



2009 REFERENCE DOCUMENT



Pursuant to Article 212-13 of the General Regulations of the *Autorité des Marchés Financiers* (AMF), this reference document was filed with the AMF on 2 June 2010 under the number D. 10-0496. It may be used in support of a financial operation if accompanied by a “note d’opération” (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 2007, as well as the related auditors’ reports, appear on pages 49 to 115 of the reference document filed with the AMF on 6 June 2008 under number D. 08-0470.
- The consolidated and individual financial statements for the fiscal year ended 31 December 2008, as well as the related auditors’ reports, appear on pages 56 to 136 of the reference document filed with the AMF on 4 June 2009 under number D.09-476.

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

Registered office: 81 rue de Reaumur 75002 Paris
French corporation with capital of 3,739,893.70 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 36 to 138 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 statutory auditor’s reports appearing on page 117 of the current reference document for the fiscal year ended 31 December 2009. These reports were issued without qualification and contain the following comment:

“Without calling into question the opinion expressed above, we would like to draw your attention to:

- Note 5.3.1.2 which sets forth the changes made to accounting methods following the implementation, on 1 January 2009, of new norms and interpretations;
- Note 5.3.1.3 which lays out the change to estimates for the fiscal year”

The individual financial statements presented in this reference document were the subject of statutory auditor’s reports appearing on page 147 of the current reference document for the financial year ended 31 December 2009. These reports were issued without qualification and contain the following comment:

“Without calling into question the opinion expressed above, we would like to draw your attention to note 3.2.6.2 regarding the change to estimation laid out in the annex”

Paris, 1 June 2010,

Mr. Michel GUILLEMOT
Chairman of the Board of Directors and Chief Executive Officer

1.3 PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

1.3.1
Principa
l
auditors

1.3.2
Alternat

e auditors

	Date of 1st appointment	Term and expiration date
Mr. Pierre BORIE 15, rue Charles Le Goffic 35700 RENNES	1 December 1999	Six fiscal years expiring after the Ordinary General Meeting called to approve the financial statements for the fiscal year ended 31 December 2011
Cabinet Chevry et Associés 16 Boulevard de Bel Air 75012 PARIS	1 December 1999	Six fiscal years expiring after the Ordinary General Meeting called to approve the financial statements for the fiscal year ended 31 December 2011

1.4
Person
respon
sible
for

financial communications

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1.5 Financial communications schedule

Publication of 2010 half-year revenue: 28 July 2010.

2. MANAGEMENT REPORT

2.1. Group activity and earnings for the fiscal year of 2009

2.1.1 Presentation of the group

2.1.1.1 History – Company activity

Created in December 1999, Gameloft is a developer and publisher of video games that can be downloaded to mobile telephones, tablets, and consoles. The company publishes an extensive, diversified game catalogue and has established itself as one of the world leaders in the downloadable video games market. Today, Gameloft works with all the key players in this market, including telephone manufacturers (Nokia, Samsung, Apple, etc.), telecom operators (Orange, Vodafone, etc.) and console manufacturers (Nintendo, Sony, Microsoft). Gameloft currently employs nearly 4,500 people in 25 countries around the world.

2.1.1.1.1 Mobile telephone games

The use of mobile telephones has spread very quickly. The number of worldwide mobile subscribers was estimated at 4.6 billion at the end of 2009¹ versus only 100 million in 1996². This figure makes the mobile industry the second most adopted technology in the world, just behind the television (4.9 billion), but far ahead of the PC (1.9 billion)¹. 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 licenses and the largest customer and distributor networks in the market.

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

- Consumers can download action games similar in quality to Nintendo's DS games directly onto their mobile phones. "Over the air" downloading, i.e. through a mobile phone directly on a telecom 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. Depending on the model of the phone, consumers can store from 10 to 50 games on their telephone.
- The downloading of a game and the quality of the game itself are not dependent on the quality of the telecom networks. Current 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 three and six euros in western 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 standardization allows Gameloft to run its games at a low cost on most of the new telephones sold today. This widespread adherence to the Java and Brew standards also gives Gameloft significant growth potential. In June 2008, the number of Java telephones worldwide was 2.1 billion compared to 1 billion in 2006 and 579 million in 2005³.

Gameloft was one of the first companies in the world to develop games for Java and Brew telephones and has offered an extensive catalogue of downloadable games since the end of 2001. This catalogue is compatible with most Java and Brew telephones sold today. The games run on Nokia, Motorola, Samsung, Sony Ericsson, Sharp, LG, Mitsubishi and Sagem telephones, to name a few. All in all, the company currently offers more than 300 Gameloft games which can be downloaded onto more than 900 different models of mobile phones.

¹ Source: UIT, October 2009

² Source: CSFB, July 2002

³ Source: Sun Microsystems, Ovum, June 2008

Gameloft's games include external brands and licenses. The Gameloft catalogue therefore includes world-renowned Ubisoft licenses such as *Assassin's Creed*, *Splinter Cell*, *Driver*, *H.A.W.X.*, *Rayman*, *Prince of Persia*, *Tom Clancy's Ghost Recon*, *The Settlers*, *Might and Magic*, etc. In addition to the Ubisoft licenses, the company has acquired rights to many external licenses including *Avatar*, *Street Fighter*, *Spider-Man*, *Shrek Forever After*, *Sonic The Hedgehog*, *Terminator Salvation*, *Iron Man 2*, *Ferrari*, *Earthworm Jim*, *NBA*, *NFL*, *Lost*, *Desperate Housewives*, *UNO*, *Blokus*, *I vs. 100*, *Question for a Champion*, etc.

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

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. Mobile telephone subscribers can purchase and download Gameloft games directly onto their telephones through the operator's portal. Purchasing Java and Brew games is a fast, simple process which costs the consumer a mere three to six euros on average in western countries. The operator's portal provides access to Gameloft's game catalog. This catalog 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 Gameloft.

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 which compete directly with operators' portals. Gameloft therefore sells its mobile games through the Nokia (OVI store), Samsung (A-Store), Sony Ericsson (Fun & Download), Apple (AppStore for iPhone, iPod and iPad), Google (Android), RIM (App World), etc. The operator acts as a distributor of Gameloft games and the revenues generated are shared between the manufacturer and Gameloft. Sales of the company's iPhone and iPod Touch games have boomed since the launch of the Apple's AppStore with more than 10 million games sold between July 2008 and December 2009, placing Gameloft at the top of the world's best seller list on AppStore. Gameloft currently has 65 games on offer through the AppStore for the iPhone and iPod Touch and foresees increasing its investment in this platform in 2010. Apple has quickly become Gameloft's top partner in terms of sales figures and represents 16% of Gameloft's revenue for fiscal year 2009.

In addition to offering downloadable games on manufacturers' portals, some manufacturers buy Java and Brew 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.

In the end, Gameloft expects manufacturers' share in the distribution of its mobile games to increase significantly in the coming years.

3. Since downloading mobile games rounds out the product offering of portals for downloading logos, music and ringtones, these portals have distributed Gameloft games since 2002 through their websites and Audiotel services. These companies operate toll-call SMS services which consumers can use to download games onto their telephone. The revenues are shared between the portal and Gameloft. The company has set up a network of some 100 partners that sell its games; however, this distribution network's share in Gameloft sales has gradually declined in favor of telephone manufacturers and telecom operators.

Sales of mobile games accounted for 94% of Gameloft's revenue in fiscal year 2009.

2.1.1.1.2 Console games

Since 2004, Gameloft has adapted its game catalog to consoles manufactured by Nintendo, Microsoft and Sony. The company's diversification of its product offering to include game consoles was a natural result of the growing similarity between mobile phones and game consoles from both a technological and target consumer standpoint. In December 2004, Gameloft also adapted one of its mobile games, *Asphalt: Urban GT*, to Nintendo's handheld console, the Nintendo DS, which was released in the United States and Japan in the fourth quarter of 2004 and in Europe in the first quarter of 2005. The launch of *Asphalt: Urban GT* for Nintendo DS was a major success for Gameloft, with this game ranking among the five best-selling games for Nintendo's handheld console in the United States and Europe. Gameloft was also the only company specializing in mobile games to be selected by Nintendo to develop games for its new console. Following the success of *Asphalt: Urban GT*, Gameloft released *Splinter Cell* for Nintendo DS in 2005. Since then, the rate at which Gameloft has released games for the Nintendo DS has been stepped up with the marketing of *Platinum Sudoku*, *Miami Nights*, *Brain Challenge*, *Midnight Play Pack*, *Brothers in Arms*, *Real Football 2008*, etc. In 2008, Gameloft launched four new console games: *TV Show King Party* for Wii, *Guitar Rock Tour* and *Real Football 2009* for Nintendo DS, and *Brain Challenge* for PS3. These games are sold in stores as game cartridges for around 20 to 30 euros.

Since 2008, a new generation of game consoles have 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 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 sales of Xbox Live Arcade games immediately after its release. In addition, Gameloft now offers 12 to 14 games respectively for Nintendo's WiiWare and DSiWare services and 6 games for Sony's PS3 and PSP Network service, which run based on the same principle as Xbox Live Arcade. About twenty XBLA, WiiWare, DSiWare and PS3 Network games are currently being developed at the company's studios. Gameloft was therefore poised for the arrival of a new market, that of downloadable games from traditional consoles. As a result, Gameloft has become a major publisher of games for WiiWare, for DSiWare, for Xbox Live Arcade, and now for PS3 Network and PSP Store. In the future, Gameloft plans to focus its console teams' efforts on these new downloadable formats, which offer numerous synergies with its downloadable mobile games activity, the company's core business.

Sales of console games accounted for 6% of Gameloft's revenue in fiscal year 2009.

2.1.1.2 Highlights of FY 2009

- Creation and increase of subsidiary capital

A new company was created in Canada (Gameloft Divertissements Live Inc).

To be in accordance with local standards, the following subsidiaries increased their capital over the course of the year: Gameloft Brasil, Gameloft LLC and Gameloft Dubai.

- Change in reporting entity:

The scope of consolidation used for fiscal year 2009 is different from that of fiscal year 2008. Ludigames SAS, Gameloft Philippines Inc and GAMELOFT Divertissements Live Inc were added to the consolidation scope as of 1 January 2009 or the date of their creation.

- Subsidiary liquidation:

Subsidiary L'odysee Interactive Games Sarl, located in France, was liquidated in October 2009 and was removed from the *Registre du Commerce et des Societes d'Aurillac* (Aurillac Registry of Businesses and Companies) on 23 November 2009.

- Share capital increase:

Gameloft carried out a share capital increase through the exercise of stock options and start-up company stock purchase warrants in the amount of €2,863,000, issue premiums included. The share capital is currently €3,740,000.

2.1.1.3 Key figures

Gameloft's key figures for the fiscal year ended 31 December 2009 are as follows:

In million euros	2009	2008
Revenue	122.0	110.3
Operating income/expense from ordinary activities*	10.4	3.3
Operating income/expense	7.7	0.4
Net financial income/expense	0.4	(1.2)
Tax expense	(2.0)	(0.9)
Net profit/loss (group share)	6.0	(1.8)
Shareholders' equity	59.9	49.4

* before recognition of share-based payments

2.1.2 Activity analysis and comments on FY 2009 earnings

2.1.2.1 Quarterly and annual consolidated revenue

Revenue in million euros*	2009	2008	Change
1 st quarter	30.8	25.3	+22 %
2 nd quarter	29.3	25.0	+17%
3 rd quarter	30.1	26.2	+15%
4 th quarter	31.8	33.8	-6%
Total fiscal year	122.0	110.3	+11%

*rounded figures

Fourth quarter consolidated revenue reached 31.8 million euros, representing a drop of 6%. This drop, however, was specifically related to the ending of packaged console game activity in January 2009 and the drop in the value of the dollar: on a revenue-adjusted basis and at a constant exchange rate, revenue for the fourth quarter of 2009 is up by 7%.

2.1.2.2 Revenue by support type

	12-month fiscal year		12-month fiscal year	
	31.12.09		31.12.08	
	€K	%	€K	%
Console	6,761	6%	7,652	7%
Mobile	115,211	94%	102,680	93%
Total	121,972	100%	110,332	100%

Mobile game activity represented 94% of the company's revenue during fiscal year 2009, and console game activity constituted the remaining 6%. Mobile game activity continued to progress satisfactorily in 2009. Mobile game revenues for 2009 are up by 12%, most notably due to the tremendous success that Gameloft games experienced through Apple's AppStore. During the fourth quarter of 2009, iPhone revenue reached 7 million euros, an increase of 115% which greatly exceeded initial prospects of 4.4 million euros.

2.1.2.3 Revenue by geographic region

	12-month fiscal year		12-month fiscal year	
	31.12.09		31.12.08	
	€K	%	€K	%
Europe	47,691	39%	47,084	43%
North America	38,808	32%	33,245	30%
Rest of the world	35,473	29%	30,003	27%
Total	121,972	100%	110,332	100%

In fiscal year 2009, 39% of revenue was generated in Europe, 32% in North America, and 29% in the rest of the world. In 2008, 43% of revenue was generated in Europe, 30% in North America, and 27% in the rest of the world.

2.1.2.4 Change in operational income statement

INCOME STATEMENT (in thousands of euros)	2009	2008
Revenue	121,972	110,332
Other business-related income	334	259
Cost of sales*	-15,528	-11,129
R&D**	-57,421	-57,568
Sales and Marketing	-28,124	-30,068
Administration	-9,164	-9,196
Other operating income and expenses	-1,629	714
Operating income/expense from ordinary activities (before recognition of share-based payments)	10,439	3,344
Share-based payments	-2,686	-2,696
Other operating income and expenses	-41	-295
Operating income/expense	7,712	352
Cost of net financial debt	88	197
Financial income	2,669	5,033
Financial expense	-2,312	-6,458
Net financial income/expense	445	-1,228
Tax expense	-2,040	-933
Employees' interest	-146	0
Net profit/loss	5,972	-1,809
. group share	5,978	-1,805
. minority interests	-6	-3

* 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 capitalized R&D costs and self-constructed assets

In fiscal year 2009, consolidated revenue increased by 11% to 122 million euros. In total, cost of sales reached 15.5 million euros and included 9.9 million euros in royalties, 2 million euros in console game cartridge costs and 3.5 million euros in sales commissions. The annual gross margin reached 106.8 million euros for 88% of consolidated revenue.

R&D costs represented 47% of 2009 revenue, Sales and Marketing expenses 23% and Administration expenses 8%. In 2008, these figures were 52%, 27% and 8% respectively. A strong decline in R&D and Sales and Marketing costs proportionate to revenue is related to the leveling off of staff and to a noticeable lowering of advertising expenses, which diminished by 19% in 2009 when compared to 2008.

All in all, FY 2009 operating income before stock options increased noticeably when compared to FY 2008, moving from 3,164 K€ to 10,439 K for an operating margin before stock options of 8.6% compared to 3.0% in 2008.

The annual expense for options granted to employees was 2.7 million euros, which is stable relative to 2008. This expense had no impact on the company's equity or net cash and cash equivalents.

Net financial income was 0.4 million euros and consisted mainly of foreign exchange gains linked to fluctuations in the US dollar during fiscal year 2009. The net annual earning was therefore 6.0 million euros, which represents strong growth relative to financial year 2008 when the net annual loss was 1.8 million euros.

2.1.2.5 Change in Working Capital Requirement (WCR) and debt

Cash flow statement	2009	2008
Cash flow from operating activities		
Net profit/loss	5,972	-1,809
Depreciation of tangible and intangible assets	11,880	10,283
Change in provisions	603	1,120
Income related to stock options and similar	2,686	2,696
Tax paid	-165	-568
Sales of assets	83	384
Capitalized R&D expenses*	-4,601	-5,962
Acquisition of licenses*	-5,782	-3,751
Operating cash flow	10,675	2,393
Change in inventories	1,971	-2,359
Change in trade receivables	61	-7,053
Change in operating liabilities	-3,690	5,811
Change in WCR	-1,657	-3,601
Operating cash flow	9,018	-1,208
Investment-related cash flow		
Purchases of intangible assets*	-718	-662
Purchases of tangible assets	-2,362	-2,796
Purchases of other financial assets	-723	-371
Purchases of equity security	-11	-352
Repayment of loans and other financial assets	870	441
Change in reporting entity	80	120
Other cash flows	110	74
Total investment-related cash flows	-2,754	-3,546
Cash flow from financing activities		
Repayment of loans	-4	-42
Share capital increase	60	27
Increase in issue premium	2,803	930

Other cash flows	-20	1
Total cash flows from financing activities	2,839	916
Change in cash and cash equivalents	9,103	-3,838
Net cash and cash equivalents at start of fiscal year	10,748	13,938
Impact of translation gains and losses	-102	649
Net cash and cash equivalents at end of fiscal year	19,749	10,748

* Reclassification of R&D and license cost acquisitions (intangible assets)

The company's operating cash flow rose sharply to 10.7 million euros compared to 2.4 million euros in 2008. The change in the Working Capital Requirement was of -1.7 million euros compared to -3.6 million euros in 2008. Purchases of tangible and intangible assets lowered in 2009, reaching 3.1 million euros compared to 3.5 million euros in 2008. Cash generation was particularly strong during fiscal year 2009 with 9 million euros of additional net cash and cash equivalents generated over the fiscal year. All in all, net cash and cash equivalents of the company rose at the end of December 2009 to 19.7 million euros compared to 10.7 million euros at the beginning of the fiscal year. Financial debt remains at zero. Therefore, Gameloft has the necessary financial means available to continue to grow rapidly and to gain market share all over the world.

2.1.2.6 Policy on financing of assets

The company does not make use of securitization 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

The company's equity was 59.9 million euros and the net cash and cash equivalents totaled 19.7 million euros. Operating cash flow is largely positive, totaling 10.7 million euros for the fiscal year as a whole. The company therefore has all the financial resources it needs to pursue its international growth strategy.

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 more than 4.6 million euros in 2009. Cash flows related to investments into the "advances on licenses" item represented 5.8 million euros in 2009.

Cash flows related to financing activities are mostly capital increases amounting to 2.8 million euros emanating from the conversion of stock options and BSPCE.

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 9 million euros of net cash and cash equivalents in 2009, the company has at its disposition the financial means to continue its international growth.

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 2009 and has enlarged its development teams so that slightly more than 3,570 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 17 production branches allows it to attract well-established industry professionals from across 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, 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 truly become 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.

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 Workforce

On 31 December 2009, Gameloft employed 4,265 people across the world. As of 31 December 2009, the worldwide workforce is divided as follows:

- *Breakdown by geographic region:*

	31.12.09	31.12.08
Europe	449	544
North America	394	375
Rest of the world	3,422	3,083
Total	4,265	4,002

- *Breakdown by department:*

	31.12.09	31.12.08
Administration	239	226
Sales and Marketing	447	438
Mobile phone development	3,579	3,338
Total	4,265	4,002

2.1.4.1.3.2 Working environment and conditions

- *Layoffs*

During fiscal year 2009, the company carried out 3 layoffs.

- *Organization of work time*

Full-time employment consists of 35 hours per week.

Work schedules are the following:

- Morning: 9:00 am to 12:30 pm
- Afternoon: 1:30 pm to 5:00 pm

There has been no notable absenteeism in the company.

• *Labor relations and collective agreements*

The company abides by the provisions of the national collective agreement applicable to technical, engineering, and other consultancy practices (Syntec). To date, only one representative has been elected.

• *Hygiene and safety conditions*

The company abides by legal norms in terms of hygiene 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.

2.1.4.1.3.3 Developing expertise

Gameloft has integrated the DIF (individual right to training) into its training policy. In fiscal year 2009, there was a total of 2,588 hours. No provision was recorded.

2.1.4.1.3.4 Employment and non-discrimination

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

- 86% of Gameloft's workforce in France is made up of management;
- women make up 27% 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;
- 99% of employees have open-ended contracts (CDI).

2.1.4.1.3.5 Compensation

Gross average monthly compensation (premium included) was €8,587 as of the date of the drafting of this document.

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 odor 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 minimize the environmental consequences of its employee travel and to encourage employees to optimize the efficiency of their trips as much as possible.

The following measures are therefore encouraged:

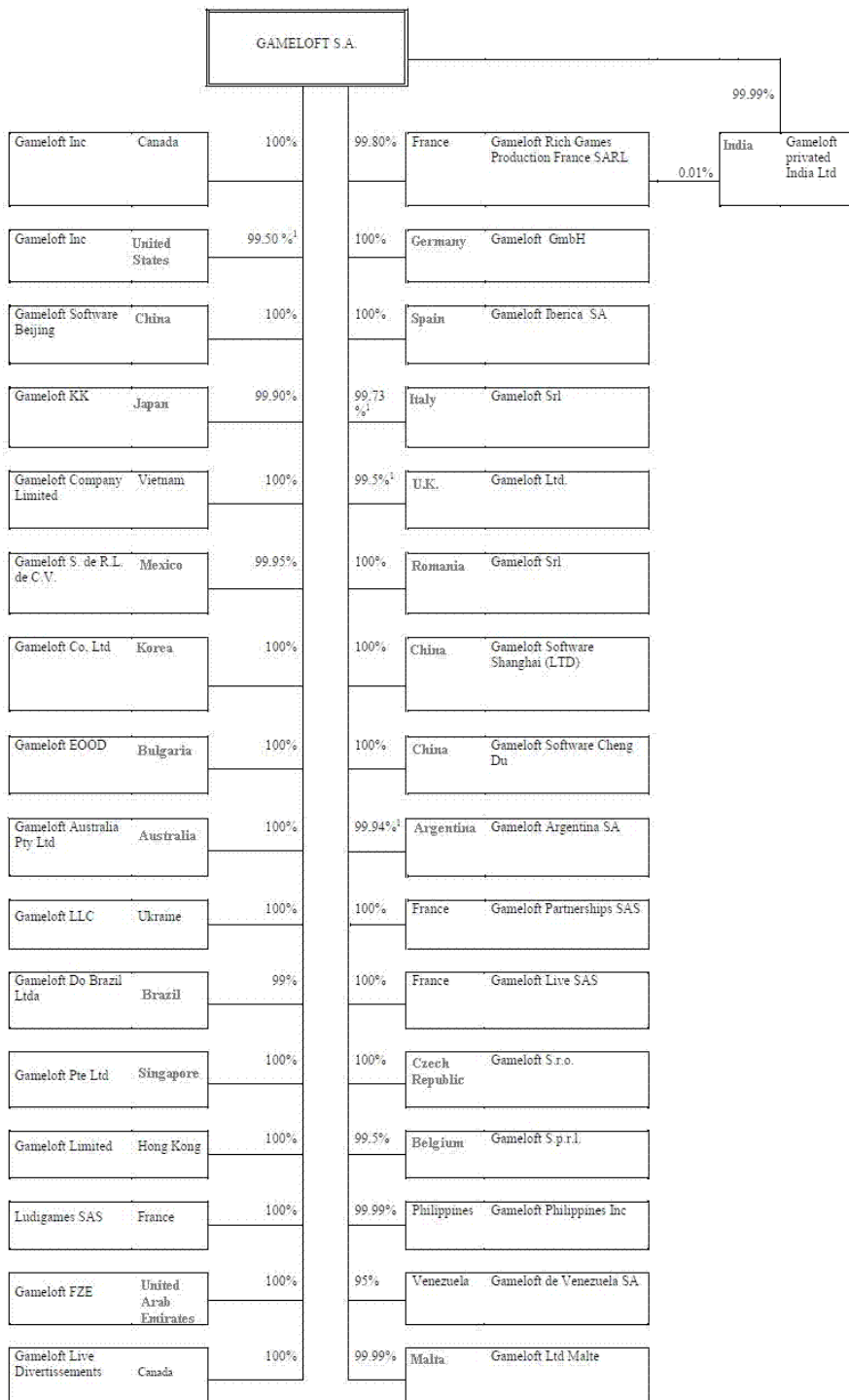
- management of employee agendas so that movement is limited to the minimum required;
- choosing modes of transportation that are the least costly, but also the most respectful of the environment;
- making use of video-conferences, audio-conferences and other collaborative methods.

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 specialized organizations or companies.

2.1.5 Subsidiaries and Equity Holdings

2.1.5.1 Organizational chart as of 31 December 2009



¹ tag end of the securities held directly by the Guillemot family

2.1.5.2 Fiscal year holdings

Furthermore, the company created the following subsidiaries abroad: Gameloft Live Divertissements in Canada and Gameloft FZE in the United Arab Emirates. For each of its subsidiaries, Gameloft S.A. holds 100% of the share capital.

2.1.5.3 Subsidiary activities

Subsidiaries (in thousands of euros)	Fiscal year ending 31/12/09		Fiscal year ending 31/12/08	
	Revenue	Profit/ Loss	Revenue	Profit/ Loss
Production activity				
Gameloft Software Shanghai LTD –China	4,994	192	4,144	220
Gameloft Rich Games Production France	3,202	53	3,445	107
Gameloft Ltd Vietnam	4,273	266	2,774	104
Gameloft Software Cheng Du	3,023	112	2,438	140
Distribution activity				
Gameloft GMBH Germany	1,087	-380	1,640	-456
Gameloft SRL (Italy)	2,174	123	2,402	23
Gameloft Partnerships	2,557	-27	3,080	101
Gameloft Australia Ltd	974	-116	1,575	-92
Gameloft Pte Ltd (Singapore)	141	-102	118	-48
Gameloft LTD (England)	4,917	-1,173	9,424	-983
Gameloft Limited (Hong Kong)	186	-518	287	-348
Gameloft Live	671	21	573	33
Gameloft Live Divertissements	744	29		
Gameloft Do Brasil Ltd	1,268	-297	1,966	-215
Gameloft Sro (Czech Republic)	163	-181	156	-100
Ludigames	68	-4		
Mixed activity				
Gameloft Inc –Canada	9,835	386	9,534	508
Gameloft Inc. United States	29,939	799	31,753	995
Gameloft Iberica SA (Spain)	5,568	-111	7,312	-588
Gameloft SRL (Romania)	6,338	141	7,685	224
Gameloft Software Beijing (China)	10,498	1,741	8,557	1,045
Gameloft KK (Japan)	6,571	-517	6,709	-967
Gameloft EOOD – Bulgaria	1,533	68	1,859	83
Gameloft Argentina	12,547	3,519	11,750	3,268
Gameloft Co, Ltd – Korea	733	-187	1,324	-1,782
Gameloft Privated Ltd - India	2,320	-45	2,669	988
Gameloft R.L. de C.V	6,555	269	5,932	671
Gameloft LLC	880	-3	621	-61
Gameloft Philippines	1,015	58		

The group's activity is divided into two:

- 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 Pte Ltd in Singapore, Gameloft Limited in Hong Kong, Gameloft Live in France, Gameloft Partnerships

in France, Ludigames in France and Gameloft SA in France which distribute Gameloft's catalog of games for mobile phones in their respective regions.

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

Some subsidiaries are active in both categories, such as Gameloft Iberica, Gameloft Inc., 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 2009.

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 licenses in different genres, and more generally, to grow its market share.

2.1.6.2 Research and development policy

Gameloft invests heavily in research and development in order to create and develop innovative, high-quality games. The part of research and development, not excluded from self-constructed assets and charges related to stock options, represents 52.6% 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.

In keeping with 2008, development costs for downloadable consoles are capitalized 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 900 different models of mobile telephones on the market and the 12 languages it supports. Given this extreme fragmentation and the more general nature of the sales-related information received from 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 capitalization 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

Risks identified are categorized by type of risk.

2.1.7.1 Risks related to activity

2.1.7.1.1 Risk related to failure to implement the development plan

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

2.1.7.1.2 Risk 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.

2.1.7.1.3 Risk of delay in the release of a major game

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

2.1.7.1.4 Risk 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 effective and innovative games require specific expertise. Gameloft could face challenges in terms of recruiting experienced individuals with specialized technical skills at its studios to ensure its growth.

The company is organized today in such a way as to minimize risk related to the departure or extended unavailability of key employees or managers. One measure aimed at reducing this risk is stock option plans.

2.1.7.1.5 Risk related to employee departure

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.

2.1.7.1.6 Risk related to dependence on customers

Since the company has a large number of customers all over the world through its 180 operators and 150 affiliates, it has no significant dependence on customers that is likely to affect its development plan. Only Apple represents more than 15% of the Gameloft Group's pre-tax revenue.

2.1.7.1.7 Risk related to dependence on suppliers and subcontractors

The company has no significant financial dependence on its suppliers that is likely to affect its development plan. Gameloft primarily uses suppliers of technology and licenses in connection with its business. In 2009, it may have had an activity-related risk linked to dependence on console manufacturers for the supply of game cartridges (Nintendo, Sony, etc.).

2.1.7.1.8 Risk 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.

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

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

statements. These factors may result in differences between Gameloft's actual results and any of the statements contained in this document.

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

2.1.7.1.10 Risk related to growth management

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

2.1.7.1.11 Risk related to changes in technology

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

2.1.7.1.12 Risk 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 therefore choose the development format of a game. This selective and strategic choice is very important relative to the amounts invested. An inappropriate choice could have negative consequences on expected revenue.

In this way, while continuing to invest in new technologies (for example, most recently, the iPad) and developing its catalog of licenses, 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 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 risk in the next few years.

While the video game industry has been impacted by the worldwide economic crisis, the market's growth prospects remain positive and fundamentally sound. Gameloft showed in 2009 that its economic model, which combines competitive development costs, a varied arrangement of private brands, constant innovation and reaction capacity, is solid. Meanwhile, if the deterioration of the world economy surpasses current expectations, this could have an additional impact on the performance of the business.

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).

2.1.7.2.3 Intellectual property risk

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

This catalog'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 license agreements

Each year, Gameloft signs numerous partnership contracts that allows it to develop its game catalog 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 this impact is not offset by other new licenses. Licenses represented 37% of downloads in 2009, including 9% for UBISOFT licensed games.

2.1.7.3 Industrial risk or risk 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 risk

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;
- centralized monitoring and managing of its risk exposure;
- not making use of derivatives except for economic coverage

2.1.7.4.1 Risk 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 centralization 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:

Euro-currency rate	31.12.09		31.12.08	
	Average rate	Closing rate	Average rate	Closing rate
US dollar	1.39327	1.4406	1.47059	1.3917
Canadian dollar	1.58519	1.5128	1.55928	1.6998
Pound sterling	0.89105	0.88810	0.79654	0.9525
Japanese yen	130.24437	133.16000	152.33161	126.1400

Argentine peso	5.20200	5.46950	4.64197	4.8065
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2.1.7.4.2 Liquidity risk

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

2.1.7.4.3 Interest-rate risk

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.

2.1.7.4.4 Risk related to the need for additional capital

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

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

2.1.7.4.5 Risk 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.

2.1.7.4.6 Investment policy

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 December 2009, financial investments consisted of an interest-bearing account with guaranteed capital and interest.

2.1.7.5 Insurance and risk coverage

In order to optimize and centralize risk management and to prevent losses, Gameloft has put in place, as of 1 January 2008, and has regularly renewed since, a group insurance program that allows all its subsidiaries to have full professional civil liability and operational civil liability coverage.

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

2.1.8 Commitments

A number of games are marketed under license 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 €3,935,000.

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.

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

- Authorization of a guarantee commitment in favor of Divertissement Canada Inc. under a framework lease agreement made between Gameloft Canada and Dell Financial Services Canada Ltd. in the amount of CAD 250,000.

- 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.
- Authorization of a bond agreement in favor of Gameloft Argentina SA, the company's subsidiary in Argentina, for the signing of a lease concerning the offices in Buenos Aires (Argentina) with Irsa Inversiones y Representaciones SA in the amount of USD 144,000.

2.1.9 Recent events, outlooks and strategies

2.1.9.1 Recent trends: publication of revenue for Q1 2010

Consolidated revenue for the first quarter of 2010 increased by 7% to 33 million euros. Europe represented 37% of revenue, North America 34% and the rest of the world 29%.

million euros	FY 2010	FY 2009	Change
1 st quarter	33.0	30.8	+7%

On a comparable exchange rate basis, growth rate in revenue for the first three months of fiscal year 2010 is 8%.

The Group's sales have therefore progressed in a very satisfactory manner in the first three months of fiscal year 2010. Activity is bolstered by the company's growing market share with traditional phones using Java and Brew as well as the massive success encountered in the smartphone market. Gameloft has notably established itself as one of the top publishers of games for Apple's AppStore with 63 games launched for iPhone and iPod Touch since July 2008. Apple has thus made up 21% of Gameloft's sales in the first quarter of 2010.

The recent and expected launches of high-performance smartphones from Apple, Palm, Samsung, Nokia and Google, should help sustain Gameloft's growth in the coming quarters. On the other hand, the launching of new devices that are particularly well suited to video games, such as Apple's iPad, will allow Gameloft to continue to diversify onto new formats and provide the company with exciting areas of growth.

The company anticipates that fiscal year 2010 will bring growth in terms of both revenue and profitability. In the long term, Gameloft seems ideally positioned to benefit from the rapid emergence of digital distribution of video games for mobile phones, tablets and consoles, as well as from the major technological innovations brought to the market by the likes of Apple, Samsung, Nokia and Google.

2.1.9.2 Future outlook of the Group

With activity up by 15% in 2008 and 11% during fiscal year 2009, Gameloft seems to be holding up well for the time being against the global economic slowdown.

However, it is worth noting that:

1. Since Gameloft games are downloaded only onto Java and Brew telephones and latest-generation "Smartphones", the penetration rate of these phones will determine the success of Gameloft's offering in the mobile telephony market;
2. The strong growth in the downloadable games market could bring about more intense competition. Gameloft's ability to consolidate its current position among the market leaders will impact the growth of its business. 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, iPhone, 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. Electronic Arts and Gameloft 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, many of them still exist today. The level of competition is therefore less intense than it was two years ago despite the fact that it remains fairly high in absolute terms. Thus, the competitor which poses the most risk to Gameloft today is Electronic Arts, which has access to greater means than those of Gameloft.

At the end of 2009, Gameloft had nearly 4,265 employees, an increase of 6% compared to the end of 2008 when 3,579 people worked on developing games. This production force, which is unique in the mobile game industry, when combined with the quality of the company's creations, should allow Gameloft to pursue the growth of its revenue and market share.

2.1.9.3 The group's strategy

Since 2002, the company has strongly invested in its ability to create and distribute downloadable games. This investment has allowed Gameloft to grow rapidly in the last few years and to position itself as a leader in the market. This has translated into the increased profitability of the company. Today, Gameloft has at its disposal:

- the greatest internal development capabilities in the industry, well ahead of its competitors;
- a large catalog of products generating recurring revenue. The company's Java and Brew catalog is comprised of over 300 games and covers over 900 models of mobile phone. Furthermore, Gameloft has placed 65 games online on Apple's AppStore, 20 games on the Palm store, 40 games on Google's Android store, 90 games on Nokia's Ovi Store, 12 games on Samsung's A-Store and 125 games on RIM's AppWorld;
- a growing number of market opportunities for its products as indicated by the release of Gameloft games for Apple's iPhone, iPod Touch and iPad, on Xbox Live, on Nintendo DSi, as well as PS3 and Wii;
- unique know-how that is illustrated by the numerous prizes that its mobile games have received around the world;
- new licenses that have successfully been added to Gameloft's catalog like *Avatar*, *Blokus*, *Spider-Man*, *Shrek Forever After*, *Iron Man 2*, *NBA*;
- a unique distribution network made up of more than 200 operators and 100 affiliates that distribute Gameloft's games in more the 80 countries around the world.

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

- creating in house a diversified, high-quality catalog of downloadable games,
- making this catalog available on the largest number of mobile phones and consoles,
- including world-renowned licenses in its catalog,
- implementing the most extensive distribution network in the world.

2.1.9.2.1 The only game catalog of its kind in the world

To date, more than 3,570 Gameloft Group employees are involved in developing mobile phone and console games. This creative force, unparalleled in the downloadable game industry, has allowed the company to develop a catalog of more than 300 mobile and console games covering all genres, including mass market, action, sport, puzzle and adventure games, to name a few. The development activity includes the creation of new games and porting, which entails adapting each new game to all models of mobile telephones. The greatest barrier to penetrating the mobile game sector is this large number of telephone models on the market. All mobile phone manufacturers develop their own lines of phones which differ from their competitors' models. Although the technology used is the same from one telephone to another (Java or Brew), the screens differ in size, the processors have different characteristics, and so on. Each mobile game must therefore be adapted to many models of phones in order to reach the largest number of consumers. Today, Gameloft's catalog covers more than 900 different telephones in 12 languages, making it accessible to the vast majority of owners of Java or Brew phones.

Gameloft's game catalog

Action/Adventure	Mass market/Arcade	Sport
Air Strike 1944	1000 Words	Asphalt: Urban GT
America's Army	1 vs. 100	Asphalt: Urban GT 3D
American Gangster	Abacadaball	Asphalt: Urban GT II
Assassin's Creed	Deal or No Deal	Asphalt: Urban GT II 3D

Assassin's Creed HD	The Legend of Beowulf	Asphalt 3: Street Rules
Assault Wings 1944	<i>Asterix et Obelix contre Cleopatre</i>	Asphalt 3: Street Rules 3D
Avatar	Block Breaker Deluxe	Asphalt 4 Elite Racing
Brothers in Arms 3D	Block Breaker Deluxe 2	Asphalt 4 Elite Racing 3D
Brothers in Arms Earned in Blood	Brain Challenge	Death Race
Brothers in Arms Art of War	Brain Challenge 2 : Anti-Stress	Derek Jeter Pro Baseball 2005
Cartel Wars	Bubble Bash	Derek Jeter Pro Baseball 2006
Chuck Norris: Bring on the Pain	Camera Café	Derek Jeter Pro Baseball 2005 3D
Diamond Rush	Castle of Magic	Derek Jeter Pro Baseball 2006 3D
Die Hard 4	Catz	Derek Jeter Pro Baseball 2007
Earth Invasion	Chessmaster	Derek Jeter Pro Baseball 2008
Earthworm Jim	Christmas Pool	Derek Jeter Pro Baseball 2009
Far Cry 2	Cluster Pirate	Driver L.A. Undercover
Gangstar	Crazy Taxi	Extreme Forest Shooting
Gangstar 2: Kings of L.A.	Desperate Housewives	Marcel Desailly Pro Soccer
Ghost Recon 2	Diamond Twister	2004 Real Football
Ghost Recon Jungle Storm 3D	Dogz	2005 Real Football
Gulo's Tale	Domino Fever	2006 Real Football
H.A.W.X.	Figures and Letters	2006 Real Football 3D
Heroes	E=M6	2007 Real Football
Hero of Sparta	Fatal Bazooka	2007 Real Football 3D
Horse Riding Academy	Fort Boyard	2008 Real Football
King Kong	Football Trivia	2009 Real Football
Surf's Up	Gameloft Backgammon	2009 Real Football 3D
Open Season	Gameloft Casino	2010 Real Football
Lost	Gameloft's Solitaire	Ultimate Street Football
Medieval Combat: Age of Glory	Grey's Anatomy	Football Mega Party
The Mummy: Tomb of the Dragon Emperor	Guitar Rock Tour	Real Football: European Tournament
Might and Magic	Guitar Rock Tour 2	Real Football: Manager Edition 2009
Might and Magic II	Holiday Midnight Pool	And1 Streetball
Mission Impossible 3	Ibiza Beach Party	Ferrari GT Evolution
Nightmare Creatures	King Kong Pinball	Ferrari World Championships
Open Season	Las Vegas Nights	GT Racing: Motor Academy
Pirates of the Seven Seas	CSI: NY	Kevin Pietersen Pro Cricket 2007
Planet Zero	CSI: Vegas	Kobe Bryant Pro Basketball 2008
Prince of Persia The Two Thrones	CSI: Miami	K.O. Fighters
Prince of Persia, Harem Adventures	Lock'em Up	Massive Snowboarding 3D
Prince of Persia, Sands of Time	Lover or Loser	NBA Pro Basketball 2009
Prince of Persia, Warrior Within	Love Triangle: Dating Challenge	NBA Smash!
Prince of Persia Classic	Megacity Empire New York	Nitrostreet Racing

Prince of Persia HD	Miami Nights: Singles in the City	Nitrostreet Racing 2
Rail Rider	Midnight Bowling	Nitrostreet Racing 2D
Rainbow Six Raven Shield	Midnight Bowling 3D	Off-Road Dirt Motocross
Rainbow6 Broken Wing	Midnight Bowling 2	Pro Rally Racing
Rainbow6 Urban Crisis	Midnight Casino	Pro Moto Racing
Rayman 3	Midnight Darts	Vijay Singh Pro Golf 2005
Rayman Raving Rabbids	Midnight Hold'em Poker	Vijay Singh Pro Golf 2005 3D
Rise of Lost Empires	Midnight Hold'em Poker 3D	Vijay Singh Pro Golf 2007
Shrek the Third	Midnight Pool	Vijay Singh Pro Golf 2007 3D
Shrek Party	Midnight Pool 3D	Pro Golf 2008 feat Vijay Singh 3D
Siberian Strike	Midnight Pool 2	Pro Golf 2010 World Tour
Siberian Strike, Ep2	Million Dollar Poker Featuring Gus Hansen	Rayman Golf
Soul of Darkness	Mystery Mansion Pinball	Rayman Kart
Special Crime Unit	My English Trainer: l'anglais facile	Rayman Raving Rabbids
Spider-Man: Toxic City	Naval Battle Mission Commander	Rayman Ultimate
Splinter Cell	New York Nights	Real Football Manager
Splinter Cell Chaos Theory	New York Nights 2: Friends for Life	Real Football Manager 2010
Splinter Cell Chaos Theory 3D	Paris Nights	Real Football Manager Edition
Splinter Cell Double Agent	Paris Hilton's Diamond Quest	Rolland Garros 2008
Splinter Cell Pandora Tomorrow	Petz	Rolland Garros 2009
Splinter Cell Pandora Tomorrow 3D	Platinum Kakuro	Reggie Bush Pro Football 2007
Terminator Salvation	Platinum Mahjong	Real Rugby 2007
Tom Clancy's Ghost Recon Jungle Storm	Platinum Solitaire	Samuel Eto'o Street Football
Tom Clancy's Rainbow Six 3	Platinum Solitaire 2	Skate and Slam
Tom Clancy's Rainbow Six Lockdown	Platinum Sudoku	Speed Devils
Tom Clancy's Rainbow Six Vegas	Platinum Sudoku 2	Summer Volley
Tom Clancy's H.A.W.X.	Pop Superstar	Tennis Open 2007
Totally Spies	Question for a Champion	Turbo Jet Ski
War of the Worlds	Rayman Bowling	Turbo Jet Ski 3D
XIII: Covert Identity	Rock n'Blocks	Wimbledon 2008
Zombie Infection	Sexy Blocks	Wimbledon 2009
The Settlers	Sexy Poker 2004	
	Sexy Poker 2005	
	Sexy Poker 2006	
	Sexy Poker Manga	
	Sexy Vegas	
	Spring Break: Cancun goes wild	
	Surf' up	
	The OCs	

	Sherlock Holmes	
	Uno	

Source: Gameloft, March 2010

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 1,200 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 capitalizing development costs. Since Gameloft does not meet all the capitalization 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 capitalize its development costs related to the creation of games for Nintendo, Sony and Microsoft consoles: Nintendo DS, Nintendo DSi, Nintendo Wii, Nintendo WiiWare, Xbox Live Arcade, PS3, PS2, PS3 Store and PSP Store.

By choosing to insource all its design teams, the company places special emphasis on the quality of its productions. Thus for the fourth straight year, Gameloft was chosen as the best game developer in 2008 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 honors which the company has received around the world:

- Gameloft was awarded the 2009 prize for Best Developer for iPhone by the leading reference site PocketGamer
- Gameloft ranked at the top of the compiled PG.biz ratings in 2008. This is a compilation of the ratings obtained by all games released in 2008 by all publishers and assigned by the industry's leading websites. By achieving a top ranking, Gameloft was recognized by the media as the best publisher of mobile games in 2008.
- 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.
- In 2008, Might & Magic II was named best game of the year by the American 1Up.com website.
- Gameloft received the "iLounge Editor's Choice Developer" award for 2009
- Gameloft also received the 2009 "Editor's Choice" award for iPhone/iPod Touch for Modern Combat: Sandstorm
- Brain Challenge - Nintendo DS - IGN 7.5/10

"And you thought a good third-party brain game was impossible. [...]Gameloft may have done a first with their newest title, Brain Challenge. They created a third party brain game that manages to actually be fun and functional. [...]If you're the type of person that loves brain games and has been dying for another decent one to come out so you can prove your cognitive prowess, then Brain Challenge is the third-party answer to your prayers."

- Bubble Bash - iPod - Generation Gamerz 5/5

"Gameloft has created many good games for mobile phones, PCs and, more recently, Xbox 360. They are now venturing into an area where very few developers have gone until now – the Apple iPod world. (...) Everything about this game is excellent."

- Brain Challenge - Xbox Live Arcade - IGN 7.2/10

"Brain Challenge is the first brain training game to come to Xbox Live Arcade, and it makes a solid entrance with its large variety of minigames"

- Brothers in Arms - Nintendo DS - IGN 8.0/10

"This is one of the best looking 3D games on the Nintendo DS, without a doubt. [...]But Gameloft really deserves the kudos for this DS product"

In addition, Gameloft games consistently receive the highest ratings from magazines and websites specializing in video games:

For the mobile section:

- *Cops*, *Earthworm Jim* and *Chuck Norris* received a score of 9/10 on the PocketGamer site in 2009.
- The following games received a score of 8/10 on the PocketGamer site in 2009:
 - *Sherlock Holmes*
 - *Asterix & Obelix Encounter Cleopatra*
 - *Assassin's Creed 2*
 - *Real Football 2010*
 - *Real Football Manager 2010*
 - *Guitar Rock Tour 2*

- *Bubble Bash 2*
- *Uno*
- *Platinum Sudoku*
- *Crazy Taxi*
- *Paris Nights*
- *Date or Ditch*

For the iPhone section:

- *The Oregon Trail, Siberian Strike, Dungeon Hunter* and *NOVA* received a score of 9/10 on the PocketGamer site in 2009.
- The following games received a score of 8/10 on the PocketGamer site 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*
 - *Assassin's Creed*

Some game scores from previous fiscal years:

Zombie Infection received a 10/10 score on the PocketGamer website in 2008,
Castle of Magic, Far Cry 2, Chuck Norris and *The Oregon Trail* received a score of 9/10 on the PocketGamer site in 2008.

The following games received a score of 8/10 on the PocketGamer site in 2008:

- *Paris Nights*
- *Gangstar 2*
- *Shrek Party*
- *Real Football Manager 2009*
- *Prince of Persia*
- *Wonder Blocks*
- *Real Football 2009*
- *CSI: NY*
- *DJ Mix Tour*
- *Hero of Sparta (both iPhone and mobile versions)*
- *Platinum Solitaire II*
- *Date or Ditch*
- *Asphalt 4 Elite Racing (N-gage)*
- *Block Breaker Deluxe (iPhone)*
- *Guitar Rock Tour (iPhone)*
- *TV Show King*

Below are some game scores from 2007:

- *Real Football 2007*: 8/10 and Silver Award from Pocket Gamer
- *Might and Magic*: 9/10 from IGN, 4.5/5 from Wireless World and 9/10 from Gamespot
- *Splinter Cell: Pandora Tomorrow*: 10/10 from IGN
- *Tennis Open 2007*: 90% from Air Gamer, 4/5 from Modojo
- *Lost*: 9/10 from Play2Go and 80% from Air Gamer
- *Special Crime Unit*: 8/10 and Editor's Choice from IGN, 86% from Air Gamer and Bronze Award from Pocket Gamer
- *Tom Clancy's Rainbow Six: Vegas*: 91% from Air Gamer
- *Desperate Housewives*: 86% and award from Air Gamer
- *Pro Golf 2007 Feat. Vijay Singh*: 88% and Award from Air Gamer, 8/10 from PocketGamer
- *Brothers in Arms: Earned in Blood*: 9.5/10 from IGN

- *Brain Challenge*: 8.3/10 from IGN
- *Splinter Cell: Double Agent*: 9/10 from IGN
- *Air Strike 1944*: 9/10 and Gold Award from Play2Go and 90% from Air Gamer
- *The OC*: 91% and Gold Award from Mobile Games, 9/10 from Midlet Review
- *Diamond Rush*: 10/10 from Cell Freak, 90% and Award from Air Gamer
- *Tropical Madness*: 9/10 and Gold Award from Play2Go, Bronze Award from Pocket Gamer
- Etc.

2.1.9.2.2 A catalog of strong licenses

Gameloft has a clear positioning in a mass market. The use of world-renowned licenses and brands is therefore crucial for gaining a foothold in today's mobile game market. Gameloft has entered into many license agreements since January 2004 in an effort to enhance its mobile game catalog and ensure its leadership in this field. For example, the company owns the exclusive rights to the following licenses for mobile game development:

- Roland Garros, Wimbledon: two of the four Grand Slam tournaments
- Terminator Salvation
- Marvel's Iron Man 2
- Fox's Avatar, a James Cameron film that came out in December 2009
- Capcom's Resident Evil
- Sega's Sonic and Crazy Taxi
- Interplay's Earthworm Jim
- Uno and Blokus by Mattel
- Oregon Trail by Riverdeep
- Ferrari: the famed Ferrari brand has teamed up with Gameloft for the release of several games such as Ferrari World Championships and Ferrari GT Evolution
- Cesc Fabregas: Gameloft's *Real Football 2009* is based on the license for this international football player who plays for Arsenal, currently one of Europe's top teams.
- NBA: the official US basketball league has partnered with Gameloft for the NBA Pro Basketball 2009 game.
- NFL: the US football league has partnered with Gameloft for the NFL Football game.
- Hulk Hogan: the popular American wrestler lends his image to Gameloft's Hulkmania game.
- Lost, Desperate Housewives, Heroes, Grey's Anatomy and The OC are some of the most watched TV series in the world.
- The various versions of the CSI Crime Scene Investigation series: *CSI: Las Vegas*, *CSI: Miami* and *CSI: New York*.
- Deal or No Deal and 1 vs. 100: these TV games are among the Endemol production company's biggest hits.
- Lumines and Meteos: these two games from Japan are among the best-selling games for Sony PSP.
- Die Hard 4: Live Free or Die Hard: the last instalment of the Die Hard series, one of the blockbusters of 2007 produced by Fox.
- Shrek the Third: produced by the DreamWorks studios, Shrek the Third was one of the three most highly anticipated films of 2007.
- King Kong: the latest film by Peter Jackson (director of the Lord of the Rings trilogy) was released at Christmas 2005 and distributed by Universal.
- FIFPRO Foundation: this license allows Gameloft to use all the official names of FIFA football players and teams.
- Vijay Singh: winner of 19 PGA Tour golf tournaments, Vijay Singh was ranked number 1 worldwide and was the leading PGA Tour money winner in 2004.
- Derek Jeter: considered one of the top baseball players, Derek Jeter has won four championship titles in his 10-year career. His talent on the field has earned him some of the most impressive team and individual awards (World Series and Rookie of the Year, 2004 Golden Glove Award and twice MVP - Most Valuable Player).
- Steven Gerrard, Patrick Vieira and Carlos Puyol: Gameloft's *Real Football 2007* is based on the license for these three international football players who play for today's top European teams.
- Geoff Rowley: voted skateboarder of the year in 2001, Geoff Rowley is regarded as one of the best skateboarders of his generation.
- Totally Spies: broadcast in nearly 200 countries on every continent, this series is scheduled on major channels which air it at strategic times for the target audience (Cartoon US, TF1, Jetix Europe, Pro7, Channel 4, Mediaset Rete Italia 4, ITV, Teletoon Canada, Nickelodeon Australia, TV Tokyo and so on).
- Vans: this trendy skateboarding and surfing clothing brand was created in the late 1970s in California. Vans is very well known among 10-24 year olds and is associated with Gameloft's latest skateboarding game under the Geoff Rowley license.

- FHM (EMAP): The top-selling FHM magazine played a part in Gameloft's release of its *FHM Sexy Poker* game.
- Ford, GM, Jaguar, Lotus, Lamborghini, Nissan, Audi, Aston Martin, TVR, Morgan Motors, and Volkswagen: all these automobile manufacturers are Gameloft partners for the *Asphalt: Urban GT* game, which was released in the fourth quarter of 2004 on Nokia's N-Gage and the Nintendo DS.
- BMW, Daimler Chrysler, Ducati, GM, Lamborghini, Nissan, Aston Martin, TVR, McLaren, Mercedes-Benz, Mitsubishi Motors, Triumph Designs, and Volkswagen: all these automobile manufacturers are Gameloft partners for the *Asphalt Urban GT 2* game, which was released in the fourth quarter of 2005 for portable telephones and the Nintendo DS.
- BMW, Ducati, Ford, GM, Lamborghini, Nissan, Aston Martin, Kawasaki, Pagani, and Ruf: all these automobile manufacturers are Gameloft partners for the *Asphalt 3: Street Rules* game released in 2006.
- Fabio Cannavaro, Robinho and Peter Crouch: Gameloft's *Real Football 2008* is based on the license for these three international football players who play for today's top European teams.
- Lleyton Hewitt: one of the world's top tennis players lends his image to Gameloft's tennis simulation: *Lleyton Hewitt Open Tennis 2007*.
- John Wilkinson and Christophe Dominici: Gameloft's *Real Rugby 2007* is based on the license for these two international rugby players who play for today's top teams in the world.
- Samuel Eto'o: one of the world's most renowned football players lends his image to Gameloft's street soccer game: *Underground Street Soccer*.
- Gus Hansen: one of the world's leading poker players lends his image to Gameloft's: *Million Dollar Poker Featuring Gus Hansen*.
- Beowulf: produced by Paramount, Beowulf was one of the most highly-anticipated films of 2007.
- BMW, Ford, General Motors, Peugeot, Chrysler, Nissan, Subaru and Volkswagen: all these automobile manufacturers partnered with Gameloft for *NitroStreet Racing*, which was released in 2007.
- American Gangster: a Universal Studios production released in 2007.
- Ducati, Kawasaki, Suzuki, Gresini Racing and Pramac d'Antin: all these Moto GP championship teams partnered with Gameloft for *Pro Bike Racing*, which was released in 2007.
- Citroen, Peugeot, Ford, Skoda, Subaru and Mitsubishi: all these automobile manufacturers partnered with Gameloft for *Pro Rally Racing*, which was released in 2007.
- Aston Martin, BMW, Ducati, Ferrari, Ford, General Motors, Lotus, Nissan and Ruf: all these manufacturers are partners for our *Asphalt 4* game, which was released in the last quarter of 2008.
- Etc.

Under the exclusive agreement made with Ubisoft at the time of Gameloft's creation, the company has had access since 2000 to world-renowned licenses that have made it one of the leaders in this market. The company has used the Ubisoft licenses since January 2004 to launch a number of products, including *Far Cry 2*, *Dogz 2*, *Tom Clancy's Splinter Cell Double Agent*, *Tom Clancy's Splinter Cell Pandora Tomorrow*, *Tom Clancy's Splinter Cell Chaos Theory*, *Prince of Persia: Warrior Within*, *Prince of Persia: The Two Thrones*, *Tom Clancy's Rainbow Six Lockdown*, *Tom Clancy's Rainbow Six Vegas*, *Rayman Raving Rabbids*, *Might and Magic* and *Assassin's Creed*.

2.1.9.2.3 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	Bresil 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	Conecel, 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	Finlande Elisa, Telia	Colombia	BellSouth, Columbia Movil
Lithuania	Bite, Omnitel	Puerto Rico	Verizon, Centennial
Estonia	Radiolinja Eesti, Tele 2	Nicaragua	Bell South
Romania	Orange, Vodafone	Rest of the world	
Croatia	VIPnet, HT Mobile	Israel	Orange, Cellcom, Pelephone
Slovenia	SiMobil, Mobitel	Turkey	Turkcell
Serbia	Telekom Srbija	Egypt	Vodafone
Bulgaria	Mobitel	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

2.1.9.3 Market outlook

Gameloft is one the companies that stands to benefit the most from innovations by long-time telephone manufacturers such as Nokia and Samsung and from the arrival of powerful newcomers the likes of Apple and Google. Furthermore, Gameloft continues to acquire significant market share in traditional Java and Brew telephones which represented 78% of the company's revenue for 2009.

The company therefore anticipates growth in 2010 in both revenue and profitability.

2.2 Year-end financial statements at 31 December 2009

2.2.1 The Gameloft Group's consolidated financial statements at 31 December 2009

2.2.1.1 Consolidated statement of comprehensive income 31 December 2009

	12-month fiscal year 31.12.09	12-month fiscal year 31.12.08
Revenue	121,972	110,332
Self-constructed assets	5,380	6,455
Closing inventory	-1,940	2,397
Other business-related income	1,540	259
Cost of sales	12,990	13,498
Research & Development costs	64,124	64,303
Commercial expense	28,763	30,718
Overhead costs	9,908	9,857
Change in inventories of finished products	31	28
Provisions	2,168	1,365
Other operating income and expenses	-1,216	794
Operating income/expense from ordinary activities	7,753	467
Other non-recurring income	-	-
Other non-recurring expenses	-41	-115
Operating income/expense	7,712	352
Cash and cash equivalents income*	155	309
Cost of gross financial debt*	-67	-113
Cost of net financial debt (proceeds)	88	197
Financial income	2,669	5,033
Financial expense	2,312	6,458
Net financial income/expense	445	-1,228
Employees' interest	146	-
Tax expense	2,040	933
Share in earnings of equity-accounted companies	-	-
Net profit/loss before income from businesses discontinued or being sold	5,972	-1,809
Profit/loss of businesses discontinued or being sold	-	-
Net profit/loss:		
Of the consolidated group	5,972	-1,809
Minority interests	-	-
Earnings per share	0.081	-0.025
Diluted earnings per share	0.079	-0.025

* including

- financial income from affiliates not fully or proportionately consolidated at 31 December 2009: -€K
- financial expenses related to affiliates not fully or proportionately consolidated at 31 December 2009: -€K

	12-month fiscal year 31.12.09	12-month fiscal year 31.12.08
Net profit/loss (group share)	5,972	-1,809
Translation gains/losses, net of tax	-1,020	399
Revaluation of derivative instrument cover	-	-
Revaluation of assets	-	-
Other	-	-
Other parts of the comprehensive income (recorded under share holder's equity and net of tax)	-1,020	399
Comprehensive consolidated income	4,952	-1,410

Revenue increased by 11% compared to the previous fiscal year.

The current operating expenses were slightly lower than the year before (1%) due to a refocusing of communication costs and diminishing advertising expenditures.

The operating result is positive and reached €7,712,000.

Financial income is primarily made up of the recognition of interest income from cash investments and gains on exchange.

Financial expenses are primarily made up of losses from exchange differentials.

2.2.1.2 Consolidated financial statement at 31 December 2009

ASSETS	12-month fiscal year - Net	
	31.12.09	31.12.08
Goodwill	-	-
Other intangible assets	12,602	11,228
Tangible assets*	4,579	5,083
Non-current financial assets	1,948	2,619
Deferred tax assets	1,339	987
Other non-current receivables	1,424	963
Assets being sold or discontinued businesses	-	55
Non-current assets	21,892	20,935
Inventory and work in progress	457	2,428
Advance payments made	149	124
Trade receivables and related accounts	32,626	35,143
Financial assets**	-	-
Other receivables and accruals	8,525	6,877
Cash and cash equivalents	19,804	11,474
Current assets	61,562	56,046
Total assets	83,454	76,981

* including assets under a financial lease: €111,000 in 2009 and €99,000 in

** including advances to affiliates not fully or proportionately consolidated at 31 December 2009: -€K

LIABILITIES	12-month fiscal year	
	31.12.09	31.12.08
Capital	3,740	3,680
Premiums	66,593	63,790
Consolidated reserves	-28,944	-27,284
Other reserves	12,577	11,059
Consolidated profit/loss	5,972	-1,809
Shareholders' equity (group share)	59,937	49,436
Minority interests	-	-
Total shareholders' equity	59,937	49,436
Provisions for contingencies and charges	159	-
Employee benefits	141	249
Financial debts	-	-
Advance payments received	-	-
Other debts	-	-
Deferred tax liabilities	1,339	1,049
Non-current liabilities	1,639	1,298
Provisions for contingencies and charges	-	-
Financial debts*	55	729
Trade payables and related accounts*	12,595	12,412
Advance payments received	-	70
Tax and social security liabilities	8,532	8,503
Other debts	697	4,532
Current liabilities	21,878	26,247
Total Liabilities	83,454	76,981

* including advances received by affiliates not fully or proportionately consolidated at 31 December 2009: 0 €K

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

The company carried out a share capital increase through the exercise of stock options and start-up company stock purchase warrants which reached maturity on 3 December 2009 in the amount of €2,863,000, issue premiums included. This contributed to the increase in shareholders’ equity over the previous year and to a profitable result of €5,972,000 for the period. Shareholders’ equity is positive at €59,937,000 versus €49,436,000 in 2008.

At year-end closing on 31 December 2009, there was a net financial surplus of €19,749,000 versus €10,744,000 on 31 December 2008.

The “Trade receivables and related accounts” item decreased by 7% compared to fiscal year 2008, however this amount constitutes a quarter of revenue and most of all because of more rigorous management of client debt.

The “Trade payables” item increased slightly in comparison with the year before.

The “Tax and social security liabilities” item varied very little in comparison with last fiscal year.

2.2.1.3 Consolidated cash flow statement at 31 December 2009

€K	12-month fiscal year	
	31.12.09	31.12.08
Cash flow from operating activities		
Net profit/loss	5,972	-1,809
Depreciation of tangible and intangible assets	11,880	10,283
Change in provisions	603	1,120
Change in deferred taxes	-165	933
Tax paid		-1,501
Income related to stock options and similar	2,686	2,696
Capital gains and losses	83	-637
Cash from operations	21,058	10,785
Change in inventories	1,971	-2,359
Change in trade receivables	61	-7,053
Change in operating liabilities	-3,690	5,811
Change in non-trade receivables		
Change in non-operating liabilities		
Total operating cash flow	-1,657	-3,601
Investment-related cash flow		
Purchases of intangible assets	-5,319	-6,624
Purchases of tangible assets	-2,362	-2,796
Purchases of financial assets	-11	-352
Purchases of other financial assets	-723	-371
Acquisition of advances on licenses	-5,782	-3,751
Sales of assets/Deconsolidation	110	1,358
Repayment of loans and other financial assets	870	441
Repayment of advances on licenses		
Change in reporting entity: net assets	80	83
Other cash flows		74
Total investment-related cash flows	-13,137	-11,938
Cash flow from financing activities		
New long- and medium-term loans		
Repayment of loans	-4	-42
Share capital increase	60	27
Increase in issue premium	2,803	930
Change in shareholders’ current accounts	-2	1

Other cash flows	-18	
Total cash flows from financing activities	2,839	916
Impact of translation gains and losses	-102	648
Change in cash and cash equivalents	9,002	-3,190
Net cash and cash equivalents at start of fiscal year	10,748	13,938
Net cash and cash equivalents at end of fiscal year	19,749	10,748

2.2.2 Gameloft SA individual financial statements at 31 December 2009

2.2.2.1 Gameloft SA income statement at 31 December 2009 (€K)

€K	12-month fiscal year ended 31.12.09	12-month fiscal year ended 31.12.08
Total operating income	100,693	94,853
Total operating expense	96,686	98,017
Operating profit/loss	4,007	-3,164
Total financial income (1)	6,599	4,932
Total financial expense (2)	5,916	6,825
Net financial income/expense	683	-1,893
Profit/loss from ordinary activities	4,690	-5,057
Extraordinary profit/loss	-49	-10
Pre-tax profit/loss	4,641	-5,067
Income tax	11	-
Net fiscal year profit/loss	4,653	-5,067
(1) including income related to affiliates:	3,111	177
(2) including expenses related to affiliates:	172	122

2.2.2.2 Gameloft SA balance sheet at 31 December 2009 (€K)

ASSETS	31.12.09	31.12.09	31.12.09	31.12.08
	Gross €K	Amort/dep €K	12-month fiscal year Net €K	12-month fiscal year Net €K
Intangible assets	34,090	22,148	11,942	10,673
Tangible assets	3,862	2,990	872	1,071
Financial assets	8,580	119	8,461	8,171
Long-term assets	46,532	25,257	21,275	19,915
Inventories of finished products	457	-	457	2,428
Advance payments made	-	-	-	-
Trade receivables and related accounts	59,722	2,352	57,370	52,234
Other receivables	10,725	3,252	7,473	10,754
Short-term investment securities	-	-	-	2,507
Cash on hand	12,625	-	12,625	2,621
Current assets	83,529	5,604	77,925	70,544
Accruals	1,248	-	1,248	2,643
Total Assets	131,309	30,861	100,448	93,101

LIABILITIES	31.12.09	31.12.09
	12-month fiscal year €K	12-month fiscal year €K
Capital	3,740	3,680
Premiums	66,593	63,790
Reserves	-23,224	-18,157
Fiscal year profit/loss	4,653	-5,067
Shareholders' equity	51,761	44,246
Provisions for contingencies and charges	1,062	2,577
Misc. financial debts (1)	6,139	5,741
Trade payables and related accounts	33,700	28,686
Tax and social security liabilities	1,513	1,906
Debts on assets	4,506	4,508
Other debts	601	4,280
Total debts	46,459	45,120
Accruals	1,166	1,158
Total Liabilities	100,448	93,101
(1) including partners' current accounts	6,088	5,716

2.2.3 Proposed allocation of profit

As you can see, less all expenses, taxes and depreciation, the accounts presented give a positive result of €4,652,693.66.

We propose allocating the gain of 31 December 2009, in the amount of €4,652,693.66, 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, no amounts, be they non-deductible expenses or costs under Article 39-4 of the French General Tax Code were registered in the current fiscal year.

The company does not hold any of its own stock at 31 December 2009 and has not engaged in any transaction involving its own stock during 2009.

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

Fiscal year	31.12.05	31.12.06	31.12.07	31.12.08	31.12.09
	12 months	12 months	12 months	12 months	12 months
Share capital (€)	3,442,516	3,537,829	3,652,918	3,680,255	3,739,894
No. of ordinary shares	68,850,316	70,756,584	73,058,357	73,605,094	74,797,874
No. of preferred shares	-	-	-	-	-
Maximum no. of shares that may be created	7,358,777	7,414,609	8,311,036	7,011,987	11,821,550
By exercised options	4,061,677	5,198,506	7,323,778	6,358,987	11,101,300
By bonus issues of shares					720,250
By BSPCE subscriptions	3,297,100	2,216,103	987,258	653,000	0
Revenue	35,586	47,901	74,236	84,911	96,252
Profit/loss before tax, profit-sharing, depreciation and provisions	-1,462	8,080	2,178	7,876	15,301
Income tax	19	-	-	-	-11
Profit-sharing	-	-	-	-	-
Profit/loss after tax, profit-sharing, depreciation and provisions	3,102	23,395	-2,538	-5,067	4,653
Dividend payout	-	-	-	-	-
Per share, profit/loss after tax and before depreciation and provisions (€)	-0.02	0.33	0.03	0.11	0.20
Per share, profit/loss after tax and depreciation and provisions (€)	0.04	0.11	-0.03	-0.07	0.06
Dividend allocated to each share	-	-	-	-	-
Average number of employees	41	36	40	35	30
Total payroll	3,313	3,828	3,929	4,007	3,898
Social security taxes and fringe benefits	1,463	1,615	1,752	1,821	1,719

2.2.5 The LME law – 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 2009, the balance of debts to suppliers breaks down by due date as follows:

€ K	Trade payables	Trade payables on assets	Total
Trade payables at 31 December 2009	3,812	552	4,364
Payments:			
0 to 30 days	1,281	35	1,316
30 to 60 days	573	2	575
Overdue	1,958	515	2,473
Total	3,812	552	4,364
Intra-group debts	24,748	4	24,752
Invoices pending GROUP	2,494	12	2,506
Invoices pending	2,646	3,938	6,584
Total accounts payable	33,700	4,506	38,206

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 81, rue Réaumur, 75002 Paris (France).

Legal form

Gameloft is a corporation 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 business address at 14, rue Auber 75009 Paris, or at the registered office.

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 incorporation

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

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

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

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

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

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

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

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

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

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 authorized 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 authorize 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, 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 Incorporation)

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

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

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

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

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

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

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

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

In accordance with Article L. 225-124 of the French Commercial Code, double voting rights are automatically revoked if the share is converted to a bearer share. They are also revoked if ownership of the shares is transferred. However, transfers resulting from succession, liquidation of communal property between spouses or gifts *inter vivos* in favor 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 Incorporation

The Articles of Incorporation 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 2009

2.3.2.2.1.1 Share capital increase

After exercising share rights attached to stock options and start-up company stock purchase warrants (BSPCE), the Gameloft Group's employees applied for 1,192,780 shares during the fiscal year ended 31 December 2009. This capital increase was noted by the Board of Directors on 21 January 2010. The company's share capital therefore increased by 59,639 euros through the issue of 1,192,780 new shares with a par value of 0.05 euros due to the exercising of share rights attached to stock warrants and start-up company stock purchase warrants issued (BSPCE) by the company.

2.3.2.2.1.2 Share capital at 31 December 2009

At 31 December 2009, Gameloft S.A.'s share capital consisted of 74,797,874 shares, each with a par value of 0.05 euros, for a total of 3,739,893.70 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 25 June 2009 renewed the authorization, previously given by the Combined General Meeting of 25 June 2008, in favor of the Board of Directors allowing the company to repurchase its own shares, pursuant to Article L. 225-209 of the French Commercial Code (hereinafter the "Buyback Program").

2.3.2.2.2.2 Description of the share buyback program from the Combined General Meeting of 25 June 2009

Affected shares: normal GAMELOFT SA shares listed on Euronext Paris Eurolist Compartment B, ISIN code: FR 0000079600.

Objectives of the new buyback program: the objectives of the program are defined as follows:

- 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 and in accordance with the French Commercial Code;
- to grant bonus shares within the framework of Articles L. 225-197-1 and in accordance with the French Commercial Code;
- to 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 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 recognized 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 recognized by the AMF.

Maximum share capital, maximum number, and characteristics of securities: the maximum purchase price per share is set at 5 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 at 31 May 2009 is 7,360,509. The total amount which the company can spend to buy back its own shares may not exceed 36,802,545 euros.

Duration of the program: this share buyback program is authorized to continue for eighteen months beginning from the Combined General Meeting of 25 June 2009, i.e. until 25 December 2010.

Status of the previous program: during the course of the previous share buyback program, the terms of which are described in the share buyback program approved by the Combined General Meeting of 25 June 2008, 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 authorized capital

2.3.2.2.3.1 Delegations granted by the General Meeting to the Board of Directors regarding capital increases

1- In its fourteenth resolution, the Combined General Meeting of 25 June 2009 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 authorization is valid was set at 26 months starting on the date of said General Meeting.

This authorization caused prior authorizations granted by the General Meeting to become null and void, including the unused portions, previous authorizations having the same purpose and particularly the eighth resolution of the Combined General Meeting of 25 June 2008.

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 fifteenth resolution, the Combined General Meeting of 25 June 2009 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 authorization is valid was set at 26 months starting on the date of said General Meeting.

This authorization caused prior authorizations granted by the General Meeting to become null and void, including the unused portions, previous authorizations having the same purpose and particularly the ninth resolution of the Combined General Meeting of 25 June 2008.

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 seventeenth resolution, the Combined General Meeting of 25 June 2009 approved a delegation with the intention to authorize 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 authorization is valid was set at 38 months starting on the date of said General Meeting.

This authorization caused prior authorizations granted by the General Meeting to become null and void, including the unused portions, previous authorizations having the same purpose and particularly the first resolution of the Extraordinary General Meeting of 4 November 2008.

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 eighteenth resolution, the Combined General Meeting of 25 June 2009 approved a delegation with the intention to authorize 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.

This authorization caused prior authorizations granted by the General Meeting to become null and void, including the unused portions, previous authorizations having the same purpose and particularly the twelfth resolution of the Combined General Meeting of 25 June 2008.

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.

5- In its nineteenth resolution, the Combined General Meeting of 25 June 2009 authorized 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 Labor 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 authorization is valid was set at 26 months starting on the date of said General Meeting.

This authorization caused prior authorizations granted by the General Meeting to become null and void, including the unused portions, previous authorizations having the same purpose and particularly the second resolution of the Extraordinary General Meeting of 4 November 2008.

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.

2.3.2.2.3.2 Summary table of delegations granted by the General Meeting to the Board of Directors regarding capital increases

	General Meeting	Term	Authorized 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 25 June 2009	Valid for 26 months starting on the date of said AGM, i.e. until 25 August 2011	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 25 June 2009	Valid for 26 months starting on the date of said AGM, i.e. until 25 August 2011	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 26 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 making up the share capital	-	-
Delegation to allow the granting of subscription options and share purchase rights to employees and company managers	AGM of 25 June 2009	Valid for 38 months starting on the date of said AGM, i.e. until 25 August 2012	The total number of shares related to subscription options may not exceed 5% of the shares making up the share capital	-	-
Delegation to decide share capital increase by issuing shares reserved for those enrolled in a group savings plan	AGM of 25 June 2009	Valid for 26 months starting on the date of said AGM, i.e. until 25 August 2011	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 2009, the number of subscription options open and not yet exercised rose to 11,101,300, and the number of bonus share issues rose to 720,250.

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 SA's capital would increase as follows:

	Potential shares	Potential capital (in euros)
BSPCE not exercised	0	0
Stock options not exercised	11,101,300	555,065.00
Bonus issues of shares	720,250	36,012.50
Total	11,821,550	591,077.50

At 31 December 2009, the exercise of all the warrants and options, namely 11,821,550 shares, would result in a potential dilution of 15.8%.

2.3.2.2.5 Share subscription options (plans in effect at 31 December 2009)

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	
including managers	0			5				0	
Start of exercise	11/01/08	11/01/09	11/01/10	11/01/08	11/01/09	11/01/10	11/01/11	07/06/10	07/06/11
End of exercise	11/01/12	11/01/12	11/01/12	11/01/12	11/01/12	11/01/12	11/01/12	07/06/12	07/06/12
Subscription price (€)	5.61	5.61	5.61	5.35	5.35	5.35	5.35	5.37	5.37
Options canceled at 31/12/09	93,000	93,000	93,000	82,400	82,400	186,200	103,800	15,000	15,000
Options exercised at 31/12/09	-	-	-	-	-	-	-	-	-
Options not yet exercised at 31/12/09	111,000	111,000	111,000	238,500	238,500	1,048,500	810,000	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		
including managers	1			4		
Start of exercise	03/01/09	03/01/10	03/01/11	03/01/09	03/01/10	03/01/11
End of exercise	03/01/13	03/01/13	03/01/13	03/01/13	03/01/13	03/01/13
Subscription price (€)	4.30	4.30	4.30	4.10	4.10	4.10
Options canceled at 31/12/09	66,300	66,300	66,300	73,400	73,400	242,500
Options exercised at 31/12/09	-	-	-	-	-	-
Options not yet exercised at 31/12/09	170,400	170,400	170,400	301,900	301,900	1,817,900

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		
including managers	1			4		
Start of exercise	11/04/10	11/04/11	11/04/12	11/04/10	11/04/11	11/04/12
End of exercise	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 canceled at 31/12/09	8,700	8,700	8,700	67,750	67,750	124,150
Options exercised at 31/12/09	-	-	-	-	-	-
Options not yet exercised at 31/12/09	169,400	169,400	169,400	480,800	480,800	1,889,000

Stock option plans approved in 2009:

	Managers and employees of the Gameloft Group	
Board of Directors' meeting	14/05/09	
Number of shares eligible for subscription:	2,208,500	
Number of people concerned:	189	
including managers	2	
Start of exercise	14/05/11	14/05/13
End of exercise	14/05/15	14/05/15
Subscription price (€)	2.36	2.36
Options canceled at 31/12/09	38,800	38,800
Options exercised at 31/12/09	-	-
Options not yet exercised at 31/12/09	1,065,450	1,065,450

Information on the employee stock ownership plan

Stock options granted to the top 10 non-management employee recipients and options exercised by them	Number	Weighted average price	Plan no. and expiration date
Options granted during the fiscal year by the issuer and any company authorized to grant the issuer's options to those holding the highest number of options thus granted (general information)	None.	-	-
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)	489,200	€2.40	Plan 5 - 03/12/2009

2.3.2.2.6 Bonus issues of shares (plans in effect at 31 December 2009)

	French managers and employees of Gameloft SA
Date of the Board of Director's meeting	21/04/09
Total number of shares	720,750

Total number of recipients	55
including 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 canceled at 31/12/09:	500
Total shares at 31/12/09	720,250

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 25 June 2009 authorized 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 authorization during the fiscal year ended 31 December 2009.

2.3.2.2.8 Change in share capital over the last three fiscal years

Date	Type of operation	No. of shares	Total no. of shares	Share par value	Issue premium		Total capital
					By cash contribution	By contribution in kind	
31/12/07	Share capital increase noted after exercise of stock options and BSPCE in 2007	2,301,773	73,058,357	€0.05	€4,268,459.55	€4,383,548.20	€3,652,917.85
31/12/08	Share capital increase noted after exercise of stock options and BSPCE in 2008	546,737	73,605,094	€0.05	€929,509.85	€956,846.70	€3,680,254.70
31/12/09	Share capital increase noted after exercise of stock options and BSPCE in 2009	1,192,780	74,797,874	€0.05	€59,639	€2,803,033	€3,739,893.70

2.3.2.2.9 Securities not representing capital

None.

2.3.2.2.10 Purchase rights or obligations linked to capital subscribed but not paid

None.

2.3.2.2.11 Options or agreements not conditional on a member of the Group.

None.

2.3.2.2.12 Identifying security holders

Article 5 of the Articles of Incorporation authorizes the company to implement a procedure identifying security holders.

2.3.2.2.13 Provision causing a delay in change in control

None.

2.3.2.2.14 Clause establishing approval requirement

None.

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

None.

2.3.2.2.16 Gameloft share

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 2007	5.34	4.45	4.88	5,268,025
February 2007	5.28	4.65	5.14	5,136,589
March 2007	5.25	4.65	5.01	6,998,819
April 2007	5.57	4.93	5.12	4,228,299
May 2007	6.05	5.60	5.84	7,964,323
June 2007	6.23	5.69	5.98	4,291,447
July 2007	6.54	5.25	6.13	4,748,411
August 2007	7.08	5.70	6.42	10,553,942
September 2007	6.45	5.49	5.83	3,884,098
October 2007	7.32	5.80	6.50	4,956,481
November 2007	7.22	5.80	6.42	4,051,262
December 2007	6.57	5.72	6.12	2,139,537
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

2.3.2.2.16.2 Change in number of shares

	Par value €	Number of shares	Amount in €K
At 01/09/00	0.7622	23,994,925	18,289
Offsetting of claims	0.7622	2,458,125	1,874
At 31/08/01	0.7622	26,453,050	20,164
Reserved capital increase on 07/12/01	0.7622	18,563,502	14,150
Reduction of capital on transitioning to the euro			-101
Merger with Ludigames on 29/03/02	0.76	17,832,213	13,552
At 31/12/02	0.76	62,848,765	47,765
No transactions during this period	-	-	-
At 31/12/03	0.76	62,848,765	47,765

Reduction of the par value	0.05	-	-44,623
Offsetting of claims	0.05	1,718,058	86
At 31/12/04	0.05	64,566,823	3,228
Offsetting of claims	0.05	2,623,296	131
Capital increase following the exercise of stock options and BSPCE	0.05	1,660,197	83
At 31/12/05	0.05	68,850,316	3,443
Reserved capital increase on 25/10/2005	0.05	116,477	6
Reserved capital increase on 21/03/2006	0.05	548,744	27
Reserved capital increase on 31/03/2006	0.05	588,397	29
Reserved capital increase on 15/09/2006	0.05	652,650	33
At 31/12/06	0.05	70,756,584	3,538
Capital increase following the exercise of stock options and BSPCE	0.05	2,301,773	115
At 31/12/07	0.05	73,058,357	3,653
Capital increase following the exercise of stock options and BSPCE	0.05	546,737	27
Au 31/12/08	0.05	73,605,094	3,680
Capital increase following the exercise of stock options and BSPCE	0.05	1,192,780	60
At 31/12/09	0.05	74,797,874	3,740

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 2007	<i>Capital and voting rights</i>			
	Number of shares	% of capital	Voting rights	% voting rights
Guillemot family	13,321,947	18.235%	21,921,248	26.773%
Guillemot Brothers S.A.	6,108,221	8.361%	9,538,496	11.650%
Claude Guillemot	2,142,706	2.933%	3,232,872	3.948%
Michel Guillemot	1,683,050	2.304%	2,770,560	3.384%
Yves Guillemot	1,080,049	1.478%	1,928,558	2.355%
G�rard Guillemot	801,188	1.097%	1,589,836	1.942%
Christian Guillemot	1,231,703	1.686%	2,320,866	2.835%
Yvette Guillemot	170,030	0.233%	340,060	0.415%
Marcel Guillemot	95,000	0.130%	190,000	0.232%
Tiphaine Guillemot	10,000	0.014%	10,000	0.012%
Guillemot Corporation S.A.	68,023	0.093%	68,023	0.083%
<i>IN CONCERT</i>	13,389,970	18.328%	21,989,271	26.856%
Treasury shares	-	0.000%	-	-
Calyon	9,200,000	12.593%	9,200,000	11.236%

Fidelity	8,198,324	11.222%	8,198,324	10.013%
Cominvest Asset Management	5,101,591	6.983%	5,101,591	6.231%
Dexia Asset Management	4,400,167	6.023%	4,400,167	5.374%
Public	32,768,305	44.852%	32,987,581	40.289%
Total	73,058,357	100%	81,876,934	100%

On 12 July 2007, Gameloft's principal shareholder, Ubisoft Entertainment, sold to Calyon Bank, Credit Agricole Group's Financing and Investment Bank, the 13,367,923 shares, i.e. 18.89% of capital, that it held in Gameloft.

At 31 December 2008

Capital and voting rights

	Number of shares	% of capital	Voting rights	% voting rights
Guillemot family	13,349,507	18.137%	21,948,808	26.633%
Guillemot Brothers S.A.	6,108,221	8.355%	9,538,496	11.642%
Claude Guillemot	2,142,706	2.911%	3,232,872	3.923%
Michel Guillemot	1,683,050	2.287%	2,770,560	3.362%
Yves Guillemot	957,609	1.301%	1,806,118	2.192%
G�rard Guillemot	801,188	1.088%	1,589,836	1.929%
Christian Guillemot	1,231,703	1.673%	2,320,866	2.816%
Yvette Guillemot	170,030	0.231%	340,060	0.413%
Marcel Guillemot	95,000	0.129%	190,000	0.231%
Tiphaine Guillemot	160,000	0.217%	160,000	0.194%
Guillemot Corporation S.A.	68,023	0.092%	68,023	0.083%
<i>IN CONCERT</i>	13,417,530	18.229%	22,016,831	26.716%
Treasury shares	-	0.000%	-	-
Calyon	9,178,725	12.470%	9,178,725	11.138%
Fidelity (FMR)	8,377,701	11.382%	8,377,701	10.166%
T. Rowe Price	7,656,370	10.402%	5,023,500	6.096%
Cominvest Asset Management	5,101,591	6.931%	5,101,591	6.190%
Amiral Gestion	4,239,505	5.760%	4,239,505	5.144%
Public	25,633,672	34.826%	28,472,438	34.55%
Total	73,605,094	100%	82,410,291	100%

At 31 December 2009

Capital and voting rights

	Number of shares	% of capital	Voting rights	% 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%
G�rard 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%
<i>IN CONCERT</i>	12,907,530	17.257%	25,588,137	29.169%
Treasury shares	-	0.000%	-	-
Calyon	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%
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2.3.2.3.2 Distribution of capital and voting rights at 28 February 2010

At 28 February 2010				
<i>Capital and voting rights</i>				
	Number of shares	% of capital	Voting rights	% voting rights
Guillemot family	12,315,834	16.466%	24,472,768	28.065%
Guillemot Brothers S.A.	5,674,548	7.587%	11,349,096	13.015%
Claude Guillemot	2,142,706	2.865%	4,285,412	4.915%
Michel Guillemot	1,683,050	2.250%	3,366,100	3.860%
Yves Guillemot	607,609	0.812%	1,206,318	1.383%
G�rard Guillemot	801,188	1.071%	1,602,376	1.838%
Christian Guillemot	981,703	1.312%	1,963,406	2.252%
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%
<i>IN CONCERT</i>	12,383,857	16.556%	24,540,791	28.143%
Treasury shares	-	0.000%	-	-
Calyon	9,178,725	12.271%	9,178,725	10.526%
Fidelity (FMR)	8,377,701	11.200%	8,377,701	9.608%
T. Rowe Price	7,440,984	9.948%	7,440,984	8.533%
Cominvest Asset Management	5,101,591	6.821%	5,101,591	5.851%
Amiral Gestion	4,239,505	5.668%	4,239,505	4.862%
Public	28,075,511	37.536%	28,319,548	32.477%
Total	74,797,874	100%	87,198,845	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 during fiscal year 2009

- On 20 February 2009, the share of capital and voting rights held by UBS Investment Bank (3 Finsbury Avenue, London EC2M 2PA) fell below the 1% threshold. UBS Investment Bank then held 480,862 Gameloft shares representing as many voting rights, i.e. 0.65% of capital and 0.58% of existing voting rights.
- On 11 July 2009, the share of voting rights held by Mr. Claude Guillemot exceeded the 4% threshold. Mr. Claude Guillemot then individually held 2,142,706 Gameloft shares representing 4,285,412 voting rights, i.e. 2.91% of capital and 4.93% of existing voting rights.
- On 15 December 2009, the share of capital held by T. Rowe Price Group, Inc. (100E Pratt Street, Baltimore, Maryland 21202, USA) via T. Rowe Price Associates, Inc. and T. Rowe Price International, Inc., companies that it controls, exceeded the 10% threshold. T. Rowe Price Group, Inc. then held 7,440,984 Gameloft shares representing as many voting rights, i.e. 10.10% of capital and 8.60% of existing voting rights.
- On 2 September 2009, the share of capital and voting rights held by Mr. Yves Guillemot fell below the 1% and 2% thresholds, respectively. Mr. Yves Guillemot then individually held 707,609 Gameloft shares representing 1,406,318 voting rights, i.e. 0.96% of capital and 1.62% 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 ended 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 ended 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 ended 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 ended 31 December 2014
G�rard 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 ended 31 December 2014
Marcel 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 ended 31 December 2014

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

		ended 31 December 2014
Christian Guillemot Executive Vice President Administration	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 ended 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 ended 31 December 2014
Yves Guillemot Executive Vice President Strategy and Development	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 ended 31 December 2014
G�rard Guillemot Executive Vice President Strategy and Development	1 June 2008 Term renewed on 25 June 2009	At the end of the AGM called to approve the financial statements for the fiscal year ended 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 Possible conflicts of interest involving members of the Board of Directors

To the company's knowledge, there is no potential conflict of interest between any of the members of the company's Board of Directors' obligations toward the company and their own private interests.

Messrs. Michel, Claude, Yves, Gérard and Christian Guillemot are brothers and members of the Management and Board of Directors of Gameloft SA and Ubisoft Entertainment SA. As such, there may be potential conflicts of interest when these two companies have occasion to work together on certain projects.

The two companies are bound by a trademark license contract under which Ubisoft Entertainment SA granted to Gameloft SA a license to operate trademarks that it owns or for which it was granted a license to operate. The trademark license was granted in return for the payment of royalties proportional to the revenue earned by Gameloft SA. This agreement is one of Gameloft SA's regulated agreements.

Gérard Guillemot is director of Gameloft SA and Longtail Studios Inc. Christian Guillemot is director of Gameloft SA and Longtail Studios Inc. Gameloft SA distributed to its telecom operator customers the "Love Triangle" mobile game developed by the design studios at Longtail Studios Inc.

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

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	Audit Committee
Michel Guillemot, President	Marcel Guillemot, President
Claude Guillemot, Secretary	Yves Guillemot
	Michel Guillemot
	Claude Guillemot
	Christian Guillemot
	Gérard 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

At its meeting of 8 March 2010, the Board of Directors decided to assume the role of the Audit Committee and in so doing, monitor the preparation and reporting of the company's financial and accounting information.

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 2009

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) 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 SA (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) Director of Gameloft Australia Pty Ltd (Australia) Director of Gameloft Live Développements Inc. (Canada) Director of Gameloft Limited (Malta) Director of Gameloft de Venezuela SA (Venezuela)
Claude Guillemot	Director of Gameloft Inc. (United States) Director of Gameloft Iberica SA (Spain)

	Director of Gameloft Inc. (Canada) Director of Gameloft Limited (England) Director of Gameloft Live Développements Inc. (Canada)
Yves Guillemot	Director of Gameloft Inc. (United States) 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 SA (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

Member	Offices currently held
Michel Guillemot	Director and Executive Vice President of Guillemot Brothers SA Director and Executive Vice President of Ubisoft Entertainment SA Director of Chengdu Ubi Computer Software Company Ltd (China) Director of Advanced Mobile Applications Ltd. (Great Britain) Director and Executive Vice President of Guillemot Corporation SA Director of Guillemot Inc. (United States) Director of Guillemot Limited (Great Britain) Director of Guillemot Inc. (Canada) Director of Guillemot SA (Belgium)
Claude Guillemot	Director and Executive Vice President of Guillemot Brothers SA Director and Executive Vice President of Ubisoft Entertainment SA Director of Ubisoft Sweden A/B (Sweden) Director of Ubisoft Nordic A/S (Denmark) Alternate director of Ubisoft Norway A/S (Norway) Alternate director of Ubisoft Entertainment Sweden A/B (Sweden) Director of Advanced Mobile Applications Ltd. (Great Britain) President of Hercules Thrustmaster SAS Chief Executive Officer of Guillemot Corporation SA President and director of Guillemot Inc. (Canada) President and director of Guillemot Recherche et Développement Inc. (Canada) President and director of Guillemot Inc. (United States) Manager of Guillemot GmbH (Germany) Director of Guillemot Limited (Great Britain) Director of Guillemot Corporation (HK) Limited (Hong Kong) Director of Guillemot SA (Belgium) Director of Guillemot Srl (Italy) Director of Guillemot Romania Srl (Romania)
Yves Guillemot	Director and Executive Vice President of Guillemot Brothers SA Chairman and CEO of Ubisoft Entertainment SA

	<p> President of Ludi Factory SAS President of Ubisoft Books and Records SAS President of Ubisoft Design SAS President of Ubisoft Graphics SAS President of Ubisoft Manufacturing & Administration SAS President of Ubisoft Organisation SAS President of Ubisoft Pictures SAS President of Ubisoft Productions France SAS President of Ubisoft Simulations SAS President of Ubisoft France SAS President of Ubisoft World SAS President of Nadéo SAS President of Ubisoft World Studios SAS President of Tiwak SAS President and director of Ubi Games SA (Switzerland) President of Ubisoft Finland OY (Finland) President and director of Ubisoft Nordic A/S (Denmark) 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 Ubisoft Entertainment India Private Ltd (India) President and director of Ubisoft Holdings Inc (United States) President and director of Red Storm Entertainment Inc. (United States) President and director of Chengdu Ubi Computer Software Co. Ltd (Chine) Executive director of Shanghai Ubi Computer Software Company Ltd. (China) Vice President and director of Ubisoft Inc. (United States) Manager of Ubisoft Computing SARL (France) Manager of Ubisoft Production Montpellier SARL (France) Manager of Ubisoft Production Annecy SARL (France) Manager of Ubisoft Development SARL (France) Manager of Ubisoft Editorial SARL (France) Manager of Ubisoft Support Studios SARL (France) Manager of Ubisoft Paris Studios SARL (France) Manager of Ubisoft Castelnau SARL (France) Manager of Ubisoft EMEA SARL (France) Manager of Ubisoft Marketing International SARL (France) Manager of Ubisoft Marketing France SARL (France) Manager of Ubisoft Operational Marketing SARL (France) Manager of Ubisoft Counsel & Acquisitions SARL (France) Manager of Ubisoft Studios Montpellier SARL (France) </p>
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	<p>Manager of Ubisoft Production Internationale SARL (France)</p> <p>Manager of Ubisoft Art SARL (France)</p> <p>Manager of Ubisoft Gameplay SARL (France)</p> <p>Manager of Ubisoft Market Research SARL (France)</p> <p>Manager of Ubisoft Design Montpellier SARL (France)</p> <p>Manager of Ubisoft Talent Management SARL (France)</p> <p>Manager of Ubisoft IT Project Management SARL (France)</p> <p>Manager of Ubisoft Innovation SARL (France)</p> <p>Manager of Ubisoft Sarl (Morocco)</p> <p>Manager of Ubisoft BV (Netherlands)</p> <p>Manager of Ubisoft GmbH (Germany)</p> <p>Manager of Blue Byte GmbH (Germany)</p> <p>Manager of Sunflowers Interactive Entertainment Software GmbH (Germany)</p> <p>Manager of Spieleenwicklungskombinat GmbH (Germany)</p> <p>Manager of Max Design Entertainment Software Entwicklungss GmbH (Austria)</p> <p>Manager of Ubisoft Studios SL (Spain)</p> <p>Manager of Ubisoft Studios Srl (Italy)</p> <p>Director of Ubisoft Entertainment Ltd. (Great Britain)</p> <p>Director of Ubisoft Ltd. (Great Britain)</p> <p>Director of Ubisoft SA (Spain)</p> <p>Sole director of Ubisoft SpA (Italy)</p> <p>Director of Ubisoft KK (Japan)</p> <p>Director of Ubisoft Nagoya KK (Japan)</p> <p>Director of Ubisoft Srl (Romania)</p> <p>Director of Ubisoft Entertainment Sweden AB (Sweden)</p> <p>Director of Ubisoft Ltd. (Hong Kong)</p> <p>Director of Ubisoft Norway A/S (Norway)</p> <p>Director of Ubisoft Ltd (Ireland)</p> <p>Director of Ubisoft Singapore Pte Ltd (Singapore)</p> <p>Director and Executive Vice President of Guillemot Corporation SA</p> <p>Director of Guillemot Inc. (United States)</p> <p>Director of Guillemot Limited (Great Britain)</p> <p>Director of Guillemot Inc. (Canada)</p> <p>Director of Red Storm Ltd (Great Britain)</p> <p>Director of Ubisoft Pty Ltd. (Australia)</p> <p>Director of Ubisoft Sweden AB (Sweden)</p> <p>Director of Advanced Mobile Applications Ltd. (Great Britain)</p>
Gérard Guillemot	<p>Director and Executive Vice President of Guillemot Brothers SA</p> <p>President of Longtail Studios Inc. (United States)</p> <p>Director of Advanced Mobile Applications Ltd. (Great Britain)</p> <p>Director and Executive Vice President of Ubisoft Entertainment SA</p> <p>Director and Executive Vice President of Guillemot Corporation SA</p> <p>Director of Guillemot Limited (Great Britain)</p> <p>Director of Guillemot Inc. (United States)</p> <p>Director of Guillemot Inc. (Canada)</p>
Christian Guillemot	<p>Chief Executive Officer of Guillemot Brothers SA</p>

	President and director of Advanced Mobile Applications Ltd. (Great Britain) Director and Executive Vice President of Ubisoft Entertainment SA Director of Ubisoft Nordic A/S (Denmark) Director of Ubisoft Holdings Inc. (United States) Director of Ubisoft Sweden AB (Sweden) Vice President of Ubisoft Holdings Inc. (United States) Manager of Guillemot Administration et Logistique SARL Director and Executive Vice President of Guillemot Corporation SA Director of Guillemot Inc. (United States) Director of Guillemot Limited (Great Britain) Director of Guillemot Corporation (HK) Limited (Hong Kong) Director of Guillemot SA (Belgium) Director of Guillemot Inc. (Canada) Director of Guillemot Recherche et Développement Inc. (Canada) Director of Longtail Studios Inc. (United States)
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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 Ludigames Srl (Italy) Manager of L'Odyssee Interactive Games SARL (France) Director of Jeuxvideo.com S.A.
Claude Guillemot	Director of Gameloft.com Espana (Spain) Director of Jeuxvideo.com S.A.
Yves Guillemot	Director of Jeuxvideo.com S.A.
G�rard Guillemot	Director of Jeuxvideo.com S.A. President of Gameloft AG (Germany) President and Director of Gameloft.com Espana (Spain) Director of Gameloft.com Pty Limited (Australia)
Christian Guillemot	Director of Gameloft AG (Germany) Director of Gameloft.com Espana (Spain) Director of Gameloft.com Pty Limited (Australia) Director of Jeuxvideo.com S.A.

2.4.4.2.2 Expired terms outside of the Gameloft Group

Member	Expired terms
Michel Guillemot	Director of Ubi.com SA Director of Ubisoft SpA (Italy) Director and Vice President of Ubisoft Divertissements Inc. (Canada) Director of Ubisoft Canada Inc. (Canada) Director of Ubi Computer Software Beijing Company Ltd. (China) Director of Ubisoft Ltd. (Hong Kong) Director of Ubisoft SA (Spain) Director of Ubisoft KK (Japan)

	<p>Manager of Ubi Studios Srl (Italy) Manager of Ubisoft Studios SL (Spain) Director of Ubisoft Inc. (United States) Director of Shanghai Ubi Computer Software Company Ltd. (China) Director of Ubisoft Sweden AB (Sweden) Director of Ubisoft Holdings Inc. (United States)</p>
Claude Guillemot	<p>Director of Ubisoft SpA (Italy) Director of Ubisoft Ltd. (Hong Kong) Director and Vice President of Ubisoft Divertissements Inc. (Canada) Director of Ubisoft Canada Inc. (Canada) Director of Ubisoft Music Inc. (Canada) Director of Ubisoft Music Publishing Inc. (Canada) Director of Ubisoft Inc. (United States) Director of Ubisoft Holdings Inc. (United States) Director of Shanghai Ubi Computer Software Company Ltd. (China) Director of Ubisoft Limited (Ireland) Vice President of Ubisoft Digital Arts Inc (Canada) Manager of Guillemot Recherche et Developpement Sarl Director of Guillemot B.V. (Netherlands) Director of Guillemot SA (Spain)</p>
Yves Guillemot	<p>President and director of Ubi.com SA Manager of Ubisoft SprL (Belgium) President and director of Ubi Computer Software Beijing Company Ltd. (China) Manager of Ubisoft Warenhandels GmbH (Austria) Manager of Ubisoft Books and Records SARL Manager of Ubisoft Manufacturing & Administration SARL Manager of Ubisoft Pictures SARL Manager of Ubisoft Design SARL Manager of Ubisoft Graphics SARL Manager of Ubisoft Organisation SARL Manager of Ubisoft Productions France SARL Manager Ubisoft Simulations SARL Co-Manager of Ludifactory SARL Manager of Ubisoft Warenhandels GmbH (Austria)</p>
G�rard Guillemot	<p>Director of Ubisoft SpA (Italy) President and director of Ubisoft Music Inc. (Canada) President and director of Ubisoft Music Publishing Inc. (Canada) Director of Ubisoft Ltd. (Hong Kong) Director of Ubisoft KK (Japan) Director of Ubisoft SA (Spain) Director of Shanghai Ubi Computer Software Company Ltd. (China) Director of Ubisoft Inc. (United States) Director of Ubisoft Holdings Inc. (United States) Co-Manager of Ludifactory SARL Director of Ubisoft Divertissements Inc. (Canada) Director of Ubisoft Canada Inc. (Canada)</p>
Christian Guillemot	<p>Director of Ubi.com SA Director of Ubisoft SpA (Italy) Director of Ubisoft Divertissements Inc. (Canada) Director of Ubisoft Canada Inc. (Canada) Director of Ubisoft Music Inc. (Canada) Director of Ubisoft Ltd. (Hong Kong)</p>

	Director of Ubisoft Ltd. (Great Britain) Director of Shanghai Ubi Computer Software Company Ltd. (China) Director of Ubisoft Inc. (United States) Manager of Guillemot Administration SARL Director of Guillemot Logistics Ltd. (Hong Kong) Director of Hercules Technologies Inc. (United States) Director of Thrustmaster Inc. (United States) Director of Ubisoft Holdings Inc. (United States)
Marcel Guillemot	Director of Guillemot Corporation SA Director of Guillemot Brothers SA Director of Guillemot SA (Belgium)

2.4.5 Compensation of senior executives

In application of 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.

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 which 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 €2,790,000, of which €154,000 was paid out by Gameloft S.A.

Amounts in euros	Gameloft SA	Gameloft Inc.	Gameloft Ltd.		Ubisoft Entertainment SA		Guillemot Brothers SA	TOTAL compensation for 2009
	Gross fixed compensation	Gross fixed compensation	Gross fixed compensation	Benefits in kind	Gross fixed compensation	Directors' fees	Gross fixed compensation	
Michel Guillemot	60,000	0	168,341	29,144	62,496	22,500	243,756	586,248
Claude Guillemot	31,248	0	0	0	62,496	22,500	339,996	456,240
G�rard Guillemot	0	34,812	0	0	162,500 (1)	15,000	362,496 (2)	574,808
Yves Guillemot	31,248	0	0	0	500,004	30,000	24,996	586,248
Christian Guillemot	31,248	0	0	0	62,496	30,000	462,504	586,248

1: Compensation paid by Ubisoft Inc via a payment order on behalf of Ubisoft Entertainment.

2: Compensation paid by Longtail Studios Inc via a payment order on behalf of Guillemot Brothers.

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

Michel Guillemot	2009		2008	
	Amount owed	Amount paid	Amount owed	Amount paid
Fixed compensation	534,593	534,593	444,383	444,383
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	22,500	22,500	22,500	22,500
Benefits in kind	29,144	29,144	5,492	5,492
TOTAL	586,248	586,248	472,375	472,375

Claude Guillemot	2009		2008	
	Amount owed	Amount paid	Amount owed	Amount paid
Fixed compensation	433,740	433,740	342,515	342,515
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	22,500	22,500	30,000	30,000
Benefits in kind	-	-	-	-
TOTAL	456,240	456,240	372,515	372,515

G�rard Guillemot	2009		2008	
	Amount owed	Amount paid	Amount owed	Amount paid
Fixed compensation	559,808	559,808	417,655	417,655
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	15,000	15,000	15,000	15,000
Benefits in kind	-	-	-	-
TOTAL	574,808	574,808	432,655	432,655

Yves Guillemot	2009		2008	
	Amount owed	Amount paid	Amount owed	Amount paid
Fixed compensation	556,248	556,248	413,978	413,978
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	30,000	30,000	30,000	30,000
Benefits in kind	-	-	-	-
TOTAL	586,248	586,248	443,978	443,978

Christian Guillemot	2009		2008	
	Amount owed	Amount paid	Amount owed	Amount paid
Fixed compensation	556,248	556,248	413,978	413,978
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	30,000	30,000	22,500	22,500
Benefits in kind	-	-	-	-
TOTAL	586,248	586,248	436,478	436,478

2.4.5.2 Directors' fees and other compensation received by non-executive directors

No directors' fees were paid out to Gameloft S.A.'s company managers during the course of the fiscal year ended at 31 December 2009.

Mr. Marcel Guillemot, the only non-executive director, did not receive compensation for the position of director that he holds on Gameloft SA's Board of Directors during the fiscal year ended at 31 December 2009.

2.4.5.3 Company stock option and subscription plans

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

2.4.5.3.1 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 no. and date	Type of options	Number of options granted	Exercise price	Exercise period
- Mr. Michel Guillemot	Plan 9 of 14/05/2009	Stock options	300,000	€2.36	50% starting 14/05/2011 through 14/05/2015 and 50% starting 14/05/2013 through 14/05/2015
- Mr. Gérard Guillemot	Plan 9 of 14/05/2009	Stock options	37,500	€2.36	50% starting 14/05/2011 through 14/05/2015 and 50% starting 14/05/2013 through 14/05/2015
TOTAL			337,500		

The exercise of options granted by the Board of Directors to the company managers is subject to both an external and internal 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 equaling 1% of the amount of net gain that each earned after taxes.

2.4.5.3.2 Stock options granted to company managers by Ubisoft Entertainment S.A. during the fiscal year:

STOCK OPTIONS GRANTED DURING THE FISCAL YEAR BY UBISOFT ENTERTAINMENT S.A.					
Name of executive director:	plan no. and date	Type of options	Number of options granted	Exercise price	Exercise period
- Mr. Michel Guillemot	Plan 19 of 12/05/2009	Stock options	11,000	€14.92	25% per year starting 12/05/2010 through 11/05/2014
- Mr. Christian Guillemot	Plan 19 of 12/05/2009	Stock options	11,000	€14.92	25% per year starting 12/05/2010 through 11/05/2014
- Mr. Yves Guillemot	Plan 19 of 12/05/2009	Stock options	80,000	€14.92	25% per year starting 12/05/2010 through

					11/05/2014
- Mr. Claude Guillemot	Plan 19 of 12/05/2009	Stock options	11,000	€14.92	25% per year starting 12/05/2010 through 11/05/2014
- Mr. Gérard Guillemot	Plan 19 of 12/05/2009	Stock options	11,000	€14.92	25% per year starting 12/05/2010 through 11/05/2014
TOTAL			124,000		

2.4.5.4 Bonus issues of shares

BONUS ISSUES OF SHARES ALLOTTED TO COMPANY MANAGERS DURING THE FISCAL YEAR					
Name of executive director:	Date of Board of Directors' meeting	Number of shares	Date on which shares were acquired	Date of end of retention – date of transferability	Performance conditions
- Mr. Michel Guillemot	21/04/09	18,500	21/04/11	22/04/13	Internal and external performance conditions
- Mr. Yves Guillemot	21/04/09	18,500	21/04/11	22/04/13	Internal and external performance conditions
- Mr. Claude Guillemot	21/04/09	18,500	21/04/11	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-competition 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 favor 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. Christian Guillemot		
Title:		Director and Executive Vice President		
Description of the financial instrument:		Shares		
Place of operation:		Paris		
Type of operation	Date of operation	Number of shares	Price	Amount of operation
Sale	09/09/2009	75,000	€2.9849	€223,867.50
Sale	10/09/2009	75,000	€3.0985	€232,387.50

Reported by:		Mr. Yves Guillemot		
Title:		Director and Executive Vice President		
Description of the financial instrument:		Shares		
Place of operation:		Paris		
Type of operation	Date of operation	Number of shares	Price	Amount of operation
Sale	09/09/2009	250,000	€2.77	€692,500.00

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
Purchase	02/09/2009	250,000	€2.77	€692,500.00
Sale	02/09/2009	50,781	€2.71	€137,616.51
Sale	03/09/2009	80,000	€2.70	€216,000.00
Sale	04/09/2009	111,389	€2.72	€302,978.08
Sale	07/09/2009	50,568	€2.82	€142,601.93
Sale	08/09/2009	67,248	€2.83	€190,313.24

3. FINANCIAL STATEMENTS

3.1 Consolidated financial statements at 31 December 2009

3.1.1 Statement of consolidated financial position at 31 December 2009 (€K)

ASSETS	Notes	12-month fiscal year - Net 31/12/09	12-month fiscal year - Net 31/12/08
Goodwill		-	-
Other intangible assets	1	12,602	11,228
Tangible assets *	2	4,579	5,083
Non-current financial assets	3	1,948	2,619
Deferred tax assets	4	1,339	987
Other non-current receivables	5	1,424	963
Assets being sold or discontinued businesses	6	-	55
Non-current assets		21,892	20,935
Inventory and work in progress	7	457	2,428
Advance payments made	8	149	124
Trade receivables and related accounts	9	32,626	35,143
Financial assets **	10	-	-
Other receivables and accruals	11	8,525	6,877
Cash and cash equivalents	12	19,804	11,474
Current assets		61,562	56,046
Total Assets		83,454	76,981

* including assets under a financial lease: €111,000 in 2009 and €99,000 in 2008

** including advances to affiliates not fully or proportionately consolidated at 31 December 2009: -€K

LIABILITIES	Notes	12-month fiscal year 31/12/09	12-month fiscal year 31/12/08
Capital	13	3,740	3,680
Additional paid-in capital		66,593	63,790
Consolidated reserves		-28,944	-27,284
Other reserves		12,577	11,059
Consolidated profit/loss		5,972	-1,809
Shareholders' equity (group share)		59,937	49,436
Minority interests			
Total shareholders' equity		59,937	49,436
Provisions for contingencies and charges	14	159	-
Employee benefits	15	141	249
Financial debts	16	-	-
Advance payments received	19	-	-
Other debts	20	-	-
Deferred tax liabilities	17	1,339	1,049
Non-current liabilities		1,639	1,298
Financial debts*	16	55	729
Trade payables and related accounts	18	12,595	12,412
Advance payments received	19	-	70
Tax and social security liabilities	21	8,532	8,503
Other debts	20	697	4,532
Current liabilities		21,878	26,247
Total Liabilities		83,454	76,981

* including advances received by affiliates not fully or proportionately consolidated at 31 December 2009: €0,000

3.1.2 Consolidated statement of comprehensive income at 31 December 2009 (€K)

Consolidated income statement	Notes	12-month fiscal year 31/12/09	12-month fiscal year 31/12/08
Revenue	22	121,972	110,332
Self-constructed assets	22	5,380	6,455
Closing inventory	22	-1,940	2,397
Other business-related income	23	1,540	259
Cost of sales	24	-12,990	-13,498
Research & Development costs	25	-64,124	-64,303
Commercial expense	26	-28,763	-30,718
Administrative expense	27	-9,908	-9,857
Change in inventories of finished products	28	-31	-28
Provisions	29	-2,168	-1,365
Other operating income	30	466	2,164
Other operating expenses	30	-1,682	-1,370
Operating income/expense from ordinary activities		7,753	467
Other operating income	31	-	-
Other operating expenses	31	-41	-115
Operating income/expense		7,712	352
Cash and cash equivalents income*		155	309
Cost of gross financial debt*		-67	-113
Cost of net financial debt (income)		88	197
Financial income		2,669	5,033
Financial expense		2,312	6,458
Net financial income/expense	32	445	-1,228
Employee profit-sharing		-146	-
Tax expense	33	-2,040	-933
Share in earnings of equity-accounted companies		-	-
Net profit/loss before income from businesses discontinued or being sold		5,972	-1,809
Profit/loss of businesses discontinued or being sold		-	-
Net profit/loss:			
Of the consolidated group		5,972	-1,809
Minority interests			
Earnings per share		0.081	-0.025
Diluted earnings per share		0.079	-0.025

* including - financial income from affiliates not fully or proportionately consolidated at 31 December 2009: -€K
- financial expenses related to affiliates not fully or proportionately consolidated at 31 December 2009: -€K

Consolidated statement of comprehensive income	12-month fiscal year 31/12/09	12-month fiscal year 31/12/08
Net profit/loss - Group share	5,972	-1,809
Translation gains and losses, net of tax	-1,020	399
Revaluation of hedging derivative instruments		
Revaluation of assets		
Other		
Other comprehensive income items (recorded in shareholders' equity and net of tax)	-1,020	399
Consolidated comprehensive income	4,952	-1,410

3.1.3 Consolidated cash flow statement at 31 December 2009 (€K)

€K	Notes	12-month fiscal year	
		31/12/09	31/12/08
Cash flow from operating activities			
Net profit/loss		5,972	-1,809
Depreciation of tangible and intangible assets	24-25-26-27	11,880	10,283
Change in provisions	23-29-32	603	1,120
Change in deferred taxes	33	-165	933
Tax paid			-1,501
Income related to stock options and similar	25-26-27	2,686	2,696
Capital gains and losses	30	83	-637
Cash from operations		21,058	10,785
Change in inventories	7	1,971	-2,359
Change in trade receivables		61	-7,053
Change in operating liabilities		-3,690	5,811
Change in non-trade receivables			
Change in non-operating liabilities -1-			
Change in operating working capital		-1,657	-3,601
Total operating cash flow		19,401	7,184
Investment-related cash flow			
Purchases of intangible assets -2-	1	-5,319	-6,624
Purchases of tangible assets	2	-2,362	-2,796
Purchases of financial assets	3	-11	-352
Purchases of other financial assets	3-5	-723	-371
Acquisition of advances on licences -1-	1	-5,782	-3,751
Sales of assets/Deconsolidation	29	110	1,358
Repayment of loans and other financial assets	3	870	441
Change in reporting entity		80	83
Other cash flows			74
Total investment-related cash flows		-13,137	-11,938
Cash flow from financing activities			
New long- and medium-term loans			
Repayment of loans	16	-4	-42
Share capital increase	13	60	27
Increase in issue premium	13	2,803	930
Change in shareholders' current accounts		-2	1
Other cash flows		-18	
Total cash flows from financing activities		2,839	916
Impact of translation gains and losses		-102	648
Change in cash and cash equivalents	12	9,002	-3,190
Net cash and cash equivalents at start of fiscal year		10,748	13,938
Net cash and cash equivalents at end of fiscal year		19,749	10,748

1- Adjusted to reflect the change in non-operating liabilities for 32 K€ in 2009 and 2,354 K€ in 2008

2- Adjusted to reflect the reclassification as expenses of amounts previously capitalised for 673 K€ in 2009 and 393 K€ in 2008

3.1.4 Statement of changes in consolidated shareholders' equity at 31 December 2009 (€K)

	Capital	Additional paid-in capital	Consolidated reserves and earnings	Reserves related to financial instruments	Consolidated reserves stock options	Other		Shareholders' equity	Minority interests	Total shareholders' equity
						Translation gains and losses	Directly held stocks			
Position at 31 December 2006	3,538	58,592	-24,680	0	6,895	-180	0	44,165	-	44,165
Change in capital of the consolidating company	115	4,268						4,383		4,383
Consolidated fiscal year profit/loss (Gameloft SA net profit/loss: -€2,538,000)			-4,080					-4,080		-4,080
Other changes			593		2,996	-864		2,725		2,725
Position at 31 December 2007	3,653	62,860	-28,167	0	9,891	-1,044	0	47,193	-	47,193
Change in capital of the consolidating company	27	930						957		957
Consolidated fiscal year profit/loss (Gameloft SA net profit/loss: -€5,067,000)			-1,809					- 1,809		- 1,809
Other changes			884		2,696	- 485		3,095		3,095
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 (Gameloft SA net profit/loss: €4,653,000)			5,972					5,972		5,972
Other changes			147		2,686	-1,167		1,666		1,666
Position at 31 December 2009	3,740	66,593	-22,973		15,274	-2,696		59,936		59,936

The "translation gains and losses" item includes exchange differentials from conversion of the financial statements of non-euro zone subsidiaries. The conversion reserves consist mainly of the drop in the US dollar between the closing rate of 31/12/08 (€1 = 1.39170) and the closing rate of 31/12/09 (€1 = 1.44060), i.e. -€906,000, the increase in the Canadian dollar between the closing rate of 31/12/08 (€1 = 1.6998) and the closing rate of 31/12/09 (€1 = 1.51280), i.e. +€497,000, the drop in the Argentine peso between the closing rate of 31/12/08 (€1 = 4.80650) and the closing rate of 31/12/09 (€1 = 5.4695), i.e. -€319,000, the increase in the Korean won between the closing rate of 31/12/08 (€1 = 1839.13) and the closing rate of 31/12/09 (€1 = 1666.97), i.e. +€269,000, the drop in the Yen between the closing rate of 31/12/08 (€1 = 126.14) and the closing rate of 31/12/09 (€1 = 133.16), i.e. -€140,000, the increase in the pound sterling between the closing rate of 31/12/08 (€1 = 0.9525) and the closing rate of 31/12/09 (€1 = 0.88810), i.e. +€74,000, and the increase in the Mexican peso between the closing rate of 31/12/08 (€1 = 19.2333) and the closing rate of 31/12/09 (€1 = 18.92230), i.e. +€27,000.

3.1.5 **Notes to the consolidated financial statements**

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

3.1.5.7 **Introduction**

Gameloft is an international publisher and developer of downloadable video games for mobile telephones and consoles. Founded in 1999, Gameloft is today the world's leading designer of games for mobile phones equipped with Java, Brew and Symbian technologies, the number of which is expected to exceed one billion units in 2008 (source Arc Group), as well as games for "next-generation" consoles such as Nintendo DSi, Wii, PS3, and so on.

Under agreements with all major wireless telecom operators, telephone manufacturers and specialised distributors as well as through its online store at 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).

The Gameloft Group's consolidated financial statements at 31 December 2009 were approved by the Board of Directors on 23 March 2010.

3.1.5.2 **Highlights**

- Creation:

A new company, Gameloft Divertissement Live Inc., was created in Canada.

The following subsidiaries increased their capital during the year in order to comply with local regulations (Gameloft Brazil, Gameloft LLC and Gameloft Dubai).

- Liquidation

The Odyssée Interactive Games company was liquidated on 16 October 2009.

- Change in reporting entity:

The consolidation scope used for FY 2009 differs from that of 2008. Ludigames SAS, Gameloft Philippines Inc. and Gameloft Divertissements Live Inc. were added to the scope of consolidation as of 1 January 2009 or at the time of their creation during the year.

- Share capital increase:

Gameloft carried out a share capital increase through the exercise of stock options and start-up company stock purchase warrants in the amount of €2,863,000, issue premiums included. The share capital is currently €3,740,000.

- Impact of currency fluctuations on revenue:

The US dollar fell sharply in 2009. This impacted our accounts and, more importantly, our revenue, with a negative exchange rate differential of €915,000. The Argentine peso and Japanese yen also decreased in 2009, generating a negative revenue differential of €553,000.

3.1.5.3 **Accounting principles and methods**

3.1.5.3.1 General Principles – Primary basis of accounting

3.1.5.3.1.1 *Primary basis of accounting*

The Gameloft Group's consolidated financial statements at 31 December 2009 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_fr.htm.

The group did not apply in advance standards, amendments and interpretations for which application was not mandatory as of 1 January 2009.

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.

3.1.5.3.1.2 Effects of the IFRS standards and interpretations applicable as of 1 January 2009

Standards, amendments and interpretations adopted by the European Union for which application is mandatory for fiscal years starting on 1 January 2009.

Revised IAS 1 - Presentation of financial statements. The standard introduces the notion of comprehensive income, which shows changes in shareholders' equity during the period other than those resulting from transactions with owners acting in this capacity. The group has chosen to present the statement of comprehensive income as two statements (consolidated income statement and consolidated statement of comprehensive income).

IFRS 8 - Operating Segments, which replaces IAS 14 - Segment Reporting. IFRS 8 introduces the notion of "management approach" for preparing segment information. This standard requires a change in presentation and in the note regarding segment information, which is based on the internal reporting reviewed regularly by the group's chief operating decision-maker to assess the performance of each operating segment and to allocate resources to them. The segment determined in accordance with IFRS 8 is similar to the primary business segment defined at the time of application of IAS 14. The information to be provided in accordance with IFRS 8 is presented in Note 7.

Revised IFRS 7 - Financial Instruments. This revision requires full disclosure about the value of financial instruments and liquidity risk. For financial instruments valued at their fair value, it stipulates the hierarchy in the fair value levels applied and the scope of information to be presented based on the levels used.

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

- Revised IFRS 2 - Share-based payment: conditions governing acquisition of rights and cancellations.
- IAS 32 – Financial Instruments / Presentation: classification of rights issues.
- Revised IFRS 3 & IAS 27 - Information regarding determination of the cost of an acquisition in the individual financial statements.
- IFRIC 13 – Customer loyalty programmes
- Revised IAS 23 - Borrowing costs. This standard requires that borrowing costs be capitalised in the book value of qualified assets. This revision has no impact on the group's financial statements at 31 December 2009.
- IFRIC 14 & IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction.
- Revised IFRIC 9 & IAS 39 - Financial Instruments: recognition and measurement. Embedded derivatives.
- IFRIC 12 – Service concessions.

At 31 December 2009, there are no IFRS standards or interpretations published and effective as of 1 January 2009 which are applicable by the group and not adopted by the European Union.

Standards, amendments and interpretations adopted by the European Union for which application is not mandatory for fiscal years starting on 1 January 2009.

The group did not apply in advance the following standards and interpretations for which application was not mandatory as of 1 January 2009:

- Revised IFRS 3 - Business combinations (applicable to business combinations for which the acquisition date is in the first fiscal year beginning on or after 1 July 2009).
- Revised IAS 27 - Consolidated and individual financial statements (applicable to the periods beginning on or after 1 July 2009).
- Revised IAS 39 - Eligible hedged items (applicable to the periods beginning on or after 1 July 2009).
- Revised IFRS 1 - First-time adoption of IFRS (applicable to the periods beginning on or after 1 July 2009).
- Revised IAS 32 - Classification of rights issues (applicable to the periods beginning on or after 1 February 2010).
- IFRIC 15 – Agreements for the construction of real estate (applicable to the periods beginning on or after 1 January 2010).
- IFRIC 16 – Hedges of a net investment in a foreign operation (applicable to the periods beginning on or after 1 July 2009).
- IFRIC 17 – Distribution of non-cash assets to owners (applicable to the periods beginning on or after 1 November 2009).
- IFRIC 18 – Transfers of assets from customers (applicable to the periods beginning on or after 1 November 2009).

Standards, amendments and interpretations published by the IASB and not yet adopted by the European Union at 31 December 2009.

- Improvements to the IFRS standards (depending on the standards, applicable to the periods beginning on or after 1 July 2009 or 1 January 2010).
- Revised IAS 24 - Related party disclosures (applicable to the periods beginning on or after 1 January 2011).
- Revised IFRIC 14 - Prepayment of a minimum funding requirement (applicable to the periods beginning on or after 1 January 2011).
- IFRIC 19 – Extinguishing financial liabilities with equity instruments (applicable to the periods beginning on or after 1 July 2010).
- Amendment to IFRS 1 - Exemption from comparative IFRS 7 disclosures for first-time adopters (applicable to the periods beginning on or after 1 July 2010).
- Revised IFRS 2 - Intra-group cash-settled share-based payment transactions (applicable to the periods beginning on or after 1 January 2010).
- Revised IFRS 1 - Additional exemptions for first-time adopters (applicable to the periods beginning on or after 1 January 2010).

3.1.5.3.1.3 Comparability of accounts and change in accounting estimate

There was no reclassification in the consolidated financial statements at 31 December 2009.

There was a change in accounting estimate for the amortisation term of game costs from 12 months to 18 months.

This change occurred for games that were released for sale after 1 January 2009.

Based on experience acquired regarding a game's useful life, the amortisation term appears to be more in line with the useful life if the term is extended from 12 months to 18 months.

The impact of this change in accounting estimate on 2009 profit is + €237,000.

The impact on 2010 profit is + €202,000.

The impact on 2011 profit is -€438,000.

3.1.5.3.1.4 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 2009, companies excluded from the consolidation scope are companies in the start-up phase or in the process of being sold or liquidated. For information purposes, the key accounting data of these companies is given in Note 3.1.5.4.2.

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

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

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

- Subsidiaries

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

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

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

- Transactions eliminated in the consolidated financial statements

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

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

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

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

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

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

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

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

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

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

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

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

- Assets and liabilities (including goodwill, if any, and value adjustments as of the acquisition date) are converted based on the official exchange rates in effect on the balance sheet date.
- Income and expenses are converted at the rate close to the exchange rates on the transaction dates.
- Shareholders' equity is kept at the historical rate. Translation gains and losses are recorded under shareholders' equity. Translation gains and losses are entered on the income statement when the subsidiary is sold.

3.1.5.3.1.5 Estimates and judgment

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

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

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

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

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 15	Employee benefits	Discount rate, inflation rate, yield of the plan assets, salary growth rate
§ 3.1.5.3.2.13 & Note 13	Share-based payments	Model, underlying assumptions for determining fair values
§ 3.1.5.3.2.12 & Note 14	Provisions	Underlying assumptions for assessing and estimating risks
Note 33	Corporate income tax	Assumptions used for recognition of deferred tax assets and conditions for applying tax legislation

3.1.5.3.1.6 Sector information

In light of the group's organisational structure and the commercial links among the various subsidiaries, we proceed on the basis that the group operates in a single market in several geographic 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 7 is the information used by the group's management, and particularly its Chief Executive Officer.

3.1.5.3.2 Valuation rules and methods applied by the group

3.1.5.3.2.1 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.

3.1.5.3.2.2 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 are met:

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

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

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

Starting on 1 January 2009, 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 900 different models of mobile telephones on the market and the 12 languages it supports. Given this extreme fragmentation and the more general nature of the sales-related information received from 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 capitalising 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.

3.1.5.3.2.3 *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.

3.1.5.3.2.4 *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.

3.1.5.3.2.5 *Non-current financial assets*

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

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

- Deposits and guarantees are recorded under “Loans and receivables”.

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

3.1.5.3.2.6 *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, in which case it is recognised in shareholders’ equity.

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 profits against which the temporary difference can be utilised. Deferred tax assets are reviewed on each balance sheet date and reduced to the extent that it is no longer probable that a sufficient tax benefit 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.

3.1.5.3.2.7 *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.

3.1.5.3.2.8 *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.

3.1.5.3.2.9 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 end.

3.1.5.3.2.10 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.

3.1.5.3.2.11 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, 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, net of tax effects.

The group currently has no treasury shares.

3.1.5.3.2.12 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.

Therefore, provisions for estimated returns and price guarantees are recorded as a deduction from product sales completed through distributors. They are estimated based on statistics on past sales and on the economic context and forecasted product sales to end customers.

3.1.5.3.2.13 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 2009 are as follows:

France	
Rate of growth in salaries	1 to 3%
Discount rate	2%
Retirement initiated by the employee	65 years

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

Within the Gameloft Group, defined benefit plans are not funded by any investments in various instruments, equity 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

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

For stock option and BSPCE plans, the accounting expense represents the valuation of the options as of the grant date of each plan. The fair value of the options therefore depends on the date on which they are vested. The recognition of this deferred compensation 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 2009:

	2006 stock option plan	2007 stock option plan	2008 stock option plan	2009 stock option and bonus share plans
Volatility	46% (2)	39% (3)	45% (4)	44% (5)
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	5.5% per year for France 8% per year for the USA – Canada 8% per year for the rest of the world
Assumptions regarding	None	None	None	None

distributions of dividends					
Risk-free rate	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	Average between the 5-year constant maturity rate and the 7-year constant maturity rate
	3.93%	3.85% in June 2006	3.93%	3.90%	2.95% 2.39% for the bonus shares allotted

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

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

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

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

Plans ended in 2009:

		2004 stock option plan		
Volatility		76% (1)		
Turnover rate linked to termination from the group		8% per year		
Assumptions regarding distributions of dividends		None		
Risk-free rate	Yield of zero-coupon bonds with 5-year maturity			
		3.42% in March 2003	3.41% in September 2003	3.05% in December 2004

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

A plan is accounted for by the recognition of a payroll expense as an offset to an increase in shareholders' equity. This expense is spread out over the vesting period subject to conditions of presence at the company on the vesting date and even performance.

- Individual right to training

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

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

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

3.1.5.3.2.14 Trade payables and related accounts

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

3.1.5.3.2.15 Revenue

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

Revenue from the 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 the three home console game download services (Xbox Live Arcade, WiiWare and PS3 Network) and from the sale of physical game products. For downloadable game revenue, we use the same accounting method as the mobile game activity. However, revenue from sales of "physical products" is recorded as income from sales less a provision for estimated returns, price guarantees and discounts, where applicable.

Provisions for estimated returns and price guarantees are recorded as a deduction from product sales completed through distributors. They are estimated based on statistics on past sales and on the economic context and forecasted product sales to end customers.

3.1.5.3.2.16 Cost of sales

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

3.1.5.3.2.17 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.

3.1.5.3.2.18 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.).

3.1.5.3.2.19 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.

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

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

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

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

The net impact of changes in reporting entity is presented in a 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 2009 with regard to 2008 profit.

3.1.5.3.2.20 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.

3.1.5.3.2.21 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.

	31/12/09	31/12/08
Net profit/loss - Group share (€) – A	5, 971, 511	-1, 808, 633
Number of weighted ordinary shares – B	73, 926, 449	73, 305, 324
Net earnings per share – C = A/B	0. 081	-0.025
Number of weighted ordinary shares after inclusion of potentially diluting instruments – D	74, 797, 874	73, 605, 094
Net profit/loss (€) –E	5, 971, 511	-1, 808, 633
Net earnings per diluted share – F= E / D	0. 079	-0.025
Operating income/expense from ordinary activities (€)	7, 752, 918	467, 359
Operating income/expense from ordinary activities per share	0. 1048	0.0063
Operating income/expense from ordinary activities per diluted share	0. 1036	0.006

3.1.5.4 Scope of consolidation

3.1.5.4.1 Companies included in the Gameloft Group's consolidated financial statements at 31 December 2009

Company	Country	Acquisition /creation date	Activity - Sector	Percentage of interest	Percentage of control	Method
Gameloft SA 429 338 130	France	1999	Mobile Distribution / Production	-	Parent company	Full Consolidation
Gameloft Inc.	USA	2000	Mobile Distribution / Production	100.00%	100%	Full Consolidation
Gameloft Inc.	Canada	2000	Mobile	100.00%	100%	Full Consolidation

Divertissements			Distribution / Production			
Gameloft Ltd.	United Kingdom	2001	Mobile	99.50%	100%	Full Consolidation
Gameloft GmbH	Germany	2001	Distribution / Production			
Gameloft Iberica SA	Spain	2001	Mobile	100.00%	100%	Full Consolidation
Gameloft SRL	Italy	2001	Distribution / Production			
Gameloft SRL	Romania	2001	Mobile	99.74%	100%	Full Consolidation
Gameloft Software Beijing Ltd.	China	2003	Distribution / Production			
Gameloft Software Shanghai Ltd.	China	2004	Mobile	100.00%	100%	Full Consolidation
Gameloft Rich Games Production France 450 415 237	France	2003	Mobile	99.80%	100%	Full Consolidation
Gameloft EOOD Bulgaria	Bulgaria	2004	Production / Distribution			
Gameloft KK	Japan	2004	Mobile	100.00%	100%	Full Consolidation
Gameloft Ltd. Vietnam	Vietnam	2004	Production / Distribution			
Gameloft S. de R.L. de C.V.	Mexico	2005	Mobile	100.00%	100%	Full Consolidation
Gameloft Private Ltd.	India	2005	Production / Distribution			
Gameloft Co. Ltd.	Korea	2005	Mobile	99.00%	100%	Full Consolidation
Gameloft Argentina	Argentina	2005	Distribution / Production			
Gameloft Partnerships 488 934 506	France	2006	Mobile	100.00%	100%	Full Consolidation
Gameloft Software Chengdu	China	2006	Distribution / Production			
Gameloft Australia Pty Ltd	Australia	2007	Mobile	100.00%	100%	Full Consolidation
Gameloft Do Brasil Ltda	Brazil	2007	Distribution			
Gameloft LLC	Ukraine	2007	Mobile	99.00%	100%	Full Consolidation
Gameloft Sro	Czech Republic	2007	Production/ Distribution			
			Mobile	100.00%	100%	Full Consolidation
			Distribution			

Gameloft Pte Ltd	Singapore	2008	Mobile Distribution	100.00%	100%	Full Consolidation
Gameloft Philippines Inc	Philippines	2008	Mobile Production/Distribution	100.00%	100%	Full Consolidation
Ludigames 508 543 964	France	2008	Mobile Distribution	100.00%	100%	Full Consolidation
Gameloft Live 500 819 537	France	2007	Mobile Distribution	100.00%	100%	Full Consolidation
Gameloft Divertissements Live Inc.	Canada	2009	Mobile Production	100.00%	100%	Full Consolidation
Gameloft Ltd.	Hong Kong	2008	Mobile Distribution	100.00%	100%	Full Consolidation

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

3.1.5.4.2 Companies not included in the Gameloft Group's consolidated financial statements at 31 December 2009

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

At 31 December 2009, companies excluded from the consolidation scope are companies in the start-up phase.

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.

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

Company	Country	Creation date	Activity - Sector	Percentage of interest	Balance sheet total (€K)	Total shareholders' equity (€K)	Total revenue (€K)	Number of employees	Off-balance sheet commitments
Gameloft Venezuela	Venezuela	2008	Mobile Distribution	95%	10	-64	-	1	-
Gameloft Dubai	Dubai	2008	None	100%	-	-	-	-	-
Gameloft Belgium	Belgium	2007	None	99.99%	-	-	-	-	-

3.1.5.4.3 Change in reporting entity

The consolidation scope used for fiscal year 2009 differs from that of the 2008 period as a result of the addition of three subsidiaries. Ludigames SAS, Gameloft Philippines Inc and Gameloft Divertissements Live Inc. were added to the scope of consolidation.

Amount in €K	Net Intangible Assets	Net Tangible Assets	Net Financial Assets	Cash and cash equivalents	Current assets excl. cash and cash equivalents	Debts
			Securities	Deposits & guarantees		
Ludigames SAS	-	-	-	-	89	24

Gameloft Philippines Inc.	15	126	-	26	87	353	447
Gameloft Divertissements	-	-	-	-	11	338	155
Live Inc.							

3.1.5.5 Notes to the balance sheet

1. OTHER INTANGIBLE ASSETS

Other intangible assets at 31 December 2009 were as follows:

Assets	At 31/12/08 cumulative	Increases	Decreases	Book transfer	Change in reporting entity	Exchange differential	At 31/12/09 cumulative
Software	898	718	12		-63	2	1,542
Marketed games	6,280	1,485		3,625			11,391
Advances on licences	15,246	5,814	2,489			-20	18,551
Games in production	3,218	3,789	673	-3,625			2,709
TOTAL	25,642	11,806	3,174	-	-63	-18	34,193

Amortisation	At 31/12/08 Cumulative	Increases	Decreases	Book transfer	Change in reporting entity	Exchange differential	At 31/12/09 Cumulative
Software	607	532	12		-		1,127
Marketed games	3,368	4,289					7,657
Advances on licences	9,335	4,213	2,489			92	11,151
Games in production							-
Subtotal	13,310	9,035	2,501	-	-	92	19,936

Provisions

Marketed games	821	1,122	1,206	284			1,021
Games in production	284	66		-284			66
Advances on licences	-	567					567
Subtotal	1,105	1,755	1,206	-	-	92	1,654
TOTAL	14,414	10,790	3,707	-	-	92	21,590

Other intangible assets include development costs of finished or marketed games for new platforms such as Nintendo DS, Apple iPod, WiiWare, PS3net, the new Nintendo DSi, etc. for €1,485,000.

Intangible assets in production include development costs of games not yet completed as of the balance sheet date and this year, which total €3,789,000.

The company performs tests on the feasibility of the project and its marketing. In 2009, 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 €673,000.

Advances on licences pertain to licence agreements signed with various automobile manufacturers, top-ranked athletes Camillo Villegas, Vijay Singh, Mickael Llodra, Patrick Viera, Steven Gerrard, Cannavaro, Robinho and Hulk Hogan (top-ranked wrestler), FIFPRO (International Federation of Professional Footballers), the NBA, the NFL and so on. In 2009, new licence agreements were signed primarily with Riverdeep for the legendary Oregon Trail game, with Fox for the release of the Avatar film, with Editions Albert René for the release of the Astérix film, with Marvel for Iron Man 2 and with Universal for the Jurassic Park film, as well as for series, games and TV games such as Blokus, Uno, Sonic by Sega, Deal or No Deal, Heroes, CSI, etc.

The decreases in advances on licences pertain to advances in the amount of €2,489,000 to which Gameloft is no longer contractually entitled as of 31 December 2009.

The increase in amortisation and provisions for marketed games was €4,289,000 and €1,188,000, respectively.

Amortisation corresponds to the amortisation over 18 months of development costs as of the game's release date after 1 January 2009 and amortisation over 12 months for games released prior to 1 January 2009. Value tests were conducted on all games marketed and in production at the end of the fiscal year, which resulted in the recording of a provision in the amount of €1,188,000.

The increase in amortisation of advances on licences resulted from the rise in sales which led to an increase in royalties prorated based on sales of the various licensed products or amortised on a straight-line basis according to the term of the agreements for flat fees in the amount of €4,213,000.

In light of the weak sales outlook for various licences, an additional amortisation in the amount of €567,000 was recorded at 31 December 2009.

2. TANGIBLE ASSETS

Tangible assets are as follows:

Assets	At 31/12/08 Cumulative	Increases	Decreases	Change in reporting entity	Exchange differential	At 31/12/09 Cumulative
Plant and equipment	2,327	288	223	19		2,410
Transportation equipment	2					2
Computer equipment and furniture	9,887	2,075	300	37	8	11,706
Leased computer equipment	99				12	111
TOTAL	12,314	2,362	523	57	20	14,230

The increase in tangible assets was due to:

- the addition of Gameloft Philippines to the scope of consolidation,
- expansion of the other production studios,
- replacement of computer equipment,
- purchases of mobile telephones used for game creation.

The reductions in computer equipment are related to sales and disposals as a result of accidents.

The reductions in general facilities are mainly due to disposals.

The change in reporting entity primarily concerns Gameloft Philippines.

Depreciation	At 31/12/08 Cumulative	Increases	Decreases	Change in reporting entity	Exchange differential	At 31/12/09 Cumulative
Plant and equipment	923	462	151	3	11	1,247
Transportation equipment	1					1
Computer equipment and furniture	6,214	2,375	236	16	-73	8,295
Leased computer equipment	93	2			12	107
Construction work in progress	-					
TOTAL	7,231	2,839	387	19	-51	9,651

3. NON-CURRENT FINANCIAL ASSETS

Assets	At 31/12/08 Cumulative	Increases	Decreases	Reclassifications	Change in reporting entity	Exchange differential	At 31/12/09 Cumulative
Non-consolidated companies (gross values)	372	11		-140	-179		64
Deposits and guarantees	2,099	397	730			-24	1,741
Loans	150						150
TOTAL	2,620	408	730	-140	-179	-24	1,954

The increases in deposits and guarantees mainly concern Gameloft KK (€271,000), Gameloft France (€44,000) and Gameloft Philippines (€26,000).

The decreases mainly concern Gameloft KK (€558,000), Gameloft Korea (€102,000), Gameloft France (€31,000) and Gameloft Private Software Ltd (€24,000).

Provisions	At 31/12/08 Cumulative	Increases	Decreases	Change in reporting entity	At 31/12/09 Cumulative
Non-consolidated companies		1	6	-1	6
TOTAL		1	6	-1	6

The change in reporting entity corresponds to the write-back of the unused provision for equity holdings for Ludigames, a company that was added to the scope of consolidation as of 1 January 2009.

Percentage of ownership of non-consolidated companies:

Company	Acquisition cost of shares in €K	Percentage of ownership	Shareholders' equity in foreign currencies	Net profit/loss in foreign currencies	Net profit/loss in €K	Net book value in €K
Gameloft de Venezuela SA	6	95.00%	-195,947	-213,167	-69	-
Gameloft Sprl	20	99.50%	20,000	-	-	20
Gameloft Dubai	38	100.00%	37,638	-	-	38
* Amounts in foreign currencies	64					58

Companies over which the group does not exercise significant influence are not part of the consolidation scope. The other companies excluded from the consolidation scope are excluded because they are not significant to the group (cf. note 3.1.5.4.2).

4. DEFERRED TAX ASSETS

	31/12/09	31/12/08
Capitalised losses	134	42
Timing differences	1,205	945
TOTAL	1,339	987

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

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

The expiration periods of the tax losses are as follows:

- 2 years: €40,000
- 7 years: €50,000
- Unlimited: €41,000

Capitalised/non-capitalised losses:

EK	31/12/09		31/12/08
	capitalised losses	non-capitalised losses	capitalised losses
Gameloft Hong Kong		945	
Gameloft Iberica		594	
Gameloft Brazil		167	
Gameloft SRL Romania			2
Gameloft Australia	41	179	32
Gameloft SA		37,826	
Gameloft Italy		40	
Gameloft KK		1,586	
Gameloft LLC			8
Gameloft Chengdu	40		
Gameloft Singapore		41	
Gameloft Divertissement Live	53		
Ludigames		5	
Gameloft Partnerships		27	
Gameloft Ltd. UK		2,515	
Gameloft Ltd. Co		2,244	
Gameloft GmbH		2,667	
TOTAL	134	48,836	42

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

- 4 years: €167,000
- 5 years: €40,000
- 7 years: €1,586,000
- 10 years: €2,244,000
- 15 years: €594,000
- Unlimited: €44,205

5. OTHER NON-CURRENT RECEIVABLES

	31/12/09	31/12/08
Gameloft Divertissements Inc.	1,424	963
TOTAL	1,424	963

These tax claims are R&D tax credits for our Canadian subsidiary for 2005, 2006, 2007 and 2008.

In 2009, Gameloft Divertissements received notices of assessment for the non-refundable R&D credits claimed by the company for fiscal year 2008. The tax audit was conducted by the tax authorities and these amounts were recognised.

There is a high degree of uncertainty regarding the 2009 R&D credits. These credits will only be recognised once the company receives the notice of assessment from the government, i.e. after the audit by the tax authorities.

The amount of the 2005 credit can be carried over for 10 years and the amounts of the 2006, 2007 and 2008 credits for 20 years.

6. ASSETS BEING SOLD OR DISCONTINUED BUSINESSES

	31/12/09	31/12/08
Odyssee Interactive Games	-	55
TOTAL	-	55

The Odyssee Interactive Games company was liquidated on 16 October 2009.

7. INVENTORIES OF FINISHED PRODUCTS

Description	At 31/12/08	Gross value	Provision	At 31/12/09
Asphalt Nintendo DS cartridges	31	-	-	-
Nintendo DS cartridges	1,278	380	-	380
PS3 cartridges	157	29	-	29
Wii cartridges	962	48	-	48
TOTAL	2,428	457		457

At the end of 2008, Gameloft released several game cartridges for the following games: Real Football 2009 and Guitar Rock Tour for the Nintendo DS, the TV Show King game for Nintendo Wii and Brain Challenge for PS3.

Asphalt Nintendo DS cartridges and the aforementioned new games are sold worldwide.

The inventory has not been put up as collateral.

8. ADVANCE PAYMENTS MADE

	At 31/12/08	Increase	Decrease	At 31/12/09
Advance payments made	124	30	5	149
TOTAL	124	30	5	149

9. TRADE RECEIVABLES AND RELATED ACCOUNTS

At 31/12/09	Gross	Provision	Net	At 31/12/08
Trade receivables and related accounts	32,933	307	32,626	35,143
Total	32,933	307	32,626	35,143

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

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

Although the trade receivables item is lower than it was at 31 December 2008, the amount of trade receivables corresponds to approximately one quarter's worth of revenue.

10. FINANCIAL ASSETS

	Gross value	Provision	Net at 31/12/09	31/12/08
Partners' current accounts	-	-	-	-
TOTAL	-	-	-	-

There are no current accounts for non-consolidated subsidiaries.

11. OTHER RECEIVABLES AND ACCRUALS

Other receivables are as follows:

	Gross value	Provision	Net at 31/12/09	31/12/08

VAT	2,327	2,327	2,175
Other tax and social security claims (1)	4,940	4,940	4,008
Credit notes from suppliers	306	306	39
Receivables from suppliers	26	26	66
Other	312	312	61
Pre-paid expenses	613	613	528
Called-up share capital (issue premium included)			
TOTAL	8,525	8,525	6,877

(1) Of which tax claims = €4,850,000, due mainly to the tax credit related to the operating subsidiaries of Gameloft Canada (€2,927,000), Gameloft Argentina (€864,000) and Gameloft Live Inc. (€223,000).

Social security claims = €90,000

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

12. CASH AND CASH EQUIVALENTS

The “cash assets” item includes bank account balances totalling €19,804,000 at 31 December 2009 compared with €8,967,000 at 31 December 2008.

Short-term investment securities consist of the following:

Description	Name	Number	31/12/09			31/12/08	
			Gross value €K	Fair value €K	Capital gain/loss €K	Net value €K	
Mutual fund	Negotiable certificate of deposit	-	-	-	-	2,500	
Unit trust	CAM – Capital Institution Cash	-	-	-	-	-	
TOTAL		-	-	-	-	2,500	

At 31 December 2009, Gameloft no longer had any negotiable certificates of deposits but did have interest-bearing savings accounts at varying interest rates depending on the country.

The change in net cash breaks down as follows:

Cash detail	31/12/09	31/12/08
Cash on hand	19,804	8,967
Short-term investment securities		2,507
Foreign currency advances		-
Bank overdrafts and short-term credit	-55	-726
TOTAL	19,749	10,748

13. SHAREHOLDERS' EQUITY

Capital

At 31 December 2009, Gameloft S.A.'s share capital consisted of 74,797,874 shares, each with a par value of €0.05, for a total of €3,739,893.70.

Gameloft carried out capital increases through the exercise of stock options and start-up company stock purchase warrants totalling €60,000 in share capital and €2,803,000 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 31/12/05	0.05	68,850,316	3,443
Exercised options on 25/10/2005	0.05	116,477	6
Exercised options on 21/03/2006	0.05	548,744	27
Exercised options on 31/03/2006	0.05	588,397	29
Exercised options on 15/09/2006	0.05	652,650	33
At 31/12/06	0.05	70,756,584	3,538
Exercised options on 25/10/2005	0.05	34,600	2
Exercised options on 21/03/2006	0.05	121,128	6
Exercised options on 31/03/2006	0.05	706,553	35
Exercised options on 15/09/2006	0.05	1,439,492	72
At 31/12/07	0.05	73,058,357	3,653
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

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	03/12/04	Balance at 31/12/06	Balance at 31/12/07	Balance at 31/12/08	Balance at 31/12/09
Number of shares eligible for subscription:	1,585,800	960,850	577,650	548,587	-
Number of shares cancelled:		357,000	433,900	457,900	465,700
Number of people concerned: including managers	91 0				
Start of exercise	31/03/2006	31/03/2006	31/03/2006	31/03/2006	31/03/2006
End of exercise	03/12/2009	03/12/2009	03/12/2009	03/12/2009	03/12/2009
Subscription price	2.40 euros	2.40 euros	2.40 euros	2.40 euros	2.40 euros

Date of Board of Directors' meeting	11/01/06	Balance at 31/12/06	Balance at 31/12/07	Balance at 31/12/08	Balance at 31/12/09
Number of shares eligible for subscription:	2,790,300	2,716,200	2,547,900	2,401,800	2,335,500
Number of shares cancelled:		74,100	242,400	388,500	454,800
Number of people concerned: including managers	101 5				
Start of exercise	11/01/2008	11/01/2008	11/01/2008	11/01/2008	11/01/2008
End of exercise	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

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
Number of shares eligible for subscription:	612,000	468,000	363,000	333,000	333,000
Number of shares cancelled:		144,000	249,000	279,000	279,000
Number of people concerned:	33				

including managers	0				
Start of exercise	11/01/2008	11/01/2008	11/01/2008	11/01/2008	11/01/2008
End of exercise	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

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
Number of shares eligible for subscription:	40,200	40,200	40,200	10,200	10,200
Number of shares cancelled:	-	-	-	30,000	30,000
Number of people concerned:	2				
including managers	0				
Start of exercise	07/06/2010	07/06/2010	07/06/2010	07/06/2010	07/06/2010
End of exercise	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

Date of Board of Directors' meeting	03/01/07	Balance at 31/12/07	Balance at 31/12/08	Balance at 31/12/09
Number of shares eligible for subscription:	2,811,000	2,734,800	2,535,000	2,421,700
Number of shares cancelled:		76,200	276,000	389,300
Number of people concerned:	127			
including managers	4			
Start of exercise	03/01/2009	03/01/2009	03/01/2009	03/01/2009
End of exercise	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

Date of Board of Directors' meeting	03/01/07	Balance at 31/12/07	Balance at 31/12/08	Balance at 31/12/09
Number of shares eligible for subscription:	710,100	604,800	530,400	511,200
Number of shares cancelled:		105,300	179,700	198,900
Number of people concerned:	38			
including managers	1			
Start of exercise	03/01/2009	03/01/2009	03/01/2009	03/01/2009
End of exercise	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

Date of Board of Directors' meeting	11/04/2008	Balance at 31/12/08	Balance at 31/12/09
Number of shares eligible for subscription:	3,110,250	3,015,000	2,850,600
Number of shares cancelled:		95,250	259,650
Number of people concerned:	199		
including managers	4		
Start of exercise	11/04/2010	11/04/2010	11/04/2010
End of exercise	11/04/2014	11/04/2014	11/04/2014
Subscription price	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
Number of shares eligible for subscription:	534,300	525,300	508,200
Number of shares cancelled:		9,000	26,100
Number of people concerned:	48		
including managers	1		
Start of exercise	11/04/2010	11/04/2010	11/04/2010
End of exercise	11/04/2014	11/04/2014	11/04/2014
Subscription price	2.95 euros	2.95 euros	2.95 euros

Date of Board of Directors' meeting	14/05/2009	Balance at 31/12/09
Number of shares eligible for		2,208,500
		2,130,900

subscription:		
Number of shares cancelled:		77,600
Number of people concerned:	189	
including managers	2	
Start of exercise	14/05/2011	14/05/2011
End of exercise	14/05/2015	14/05/2015
Subscription price	2.36 euros	2.36 euros

Date of Board of Directors' meeting	03/12/04	Balance at 31/12/06	Balance at 31/12/07	Balance at 31/12/08	Balance at 31/12/09
Number of BSPCE allotted:	1,486,500	1,126,253	704,400	653,000	-
Number of shares cancelled:		39,800	61,400	84,600	84,600
Number of people concerned:	32				
including managers	0				
Start of exercise	31/03/2006	31/03/2006	31/03/2006	31/03/2006	31/03/2006
End of exercise	03/12/2009	03/12/2009	03/12/2009	03/12/2009	03/12/2009
Subscription price	2.40 euros	2.40 euros	2.40 euros	2.40 euros	2.40 euros

Allotment of Bonus Shares	21/04/2009	Balance at 31/12/09
Date of Board of Directors' meeting	21/04/2009	21/04/2009
Maturity - Vesting period	2 years - 22/04/2011	2 years - 22/04/2011
End of holding period	2 years - 22/04/13	2 years - 22/04/13
Number of instruments allotted	720,750	720,250
Number of shares cancelled:	-	500
Number of people concerned:	55	
including 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 2009, the maximum number of shares that may be created through the exercise of stock options and bonus shares is 11,101,300 and 720,250, 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.

14. PROVISIONS FOR CONTINGENCIES AND CHARGES

Non-current liabilities:

	At 31/12/08	Allocations for the year	Write-backs for the year		At 31/12/09
			Amount used during the year	Amount not used during the year	
Provisions for contingencies and charges					
For other risks	-	5			5
For charges		154			154
Total	-	159	-	-	159

There are currently no tax audits at the foreign or French subsidiaries.

The write-downs for charges pertain to the subsidiaries whose shareholders' equity was negative (€64,000 for Gameloft Venezuela). Provisions for contingencies and charges were recorded for lawsuits concerning employees (€95,000).

15. EMPLOYEE BENEFITS

	At 31/12/08	Allocations	Write-backs	Exchange differential	Change in reporting entity	Reclassifications	At 31/12/09
Provisions for retirement	155	74	92	3			141
Provisions for termination	94					-94	-
TOTAL	249	74	92	3		-94	141

The provision for retirement indemnities was increased during the year by €18,000 for the French companies, €47,000 for Gameloft Korea Ltd. and €9,000 for Gameloft Hong Kong.

The provisions for retirement for Gameloft Vietnam are now recorded directly as personnel expenses.

16. FINANCIAL DEBTS

Non-current financial debts are as follows:

	31/12/09	31/12/08
Loans	-	-
Bank overdrafts	-	-
Loans resulting from restatement of financial leases	-	-
Partners' current accounts	-	-
Financial debts	-	-

Current financial debts are as follows:

	31/12/09	31/12/08
Loans	-	-
Bank overdrafts	55	726
Loans resulting from restatement of financial leases	-	4
Partners' current accounts	-	-
Financial debts	55	729

	less than 1 year	1 year to 5 years	more than 5 years
Amounts still due at 31/12/09	55		

Bank overdrafts are used to fund occasional cash flow shortages.

	31/12/09	31/12/08
Financial debts excluding government advances	55	729
Cash on hand	-19,804	-8,967
Short-term investment securities	-	-2,507
Net financial surplus	-19,749	-10,745

At 31 December 2009, there was a net financial surplus of €19,749,000 versus €10,745,000 at 31 December 2008.

All financial debts are based on a fixed rate.

17. DEFERRED TAX LIABILITIES

	31/12/09	31/12/08
Subsidies to be received	1,339	1,049
Miscellaneous	-	-
TOTAL	1,339	1,049

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 2010.

18. TRADE PAYABLES AND RELATED ACCOUNTS

	31/12/09	31/12/08
Trade payables	8,072	7,919
Trade payables on assets	4,523	4,493
Total	12,595	12,412

The average period for paying our suppliers is 90 days.

The trade payables on assets item increased slightly as a result of the purchase of new licences and computer equipment.

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

19. ADVANCE PAYMENTS RECEIVED

Current advances received are as follows:

	31/12/09	31/12/08
Advance payments received	-	70
TOTAL	-	70

20. OTHER DEBTS

Other non-current debts are as follows:

	31/12/09	31/12/08
Unearned income	-	-
TOTAL	-	-

Other current debts are as follows:

	31/12/09	31/12/08
Customer credit balances	297	4,202
Other debts	304	174
Unearned income	96	155
TOTAL	697	4,532

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

21. TAX AND SOCIAL SECURITY LIABILITIES

Tax and social security liabilities are as follows:

	31/12/09	31/12/08
Social security liabilities	5,342	4,664
Tax liabilities	3,190	3,839
TOTAL	8,532	8,503

Social security liabilities mainly concern Gameloft SA (€897,000), Gameloft Inc. Divertissement (€891,000), Gameloft Software Beijing (€549,000), Gameloft Vietnam Ltd. (€484,000), Gameloft Argentina (€455,000), Gameloft Srl Romania (€360,000), Gameloft Rich Games (€342,000), Gameloft Software Shanghai Ltd. (€224,000) and Gameloft Partnerships (€223,000).

Tax liabilities pertain mainly to Gameloft Argentina (€1,077,000), Gameloft SA (€616,000), Gameloft Rich Games Production France (€191,000), Gameloft S. de R.L. de C.V (€179,000), Gameloft Do Brasil Ltd (€124,000), Gameloft Partnerships (€118,000), Gameloft Software Beijing (€107,000), Gameloft GmbH (€97,000) and Gameloft Private Ltd (€84,000).

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.

22. REVENUE

The breakdown of revenue by geographic region is as follows:

	12-month fiscal year		12-month fiscal year	
	31/12/09		31/12/08	
	€K	%	€K	%
Europe	47,691	39%	47,084	43%
North America	38,808	32%	33,245	30%
Rest of the world	35,473	29%	30,003	27%
Total	121,972	100%	110,332	100%

The breakdown of revenue by activity is as follows:

	12-month fiscal year		12-month fiscal year	
	31/12/09		31/12/08	
	€K	%	€K	%
Consoles	6,761	6%	7,652	7%
Mobile	115,211	94%	102,680	93%
Total revenue	121,972	100%	110,332	100%
Self-constructed assets	5,380		6,455	
Closing inventory	-1,940		2,397	
Total	125,412		119,184	

23. OTHER BUSINESS-RELATED INCOME

Other operating income is as follows:

	31/12/09	31/12/08
Write-backs of provisions	1,540	259
on liabilities	92	134
on assets	1,448	125

TOTAL	1,540	259
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The write-backs of provisions pertain to write-backs of trade receivables (€242,000), depreciation of capital assets and R&D costs (€1,206,000) and a retirement commitment following employee terminations (€92,000).

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

Cost of sales is as follows:

	31/12/09	31/12/08
Purchases for stock	68	3 696
Expenses related to cost of sales	3,542	2,479
Costs of royalties:	9,381	7,323
<i>Of which - Royalty expenses</i>	<i>5,168</i>	<i>3,373</i>
<i>- Amortisation of licences</i>	<i>4,213</i>	<i>3,950</i>
TOTAL	12,990	13,498

Purchases for stock refer to purchases of cartridges for the following games: TV Show King Party for Wii™. Expenses related to cost of sales pertain to sales commissions collected on downloads of Gameloft mobile games by some of the group's distributor partners. Costs of royalties pertain to the sale of games that use external licences and brands not belonging to the Gameloft Group.

25. RESEARCH & DEVELOPMENT COSTS

Research and development costs are as follows:

	31/12/09	31/12/08
Purchases of studies, services and other supplies	-	129
Other external charges	12,170	14,040
Employee compensation	38,783	36,757
Operating subsidy	-2,898	-2,978
Social security charges	8,556	9,917
Taxes	420	625
Amortisation expense on capital assets	7,092	5,813
TOTAL	64,124	64,303

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

At 31 December 2009, the R&D area had 3,579 employees.

R&D staff increased by 7% over the same period.

The compensation and social security charges items increased by 6% during the year and does not include expenses related to stock options. Personnel expenses related to stock options and BSPCE totalled €1,305,000 in 2009 compared to €1,385,000 in 2008.

The Canadian and Argentine subsidies are indexed on production-related salaries.

Amortisation expense increased due to the amortisation of capitalised development costs in the amount of €4,289,000 in 2009 compared with €3,212,000 in 2008.

26. COMMERCIAL EXPENSE

Sales & Marketing costs are as follows:

	31/12/09	31/12/08
Purchases of studies, services and other supplies	-	3
Other external charges	13,881	15,971
Employee compensation	11,613	11,371

Operating subsidy	-381	-395
Social security charges	2,992	3,043
Taxes	370	470
Amortisation expense on capital assets	287	255
TOTAL	28,763	30,718

Commercial expenses pertain to the mobile game distribution area (marketing and B2B sales teams, as well as B2C, e-commerce, Business Intelligence teams, advertising and trade shows such as E3, GSM, etc.).

At 31 December 2009, the S&M area had 447 employees.

Advertising, marketing and trade show expenses for the year totalled €8,480,000 compared to €10,500,000 in 2008. These expenses represent 7% of revenue, a significant decrease based on the company's strategic policy. These expenses represented 9.5% of revenue in 2008.

The number of employees increased by 2% between the two periods.

The compensation item kept pace with the number of employees, increasing by 2%. Personnel expenses related to stock options and BSPCE totalled €639,000 in 2009 compared to €650,000 in 2008.

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.

Amortisation expense increased slightly compared to 2008.

27. ADMINISTRATIVE COSTS

Administrative costs are as follows:

	31/12/09	31/12/08
Purchases of studies, services and other supplies	-	21
Other external charges	3,740	4,047
Employee compensation	4,995	4,688
Operating subsidy	-200	-279
Social security charges	1,102	1,110
Taxes	-17	22
Amortisation expense on capital assets	287	248
TOTAL	9,908	9,857

Overhead costs pertain to the administrative area.

At 31 December 2009, the administrative area had 239 employees, up 6% compared to 2008.

The compensation item increased by 6%, keeping pace with the number of employees. Personnel expenses related to stock options and BSPCE totalled €743,000 in 2009 versus €662,000 in 2008.

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:

	31/12/09	31/12/08
Pensions and similar benefits	74	114
Share-based payments	2,686	2,696

28. CHANGE IN INVENTORIES OF FINISHED PRODUCTS

	31/12/09	31/12/08
Change in inventories: Asphalt DS	31	28
TOTAL	31	28

29. PROVISIONS

	31/12/09	31/12/08
Provisions	2,168	1,365
TOTAL	2,168	1,365

Provisions pertain to the recognition of a retirement commitment (€74,000), provisions for trade receivables (€179,000), provisions for contingencies and charges (€159,000), of which €64,000 was for the negative shareholders' equity of a non-consolidated subsidiary and €95,000 for labour-related lawsuits, provisions for asset depreciation (€1,755,000), of which €567,000 was for amortisation of licences and 1,188,000 for capitalised development costs determined on the basis of the profitability of projects related to the development of games for next-generation game consoles which have been marketed or are in production.

30. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses are as follows:

	31/12/09	31/12/08
Gain/loss on disposal of assets	-83	937
Other income	356	843
Other expenses	-1,489	-986
TOTAL	-1,216	794

The loss on disposal includes the liquidation of the Odyssee Interactive Games subsidiary.

Other income includes the repayment of a portion of Chinese VAT by the Chinese government in the amount of €202,000.

Other expenses include deductions at the source (€644,000), bad debts (€407,000) and non-recoverable VAT (€257,000).

31. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses are as follows:

	31/12/09	31/12/08
Other operating income	-	-
Other operating expenses	41	115
TOTAL	-41	-115

32. NET FINANCIAL INCOME/EXPENSE

Net financial income/expense breaks down as follows:

	31/12/09	31/12/08
Cost of net financial debt	88	197
<i>Cash and cash equivalents income</i>	<i>155</i>	<i>309</i>
<i>Gain/loss on disposal of cash equivalents</i>		-
<i>Interest on financing activities</i>	<i>67</i>	<i>113</i>
<i>Gain/loss on currency hedges on cash and cash equivalents</i>		-
Financial income	2,669	5,033
<i>Dividends</i>		-
<i>Foreign exchange gains</i>	<i>2,669</i>	<i>5,033</i>
<i>Other financial income</i>		-
Financial expense	2,312	6,458
<i>Foreign exchange losses</i>	<i>2,306</i>	<i>6,456</i>
<i>Other financial expenses</i>	<i>6</i>	<i>1</i>
TOTAL	445	-1,228

The company has financial debts in euros and Canadian dollars.
The company had no interest rate or foreign currency hedge at 31 December 2009.

Cash and cash equivalents income is investment income from the various interest-bearing accounts.
The interest on financing activities item includes the financial expenses (€17,000) related to the short-term loan financed by Banque BMO in Canada to fund the occasional cash flow shortages of Gameloft Divertissements Inc.

The other financial expenses pertain to provisions for the equity holdings in Gameloft Venezuela (€6,000).

33. INCOME TAX

Income tax consists of the following:

	31/12/09	31/12/08
Current tax	2,205	960
Deferred tax	-165	-27
Total	2,040	933

- Current tax:

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

- Deferred tax:

	31/12/09	31/12/08
Deferred tax assets (see detail 4)	1,339	987
Deferred tax liabilities (see detail 17)	1,339	1,049

Current tax concerns the following subsidiaries: Gameloft S de RL (€216,000), Gameloft Inc. (€491,000), Gameloft Argentina (€1,308,000), Gameloft Software Beijing Ltd (€211,000) and Gameloft Private Ltd (€106,000).

Tax reconciliation:

	31/12/09	31/12/08
Pre-tax profit/loss	8,011	-876
Notional tax	2,670	-292
Effect of tax losses:		
Unused tax losses for the fiscal year	832	
Unused tax losses for prior fiscal years	-1,817	
Tax effect at the theoretical rate	10	161
Permanent differences between corporate income and	973	110

consolidated income		
<i>of which taxes on stock options</i>	-895	899
<i>of which inter-company eliminations</i>	820	-991
<i>of which dividend eliminations</i>	969	
<i>of which Standardisation</i>	-49	
Permanent Difference	-144	962
Tax/Social gap	-485	-8
Total	2,040	933

3.1.6 Additional information

1. Off-balance sheet commitments

Guarantees given: none

Collateral provided: none

Guarantees received: none

Off-balance sheet commitments:

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

- Authorisation of a guarantee commitment in favour of Divertissement Canada Inc. under a framework lease agreement made between Gameloft Canada and Dell Financial Services Canada Ltd. in the amount of CAD 250,000;
- In the calculation of its leases, Gameloft Divertissements Inc. granted the lessor, to guarantee the payment of rent and the obligations stipulated in the leases, a chattel mortgage in the amount of CAD 322,000 on all the movable property located on the leased premises until the expiration date of 15 August 2014.
- Authorisation of a bond agreement in favour of Gameloft Argentina SA, the company's subsidiary in Argentina, for the signing of a lease concerning the offices in Buenos Aires (Argentina) with Irsa Inversiones y Representaciones SA in the amount of USD 144,000.

Notes receivable discounted: none

Financial leases: none

€K	Gross value	Amortisation	Net value	Charges paid	Charges due		Residual value
					less than 1 year	more than 1 year	
Computer equipment	111	107	4	115	-	-	-

Other commitments: The law of 4 May 2004 gives French employees an individual right to training. 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 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 2009 by both the company and its subsidiaries was €386,000. No directors' fees were paid to Gameloft SA's company managers during the fiscal year ended 31 December 2009.

	2009	2008
Salaries, misc. charges and benefits	386	383
Total pensions and other post-employment benefits		-
Severance pay		-
Total stock options and bonus shares issued	393,000	450,000

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

I. Compensation and benefits of any kind received by the 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. Starting in 2009, stock options and bonus shares granted to the executive directors are subject to performance conditions.

The following tables include the compensation and benefits of any kind due and/or paid to the company managers in connection with their duties by:

- (i.) the company,
- (ii.) the companies controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the company at which the duties are performed,
- (ii.) the companies controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the company or companies that control the company at which the duties are performed,
- (iv.) the company or companies that control, within the meaning of this same article, the company at which the duties are performed.

The total gross compensation paid to the senior executives during the fiscal year by the company, by the controlled companies as defined by IAS 24.16 and by the company that controls the company at which they perform their duties was €2,790,000, of which €154,000 was paid by Gameloft SA.

Amounts in euros	Gameloft SA	Gameloft Inc.	Gameloft Ltd.		Ubisoft Entertainment SA		Guillemot Brothers SA	TOTAL compensation for 2009
	Gross fixed compensation	Gross fixed compensation	Gross fixed compensation	Benefits in kind	Gross fixed compensation	Directors' fees	Gross fixed compensation	
Michel Guillemot	60,000	0	168,341	29,144	62,596	22,500	243,756	586,237
Claude Guillemot	31,248	0	0	0	62,496	22,500	339,996	456,240
G�rard Guillemot	0	34,812	0	0	162,500 (1)	15,000	362,496 (2)	574,808
Yves Guillemot	31,248	0	0	0	500,004	30,000	24,996	586,248
Christian Guillemot	31,248	0	0	0	62,496	30,000	462,504	586,248

1 : Compensation paid by Ubisoft Inc. Via a payment order on behalf of Ubisoft Entertainment.

2 : Compensation paid by Longtail Studios Inc. via a payment order on behalf of Guillemot Brothers.

For 2009, the total gross compensation paid to the executive directors, and for which a provision was set up, was €2,789,792.

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

Michel Guillemot	2009		2008	
	Amount owed	Amount paid	Amount owed	Amount paid
Fixed compensation	534,593	534,593	444,383	444,383
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	22,500	22,500	22,500	22,500
Benefits in kind	29,144	29,144	5,492	5,492
TOTAL	586,237	586,237	472,375	472,375

Claude Guillemot	2009		2008	
	Amount owed	Amount paid	Amount owed	Amount paid
Fixed compensation	433,740	433,740	342,515	342,515
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	22,500	22,500	30,000	30,000
Benefits in kind	-	-	-	-
TOTAL	456,240	456,240	372,515	372,515

G�rard Guillemot	2009		2008	
	Amount owed	Amount paid	Amount owed	Amount paid
Fixed compensation	559,808	559,808	417,655	417,655
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	15,000	15,000	15,000	15,000
Benefits in kind	-	-	-	-
TOTAL	574,808	574,808	432,655	432,655

Yves Guillemot	2009		2008	
	Amount owed	Amount paid	Amount owed	Amount paid
Fixed compensation	556,248	556,248	413,978	413,978
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	30,000	30,000	30,000	30,000
Benefits in kind	-	-	-	-
TOTAL	586,248	586,248	443,978	443,978

Christian Guillemot	2009		2008	
	Amount owed	Amount paid	Amount owed	Amount paid
Fixed compensation	556,248	556,248	413,978	413,978
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	30,000	30,000	22,500	22,500
Benefits in kind	-	-	-	-
TOTAL	586,248	586,248	436,478	436,478

II. Stock option plan

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

Stock options granted to the company managers during the fiscal year by the company

STOCK OPTIONS GRANTED DURING THE FISCAL YEAR BY GAMELOFT S.A.					
Name of executive director:	plan no. and	Type of	Number of	Exercise	Exercise period

	date	options	options granted	price	
- Mr. Michel Guillemot	Plan 9 of 14/05/09	Stock options	300,000	€2.36	50% from 14/05/2011 to 14/05/2015 50% from 14/05/2013 to 14/05/2015
- Mr. Gérard Guillemot	Plan 9 of 14/05/2009	Stock options	37,500	€2.36	50% from 14/05/2011 to 14/05/2015 50% from 14/05/2013 to 14/05/2015
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. In addition, exercise of the options granted by the Board of Directors to the executive directors is 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.

Stock options granted to the company managers during the fiscal year by Ubisoft Entertainment S.A.

STOCK OPTIONS GRANTED DURING THE FISCAL YEAR BY UBISOFT ENTERTAINMENT S.A.					
Name of executive director:	plan no. and date	Type of options	Number of options granted	Exercise price	Exercise period
- Mr. Michel Guillemot	Plan 19 of 12/05/2009	Stock options	11,000	€14.92	25% per year from 12/05/2010 to 11/05/2014
- Mr. Christian Guillemot	Plan 19 of 12/05/2009	Stock options	11,000	€14.92	25% per year from 12/05/2010 to 11/05/2014
- Mr. Yves Guillemot	Plan 19 of 12/05/2009	Stock options	80,000	€14.92	25% per year from 12/05/2010 to 11/05/2014
- Mr. Claude Guillemot	Plan 19 of 12/05/2009	Stock options	11,000	€14.92	25% per year from 12/05/2010 to 11/05/2014
- Mr. Gérard Guillemot	Plan 19 of 12/05/2009	Stock options	11,000	€14.92	25% per year from 12/05/2010 to 11/05/2014
TOTAL			124,000		

III. Bonus shares issued

BONUS SHARES GRANTED TO THE COMPANY MANAGERS DURING THE FISCAL YEAR					
Name of executive director:	Date of Board of Directors' meeting	Number of shares	Acquisition date of the shares	End of holding period - date of transferability	Performance conditions
- Mr. Christian Guillemot	21/04/09	18,500	21/04/11	22/04/13	Internal performance conditions and external performance conditions
- Mr. Yves Guillemot	21/04/09	18,500	21/04/11	22/04/13	Internal performance conditions and external performance

					conditions
- Mr. Claude Guillemot	21/04/09	18,500	21/04/11	22/04/13	Internal performance conditions and external performance conditions
TOTAL		55,500			

IV. Compensation and benefits due as a result of the termination of duties of an executive director of the company

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 obligation has been assumed in favour of the members of the Board of Directors with regard to compensation, financial consideration or benefits owed or likely to be owed as a result of the termination or change in their duties or subsequent to said duties.

Loans extended to the group's senior executives

At 31 December 2009, 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 end

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

5. Personnel

The workforce at 31 December 2009 breaks down as follows:

a) Breakdown by geographic region:

	31/12/05	31/12/06	31/12/07	31/12/08	31/12/09
Europe	159	139	797	544	449
North America	370	335	324	375	394
Rest of the world	1,255	2,161	2,902	3,083	3,422
Total	1,784	2,635	4,023	4,002	4,265

b) Breakdown by department:

	31/12/05	31/12/06	31/12/07	31/12/08	31/12/09
Administration	83	138	185	226	239
Sales and Marketing	108	192	425	438	447
Internet development	23	-	-	-	-
Mobile phone development	1,570	2,305	3,413	3,338	3,579

Total	1,784	2,635	4,023	4,002	4,265
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In 2009, the workforce grew slightly.

c) Average number of employees

	2008	2009
Research & Development	3,376	3,476
Sales & Marketing	432	447
Administration	206	229
Total	4,014	4,153

IFRS 7 FINANCIAL INSTRUMENTS

Supprimé : €

Supprimé :

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

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 31/12/09 and 31/12/08:

At 31 December		Category Fair value	2009		2008	
in €K	Category IAS 39		Book value	Fair value	Book value	Fair value
ASSETS						
Non-current financial assets (excluding securities)	Loans and receivables at amortised cost		1,890		2,248	
Non-current financial assets (securities)	Assets available for sale at fair value through equity	Level 3	58		371	
Other non-current receivables	Loans and receivables at amortised cost		1,424		963	
Advance payments made	Loans and receivables at amortised cost		149		124	
Trade receivables and related accounts	Loans and receivables at amortised cost		32,626		35,143	
Financial assets	Loans and receivables at amortised cost		0		0	
Other receivables and accruals	Loans and receivables at amortised cost		8,525		6,877	
Cash and cash equivalents	Financial assets at fair value through profit or loss	Level 1	19,804		11,474	

At 31 December	Category Fair	2009	2008
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in €K	Category IAS 39	value	Book value	Fair value	Book value	Fair value
LIABILITIES						
Non-current financial debts	Financial liabilities at amortised cost		0		0	
Financial debts	Financial liabilities at amortised cost		55		729	
Trade payables	Financial liabilities at amortised cost		12,595		12,412	
Tax and social security liabilities	Financial liabilities at amortised cost		8,532		8,503	
Other debts	Financial liabilities at amortised cost		697		4,532	

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:

Item	31/12/2009			
	Level 1	Level 2	Level 3	Total
Non-current financial assets (securities)			58	58
Cash and cash equivalents	19,804			19,804
Total assets at fair value	19,804	0	58	19,862
				0
Total liabilities at fair value	0	0	0	0

Item	31/12/2008			
	Level 1	Level 2	Level 3	Total
Non-current financial assets (securities)			371	371
Cash and cash equivalents	11,474			11,474
Total assets at fair value	11,474	0	371	11,845
				0
Total liabilities at fair value	0	0	0	0

- Securities-related risk management

Risk related to the company's shares

Based on its share buyback policy and pursuant to the authorisations granted by the General Meeting, the company may have occasion to purchase its own shares. The fluctuation in the share price of the treasury shares thus purchased has no impact on the group's earnings.

Risk related to other shares

Equity holdings in listed companies may have a negative impact on the company's earnings in the event of a significant and/or prolonged decrease in the share price.

At 31 December 2009, the equity holdings do not include any shares of listed companies.

- Liquidity risk management

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

- Interest rate risk management

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

- Foreign exchange risk management

We own assets, receive income and incur expenses and commitments directly and through our subsidiaries in a large number of foreign currencies. Our accounts are presented in euros. Therefore, when we prepare our consolidated financial statements, we must convert into euros the value of our assets, liabilities, income and expenses presented in other currencies at the exchange rate applicable on that date. As a result, increases and decreases in the value of the euro in relation to these other currencies will affect the value of these items in our accounts, even if their value has not changed in their original currency.

Nevertheless, Gameloft uses a natural foreign exchange hedging system insofar as 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.

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

Change in exchange rates of principal currencies:

	31/12/09		31/12/08	
	Average rate	Closing rate	Average rate	Closing rate
US dollar	1.39327	1.44060	1.47059	1.3917
Canadian dollars	1.58519	1.51280	1.55928	1.6998
Pound Sterling	0.89105	0.88810	0.79654	0.9525
Japanese yen	130.23437	133.16000	152.33161	126.1400
Argentine peso	5.20200	5.46950	4.64197	4.8065

Impact on revenue of the change in exchange rates during the year:

€	31/12/09	31/12/08
US dollar	-914	627
Canadian dollars	17	-26
Pound Sterling	29	-238
Japanese yen	-176	227
Argentine peso	-377	108

The breakdown of financial debts by currency is as follows:

	31/12/09	31/12/08
Euros	52	25

Financial debt sensitivity:

	Amount	Type of interest rate	Interest rate	Face value	Int/year	Var. of + 1%	Difference in €K
Bank loan France	52	Variable	17.20%	48	4	5	-1
Bank loan Canada	3	Fixed	6.50%	-	3	4	-1
Cash on hand	19,804	Variable	-	19,804	-	-	-
Investments	-		-%	-	-	-	-
Total				-	7	9	-2

Credit risk:

Credit risk is the risk of financial loss incurred by the group in the event that a customer fails to meet its payment obligations. At 31 December 2009, the amount of past due trade receivables not yet amortised was insignificant.

	31/12/09				Amount of past due assets not amortised			
	Note	Book value	Provisions	Net book value	Amount of assets not yet due	0-6 months	6 months-1 year	More than 1 year
Non-current and current operating financial assets								
Trade receivables	9	32,933	307	32,626		32,626		
Other current trade receivables	11	8,525	-	8,525		8,525		
Other financial assets in loans and receivables								
LOANS AND RECEIVABLES								
Other non-current financial assets								
Other current financial assets								
		41,458	307	41,151		41,151		

7. Information regarding related parties

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

Transactions carried out with companies owned by common senior executives:

a) with Guillemot Brothers S.A.:

These transactions pertain to the re-invoicing of services provided on behalf of Gameloft SA (€21,000).

b) with Ubisoft Group:

Operating expenses:

- re-invoicing of services provided by Ubisoft on behalf of Gameloft SA (€401,000),
- the purchase of Asphalt DS game cartridges (€23,000),
- royalties under a licence agreement with Ubisoft Entertainment by which Gameloft SA is authorised to use their brand (€1,309,000).

Operating income:

- re-invoicing of services provided by Gameloft SA on behalf of Ubisoft Entertainment (-€74,000),
- re-invoicing of services provided by Gameloft Srl Romania on behalf of Ubisoft Srl (€4,000),

- marketing by Ubisoft Entertainment and Ubisoft Inc. Under a distribution agreement for console games produced by Gameloft SA (€1,827,000).

c) with AMA:

Operating expenses:

- re-invoicing of royalties for the marketing of AMA games (€209,000).

Operating income:

- re-invoicing of Gameloft Srl for services provided on their behalf (€2,000).

d) with Longtail Studios:

The transactions concern royalties on sales completed by Gameloft SA for distribution of the “Love Triangle” mobile game (€48,000).

	31/12/09	31/12/08
Assets (€K)		
Equity holdings		
Trade receivables and related accounts	62	2,254
Prov. trade receivables		
Other receivables		
Prov. for other receivables		
Receivables from suppliers	34	
Liabilities (€K)		
Trade payables and related accounts	809	353
Financial debts		
Customer credit balances	62	4,120
Operating profit/loss (€K)		
Operating income	-252	4,000
Operating expenses	1,759	5,206
	2,011	1,206
Net financial income/expense (€K)		
Financial income		
Financial expense		-

Transactions carried out with subsidiaries whose financial statements are not consolidated with those of the Gameloft Group:

As the Gameloft Dubai, Gameloft Spri and Gameloft Venezuela subsidiaries have not really begun operations, they are not included in the consolidation scope at 31 December 2009.

	31/12/09	31/12/08
Assets (€K)		
Equity holdings	64	372
Prov. for equity holdings	6	1
Assets being sold	-	55
Trade receivables and related accounts		
Prov. trade receivables		
Other receivables		
Prov. for other receivables		
Receivables from suppliers	34	
Liabilities (€K)		
Trade payables and related accounts		62
Financial debts		
Operating profit/loss (€K)		
Operating income		
Operating expenses		129

Net financial income/expense (€K)

Financial income
 Financial expense

8. Market risk:

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

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

9. Individual Right to Training

At 31 December 2009, hours totalled 5,442.

10. Auditors' fees

The following table shows the fees of Gameloft's auditors for the services provided in 2009.

	Audit AMLD				MB Audit			
	Amount		%		Amount		%	
	2009	2008	2009	2008	2009	2008	2009	2008
Audit €K								
Audit of the accounts and certification of the year-end and consolidated financial statements								
• Issuer	120	100.3	94.5%	94.18%	80	98	86.2%	92.45%
• Fully consolidated subsidiaries	7	6.2	5.5%	5.82%	12.8	8	13.8%	7.55%
Other work and services directly related to the auditors' audit								
• Issuer	-	-	-	-	-	-	-	-
• Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
Subtotal	127	106.5	100%	100%	92.8	106	100%	100%
Other services provided by the networks to the fully consolidated subsidiaries as a whole								
Legal, fiscal, social	-	-	-	-	-	-	-	-
Other (please specify if > 10% higher than the audit fees)	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-
TOTAL	127	106.5	100%	100%	92.8	106	100%	100%

11. Non-consolidated subsidiaries

	COUNTRY	Currency	Capital	Reserves and retained earnings before allocation of profit	Share of capital held	Book value of shares held in thousands of euros		Loans and advances granted by the company and not yet repaid	Guarantees and security given by the company	Previous fiscal year pre-tax revenue	Previous fiscal year profit	Dividends collected
Detailed information regarding the subsidiaries and equity holdings of non-consolidated companies												
SUBSIDIARIES CAPITAL HELD AT LEAST 50%			in foreign currency, thousands	in thousands of euros		gross	net	in thousands of euros		in thousands of euros	in thousands of euros	
Gameloft Sprl Belgium	Belgium	€	20	-	99.50%	20	20	-	-	-	-	-
Gameloft Dubai	Dubai	€	38	-	100.00%	38	38	-	-	-	-	-
Gameloft Venezuela	Venezuela	VEF	20	-	95.00%	6	-	-	-	-	-69	-
EQUITY HOLDINGS CAPITAL HELD BETWEEN 10 AND 50%												
GRAND TOTAL						64	58	-	-			

3.1.7 **Sector information**

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

€K	Revenue	
	31/12/09	31/12/08
Europe*	47,691	47,084
North America	38,808	33,245
Rest of the world	35,473	30,003
Total	121,972	110,332

* within the meaning of the European Union

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

€K	Non-current assets	
	31/12/09	31/12/08
Europe*	13,951	13,246
North America	3,219	2,397
Rest of the world	4,722	5,292
Total	21,892	20,935

* within the meaning of 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 customer that generates at least 10% of total revenue:

€K	Revenue	
	Amount	%
Apple	18,827	15.44%
Total	18,827	15.44%

In 2008, none of Gameloft's customers accounted for more than 10% of the company's total consolidated revenue.

3.1.8 **Auditors' report on the consolidated financial statements**

Dear Shareholders,

Pursuant to the mission entrusted to us by your General Meeting, we present to you our report for the fiscal year ended 31 December 2009 regarding:

- the audit of the consolidated financial statements of Gameloft SA, 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 accounting standards applicable in France. These standards require the use of due diligence to provide reasonable assurance that the consolidated financial statements do not contain any significant misstatements. An audit entails examining, on a test basis or by other selection methods, the evidence supporting 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 believe that the information that we compiled forms a sufficient and appropriate basis for 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, true and in good order and fairly present the assets, financial position and profit 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 5.3.1.2, which describes the changes in accounting methods following implementation of new standards and interpretations as of 1 January 2009;
- Note 5.3.1.3, which describes the change in accounting estimate that occurred during the fiscal year.

II - Basis for the assessments

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

- As part of our assessment of the accounting rules and principles applied by your company, we verified the relevance of the changes in presentation made during the fiscal year, as described in 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.
- Value tests are conducted on intangible assets, and more specifically games marketed and in production, as described in Notes 5.3.2.2 and 5.5. We have reviewed the appropriateness of the methodology applied by the company.

Our assessments were made within the context of our audit of the consolidated 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 verification

In accordance with the professional standards applicable in France, we 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 fairness of the information and its consistency with the consolidated financial statements.

Rennes, 27 April 2010

The Auditors

AUDIT AMLD

MB AUDIT

Jean-Marc Bresson

Marc Dariel

Correlation table of the attached notes:

Auditors' report

Note 5.3.1.2

Note 5.3.1.3

Note 5.3

Note 5.3.2.2

Note 5.5

Reference Document

Paragraph 3.1.5.3.1.2

Paragraph 3.1.5.3.1.3

Paragraph 3.1.5.3.

Paragraph 3.1.5.3.2.2

Paragraph 3.1.5.5s

3.2 Individual Financial Statements of Gameloft SA at 31 December 2009

3.2.1 Balance sheet at 31 December 2009 (€K) (12-month fiscal year)

ASSETS	Notes	31/12/09	31/12/09	31/12/09	31/12/08
		Gross €K	Amort/dep €K	12-month fiscal year Net €K	12-month fiscal year Net €K
Intangible assets	1	34,090	22,148	11,942	10,673
Tangible assets	2	3,862	2,990	872	1,071
Financial assets	3	8,580	119	8,461	8,171
Long-term assets		46,532	25,257	21,275	19,915
Inventories of finished products	4	457	-	457	2,428
Advance payments made	5	-	-	-	-
Trade receivables and related accounts	6	59,722	2,352	57,370	52,234
Other receivables	7	10,725	3,252	7,473	10,754
Short-term investment securities	10	-	-	-	2,507
Cash on hand	11	12,625	-	12,625	2,621
Current assets		83,529	5,604	77,925	70,544
Accruals	12	1,248	-	1,248	2,643
Total Assets		131,309	30,861	100,448	93,101

LIABILITIES	Notes	31/12/09	31/12/08
		12-month fiscal year €K	12-month fiscal year €K
Share capital		3,740	3,680
Issue and merger premiums		66,593	63,790
Reserves		-23,224	-18,157
Fiscal year profit/loss		4,653	-5,067
Shareholders' equity	13	51,761	44,246
Provisions for contingencies and charges	16	1,062	2,577
Misc. financial debts (1)	17	6,139	5,741
Trade payables and related accounts	18	33,700	28,686
Tax and social security liabilities	19	1,513	1,906
Debts on assets	20	4,506	4,508
Other debts	21	601	4,280
Total debts		46,459	45,120
Accruals	22	1,166	1,158
Total Liabilities		100,448	93,101
(1) including group current accounts		6,088	5,716

3.2.2 Income statement at 31 December 2009 (€K)

	Notes	12-month fiscal year ended 31/12/2009	12-month fiscal year ended 31/12/08
Sales of goods	23	1,827	3,254
Output sold for the year	23	94,425	81,657
Closing inventory	23	-1,940	2,397
Self-constructed assets for the year	23	5,274	6,355
Other operating income and transfers of charges	24	1,107	1,189
Total operating income		100,693	94,852
Purchases and other supplies	25	64,252	67,242
Change in inventories	26	31	28
Other purchases and external charges	27	14,784	12,754
Taxes		777	728
Personnel expenses	28	5,618	5,828
Other expenses		720	720
Depreciation and provisions	29	10,504	10,716
Total operating expense		96,686	98,017
Operating profit/loss		4,007	-3,164
Income from other securities and receivables from long-term assets (1)		2,908	-
Other interest and similar income (1)		203	335
Write-backs of provisions		2,512	1,479
Foreign exchange gains		976	3,118
Net income from sales of short-term investment securities		=	=
Total financial income		6,599	4,932
Provisions		2,809	3,891
Other interest and similar expenses (2)		194	163
Foreign exchange losses		2,913	2,771
Net expenses on sales of short-term investment securities		=	=
Total financial expense		5,916	6,825
Net financial income/expense	30	683	-1,893
Profit/loss from ordinary activities		4,690	-5,057
Extraordinary profit/loss	31	-49	-10
Pre-tax profit/loss		4,641	-5,067
Income tax	32	11	-
Net fiscal year profit/loss		4,653	-5,067
(1) including income related to affiliates:		3,111	177
(2) including expenses related to affiliates:		172	122

3.2.3 Cash flow statement at 31 December 2009 (€K)

	31/12/2009	31/12/2008
	12-month fiscal year	12-month fiscal year
Cash flow from operating activities		
Net profit/loss	4,653	-5,067
Depreciation of tangible and intangible assets	9,123	7,979
Change in provisions	-954	2,195
Capital gains and losses	8	8
Cash from operations	12,829	5,115
Change in inventories	1,971	-2,359
Change in trade receivables	-460	-8,287
Change in operating liabilities	951	9,963
Change in non-trade receivables	-	-
Change in non-operating liabilities	-4	2,351
Change in operating working capital	2,458	1,669
Total operating cash flow	15,287	6,784
Investment-related cash flow		
Purchases of intangible assets	-5,294	-6,458
Acquisition of advances on intangible assets	-5,521	-5,737
Purchases of tangible assets	-702	-968
Purchases of equity holdings	-479	-353
Purchases of other financial assets	-49	-187
Sales of assets	47	10
Repayments of loans and other intangible & financial assets	844	394
Total investment-related cash flows	-11,153	-13,298
Cash flow from financing activities		
New long- and medium-term loans		
Repayments of loans		
Share capital increase	60	27
Increase in issue premium	2,803	930
Change in shareholders' current accounts	371	3,072
Other cash flows		
Total cash flows from financing activities	3,234	4,029
Impact of translation gains and losses	102	-16
Change in cash and cash equivalents	7,471	-2,502
Net cash and cash equivalents at start of fiscal year	5,103	7,604
Net cash and cash equivalents at end of fiscal year	12,574	5,103

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

Fiscal year	31/12/05	31/12/06	31/12/07	31/12/08	31/12/09
	12 months	12 months	12 months	12 months	12 months
Share capital (€)	3,442,516	3,537,829	3,652,918	3,680,255	3,739,894
No. of ordinary shares	68,850,316	70,756,584	73,058,357	73,605,094	74,797,874
No. of preferred shares	-	-	-	-	-
Maximum no. of shares that may be created	7,358,777	7,414,609	8,311,036	7,011,987	11,821,550
By exercised options	4,061,677	5,198,506	7,323,778	6,358,987	11,101,300
By issuance of bonus shares					720250
By BSPCE subscriptions	3,297,100	2,216,103	987,258	653,000	0
Revenue	35,586	47,901	74,236	84,911	96,252
Profit/loss before tax, profit-sharing, depreciation and provisions	-1,462	8,080	2,178	7,876	15,301
Income tax	19	-	-	-	-11
Profit-sharing	-	-	-	-	-
Profit/loss after tax, profit-sharing, depreciation and provisions	3,102	23,395	-2,538	-5,067	4,653
Dividend payout	-	-	-	-	-
Per share, profit/loss after tax and before depreciation and provisions (€)	-0.02	0.33	0.03	0.11	0.20
Per share, profit/loss after tax and depreciation and provisions (€)	0.04	0.11	-0.03	-0.07	0.06
Dividend allocated to each share	-	-	-	-	-
Average number of employees	41	36	40	35	30
Total payroll	3,313	3,828	3,929	4,007	3,898
Social security taxes and fringe benefits	1,463	1,615	1,752	1,821	1,719

3.2.5 Proposed allocation of profit

The Board of Directors has proposed allocating the net profit of €4,652,693.66 to losses carried forward.

3.2.6 Notes to the individual financial statements

The following notes and tables, presented in thousands of euros, form an integral part of the year-end financial statements for the year ended 31 December 2009 and constitute the appendix to the balance sheet (before distribution of earnings), which shows a total of €100.4 million, and to the income statement, which shows a profit of €4.7 million. The fiscal year is 12 months long and covers the period from 1 January 2009 to 31 December 2009.

3.2.6.1 Highlights of the fiscal year

- Creation and capital increase of the subsidiaries:

A new company, Gameloft Divertissements Live Inc., was created in Canada.

The following subsidiaries increased their capital during the year in order to comply with local regulations: Gameloft Brazil, Gameloft LLC and Gameloft Dubai.

- Change in reporting entity:

The consolidation scope used for FY 2009 differs from that of 2008. Ludigames SAS, Gameloft Philippines Inc. and Gameloft Divertissements Live Inc. were added to the scope of consolidation as of 1 January 2009 or at the time of their creation during the year.

- Subsidiary liquidation:

The Odyssee Interactive Games subsidiary in France was liquidated in October 2009 and was removed from the Aurillac Corporate and Trade Register on 23 November 2009.

- Share capital increase:

Gameloft carried out a share capital increase through the exercise of stock options and start-up company stock purchase warrants in the amount of €2,863,000, issue premiums included. The share capital is currently €3,740,000.

3.2.6.2 Comparability of accounts and change in accounting estimate

There was no reclassification in the individual financial statements at 31 December 2009.

There was a change in accounting estimate for the amortisation term of game costs from 12 months to 18 months.

This change occurred for games that were released for sale after 1 January 2009.

Based on experience acquired regarding a game's useful life, the amortisation term appears to be more in line with the useful life if the term is extended from 12 months to 18 months.

The impact of this change in accounting estimate on 2009 profit is + €237,000.

The impact on 2010 profit is + €202,000.

The impact on 2011 profit is -€438,000.

3.2.6.3 Accounting principles

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

- continuity of operation,

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

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

The basic method used to determine the value of booked items is the historical cost method.

The accounting methods used conform to industry practices and no future change in method is planned at this time.

Gameloft's year-end financial statements comply with the provisions of Regulation 99-03 regarding individual financial statements, approved by the Order of 22 June 1999, Regulation 2000-06 regarding liabilities, adopted by the French Accounting Regulations Committee (CRC), as well as Regulation R. 2002-10 regarding assets, applicable since 1 January 2003, and Regulation CRC 2004-06 regarding the definition, recognition and valuation of assets.

Gameloft applies the benchmark treatment for recognition as an asset of development costs of its games for new platforms such as Nintendo DS, DSi, Apple iPod, WiiWare, 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-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 900 different models of mobile telephones on the market and the 12 languages it supports. Given this extreme fragmentation and the more general nature of the sales-related information received from 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.

3.2.6.4.2 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.

3.2.6.4.3 Financial assets

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

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

3.2.6.4.4 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.

Inventory as of 31 December 2009 consisted of game cartridges such as *Asphalt: Urban GT*, Real Football 2009, Guitar Rock Tour for Nintendo DS, TV Show King for Wii and Brain Challenge for PS3.

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.

3.2.6.4.5 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.

3.2.6.4.6 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 2009. 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.

3.2.6.4.7 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 revalued net position, reduced to the percentage owned, becomes negative. The provision would then be equal to the negative amount obtained.

3.2.6.4.8 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.

3.2.6.4.9 Cash on hand

Cash on hand consists of bank account balances.

3.2.6.4.10 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 2009, provisions for contingencies and charges concern:

- foreign exchange risk related to the discounting of receivables and debts denominated in foreign currencies,
- provisions for subsidiaries that show a net loss,
- provisions for retirement benefits.

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 2009 are as follows:

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

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

Gameloft has not set up special employee benefits.

3.2.6.4.11 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 31/12/08				At 31/12/09
	Gross	Book transfer	Increases	Decreases	Gross
Software	148		19		167
Brands	1,829				1,829
Development costs	6,280	3,625	1,485		11,391
Development costs in progress	3,218	-3,625	3,790	673	2,709
Advances on licences	14,230		5,521	1,758	17,994
TOTAL	25,705	-	10,816	2,431	34,090

Other intangible assets include development costs of finished or marketed games for new platforms such as Nintendo DS, Apple iPod, WiiWare, the new Nintendo DSi, etc.

Development costs include finished or marketed games for new platforms such as Nintendo DS, DSi, Apple iPod, WiiWare, PS3net, etc. for €1,485,000.

Intangible assets in progress include development costs of games not yet completed as of the balance sheet date, which this year total €3,789,000.

The company performs tests on the feasibility of the projects and their marketing. In 2009, 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 €673,000.

Advances on licences pertain to agreements signed with various automobile manufacturers, top-ranked athletes Camillo Villegas, Vijay Singh, Mickael Llodra, Patrick Viera, Steven Gerrard, Cannavaro, Robinho and Hulk Hogan (top-ranked wrestler), FIFPRO (International Federation of Professional Footballers), the NBA, the NFL and so on.

In 2009, new licence agreements were signed primarily with Riverdeeps for the legendary Oregon Trail game, for the release of the Avatar film, with Editions Albert René for the release of the Astérix film, with Marvel for Iron Man 2 and with Universal for the Jurassic Park film. Gameloft also signed agreements for licences related to board games, series and TV games such as Blokus, Uno, Sonic by Sega, Deal or No Deal, Heroes, CSI, etc.

The decrease in advances on licences in the amount of €1,758,000 pertains to licences to which Gameloft is no longer contractually entitled as of 31 December 2009.

Amortisation and provisions

	At 31/12/08 Cumulative	Increases	Decreases	Exchange differential	At 31/12/09 Cumulative
Software	94	32			126
Brands	1,829				1,829
Development costs	4,473	5,477	1,206		8,744
Advances paid/licences	8,636	4,468	1,758	102	11,448
TOTAL	15,032	9,977	2,964	102	22,148

The increase in amortisation on advance payments on licences resulted from the rise in sales which led to an increase in royalties prorated based on sales of the various licensed products or amortised on a straight-line basis according to the term of the agreements for flat fees.

In light of the weak sales outlook for various licences, an additional amortisation in the amount of €567,000 was recorded at 31 December 2009.

The increase in amortisation and provisions for marketed games was €4,289,000 and €1,188,000, respectively.

Amortisation corresponds to the amortisation over 18 months of development costs as of the game's release date after 1 January 2009 and amortisation over 12 months for games released prior to 1 January 2009. Value tests were conducted on all games marketed and in production at the end of the fiscal year, which resulted in the recording of a provision in the amount of €1,188,000.

2. Tangible assets

Tangible assets are as follows:

Assets

	At 31/12/08			At 31/12/09
	Gross	Increases	Decreases	Gross
Plant and equipment	68	14		82
Transportation equipment	-			-
Computer equipment and furniture	3,092	688		3,780
TOTAL	3,160	702		3,862

The increases in tangible assets pertain to the purchase of mobile phones and the replacement of computer equipment.

Depreciation

	At 31/12/08			At 31/12/09
	Cumulative	Increases	Decreases	Cumulative
Plant and equipment	39	16		55
Transportation equipment				-
Computer equipment and furniture	2,050	885		2,935
TOTAL	2,088	901		2,990

3. Financial assets

Financial assets are as follows:

Assets

	Gross	Increases	Decreases	Gross
	At 31/12/08			At 31/12/09
Equity holdings	7,897	479	195	8,181
Other long-term investments	150			150
Deposits and guarantees	231	49	31	249
TOTAL	8,278	388	86	8,580

The increase in equity holdings is due to the creation of the Gameloft Live Divertissements Inc. subsidiary (€94,000) and Gameloft Dubai (€11,000), less the repatriation of funds for the Gameloft Malta Ltd. subsidiary (€140,000), and the share capital increase of certain subsidiaries, including Gameloft LLC Ukraine (€250,000) and Gameloft Brazil (€117,000).

The decreases pertain to the shares of Odyssee Interactive Games, which was liquidated in October 2009.

Other long-term investments are loans and receivables.

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

Provisions

	At 31/12/08			At 31/12/09
	Cumulative	Increases	Decreases	Cumulative
Equity holdings	107	13	1	119
TOTAL	107	13	1	119

The increases concern the equity holdings of Gameloft SRO (€7,000) and Gameloft Venezuela (€6,000).

The write-backs of provisions pertain to the equity holdings of Ludigames (€1,000).

Subsidiaries and equity holdings:

€K	Subsidiaries		Equity holdings	
	French	Foreign	French	Foreign
Book value of shares held:				
- gross	118	8,063	-	-
- net	118	7,944	-	-
Total loans and advances granted		8,175	-	-
Total security and guarantees provided		-	-	-
Total dividends collected		2,908	-	-

Subsidiaries and equity holdings:

	Currency	Capital in foreign currencies	SE other than capital in foreign currencies	Share of capital held (%)	Book value of shares (gross in €)	Book value of shares (net in €)	Total loans and advances granted In €	Total security and guarantees	Revenue at 31/12/09 in foreign currencies	Earnings at 31/12/09 in foreign currencies	Dividends distributed In €
SUBSIDIARIES CAPITAL HELD AT LEAST 50%											
Gameloft Inc. Divertissements (Canada)	CAD	3,971,142	3,129,248	100.00%	2,855,807	2,855,807	9,673	-	15,589,582	611,293	-
Gameloft Inc. (USA)	USD	2,001,000	5,397,498	99.50%	2,316,726	2,316,726	-	-	41,712,658	1,113,760	-
Gameloft Ltd.	£	1,000	-1,977,363	99.50%	1,666	1,666	-	-	4,381,592	-1,044,926	-
Gameloft GmbH	€	25,000	-2,675,371	100.00%	25,000	-	99	-	1,087,468	-380,496	-
Gameloft Iberica SA (Spain)	€	60,200	-469,565	100.00%	60,201	60,201	-	-	5,567,748	-111,139	-
Gameloft SRL (Romania)	RON	191,600	-333,616	100.00%	106,259	106,259	-	-	26,871,733	598,526	-
Gameloft SRL (Italy)	€	96,900	353,930	99.74%	97,870	97,870	-	-	2,173,897	122,517	-
Gameloft Software Beijing Ltd.	RMB	1,663,264	55,090,697	100.00%	173,340	173,340	-	-	99,911,980	16,568,640	-
Gameloft KK	JPY	10,000,000	-382,615,436	99.90%	78,720	78,720	3,249,651	-	855,709,232	67,345,011	-
Gameloft Software Shanghai Ltd.	RMB	1,655,320	-27,531	100.00%	166,661	166,661	-	-	47,531,801	1,826,221	-
Gameloft Software Chengdu	RMB	1,603,220	-10,081,930	100.00%	155,678	155,678	-	-	28,769,608	1,065,498	-
Gameloft Ltd. (Vietnam)	\$	50,000	150,877	100.00%	40,317	40,317	76,357	-	5,953,000	371,325	-
Gameloft EOOD (Bulgaria)	€	52,510	-32,843	100.00%	53,000	53,000	-	-	1,532,684	68,083	-
Gameloft S. de R.L. de C.V.	\$ PESO	1,997,000	36,886,514	99.95%	140,028	140,028	-	-	123,128,175	5,060,539	-
Gameloft Private Ltd.	INR	103,026	32,239,187	99.99%	1,977	1,977	-	-	156,181,395	-3,004,598	-
Gameloft Co. Ltd.	KRW	100,000,000	-4,939,553,206	100.00%	80,111	-	2,973,587	-	1,300,182,745	-330,413,291	-
Gameloft Argentina	ARS	1,200,000	22,250,913	95.00%	953,726	953,726	663,810	-	65,271,065	18,306,615	2,908,308
Gameloft LLC (Ukraine)	UAH	292,164	-794,872	100.00%	280,000	280,000	-685	-	9,559,075	-29,586	-
Gameloft Do Brasil Ltda	BRL	478,918	-1,240,761	99.00%	165,000	165,000	-	-	3,513,944	-822,202	-
Gameloft Australia Pty Ltd	AUD	5,000	-333,945	100.00%	2,936	2,936	52,457	-	172,9261	-206,037	-
Gameloft SRO (Czech Republic)	CZK	200,000	-8,765,533	100.00%	7,108	-	292,782	-	4,318,672	-4,777,125	-
Gameloft SPRL (Belgium)	€	20,000	-	99.50%	19,900	19,900	-	-	-	-	-
Gameloft Singapore Ltd	SGD	1	-303,263	100.00%	0	-	51,582	-	285,895	-206,280	-
Gameloft Venezuela	VEF	20,000	-215,947	95.00%	6,315	-	-	-	-	-213,167	-
Gameloft Dubai	€	37,638	-	100.00%	37,638	37,638	-	-	-	-	-
Gameloft Philippines Inc	PHP	9,000,000	1,599,789	99.99%	141,975	141,975	-	-	67,255,640	3,865,953	-
Gameloft Hong Kong Ltd	HKD	10,000	-10,408,401	100.00%	869	-	805,665	-	2,009,694	-5,597,509	-
Gameloft Divertissements Live Inc.	CAD	150,000	46,747	100.00%	94,215	94,215	-	-	1,179,070	46,747	-

Gameloft Rich Games Production France SARL 75 001 Paris - 450 415 237 00012	€	7,500	252,983	99.80%	7,485	7,485	-	-	3,201,927	52,673	-
Gameloft Partnerships SAS 75 008 Paris – 488 934 506 00020	€	37,000	126,313	100.00%	37,000	37,000	-	-	2,557,318	-26,793	-
	Currency	Capital in foreign currencies	SE other than capital in foreign currencies	Share of capital held (%)	Book value of shares (gross in €)	Book value of shares (net in €)	Total loans and advances granted In €	Total security and guarantees	Revenue at 31/12/09 in foreign currencies	Earnings at 31/12/09 in foreign currencies	Dividends distributed In €
Gameloft Live SAS 75 008 Paris – 500 819 537 00019	€	37,000	52,901	100.00%	37,000	37,000	-	-	670,704	20,950	-
Ludigames SAS 75008 Paris – 508 543 964	€	37,000	-5,178	100.00%	37,000	37,000	-	-	67,804	-3,794	-
EQUITY HOLDINGS CAPITAL HELD BETWEEN 10 AND 50%											
TOTAL	€				8,181,530	8,062,127	8,174,978	-			2,908,308

4. INVENTORY

Description	At 31/12/08	Gross value	Provision	At 31/12/09
Asphalt Nintendo DS cartridges	31	-		-
Nintendo DS cartridges	1,278	380		380
PS3 cartridges	157	29		29
Wii cartridges	962	48		48
TOTAL	2,428	457	-	457

At the end of 2008, Gameloft released several game cartridges for the following games: Real Football 2009 and Guitar Rock Tour for the Nintendo DS, the TV Show King game for Nintendo Wii and Brain Challenge for PS3.

Asphalt Nintendo DS cartridges and the aforementioned new games are sold worldwide.

The inventory has not been put up as collateral.

5. Advance payments made

	At 31/12/08	Reclassifications	Increase	Decrease	At 31/12/09
Advance payments made	-				-
TOTAL	-				-

6. Trade receivables and related accounts

	At 31/12/08	Gross value	Provision	At 31/12/09
Trade receivables and related accounts	52,234	59,722	2,352	57,370
TOTAL	52,234	59,722	2,352	57,370

Provisions for trade receivables are set up in an amount equal to our subsidiaries' negative shareholders' equity. At 31 December 2009, the provisions for trade receivables concern third-party customers (€63,000).

The increase in trade receivables is linked to the sharp growth in our activity during FY 2009 compared with 2008; however, nearly 75% of the trade receivables item consists of intra-group receivables (€43,830,000).

All trade receivables are due in less than one year.

7. Other receivables

	31/12/09	31/12/08
Credit notes from suppliers	148	811
Government (VAT credit, etc.)	906	1 061
Group and partners	8,213	7,221
Receivables from suppliers	1,408	2,996
Other social security claims	11	-
Other misc. debtors	39	40
TOTAL	10,725	12,129

Most of the receivables from suppliers come under the intra-group suppliers item.

8. Due dates of receivables and debts

STATUS OF RECEIVABLES	Gross amount	less than 1 year	more than 1 year
Receivables on current assets			
Inventory	457	457	
Advance payments made	-	-	
Trade receivables and similar accounts	59,722	59,722	
Government (VAT credit, etc.)	906	906	
Group and partners	8,213	8,213	
Credit notes from suppliers	148	148	
Receivables from suppliers	1,408	1,408	
Other misc. debtors	39	39	
Other social security claims	11	11	
Called-up share capital (issue premium included)			
TOTAL	70,904	70,904	

STATUS OF DEBTS	Gross amount	less than 1 year	more than 1 year
Loans & similar accounts			
Financial debts	51	51	
Trade payables and related accounts	33,700	33,700	
Tax and social security liabilities	1,513	1,513	
Other debts	601	601	
Debts on assets	4,506	4,506	
Group and partners	6,088	6,088	
TOTAL	46,459	46,459	

Provisions in the amount of €3,252,000 were recorded at 31 December 2009 for current account advances of subsidiaries. The interest rate on advances is 2% or 1% depending on the advance contracts signed with our subsidiaries.

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

In FY 2009, the company received €372,000 in current account advances from its Spanish subsidiary. The interest rate of the current account with Gameloft Iberica is 3%.

9. Revenue accruals

	31/12/09	31/12/08
Credit notes from suppliers	148	811
Customers, Unbilled income	13,643	10,503
Government, revenue accruals	1	-
TOTAL	13,792	11,314

10. Short-term investment securities

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

Short-term investment securities consist of the following:

Description	Net 31/12/08	Gross value at 31/12/09	Provision at 31/12/09	Net at 31/12/09	Value per share shown on the balance sheet	Share price at 31/12/09	% of ownership at 31/12/09
Negotiable certificate of deposit	2,500	-	-	-	-	-	-

TOTAL	2,500	-	-	-	-	-	-
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11. Cash on hand

The “cash on hand” item includes bank account balances totalling €12,625,000 at 31 December 2009 compared with €2,621,000 at 31 December 2008.

At 31 December 2009, Gameloft no longer had any negotiable certificates of deposits but did have an interest-bearing savings account at a rate of 1% per year.

12. Accruals

	31/12/09	31/12/08
Pre-paid expenses	332	135
Translation adjustments	916	2,508
Total	1,248	2,643

The translation loss pertains mainly to the discounting of trade receivables (€589,000).

13. Shareholders' equity

	Balance at 31/12/08	Share capital increase	Change in share capital	Result 31/12/08	Result 31/12/09	Balance at 31/12/09
Share capital	3,680	60				3,740
Issue premium	63,166	2,803				65,969
Merger premium	624					624
Other reserves	-18,157			-5,067		-23,224
Fiscal year profit/loss	-5,067			5,067	4,653	4,653
TOTAL	44,246	2,863	-	-	4,653	51,761

The company carried out a share capital increase through the exercise of stock options and start-up company stock purchase warrants in the amount of €2,863,000, which contributed to the increase in shareholders' equity over the previous year and the profit for the year in the amount of €4,653,000. Shareholders' equity is positive at €51,761,000 versus €44,246,000 in 2008.

Number of Gameloft S.A. shares

	Par value €	Number of shares	Amount in €K
At 31/12/05	0.05	68,850,316	3,443
Exercised options on 25/10/05	0.05	116,477	6
Exercised options on 21/03/2006	0.05	548,744	27
Exercised options on 31/03/06	0.05	588,397	29
Exercised options on 15/09/06	0.05	652,650	33
At 31/12/06	0.05	70,756,584	3,538
Exercised options on 25/10/05	0.05	34,600	2
Exercised options on 21/03/2006	0.05	121,128	6
Exercised options on 31/03/06	0.05	706,553	35
Exercised options on 15/09/06	0.05	1,439,492	72
At 31/12/07	0.05	73,058,357	3,653
Exercised options on 21/03/03	0.05	43,128	2
Exercised options on 03/12/04	0.05	33,263	2
Exercised options on 15/09/03	0.05	470,346	23
At 31/12/08	0.05	73,605,094	3,680

Exercised options on 03/12/04	0.05	1,192,780	60
At 31/12/09	0.05	74,797,874	3,740

At 31 December 2009, the share capital consisted of 74,797,874 shares with a par value of €0.05, for a total of €3,739,893.70.

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	03/12/04	Balance at 31/12/06	Balance at 31/12/07	Balance at 31/12/08	Balance at 31/12/09
Number of shares eligible for subscription:	1,585,800	960,850	577,650	548,587	-
Number of shares cancelled:		357,000	433,900	457,900	465,700
Number of people concerned: including managers	91 0				
Start of exercise	31/03/2006	31/03/2006	31/03/2006	31/03/2006	31/03/2006
End of exercise	03/12/2009	03/12/2009	03/12/2009	03/12/2009	03/12/2009
Subscription price	2.40 euros	2.40 euros	2.40 euros	2.40 euros	2.40 euros

Date of Board of Directors' meeting	11/01/06	Balance at 31/12/06	Balance at 31/12/07	Balance at 31/12/08	Balance at 31/12/09
Number of shares eligible for subscription:	2,790,300	2,716,200	2,547,900	2,401,800	2,335,500
Number of shares cancelled:		74,100	242,400	388,500	454,800
Number of people concerned: including managers	101 5				
Start of exercise	11/01/2008	11/01/2008	11/01/2008	11/01/2008	11/01/2008
End of exercise	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

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
Number of shares eligible for subscription:	612,000	468,000	363,000	333,000	333,000
Number of shares cancelled:		144,000	249,000	279,000	279,000
Number of people concerned: including managers	33 0				
Start of exercise	11/01/2008	11/01/2008	11/01/2008	11/01/2008	11/01/2008
End of exercise	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

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
Number of shares eligible for subscription:	40,200	40,200	40,200	10,200	10,200
Number of shares cancelled:	-	-	-	30,000	30,000
Number of people concerned: including managers	2 0				
Start of exercise	07/06/2010	07/06/2010	07/06/2010	07/06/2010	07/06/2010
End of exercise	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

Date of Board of Directors' meeting	03/01/07	Balance at 31/12/07	Balance at 31/12/08	Balance at 31/12/09
Number of shares eligible for subscription:	2,811,000	2,734,800	2,535,000	2,421,700
Number of shares cancelled:		76,200	276,000	389,300
Number of people concerned:	127			

including managers	4			
Start of exercise	03/01/2009	03/01/2009	03/01/2009	03/01/2009
End of exercise	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

Date of Board of Directors' meeting	03/01/07	Balance at 31/12/07	Balance at 31/12/08	Balance at 31/12/09
Number of shares eligible for subscription:	710,100	604,800	530,400	511,200
Number of shares cancelled:		105,300	179,700	198,900
Number of people concerned:	38			
including managers	1			
Start of exercise	03/01/2009	03/01/2009	03/01/2009	03/01/2009
End of exercise	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

Date of Board of Directors' meeting	11/04/2008	Balance at 31/12/08	Balance at 31/12/09
Number of shares eligible for subscription:	3 110 250	3 015 000	2 850 600
Number of shares cancelled:		95 250	259 650
Number of people concerned:	199		
including managers	4		
Start of exercise	11/04/2010	11/04/2010	11/04/2010
End of exercise	11/04/2014	11/04/2014	11/04/2014
Subscription price	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
Number of shares eligible for subscription:	534,300	525,300	508,200
Number of shares cancelled:		9,000	26,100
Number of people concerned:	48		
including managers	1		
Start of exercise	11/04/2010	11/04/2010	11/04/2010
End of exercise	11/04/2014	11/04/2014	11/04/2014
Subscription price	2.95 euros	2.95 euros	2.95 euros

Date of Board of Directors' meeting	14/05/2009	Balance at 31/12/09
Number of shares eligible for subscription:	2,208,500	2,130,900
Number of shares cancelled:		77,600
Number of people concerned:	189	
including managers	2	
Start of exercise	14/05/2011	14/05/2011
End of exercise	14/05/2015	14/05/2015
Subscription price	2.36 euros	2.36 euros

Date of Board of Directors' meeting	03/12/04	Balance at 31/12/06	Balance at 31/12/07	Balance at 31/12/08	Balance at 31/12/09
Number of BSPCE allotted:	1,486,500	1,126,253	704,400	653,000	-
Number of shares cancelled:		39,800	61,400	84,600	84,600
Number of people concerned:	32				
including managers	0				
Start of exercise	31/03/2006	31/03/2006	31/03/2006	31/03/2006	31/03/2006
End of exercise	03/12/2009	03/12/2009	03/12/2009	03/12/2009	03/12/2009
Subscription price	2.40 euros	2.40 euros	2.40 euros	2.40 euros	2.40 euros

Allotment of Bonus Shares	21/04/2009	Balance at 31/12/09
Date of Board of Directors' meeting	21/04/2009	21/04/2009

Maturity - Vesting period	2 years - 22/04/2011	2 years - 22/04/2011
End of holding period	2 years - 22/04/13	2 years - 22/04/13
Number of instruments allotted	720,750	720,250
Number of shares cancelled:	-	500
Number of people concerned:	55	
including 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 2009, the maximum number of shares that may be created through the exercise of stock options and bonus shares is 11,101,300 and 720,250, 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.

14. Accrued expenses

	31/12/09	31/12/08
Bank charges payable	3	4
TOTAL Loans and Financial Debts	3	4
Suppliers, invoices pending	5,139	7,696
Suppliers, invoices pending intangible assets	3,939	3,644
Suppliers, invoices pending tangible assets	12	10
Rebates, discounts, reductions pending	242	4,058
Tax liabilities	616	945
Social security liabilities	897	961
TOTAL	10,845	17,314

15. Items pertaining to affiliates

	31/12/09	31/12/08
Assets		
Equity holdings	8,181	7,897
Trade receivables and related accounts	43,830	40,195
Prov. for trade receivables	2,196	1,707
Other receivables - Current accounts	8,175	7,221
Other receivables - Tax integration	36	-
Prov. for other receivables	3,252	1,375
Receivables from suppliers	1,434	3,022
Debts		
Trade payables and related accounts	27,257	24,220
Financial debts	6,088	5,716
Result		
Operating income	38,246	47,802
Operating expenses	64,769	63,682
Financial income	3,047	177
Financial expense	2,063	122

16. Provisions recorded on the balance sheet

	At 31/12/08	Allocations for the year	Write-backs for the year	At 31/12/09
Provisions for contingencies and charges				
For foreign exchange risk	2,508	916	2,508	916
For other risks	69	13	-	82
For charges	-	64	-	64
Total	2,577	993	2,508	1,062
Provisions for impairment				
Trademarks	1,829			1,829
Marketed games	1,105	1,188	1,206	1,087
Advances on licences	-	567	-	567
Equity holdings	107	13	1	119
Inventories	-		-	-
Trade receivables	1,738	755	141	2,352
Other receivables	1,375	1,880	3	3,252
Short-term investment securities	-	-	-	-
Total	6,154	4,403	1,349	9,208
Total	8,731	5,396	3,857	10,270

The provision for retirement indemnities was increased by €13,000 during the year.

The write-back of provisions for charges pertains to the subsidiaries whose shareholders' equity was negative (€64,000).

The provisions for marketed games total €1,188,000 for the year based on tests on the feasibility of the projects and their marketing and the provisions for advances on licences total €567,000, an amount determined based on tests regarding recovery of the advance granted to licensors.

The provisions for trade receivables concern third-party customers (€32,000) and intra-group receivables (€723,000).

The provisions for equity holdings refer to the shares of Gameloft SRO (€7,000) and Gameloft Venezuela (€6,000).

The provisions for other receivables pertain to advances granted to Gameloft Co. Ltd. (€827,000), Gameloft Hong Kong (€751,000), Gameloft SRO (€293,000) and Gameloft Singapore (€9,000).

The write-backs of provisions concern the R&D costs recorded in part on 31 December 2008 (€1,017,000) and on 30 June 2009 (€189,000).

The write-backs of provisions pertain to the equity holdings of Ludigames SAS (€1,000).

The write-backs of provisions for trade receivables pertain to intra-group receivables and Gameloft Hong Kong (€139,000) and to misc. trade receivables (€2,000).

The write-backs of provisions for impairment of other receivables concern Gameloft Vietnam Ltd. (€3,000).

17. Financial debts

Financial debts are as follows:

	31/12/09	31/12/08
Loans & similar accounts	51	25
Current account advances	6,088	5,716
Financial debts	6,139	5,741

less than 1 year

1 year to 5 years

more than 5 years

Amounts still due at 31/12/09	6 139
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Financial debt:

	31/12/09	31/12/08
Financial debts	51	25
Cash on hand	12,625	-2,621
Short-term investment securities	-	-2,507
Net financial debt	12,574	-5,103

At 31 December 2009, there was a net financial surplus of €12,574,000 versus €5,103,000 at 31 December 2008. All financial debts are based on a fixed rate and are in euros.

18. Trade payables and related accounts

	31/12/09	31/12/08
Trade payables	33,700	28,686
Total	33,700	28,686

The average period for paying our suppliers is 90 days.

The increase in trade payables is linked to the sharp growth in the company's activity during FY 2009 but is offset by the debts of the group's subsidiaries which total €27.2 million compared to €22.9 million in 2008.

19. Tax and social security liabilities

	31/12/09	31/12/08
Tax liabilities	616	945
Social security liabilities	897	961
Total	1,513	1,906

Tax and social security liabilities decreased compared to 31 December 2008.

Tax liabilities include €368,000 in VAT.

20. Debts on assets

	31/12/09	31/12/08
Debts on assets	4,506	4,508
Total	4,506	4,508

Trade payables on assets remained stable.

21. Other debts

	31/12/09	31/12/08
Customers – credit notes pending	242	4,058
Credit balances of customer accounts	76	66
Other debts	283	156
Total	601	4,280

22. Accruals

	31/12/09	31/12/08
Unearned income	211	155
Translation adjustments	955	1,003
Total	1,166	1,158

Unearned income consists of customer billings related to services not yet provided at year-end and income related to a rent exemption, the impact of which is carried over to a later year.

The translation gain pertains mainly to the discounting of trade payables (€436,000) and trade receivables (€520,000).

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.

23. Revenue

The breakdown of revenue by business activity at 31 December 2009 is as follows:

	31/12/09		31/12/08	
	€K	%	€K	%
Mobile	90,625	91%	77,188	82%
Consoles	5,627	6%	7,723	9%
Self-constructed assets	5,274	5%	6,355	7%
Closing inventory	-1,940	-2%	2,397	2%
Total	99,586	100%	93,663	100%

The breakdown of revenue by geographic area at 31 December 2009 is as follows:

	31/12/09		31/12/08	
	€K	%	€K	%
Europe	45,572	47%	44,907	53%
<i>including France</i>	17,228	18%	17,331	38%
North America	33,486	35%	28,043	33%
Rest of the world	17,194	18%	11,961	14%
Total revenue	96,252	100%	84,911	100%
Self-constructed assets	5,274	-	6,355	-
Closing inventory	-1,940	-	2,397	-
Total	99,586	-	93,663	-

24. Other operating income and transfer of charges

Other operating income is as follows:

	31/12/09	31/12/08
Write-backs of provisions	141	185
Transfer of charges	910	996
Other income	56	8
Total	1,107	1,189

The transfer of charges concerns the re-invoicing of overhead costs (€885,000).

The write-backs of provisions concern Gameloft Hong Kong trade receivables (€139,000) and receivables from misc. customers (€2,000).

Other income is income related to supplier payments not cashed or overpayments.

25. Purchases and other supplies

Cost of goods sold consists of purchases of products and goods intended for resale (€46,000), mobile game development costs (€62,725,000) and related overhead costs (€1,460,000).

26. Change in inventory of finished products

	31/12/09	31/12/08
Change in inventories: Asphalt DS	31	28
TOTAL	31	28

The change in inventory resulted from the removal from inventory of Asphalt DS game cartridges.

27. Other operating purchases and external charges

Other operating purchases consist primarily of telecommunication and small equipment costs (€462,000), advertising and marketing expenses (€3,042,000), conference and trade fair expenses (€106,000), travel expenses (€471,000), administrative subcontracting and marketing expenses, commissions and brokerage fees on sales (€3,026,000), royalties on advances already amortised (€4,665,000) and professional fees (€641,000).

28. Personnel expenses

At 31 December 2009, the company had 32 employees, including four managers.

The amount of personnel expenses corresponding to game production is €2,497,000.

29. Operating depreciation and provisions

Depreciation and provisions are as follows:

	31/12/09	31/12/08
Amortisation of intangible assets	107	54
Amortisation of intangible assets: development costs	3,083	3,212
Amortisation of intangible assets: licences	3,900	3,730
Depreciation of tangible assets	826	982
Provisions	2,587	2,737
TOTAL	10,504	10,716

Amortisation of intangible assets concerns amortisation of software and development costs, as well as advances on licences amortised according to sales volume or on a straight-line basis for flat fees, depending on the contracts.

The decrease in amortisation of intangible assets related to development costs resulted from the amortisation over 18 months on a straight-line basis of marketed games starting on 1 January 2009 compared to the previous amortisation term of 12 months. At 31 December 2009, Gameloft had more than 50 games capitalised and marketed for various console devices.

Provisions pertain to the recognition of a retirement commitment (€13,000), provisions for trade receivables (€755,000) and provisions for asset depreciation (€1,755,000), of which €567,000 was for depreciation of advances on licences and €1,188,000 for depreciation of development costs.

30. Net financial income/expense

Net financial income/expense breaks down as follows:

	31/12/09	31/12/08
Financial income:		
Income from other securities and receivables from long-term assets	2,908	-
Other interest and similar income	203	336
Write-backs of provisions	2,512	1,479
Foreign exchange gains	976	3,118
Net income from sales of short-term investment securities	-	-
	6,599	4,932
Financial expense:		
Provisions	2,809	3,891
Other interest and similar expenses	194	163
Net expenses on sales of short-term investment securities	-	-
Foreign exchange losses	<u>2,913</u>	<u>2,771</u>
	5,916	6,825
Net financial income/expense	683	-1,893

The write-backs of provisions in the amount of €2,512,000 are as follows:

- €3,000 for current account advances, of which €3,000 was for Gameloft Vietnam,
- €1,000 for equity holdings, of which €1,000 was for Ludigames,
- €2,508,000 for foreign exchange losses.

The provisions in the amount of €2,809,000 are as follows:

- €13,000 for equity holdings, of which €7,000 was for Gameloft SRO and €6,000 for Gameloft Venezuela,
- €1,880,000 for current account advances, of which €827,000 was for Gameloft Co. Ltd., €751,000 for Gameloft Hong Kong, €293,000 for Gameloft SRO and €9,000 for Gameloft Singapore.
- €916,000 for foreign exchange losses.

Other interest and similar expenses (€194,000) pertain to interest expenses, of which €170,000 was for re-invoicing of interest on the current account advance given to us 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 2009.

31. 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:

	31/12/09	31/12/08
Extraordinary income:		
Write-backs of provisions	1,206	-
Extraordinary income from capital transactions	47	10
Extraordinary income from management operations	-	-
	1,253	10
Extraordinary expenses:		
Extraordinary expenses on management operations	41	2
Extraordinary expenses on capital transactions	55	18
Depreciation and provisions	<u>1,206</u>	-
	1,302	20
Total extraordinary profit/loss	-49	-10

Extraordinary income from capital transactions refers to the liquidation of the Odyssee Interactive Games subsidiary in the amount of €47,000.

Extraordinary expenses on management operations are expenses related to the resolution of commercial litigation.

Extraordinary expenses on capital transactions pertain to the net book value of financial assets (€55,000) following the liquidation of the French subsidiary.

Depreciation concerns a reclassification of the provision for development costs on 31 December 2008 and 30 June 2009 as depreciation.

The write-backs of provisions concern the R&D costs recorded in part on 31 December 2008 and on 30 June 2009.

32. Corporate income tax

There was no income tax due for this fiscal year as a result of carry-over losses. Only a tax savings was recorded as a result of the tax integration.

	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	9,141	-
TOTAL	2,586	3,064	-	-	-	-	13,801	9,141	-

* non-cumulative data

In FY 2009, the reductions and increases in the future tax burden were as follows:

Future tax burden	Basis	Tax
Organic provision for the year	145	48
Tax on tourism and company vehicles	17	6
Contribution to housing tax	17	6
Unrealised foreign exchange gains	956	319
TOTAL REDUCTIONS	1,135	379

The tax rate in effect at 31 December 2009 was 33.33%.

Income tax consists of the following:

At 31/12/09	Accounting basis	Corporate tax
Pre-tax profit/loss on ordinary activities	4,690	-
Extraordinary profit/loss	-49	-
Pre-tax profit/loss	4,641	-

At 1 January 2010, there were €37,826,000 in non-lapsing losses carried forward.

Income tax consists of the following:

	31/12/09	31/12/08
Current tax	-11	-
Deferred tax	-	-
Total	-11	-

Gameloft SA 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 €11,000 recorded for the Gameloft SA parent company.

3.2.6.7 Additional information

1. Consolidating company

Gameloft SA – 81 rue Réaumur 75 002 Paris

2. Personnel

In FY 2009, Gameloft SA's staff consisted on average of 30 employees, including 21 men and 9 women.

3. Financial commitments and other information

Guarantees given: none

Collateral provided: none

Guarantees received: none

Financial leases: none

Off-balance sheet commitments:

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

- Authorisation of a guarantee commitment in favour of Divertissement Canada Inc. under a framework lease agreement made between Gameloft Canada and Dell Financial Services Canada Ltd. in the amount of CAD 250,000,
- In the calculation of its leases, Gameloft Divertissements Inc. granted the lessor, to guarantee the payment of rent and the obligations stipulated in the leases, a chattel mortgage in the amount of CAD 322,000 on all the movable property located on the leased premises until the expiration date of 15 August 2014.
- Authorisation of a bond agreement in favour of Gameloft Argentina SA, the company's subsidiary in Argentina, for the signing of a lease concerning the offices in Buenos Aires (Argentina) with Irsa Inversiones y Representaciones SA in the amount of USD 144,000.

Notes receivable discounted: none

Other commitments:

The law of 4 May 2004 gives French employees an individual right to training. 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 2009, hours totalled 2,588. The provision is not significant.

4. Events subsequent to close of year

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

5. Compensation of senior executives

The total gross compensation paid in 2009 was €154,000.

No directors' fees were paid.

	2009	2008
Salaries, misc. charges and benefits	154	190
Total pensions and other post-employment benefits		-
Severance pay		-
Total stock options and bonus shares issued	393,000	450,000

Amounts in euros	Gameloft SA		TOTAL compensation for 2009
	Gross fixed compensation	Benefits in kind	
Michel Guillemot	60,000	0	60,000
Claude Guillemot	31,248	0	31,248
G�rard Guillemot	-	0	-
Yves Guillemot	31,248	0	31,248
Christian Guillemot	31,248	0	31,248
Total	153,744	0	153,744

Stock options granted to the company managers during the fiscal year by the company

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

STOCK OPTIONS GRANTED DURING THE FISCAL YEAR BY GAMELOFT S.A.					
Name of executive director:	plan no. and date	Type of options	Number of options granted	Exercise price	Exercise period
- Mr. Michel Guillemot	Plan 9 of 14/05/09	Stock options	300,000	�2.36	50% from 14/05/2011 to 14/05/2015 50% from 14/05/2013 to 14/05/2015
- Mr. G�rard Guillemot	Plan 9 of 14/05/09	Stock options	37,500	�2.36	50% from 14/05/2011 to 14/05/2015 50% from 14/05/2013 to 14/05/2015
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. In addition, exercise of the options granted by the Board of Directors to the company managers is conditional upon the purchase of shares by these same company managers for a volume equal to 1% of the total net gain, after-tax, per share.

Bonus shares issued

BONUS SHARES GRANTED TO THE COMPANY MANAGERS DURING THE FISCAL YEAR					
Name of executive director:	Date of Board of Directors' meeting	Number of shares	Acquisition date of the shares	End of holding period - date of transferability	Performance conditions
- Mr. Christian Guillemot	21/04/09	18,500	21/04/11	22/04/13	Internal performance conditions and external performance conditions
- Mr. Yves Guillemot	21/04/09	18,500	21/04/11	22/04/13	Internal performance conditions and external performance conditions
- Mr. Claude Guillemot	21/04/09	18,500	21/04/11	22/04/13	Internal performance conditions and external performance conditions
TOTAL		55,500			

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 2009 were subscribed for by any of the executive directors.

Performance shares allotted to each executive director:

Starting in FY 2009, 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	
	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 2009, no advance or credit was extended to the group's senior executives pursuant to Article L. 225-43 of the French Commercial Code.

3.2.7 General Auditors' report for the fiscal year ended 31 December 2009

Dear Shareholders,

Pursuant to the mission entrusted to us by your General Meeting, we present to you our report for the fiscal year ended 31 December 2009 regarding:

- the audit of the year-end financial statements of Gameloft SA, as attached to this report;
- the basis for our assessments;
- the specific verifications and information required by law.

The year-end financial statements were approved by 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 believe that the information that we compiled forms a sufficient and appropriate basis for 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 6.2 regarding the change in accounting estimate described in the appendix.

II - Basis for the assessments

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

- As part of our assessment of the accounting rules and principles applied by your company, we reviewed the valuations of the intangible assets, and particularly the rules for capitalising development costs and licences, as described in Note 6.4.1.
- Value tests are conducted on intangible assets, and more specifically games marketed and in production, under the terms and conditions described in notes 6.4.1 and 6.5. We have reviewed the appropriateness of the methodology applied by the company.
- In addition, attached note 6.4.3 describes the accounting rules and methods related to financial assets. As part of our assessment of the accounting rules and principles and valuation methods applied by your company, we verified the appropriateness thereof and ensured their correct application.

Our assessments were made within the context of our audit of the year-end financial statements as a whole, and therefore provided a basis for the 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 acquisitions of shareholdings and control and to the identity of holders of capital was provided to you in the management report.

Rennes, 27 April 2010

The Auditors

AUDIT AMLD
MB AUDIT
Jean-Marc Bresson
Marc Dariel

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 Articles L. 225-37 and L. 225-68 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 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 23/03/10.

To draw up 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 2010, the Board of Directors consisted of six members, five of whom are also Executive Vice Presidents and assist the Chief Executive Officer.

Name	Age and Nationality	Start date of term	Expiration date of term
Michel Guillemot Chairman of the Board of Directors	51 years French	3 December 2001 Term renewed on 25/06/09	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2014
Christian Guillemot Director	44 years French	Incorporation meeting of 1 December 1999 Term renewed on 25/06/09	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2014
Claude Guillemot Director	53 years French	Incorporation meeting of 1 December 1999 Term renewed on 25/06/09	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2014

Yves Guillemot Director	49 years French	Incorporation meeting of 1 December 1999 Term renewed on 25/06/09	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2014
G�rard Guillemot Director	48 years French	Incorporation meeting of 1 December 1999 Term renewed on 25/06/09	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2014
Marcel Guillemot Director	77 years French	Incorporation meeting of 1 December 1999 Term renewed on 25/06/09	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2014

No member of the Board of Directors is an independent director as defined by the AFEP/MEDEF code, under which a director is considered independent if he/she has no relationship of any kind with the company, its group or its management that could limit his/her freedom of judgement. The Board of Directors, on the recommendation of the Appointments and Compensation Committee, is responsible for assessing the independence of its members.

Given the company's size and the fact that some of its shareholders are family members, it did not seem necessary at this stage to appoint one or more independent directors to the Board of Directors during fiscal year 2009. It is possible, however, that one or more independent directors may be appointed to Gameloft's Board of Directors in the future based on the company's growth, in accordance with the principles of corporate governance and applicable laws.

As provided by law and the Articles of Incorporation, directors are appointed, reappointed or removed by the Ordinary General Meeting. Each director must own at least one share in the company. 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.

Given the absence 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) 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 Incorporation provide the ability to separate the functions of Chairman of the Board of Directors from those of Chief Executive Officer.

However, at a proceeding held on 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.

c) 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.

d) Powers and duties of the Board of Directors

The Board considers matters that come under its authority as provided by law and the Articles of Incorporation.

It 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 Incorporation

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 at the time of major transactions.

e) 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 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.

f) 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 accounts, as well as the drafting of the management report and the report on the group's management. Pursuant to Article L. 225-38 of the French Commercial Code, the auditors are called to Board meetings at which the year-end financial statements are reviewed and approved.

The Board met 10 times in 2009. The directors attended the Board meetings regularly, with an overall attendance rate of 70% in 2009.

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:

- 26 January 2009: Share capital increase following the exercise of 2008 SO & start-up company warrants (four out of six directors present).
- 28 January 2009: Authorisation to enter into a regulated agreement with Ubisoft Entertainment SA (five out of six directors present).
- 19 March 2009: Approval of the individual and consolidated financial statements for the fiscal year ended 31 December 2009. Proposed allocation of profit. Free and regulated agreements. Notice to attend the annual general meeting (four out of six directors present).
- 21 April 2009: Bonus issue of shares to the group's employees and managers (four out of six directors present).
- 29 April 2009: Analysis and preparation of the report on the management planning documents for 2009 (four out of six directors present).

- 14 May 2009: Decision to create a stock option plan in favour of the group's employees and managers (four out of six directors present).
- 5 June 2009: Modification of the interest rates applied to the loan agreements made between the company and its subsidiaries (four out of six directors present).
- 25 June 2009: Renewal of the terms of the directors and Chief Executive Officer (four out of six directors present).
- 31 August 2009: Closing of the half-year accounts at 30 June 2009. Preparation of the half-year financial report (four out of six directors present).
- 29 October 2009: Updating of the report on the management planning documents for 2009 (five out of six directors present).

g) Evaluation of the Board of Directors' work

As recommended by the AFEP-MEDEF code, at its meeting of 23 March 2010 the Board of Directors conducted an evaluation of the composition, organisation and operation of the Board of Directors through a questionnaire sent to each director. The Board of Directors was of the opinion that the results are positive and show that the Board's operation is somewhat satisfactory on the whole.

4.1.1.1.2 The Board of Directors' committees

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 2009, this Committee was made up of Michel Guillemot, Chairman, who is assisted by Claude Guillemot. Neither of these members is independent.

• 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 three times in 2009. The members attended the Committee meetings regularly, with an attendance rate of 100%.

• Summary of the committee's work in fiscal year 2009:

- 21 April 2009: Establishment of the principles of a plan to issue bonus shares.
- 14 May 2009: Establishment of the principles of a stock option plan.
- 25 June 2009: Renewal of the terms of the directors and Chief Executive Officer

b) Audit Committee

At its meeting on 8 March 2010, the Board of Directors decided to take on the role of audit committee, thereby monitoring questions related to the preparation and control of the company's accounting and financial information.

• Members

This committee is made up of all the members of the Board of Directors.

- 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.

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. Starting in 2009, stock options and performance shares granted to the executive directors are subject to performance conditions.

The total gross compensation paid to the senior executives in FY 2009 by the company, by the controlled companies as defined by IAS 24.16 and by the company that controls the company at which they perform their duties was €2,790,000, of which €154,000 was paid by Gameloft SA.

4.1.1.2.2 Directors' fees

No directors' fees were paid to Gameloft's company managers during the fiscal year ended 31 December 2009.

4.1.1.2.3 Stock option 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 and may be subject, in accordance with the conditions provided by law, to a discount of no more than 5%. The plans generally provide for a four-year vesting period. In addition, the executive directors receiving options must keep in registered form five percent (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, allotments of stock options to executive directors are 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 2009 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 percent (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, allotments of bonus shares to executive directors are 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 has 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 Incorporation 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 intermediary 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 intermediary (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 intermediary 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, ongoing commitment to maintain and improve a reliable, effective system of internal control built on a foundation of ethical behaviour, an appropriate organisation, defined responsibilities and proven competencies in order to ensure transparent management and well-informed shareholders, key components of good governance.

4.1.2.1 Definitions and objectives of internal control

In order to prepare this report on fiscal year 2009, Gameloft chose to draw on the internal control reference framework published on 22 January 2007, which resulted from the efforts of the working group created under the auspices of the AMF.

According to this framework, internal control is defined as a system which seeks to ensure:

- compliance with laws and regulations,
- 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,
- 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 and allow it to gain an appropriate understanding of major operational, financial or compliance risks. 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 financial areas.

Internal control procedures related to preparing and processing accounting and financial information include those which allow the company to produce the financial statements and information concerning the company's financial position.

To this end, Gameloft has taken significant steps toward assessing the appropriateness of its internal control system and evaluating its effectiveness on an ongoing 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 by internal audit and is the product of a dynamic approach involving the management teams up front and the operational and functional teams further down the line.

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, including for analysis of computer and non-financial risk.

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 accounts 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 players or departments involved in internal control activities

(i) Organisation:

The various players involved in the internal control system are as follows:

The Chief Executive Officer: *he 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.*

The Board of Directors: *it determines the policies that guide the company's activity and sees to it that they are implemented. It oversees management by, among other things, 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 that are vital to the life of 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 own initiative and the Chief Executive Officer is always available to provide explanations and important information to the Board of Directors.

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

The organisation of internal control is centred around four international departments:

- the Development department;
- the Publishing department;
- the Financial and Accounting department;
- the Legal and Human Resources department.

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 department

The Development department oversees the activity of the mobile game development studios located in France, Spain, Canada, the United States, Japan, South Korea, Romania, Bulgaria, China, Vietnam, India, Mexico, Argentina and the Philippines. The studios report weekly to the Development department on the progress of the games currently under development. Publishing decisions for the development of new games are made by the Development department together with the Publishing department.

• Sales and Marketing department

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 and Singapore. 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.

• Financial and Accounting department

The Financial and Accounting department's areas of responsibility include cash flow management, monitoring of accounting and management rules, legal affairs, identifying external growth investments, finance, and relations with the financial community and shareholders. It also coordinates the company's corporate policy. The administrative departments at the registered office may be consulted by the company's subsidiaries outside of management channels. Each manager of a development or marketing subsidiary is a signatory on the subsidiary's bank account and manages independently its expenses and physical investments (limited for the most part to computer equipment). Every month, however, each subsidiary manager sends a detailed monthly income statement and a cash flow report to the 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 lawsuits 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 concerning improvement of group and individual performance through the use of regular evaluations, development plans, appropriate training courses, the granting of stock options or enrolment in savings plans, etc.

(ii) Tools and methods of operation:

The IT teams, which are part of the Information Systems department, ensure that staff members 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 at the group, including commercial software and tools developed in house, and is constantly evolving 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" department. 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 the start of development of any new game, forecasts are made regarding the composition of the development team, the amount of time allocated to development and the number of telephones on which the game will be developed. This work method makes it possible to determine with the greatest accuracy the estimated cost of developing each game and serves as an efficient alert system in case of a delay in development of the game. Any variance between estimated and actual costs is analysed and subsequent games benefit from the lessons learned. The financial controllers monitor the entire financial reporting cycle and constantly challenge the subsidiaries in terms of their performance, results and activity.
- **The consolidation department** prepares the group's consolidated financial statements and provides all the expertise required to draw up and analyse the monthly accounts. It issues the accounting procedures applicable within the group. It ensure 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 cash flow forecasts. 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, lawsuits and intellectual property, assists and advises the subsidiaries on legal matters. It coordinates joint studies or studies of interest to the group and supports the local entities in terms of legislation in order to manage risk in the various 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 that they are in line with the requirements 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. The financial and accounting information is prepared mainly by the Financial 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 Financial 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.

Each subsidiary's financial statements are prepared by the local accounting departments, under the supervision of their managers, which ensure compliance with the tax and regulatory requirements of their respective countries. The half-year financial statements undergo a limited review and an audit is conducted 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 Financial 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 Financial 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

At the time of the half-year and year-end account closings, the information needed to prepare the consolidated off-balance sheet commitments is collected by the Financial and Accounting department from all the company's departments and the group's subsidiaries.

The off-balance sheet commitments are validated finally by the auditors when they express their audit opinion on the financial statements.

Procedures for tracking operating assets

The group uses software applications to track assets for accounting purposes. At the time of each closing, the information from these applications is reconciled with the accounting records.

Financial communication

Aside from the Chief Executive Officer, the Financial and Accounting department is solely authorised to release financial information concerning the group and its strategy outside the company, and the Board of Directors is responsible for final approval.

Under the supervision of the Administrative and Finance Director, the group's Financial and Accounting Director, together with the Legal department, drafts the following documents:

- financial press releases,
- half-year management report,
- reference document,
- presentation for the General Meeting.

Financial information is released in strict compliance with the markets' operating rules and with the principle of equal treatment of investors.

Audit performed by the auditors

The ongoing and independent mission of the auditors of the company and its subsidiaries is to verify the company's book values and accounting documents, ensure that the accounting records comply with the rules in force, and verify the fairness and consistency with the year-end financial statements of the information provided in the Board of Directors' management report and in the documents sent to shareholders regarding the financial position and financial statements of the group and its subsidiaries.

The auditors perform their work twice a year when certifying the half-year financial statements and the year-end and consolidated financial statements. They are routinely informed of specific significant operations.

The auditors are informed prior to the preparation of the financial statements and present a summary of their work to the group's Financial and Accounting department at the time of the 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 the company's management levels remain flexible and responsive.

The group maintained light management structures in FY 2009 while ensuring observance of the policy principles based on the autonomy of the operating entities in order to:

- ensure the proper application of rules and procedures,
- monitor changes in regulatory requirements,
- maintain effective management of key risks,
- guarantee reliable, regular and high-quality financial information.

Generally speaking, continuous improvement of the processes, standards and information systems remains one of the primary objectives and is in line with a three-fold commitment to operational efficiency, management and control.

Paris, 23/03/10

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 Gameloft's auditors and in accordance with the provisions of Article L. 225-235 of the French Commercial Code, we present to you our report on the report prepared by 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 2009.

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 other 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:

- give you 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, and to
- certify that the report contains the other 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 other 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.

Other information

We certify that the Chairman of the Board of Directors' report contains the other information required by Article L. 225-37 of the French Commercial Code.

Rennes, 27 April 2010

The Auditors

AUDIT AMLD
Jean-Marc Bresson

MB AUDIT
Marc Dariel

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.

1) AGREEMENTS AND COMMITMENTS AUTHORISED DURING THE FISCAL YEAR

Pursuant to Article L. 225-40 of the French Commercial Code, we have been advised of the agreements and commitments for which prior authorisation was granted by your Board of Directors.

It is not our responsibility to determine the possible existence of other agreements and commitments, but rather to inform you, based on the information provided to us, of the characteristics and essential terms and conditions of those brought to our attention, without our being required to comment on their usefulness and relevance. According to the provisions of Article R. 225-31 of the French Commercial Code, it is your responsibility to assess whether it is in your interest to enter into these agreements and commitments before approving them.

We have 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.

1-1) Licence agreement with Ubisoft Entertainment SA

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 SA under which Ubisoft Entertainment granted to your company a licence to develop, promote and distribute video games belonging to Ubisoft Entertainment S.A. for the Apple iPhone and iPod Touch.

Terms and conditions:

This licence was granted in return for the payment of royalties proportional to the revenue earned by Gameloft S.A.

During the year, the total royalties owed amounted to €522,133.86.

2) AGREEMENTS AND COMMITMENTS APPROVED IN PRIOR FISCAL YEARS AND REMAINING IN FORCE DURING THE PAST FISCAL YEAR

In addition, pursuant to the French Commercial Code, we have been informed that the following agreements and commitments, approved in prior fiscal years, were performed during the previous fiscal year.

2-1 Trademark licence contract with Ubisoft Entertainment SA

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 trademark licence contract with Ubisoft Entertainment SA under which Ubisoft Entertainment granted to your company a licence to operate trademarks that it owns or for which it was granted a licence to operate. This licence contract took effect retroactively as of 1 April 2002.

Terms and conditions:

The trademark licence was granted in return for the payment of royalties proportional to the revenue earned by Gameloft SA.

During the year, the total royalties owed amounted to €786,574.54.

2-2 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 licence contract took effect retroactively as of 1 July 2005.

Terms and conditions:

During the year, the total royalties owed amounted to €47,963.28.

Rennes, 27 April 2010

The Auditors

AUDIT AMLD

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*Jean-Marc Bresson
Marc Dariel*

5.2 Combined General Meeting of 24 June 2010

5.1.1 Ordinary portion of the meeting

First Resolution (*Approval of the individual financial statements and discharge of the directors*) - The General Meeting, voting in accordance with the quorum and majority conditions required for ordinary general meetings and having read the Board of Directors' management report on the fiscal year ended 31 December 2009 and the general auditors' report on the financial statements for said fiscal year, approves the financial statements for this fiscal year, as presented, which show a net book profit of €4,652,693.66.

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 Board of Directors' management report on the company's position and activity during the fiscal year ended 31 December 2009 and the general auditors' report for said fiscal year, resolves to allocate the profit totalling €4,652,693.66 at 31 December 2009 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 2009 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 €5,971,511.

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

- cancel them through a reduction of capital within the limits established by law, subject to adoption of the thirteenth resolution below;
- implement any company stock option plan as provided by Articles L. 225-177 et seq. of the French Commercial Code;
- issue bonus shares as provided by 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.

This programme would also be aimed at allowing the company to complete operations for any other purpose which is or may be authorised by the laws or regulations in force. In this case, the company would inform its shareholders through an official statement.

The maximum number of shares which the company may purchase is set at 10% of the total number of shares comprising the company's capital, with the stipulation that the number of shares purchased by the company in order to retain and subsequently deliver them as payment or exchange in connection with a merger, split-up or contribution may not exceed 5% of its capital. In theory, the maximum number of shares that may be purchased based on the number of shares existing at 31 December 2009 is 7,479,787.

The maximum purchase price per share is set at 5 euros. The total amount which the company can spend to buy back its own shares may not exceed €37,398,935.

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 above purchase price in order to take into account the effect of these operations on the share value.

The shares may be purchased, sold, exchanged or transferred either on the market, by private agreement or otherwise, by any means and, in particular, through transfers of blocks of shares, options transactions or by using any derivative instrument, and at the times chosen by the Board of Directors, including in the event of a tender offer, in accordance with the regulations in force and within the limits specified therein.

This authorisation is granted for a period of 18 months starting on the date of this meeting. It replaces the authorisation granted by the General Meeting of 25/06/09 for the unused portion.

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

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

5.1.2 Extraordinary portion of the meeting

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

This authorisation is granted for a period of 24 months starting on the date of this Meeting. It replaces the authorisation granted by the General Meeting of 25 June 2009 in its thirteenth resolution.

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

Eighth 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 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 at the times it deems appropriate, through the issue, with shareholders' pre-emptive rights, of ordinary shares of the company and securities of any kind granting entitlement to the company's capital, with the stipulation that the shares and other securities may be subscribed for either in cash or by offsetting of claims, 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 above authorisation is set at five million euros, to which will be added, where applicable, the par value of the additional ordinary shares to be issued in order to protect, in accordance with applicable laws and regulations, the interests of holders of securities granting entitlement to the capital, with the stipulation that this amount will be included in the total maximum amount of any capital increase set in resolution fourteen of this General Meeting.

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

5 – In the event that this authorisation is used by the Board of Directors, it is decided that:

- 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 that exceeds that for which they could subscribe on a non-reducible basis, in proportion to the share rights they have and within the limit of their request.
- if the subscriptions on a non-reducible and, where applicable, a reducible basis, do not take up the entire capital increase, the Board of Directors may, under the conditions provided by law and in the order that it deems appropriate, use one or more of the following powers:
 - limit the capital increase to the amount of the subscriptions received, on the condition that this amount is at least three-fourths of the approved increase;
 - freely distribute all or part of the shares or, in the case of securities granting entitlement to the capital, said securities for which the issue was approved but which were not subscribed for;
 - offer to the public, through a public offering, all or part of the shares or, in the case of securities granting entitlement to the capital, said unsubscribed securities, on the French market and/or abroad and/or on the international market.

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

into all agreements, particularly to ensure the successful completion of the proposed issues, and to take all measures and complete all formalities required for the issue under said authorisation.

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

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

Ninth 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, without pre-emptive rights*) - The General Meeting, voting in accordance with the quorum and majority conditions required for extraordinary general meetings and having read the Board of Directors' report and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 et seq. of the French Commercial Code, and in particular Articles L. 225-129-2, L. 225-135, L. 225-136, and the provisions of Articles L. 228-91 et seq. of said 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 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 or in the future under this authorisation is set at five million euros, which will include, where applicable, the par value of the additional ordinary shares to be issued in order to protect, in accordance with applicable laws and regulations, the interests of holders of securities granting entitlement to the capital, with the stipulation that this amount will be included in the total maximum amount of any capital increase set in resolution fourteen of this General Meeting.

Resolves that capital increases that may be carried out pursuant to this authorisation may take the form of a private offering intended for qualified investors or a small number of investors, under the conditions set out in Article L225-136 of the French Commercial Code and up to a maximum of 20% of the share capital, with the stipulation that this maximum amount will be included in the maximum amount set in the fourteenth 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 above authorisation may not exceed 30 million euros, or the equivalent of this amount if they are issued in a foreign currency or a currency unit based on several currencies, with the stipulation that this amount applies to all debt securities which the Board of Directors is authorised by this General Meeting to issue.

5 – Resolves to cancel pre-emptive rights of shareholders to the shares and other securities that may be issued under this resolution. It is understood that the Board of Directors may grant shareholders a preferred subscription right to 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 above 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 warrants if such warrants are issued, will be at least equal to the minimum price stipulated by applicable laws and regulations as of the date of issue.

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

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

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

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

1 – Authorises the Board of Directors and grants it subdelegation authority, under the conditions provided by law, 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 fourteenth and fifteenth 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 included in the total maximum amount of any capital increase set in resolution fourteen of this General Meeting.

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

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

1 – Authorises the Board of Directors to grant, on one or more occasions, to 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 5% of the number of shares comprising the share capital as of the date of the Board of Directors' grant decision, with the stipulation that the amount of the capital increases carried out under this resolution will be included in the total maximum amount of 10,000,000 euros set by the fourteenth 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 for ordinary shares, the subscription price of ordinary shares may not, at the Board of Directors' discretion, be less than the average opening price quoted during the 20 trading sessions preceding the option grant date or the opening price of Gameloft's share on Euronext Paris on the date of the Board of Directors' decision, with the stipulation that, in any case, the subscription price of ordinary shares set by the Board of Directors may not be less than the threshold set in Article L. 225-177 of the French Commercial Code.

- For options to purchase ordinary shares, the purchase price of ordinary shares may not be less than the average opening price quoted during the 20 trading sessions preceding the option grant date or the average purchase price of the ordinary shares held by the company pursuant to Articles L. 225-177 and L. 225-179 of the French Commercial Code.

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 10 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 10th trading session after this information is made public;

- Less than 20 trading sessions after detachment from the shares of a coupon giving a right to a dividend or capital increase.

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 and when the options are exercised. The share capital increase resulting from the exercise of stock options will be definitively completed solely by the declaration of the exercise of the option, accompanied by the subscription form and payment, in cash or by offsetting of claims, of the corresponding sum.

7 – Grants full powers to the Board of Directors, with delegation authority under the conditions provided by law, to:

- set, according to the legal conditions and limits, the dates on which the options will be issued;

- 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 maximum period of 10 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 the ordinary shares obtained by exercising the options, during certain periods or 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 the exercise of the option, with the stipulation that, for options granted to the company managers, the Board of Directors must either (a) decide that the options may not be exercised by the interested 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 dated date, which may be retroactive, of the new ordinary shares resulting from the exercise of the 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 Incorporation accordingly, 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 scheme, 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 and for the portion not yet used, where applicable, any previous authorisation having the same purpose.

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

1 – Authorises the Board of Directors, pursuant to the provisions of Articles L. 225-197-1 et seq. of the French Commercial Code, to issue free of charge, on one or more occasions and at its sole discretion, existing or new shares of the company to the recipients or categories of recipients that it deems appropriate from among the paid employees of the company and the companies or groups of companies affiliated with it within the meaning of Article L. 225-197-2 of the French Commercial Code and the managers of the company and the companies or groups of companies affiliated with it which meet the conditions set out in Article L. 225-197-1, II of the French Commercial Code, under the conditions defined below:

2 – Authorises the Board of Directors to carry out, where applicable, one or more capital increases through the capitalisation of earnings, reserves or issue premiums in order to issue bonus shares.

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

5 - Resolves that the allotment of the shares to their recipients will become final at the end of a minimum two-year vesting period and that the minimum period during which the shares must be held by the recipients is set at two years from the final allotment date of the shares, with the stipulation that the allotment of said shares to their recipients will become final prior to the expiration of the aforementioned vesting period in the event of the recipient's disability, which comes under category 2 or 3 as defined by Article L. 341-4 of the French Social Security Code, requiring him/her to stop all occupational activity, and that said shares will be fully transferable in the event of the recipient's disability under the conditions set out in the aforementioned provisions of the French Social Security Code.

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

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

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

- to determine whether the bonus shares will be new or existing shares;
- to determine the identity of the recipients, or the category or categories of recipients, of the shares from among the staff members and managers of the company and the aforementioned companies or groups of companies and the number of shares allotted to each of them;
- to define the conditions and, where applicable, the allotment criteria of the shares, including the minimum vesting period and each recipient's required retention period, under the conditions described above, with the stipulation that, for bonus shares allotted to the company managers, the Board of Directors must either (a) decide that the bonus shares allotted may not be sold by the interested parties prior to termination of their

- duties or (b) set the number of bonus shares that they must keep in registered form until termination of their duties;
- to set the maximum percentage of shares that may be allotted to the executive directors with respect to the total amount defined in this resolution;
- to determine, according to the legal conditions and limits, the dates on which the bonus shares will be issued;
- to provide for the ability to temporarily suspend the allotment rights;
- to note the definitive allotment dates and the dates from which the shares may be freely sold, in light of legal restrictions;
- to register the bonus shares in a registration account in the holder's name, indicating the non-transferability of the shares and the period thereof, and to lift the non-transferability for any circumstances in which the applicable regulations allow it be lifted;
- to enter into all agreements, draw up all documents, note the capital increases once the shares are definitively allotted, amend the Articles of Incorporation accordingly, where applicable, complete all formalities and make all declarations to any entities and, more generally, take whatever action may be necessary.

9 – Resolves that the company may, where applicable, make the necessary adjustments to the number of bonus shares in order to protect the rights of the recipients, based on any operations involving the company's capital under the conditions set out in Article L. 225-181 of the French Commercial Code.

Thirteenth 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 company savings plan*) - The General Meeting, voting in accordance with the quorum and majority conditions required for extraordinary general meetings and having read the Board of Directors' report and the special auditors' report, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-1 et seq. of the French Labour 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 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 included in the total maximum amount of 10,000,000 euros set by the fourteenth 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 right of shareholders to the ordinary shares or securities granting entitlement to ordinary shares to be issued under this authorisation.](#)

[4 – Resolves that the subscription price of the shares or securities issued will be determined under the conditions defined in Articles L. 3332-18 to L. 3332-23 of the French Labour Code.](#)

[5 – Resolves to set the maximum discount offered in connection with a savings plan at 15% of the average opening price of Gameloft's share on Euronext Paris during the 20 trading sessions preceding 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 it deems 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 law.](#)

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 prescribed by the laws and regulations, as a substitute 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 subdelegation authority under the conditions provided by law, to implement this authorisation in accordance with the conditions approved herein, for purposes that include:

- [to determine the characteristics, amount and terms and conditions of any issue;](#)

- to determine the companies and recipients involved;
- to decide 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;
- to determine the nature and the terms and conditions of the capital increase, as well as the terms and conditions of the issue;
- where applicable, to establish the conditions, including seniority, that the recipients must meet in order to subscribe for the new ordinary shares or securities to be issued as part of the capital increases covered by this resolution;
- to set the amounts of these issues and to determine the subscription prices, the terms and conditions of the issues of shares or securities carried out under this authorisation, including in particular their dated date, and the terms and conditions of their payment and delivery;
- to determine the opening and closing dates of the subscriptions;
- to note or to have noted the completion of the capital increase by the issue of ordinary shares up to the amount of the ordinary shares actually subscribed for;
- on its own decision and if it deems appropriate, to charge, where applicable, the expenses and professional and other fees resulting from such issues to the issue premiums and to deduct, where applicable, the sums needed to supply the legal reserve from the issue premiums;
- in general, to complete all acts and formalities, to take all decisions and to enter into all appropriate or necessary agreements in order to (i) ensure the successful completion of the issues carried out under this authorisation and, in particular, for the issue, subscription, delivery, dividend entitlement, 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 Incorporation 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.

Fourteenth Resolution (*Total maximum amount of the capital increases*) - The General Meeting, voting in accordance with the quorum and majority conditions required for extraordinary general meetings and having read the Board of Directors' report, resolves to establish, in accordance with Article L. 225-129-2 of the French Commercial Code, the total maximum amount of the capital increase that may result, immediately or in the future, from all issues of shares and/or securities granting entitlement to the capital carried out pursuant to the authorisations and powers stipulated in resolutions eight, nine, ten, eleven, twelve and thirteen of this General Meeting, at a total nominal amount of 10,000,000 euros.

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

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