Assets (in €K)		
Equity capital holdings		
Trade receivables and related accounts	1,084	205
Other receivables		
Prov. on other receivables		
Receivables from suppliers		
Debts (in €K)		
Trade payables and related accounts	1,359	852
Financial debts		
Customer credit balances		
Operating profit/loss (in €K)	561	-2,246
Operating income	2,717	207
Operating expenses	2,156	2,453
Financial profit/loss (in €K)		
Financial income		
Financial expense		-

8. Market risk

Interest rate risk: Since Gameloft S.A.'s debts are at a fixed rate, except for occasional cash flow needs, its income is not impacted by rate variations.

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

9. Individual right to training

At 31 December 2011, hours totalled 5,359.

10. Auditors' fees

The table below lists the fees of Gameloft's Auditors for services provided in 2011.

	Audit AMLD				MB Audit			
	Amount		%		Amount		%	
	2011	2010	2011	2010	2011	2010	2011	2010
Audit €K								
Audit and certification of year-end								

and consolidated financial statements								
• Issuer	126.2	122.2	95.1%	96%	77.1	93.9	84.4%	86.7%
• Fully consolidated subsidiaries	6.5	5.1	4.9%	4%	14.2	14.4	15.6%	13.3%
Other work and services directly related to the Auditors' duties								
• Issuer		-	-	-		-	-	-
• Fully consolidated subsidiaries		-	-	-		-	-	-
Subtotal	132.7	127.3	100%	100%	91.3	108.3	100%	100%
Other services provided by the networks to fully consolidated subsidiaries								
Legal, fiscal, social		-	-	-	-	-	-	-
Others (specify if > 10% higher than audit fees)		-	-	-	-	-	-	-
Subtotal		-	-	-	-	-	-	-
TOTAL	132.7	127.3	100%	100%	91.3	108.3	100%	100%

11. Table of non-consolidated subsidiaries

	COUNTRY	Currency	Reserves and Retained Earnings before Allocation of Profit	Share of Capital Held	Book Value of Shares Held in thousands of euros	Loans and Advances Approved by the Company and Not Yet Repaid	Amount of Guarantees and Securities Given by the Company	Pre-Tax Sales Figure of the Previous Fiscal Year	Earnings of the Fiscal Year Just Ended	Dividends Collected
Detailed information regarding the subsidiaries and equity capital holdings of non-consolidated companies										
SUBSIDIARIES CAPITAL HELD AT LEAST 50%			in thousands of euros		gross	net	in thousands of euros	in thousands of euros	in thousands of euros	
					-	-	-	-	-	-
EQUITY CAPITAL HOLDINGS CAPITAL HELD BETWEEN 10 AND 50%										
GRAND TOTAL					-	-	-			

1.8. Auditors' Report on the Consolidated Financial Statements

Dear Shareholders,

In performing the duties entrusted to us by your General Meeting, we present to you our report for the fiscal year ended 31 December 2011 regarding:

- the audit of the consolidated financial statements of Gameloft S.A., as attached to this report;
- the basis for our assessments;
- the specific verification required by law.

The consolidated financial statements were approved by the 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 standards of professional practice 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 of verifying, through audit testing or other selection methods, the elements justifying the amounts and information contained in the consolidated financial statements. It also entails assessing the accounting principles applied, the significant estimates used and the overall presentation of the financial statements. We deem that the information we have collected is sufficient and appropriate to form our opinion.

We certify that the consolidated financial statements for the fiscal year are, from the standpoint of IFRS standards as adopted in the European Union, consistent and truthful and faithfully present the assets, financial situation and profits of the group comprised of the persons and entities included in the consolidation scope.

Without calling into question the opinion expressed above, we draw your attention to Note 5.2 "Key Facts" of the appendix which mentions the activation of Gameloft S.A.'s losses carried forward as well as the discontinuation of some game projects.

II - Basis for the assessments

Pursuant to Article L 823-9 of the French Commercial Code in regard 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 validity of the accounting principles and methods used as described in Note 5.3 of the appendix.
- We have reviewed the valuations of the intangible assets, including in particular the rules for capitalising development costs and licences, as described in Note 5.3.2.2 of the appendix.
- Intangible assets, more specifically licences and games marketed or in production, are subject to value tests, according to the rules described in notes 5.3.2.2 and 5.5 of the appendix. We have reviewed the appropriateness of the methodology applied by the company.
- Point 4 in note 5.5 of the appendix, "Deferred tax assets", mentions the activation of losses carried forward if taxable income is expected during the period in which the deferred tax assets are valid. Our work consisted of analysing all of the losses carried forward and assessing the company's ability to use its losses within a reasonable delay.

Our assessments were made within the context of our audit of the consolidated financial statements as a whole, and have thus contributed to our opinion expressed in the first part of this report.

III - Specific verification

In accordance with the standards of professional practice applicable in France, we have also conducted the specific verification required by law of the information provided in the report on the group's management. We have no comments regarding the truthfulness and consistency of the information with the consolidated financial statements.

Rennes, 25 April 2012

The Auditors

AUDIT AMLD

André Métayer

MB AUDIT

Roland Travers

Correlation table of appendix notes:

Auditors' Report

Note 5.2

Note 5.3

Note 5.3.2.2

Note 5.5

Reference Document

Paragraph 3.1.5.2

Paragraph 3.1.5.3

Paragraph 3.1.5.3.2.2

Paragraph 3.1.5.3.5

3.2.1. Balance Sheet at 31 December 2011 (€K) (12-Month Fiscal Year)

31/12/ 11
31/12/ 11
31/12/ 11
31/12/ 10

150

Advance payments made	-
	-
	-
	-
Trade receivables and related accounts	4
	100,364
	2,454
	97,910
	79,741
Other receivables	5
	18,747
	5,092
	13,655
	9,668
Short-term investment securities	8
	-
	-
	-
Cash on hand	9
	19,682
	-
	19,682
	15,758

Current assets

138,793
7,546
131,247
105,167

Accruals	10
	2,664
	-
	2,664
	1,440

Total assets	208,672
	53,196
	155,476
	130,941

LIABILITIES	31/12/11 12-Month Fiscal Year €K	31/12/10 12-Month Fiscal Year €K
Notes		
Share capital	3,855	3,754
Issue and merger premiums	71,625	67,452

Reserves		-8,757	-18,572
Fiscal year profit/loss		3,050	9,815
Shareholders' equity capital	11	69,773	62,449
Provisions for contingencies and charges	14	2,518	1,165
Misc. financial debts (1)	15	2,151	6,116
Trade payables and related accounts	16	66,683	48,687
Tax and social security liabilities	17	1,366	1,415
Debts on assets	18	4,210	4,381
Other debts	19	5,857	3,934
Total debts		80,267	64,534
Accruals	20	2,917	2,793
Total liabilities		155,476	130,941
(1) Debts of group current accounts		2,110	6,024

3.2.2. Income Statement at 31 December 2011 (€K)

	Notes	12-Month Fiscal Year Ended 31/12/11	12-Month Fiscal Year Ended 31/12/10
Sales of merchandise	21	121	298
Output sold during the fiscal year	21	131,666	110,823
Closing inventory	21	-13	-443
Self-constructed assets during the fiscal year	21	7,942	10,045
Other operating income and transfers of expenses	22	1,633	1,258
Total operating income		141,349	121,981
Purchases and other supplies	23	94,927	78,303
Change in inventories		-	-
Other purchases and external expenses	24	18,799	17,012
Taxes		1,034	954
Personnel expenses	25	5,755	5,518
Other expenses		889	718
Depreciation and provisions	26	10,120	12,531
Total operating expense		131,524	115,036
Operating profit/loss		9,825	6,945
Income from other securities and receivables from long-term assets (1)		2,036	3,354
Other interest and similar income (1)		352	284
Write-backs of provisions		1,232	1,140
Foreign exchange gains		2,061	2,920
Net income on sales of short-term investment securities		0	=
Total financial income		5,681	7,698
Provisions		4,464	1,231
Other interest and similar expenses (2)		113	930
Foreign exchange losses		2,346	2,400
Net expenses on sales of short-term investment securities		=	=
Total financial expense		6,923	4,561

Net financial income/expense	27	- 1,242	3,137
Profit/loss from ordinary activities		8,583	10,083
Extraordinary profit/loss	28	-5,321	-258
Pre-tax profit/loss		3,262	9,825
Income tax	29	- 212	- 10
Net fiscal year profit/loss		3,050	9,815
(1) Income concerning affiliates:		2,433	3,521
(2) Expenses concerning affiliates:		2,173	921

3.2.3. Cash Flow Statement at 31 December 2011 (€K)

	31/12/2011	31/12/2010
	Notes	
	12-Month Fiscal Year	12-Month Fiscal Year
Cash flow from operating activities		
Net income	3,050	
	9,815	
Depreciation of tangible and intangible assets	26	
	14,691	
Change in provisions	10,830	
	22-26	
	1,752	
	1,294	
Capital gains/losses	28	
	0	
	37	
Cash from operations	19,493	
	21,975	
Change in inventory	0	
	457	
Change in trade receivables	-23,343	
	-23,104	
Change in operating liabilities	16,080	
	19,785	
Change in non-trade receivables		
Change in non-operating liabilities		
Change in operating working capital	-7,263	
	-2,861	
Total operating cash flow		12,230

		19,114
Investment-related cash flow		
Purchases of intangible assets		1
		-8,037
		-10,129
Acquisitions of advances on intangible assets		1
		-3,606
		-5,071
Purchases of tangible assets		2
		-676
		-886
Purchases of equity capital holdings		3
		-136
		-731
Purchases of other financial assets		3
		-76
		-18
Sales of assets		28
		15
		-
Repayments of loans and other intangible and financial assets		1-3
		13
		1,505
Total investment-related cash flows		
		-12,505
		-15,330
Cash flow from financing activities		
New long- and medium-term loans		
Repayments of loans		
Share capital increase		11
		101
		14
Increase in issue premium		11
		4,173
		859
Change in shareholders' current accounts	6	
Other cash flows		-1,655
Total cash flows from financing activities		

4. ,274
-781

Impact of translation gains and losses

-25
90

Change in cash and cash equivalents

9-15
3,974
3,093

Net cash and cash equivalents at start of fiscal year

15,666
12,574

Net cash and cash equivalents at end of fiscal year

19,641
15,666

3.2.4. Financial Table (Art. 135 of the Decree of 23 March 1967) (€K)

Fiscal Year	31/12/07	31/12/08	31/12/09	31/12/10	31/12/11
	12 Months	12 Months	12 Months	12 Months	12 Months
Share capital (€)	3,652,918	3,680,255	3,739,894	3,754,146	3,855,299
No. of ordinary shares	73,058,357	73,605,094	74,797,874	75,082,924	77,105,980
No. of preferred shares	-	-	-	-	-
Maximum no. of shares that may be created	8,311,036	7,011,987	11,821,550	13,933,150	12,921,504
By exercised options	7,323,778	6,358,987	11,101,300	12,486,150	11,769,354
By bonus issues of shares			720,250	1,447,000	1,152,150
By BSPCE subscriptions	987,258	653,000	0	0	0
Revenue	74,236	84,911	96,252	111,121	131,787
Profit/loss before tax, profit-sharing, depreciation and provisions	2,178	7,876	15,301	22,200	21,396
Income tax	-	-	11	-10	-212
Profit-sharing	-	-	-	0	0

Profit/loss after tax, profit-sharing, depreciation and provisions	-2,538	-5,067	4,653	9,815	3,050
Dividend pay-out	-	-	-	0	0
Per share, profit/loss after tax and before depreciation and provisions (€)	0.03	0.11	0.20	0.30	0.27
Per share, profit/loss after tax and depreciation and provisions (€)	-0.03	-0.07	0.06	0.13	0.04
Dividend allocated to each share	-	-	-	-	-
Average number of employees	40	35	30	30	28
Total payroll	3,929	4,007	3,898	3,760	3,973
Social security taxes and benefits	1,752	1,821	1,719	1,758	1,782

3.2.5. Proposed Allocation of Profit

The Board of Directors proposes to allocate the net profit of €3,049,962.88 to losses carried forward.

3.2.6. Notes to Individual Financial Statements

The following notes and tables, presented in thousands of euros, are an integral part of the year-end financial statements for the year ended 31 December 2011 and constitute the appendix to the balance sheet before distribution of earnings, the total of which is €155.5 million, showing a profit of €3.0 million. The fiscal year is 12 months long and covers the period from 1 January 2011 to 31 December 2011.

3.2.6.1. Highlights of the Fiscal Year

Creation and capital increase of the subsidiaries:

This year, a new company was created in Toronto, Canada (Gameloft Entertainment Toronto Inc.).

Subsidiary companies, Gameloft Pte (Singapore) and Gameloft Venezuela, respectively increased their shareholders' equity capital by €56,000 and €72,000 during the year in order to comply with local regulations.

Share capital increases:

Gameloft saw an increase of share capital through the exercise of stock options in the amount of €4,274,000, issue premiums included. The share capital is currently €3,855,000.

Discontinuation of some game development:

Gameloft has decided to concentrate its efforts on the creation of games for smartphones, touch tablets and Smart TVs, a growing market, and therefore to discontinue some development for consoles and social networks.

3.2.6.2. Comparability of Accounts and Change in Estimate

No reclassification was made on the individual financial statements of 31 December 2011.

3.2.6.3. Accounting Principles

General accounting rules were applied while respecting the conservatism principle in accordance with the basic rules below:

- continuity of operation;
- consistency of accounting methods from one fiscal year to the next;
- faithful representation, consistency, and truthfulness;
- 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 related to individual financial statements of Regulation 99-03 approved by the order of 22 June 1999; Regulation 2000-06 regarding liabilities, adopted by the French Accounting Regulations Committee (CRC); 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 of recognising as assets the development costs of its games on consoles such as the Nintendo 3DS, Sony's PSN and PS Vita, and new platforms like Apple's Mac, Smart TVs, set-top boxes, etc.

3.2.6.4. Accounting Rules and Methods

3.2.6.4.1 *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's end, if their valuation is less than their book value, a provision for impairment is recorded.
 -
 - Expenses related to brands created in-house are recognised as expenses, as are expenses incurred to renew their protection.
 -
- Development costs:

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

- New platforms:

Under French standards, the conditions for capitalising commercial software are as follows:

According to the General Chart of Accounts (PCG Art. 311-3.2), all the following criteria must be met:

- 1) Technical feasibility needed to complete the intangible asset for its use or sale;
- 2) The intention to complete the intangible asset and to use or sell it;
- 3) The ability to use or sell the intangible asset;
- 4) The asset's ability to generate probable future economic benefits;
- 5) The availability of the appropriate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- 6) The 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 marketed.

These costs are amortised over 18 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 depreciation 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 operators' sites thousands of versions of its games covering the 600 different models of mobile telephones on the market and the 12 languages it supports as well as 400 models of smartphones. Given this extreme fragmentation and the more general nature of the sales-related information received from operators, 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.

- 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.

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 depreciation is then applied accordingly.

- Office software

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

2.6.4.2. 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 telephone 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.

2.6.4.3. Financial Assets

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

The value of the equity capital 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 the company's growth. If the inventory value is less than the gross value, a provision for impairment is set up to cover the difference.

2.6.4.4. 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 finished products includes the purchase price and incidental expenses. Financial costs are excluded from inventory valuation in all cases.

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

The inventory has not been put up as collateral.

2.6.4.5. Trade Receivables and Related Accounts

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

2.6.4.6. 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 2011. 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.

2.6.4.7. 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 re-valued net position, reduced to the percentage owned, becomes negative. The provision would then be equal to the negative amount obtained.

2.6.4.8. 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 (General Chart of Accounts Article 332.6).

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

2.6.4.9. Cash on Hand

Cash on hand consists of bank account balances and term deposits that can be released at any time.

2.6.4.10. 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 2011, provisions for contingencies and charges concern:

- foreign exchange risk related to the discounting of receivables and debts denominated in foreign currencies;
- provisions for industrial disputes;
- provisions for retirement benefits.

An actuarial calculation called a “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 2011 are as follows:

	France
Rate of growth in salaries	1 to 3%
Discount rate	4.00%
Retirement initiated by the employee	65 years

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

Gameloft has not set up special employee benefits.

2.6.4.11. Extraordinary Profit/Loss

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 treasury shares, etc.).

3.2.6.5. Notes to the Balance Sheet

1. Intangible assets

Intangible assets are as follows:

Assets

	At 31/12/10				At 31/12/11
	Gross	Book Transfer	Increases	Decreases	Gross
Software	251		95	-27	319
Brands	1,829				1,829
Development costs	18,032	6,760	5,123	-3,381	26,534
Development costs in progress	4,613	-6,760	2,819	-8	664
Advances on licences	22,302		3,466	-1,890	23,878
TOTAL	47,028	-	11,495	-5,306	53,225

Development costs are defined as the costs required to develop games that have been completed or are already marketed on new platforms such as the Nintendo DSi, 3DS, Sony's PSN and the PS Vita, Apple's iPad and Mac, I-TV such as the Freebox Revolution, Samsung TV, and more.

The increase in development costs for completed or marketed games on new platforms such as the Nintendo 3DS, Sony's PSN and PS Vita, Apple's Mac, Smart TVs, set-top boxes, etc. is in the amount of €5,123,000.

Games in production include development costs of games not yet completed as of the balance sheet date, and this year there was an increase of €2,819,000, of which €2,418,000 are for games marketed during the fiscal year.

The company performs feasibility tests of projects and their marketing. In 2011, Gameloft conducted a review of its current projects. Based on these results, the company decided to record as expenses previously capitalised costs in the amount of €8,000.

Reductions in development costs are part of our games that are developed on many platforms (such as the 3DS, Facebook and various other social networks, the PlayStation®Vita, and PlayStation®Store) on which an exceptional amortisation was applied in the amount of €3,381,000. These development projects are games under production on which all activity was discontinued at the end of 2011. Gameloft has redirected its operations and is refocusing on consoles like Apple's Mac, set-top boxes and Smart TVs.

Advances on licences pertain to licence agreements signed with various automobile manufacturers, golf courses, top-ranked athletes like golfers Anthony Kim, Vijay Singh, and Camillo Villegas, footballers Steven Gerrard and Robinho, legendary wrestler Hulk Hogan, FIFPro (International Federation of Professional Footballers), the NBA, the NFL and so on.

In 2011, new licence agreements were signed mainly with Paramount for last October's *The Adventures of Tintin* film; Universal for *Fast Five*, which came out in May 2011; Sony Pictures for the legendary *Men In Black 3*; Fox for *Ice Age 4: Continental Drift*; DC Comics for the upcoming *The Dark Knight Rises*; Marvel for *The Avengers*; TT Games for the release of *LEGO Batman*; Epic Games for the use of the Unreal engine, and Classic Media for the release of the *Where's Wally Now?* game, among others. These contracts are a continuation of agreements from the preceding years with Universal for the *Jurassic Park* film, Capcom for several games such as *Resident Evil: Uprising* and *Street Fighter Alpha: Warriors' Dreams*, Warner Bros. for the release of the final instalment of *Harry Potter and the Deathly Hallows*, Fox for the adaption of the *Avatar* game on various platforms, Les éditions Albert René for the release of the *Asterix and Obelix Encounter Cleopatra* game, and Marvel for *Iron Man 2*. Gameloft also signed licence agreements related to board games, TV series, and game shows such as *Blokus*, *UNO*, *Sonic* by Sega, *Topa ou Não Topa* (the Brazilian version of *Deal or No Deal*), *Heroes*, *CSI*, etc.

The decrease in advances on licences in the amount of €1,890,000 pertains to licences to which Gameloft is no longer contractually entitled as of 31 December 2011.

Amortisation and provisions

Amortisation	At 31/12/10 Cumulative	Increases	Decreases	Exchange Differential	
Software	186	135	-27		
Development costs	12,700	10,141	-3,381		
Advances paid/licences	15,298	3,567	-1,890	-25	
Subtotal	28,184	13,843	-5,298	-25	36,704
Provisions					
Brands	1,829				1,829
Development costs	2,041	2,947	-2,798		2,189
Advances paid/licences	733	572	-248		1,057
Subtotal	4,602	3,519	-3,046		5,075
TOTAL	32,786	17,362	-8,344	-25	41,779

The increase in amortisation for advances on licences resulted from the rise of sales, which led to an increase of royalties prorated based on the sales of various licensed products or amortised on a straight-line basis according to the duration of the contract for flat fees, as well as an increase in the contractual royalty rate on licences.

In light of the weak sales outlook for certain licences, an additional amortisation of €572,000 was recorded at 31 December 2011.

The increase in amortisation and provisions for marketed games and games in development is €10,141,000 and €2,947,000 respectively. The amortisations correspond to an amortisation plan over 18 months of development costs as of the game's release date (€6,760,000). Value tests were conducted on all marketed games and games in development at the end of the fiscal year, resulting in a provision of €1,016,000.

The weak growth prospects in the niche of PC games that is tied to the absence of a real organised market for social games, as well as the disappointing sales of the Nintendo 3DS and the PS Vita, competition on smartphones and touch tablets, and the April 2011 worldwide hacking of the PlayStation®Network, which put it out of commission for 45 days, led the company to reassign all of its teams to the most promising sector.

This year, an exceptional amortisation was recorded in the amount of €3,381,000 for games that were cancelled following changes to the internal economic policy and an exceptional depreciation in the amount of €1,931,000.

The company decided to put its focus on smartphones and touch tablets.

2. Tangible assets

Tangible assets are as follows:

Assets

	At 31/12/10 Gross	Increases	Decreases	Book Transfer	At 31/12/11 Gross
Plant and machinery	82				82
Transportation equipment					
Computer equipment and furniture	4,666	645	-915	31	4,427
TOTAL	4,748	645	-915	31	4,509

The increases in tangible assets pertain to the purchase of mobile telephones and development kits, as well as the replacement of computer equipment.

Decreases in computer equipment are the result of disposals after replacing equipment.

Amortisation

	At 31/12/10 Cumulative	Increases	Decreases	Book Transfer	At 31/12/11 Cumulative
Plant and machinery	70	7			77
Transportation equipment	-				-
Computer equipment and furniture	3,720	840	-915	31	3,676
TOTAL	3,790	847	-915	31	3,753

3. Financial assets

Financial assets are as follows:

Assets

	Gross At 31/12/10	Increases	Decreases	Book Transfer	Gross At 31/12/11
Equity capital holdings	8,912	136	-15	-38	8,996
Other long-term investments	150				150
Deposits and guarantees	262	76	-3		335
TOTAL	9,324	212	-18	-38	9,481

The increase in equity capital holdings is due to the creation of the Gameloft Toronto subsidiary for €7,000 and the share capital increase of Gameloft Pte for €56,000 and Gameloft Venezuela for €72,000.

The decrease is due to changes to local laws covering shareholders of Gameloft Argentina.

The book transfer is related to the return of funds of Gameloft Dubai.

Other long-term investments are loans and receivables.

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

Provisions

	At 31/12/10 Cumulative	Increases	Decreases	At 31/12/11 Cumulative
Equity capital holdings	190		-74	116
TOTAL	190		-74	116

The write-backs of provisions pertain to the equity capital holdings of Gameloft PT Indonesia (€73,000) and Gameloft SPRL (€1,000).

Subsidiaries and equity capital holdings:

€K	Subsidiaries		Equity Capital Holdings	
	French	Foreign	French	Foreign
Book value of shares held:				
- gross	118	8,877	-	-
- net	118	8,761	-	-
Total loans and advances granted		12,531	-	-
Total securities and guarantees provided		-	-	-
Total dividends collected		2,036	-	-

Subsidiaries and equity capital holdings:

	Currency	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 Securities and Guarantees Provided
SUBSIDIARIES CAPITAL HELD AT LEAST 50%							
Gameloft Inc. Divertissements (Canada)	\$ CAD	3,971,142	100.00%	2,855,807	2,855,807	11,073	
Gameloft Inc. (USA)	\$ US	2,001,000	99.50%	2,316,726	2,316,726		
Gameloft Ltd.	£	1,000	99.50%	1,666	1,666		
Gameloft GmbH	€	25,000	100.00%	25,000	-	99	
Gameloft Iberica S.A. (Spain)	€	560,161	100.00%	560,162	560,162		
Gameloft S.R.L. (Romania)	RON	191,600	100.00%	106,259	106,259		
Gameloft S.R.L. (Italy)	€	96,900	99.74%	97,870	97,870		
Gameloft Software Beijing Ltd.	RMB	1,663,264	100.00%	173,340	173,340		

Gameloft KK	YEN	10,000,000	100.00%	78,720	78,720	1,190,767	
Gameloft Software Shanghai Ltd.	RMB	1,655,320	100.00%	166,661	166,661		
Gameloft Software Chengdu	RMB	1,603,220	100.00%	155,678	155,678		
Gameloft Ltd. (Vietnam)	\$	50,000	100.00%	40,317	40,317	85,014	
Gameloft EOOD (Bulgaria)	€	52,510	100.00%	53,000	53,000		
Gameloft S. de R.L. de C.V.	\$ PESO	1,997,000	99.95%	140,028	140,028		
Gameloft Privated Ltd.	INR	103,026	99.99%	1,977	1,977		
Gameloft Co. Ltd.	KRW	100,000,000	100.00%	80,111	-	7,442,484	
Gameloft Argentina	ARS	1,200,000	95.00%	939,037	939,037	749,890	
Gameloft LLC (Ukraine)	UAH	2,921,164	100.00%	280,000	280,000		
Gameloft Do Brasil Ltda	BRL	478,918	99.00%	165,000	165,000		
Gameloft Australia Pty Ltd.	\$ AUD	5,000	100.00%	2,936	2,936	149	
Gameloft SRO (Czech Rpublic)	CZK	200,000	100.00%	7,108	-	342,559	
Gameloft SPRL (Belgium)	€	20,000	99.50%	19,900	16,782		
Gameloft Singapore Ltd.	SGD	100,000	100.00%	56,436	56,436	433,083	
Gameloft Venezuela	VEF	275,392	99.00%	78,104	78,104	425	
Gameloft Philippines Inc.	PHP	9,000,000	99.99%	141,975	141,975		
	Currency	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 Sec and Gua Provi
SUBSIDIARIES CAPITAL HELD AT LEAST 50%							
Gameloft Hong Kong Ltd.	HKD	10,000	100.00%	869	-	2,275,848	
Gameloft Developpements Live Inc.	CAD	150,000	100.00%	94,215	94,215		
PT Gameloft Indonesia	IDR	892,200,000	99.00%	73,176	73,176		
Gameloft Software Shenzhen Co. Ltd.	RMB	1,347,560	100.00%	157,518	157,518		
Gameloft Toronto	CAD	10,000	100.00%	7,483	7,483		
Gameloft Rich Games Production	€	7,500	99.80%	7,485	7,485		

France SARL 75 001 Paris - 450 415 237 00012							
Gameloft Partnerships SAS 75 008 Paris – 488 934 506 00020	€	37,000	100.00%	37,000	37,000		
Gameloft Live SAS 75 008 Paris – 500 819 537 00019	€	37,000	100.00%	37,000	37,000		
Ludigames SAS 75008 Paris – 508 543 964 00011	€	37,000	100.00%	37,000	37,000		
EQUITY CAPITAL HOLDINGS CAPITAL HELD BETWEEN 10 AND 50%							
TOTAL	€			8,995,566	8,879,359	12,531,391	

4. Trade receivables and related accounts

	At 31/12/10
	Gross Value
	Provision
	At 31/12/11
Trade receivables and related accounts	79,741
	100,364
	2,454
	97,910
TOTAL	79,741
	100,364
	2,454
	97,910

The provisions for accounts receivable are set up in the amount equal to our subsidiaries' negative shareholders' equity capital. At 31 December 2011, the provisions for accounts receivable concerned third-party customers totalling €176,000.

The increase in accounts receivable is related to our strong activity growth in the 2011 fiscal year compared to 2010, but nearly 72% of the accounts receivable item consists of intra-group receivables (€70,411,000).

All accounts receivable are due in less than 1 year.

5. Other receivables

	31/12/11	31/12/10
Credit notes from suppliers	248	253
Government (VAT credit, etc.)	1,475	901
Group and partners	12,531	9,868
Receivables from suppliers	3,532	1,377
Other corporate receivables	0	-
Uncalled share capital (issue premium included)	379	316
Other miscellaneous debtors	581	108
TOTAL	18,746	12,824

Most of the receivables from suppliers come under the intra-group suppliers item (€3,355,000).

6. Due dates of receivables and debts

STATUS OF RECEIVABLES	Gross Amount	Less than 1 Year	More than 1 Year
Receivables on current assets			
Inventory	0	0	
Advance payments made	-	-	
Accounts receivable and related accounts	100,364	100,364	
Government (VAT credit, etc.)	1,475	1,475	
Group and partners	12,531	12,531	
Credit notes from suppliers	248	248	
Receivables from suppliers	3,532	3,532	
Other miscellaneous debtors	581	581	
Uncalled share capital (issue premium included)	379	379	
TOTAL	119,110	119,110	
STATUS OF DEBTS	Gross Amount	Less than 1 Year	More than 1 Year
Loans and similar accounts	-	-	
Financial debts	41	41	
Trade payables and related accounts	66,683	66,683	
Tax and social security liabilities	1,366	1,366	

Other debts	5,857	5,857
Debts on assets	4,210	4,210
Group and partners	<u>2,110</u>	<u>2,110</u>
TOTAL	80,267	80,267

Provisions in the amount of €5,092,000 were recorded on 31 December 2011 for current accounts advances of subsidiaries. The interest rate on advances is 2% or 1% depending on advance contracts signed with our subsidiaries.

For subsidiaries that are not currently being liquidated, a provision is recorded for the subsidiaries' net negative share position.

The interest rate of the current account with Gameloft Iberica is 3%.

7. Accrued assets

	31/12/11	31/12/10
Credit notes from suppliers	248	253
Unbilled assets from customers	23,971	16,965
Accrued assets from the government	-	-
TOTAL	24,219	17,218

Accrued assets concerning unbilled clients on 31 December amounts to €23,971,000 of which €7,972,000 are intra-group billings.

8. Short-term investment securities

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

To date, Gameloft does not hold short-term investment securities.

9. Cash on hand

The "cash on hand" item represents the balance of bank accounts totalling €19,682,000 at 31 December 2011 compared to €15,758,000 at 31 December 2010.

Gameloft has interest-bearing savings accounts at an average rate of 2.2% per year for an investment of 24 months. These savings accounts can be unfrozen at any time.

10. Accruals

	31/12/11	31/12/10
Prepaid expenses	263	408
Translation adjustments	2,401	1,032
Total	2,664	1,440

The translation adjustments pertain mainly to the discounting of supplier operating debts for €1,933,000.

11. Shareholders' equity capital

	Balance at 31/12/10	Share Capital Increase	Change in Share Capital	Profit/Loss 31/12/10	Profit/Loss 31/12/11	Balance at 31/12/11
Share capital	3,754	101				3,855
Issue premium	66,828	4,173				71,001
Merger premium	624					624

Other reserves	-18,572			9,815		-8,757
Fiscal year profit/loss	9,815			-9,815	3,050	3,050
TOTAL	62,449	4,274	-	-	3,050	69,773

The company saw an increase of share capital through the exercise of stock options and the awarding of stock options in the amount of €4,274,000, which contributed to the increase in shareholders' equity capital as well as a profit of €3,050,000 for the year compared to the previous fiscal year. Shareholders' equity capital is positive at €69,773,000 compared to €62,449,000 in 2010.

Number of Gameloft S.A. shares

	Par Value €	Number of Shares	Amount in €K
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 03/12/2004	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
Exercised options on 21/03/2003	0.05	43,128	2
Exercised options on 03/12/2004	0.05	33,263	2
Exercised options on 15/09/2003	0.05	470,346	23
At 31/12/08	0.05	73,605,094	3,680
Exercised options on 03/12/2004	0.05	1,192,780	60
At 31/12/09	0.05	74,797,874	3,740
Exercised options on 11/04/2008	0.05	144,950	7
US options exercised on 11/04/2008	0.05	94,100	5
Exercised options on 03/01/2007	0.05	38,000	2
US options exercised on 03/01/2007	0.05	8,000	0
At 31/12/10	0.05	75,082,924	3,754
Exercised options on 11/01/2006	0.05	10,000	0
Exercised options on 03/01/2007	0.05	271,405	14
US options exercised on 03/01/2007	0.05	87,200	4
F options exercised on 03/01/2007	0.05	188,206	9
Exercised options on 11/04/2008	0.05	221,895	11
US options exercised on 11/04/2008	0.05	130,600	7
F options exercised on 11/04/2008	0.05	43,000	2
Exercised options on 14/05/2009	0.05	353,500	18
Allotment of bonus shares on 21/04/2009	0.05	717,250	36
At 31/12/11	0.05	77,105,980	3,855

At 31 December 2011, Gameloft S.A.'s share capital consisted of 77,105,980 shares, each with a par value of 0.05 euros, for a total of 3,855,299 euros.

Stock options and bonus shares

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

Date of Board of Directors' Meeting	11/01/06	Balance at 31/12/06	Balance at 31/12/07	Balance at 31/12/08	Balance at 31/12/09	Balance at 31/12/10	Balance at 31/12/11
Number of shares eligible for subscription:	2,790,300	2,716,200	2,547,900	2,401,800	2,335,500	2,212,500	1,329,000
Number of shares cancelled:		74,100	242,400	388,500	454,800	577,800	1,451,300
Number of people concerned:	101						
of which are managers	5						
Start of exercise period	11/01/2008	11/01/2008	11/01/2008	11/01/2008	11/01/2008	11/01/2008	11/01/2008
End of exercise period	11/01/2012	11/01/2012	11/01/2012	11/01/2012	11/01/2012	11/01/2012	11/01/2012
Subscription price	5.35 euros	5.35 euros	5.35 euros	5.35 euros	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	Balance at 31/12/08	Balance at 31/12/09	Balance at 31/12/10	Balance at 31/12/11
Number of shares eligible for subscription:	612,000	468,000	363,000	333,000	333,000	333,000	333,000
Number of shares cancelled:		144,000	249,000	279,000	279,000	279,000	279,000
Number of people concerned:	33						

of which are managers	0						
Start of exercise period	11/01/2008	11/01/2008	11/01/2008	11/01/2008	11/01/2008	11/01/2008	11/01/2008
End of exercise period	11/01/2012	11/01/2012	11/01/2012	11/01/2012	11/01/2012	11/01/2012	11/01/2012
Subscription price	5.61 euros	5.61 euros	5.61 euros	5.61 euros	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	Balance at 31/12/08	Balance at 31/12/09	Balance at 31/12/10	Balance at 31/12/11
Number of shares eligible for subscription:	40,200	40,200	40,200	10,200	10,200	10,200	10,200
Number of shares cancelled:	-	-	-	30,000	30,000	30,000	30,000
Number of people concerned: of which are managers	2 0						
Start of exercise period	07/06/2010	07/06/2010	07/06/2010	07/06/2010	07/06/2010	07/06/2010	07/06/2010
End of exercise period	07/06/2012	07/06/2012	07/06/2012	07/06/2012	07/06/2012	07/06/2012	07/06/2012
Subscription price	5.37 euros	5.37 euros	5.37 euros	5.37 euros	5.37 euros	5.37 euros	5.37 euros

Date of Board of Directors' Meeting	03/01/07	Balance at 31/12/07	Balance at 31/12/08	Balance at 31/12/09	Balance at 31/12/10	Balance at 31/12/11
Number of shares eligible for subscription:	2,811,000	2,734,800	2,535,000	2,421,700	2,238,000	1,630,989
Number of shares cancelled:		76,200	276,000	389,300	535,000	682,400
Number of people concerned: of which are managers	127 4					
Start of exercise period	03/01/2009	03/01/2009	03/01/2009	03/01/2009	03/01/2009	03/01/2009
End of exercise period	03/01/2013	03/01/2013	03/01/2013	03/01/2013	03/01/2013	03/01/2013
Subscription price	4.10 euros	4.10 euros	4.10 euros	4.10 euros	4.10 euros	4.10 euros

Date of Board of Directors' Meeting	03/01/07	Balance at 31/12/07	Balance at 31/12/08	Balance at 31/12/09	Balance at 31/12/10	Balance at 31/12/11
Number of shares eligible for subscription:	710,100	604,800	530,400	511,200	494,200	377,000
Number of shares cancelled:		105,300	179,700	198,900	207,900	237,900
Number of people concerned: of which are managers	38 1					
Start of exercise period	03/01/2009	03/01/2009	03/01/2009	03/01/2009	03/01/2009	03/01/2009
End of exercise period	03/01/2013	03/01/2013	03/01/2013	03/01/2013	03/01/2013	03/01/2013
Subscription price	4.30 euros	4.30 euros	4.30 euros	4.30 euros	4.30 euros	4.30 euros

Date of Board of Directors' Meeting	11/04/2008	Balance at 31/12/08	Balance at 31/12/09	Balance at 31/12/10	Balance at 31/12/11
Number of shares eligible for subscription:	3,110,250	3,015,000	2,850,600	2,595,350	2,059,465
Number of shares cancelled:		95,250	259,650	369,950	640,940
Number of people concerned: of which are managers	199 4				
Start of exercise period	11/04/2010	11/04/2010	11/04/2010	11/04/2010	11/04/2010
End of exercise period	11/04/2014	11/04/2014	11/04/2014	11/04/2014	11/04/2014
Subscription price	2.80 euros	2.80 euros	2.80 euros	2.80 euros	2.80 euros

Date of Board of Directors' Meeting	11/04/2008	Balance at 31/12/08	Balance at 31/12/09	Balance at 31/12/10	Balance at 31/12/11
Number of shares eligible for subscription:	534,300	525,300	508,200	398,900	244,900
Number of shares cancelled:		9,000	26,100	41,300	64,700
Number of people concerned: of which are managers	48 1				
Start of exercise period	11/04/2010	11/04/2010	11/04/2010	11/04/2010	11/04/2010
End of exercise period	11/04/2014	11/04/2014	11/04/2014	11/04/2014	11/04/2014
Subscription price	2.95 euros	2.95 euros	2.95 euros	2.95 euros	2.95 euros

Date of Board of Directors' Meeting	14/05/2009	Balance at 31/12/09	Balance at 31/12/10	Balance at 31/12/11
Number of shares eligible for subscription:	2,208,500	2,130,900	2,003,800	1,539,800
Number of shares cancelled:		77,600	204,700	315,200
Number of people concerned: of which are managers	189 2			
Start of exercise period	14/05/2011	14/05/2011	14/05/2011	14/05/2011
End of exercise period	14/05/2015	14/05/2015	14/05/2015	14/05/2015
Subscription price	2.36 euros	2.36 euros	2.36 euros	2.36 euros

Date of Board of Directors' Meeting	01/06/2010	Balance at 31/12/10	Balance at 31/12/11
Number of shares eligible for subscription:	2,240,000	2,200,200	2,010,000
Number of shares cancelled:		39,800	230,000
Number of people concerned:	189		
of which are managers	2		
Start of exercise period	01/06/2012	01/06/2012	01/06/2012
End of exercise period	01/06/2014	01/06/2014	01/06/2014
Subscription price	3.82 euros	3.82 euros	3.82 euros

Date of Board of Directors' Meeting	20/09/2011	Balance at 31/12/11
Number of shares eligible for subscription:	2,245,000	2,235,000
Number of shares cancelled:		10,000
Number of people concerned:	170	
of which are managers	2	
Start of exercise period	20/09/2013	20/09/2013
End of exercise period	20/09/2015	20/09/2015
Subscription price	3.87 euros	3.87 euros

Allotment of Bonus Shares	21/04/2009	Balance at 31/12/09	Balance at 31/12/10	Balance at 31/12/11
Date of Board of Directors' meeting	21/04/2009			
Maturity - Vesting period	2 years - 22/04/2011			
End of holding period	2 years - 22/04/2013			
Number of instruments allotted	720,750	720,250	717,250	0
Number of shares cancelled	-	500	3,500	3,500
Number of people concerned:	55			
of which are managers	3			

Allotment of Bonus Shares	01/06/2010	Balance at 31/12/10	Balance at 31/12/11
Date of Board of Directors' meeting	01/06/2010		
Maturity - Vesting period	2 years - 01/06/2012		
End of holding period	2 years - 01/06/2014		
Number of instruments allotted	733,250	729,750	624,750
Number of shares cancelled:	-	3,500	108,500
Number of people concerned:	60		
of which are managers	3		

Allotment of Bonus Shares	20/09/2011	Balance at 31/12/11
Date of Board of Directors' meeting	20/09/2011	
Maturity - Vesting period	2 years - 20/09/2013	
End of holding period	2 years - 20/09/2015	
Number of instruments allotted	548,900	527,400
Number of shares cancelled:	-	21,500
Number of people concerned:	47	
of which are managers	3	

The bonus shares allotted, which are subject to performance conditions being met by managers only, are unavailable for four years following the allotment date. Since the shares allotted are ordinary shares and belong to the same category as the old shares that comprise the company's share capital, at the end of the vesting period the shareholder employee receives the dividends and voting rights attached to all his/her shares.

In total, at 31 December 2011, the maximum number of shares that may be created through the exercise of stock options and bonus shares is 11,769,354 and 1,152,150, respectively.

The cancellations recorded during the fiscal year are the result either of terminations of recipients prior to the start of the period in which they could exercise their rights or the expiration of plans under market conditions making it impossible to exercise all the rights.

Gameloft holds no treasury shares.

12. Accrued expenses

	31/12/11	31/12/10
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Bank charges payable	2	2
TOTAL Loans and Financial Debts	2	2
Suppliers, invoices pending	12,119	6,629
Suppliers, invoices pending intangible assets	3,038	3,062
Suppliers, invoices pending tangible assets	22	-
Rebates, discounts and dividends pending	4,849	3,800
Tax liabilities	159	528
Social security liabilities	641	887
TOTAL	20,828	14,906

Rebates, discounts and dividends pending have sharply increased this year due to a transfer price policy implemented on 1 January 2010.

Suppliers, invoices pending represent €6,367,000 of intra-group debts and €3,302,000 of debts from royalties related to the sale of licensed games.

13. Items pertaining to affiliates

The transactions made with the subsidiaries of the Gameloft group are as follows:

	31/12/11	31/12/10
Assets		
Tangible assets	1,962	440
Equity capital holdings	8,996	8,912
Other financial assets	150	150
Trade receivables and related accounts	72,688	61,188
Prov. on accounts receivable	-2,277	-2,510
Other receivables – Current accounts	12,531	9,828
Other receivables – Tax integration	106	40
Prov. on other receivables	-5,092	-3,156
Receivables from suppliers	3,593	1,470
Other miscellaneous receivables	530	108
Debts		
Provision for contingencies and expenses	-	51
Trade payables and related accounts	57,613	41,229
Financial debts	2,110	6,024
Unearned income	69	110
Other miscellaneous debts	-	-96
Customer credit balances	4,355	-
Profit/Loss		
Operating income	46,296	37,228
Operating expenses	95,083	76,683
Financial income	2,433	3,521
Financial expense	2,173	921

Transactions carried out with companies owned by common senior executives:

(Operations with the following companies are concerned: Guillemot Brothers, the Ubisoft group, AMA and Longtail Studios.)

	31/12/11	31/12/10
Assets		
Trade receivables and related accounts	1,084	205
Liabilities		
Trade payables and related accounts	1,354	788
Profit/Loss		
Operating income	2,716	207
Operating expenses	2,152	2,372
Financial income	-	-
Financial expense	-	-

14. Provisions recorded on the balance sheet

	At 31/12/10	Allocations for the Year	Write-Backs for the Year	At 31/12/11
Provisions for contingencies and charges				
For foreign exchange risks	1,032	2,401	-1,032	2,401
For other risks	82			82
For charges	51	35	-51	35
Total	1,165	2,436	-1,083	2,518
Provisions for valuation				
On brands	1,829			1,829
On marketed games	2,041	2,947	-2,798	2,189
On advances/licences	733	572	-248	1,057
On equity capital holdings	190		-74	116
On stocks	14	-	-13	1
On accounts receivable	2,686	23	-255	2,454
On other receivables	3,156	2,062	-126	5,092
On short-term investment securities	-	-	-	-
Total	10,649	5,604	-3,514	12,738
Total	11,814	8,040	-4,597	15,256

Provisions for expenses were recorded for lawsuits concerning employees (€35,000).

The “provisions on marketed games” item totalled €1,016,000 for the year based on project feasibility and marketing tests and €1,931,000 for exceptional amortisations for projects that were discontinued, and €572,000 for the “provisions on advances on licences” item, an amount determined based on tests regarding the recovery of the advance granted to licensors.

The “provisions on accounts receivable” item pertains to intra-group receivables (€23,000).

The “provisions on other receivables” item pertains to advances granted to Gameloft Korea (€2,036,000), Gameloft SRO (€24,000), and Gameloft Vietnam (€2,000).

The “write-backs of provisions for expenses” item pertains to subsidiaries whose shareholders’ equity capital is negative (€51,000).

The write-backs of provisions pertain to R&D expenses recorded on 31 December 2011 (€2,798,000) and to advances on licences (€248,000).

The write-backs of provisions pertain to the equity capital holdings of PT Gameloft Indonesia (€73,000) and Gameloft SPRL (€1,000).

Write-backs of provisions of accounts receivable are completely intra-group receivables for Gameloft Singapore (€10,000) and Gameloft GmbH (€245,000).

The write-backs of provisions for valuation on other receivables total €64,000 for Gameloft Hong Kong and €62,000 for Gameloft Singapore.

15. Financial debts

Financial debts are as follows:

	31/12/11	31/12/10
Loans and similar accounts	41	92
Current account advances	2,110	6,024
Financial debts	2,151	6,116

	Less than 1 Year	1 Year to 5 Years	More than 5 Years
Amounts still due at 31/12/11	2,151		

Financial surplus:

	31/12/11	31/12/10
Financial debts	41	92
Cash on hand	19,682	15,758
Short-term investment securities		-
Net financial surplus	19,641	15,666

At 31 December 2011, there was a net financial surplus of €19,641,000 compared to €15,666,000 at 31 December 2010.

All financial debts are based on a fixed rate and are in euros.

16. Trade payables and related accounts

	31/12/11	31/12/10
Trade Payables	66,683	48,687
Total	66,683	48,687

The average period for paying our suppliers is at least 90 days.

The increase in receivables from suppliers is linked to the company's sharp activity growth during the 2011 fiscal year, but is offset by the debts of the group's subsidiaries for a total of €57,600,000 compared to €41,000,000 in 2010.

17. Tax and social security liabilities

	31/12/11	31/12/10
Tax liabilities	466	528
Social security liabilities	900	887
Total	1,366	1,415

Tax and social security liabilities decreased compared to 31 December 2010.

The "tax liabilities" item includes €306,000 for VAT.

18. Debts on assets

	31/12/11	31/12/10
Debts on assets	4,210	4,381
Total	4,210	4,381

Debts from suppliers on assets slightly decreased mainly due to debts on licences.

Operating liabilities are as follows:

	Less than 1 Year	1 Year to 5 Years	More than 5 Years
Debts still due at 31/12/11	72,259	-	-

19. Other debts

	31/12/11	31/12/10
Customers – credit notes pending	4,849	3,800
Credit balances of customer accounts	219	91
Other debts	789	43
Total	5,857	3,934

20. Accruals

	31/12/11	31/12/10
Unearned income	69	188
Translation adjustments	2,848	2,605
Total	2,917	2,793

The “unearned income” item consists of client billing related to services not yet provided at the year-end closing.

The “translation adjustments” liability is mostly related to the discounting of debt from suppliers (€131,000) and account receivables (€2,717,000). Account receivables in Canadian dollars, Japanese yen, Australian dollars and Mexican pesos varied greatly compared to the rate of 31 December 2010.

3.2.6.6. Notes to the Income Statement

Profit/loss from 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.

21. Consolidated revenue, self-constructed assets and inventoried production

The breakdown of revenue by business activity at 31 December 2011 is as follows:

	31/12/11		31/12/10	
	€K	%	€K	%
Smartphones	55,951	43%	34,993	31%
Feature phones	68,947	52%	70,685	64%
Large screens	6,889	5%	5,443	5%
Total revenue	131,787	100%	111,121	100%
Self-constructed assets	7,942	-	10,045	-
Closing inventory	-13	-	-443	-
Total	139,716	-	120,723	-

The breakdown of revenue by geographic area at 31 December 2011 is as follows:

	31/12/11		31/12/10	
	€K	%	€K	%
Europe	48,618	37%	46,755	42%
<i>including France</i>	<i>14,181</i>	<i>11%</i>	<i>14,640</i>	<i>13%</i>
North America	43,090	33%	40,701	37%
Rest of the world	40,078	30%	23,665	21%
Total revenue	131,787	100%	111,121	100%
Self-constructed assets	7,942	-	10,045	-
Closing inventory	-13	-	-443	-
Total	139,716	-	120,723	-

22. Other operating income and transfer of charges

Other operating income is as follows:

	31/12/11	31/12/10
Write-backs of provisions	572	246
Transfer of charges	1,022	938

Other income	39
	74
Total	1,633
	1,258

The “transfer of charges” item concerns the re-invoicing of overhead costs (€950,000).

The “write-backs of provisions” item relates to provisions for risks and charges for Gameloft S.R.O. (€51,000), provisions for asset depreciation (€252,000, of which €248,000 is depreciation of advances on licences and €4,000 is depreciation of development costs), provisions for trade receivables (€255,000), and a provision for inventory of finished products (€13,000).

The “other income” item is income related to supplier payments that has not been cashed.

23. Purchases and other supplies

Cost of goods sold consists of purchases of products and goods intended for resale (€11,000), mobile game development costs (€94,297,000) and related overhead costs (€619,000).

24. Other operating purchases and external charges

Other operating purchases consist primarily of telecommunication and small equipment costs (€418,000), advertising and marketing expenses (€2,961,000), conference and trade fair expenses (€82,000), travel expenses (€520,000), administrative subcontracting and marketing expenses, commissions and brokerage fees on sales (€3,455,000), royalties on advances already amortised (€7,839,000) and professional fees (€587,000).

25. Personnel expenses

At 31 December 2011, the company had 28 employees, of which 4 were managers.

The amount of personnel expenses corresponding to game production is €2,289,000.

26. Operating amortisations, depreciations and provisions

Amortisations, depreciations and provisions are as follows:

	31/12/11	31/12/10
Amortisation of intangible assets	136	60
Amortisation of intangible assets: development costs	4,940	4,017
Amortisation of intangible assets: licences	3,567	4,928
Depreciation of tangible assets	847	800
Provisions	630	2,726
TOTAL	10,120	12,531

The “amortisation of intangible assets” item concerns the 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.

Intangible development costs are amortised on a straight-line basis over 18 months for games on the market. At 31 December 2011, Gameloft had nearly two hundred games capitalised and commercially available on various digital platforms such as the Mac, iPad, DSi, Facebook, 3DS, PSN, PSP, etc.

The “provisions” item concerns provisions on trade receivables (€23,000) and provisions for asset impairment (€572,000) for depreciation of advances on licences.

27. Net financial income/expense

Net financial income/expense breaks down as follows:

	31/12/11	31/12/10
Financial income:		
Income from other securities and receivables from long-term assets	2,036	3,354
Other interest and similar income	352	284
Write-backs of provisions	1,232	1,140
Foreign exchange gains	2,061	2,920
Net income on sales of short-term investment securities	0	-
	5,681	7,698
Financial expense:		
Provisions	4,464	1,231
Other interest and similar expenses	113	930
Net expenses on sales of short-term investment securities	-	-
Foreign exchange losses	2,346	2,400
	6,923	4,561
Net financial income/expense	-1,242	3,137

The write-backs of provisions in the amount of €1,232,000 are as follows:

- €126,000 for current account advances, of which €64,000 was for Gameloft Hong Kong, and €62,000 was for Gameloft Singapore;
- €74,000 for equity capital holdings, of which €73,000 was for PT Gameloft Indonesia and €1,000 was for Gameloft S.P.R.L.;
- €1,032,000 for foreign exchange losses.

The provisions in the amount of €4,464,000 are as follows:

- €2,062,000 for current account advances, of which €2,036,000 was for Gameloft Korea, €24,000 was for Gameloft SRO, and €2,000 was for Gameloft Vietnam;
- €2,401,000 for foreign exchange losses.

Other interest and similar expenses in the amount of €113,000 pertain primarily to interest expenses, of which €111,000 was for re-invoicing of interest on the current account advance transferred to Gameloft by Gameloft Iberica.

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, pounds sterling, etc.), and since income in foreign currencies offsets the company’s expenses in foreign currencies.

The company had no interest rate or foreign currency hedge at 31 December 2011.

28. Extraordinary profit/loss

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/loss is as follows:

	31/12/11	31/12/10
Extraordinary income:		
Write-backs of provisions	2,794	1,025
Extraordinary income from capital transactions	15	-

Extraordinary income from management operations	35	56
	2,844	1,081
Extraordinary expenses:		
Extraordinary expenses on management operations	3	278
Extraordinary expenses on capital transactions	15	36
Depreciation and provisions	8,147	1,025
	8,165	1,339
Total extraordinary profit/loss	-5,321	-258

The “extraordinary income from management operations” item is revenue from litigation settlements in the amount of €35,000.

The “write-backs of provisions” item concerns the R&D costs recorded in part on 31 December 2010 and on 30 June 2011.

The “extraordinary expenses on management operations” are expenses related to the resolution of commercial litigation.

The “extraordinary expenses on capital transactions” item pertains to the net book value of tangible assets and financial assets (€14,000).

The “depreciation and provisions” item concerns a reclassification of the provision for development costs on 31 December 2010 and on 30 June 2011 as depreciation (€1,820,000) and an exceptional amortisation expense for projects that were discontinued and removed from the balance sheet (€3,381,000).

The provisions were related to the development costs of commercial software for projects that were discontinued (€1,931,000).

The decision to completely stop production of new games for console and PC led the company to fund and depreciate all console and PC games yet to be put on sale at 31 December 2011, as well as console and PC games that were put on sale but whose sales prospects were very limited, particularly due to the absence of future marketing support linked to the reassignment of internal R&D, sales, and marketing teams towards smartphones, tablets and TVs. This charge reflects the strategic decision taken during the second half of 2011 to focus the company's future creation efforts on smartphones, touch tablets and Smart TVs, the market for which is growing.

29. Corporate income tax

Following French Law 2011-1117 of 19 September 2011, losses can be carried over in the amount of €1 million, plus 60% of earnings exceeding that threshold.

Therefore, in 2011, Gameloft recorded corporate tax at €212,000.

	31/12/08	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 *	2,586	3,064	-	-	-	-	13,801	230	-
TOTAL	2,586	3,064	-	-	-	-	13,801	230	-

* non-cumulative data

In fiscal year 2011, the reductions and increases in the future tax burden were as follows:

Future Tax Burden	Basis	Tax
Organic provision for the year	203	68
Tax on tourism vehicles	15	5
Contribution to housing tax	17	6
Unrealised foreign exchange gains	2,848	949
TOTAL REDUCTIONS	3,083	1,028

The tax rate in effect at 31 December 2011 was 33.33%.

Income tax consists of the following:

At 31/12/11	Accounting Basis	Corporate Tax
Pre-tax profit/loss on ordinary activities	8,583	212
Extraordinary profit/loss	-5,321	-
Pre-tax profit/loss	3,262	212

At 1 January 2012, there was €28,915,000 in non-lapsing losses carried forward.

Income tax consists of the following:

	31/12/11	31/12/10
Current tax	212	10
Deferred tax	-	-
Total	212	10

Gameloft S.A. and its French subsidiaries, Gameloft Rich Games Production France, Gameloft Partnerships, Gameloft Live and Ludigames opted to adopt a tax integration scheme starting on 1 January 2009. The amount of tax savings was €293,000 as a result of the tax integration of the French subsidiaries.

The parent company, Gameloft S.A., alone assumes responsibility for tax liability.

3.2.6.7 Additional Information

1. Parent company

Gameloft S.A. – 14 rue Auber 75 009 Paris

2. Personnel

In fiscal year 2011, the average workforce at Gameloft S.A. was 28 employees, 20 men and 8 women.

All of Gameloft S.A.'s employees are management, with the exception of one.

3. Financial commitments and other information

Off-balance sheet commitments:

Off-Balance Sheet Commitments Related to Operating Activities	Characteristics		At 31/12/11
	Description	Commitment End Date	
Commitments related to the implementation of operating agreements	Business leases	31/12/2020	€5,010,000
	Guarantor on behalf of Gameloft Argentina S.A., for the signing of a lease for the rental of offices in Buenos Aires (Argentina) with Irsa Inversiones Y Representaciones S.A.		USD 144,000
	Guarantor on behalf of Gameloft Divertissements Inc. for the renewal of its line of credit with the Bank of Montreal.		CAD 3,000,000
	Guarantor on behalf of Gameloft Divertissements Inc. for a line of credit with HSBC.		CAD 3,000,000
	Commitment towards Gameloft GmbH following its		

	debt write-off authorised by Gameloft S.A. with a clawback provision for five financial years and accumulated net income exceeding €800,000.		€748,755
Guaranteed commitments, mortgages, etc.	-		-

As a shareholder, Gameloft S.A. issued letters of intent to the Austalian and British subsidiaries at 31 December, 2011 to decide on the continued operation of these struggling companies.

Discounted bills not due: none

Collateral provided: none

Cash credits: none

Guarantees received: - HSBC acted as a guarantor for our supplier Ferrari in the amount of €412,500, following our licensing agreement.

Financial leases: none

Other commitments:

The law of 4 May 2004 gives French employees an individual right to training (“droit individuel à la formation” - DIF). This 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 2011, hours totalled 3,036. The provision is not significant.

4. Events subsequent to the close of year

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

5. Compensation of the group’s senior executives

The total gross compensation paid by the Company to executives during the year 2011 was €154,000.

No directors’ fees were paid to executive officers during the year ended December 31, 2011.

		2011		2010
Salaries, misc. charges and benefits		154		154
Total pensions and other post-employment benefits				
Severance pay				
Total stock options and bonus shares issued		381,000		393,750

Amounts in Euros	Gross Fixed Compensation	Gameloft S.A. Benefits in Kind	Directors’ Fees	Total Compensation for 2011
Michel Guillemot	60,000	0	0	60,000
Claude Guillemot	31,248	0	0	31,248
Gérard Guillemot	-	0	0	-
Yves Guillemot	31,248	0	0	31,248
Christian Guillemot	31,248	0	0	31,248
Total	153,744	0	0	153,744

Stock Option and Subscription Plan

The executive directors receiving the options described below must keep in registered form five per cent (5%) of the shares resulting from the exercise of options until termination of their duties.

Stock Options Granted to Company Managers by the Company during the Fiscal Year

STOCK OPTIONS GRANTED DURING THE FISCAL YEAR BY GAMELOFT S.A.					
Name of Executive Director:	Plan Number and Date	Type of Options	Number of Options Granted	Exercise Price	Exercise Period
- Mr Michel Guillemot	Plan 11 of 20/09/2011	Stock options	300,000	€3.87	50% starting 20/09/2013 through 20/09/2015 and 50% starting 20/09/2014 through 20/09/2015
- Mr Gérard Guillemot	Plan 11 of 20/09/2011	Stock options	37,500	€3.87	50% starting 20/09/2013 through 20/09/2015 and 50% starting 20/09/2014 through 20/09/2015
TOTAL			337,500		

Exercise of the options granted by the Board of Directors to the company managers is subject to an internal performance condition and an external performance condition. Furthermore, the exercise of options granted by the Board of Directors to the company managers is conditional on the purchase of stocks by these same executive directors, for a volume equalling 1% of the amount of net gain that each earned after taxes.

Bonus Issues of Shares

BONUS ISSUES OF SHARES ALLOTTED TO COMPANY MANAGERS DURING THE FISCAL YEAR						
Name of Executive Director:	Date of the Board of Directors' Meeting	Number of Shares	Date of Purchase of Shares	Option Fair Value	Retention End Date – Date of Transferability	Performance Conditions
- Mr Christian Guillemot	20/09/2011	14,500	20/09/2013	€2.40	20/09/2015	Internal and external performance conditions
- Mr Yves Guillemot	20/09/2011	14,500	20/09/2013	€2.40	20/09/2015	Internal and external performance conditions
- Mr Claude Guillemot	20/09/2011	14,500	20/09/2013	€2.40	20/09/2015	Internal and external performance conditions
TOTAL		43,500				

Stock options exercised by each executive director during the fiscal year:

No shares resulting from the exercise of options during the fiscal year ended 31 December 2011 were subscribed for by any of the executive directors.

Performance shares allotted to each executive director:

Starting in fiscal year 2010, stock options and bonus shares granted to the executive directors are subject to performance conditions. The total is determined by the Board of Directors on the recommendation of the Compensation Committee.

Employment contract, specific pensions, retirement benefits and non-compete clause offered to the executive directors:

Executive Directors	Employment Contract	Supplemental Retirement Plan	Indemnities or Benefits Owed or Potentially Owed as a Result of the Termination or Change in Duties	Indemnities under a Non-Compete Clause
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	Yes	No	Yes	No	Yes	No	Yes	No
- Mr Michel Guillemot		X		X		X		X
- Mr Christian Guillemot		X		X		X		X
- Mr Yves Guillemot		X		X		X		X
- Mr Claude Guillemot		X		X		X		X
- Mr Gérard Guillemot		X		X		X		X

No commitment has been made 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 termination or change in their duties or subsequent to said duties.

6. Loans extended to the group's senior executives

At 31 December 2011, no advance or credit was extended to the group's senior executives pursuant to Article L. 225-43 of the French Commercial Code.

2.7. Auditors' Report on the Financial Statements Ended December 31, 2011

Dear Shareholders,

In performing the duties entrusted to us by your General Meeting, we present to you our report for the fiscal year ended 31 December 2011 regarding:

- the audit of the year-end financial statements of Gameloft S.A., 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 the 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 entails examining, on a test basis or by other selection methods, the evidence supporting the amounts and information contained in the year-end financial statements. It also entails assessing the accounting principles applied, the significant estimates used and the overall presentation of the financial statements. We deem that the information we have collected is sufficient and appropriate to form our opinion.

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 opinion expressed above, we draw your attention to Note 6.1 "Highlights of the Fiscal Year" of the appendix which mentions the discontinuation of some game projects.

II - Basis for the assessments

Pursuant to Article L. 823-9 of the French Commercial Code in regard 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 reviewed the valuations of the intangible assets, and particularly the rules for capitalising development costs and licences, as described in note 6.4.1 of the appendix.
- Value tests are conducted on intangible assets, and more specifically the licences and developments that are marketed or in production, under the terms and conditions described in notes 6.4.1 and 6.5 of the appendix. We have reviewed the appropriateness of the methodology applied by the company and we are confident that they have been applied correctly.
- Note 6.4.3 of the appendix 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, and on the basis of the information we were given, we reviewed the approach taken and the calculations made by the company and we assessed the resulting evaluations.

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 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 observation to make 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 the shareholders pertaining to the financial position and year-end financial statements.

With regard to the information provided pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code regarding the compensation and benefits paid to the company managers and the commitments made to them, we have verified its consistency with the financial statements or with the data used to prepare these financial statements and, where applicable, with the information compiled by your company from the companies that control your company or are controlled by it. Based on this work, we certify that this information is true and accurate.

In accordance with the law, we have verified that all the information relative to the identity of holders of capital and voting rights was provided to you in the management report.

Rennes, 25 April 2012

The Auditors

AUDIT AMLD
MB AUDIT
André Métayer
Roland Travers

Correlation table of appendix notes:

Auditors' Report

Note 6.1

Note 6.4.1

Note 6.4.3

Note 6.5

Reference Document

Paragraph 3.2.6.1

Paragraph 3.2.6.4.1

Paragraph 3.2.6.4.3

Paragraph 3.2.6.5

4. GOVERNANCE AND INTERNAL CONTROL

4.1 Report of the Chairman of the Board of Directors on the Conditions under Which the Board's Work is Prepared and Organised and on the Internal Control Procedures Implemented by the Company

This report, prepared in accordance with Article L. 225-37 of the French Commercial Code and Article L. 621-18-3 of the French Monetary and Financial Code, details the conditions under which the Board of Directors' work is prepared and organised, as well as the internal control and risk management 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 21 March 2012.

In drafting this report, the company referred to the Code of Corporate Governance for Listed Companies published by AFEP/MEDEF in December 2008 resulting from the consolidation of the AFEP and MEDEF report of October 2003 and the AFEP/MEDEF recommendations of January 2007 and October 2008 regarding the compensation of executive directors of listed companies (the "AFEP/MEDEF" Code) available on the MEDEF website (www.medef.fr).

4.1.1 Corporate Governance

The system of corporate governance to which this report makes reference is the "Code of Corporate Governance for Listed Companies" published by AFEP and MEDEF in December 2008 and available on the MEDEF website (www.medef.fr), hereinafter referred to as the "AFEP/MEDEF Code".

4.1.1.1 Conditions under Which the Board of Directors' Work is Prepared and Organised

4.1.1.1.1 Organisation and Operation of the Board of Directors

a) Board Members

At 31 December 2011, the Board of Directors consisted of six members, four of whom are also executive vice presidents and assist the chief executive officer. Ms Marie-Thérèse Guiny is not an executive vice president.

Name	Age and Nationality	Start Date of Term	Expiration Date of Term
Michel Guillemot Chief Executive Officer	53 years French	3 December 2001 Term renewed on 25 June 2009	At the end of the AGM called to approve the financial statements for the fiscal year ending 31 December 2014
Christian Guillemot Executive Vice President Administration	46 years French	Incorporation meeting of 1 December 1999 Term renewed on 25 June 2009	At the end of the AGM called to approve the financial statements for the fiscal year ending 31 December 2014
Claude Guillemot Executive Vice President Technologies	55 years French	Incorporation meeting of 1 December 1999 Term renewed on 25 June 2009	At the end of the AGM called to approve the financial statements for the fiscal year ending 31 December 2014
Yves Guillemot	51 years	Incorporation meeting of 1	At the end of the AGM called to

Executive Vice President Strategy and Development	French	December 1999 Term renewed on 25 June 2009	approve the financial statements for the fiscal year ending 31 December 2014
Gérard Guillemot Executive Vice President Strategy and Development	50 years French	Incorporation meeting of 1 December 1999 Term renewed on 25 June 2009	At the end of the AGM called to approve the financial statements for the fiscal year ending 31 December 2014
Marie-Thérèse Guiny	65 years French	Combined General Meeting of 22 June 2011	At the end of the AGM called to approve the financial statements for the fiscal year ending 31 December 2016

In accordance with legal and statutory provisions, directors are appointed, reappointed or removed by the Ordinary General Meeting. Each director must own at least one share in the company. The term for directors of the company is currently set at 6 years. Gameloft directors' terms therefore do not comply with the AFEP-MEDEF code which recommends terms that do not exceed 4 years. The modification of the term for Gameloft's directors is still scheduled and will involve a change to the Articles of Association, which will occur upon approval by the shareholders' General Meeting during the next renewal of Gameloft's directorships.

Given the lack of a work committee and the fact that the employees do not hold a significant percentage of capital, no employee representative is involved in the Board's work.

b) Independent director

The Board of Directors is made up of five members of the Guillemot family, as well as an independent director, Ms Marie-Thérèse Guiny. Ms Guiny has a degree in accounting. From 1966 to 1992, she worked as an accountant and a chief accountant at several different companies. She joined the Guillemot Corporation in 1992, where she held a number of positions before being named Director of Accounting and Finance in 1999. She left the Guillemot Corporation in March 2006. She is 65 years old and holds 50 Gameloft shares. Ms Marie-Thérèse Guiny is an independent director as defined by the AFEP-MEDEF code, bearing in mind that an independent administrator (i) must have no relationship of any kind with the corporation, its group or the management of either that is such as to colour his or her judgment and (ii) must meet the following criteria:

- Must not be an employee or executive director of the corporation, or an employee or director of its parent company or a company that it consolidates, and must not have been in such a position for the previous five years;
- Must not be an executive director of a company in which the corporation holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive director of the corporation (currently in office or having held such office going back five years) is a director;
- Must not be a customer, supplier, investment banker or commercial banker that is material to the corporation or its group, or to a significant part of whose business the corporation or its group accounts;
- Must not be related by close family ties to an executive director;
- Must not have been an auditor of the corporation within the previous five years;
- Must not have been a director of the corporation for more than twelve years.

The AFEP-MEDEF code recommends that independent directors should account for at least a third of the Board of Directors in companies controlled by majority shareholders.

With respect to the company's specific situation, particularly the distribution of its shareholders, with the Guillemot group acting as a long-standing principal shareholder, the company does not feel an urgent need to appoint a second independent director to the Board, especially given the highly active role played by the single independent director. In this regard, the Company believes it is respecting the spirit of the Code.

Nonetheless, the Board of Directors will continue to examine the issue in terms of the framework of paths it could take in order to apply the principle of equal representation of women and men on the Board of Directors.

c) Equal representation of women and men on the Board of Directors

As of 1 January 2017, a measure will be put in place by law, establishing a minimum threshold of representation of 40% for members of the Board of Directors and supervisory boards for companies whose securities are admitted to trading on a regulated market. As a transitional measure, Article 5-II of the law of 27 January 2011 requires that listed companies not have a proportion of directors or supervisory board members of either gender

of less than 20% upon the first Ordinary General Meeting after 1 January 2014. This same text also requires that if one of the two genders is not represented on the Board of Directors on the date of publication of the law, then at least one representative of that gender must be named during the next Ordinary General Meeting that would approve the nomination of directors.

In accordance with Law No. 2011-103 of 27 January 2011, Ms Marie-Thérèse Guiny was nominated as administrator of the Company on 22 June 2011.

As of the date of the current report, the Board of Directors has one female member, and is therefore below the rate of female members set out by the first stage of Law No. 2011-103 of 27 January 2011. Nonetheless, the company intends to meet the requirements of Law No. 2011-103 of 27 January 2011 so that the proportion of female directors is not less than 20% by the first Ordinary General Meeting after 1 January 2014.

d) Chairman of the Board of Directors and Chief Executive Officer

Pursuant to the provisions of the French law on new economic regulations of 15 May 2001 (loi NRE), the company's Articles of Association provide the ability to separate the functions of Chairman of the Board of Directors from those of Chief Executive Officer.

However, in accordance with a deliberation of 3 December 2001, the Board of Directors decided not to separate the functions of Chairman of the Board of Directors from those of Chief Executive Officer and consequently 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 Chairman represents the Board of Directors. He organises and directs the Board's work and reports on it to the General Meeting. He ensures that the governing bodies (Board of Directors and General Meeting) over which he presides function properly. The Chief Executive Officer directs the company and represents it vis-à-vis third parties. He is vested with the fullest powers to act on the company's behalf.

e) Limits placed by the Board of Directors on the powers of the Chief Executive Officer

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.

f) Powers and duties of the Board of Directors

The Board considers matters that come under its authority as provided by legal and statutory provisions.

Pursuant to the provisions of Article L. 225-35 of the French Commercial Code and the provisions of its own internal rules, the Board of Directors determines 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 by law and the Articles of Association 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.

The Board of Directors therefore:

- defines the group's objectives and strategy in accordance with its corporate culture and values;
- chooses the way in which General Management is organised (whether to separate or combine the functions of Chairman and Chief Executive Officer);
- exercises, as it deems appropriate, the authorisations granted to it by the General Shareholders' Meeting;
- examines and approves the financial statements;
- oversees the management and ensures the quality of information provided to shareholders and the markets via the financial statements or during major transactions.

g) Information provided to the directors

The Chief Executive Officer provides the directors with the necessary information and documentation to perform their duties and prepare the proceedings as provided by Article L. 225-35 of the French Commercial Code.

Moreover, each director may obtain additional information on his or her own initiative and the Chief Executive Officer is always available to provide explanations and important information to the Board of Directors.

Directors are required to not disclose confidential information given to them as such by the Chairman of the Board of Directors.

h) Board of Directors' 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 telecommunications 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 financial statements, 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 are called to Board meetings at which the year-end financial statements are reviewed and approved.

The decisions of the Board of Directors are taken as a simple majority of the present or represented members, with a tie-breaking vote cast by the Chairman in the case of a split vote.

The Board met 12 times in 2011. The directors attended the Board meetings regularly, with an overall attendance rate of 85% in 2011.

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:

- 20 January 2011: Share capital increase following the exercising of share rights attached to stock warrants during 2010 (four out of five directors present).
- 28 January 2011: Authorisation of a guarantee commitment in favour of Divertissements Gameloft Inc., a subsidiary of the company in Canada (four out of five directors present).
- 3 February 2011: Establishment of other compensation received by the Chief Executive Officer (four out of five directors present).
- 23 March 2011: Approval of the individual and consolidated financial statements for the fiscal year ended 31 December 2010. Proposed allocation of profit. Notice to attend the annual general meeting (five out of five directors present).
- 22 April 2011: Final allotment of bonus shares for the benefit of stock option recipients; recognition of the final completion of the capital increase(s) resulting from the allotment of bonus shares to stock option recipients (four out of five directors present).
- 29 April 2011: Analysis and preparation of the report on the projected management documents for 2011 (four out of five directors present).
- 21 June 2011: Authorisation of a share transfer to Gameloft Argentina S.A. for the benefit of Mr Michel Guillemot (four out of five directors present).
- 23 June 2011: Final allotment of bonus shares for the benefit of the executive directors; recognition of the final completion of the capital increase(s) resulting from the allotment of bonus shares to the executive directors (five out of six directors present).
- 31 August 2011: Approval of the half-year accounts at 30 June 2011. Preparation of the half-year financial report. Authorisation of a guarantee commitment in favour of Gameloft Entertainment Toronto Inc., a company subsidiary in Canada (five out of six directors present).

- 20 September 2011: Bonus issue of shares to the group's employees and managers. Decision to implement a stock option plan for the group's employees and managers (five out of six directors present).
- 13 October 2011: Update of the report on the projected management documents for 2011 Transfer of the company's registered offices and related amendment of the articles of association (six out of six directors present).
- 24 October 2011: Authorisation of a guarantee commitment in favour of Gameloft Entertainment Toronto Inc., a company subsidiary in Canada (five out of six directors present).

i) Evaluation of the Board of Directors' work

As recommended by the AFEP-MEDEF code, at its meeting of 21 March 2012, the Board of Directors developed and approved a self-evaluation questionnaire for the Board of Directors and its committees, which was then sent to each director. This questionnaire on the evaluation, composition, organisation and operation of the Board of Directors must be completed and returned by each director by the end of June 2012.

It shall be recalled that a self-evaluation of the Board of Directors was undertaken during fiscal year 2010, according to which, in its meeting on 23 March 2011, the Board of Directors decided that the results were positive and showed that the Board's operation was largely satisfactory on the whole.

4.1.1.1.2 The Board of Directors' Committees

The Board of Directors is assisted by two specialised committee: the Appointments and Compensation Committee and the Audit Committee.

These two committees are comprised exclusively of directors. Their members are appointed by the Board of Directors, which also appoints their chairmen.

These committees' specific powers and rules of operation were defined by the Board at the time of their creation and integrated into the internal rules.

a) Appointments and Compensation Committee

The Board of Directors is assisted by a specialised committee: the Appointments and Compensation Committee. This committee is comprised exclusively of directors. Its members are appointed by the Board of Directors, which also appoints its chairman. The committee's specific powers and rules of operation were defined by the Board at the time of its creation.

• Members

At 31 December 2011, this Committee was made up of Ms Marie-Thérèse Guiny, Chairperson, who was assisted by Claude Guillemot.

The AFEP-MEDEF code of corporate governance calls for the Appointments and Compensation Committee to have a majority of independent directors and no executive directors. The Appointments and Compensation Committee is composed of two members, an independent director and an executive director. The make-up of the Appointments and Compensation Committee therefore does not comply with the AFEP-MEDEF code. Nonetheless, the Board of Directors considers that, with respect to the unique nature of the company (notably the distribution of its shareholders, with the Guillemot family as majority shareholders) and to the current make-up of the Board of Directors, the committee as it is currently configured best corresponds to the operational needs of the company.

• Role

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.

- Meetings

The Appointments and Compensation Committee met two times in 2011. The members attended the Committee meetings regularly, with an attendance rate of 100%.

- Summary of the Committee's work in fiscal year 2011:

3 February 2011: Establishment of other compensation received by the Chief Executive Officer.

20 September 2011: Establishment of the principles of a plan to issue bonus shares and the principles of a stock option plan.

b) Audit Committee

The Board of Directors is assisted by the Audit Committee. This committee is comprised exclusively of directors. Its members are appointed by the Board of Directors, which also appoints its chairman. The committee's specific powers and rules of operation were defined by the Board at the time of its creation.

- Members

This committee is made up of Ms Marie-Thérèse Guiny, Mr Claude Guillemot, and Mr Christian Guillemot. This committee is chaired by Ms Marie-Thérèse Guiny.

The AFEP-MEDEF code of corporate governance calls for the Audit Committee to have a two-thirds majority of independent directors and no executive directors. The Audit Committee is composed of three members, an independent director and two executive directors. The make-up of the Audit Committee therefore does not comply with the AFEP-MEDEF code. Nonetheless, the Board of Directors considers that, with respect to the unique nature of the company, and to the current make-up of the Board of Directors, the committee as it is currently configured best corresponds to the company's working methods. In fact, the entirety of the Audit Committee possesses, due to their training and professional experience, auditing and financial competencies which exceed the requirements of Article L. 823.19 of the French Commercial Code, according to which at least one member of the Committee must possess such competencies.

- Role

The role of the Audit Committee is to:

- examine the accounts and ensure the appropriateness and consistency of the accounting methods used to prepare the company's consolidated and individual financial statements;
- monitor the financial reporting process;
- monitor the efficiency of the internal control and risk management systems.

- Meetings

The Appointments and Compensation Committee met two times in 2011. The members attended the Committee meetings regularly, with an attendance rate of 100%.

- Summary of the Committee's work in fiscal year 2011:

23 March 2011: Review of individual and consolidated accounts for the fiscal year ended 31 December 2010.

31 August 2011: Review of the half-year accounts at 30 June 2011.

4.1.1.2 Compensation of the Company Managers

4.1.1.2.1 Compensation

The compensation of the executive directors consists of fixed compensation and benefits in kind. The executive directors do not receive variable compensation. They may be granted stock options and performance shares. The total is determined by the Board of Directors on the recommendation of the Compensation Committee. Stock options and performance shares granted to the executive directors are subject to performance conditions.

The total gross compensation paid during the fiscal year by the company, controlled companies as defined by IAS 24.16, and by the controlling company where they exercise their mandate, was €2,162,000, of which €154,000 was paid out by Gameloft S.A.

In accordance with the recommendations of the AFEP-MEDEF and the AMF made on 22 December 2008, information on compensation of Senior Executives is detailed in the corresponding tables of the company's Management Report.

4.1.1.2.2 Directors' Fees

In consideration of the responsibilities assumed, but also of time spent preparing for Board meetings and of active participation, the company was authorised by the General Meeting of 22 June 2011 to pay to its Directors fees amounting to a maximum set at €150,000 per year.

No directors' fees were paid to Gameloft company managers during the fiscal year ended 31 December 2011.

4.1.1.2.3 Stock Options Plan

Stock options are granted to employees and the executive directors by the Board of Directors on the recommendation of the Compensation Committee. Stock options are a way of recognising the recipient's performance and contribution to the Gameloft Group's development as well as an assurance of his/her future employment with the company.

At the time of each plan, the Compensation Committee and the Board assess the nature of the options to be granted – subscription or purchase – based primarily on financial considerations. A list of recipients is proposed by General Management to the Compensation Committee, which reviews it and submits it to the Board of Directors, which grants the options. The Board also determines the conditions under which the options may be exercised, the exercise price and the vesting period. The exercise price is based on the average share price during the 20 trading days preceding the date of the grant decision, during which no discount is provided. The plans generally provide for a four-year vesting period. In addition, the executive directors receiving options must keep in registered form five per cent (5%) of the shares resulting from the exercise of options until termination of their duties.

In accordance with the AFEP/MEDEF code and the recommendations issued in October 2008 by AFEP and MEDEF regarding the compensation of executive directors, the awarding of stock options to executive directors is subject to a performance condition.

Exercise of the options granted by the Board of Directors to the executive directors is also conditional upon the purchase of shares by these same executive directors for a volume equal to 1% of the total net gain, after-tax, realised by each of them.

4.1.1.2.4 Stock Options Exercised during the Fiscal Year by the Executive Directors

No shares resulting from the exercise of options during the fiscal year ended 31 December 2011 were subscribed for by any of the executive directors.

4.1.1.2.5 Bonus Issue of Shares

The bonus shares issued to the paid employees and executive directors of the company and of the companies or groups of companies related to it within the meaning of Article L. 225-197-2 of the French Commercial Code are approved by the Board of Directors on the recommendation of the Compensation Committee. Bonus shares are a way of recognising the recipient's performance and contribution to the company's development as well as an assurance of his/her future employment with the company.

A list of recipients is proposed by General Management to the Compensation Committee, which reviews it and submits it to the Board of Directors, which issues the bonus shares. The Board, with the authorisation of the general meeting, establishes the conditions and criteria that must be met by the recipients of new shares allotted free of charge, decides on the number of shares to be issued and notes the definitive allotment dates and the dates from which the shares may be freely sold, in light of legal restrictions.

In addition, the executive directors receiving bonus shares must keep in registered form five per cent (5%) of the shares allotted until termination of their duties.

In accordance with the AFEP/MEDEF code and the recommendations issued in October 2008 by AFEP and MEDEF regarding the compensation of executive directors, the awarding of bonus shares to executive directors is subject to a performance condition.

Vesting of the bonus shares allotted by the Board of Directors to the executive directors is also conditional upon the purchase of shares by these same executive directors for a volume equal to 1% of the total net gain, after-tax, realised by each of them.

4.1.1.2.6 Employment Contract, Retirement Benefits and Non-Compete Clause Offered to the Executive Directors

None of the directors are under an employment contract. No commitment has been made 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 termination or change in their duties or subsequent to said duties.

4.1.1.2.7 Services Contract with the Issuer and Its Subsidiaries

No services contract has been made between the members of the Board of Directors and the issuer or any of the group's subsidiaries which grants a benefit at the end of such contract.

4.1.1.3 Terms and Conditions of Shareholders' Participation in General Meetings

Pursuant to Article 14 of the Articles of Association and Article R. 225-85 of the French Commercial Code, all shareholders are entitled to participate in the 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 broker showing that their shares listed in the records are non-transferable up to the Meeting date.

These formalities must be completed at least five (5) days prior to the Meeting.

Shareholders who wish to attend the meeting in person must request to do so by returning their voting form either directly to CACEIS (registered shareholders) or to their financial broker (bearer shareholders). They will then receive an admission card.

A meeting notice, along with a vote-by-mail ballot or proxy form, will be sent automatically to registered shareholders. Bearer shareholders must contact the financial broker who manages their shares in order to obtain the vote-by-mail ballot or proxy form.

In order to be honoured, requests for vote-by-mail ballots or proxy forms must be received at least five days prior to the meeting date at Gameloft – Service Assemblées – 14 rue Auber – 75009 Paris.

4.1.2 Internal Control and Risk Management Procedures

General Management expresses its clear, on-going commitment to maintain and improve a reliable, effective system of internal control built on a strong ethical foundation, an appropriate organisation, defined responsibilities and proven competencies in order to ensure transparent management and well-informed shareholders, all key components of good governance.

4.1.2.1 Definitions and Objectives of Internal Control

In order to prepare this report on fiscal year 2011, Gameloft chose to draw on the internal control reference framework and the recommendations published by the AMF.

According to this framework, internal control is defined as a system which seeks to ensure:

- compliance with laws and regulations;
- the implementation of the instructions and policies defined by General Management;
- proper functioning of the company's internal processes, particularly those that help to protect its assets;
- the reliability of financial reporting.

This system must also facilitate control of the company's activities, the effectiveness of its operations and the efficient use of its resources, as well as allowing the company to take significant operational, financial or compliance risks into consideration. The internal control system also plays a key role in management and oversight of the company's activities.

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 finance 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 situation.

To this end, Gameloft has taken significant steps toward assessing the appropriateness of its internal control system and evaluating its effectiveness on an on-going basis. The internal control system will therefore continue to be adapted to the specific needs and requirements of the group and its subsidiaries and to changes in its external environment.

However, the group is aware that the internal control system cannot provide an absolute guarantee that the objectives will be attained and that all the risks that the company may face will be managed.

4.1.2.2 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 directors 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.

4.1.2.3 Risk Management

In carrying out its activities, the group is exposed to a number of risks that can impact its performance and its ability to attain its strategic and financial objectives. In order to identify and analyse these risks and the measures taken to manage them, the company has developed a risk map which is updated annually and is the product of a dynamic approach spearheaded by management teams and followed up by operational and functional teams.

The following steps were taken in mapping these risks:

- identification of all the company's activities;
- evaluation and classification of the risks and of their impact on each of the company's activities;
- evaluation of the quality of the controls and preventive measures.

The procedures put in place form an operational framework within the company. They are updated regularly in order to eventually become real risk management tools that can be used at all levels of the organisation, in particular for analysis of computer and non-financial risks.

The company's goal is therefore to strengthen its systematic approach toward risk analysis, thanks in particular to the creation of risk indicators. It intends to rely as much as possible on existing guidelines in order to improve its evaluation methods, further identify and document control procedures and better monitor its action plans.

An analysis of the key risks, their impact on the company's financial statements and the principal measures taken to manage them are described in the chapter of the management report entitled "Risk Factors".

4.1.2.4 General Organisation of Internal Control

a) The key players or departments involved in internal control activities

(i) Organisation:

The following are involved in the internal control system:

Chief Executive Officer: defines and guides the group's strategy. He is responsible for developing the procedures and the measures taken to ensure the operation and monitoring of internal control.

Board of Directors: determines the policies that guide the company's activity and ensures that they are implemented. It oversees the company's management, particularly by approving the year-end financial statements and reviewing the half-year financial statements. 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 vital to the group, including in particular general strategic policies. It therefore has access to all the necessary documents and reports to fulfil this purpose. Moreover, each director may obtain additional information on his or her own initiative and the Chief Executive Officer is always available to provide explanations and important information to the Board of Directors.

Audit Committee: as part of its responsibilities, the Audit Committee prepares the decisions of the Board of Directors and makes recommendations or issues notices to the Board on a variety of topics, including:

- the review of the company's individual and consolidated financial statements;
- the review of the company's cash flows;
- the accounting measures and principles taken to draw up financial statements;
- the preparation of financial information;
- the consistency and effectiveness of the internal control and risk management systems.

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 on four international departments:

- Development
- Sales and Marketing
- Finance and Accounting
- Legal and Human Resources.

These four 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

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, Argentina, the Philippines, Indonesia, and New Zealand. 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 Sales and Marketing department.

- ***Sales and Marketing***

The Sales and Marketing 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, Argentina, the Czech Republic, Hong Kong, Singapore, Australia, and Indonesia. 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 Sales and Marketing 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 Sales and Marketing department.

- ***Finance and Accounting***

The Finance and Accounting department's areas of responsibility include cash flow management, monitoring of accounting and management rules, 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 independently manages 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 Financial and Accounting 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.

- ***Legal department and Human Resources***

The group's Legal 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 legal proceedings and pre-litigation disputes are monitored by the Legal department in close collaboration with law firms.

The task of the subsidiaries' human resource teams is to develop and implement the necessary policies, programmes and tools to meet the recruitment objectives defined at the group level, while also ensuring the development of each employee's potential and skills. These teams also ensure compliance with local regulations and implementation of the group's policies regarding overall and individual performance improvement through regular evaluations, a development plan, customised training, the granting of stock options, enrolment in savings plans, etc.

(ii) Tools and operating methods:

The IT teams, which are part of the Information Systems department, ensure that teams have the appropriate tools to do their jobs. Together with the operational and functional teams, they determine the information systems required for information production and secure management of operations. A wide range of tools is used by the group, including commercial software and tools developed in-house. These tools are constantly updated to meet the growing needs of information management and analysis.

b) Control activities

In addition to the risk management system, the group has also implemented numerous control processes at all levels of the company. The functional departments at the registered office play a key role in this area by ensuring that the subsidiaries' activities adhere to group guidelines and by assisting them with risk management, such as when local teams do not have sufficient qualifications:

- **The management control department** monitors the company's performance by tracking operations via monthly reports submitted by all the group's subsidiaries. Given the group's small size, there is no "Internal Audit" system. The "Management Control" department 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. Prior to starting development on each new game, forecasts are made regarding the composition of the development team, the amount of time allocated to development and the number of devices on which the game will be developed. This work method makes it possible to determine with the greatest accuracy the projected development cost of each game and serves as an efficient alert system in case

of a delay in game development. Any variance between estimated and actual costs is analysed and subsequent games benefit from the lessons learned. The financial controllers monitor the entire financial reporting cycle and regularly audit the subsidiaries on their performance, results and activity.

- **The consolidation department** prepares the Group's consolidated financial statements and provides all the expertise required to prepare and analyse the monthly financial statements. It issues the accounting procedures applicable within the group. It ensures compliance with the rules and regulations in force in order to fairly present the Group's activity and financial position.

- **The cash management department** coordinates the cash management of the French and foreign subsidiaries by, among other things, overseeing projected cash flows. It ensures that the foreign exchange and liquidity risk management policies are consistent with the financial information published and manages off-balance sheet commitments.

- **The legal department**, which specialises in corporate law, contract law, legal proceedings and intellectual property, assists and advises the subsidiaries on legal matters. It coordinates joint studies or studies of interest to the Group and offers legislative support to local entities in order to manage risk in different areas.

- **The information systems department** collaborates on the choice of computer tools and ensures consistency at both the technical and functional level. It also tracks the progress of IT projects on a regular basis and ensures they meet the need defined by the functional teams and the budgets approved by management. The security department is responsible for ensuring and organising the protection of the information system, whether this entails the security of the various applications, the server architecture, the computer rooms or the organisation at the group level.

c) Internal control 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. Preparing and processing financial and accounting information is primarily the responsibility of the Finance and Accounting department.

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.

Preparation of the individual financial statements

The Finance and Accounting 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.

The financial statements of each subsidiary are prepared under the supervision of their manager by the local accounting services, which ensure compliance with the tax and regulatory restrictions of their respective countries. These statements are subject to a limited review on the half-year financial statements and an audit by the auditors of each entity for the year-end closing.

Preparation of the consolidated financial statements

The consolidated financial statements are prepared by the Finance and Accounting 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 Finance and Accounting department at the time of each closing.

The entities' consolidation reporting packages are completed by the subsidiaries' accountants. The Financial and Accounting 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 general shareholders' meeting. Each year, the group also publishes financial documentation.

Collection procedures and off-balance sheet commitments

During half-year and year-end account closings, the information needed to prepare consolidated off-balance sheet commitments is collected by the Finance and Accounting department from all departments in the company and subsidiaries of the Group.

Off-balance sheet commitments are ultimately validated by the Auditors as part of their audit on the financial statements.

Procedures for monitoring operational assets

The Group uses software to monitor assets for accounting purposes. During each closing, the information from these applications is reconciled with the accounting records.

Financial communication

Aside from the Chief Executive Officer, the Financial and Accounting department is solely authorised to release financial information concerning the group and its strategy outside the company, with the Board of Directors responsible for final approval.

Under the supervision of the Administrative and Financial Director, the group's Finance and Accounting Director, in collaboration 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 market operating rules and 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 book values and accounting documents, ensure that the accounting records comply with the rules in force, and verify consistency with the year-end financial statements and the truthfulness 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 Finance and Accounting department at the time of half-year and year-end closings.

4.1.2.5 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 of the company's management levels remain flexible and responsive.

The group has maintained light management structures during fiscal year 2011 while ensuring the observance of policy principles based on the autonomy of operational entities in order to:

- ensure the proper application of rules and procedures;
- monitor changes in regulatory requirements;
- maintain efficient management of key risks;
- guarantee reliable, regular and high-quality financial information.

Generally speaking, continuous improvement of the procedures, standards and information systems remains one of the primary objectives and is in line with a three-fold commitment to efficiency, management and control.

Paris, 21 March 2012,

Chairman of the Board of Directors.

4.2 Auditors' Report Prepared in Accordance with Article L. 225-235 of the French Commercial Code on the Report of the Chairman of the Board of Directors of Gameloft S.A.

Dear Shareholders,

In our capacity as auditors of Gameloft S.A. and in accordance with the provisions of Article L. 225-235 of the French Commercial Code, we present to you our report prepared by your company's Chairman pursuant to the provisions of Article L. 225-37 of the French Commercial Code for the fiscal year ended 31 December 2011.

The Chairman is responsible for preparing and submitting to the Board of Directors for approval a report which details the internal control and risk management procedures implemented at the company and provides the additional information required by Article L. 225-37 of the French Commercial Code relative to, among other things, the system of corporate governance.

It is our responsibility to:

- provide our observations based on the information contained in the Chairman's report concerning the internal control and risk management procedures related to the preparation and processing of accounting and financial information;
- certify that this report contains the additional information required by Article L. 225-37 of the French Commercial Code, with the stipulation that it is not our responsibility to verify the fairness of this additional information.

We have performed our work in accordance with the professional standards applicable in France.

Information concerning the internal control and risk management procedures related to the preparation and processing of accounting and financial information

The professional standards require that we follow certain procedures to assess the fairness of the information concerning the internal control and risk management procedures related to the preparation and processing of accounting and financial information contained in the Chairman's report.

These procedures entail:

- *acquiring an understanding of the internal control and risk management 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 and risk management 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 Article L. 225-37 of the French Commercial Code.

Additional information

We certify that the report of the Chairman of the Board of Directors contains the additional information required by Article L. 225-37 of the French Commercial Code.

Rennes, 25 April 2012

The Auditors

AUDIT AMLD
André Métayer

MB AUDIT
Roland Travers

5. LEGAL INFORMATION

5.1 Special Auditors' Report on Regulated Agreements and Commitments

Dear Shareholders,

In our capacity as your company's auditors, we present to you our report on regulated agreements and commitments.

It is also our responsibility to inform you, based on the information provided to us, of the characteristics and essential terms and conditions of the agreements and commitments that have been brought to our attention or that we may have found during our audit, without our being required to comment on their usefulness or relevance, nor to search for the existence of other agreements and commitments. 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.

Moreover, it is our responsibility to inform you where appropriate of the information pursuant to Article R. 225-31 of the French Commercial Code related to the authorisation during the fiscal year just ended of agreements and commitments already approved by the General Meeting.

We have followed the procedures that we deemed necessary based on the accounting standards of the Compagnie nationale des commissaires aux comptes (French National Association of Auditors) relative to this audit. These procedures entailed verifying the consistency of the information provided to us with the source documents from which it was derived.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL MEETING

AGREEMENTS AND COMMITMENTS APPROVED DURING THE FISCAL YEAR JUST ENDED

Pursuant to Article L. 225-40 of the French Commercial Code, we have been advised of the following agreements and commitments for which prior authorisation was granted by your Board of Directors.

Transfer of Gameloft Argentina S.A. (Argentina) shares for the benefit of Mr Michel Guillemot.

Director concerned: Mr Michel Guillemot

Nature and purpose:

On 21 June 2011, your Board of Directors authorised a transfer of 59,220 of Gameloft Argentina S.A. (Argentina) shares.

Terms and conditions:

This transfer was granted following a transfer contract on 22 June 2011 averaging a price of 59,220 Argentine pesos (€14,689.06). It is stipulated that, in accordance with the terms of this transfer contract, Mr Michel Guillemot has renounced all economic benefits related to this action that were yielded to him.

Forgiveness of debt granted to Gameloft Venezuela S.A. (Venezuela).

Director concerned: Mr Michel Guillemot

Nature and purpose:

On 29 April 2011, your Board of Directors authorised a forgiveness of debt to Gameloft Venezuela S.A. (Venezuela) equal to 405,304 Venezuelan bolivars (€71,788.85).

Terms and conditions:

This forgiveness of debt granted to Gameloft Venezuela S.A. (Venezuela) was in the form of a share capital increase in Gameloft Venezuela S.A. (Venezuela) for an equivalent amount.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

AGREEMENTS AND COMMITMENTS APPROVED IN PRIOR FISCAL YEARS THAT REMAINED EXTANT DURING THE FISCAL YEAR JUST ENDED

Pursuant to Article R.225-30 of the French Commercial Code, we have been advised that the following agreements and commitments, approved in prior fiscal years, were performed during the fiscal year just ended.

1- Licence agreement with Ubisoft Entertainment S.A.

Directors concerned: Messrs Christian, Claude, Gérard, Michel, and Yves Guillemot

Nature and purpose:

On 28 January 2009, your Board of Directors authorised the signing of a licence agreement with Ubisoft Entertainment S.A., under which Ubisoft Entertainment granted to your company a licence to develop, promote and distribute video games belonging to Ubisoft Entertainment S.A. for Apple's iPhone, iPod touch and iPad.

Terms and conditions:

This licence was granted in return for the payment of royalties proportional to the sales figures posted by Gameloft S.A. During the fiscal year, the total royalties amounted to 914,062.41 euros.

2- Trademark licence contract with Ubisoft Entertainment S.A.

Directors concerned: Messrs Christian, Claude, Gérard, Michel, and Yves Guillemot

Nature and purpose:

On 24 August 2003, your Board of Directors authorised the signing of a licence agreement with Ubisoft Entertainment S.A., 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 sales figures posted by Gameloft S.A.

During the fiscal year, the total royalties amounted to 645,672.98 euros.

3- Distribution contract signed with Longtail Studios Inc.

Directors concerned: Messrs Christian and Gérard Guillemot

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 distribution contract took effect retroactively as of 1 July 2005.

Terms and conditions:

During the fiscal year, the total royalties amounted to 4,965.19 euros.

Rennes, 25 April 2012

The Auditors

AUDIT AMLD

MB AUDIT

André Métayer

Roland Travers

5.2 Combined General Meeting of 19 June 2012

5.2.1 Ordinary Portion of the Meeting

First Resolution (*Approval of 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 management report from the Board of Directors on the fiscal year ended 31 December 2011, and the auditors' report on the financial statements for said fiscal year, approve the financial statements of this fiscal year as they have been presented, showing a net book profit of 3,049,962.88 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.

Second Resolution (*Allocation of profit*) - The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings and having read the management report from the Board of Directors on the Company's position and activity during the fiscal year ended 31 December 2011, and the Auditors' report for said fiscal year, resolves to allocate the profit totalling 3,049,962.88 euros on 31 December 2011, to losses carried forward.

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

Third Resolution (*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 2011, 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 profit of 18,224,813.10 euros.

Fourth Resolution (*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 and approves the agreements and commitments referred to in this report under the conditions set out in Article L. 225-40 of said Code.

Fifth Resolution (*Ratification of the transferral of the registered office*) - The General Meeting, having noted the decision of the Board of Directors at its meeting on 13 October 2011, ratifies the transferral of the registered office to 14 rue Auber in Paris (75009).

Consequently, the General Meeting ratifies the related amendment to the first paragraph of Article 2 of the articles of association, which will henceforth read as follows:

The registered office of the Company is located at 14, rue Auber, 75009 PARIS (France).

Sixth Resolution (*Renewal of the term of one Auditor*) - The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, resolves to renew the term of AUDIT AMLD, domiciled at 27A Boulevard Solférino, 35000 Rennes, as Auditor for a period of six fiscal years expiring upon the end of the General Meeting voting on the financial statements of the fiscal year ending 31 December 2017.

Seventh Resolution (*Appointment of an Acting Auditor*) - The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, resolves to appoint Mr Benoit Fléchon, domiciled at 16 avenue du Bel Air, 75012 Paris, as Acting Auditor for a period of six fiscal years expiring upon the end of the General Meeting voting on the financial statements of the fiscal year ending 31 December 2017.

Eighth Resolution (*Appointment of an Auditor*) - The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, resolves to appoint the Mazars company, domiciled at Tour Exaltis - 61 Rue Henri Regnault, 92400 Courbevoie, as Auditor for a period of six fiscal years expiring upon the end of the General Meeting voting on the financial statements of the fiscal year ending 31 December 2017.

Ninth Resolution (*Appointment of an Acting Auditor*) - The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, resolves to appoint Mr Jean-Maurice El Nouchi, domiciled at Tour Exaltis - 61 Rue Henri Regnault, 92400 Courbevoie, as Acting Auditor for a period of six fiscal years expiring upon the end of the General Meeting voting on the financial statements of the fiscal year ending 31 December 2017.

Tenth Resolution (*Authorisation for Gameloft S.A. to repurchase its own shares*) - The General Meeting, voting in accordance with the quorum and the majority conditions required for Ordinary General Meetings and having read the Board of Directors' report, in accordance with the provisions of Articles L. 225-209 et seq. of the French Commercial Code, authorises the Board of Directors, with powers of delegation, 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 the reduction of capital within the limits prescribed by law, upon the adoption of the twelfth resolution hereinafter;
- implement any company stock option plan within the framework of the conditions of Articles L. 225-177 et seq. of the French Commercial Code;
- issue bonus shares within the framework of Articles L. 225-197-1 et seq. of the French Commercial Code;
- issue or sell shares to employees to allow them to benefit from the company's growth or as part of the creation of an employee savings plan, under the 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 that 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 remit 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 existing on 31 December 2011, is 7,710,598 shares.

The maximum purchase price per share is set at 7 euros. The total amount which the company can spend to buy back its own shares may not exceed 53,974,186 euros.

However, in the event of operations involving 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, amortisation of capital, or any other operation involving the capital, the General Meeting authorises the Board of Directors to adjust the purchase price previously mentioned in order to take into account the effect of these operations on the share value.

Shares can be purchased, sold, exchanged or transferred on the market, by private tender or otherwise, by any means and particularly through transfers of blocks of shares, through stock option transactions or the use of any derived financial instrument and within a time frame approved by the Board of Directors.

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 on 22 June 2011, for the undrawn portion.

In order to ensure the execution of this authorisation, all powers are conferred to the Board of Directors, with powers of delegation, to resolve and implement this authorisation, to specify the terms and their detailed conditions if necessary, to implement the purchasing programme and particularly to place stock exchange orders of any kind, to finalise all agreements in order to keep records of stock purchases and sales, to fulfil all

declarations and formalities toward the AMF and all other organisations, and to perform necessary tasks in general.

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

5.2.2 Extraordinary Portion of the Meeting

Twelfth Resolution (*Delegation of powers to grant to the Board of Directors to reduce the share capital of the Company through the cancellation of self-owned shares*) - The General Meeting, voting in accordance with the quorum and majority conditions required for Extraordinary General Meetings, having read the report from the Board of Directors 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 sole discretion, on one or more occasions, within the limit of 10% of the total number of shares comprising the Company's capital existing on the date of the transaction, per period of twenty-four months, all or part of acquired shares pursuant to the authority voted by the current General Meeting in the tenth resolution and to correspondingly reduce the share capital, and to charge the difference between the acquisition cost of the cancelled shares and their nominal value against available premiums and reserves, including the legal reserve up to a limit of 10% of the cancelled capital.

The current authorisation is granted for a period of 18 months, starting from the date of the current Meeting. It replaces the authorisation given by the General Meeting on 22 June 2011 in its ninth resolution.

In order to ensure this authorisation is carried out, all powers are conferred to the Board of Directors, with powers of delegation, to implement this authorisation and particularly to complete cancellation and reduction of capital, to decide the number of shares to cancel, to ascertain the completion of capital reduction and consequently modify the articles of association, to fulfil all resulting formalities, procedures and declarations to all entities, and to take any necessary actions in general.

Thirteenth Resolution (*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 the 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 and in particular Article L. 225-129-2 and Articles L. 228-91 et seq. 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 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 the offsetting of claims, either in whole or in part, by capitalisation of reserves, earnings or premiums, or, under the same conditions, to approve the issue of securities giving a right to allot debt securities governed by Articles L. 228-91 et seq. of the French Commercial Code.

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 aforementioned authorisation is set at five million euros, to which will be added, where applicable, the nominal 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 capital, with the stipulation that this amount will be included in the total maximum amount of any capital increase set in the nineteenth resolution 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 aforementioned authorisation, cannot 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 - Decides that, in the event that this authorisation is used by the Board of Directors:

- shareholders have, in proportion to the amount of their shares, a pre-emptive right on a non-reducible basis;
- the Board of Directors will also be authorised to grant shareholders the right to subscribe, on a reducible basis, for a number of securities greater than that for which they could subscribe on a non-reducible basis, in proportion to their share rights 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 the law and in the order that it deems appropriate, use one and/or more of the following powers:
 - limit the capital increase to the amount of 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;
 - make available 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 aforementioned authorisation automatically implies, for the benefit of holders of the securities granting entitlement to shares of the Company that may be issued pursuant to this resolution, a waiver by shareholders of their pre-emptive right to the new shares to which these securities give a right.

7 - Resolves that the Board of Directors will have full powers, with powers of delegation under the conditions provided by law, to implement this delegation of authority for purposes that include determining the dates and terms and conditions of the issues as well as the form and characteristics of the securities to create; determining the prices and conditions of the issues, setting the amounts to be issued, and setting the subscription date and the due date, which may be retroactive, of the shares to be issued; determining 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 associated rights; charging, where applicable, the capital increase expenses against the amount of the premiums related thereto and deducting from this amount the sums needed to supply the legal reserve; making all adjustments aimed at taking into account the impact of operations, particularly in case of a change in the share's nominal value, the capital increase through capitalisation of reserves, bonus issues of shares, division or consolidation of shares, distribution of reserves or any other assets, amortisation of the capital, or any other operation related to shareholders' equity capital, and, where applicable, establishing the terms and conditions under which the rights of holders of securities granting entitlement to the capital will be protected; noting the completion of each capital increase and amending the articles of association accordingly and, in general, entering into all agreements, particularly ensuring the successful completion of the proposed issues, and taking all measures and completing all formalities required for the issue under the aforementioned delegation of authority.

8 - Resolves that the current 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 capital, the Board of Directors will have full powers, with powers of delegation 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.

Fourteenth Resolution (*Delegation of authority to grant to the Board of Directors to determine the increase in share capital of the Company, 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, having read the report from the Board of Directors and the special Auditors' report, and in accordance with the provisions of Articles L. 225-129 et seq. of the French Commercial Code, particularly of Articles L. 225-129-2, L. 225-135, L. 225-136, and the provisions of Articles L. 228-91 et seq. of the aforementioned 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, 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 the offsetting of claims, either in whole or in part, by capitalisation of reserves, earnings or issue premiums or, under the same conditions, to approve the issue of securities giving a right to the grant of debt securities governed by Articles L. 228-91 et seq. of the French Commercial Code.

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 aforementioned authorisation is set at five million euros, to which will be added, where applicable, the nominal 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 capital, with the stipulation that this amount will be charged against the total maximum amount of any capital increase set in the nineteenth resolution of the current General Meeting.

4 - Resolves, moreover, that the maximum nominal amount of debt securities granting entitlement to the capital, which may be issued under the aforementioned authorisation, cannot 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 all or part 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 aforementioned authorisation automatically implies, for the benefit of holders of the securities granting entitlement to shares of the Company that may be issued pursuant to this resolution, an express waiver by shareholders of their pre-emptive right to the new 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 purchase 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 powers of delegation under the conditions provided by law, to implement this delegation of authority for purposes that include determining the dates and terms and conditions of the issues as well as the form and characteristics of the securities to create; determining the prices and conditions of the issues, setting the amounts to be issued, and setting the subscription date and the due date, which may be retroactive, of the shares to be issued; determining 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 associated rights; charging, where applicable, the capital increase expenses against the amount of the premiums related thereto and deducting from this amount the sums needed to supply the legal reserve; making all adjustments aimed at taking into account the impact of operations, particularly in case of a change in the share's nominal value, the capital increase through capitalisation of reserves, bonus issues of shares, division or consolidation of shares, distribution of reserves or any other assets, amortisation of the capital, or any other operation related to shareholders' equity capital, and, where applicable, establishing the terms and conditions under which the rights of holders of securities granting entitlement to the capital will be protected; noting the completion of each capital increase and amending the articles of association accordingly and, in general, entering into all agreements, particularly ensuring the successful completion of the proposed issues, and taking all measures and completing all formalities required for the issue under the aforementioned delegation of authority.

10 - Resolves that the current 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 capital, the Board of Directors will have full powers, with powers of delegation 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.

Fifteenth Resolution (*Delegation of authority to grant to the Board of Directors in order to increase the number of shares to issue in the case of capital increase, either with or without pre-emptive rights*)) - The General Meeting, voting in accordance with the quorum and majority conditions required for Extraordinary General Meetings, having read the report from the Board of Directors 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, with powers of delegation, under the conditions provided by law, 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 the thirteenth and fourteenth resolutions, at the same price as that used for the primary issue, 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 charged against the total maximum amount of any capital increase set in the nineteenth resolution 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.

Sixteenth Resolution (*Delegation of powers to grant to the Board of Directors for the purpose of granting share subscription and/or purchase options to employees and managers of the group*) - The General Meeting, voting in accordance with the quorum and majority conditions required for Extraordinary General Meetings, having read the report from the Board of Directors and the special Auditors' report and in accordance with the provisions of Articles L. 225-177 through L. 225-186 of the French Commercial Code:

1 - Authorises the Board of Directors to grant, on one or more occasions, to the staff members that it deems appropriate from among the employees and possibly the managers of the Company and/or 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 ordinary shares of the company to be issued, as well as options giving a right to purchase existing ordinary shares of the company resulting from buybacks carried out by the company under the conditions provided by law, with the stipulation that, pursuant to the provisions of Article L. 225-182 of the French Commercial Code, the Board of Directors may not grant options to managers and 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 own more than 10% of the company's share capital.

The General Meeting also authorises the Board of Directors, pursuant to Article L. 225-185 of the French Commercial Code, to grant said options to the Chairman of the Board of Directors, the Chief Executive Officer and the Executive Vice Presidents, provided that at least one of the conditions defined in Article L. 225-186-1 of the French Commercial Code is met.

2 - Sets the term during which the authorisation granted under this resolution is valid at 38 months starting on the date of this General Meeting.

3 - Resolves that the number of ordinary shares that may be subscribed for or purchased by the recipients by exercising the options that will be granted by the Board of Directors under this authorisation may not exceed 3% of the number of shares comprising the share capital as of the date of the Board of Directors' grant decision, with the stipulation that the amount of the capital increases carried out under this resolution will be included in the total maximum amount of all capital increases set by the nineteenth resolution of this General Meeting.

4 - Resolves that the subscription or purchase price of the ordinary shares 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 within the following limits:

- for options to subscribe to ordinary shares, the subscription price of ordinary shares will be equal to the average opening price of Gameloft shares observed over the course of twenty trading sessions prior to the option grant date;
- for options to purchase ordinary shares, the purchase price of ordinary shares will be equal to the average opening price of Gameloft shares observed over the course of twenty trading sessions prior to the option grant date.

The price set for the subscription or purchase of ordinary shares may not be revised during the option period, subject to adjustments which the Board of Directors must make in accordance with the laws and regulations in force.

5 - Notes that the options may not be granted by the Board of Directors:

- within the ten trading sessions preceding and following the date on which the consolidated financial statements or, failing that, the year-end financial statements are made public;
- during the period between the date on which the Company's governing bodies become aware of information which, if made public, could have a significant effect on the price of the Company's shares and the date following the tenth trading session after this information has been made public;
- Less than twenty trading sessions after the shares of a coupon giving a right to a dividend or capital increase have been detached.

6 - 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 the options are exercised. The share capital increase resulting from the exercise of stock options will be completely achieved solely through the declaration of the option exercise, accompanied by the subscription form and payment, in cash or by the offsetting of claims, of the corresponding sum.

7 - Grants full powers to the Board of Directors, with powers of delegation under the conditions provided by law, to:

- set, according to the legal conditions and limits, the dates on which the options will be granted;
- establish the list of option recipients, the number of options granted to each of them and the conditions under which the options may be exercised;
- determine the period during which the options are valid (with the stipulation that the options must be exercised within a period not exceeding ten years);
- set the option exercise date(s) or period(s), with the stipulation that the Board of Directors may (a) move up the option exercise dates or periods, (b) keep the options exercisable, or (c) change the dates or periods during which the shares obtained by exercising the options may not be sold or converted to bearer form;
- set the exercise conditions and, if applicable, the criteria for granting the options and, in particular, limit, suspend, restrict or prohibit (a) the exercise of the options or (b) the sale of ordinary shares obtained by exercising the options, during certain periods or starting from the date of certain events, and its decision may (i) apply to all or some of the options and (ii) involve all or some of the recipients. These conditions may include clauses prohibiting the exercise of the options during one or more periods and clauses prohibiting the immediate resale of all or some of the ordinary shares without the required share retention period exceeding three years from date the option was exercised, with the stipulation that, for options granted to managers, the Board of Directors must either (a) decide that the options may not be exercised by the concerned parties prior to termination of their duties or (b) set the number of shares that they must keep in registered form until termination of their duties;
- set the maximum percentage of options that may be granted to the executive directors with respect to the total amount defined in this resolution;
- determine the due date, which may be retroactive, of the new ordinary shares resulting from the exercise of stock options;
- in the circumstances provided for by law, take the necessary measures to protect the interests of the option recipients under the conditions set out in Article L.228-99 of the French Commercial Code;
- in general, enter into all agreements, draw up all documents, note the capital increases following the exercise of options, amend the articles of association accordingly and where applicable, complete all necessary formalities, make all declarations to any entities and take whatever other action may be necessary.

8 - Resolves that, in the event that the options to subscribe for and/or purchase ordinary shares are granted to persons domiciled or residing abroad or to persons domiciled or residing in France but subject to a foreign tax system, the Board of Directors may revise the conditions that apply to the options to subscribe for and/or purchase ordinary shares to ensure that they comply with the provisions of the foreign law in question and receive the best possible tax treatment. To this end, the Board of Directors may, at its discretion, implement one or more sub-plans that apply to the various categories of employees subject to foreign law.

9 - Resolves that this authorisation nullifies, as of this day the undrawn portion, where applicable, of any previous authorisation having the same purpose.

Seventeenth Resolution (*Delegation of powers to grant to the Board of Directors for the purpose of proceeding with the allocation of bonus shares of the Company to employees and corporate managers*) - The General Meeting, voting in accordance with the quorum and majority conditions required for Extraordinary General Meetings, having read the report from the Board of Directors 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 approve, under the provisions of Articles L. 225-197-1 et seq. of the French Commercial Code, on one or more occasions and at its sole discretion, the allotment of new or existing Company shares to employees of the Company and of the companies or groups of companies affiliated with it under the conditions set out in Article L. 225-197-2 of the French Commercial Code and the managers of the Company and of the companies or groups of companies affiliated with it and who meet the conditions pursuant to Article L. 225-197-1, II of the French Commercial Code, in the conditions defined hereinafter;

2- Authorises the Board of Directors to proceed, where applicable, with one or more capital increases by capitalisation of earnings, reserves or issue premiums in order to issue bonus shares.

3 - Sets the term during which the authorisation granted under this resolution is valid at 38 months starting on the date of this General Meeting.

4 - Resolves that the total number of new or existing shares that can be allotted under this authorisation is set at 1% of the number of shares comprising the share capital as of the date of the Board of Directors' decision, with the stipulation that this number will be charged against the total maximum amount of any capital increase set by the nineteenth resolution of this general meeting.

5 - Resolves that the allotment of shares to their recipients will be final at the end of a minimum vesting period of two years and that the recipient must hold said shares for two years starting from the date of their final allotment, with the stipulation that the allotment of the aforementioned shares to their recipients will be final before the expiry of the aforementioned vesting period in the event of a disability of the recipient, falling into category 2 or 3 defined in Article L. 341-4 of the French Social Security Code, obliging the recipient to cease professional activities of any kind, and that the aforementioned shares will be freely transferrable in the event a recipient is disabled under the conditions provided by the aforementioned provisions of the French Social Security Code.

6 - Notes, concerning the issue of bonus shares, that this decision implies, for the benefit of bonus share recipients, the express waiver by shareholders of their pre-emptive rights on the aforementioned shares.

7 - Resolves that this authorisation nullifies, as of this day the undrawn portion, where applicable, of any previous authorisation having the same purpose.

8 - Grants full powers to the Board of Directors, with powers of delegation under the conditions provided by law, to implement this authorization and in particular to:

- determine if the bonus shares to be allotted will be new or existing shares;
- determine the identity of the recipients, or the category(ies) of the recipients, of the issue of shares from among the employees and managers of the Company and of companies or aforementioned groups of companies and the number of shares allotted to each recipient;
- set the conditions and, where applicable, the criteria of share allotment, particularly the minimum vesting period and the required share retention period for each recipient, under the conditions pursuant hereinafter, with the stipulation that, concerning bonus shares allotted to managers, the Board of Directors must either (a) decide that the bonus shares cannot be sold by the concerned parties before the termination of their duties or (b) set the number of bonus shares that they must keep in registered form until the termination of their duties;

- set the maximum percentage of shares that can be allotted to Executive Directors with respect to the total amount defined in this resolution;
- set, within the legal limits and conditions, the dates the bonus shares will be allotted;
- make provisions for the power to suspend share allotment rights temporarily;
- note the final allotment dates and the dates from which the shares can be freely transferred, given legal restrictions;
- register bonus shares to a registered account under the recipient's name, mentioning the unavailability and the period of unavailability of the account, and revoke the unavailability of the share under any circumstance for which the applicable regulation would allow it;
- enter into all agreements, draw up all documents, note the capital increases following the final issues, amend the articles of association accordingly and where applicable, complete all necessary formalities, make all declarations to any entities and take whatever other action may be necessary.

9 - Resolves that the Company may, where applicable, modify the number of bonus shares needed to maintain the rights of the recipients, according to possible operations on the Company's capital under the circumstances pursuant to Article L. 225-181 of the French Commercial Code.

Eighteenth Resolution (*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 group 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, L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code and under the conditions set out in Articles L. 3332-1 et seq. of the French Commercial Code:

1 - Authorises the Board of Directors to approve a share capital increase, on one or more occasions and at its sole discretion, at the times and under the terms and conditions that it deems appropriate, through the issue of ordinary shares or securities granting entitlement to new or existing ordinary shares of the Company, to be subscribed for in cash, reserved for those enrolled in a group savings plan offered by the Company and/or 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.

2 - Resolves that the nominal amount of the increase in the company's capital, whether immediate or in the future, resulting from all issues carried out under this authorisation is set at 1% of the amount of the share capital as of the date of the Board of Directors' decision, with the stipulation that the amount of the capital increases carried out under this resolution will be charged against the total maximum amount set by the nineteenth resolution of this General Meeting.

3 - Resolves to cancel, in favour of the aforementioned employees enrolled in one or more company savings plans, the pre-emptive subscription right of shareholders to the ordinary shares or securities granting entitlement to ordinary shares to be issued under this authorization.

4 - Resolves that the subscription price of the shares or securities issued will be determined under the conditions defined in Articles L. 3332-18 through L. 3332-23 of the French Labour Code.

5 - Resolves to set the maximum discount offered as part of a savings plan at 15% of the average opening price of Gameloft's shares on Euronext Paris during the twenty trading sessions prior to the date of the decision establishing the opening date of the subscriptions, with the stipulation that the Board of Directors may reduce this discount if deemed appropriate, such as in the case of an offer to those enrolled in a Company stock savings plan on the international market and/or abroad in order to meet the requirements of applicable local laws.

6 - Resolves, moreover, that the Board of Directors may also allot to the aforementioned recipients bonus shares or other securities granting entitlement to the Company's capital under the conditions pursuant to legal and regulatory provisions, in substitution for all or part of the discount referred to in paragraph 5 and/or as a matching contribution, with the stipulation that the benefit resulting from this allotment may not exceed the limits set out in Articles L. 3332-21 and L. 3332-11 of the French Labour Code.

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

8 - Resolves that each capital increase will be carried out only up to the amount of the shares subscribed for by the aforementioned recipients, either individually or via employees' mutual funds or open-end investment companies governed by Article L. 214-40-1 of the French Monetary and Financial Code.

9 - Grants full powers to the Board of Directors, with powers of delegation under the conditions provided by law, to implement this authorization in accordance with the conditions approved herein, for purposes that include:

- determining the characteristics, amount and terms and conditions of any issue;
- determining the companies and recipients involved;
- deciding whether the shares can be subscribed for directly by those enrolled in a savings plan or via employees' mutual funds or open-end investment companies governed by Article L. 214-40-1 of the French Monetary and Financial Code;
- determining the nature and the terms and conditions of the capital increase, as well as the terms and conditions of the issue;
- where applicable, establishing the conditions, particularly 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;
- setting the amounts of these issues and determining the subscription prices, the terms and conditions of the issues of shares or securities carried out under this authorisation, including in particular their due date, and the terms and conditions of their payment and delivery;
- determining the opening and closing dates of subscriptions;
- noting or having noted the completion of the capital increase by the issue of ordinary shares up to the amount of the ordinary shares actually subscribed for;
- at its sole discretion and if it deems it appropriate, charging, where applicable, the expenses and professional and other fees resulting from such issues against the issue premiums and deducting, where applicable, the sums needed to supply the legal reserve from the issue premiums;
- in general, completing all tasks and formalities, making all decisions and entering into all appropriate or necessary agreements in order to (i) ensure the successful completion of the issues carried out under this authorisation and particularly, for the issue, subscription, delivery, interest payment date, listing of the shares created, financial servicing of the new shares and exercise of the rights attached thereto, and (ii) note the final completion of the capital increase(s), amend the articles of association accordingly and (iii) complete all necessary formalities to carry out the capital increases and, in general, take whatever action is necessary.

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

Nineteenth Resolution (*Assessment of the total maximum amount of capital increases*) - The General Meeting, voting in accordance with the quorum and majority conditions required for Extraordinary General Meetings, having read the report from the Board of Directors, 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 the thirteenth, fourteenth, fifteenth, sixteenth, seventeenth and eighteenth resolutions 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 nominal value of shares that may be issued in connection with the adjustments made, in accordance with applicable laws and contractual provisions, to protect the rights of holders of securities granting entitlement to the Company's capital.

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