



## 2008 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 4 June 2009 under the number D. 09-476. It may be used in support of a financial operation if accompanied by a “note d’opération” (securities note) approved by the AMF.

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

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

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

Registered office: 81 rue de Réaumur 75002 Paris  
French corporation with capital of 3,680,254.70 euros  
Tel.: (33) 1 58 16 20 40  
Paris Corporate and Trade Register No. 429 338 130 - NAF code 5821Z

# CONTENTS

<b>1 PERSONS RESPONSIBLE FOR THE DOCUMENT AND FOR THE AUDIT OF THE FINANCIAL STATEMENTS</b> .....	<b>8</b>
1.1 Person responsible for the document .....	8
1.2 Certification of the person responsible for the document.....	8
1.3 Names and addresses of Gameloft S.A.'s. auditors.....	8
1.3.1 Principal auditors.....	8
1.3.2 Alternate auditors .....	9
1.4 Person responsible for financial communications .....	9
1.5 Financial communications schedule.....	9
<b>2 GAMELOFT S.A. AND ITS CAPITAL</b> .....	<b>10</b>
2.1 General information about Gameloft S.A. ....	10
2.1.1 Corporate name (Article 1 of the Articles of Incorporation).....	10
2.1.2 Registered office (Article 2 of the Articles of Incorporation).....	10
2.1.3 Legal form (Article 1 of the Articles of Incorporation).....	10
2.1.4 Nationality.....	10
2.1.5 Date created and duration.....	10
2.1.6 Corporate purpose (Article 3 of the Articles of Incorporation).....	10
2.1.7 Corporate and Trade Register .....	10
2.1.8 Consultation of documents and information about the company.....	10
2.1.9 Accounting period (Article 8 of the Articles of Incorporation) .....	11
2.1.10 General Meetings (Article 14 of the Articles of Incorporation).....	11
2.1.11 Rights and obligations attached to shares (Articles 7 and 8 of the Articles of Incorporation) .....	11
2.1.12 Holdings outside the statutory thresholds (Article 6 of the Articles of Incorporation) .....	12
2.1.13 Year-end financial statements – Allocation and distribution of profit - Payment of dividends (Article 16 of the Articles of Incorporation).....	12
2.1.14 Provision causing a delay in change in control .....	12
2.1.15 Clause establishing approval requirement .....	12
2.1.16 Provision governing changes in capital when these conditions are stricter than those provided by law .....	12
2.1.17 Amendments to the Articles of Incorporation .....	13
2.2 General information about the share capital .....	13
2.2.1 Capital .....	13
2.2.2 Structure of the Gameloft Group at 31 December 2008.....	19
2.2.3 Distribution of capital and voting rights .....	20
2.2.4 Summary of the operations referred to in Article L. 621-18-2 of the French Monetary and Financial Code.....	23
2.2.5 Buyback by the company of its own shares.....	24
2.2.6 Change in share price since January 2006.....	24
2.2.7 Dividends.....	25
2.2.8 Shareholders' agreement.....	25
2.2.9 Pledged shares and assets .....	25

<b>3</b>	<b>PRESENTATION OF THE COMPANY AND THE GROUP</b> .....	<b>36</b>
<b>3.1</b>	<b>Gameloft's activity</b> .....	<b>36</b>
3.1.1	Mobile telephone games.....	36
3.1.2	Console games.....	37
3.1.3	Comments on FY 2008 activity and earnings.....	38
<b>3.2</b>	<b>The group's strategy and future outlook</b> .....	<b>40</b>
3.2.1	The group's strategy.....	40
3.2.2	Future outlook and recent developments.....	47
<b>3.3</b>	<b>Growth and investment strategy</b> .....	<b>48</b>
<b>3.4</b>	<b>The group's management and organisation</b> .....	<b>49</b>
3.4.1	Central functions.....	49
3.4.2	Subsidiaries.....	50
3.4.3	The company's administrative and financial organisation.....	50
3.4.4	Partnership agreements.....	51
3.4.5	Gameloft's strengths and weaknesses.....	51
<b>3.5</b>	<b>Risk factors</b> .....	<b>51</b>
3.5.1	Risks related to activity.....	51
3.5.2	Legal risks.....	53
3.5.3	Financial risks.....	53
<b>3.6</b>	<b>Exceptional events and lawsuits</b> .....	<b>54</b>
<b>3.7</b>	<b>Significant change in the financial or trading position</b> .....	<b>54</b>
<b>3.8</b>	<b>Insurance</b> .....	<b>54</b>
<b>3.9</b>	<b>Commitments</b> .....	<b>55</b>
<b>4</b>	<b>FINANCIAL INFORMATION REGARDING GAMELOFT</b> .....	<b>56</b>
<b>4.1</b>	<b>Consolidated financial statements at 31 December 2008</b> .....	<b>56</b>
4.1.1	Consolidated balance sheet at 31 December 2008 (in €K).....	56
4.1.2	Consolidated income statement at 31 December 2008 (€K).....	57
4.1.3	Consolidated cash flow statement at 31 December 2008 (€K).....	57
4.1.4	Statement of changes in consolidated shareholders' equity (€K).....	59
4.1.5	Notes to the consolidated financial statements.....	60
4.1.6	Sector information.....	91
4.1.7	Additional information.....	93
4.1.8	Auditors' report on the consolidated financial statements.....	103
<b>4.2</b>	<b>Individual financial statements at 31 December 2008</b> .....	<b>105</b>
4.2.1	Balance sheet at 31 December 2008 (€K) (12-month fiscal year).....	105
4.2.2	Income statement at 31 December 2008 (€K).....	106
4.2.3	Cash flow statement at 31 December 2008 (€K).....	107
4.2.4	Financial table (Art. 135 of the decree of 23 March 1967) (€K).....	108

4.2.5	Proposed allocation of profit .....	108
4.2.6	Notes to the individual financial statements.....	108
4.2.7	General auditors' report for the fiscal year ended 31 December 2008.....	132
4.2.8	Special auditors' report for the fiscal year ended 31 December 2008 .....	134
<b>5</b>	<b>CORPORATE GOVERNANCE .....</b>	<b>136</b>
5.1	The group's Board of Directors and management.....	136
5.2	Rules applicable to the appointment and replacement of the members of the Board of Directors .....	137
5.3	Operation of the Board of Directors .....	137
5.4	Loans and guarantees granted to or established in favour of the administrative and managing bodies .....	137
5.5	Other offices held within the group by members of the administrative and managing bodies in the last five years.....	137
5.6	Other offices held outside the group by members of the administrative and managing bodies in the last five years.....	139
5.7	Fraud conviction, liquidation proceeding, sanctions imposed on members of the Board of Directors.....	142
5.8	Possible conflicts of interest involving members of the Board of Directors	143
5.9	Interest of the senior executives.....	143
5.9.1	Compensation and benefits of any kind received by the executive directors.....	143
5.9.2	Compensation and benefits of any kind received by the non-executive directors .	145
5.9.3	Directors' fees.....	145
5.9.4	Stock options granted to each executive director during the fiscal year .....	145
5.9.5	Stock options exercised by each executive director during the fiscal year .....	145
5.9.6	Performance shares allotted to each executive director .....	145
5.9.7	History of stock options granted .....	145
5.9.8	Employment contract, specific pensions, retirement benefits and non-compete clause offered to the executive directors.....	146
5.9.9	Information regarding transactions carried out with members of the administrative and managing bodies .....	146
5.9.10	Loans and guarantees granted to or established in favour of the administrative and managing bodies .....	146
5.10	Employee profit-sharing .....	147
5.10.1	Incentive contract and profit-sharing agreement.....	147
5.10.2	Options granted to personnel regarding the company's shares .....	147
5.10.3	Stock option plan .....	147
5.11	Chairman's report on the conditions under which the Board of Directors' work is prepared and organised and on the internal control procedures implemented by the company.....	148

5.12 Auditors’ report on the Chairman of the Board of Directors’ report concerning the conditions under which the Board of Directors’ work is prepared and organised and on the internal control procedures implemented by the company ..... 158

## Correlation table of the reference document

To ensure that the reference document is easy to read, the following correlation table refers to the main sections required by Appendix 1 of EC Regulation 809/2004 adopted in accordance with the so-called “Prospectus” Directive.

INFORMATION	Reference Document	
	Paragraphs	Pages
<b>1. PERSONS RESPONSIBLE</b>	1.1	7
<b>2. STATUTORY AUDITORS</b>	1.3	7-8
<b>3. SELECTED FINANCIAL INFORMATION</b>	None	None
<b>4. RISK FACTORS</b>	3.5	52 to 54
<b>5. INFORMATION ABOUT THE ISSUER</b>		
5.1 History and development of the company	2.1.1 to 2.1.5	9
	3.1	36
5.2 Investments	3.3	48
<b>6. OVERVIEW OF THE BUSINESS</b>		
6.1 Principal activities	3.1	36-38
6.2 Principal markets	3.1	36-38
6.3 Extraordinary events	3.6	55
6.4 Events likely to impact the issuer’s business or profitability	None	None
<b>7. ORGANISATIONAL CHART</b>		
7.1 Organisational chart	2.2.2	18
7.2 Subsidiaries	2.2.2	18
	3.4.2	50
	4.2.4.1	63
<b>8. REAL ESTATE, PLANTS AND EQUIPMENT</b>		
8.1 Significant existing or planned tangible assets	4.1.5.5 II	75
	4.2.6.5II	116
8.2 Environmental issues affecting the use of the tangible assets	None	None
<b>9. REVIEW OF THE FINANCIAL POSITION AND NET PROFIT/LOSS</b>		
9.1 Highlights	4.1.5.2	60
	4.2.6.1	110
9.2 Financial results	4.1	56 to 59
	4.2	107 to 110
<b>10. CASH ASSETS AND CAPITAL</b>		
10.1 Information about the issuer’s capital	2.2	12-35
10.2 Issuer’s cash flow	4.1.3	58
10.3 Borrowing terms and financing structure	4.4.5 XVI	105
<b>11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES</b>		
<b>12. INFORMATION ABOUT TRENDS</b>	3.2.2.1	47
<b>13. PROFIT FORECASTS OR ESTIMATES</b>	3.2.2	47
<b>14. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND GENERAL MANAGEMENT</b>		
14.1 The group’s administrative and management bodies	5.1	139
14.2 Fraud conviction, liquidation proceeding, sanctions imposed on members of the Board of Directors	5.7	145
14.3 Possible conflicts of interest involving members of the Board of Directors	5.8	145
<b>15. COMPENSATION AND BENEFITS</b>		
15.1 Compensation of the company managers	5.9	146
15.2 Corporate commitments	5.10	150
<b>16. FUNCTIONING OF THE ADMINISTRATIVE AND MANAGEMENT BODIES</b>		
16.1 Status of the directors’ terms of office	5.5 – 5.6	140 to 144
16.2 Service contract binding the members of the administrative, management or supervisory bodies	None	None
16.3 Audit and Compensation Committee	5.11	151 to 161
16.4 Statement of compliance with the corporate governance scheme	5.11	151 to 161

<b>17. EMPLOYEES</b>		
17.1 Number of employees	4.1.7.5	101
	4.2.6.7.2	132
17.2 Profit-sharing and stock options	5.10.3	150
17.3 Employees' interest in the capital	5.10	150
<b>18. KEY SHAREHOLDERS</b>		
18.1 Identity of the key shareholders	2.2.3	19
18.2 Voting rights	2.2.3	19
<b>19. TRANSACTIONS WITH RELATED PARTIES</b>	None	None
<b>20. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS, FINANCIAL POSITION AND EARNINGS</b>		
20.1 Historical financial information	Introduction	1
20.2 Pro forma financial information	None	None
20.3 Financial statements	4.1	56 to 59
	4.2	107 to 110
20.4 Verification of the annual financial information	4.1.8	105
	4.2.7	135
	4.2.8	137
20.5 Dates of the most recent financial information	3.2.2.2	48
20.6 Interim and other financial information	3.2.2.2	48
20.7 Dividend policy and distribution	2.2.7	24
20.8 Legal proceedings and arbitration	3.6	55
20.9 Significant change in the financial or trading position	None	None
<b>21. ADDITIONAL INFORMATION</b>		
21.1 Share capital	2.2.1	12
21.2 Memoranda of Association and Articles of Incorporation	2.1	9 to 12
<b>22. MAJOR CONTRACTS</b>	None	None
<b>23. INFORMATION FROM THIRD PARTIES, EXPERTS' STATEMENTS AND DECLARATIONS OF INTERESTS</b>	None	None
<b>24. DOCUMENTS AVAILABLE TO THE PUBLIC</b>	2.1.8	9
<b>25. INFORMATION ABOUT EQUITY HOLDINGS</b>	4.1.5.4	72 to 74
	4.2.6 III	116 to 119

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

---

## 1.1 *Person responsible for the document*

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

## 1.2 *Certification of the person responsible for the document*

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

I hereby certify that, to my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and fairly reflect the assets, financial position and earnings of the company and of all the consolidated companies, and that the 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 historical financial information presented in this reference document was the subject of statutory auditors’ reports appearing on page 105 for the 2008 consolidated financial statements, including by reference for the 2007 financial statements, and on page 135 of said document for the 2008 year-end financial statements, which were issued without qualification.”

Paris, 4 June 2009

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

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

### 1.3.1 **Principal auditors**

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

### 1.3.2 Alternate auditors

	<b>Date of 1<sup>st</sup> appointment</b>	<b>Term and expiration date</b>
<b>Mr. Pierre Borie</b> 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
<b>Cabinet Chevry et Associés</b> 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 responsible for financial communications*

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

### 1.5 *Financial communications schedule*

Publication of 2009 half-year revenue: 28 July 2009.

## **2 GAMELOFT S.A. AND ITS CAPITAL**

---

### **2.1 General information about Gameloft S.A.**

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

The corporate name of the company is Gameloft.

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

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

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

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.

#### **2.1.4 Nationality**

French.

#### **2.1.5 Date created and duration**

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

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

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

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

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

#### **2.1.7 Corporate and Trade Register**

Paris Corporate and Trade Register: 429 338 130  
APE code: 5821Z

#### **2.1.8 Consultation of documents and information about the company**

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

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

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

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

#### *2.1.10.1 Convening and holding of General Meetings*

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

#### *2.1.10.2 Access to Meetings - Powers*

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

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

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

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

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

#### *2.1.10.3 Attendance list – Meeting committee - Minutes*

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

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

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

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

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

#### *2.1.10.4 Ordinary and Extraordinary General Meetings*

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

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

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

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

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

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

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

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

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

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

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

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

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

Net profit/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.

#### **2.1.14 Provision causing a delay in change in control**

None.

#### **2.1.15 Clause establishing approval requirement**

None.

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

None.

## 2.1.17 Amendments to the Articles of Incorporation

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

## 2.2 General information about the share capital

### 2.2.1 Capital

#### 2.2.1.1 Share capital

- *Share capital increase*

After exercising share rights attached to stock options and start-up company stock purchase warrants (BSPCE), the Gameloft Group's employees applied for 546,737 shares during the fiscal year ended 31 December 2008. This capital increase was noted by the Board of Directors on 26 January 2009. The company's share capital therefore increased by 27,336.85 euros through the issue of 546,737 new shares with a par value of 0.05 euros.

- *Share capital at 31 December 2008*

At 31 December 2008, Gameloft S.A.'s share capital consisted of 73,605,094 shares, each with a par value of 0.05 euros, for a total of 3,680,254.70 euros.

#### 2.2.1.2 Unissued authorised capital

1- In its eighth resolution, the Combined General Meeting of 25 June 2008 approved a delegation of authority to the Board of Directors in order to allow an increase in the company's share capital, on one or more occasions, up to a maximum nominal amount of 5 million euros, through the issue, with shareholders' pre-emptive rights, of ordinary shares of the company and securities of any kind granting entitlement to the company's capital. The period during which this authorisation is valid was set at 26 months starting on the date of said General Meeting.

This authorisation caused prior authorisations granted by the General Meeting for the same purpose to become null and void, including in particular the eighth resolution of the Combined General Meeting of 28 June 2007.

2- In its ninth resolution, the Combined General Meeting of 25 June 2008 approved a delegation of authority to the Board of Directors in order to allow an increase in the company's share capital, on one or more occasions, up to a maximum nominal amount of 5 million euros, through the issue, without shareholders' pre-emptive rights, of ordinary shares of the company and all securities granting entitlement to the company's capital. The period during which this authorisation is valid was set at 26 months starting on the date of said General Meeting.

This authorisation caused prior authorisations granted by the General Meeting for the same purpose to become null and void, including in particular the ninth resolution of the Combined General Meeting of 28 June 2007.

3- In its second resolution, the Extraordinary General Meeting of 4 November 2008 authorised the Board of Directors to carry out capital increases reserved for those enrolled in a group savings plan offered by the company and/or companies or groups of companies affiliated with it pursuant to the provisions of Articles L. 225-129, L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code and under the conditions set out in Articles L. 3332-1 et seq. of the French Labour Code, up to a maximum nominal amount representing 1% of the share capital as of the date of the Board of Directors' decision. The period during which this authorisation is valid was set at 26 months starting on the date of said General Meeting.

This authorisation caused prior authorisations granted by the General Meeting for the same purpose to become null and void, including in particular the thirteenth resolution of the Combined General Meeting of 25 June 2008.

#### 2.2.1.3 Potential capital

*Summary of stock option and BSPCE issues*

Type of instrument	Issue date	Strike price	Discount/premium	Exercise period	Number of shares to which these instruments give a right at the issue date	Potential dilution at the issue date
BSPCE	21/03/03	1.25 euros	-17%	21/03/06 to 21/03/08	220,000	0.35%
Stock options	21/03/03	1.25 euros	-17%	21/03/06 to 21/03/08	714,000	1.13%
BSPCE	15/09/03	1.75 euros	+7%	15/09/06 to 15/09/08	1,422,500	2.26%
Stock options	15/09/03	1.75 euros	+7%	15/09/06 to 15/09/08	1,544,500	2.46%
BSPCE	03/12/04	2.40 euros	0%	31/03/06 to 03/12/09	1,486,500	2.30%
Stock options	03/12/04	2.40 euros	0%	31/03/06 to 03/12/09	1,585,800	2.46%
Stock options	11/01/06	5.61 euros	0%	11/01/08 to 11/01/12	612,000	0.86%
Stock options	11/01/06	5.35 euros	-4.9%	11/01/08 to 11/01/12	2,790,300	3.79%
Stock options	07/06/06	5.37 euros	-4.9%	07/06/10 to 07/06/12	40,200	0.005%
Stock options	03/01/07	4.10 euros	-4.28%	03/01/09 to 03/01/13	2,811,000	3.97%
Stock options	03/01/07	4.30 euros	0%	03/01/09 to 03/01/13	710,100	1.00%
Stock options	11/04/08	2.80 euros	-4.5%	11/04/10 to 11/04/14	3,110,250	4.25%
Stock options	11/04/08	2.95 euros	0.6%	11/04/10 to 11/04/14	534,300	0.73%

*Stock options and BSPCE not exercised at 31/12/08*

	Potential shares	Potential capital (€)
BSPCE not exercised	653,000	32,650
Stock options not exercised	9,899,287	494,964
<b>Total</b>	<b>10,552,287</b>	<b>527,614</b>

At 31 December 2008, the exercise of all the warrants and options, namely 10,552,287 shares, would result in a potential dilution of 14.34%.

Stock option plans approved from 2003 to 2008

*Stock option plans approved in 2003*

	Managers and employees of the Gameloft Group's foreign subsidiaries	Managers and employees of the Gameloft Group's foreign subsidiaries
<b>Board of Directors' meeting</b>	<b>21/03/03</b>	<b>15/09/03</b>
Number of shares eligible for subscription:	714,000	1,544,500
Number of people concerned:	39	96
including managers	0	0
Start of exercise	21/03/2006	15/09/2006
End of exercise	21/03/2008	15/09/2008
Subscription price	1.25 euros	1.75 euros
Options cancelled at 31/12/08	161,000	352,512
Options exercised at 31/12/08	553,000	1,191,988
<b>Options not yet exercised at 31/12/08</b>	<b>-</b>	<b>-</b>

*Stock option plans approved in 2004*

	Managers and employees of the Gameloft Group's foreign subsidiaries		
<b>Board of Directors' meeting</b>	<b>03/12/04</b>		
Number of shares eligible for subscription:	1,585,800		
Number of people concerned:	91		
including managers	0		
Start of exercise	31/03/2006	31/03/2007	31/03/2008
End of exercise	03/12/2009	03/12/2009	03/12/2009
Subscription price	2.40 euros		
Options cancelled at 31/12/08	82,600	150,200	225,100
Options exercised at 31/12/08	357,613	221,700	-
<b>Options not yet exercised at 31/12/08</b>	<b>88,387</b>	<b>156,700</b>	<b>303,500</b>

*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
<b>Board of Directors' meeting</b>	<b>11/01/2006</b>	<b>11/01/2006</b>	<b>07/06/2006</b>
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 cancelled at 31/12/08	83,000	98,000	98,000	70,700	81,200	158,900	77,700	15,000	15,000
Options exercised at 31/12/08	-	-	-	-	-	-	-	-	-
<b>Options not yet exercised at 31/12/08</b>	<b>121,000</b>	<b>106,000</b>	<b>106,000</b>	<b>250,200</b>	<b>239,700</b>	<b>1,075,800</b>	<b>836,100</b>	<b>5,100</b>	<b>5,100</b>

*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		
<b>Board of Directors' meeting</b>	<b>03/01/2007</b>			<b>03/01/2007</b>		
Number of shares eligible for subscription:	710,100			2,811,000		
Number of people concerned:	39			123		
including managers	1			4		
Start of exercise	03/01/09	03/01/10	03/01/11	03/01/09	03/01/10	03/01/11
End of exercise	03/01/13	03/01/13	03/01/13	03/01/13	03/01/13	03/01/13
Subscription price (€)	4.30	4.30	4.30	4.10	4.10	4.10
Options cancelled at 31/12/08	59,900	59,900	59,900	44,300	44,300	187,400
Options exercised at 31/12/08	-	-	-	-	-	-
<b>Options not yet exercised at 31/12/08</b>	<b>176,800</b>	<b>176,800</b>	<b>176,800</b>	<b>331,000</b>	<b>331,000</b>	<b>1,873,000</b>

*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	
<b>Board of Directors' meeting</b>	<b>11/04/2008</b>		<b>11/04/2008</b>	
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 cancelled at 31/12/08	3,000	3,000	3,000	20,350	20,350	54,550
Options exercised at 31/12/08	-	-	-	-	-	-
<b>Options not yet exercised at 31/12/08</b>	<b>175,100</b>	<b>175,100</b>	<b>175,100</b>	<b>528,200</b>	<b>528,200</b>	<b>1,958,600</b>

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

*BSPCE plans approved in 2003 and 2004*

	Gameloft SA's French managers and employees	Gameloft SA's French managers and employees	Gameloft SA's French managers and employees		
<b>Board of Directors' meeting</b>	<b>21/03/03</b>	<b>15/09/03</b>	<b>03/12/04</b>		
Number of BSPCE granted:	220,000	1,422,500	1,486,500		
Number of people concerned:	9	36	32		
including managers	0	0	0		
Start of exercise	21/03/2006	15/09/2006	31/03/2006	31/03/2007	31/03/2008
End of exercise	21/03/2008	15/09/2008	03/12/2009	03/12/2009	03/12/2009
Subscription price	1.25 euros	1.75 euros	2.40 euros		
BSPCE cancelled at 31/12/08	60,000	52,000	-	19,900	64,700
BSPCE exercised at 31/12/08	160,000	1,370,500	404,800	315,900	28,200
<b>Warrants not yet exercised at 31/12/08</b>	<b>-</b>	<b>-</b>	<b>90,700</b>	<b>159,700</b>	<b>402,600</b>

Bonus issues of shares after the close of the year

In its twelfth resolution, the Combined General Meeting of 25 June 2008 authorised the Board to allot bonus shares to paid employees and managers, or to some of them, of the company and of the companies or groups of companies affiliated with it pursuant to Article L. 225-197-2 of the French Commercial Code (hereinafter the "group") under the terms of Article L. 225-197-1 et seq. of the French Commercial Code, with the number of shares issued not to exceed 5% of the total number of shares comprising the company's share capital as of the date of the allotment decision.

In exercise of the authorisation granted by the Combined General Meeting of 25 June 2008, the company's Board of Directors decided at its meeting of 21 April 2009 to allot 720,750 bonus shares to some of the group's employees and executive directors.

Stock options granted after the close of the year

In its first resolution, the Extraordinary General Meeting of 4 November 2008 authorised the Board of Directors to grant options giving a right to subscribe for the company's shares to managers and paid employees of the company and of the companies or groups of companies affiliated with it pursuant to Article L. 225-180 of the French Commercial Code (hereinafter the "group"), with the number of shares issued through the capital increase resulting from the exercise of

said options not to exceed 5% of the total number of shares comprising the company's share capital as of the date of the Board of Directors' decision.

In exercise of the authorisation granted by the Extraordinary General Meeting of 4 November 2008, the company's Board of Directors decided at its meeting of 14 May 2009 to grant 2,208,500 stock options to some of the group's employees and executive directors.

After exercising share rights attached to stock options and BSPCE, the Gameloft Group's employees have not applied for additional shares since the closing date of the fiscal year ended 31 December 2008. In addition, 131,000 options were cancelled between 1 January 2009 and 31 May 2009 as a result of employee departures. The following table therefore shows the status at 31 May 2009 of the stock option and BSPCE plans based on the options and warrants exercised and cancelled, the bonus shares issued on 21 April 2009 and the stock option plan of 14 May 2009.

*Summary of stock option and BSPCE plans at 31/05/09*

	Potential shares	Potential capital (€)
BSPCE not exercised	653,000	32,650
Stock options not exercised	11,976,787	598,839
Bonus shares issued	720,750	36,038
<b>Total</b>	<b>13,350,537</b>	<b>667,527</b>

At 31 December 2008, the exercise of all the warrants and options, namely 13,350,537 shares, would result in a potential dilution of 18.14%.

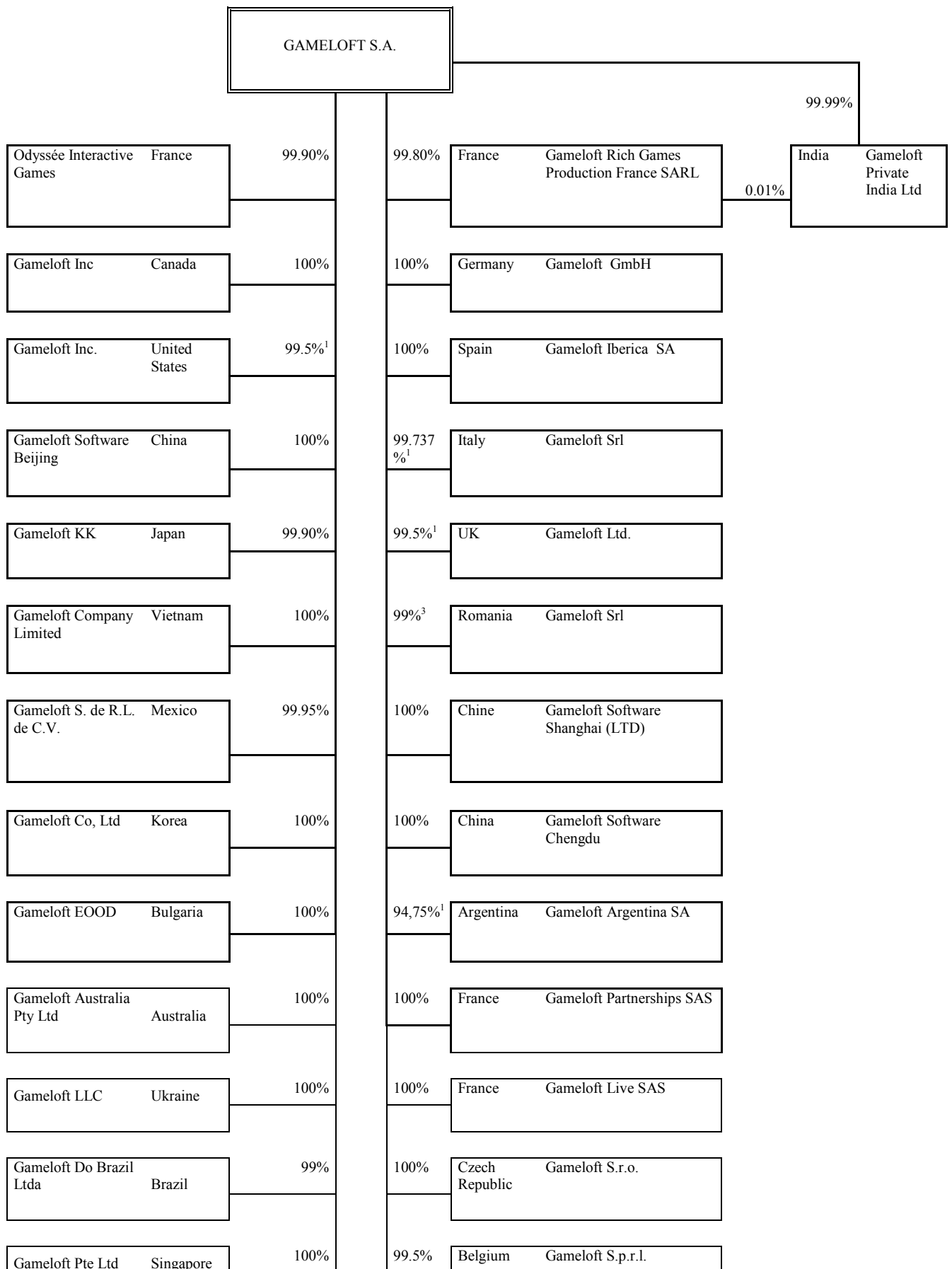
Information on the employee stock ownership plan

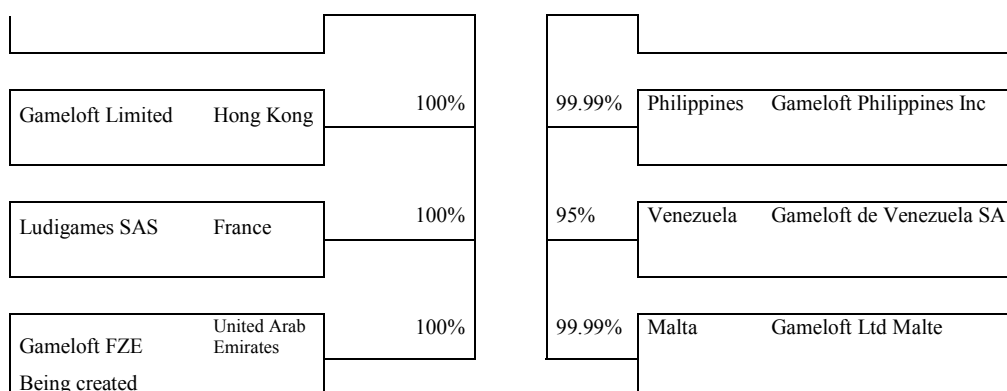
<b>Stock options granted to the top 10 non-management employee recipients and options exercised by them</b>	<b>Number</b>	<b>Weighted average price</b>	<b>Plan no. and expiration date</b>
Options granted during the fiscal year by the issuer and any company authorised to grant the issuer's options to those holding the highest number of options thus granted (general information)	<b>874,000</b>	<b>€2.81</b>	<b>Plan no. 8 - 11/04/2014</b>
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)	<b>422,283</b>	<b>€1.82</b>	<b>Plan 3 - 21/03/2008 Plan 4 - 15/09/2008 Plan 5 - 03/12/2009</b>

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

Date	Type of operation	No. of shares	Total no. of shares	Share par value	Issue premium			
						By cash contribution	By contribution in kind	Total capital
31/12/06	Share capital increase noted after exercise of stock options and BSPCE in 2006	1,906,268	<b>70,756,584</b>	€0.05	€3,203,145.40	€3,298,458.80		3,537,829.20
31/12/07	Share capital increase noted after exercise of stock options and BSPCE in 2007	2,301,773	<b>73,058,357</b>	€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	<b>73,605,094</b>	€0.05	€929,509.85	€956,846.70		3,680,254.70

## 2.2.2 Structure of the Gameloft Group at 31 December 2008





## 2.2.3 Distribution of capital and voting rights

### 2.2.3.1 Changes in the share structure over the last three fiscal years

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

At 31 December 2007		Capital and voting rights			
	Number of shares	% of capital	Voting rights	% voting rights	
<b>Guillemot family</b>	13,321,947	18.235%	21,921,248	26.773%	
<i>Guillemot Brothers S.A.</i>	6,108,221	8.361%	9,538,496	11.650%	
<i>Claude Guillemot</i>	2,142,706	2.933%	3,232,872	3.948%	
<i>Michel Guillemot</i>	1,683,050	2.304%	2,770,560	3.384%	
<i>Yves Guillemot</i>	1,080,049	1.478%	1,928,558	2.355%	
<i>G�rard Guillemot</i>	801,188	1.097%	1,589,836	1.942%	
<i>Christian Guillemot</i>	1,231,703	1.686%	2,320,866	2.835%	
<i>Yvette Guillemot</i>	170,030	0.233%	340,060	0.415%	

<i>Marcel Guillemot</i>	95,000	0.130%	190,000	0.232%
<i>Tiphaine Guillemot</i>	10,000	0.014%	10,000	0.012%
<b>Guillemot Corporation S.A.</b>	68,023	0.093%	68,023	0.083%
<i>IN CONCERT</i>	13,389,970	18.328%	21,989,271	26.856%
<b>Treasury shares</b>	-	0.000%	-	-
<b>Calyon</b>	9,200,000	12.593%	9,200,000	11.236%
<b>Fidelity</b>	8,198,324	11.222%	8,198,324	10.013%
<b>Cominvest Asset Management</b>	5,101,591	6.983%	5,101,591	6.231%
<b>Dexia Asset Management</b>	4,400,167	6.023%	4,400,167	5.374%
<b>Public</b>	32,768,305	44.852%	32,986,581	40.289%
<b>Total</b>	<b>73,058,357</b>	<b>100%</b>	<b>81,876,934</b>	<b>100%</b>

On 12 July 2007, Gameloft's principal shareholder, Ubisoft Entertainment, sold to Calyon Bank, Crédit 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*

	<b>Number of shares</b>	<b>% of capital</b>	<b>Voting rights</b>	<b>% voting rights</b>
<b>Guillemot family</b>	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%
Gérard 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%
<b>Guillemot Corporation S.A.</b>	68,023	0.092%	68,023	0.083%
<i>IN CONCERT</i>	13,417,530	18.229%	22,016,831	26.716%
<b>Treasury shares</b>	-	0.000%	-	-
<b>Calyon</b>	9,178,725	12.470%	9,178,725	11.138%
<b>Fidelity (FMR)</b>	8,377,701	11.382%	8,377,701	10.166%
<b>T. Rowe Price</b>	7,656,370	10.402%	5,023,500	6.096%
<b>Cominvest Asset Management</b>	5,101,591	6.931%	5,101,591	6.190%
<b>Amiral Gestion</b>	4,239,505	5.760%	4,239,505	5.144%
<b>Public</b>	25,633,672	34.826%	28,472,438	34.55%
<b>Total</b>	<b>73,605,094</b>	<b>100%</b>	<b>82,410,291</b>	<b>100%</b>

### 2.2.3.2 Distribution of capital and voting rights at 30 April 2009

At 30 April 2009

*Capital and voting rights*

	<b>Number of shares</b>	<b>% of capital</b>	<b>Voting rights</b>	<b>% voting rights</b>
<b>Guillemot family</b>	13,349,507	18.137%	21,948,808	26.620%
Guillemot Brothers S.A.	6,108,221	8.355%	9,538,496	11.642%
Claude Guillemot	2,142,706	2.911%	3,232,872	3.921%
Michel Guillemot	1,683,050	2.287%	2,770,560	3.360%
Yves Guillemot	957,609	1.301%	1,806,118	2.191%
Gérard Guillemot	801,188	1.088%	1,589,836	1.928%
Christian Guillemot	1,231,703	1.673%	2,320,866	2.815%
Yvette Guillemot	170,030	0.231%	340,060	0.412%
Marcel Guillemot	95,000	0.129%	190,000	0.230%

Tiphaine Guillemot	160,000	0.217%	160,000	0.194%
<b>Guillemot Corporation S.A.</b>	68,023	0.092%	68,023	0.083%
<i>IN CONCERT</i>	13,417,530	18.229%	22,016,831	26.703%
<b>Treasury shares</b>	-	0.000%	-	-
<b>Calyon</b>	9,178,725	12.470%	9,178,725	11.132%
<b>Fidelity (FMR)</b>	8,377,701	11.382%	8,377,701	10.161%
<b>T. Rowe Price</b>	7,656,370	10.402%	5,023,500	6.093%
<b>Cominvest Asset Management</b>	5,101,591	6.931%	5,101,591	6.187%
<b>Amiral Gestion</b>	4,239,505	5.760%	4,239,505	5.142%
<b>Public</b>	25,633,672	34.826%	28,512,438	34.582%
<b>Total</b>	<b>73,605,094</b>	<b>100%</b>	<b>82,450,291</b>	<b>100%</b>

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.

The administrative bodies, represented by the directors Christian, Claude, Gérard, Michel, Yves and Marcel Guillemot, own, directly and indirectly, 18.137% of the capital and 26.633% of the voting rights. Guillemot Corporation holds 0.092% of the capital. Guillemot Brothers, Guillemot Corporation SA and the members of the Guillemot family control Gameloft jointly.

#### 2.2.3.3 Shareholders' agreements

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

#### 2.2.3.4 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.

#### 2.2.3.5 Provision causing a delay in change in control

None.

#### 2.2.3.6 Holdings outside thresholds

*Holdings outside thresholds concerning Gameloft SA's capital and voting rights during fiscal year 2008*

- On 16 January 2008, the share of capital held by Dexia Asset Management Belgium (Rue Royale, 180, B 1000, Brussels, Belgium), acting on behalf of UCITS that it manages, fell below the 5% threshold. Dexia Asset Management Belgium then held, on behalf of said UCITS, 3,605,668 Gameloft shares representing as many voting rights, i.e. 4.94% of capital and 4.40% of existing voting rights.
- On 8 February 2008, the share of voting rights and capital held by T. Rowe Price Group, Inc. (100<sup>E</sup> Pratt Street, Baltimore, Maryland 21202, USA) via T. Rowe Price Associates, Inc. and T. Rowe Price International, Inc., companies that it controls, exceeded the 5% and 10% thresholds, respectively. T. Rowe Price Group, Inc. then held 7,352,805 Gameloft shares representing 4,548,300 voting rights, i.e. 10.06% of capital and 5.55% of existing voting rights.
- On 13 February 2008, the share of voting rights held by FMR LLC (82 Devonshire Street, Boston, Massachusetts 02109, USA) and Fidelity International Limited (PO Box HM 670, Hamilton HMCX, Bermuda), acting on behalf of mutual funds managed by their subsidiaries, fell below the 10% threshold. FMR LLC and Fidelity International Limited then held 7,932,063 Gameloft shares representing as many voting rights, i.e. 10.86% of capital and 9.69% of existing voting rights.
- On 14 February 2008, the share of capital and voting rights held by Amiral Gestion (9 avenue Percier, 75008 Paris), acting on behalf of funds that it manages, exceeded the 5% threshold. Amiral Gestion then held, on

behalf of said funds, 4,239,505 Gameloft shares representing as many voting rights, i.e. 5.80% of capital and 5.18% of existing voting rights.

- On 18 February 2008, the share of voting rights and capital held by Dexia Asset Management Belgium (Rue Royale, 180, B 1000, Brussels, Belgium), acting on behalf of UCITS that it manages, fell below the 3% and 4% thresholds. Dexia Asset Management Belgium then held, on behalf of said UCITS, 2,039,027 Gameloft shares representing as many voting rights, i.e. 2.79% of capital and 2.49% of existing voting rights.
- On 2 May 2008, the share of capital and voting rights held by Fidelity International Limited (PO Box HM 670, Hamilton HMCX, Bermuda) fell below the 10% and 5% thresholds, respectively. Fidelity International Limited then held 104,500 Gameloft shares representing as many voting rights, i.e. 0.14% of capital and 0.13% of existing voting rights.
- On 5 May 2008, the share of capital held by FMR LLC (82 Devonshire Street, Boston, Massachusetts 02109, USA), acting on behalf of mutual funds managed by its subsidiaries, fell below the 10% threshold. FMR LLC then held 6,996,623 Gameloft shares representing as many voting rights, i.e. 9.58% of capital and 8.54% of existing voting rights.
- On 30 May 2008, the share of capital held by T. Rowe Price Group, Inc. (100<sup>E</sup> Pratt Street, Baltimore, Maryland 21202, USA) via T. Rowe Price Associates, Inc. and T. Rowe Price International, Inc., companies that it controls, fell below the 10% threshold. T. Rowe Price Group, Inc. then held 7,264,005 Gameloft shares representing 4,937,000 voting rights, i.e. 9.94% of capital and 6.03% of existing voting rights.
- On 10 June 2008, the share of capital held by FMR LLC (82 Devonshire Street, Boston, Massachusetts 02109, USA), acting on behalf of mutual funds managed by its subsidiaries, exceeded the 10% threshold. FMR LLC then held 7,431,457 Gameloft shares representing as many voting rights, i.e. 10.17% of capital and 9.07% of existing voting rights.
- On 12 September 2008, the share of voting rights held by FMR LLC (82 Devonshire Street, Boston, Massachusetts 02109, USA), acting on behalf of mutual funds managed by its subsidiaries, exceeded the 10% threshold. FMR LLC then held 8,377,701 Gameloft shares representing as many voting rights, i.e. 11.46% of capital and 10.22% of existing voting rights.
- On 30 May 2008, the share of capital held by T. Rowe Price Group, Inc. (100<sup>E</sup> 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 7,419,705 Gameloft shares representing 5,023,500 voting rights, i.e. 10.14% of capital and 6.12% of existing voting rights.

*Holdings outside thresholds concerning Gameloft SA's capital and voting rights after the close of fiscal year 2008:*

- On 20 February 2009, the share of capital held by UBS Investment Bank (3 Finsbury Avenue, London EC2M 2PA) exceeded the 1% threshold. UBS Investment Bank then held 753,681 Gameloft shares representing as many voting rights, i.e. 1.02% of capital and 0.92% of existing voting rights.
- On 20 February 2009, the share of voting rights held by UBS Investment Bank (3 Finsbury Avenue, London EC2M 2PA) exceeded the 1% threshold. UBS Investment Bank then held 1,030,849 Gameloft shares representing as many voting rights, i.e. 1.40% of capital and 1.25% of existing voting rights.

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

<b>Reported by:</b>		Mr. Yves Guillemot		
<b>Title:</b>		Director and Executive Vice President		
<b>Description of the financial instrument:</b>		Shares		
<b>Place of operation:</b>		Paris		
<b>Type of operation</b>	<b>Date of operation</b>	<b>Number of shares</b>	<b>Price</b>	<b>Amount of operation</b>
Sale	29/09/2008	14,896	€3.4659	€51,628.05
Sale	30/09/2008	31,435	€3.2752	€102,955.91
Sale	01/10/2008	20,000	€3.3119	€66,238

Sale	02/10/2008	20,796	€3.4484	€71,712.93
Sale	03/10/2008	20,000	€3.4534	€69,068
Sale	06/10/2008	15,313	€3.2412	€49,632.04

<b>Reported by:</b>		Mrs. Tiphaine Guillemot		
<b>Title:</b>		Person related to Michel Guillemot, Chief Executive Officer		
<b>Description of the financial instrument:</b>		Shares		
<b>Place of operation:</b>		Paris		
<b>Type of operation</b>	<b>Date of operation</b>	<b>Number of shares</b>	<b>Price</b>	<b>Amount of operation</b>
Purchase	05/05/2008	150,000	€3.50	€525,000.00

## 2.2.5 Buyback by the company of its own shares

### 2.2.5.1 Legal framework

In its fifth resolution, the Combined General Meeting of 25 June 2008 authorised the Board of Directors to create a share buyback programme (the “Buyback Programme”) in accordance with the provisions of Article L 225-209 of the French Commercial Code.

### 2.2.5.2 Characteristics of the Buyback Programme

The Buyback Programme was approved for a period of 18 months starting on the date of the meeting, i.e. until 25 December 2009. Under this authorisation, the maximum price was set at €10 and the number of shares to be purchased in connection with the share Buyback Programme was set at a maximum of 10% of the capital as of the meeting date. The objectives of the Buyback Programme, pursuant to the regulations in force and market practices authorised by the AMF, were defined as follows:

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

### 2.2.5.3 Status of the Buyback Programme

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

Operations carried out in accordance with Article L 225-209 of the French Commercial Code during fiscal year 2008:

<i>From 01/01/08 to 31/12/08</i>	Total gross flows	
	Purchase/Resales	Sale/Transfers
Number of shares	-	-
Average share price of the transaction	€ -	€ -
Average strike price	-	-
Amount	€ -	€ -

## 2.2.6 Change in share price since January 2006

Month	Maximum price (in euros)	Minimum price (in euros)	Average price (in euros)	Trading volume
January 2006	6.25	5.25	5.76	<b>6,465,875</b>
February 2006	6.17	5.76	5.91	<b>3,491,625</b>
March 2006	6.32	5.71	6.12	<b>4,542,751</b>

April 2006	5.99	5.63	5.77	3,675,523
May 2006	6.00	5.34	5.64	5,524,010
June 2006	5.85	5.00	5.50	1,923,253
July 2006	5.80	3.39	4.82	6,748,607
August 2006	4.66	3.98	4.28	3,096,354
September 2006	4.52	3.82	4.16	2,653,158
October 2006	4.60	4.02	4.33	4,043,799
November 2006	4.47	4.05	4.23	3,439,302
December 2006	4.53	4.04	4.26	4,001,477
January 2007	5.34	4.45	4.88	5,268,025
February 2007	5.28	4.65	5.14	5,136,589
March 2007	5.25	4.65	5.01	6,998,819
April 2007	5.57	4.93	5.12	4,228,299
May 2007	6.05	5.60	5.84	7,964,323
June 2007	6.23	5.69	5.98	4,291,447
July 2007	6.54	5.25	6.13	4,748,411
August 2007	7.08	5.70	6.42	10,553,942
September 2007	6.45	5.49	5.83	3,884,098
October 2007	7.32	5.80	6.50	4,956,481
November 2007	7.22	5.80	6.42	4,051,262
December 2007	6.57	5.72	6.12	2,139,537
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

Source: Euronext

### 2.2.7 Dividends

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

### 2.2.8 Shareholders' agreement

To date, there is no shareholders' agreement.

### 2.2.9 Pledged shares and assets

None.

### 2.2.10 Agenda and draft resolutions presented to the General Meeting of 25 June 2009

#### Agenda

##### *Matters dealt with by the Ordinary General Meeting*

- Board of Directors' management report on the position of the company and the group that it controls during the fiscal year ended 31 December 2008;
- General auditors' report on the year-end financial statements;
- Chairman of the Board of Directors' report on internal control and risk management, prepared in accordance with Article L. 225-37 of the French Commercial Code;
- Auditors' report on the Chairman of the Board of Directors' report, as provided by Article L. 225-37 of the French Commercial Code;

- Special Board of Directors' report on the stock option plans, as provided by Article L. 225-184 of the French Commercial Code;
- Approval of the year-end individual financial statements and discharge of the directors;
- Allocation of fiscal year profit;
- Auditors' report on the company's consolidated financial statements for the fiscal year ended 31 December 2008;
- Approval of the company's consolidated financial statements for the fiscal year ended 31 December 2008;
- Special auditors' report on the agreements referred to in Article L. 225-38 of the French Commercial Code;
- Reappointment of Mr. Michel Guillemot as director;
- Reappointment of Mr. Claude Guillemot as director;
- Reappointment of Mr. Yves Guillemot as director;
- Reappointment of Mr. Christian Guillemot as director;
- Reappointment of Mr. Gérard Guillemot as director;
- Reappointment of Mr. Marcel Guillemot as director;
- Authorisation granted to the Board of Directors to allow the company to trade in its own shares;
- Powers.

#### ***Matters dealt with by the Extraordinary General Meeting***

- Board of Directors' report;
- Special auditors' reports;
- Authorisation granted to the Board of Directors to reduce the company's share capital through the cancellation of treasury shares;
- Authorisation to be granted to the Board of Directors to approve an increase in the company's share capital through the issue of shares and/or securities of any kind granting entitlement to the company's capital, with pre-emptive rights;
- Authorisation to be granted to the Board of Directors to approve an increase in the company's share capital through the issue of shares and/or securities of any kind granting entitlement to the company's capital, without pre-emptive rights;
- Authorisation to be granted to the Board of Directors to increase the number of shares to be issued in case of a share capital increase, with or without pre-emptive rights;
- Authorisation to be granted to the Board of Directors to issue stock options;
- Authorisation to be granted to the Board of Directors to issue free of charge existing or new shares of the company to paid employees and the company managers;
- Authorisation to be granted to the Board of Directors to approve a share capital increase through the issue of shares reserved for those enrolled in a company savings plan;
- Determination of the total maximum amount of capital increases;
- Elimination of the age limit for directors and amendment of Article 9 of the Articles of Incorporation accordingly;
- Powers for legal formalities.

### **Draft resolutions**

#### ***I. Matters dealt with by the Ordinary General 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 2008 and the general auditors' report on the financial statements for said fiscal year, approves the financial statements for this fiscal year, as presented, which show a net book loss of 5,067,331.26 euros.

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

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

**Second Resolution** (*Allocation of profit*) - The General Meeting, voting in accordance with the quorum and majority conditions required for ordinary general meetings and having read the Board of Directors' management report on the company's position and activity during the fiscal year ended 31 December 2008 and the general auditors' report for said fiscal year, resolves to charge the loss totalling 5,067,331.26 euros at 31 December 2008 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 2008 and the auditors' report on the consolidated financial statements for said fiscal year, approves the consolidated financial statements drawn up in accordance with Articles L. 233-16 et seq. of the French Commercial Code, as presented, which show a loss of 1,808,633 euros.

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

**Fifth Resolution** (*Reappointment of Mr. Michel Guillemot as director*) -

The General Meeting, voting in accordance with the quorum and majority conditions required for ordinary general meetings, resolves to reappoint Mr. Michel Guillemot as director for a term of six years, i.e. until the General Meeting called to approve the financial statements for the fiscal year ended 31 December 2014.

**Sixth Resolution** (*Reappointment of Mr. Claude Guillemot as director*) - The General Meeting, voting in accordance with the quorum and majority conditions required for ordinary general meetings, resolves to reappoint Mr. Claude Guillemot as director for a term of six years, i.e. until the General Meeting called to approve the financial statements for the fiscal year ended 31 December 2014.

**Seventh Resolution** (*Reappointment of Mr. Yves Guillemot as director*) - The General Meeting, voting in accordance with the quorum and majority conditions required for ordinary general meetings, resolves to reappoint Mr. Yves Guillemot as director for a term of six years, i.e. until the General Meeting called to approve the financial statements for the fiscal year ended 31 December 2014.

**Eighth Resolution** (*Reappointment of Mr. Christian Guillemot as director*) - The General Meeting, voting in accordance with the quorum and majority conditions required for ordinary general meetings, resolves to reappoint Mr. Christian Guillemot as director for a term of six years, i.e. until the General Meeting called to approve the financial statements for the fiscal year ended 31 December 2014.

**Ninth Resolution** (*Reappointment of Mr. Gérard Guillemot as director*) -

The General Meeting, voting in accordance with the quorum and majority conditions required for ordinary general meetings, resolves to reappoint Mr. Gérard Guillemot as director for a term of six years, i.e. until the General Meeting called to approve the financial statements for the fiscal year ended 31 December 2014.

**Tenth Resolution** (*Reappointment of Mr. Marcel Guillemot as director*) -

The General Meeting, voting in accordance with the quorum and majority conditions required for ordinary general meetings, resolves to reappoint Mr. Marcel Guillemot as director for a term of six years, i.e. until the General Meeting called to approve the financial statements for the fiscal year ended 31 December 2014.

**Eleventh 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 2008 is 6,360,509.

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 31,802,545 euros.

However, in the event of operations involving the company's capital, including in particular a capital increase through the capitalisation of reserves, bonus issue of shares, stock split or consolidation of shares, amortisation of capital, or any other operation involving the capital, the General Meeting authorises the Board of Directors to adjust the 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 June 2008 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.

**Twelfth 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.

## II. Matters dealt with by the Extraordinary General Meeting

**Thirteenth 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 eleventh 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 2008 in its seventh resolution.

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

**Fourteenth 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 the twentieth 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 – 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.

**Fifteenth 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 the twentieth resolution 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 as amended by order no. 2009-80 of 22 January 2009 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 twentieth 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.

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

**Seventeenth 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 twentieth 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 10<sup>th</sup> 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.

**Eighteenth 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 twentieth 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.

**Nineteenth 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 twentieth 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.

**Twentieth 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 the fourteenth, fifteenth, sixteenth, seventeenth, eighteenth and nineteenth resolutions of this General Meeting, at a total nominal amount of 10,000,000 euros.

It is hereby stipulated that the aforementioned amount does not include the 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.

**Twenty-First Resolution** (*Elimination of the age limit for directors and amendment of Article 9 of the Articles of Incorporation accordingly*) - 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 eliminate any age limit for the company's directors and to amend Article 9 of the Articles of Incorporation accordingly. Paragraph 7 of Article 9 of the Articles of Incorporation: "The directors may not be more than 80 years of age." is now deleted. The rest of the article remains as is.

**Twenty-Second 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.

### 3 PRESENTATION OF THE COMPANY AND THE GROUP

---

Created in December 1999, Gameloft is a developer and publisher of video games that can be downloaded to mobile telephones 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 such as Nokia and Apple, telecom operators such as Orange and Verizon, and console manufacturers such as Nintendo and Microsoft. Gameloft currently employs 4,000 people in 25 countries around the world.

#### 3.1 *Gameloft's activity*

##### 3.1.1 **Mobile telephone games**

The use of mobile telephones has spread very quickly throughout the world. The number of worldwide mobile subscribers was estimated at more than 4 billion at the end of 2008<sup>1</sup> versus only 0.1 billion in 1996<sup>2</sup>. 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 revolutionised 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 developed countries and between 0.5 and 2 euros in developing countries.
- Java and Brew technologies are standards to which all telephone manufacturers are gradually being forced to adhere. This standardisation allows Gameloft to run its games at a low cost on most of the new telephones 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 2005<sup>3</sup>.

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 300 Gameloft games which can be downloaded onto nearly 1,200 different models of mobile phones.

Gameloft's games include Ubisoft brands and licences. The Gameloft catalogue therefore includes world-renowned

---

<sup>1</sup> Source: ZDnet.fr, September 2008

<sup>2</sup> Source: CSFB, July 2002

<sup>3</sup> Source: Sun Microsystems, Ovum, June 2008

licences such as *Assassin's Creed*, *Splinter Cell*, *Rayman*, *Prince of Persia*, *Tom Clancy's Ghost Recon*, *Dogz*, *Might and Magic*, etc. In addition to the Ubisoft licences, the company has acquired rights to many external licences for mobile phones, including *Terminator Salvation*, *Sonic The Hedgehog*, *Spider Man*, *Ferrari*, *Shrek 3*, *NBA*, *NFL*, *Lost*, *Desperate Housewives*, *American Gangster*, *Beowulf*, *Mission Impossible 3*, *Heroes*, *Open Season*, *Lumines*, *Meteos*, *War of the Worlds*, *King Kong*, *Deal or No Deal*, *1 vs. 100*, *Question for a Champion*, golfer *Vijay Singh*, tennis player *Lleyton Hewitt*, football players *Robinho*, *Cannavaro* and *Crouch*, basketball player *Kobe Bryant*, *FIFPRO*, etc.

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

1. Gameloft games are distributed by more than 180 telecom operators in over 80 countries worldwide. The number of potential consumers to which Gameloft has direct access via these operators is more than 2 billion. To date, none of Gameloft's competitors has a comparable distribution network. These operators' 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 developed countries. The operator's portal provides access to Gameloft's game catalogue. This catalogue describes the games and indicates their price. Consumers simply select the game and download it to their telephone. Billing is handled by the operator with the cost of the game included in the consumer's telephone bill. In this case, the operator acts as a distributor of Gameloft games and the revenues generated are shared between the operator-distributor and Gameloft.

2. The telephone manufacturers that are currently Gameloft customers and partners are Nokia (the world's largest producer of telephones in 2008), Samsung (second largest), LG (third largest), Sony-Ericsson (fourth largest), Motorola (fifth largest), Apple, RIM, HTC, 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 portal), Samsung (Samsung Fun Club), Sony Ericsson (Fun & Download), Apple (iTunes for iPhone and iPod), Google (Android), RIM (App World) and other portals. Sales of the company's iPhone and iPod games got off to a strong start in 2008. In just a few weeks, Apple became Gameloft's number one partner in terms of revenue. With sales of more than 3 million iPhone and iPod Touch games since the launch of Apple games in July 2008, the company has become one of the world's top sellers on AppStore. Gameloft already has 30 iPhone and iPod Touch games available for sale and plans to boost its investments in this platform in 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. When consumers use toll-call SMS services, they simply send an SMS message with the game's code to automatically receive the game on 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 favour of telephone manufacturers and telecom operators.

Sales of mobile games accounted for 93% of Gameloft's revenue in fiscal year 2008.

### 3.1.2 Console games

Since 2004, Gameloft has adapted its game catalogue 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 specialising in mobile games to be selected by Nintendo to develop games for its new console. Following the success of *Asphalt: Urban GT*, Gameloft released *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*, *2008 Real Football*, and so on. 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.

In parallel to this, a new generation of game consoles that allow consumers to download games rather than purchase them in stores as game cartridges have been sold since 2008. 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 by Internet at a price far below that of game cartridges sold in stores. Xbox Live Arcade games are 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 seven games for Nintendo’s WiiWare service and one game for Sony’s PS3 Network service, which run based on the same principle as Xbox Live Arcade. About a dozen XLA, WiiWare 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, Xbox Live Arcade, and now PS3 Network and PSP Store. In addition to these growth opportunities, the company recently ventured into a new “downloadable” console – Nintendo’s DSi – where it already has a presence following the release of *Real Football 2009* and *Pop Superstar: Road to Celebrity*. In the future, Gameloft plans to focus its console teams’ efforts on these new downloadable formats, which offer numerous synergies with the downloadable mobile games activity, the company’s core business.

Sales of console games accounted for 7% of Gameloft’s revenue in fiscal year 2008.

### 3.1.3 Comments on FY 2008 activity and earnings

Gameloft’s key figures for the fiscal year ended 31 December 2008 are as follows:

In million euros	2008	2007
Revenue	110.3	96.1
Operating income/expense from ordinary activities*	3.3	2.9
Operating income/expense	0.4	(0.3)
Net financial income/expense	(1.2)	(1.5)
Tax expense	(0.9)	(2.3)
Net profit/loss (group share)	(1.8)	(4.1)
Shareholders’ equity	49.4	47.2

\* before recognition of share-based payments

#### Change in quarterly and annual revenue

Revenue in million euros*	2008	2007	Change
1 <sup>st</sup> quarter	25.3	22.7	+11%
2 <sup>nd</sup> quarter	25.0	23.2	+8%
3 <sup>rd</sup> quarter	26.2	24.4	+8%
4 <sup>th</sup> quarter	33.8	25.8	+31%
<b>Total fiscal year</b>	<b>110.3</b>	<b>96.1</b>	<b>+15%</b>

\* rounded figures

Consolidated revenue in fiscal year 2008 increased by 15% to 110.3 million euros. On a comparable exchange rate basis, growth in annual revenue was 20%.

The breakdown of revenue by geographic region is as follows:

	12-month fiscal year		12-month fiscal year	
	31.12.08		31.12.07	
	€K	%	€K	%
Europe	47,084	43%	42,662	44%

North America	33,245	30%	32,354	34%
Rest of the world	30,003	27%	21,054	22%
<b>Total</b>	<b>110,332</b>	<b>100%</b>	<b>96,071</b>	<b>100%</b>

The FY 2008 revenue breakdown was: 43% in Europe, 30% in North America and 27% in the rest of the world. Gameloft's 2008 revenue rose in each of these three regions and the sharpest increase was in the rest of the world, where revenue grew by 43%.

**The breakdown of revenue by activity is as follows:**

	12-month fiscal year		12-month fiscal year	
	31.12.08		31.12.07	
	€K	%	€K	%
Consoles	7,652	7%	2,064	2%
Mobile	102,680	93%	94,007	98%
<b>Total</b>	<b>110,332</b>	<b>100%</b>	<b>96,071</b>	<b>100%</b>

Revenue from mobile game activity grew by 18% in the fourth quarter of 2008, thanks in particular to the success of Gameloft games for Apple's iPhone and iPod Touch. The company's core business therefore withstood the global economic slowdown at the end of 2008. The arrival of powerful newcomers such as Apple and Google is boosting the mobile game industry and, thanks to its unparalleled development capabilities and the quality of its design studios, Gameloft is one of the rare players in the market that is able to consistently respond to launches of all new platforms with high-quality games.

Generally speaking, 2008 marks an important turning point for the mobile game industry. Major innovations introduced by companies like Apple, Nokia and RIM are enhancing the consumer's gaming experience dramatically, simplifying consumption patterns and bringing about changes to the industry's economic model in favour of content companies such as Gameloft.

In parallel to these innovations in the mobile game sector, the entire video game industry made the transition to digital distribution in fiscal year 2008. As a result, Gameloft now ranks among the leading publishers of games for Xbox Live Arcade, WiiWare and PS3 Network, the three download services for home console games. This strategy of producing mass market and multi-platform games is beginning to yield results and the company will continue to invest in these download platforms in fiscal year 2009.

#### Comments on FY 2008 profit/loss

Consolidated revenue in fiscal year 2008 increased by 15% to 110.3 million euros. Cost of sales totalled 11.1 million euros and included 7.3 million euros in royalties, 1.3 million euros in purchases of game cartridges and 2.5 million euros in sales commissions.

R&D costs represented 51% of 2008 revenue, Sales & Marketing expenses 27% and Administrative expenses 8%. In 2007, these figures were 55%, 25% and 8%, respectively. The relative drop in R&D costs reflects the levelling off of development staff since 2007. The increase in S&M expenses is linked to the growth of the average number of employees in this department (+46%) and not to advertising expenses, which held steady as a percentage of revenue compared to 2007.

All in all, FY 2008 operating income before stock options increased by 15% compared to 2007, reaching 3.3 million euros for a margin of 3.0%.

The annual expense for options granted to employees was 2.7 million euros. This expense had no impact on the company's equity or cash position.

Net financial expense was 1.2 million euros and consisted mainly of foreign exchange losses linked to the strong volatility of the US dollar and pound sterling during fiscal year 2008. The net annual loss was therefore 1.8 million euros.

#### Sound financial position

Gameloft's financial position was very sound at 31 December 2008. The company's equity was 49.4 million euros and net cash and cash equivalents totalled 10.7 million euros. Operating cash flow is largely positive, totalling 2.4 million

euros for the year as a whole. The company therefore has all the financial resources it needs to pursue its international growth strategy.

## 3.2 *The group's strategy and future outlook*

### 3.2.1 **The group's strategy**

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

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

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

To date, more than 3,300 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 catalogue 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 catalogue covers more than 1,200 different telephones in 16 languages, making it accessible to the vast majority of owners of Java or Brew phones.

#### **Gameloft's game catalogue**

<b>Action/Adventure</b>	<b>Mass market/Arcade</b>	<b>Sport</b>
Air Strike 1944	1000 Words	Asphalt: Urban GT
America's Army	1 vs. 100	Asphalt: Urban GT 3D
American Gangster	Abracadaball	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	Block Breaker Deluxe	Asphalt 3: Street Rules 3D
Brothers in Arms 3D	Block Breaker Deluxe 2	Asphalt 4: Elite Racing
Brothers in Arms: Earned in Blood	Brain Challenge	Asphalt 4: Elite Racing 3D
Brothers in Arms: Art of War	Brain Challenge 2: Anti-Stress	Death Race
Cartel Wars	Bubble Bash	Derek Jeter Pro Baseball 2005
Chuck Norris: Bring on the Pain	Castle of Magic	Derek Jeter Pro Baseball 2006
Diamond Rush	Catz	Derek Jeter Pro Baseball 2005 3D
Die Hard 4	Chessmaster	Derek Jeter Pro Baseball 2006 3D
Earth Invasion	Christmas Pool	Derek Jeter Pro Baseball 2007
Far Cry 2	Cluster Pirate	Driver L.A. Undercover
Gangstar	Desperate Housewives	Extreme Forest Shooting
Gangstar 2: Kings of L.A.	Diamond Twister	Marcel Desailly Pro Soccer
Ghost Recon 2	Dogz	2004 Real Football
Ghost Recon Jungle Storm 3D	Domino Fever	2005 Real Football
Gulo's Tale	Figures and Letters	2006 Real Football
Heroes	E=M6	2006 Real Football 3D
Hero of Sparta	Fatal Bazooka	2007 Real Football
Horse Riding Academy	Fort Boyard	2007 Real Football 3D
King Kong	Football Trivia	2008 Real Football
Surf's Up	Gameloft Backgammon	2009 Real Football
Open Season	Gameloft Casino	2009 Real Football 3D

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	Holiday Midnight Pool	Real Football: Manager Edition 2009
Might and Magic II	Ibiza Beach Party	And1 Streetball
Mission Impossible 3	King Kong Pinball	Ferrari GT Evolution
Nightmare Creatures	Las Vegas Nights	Ferrari World Championships
Open Season	CSI: NY	Kevin Pietersen Pro Cricket 2007
Pirates of the Seven Seas	CSI: Miami	Kobe Bryant Pro Basketball 2008
Planet Zero	Lock'em Up	K.O. Fighters
Prince of Persia: The Two Thrones	Lover or Loser	Massive Snowboarding 3D
Prince of Persia: Harem Adventures	Love Triangle: Dating Challenge	NBA Pro Basketball 2009
Prince of Persia: Sands of Time	Lumines Block Challenge	NBA Smash!
Prince of Persia: Warrior Within	Megacity Empire: New York	Nitrostreet Racing
Prince of Persia Classic	Meteos	Off-Road Dirt Motocross
Prince of Persia HD	Miami Nights: Singles in the City	Pro Rally Racing
Rail Rider	Midnight Bowling	Pro Moto Racing
Rainbow Six Raven Shield	Midnight Bowling 3D	Vijay Singh Pro Golf 2005
Rainbow Six Broken Wing	Midnight Bowling 2	Vijay Singh Pro Golf 2005 3D
Rainbow Six Urban Crisis	Midnight Casino	Vijay Singh Pro Golf 2007
Rayman 3	Midnight Darts	Vijay Singh Pro Golf 2007 3D
Rayman Raving Rabbids	Midnight Hold'em Poker	Rayman Golf
Rise of Lost Empires	Midnight Hold'em Poker 3D	Rayman Kart
Shrek the Third	Midnight Pool	Real Football Manager
Shrek Party	Midnight Pool 3D	Real Rugby 2007
Siberian Strike	Midnight Pool 2	Reggie Bush Pro Football 2007
Siberian Strike, Ep2	Million Dollar Poker Featuring Gus Hansen	Vans Skate and Slam
Soul of Darkness	Mystery Mansion Pinball	Samuel Eto'o Street Football
Special Crime Unit	Everyday English Trainer	Skate and Slam
Splinter Cell	Naval Battle Mission Commander	Speed Devils
Splinter Cell Chaos Theory	New York Nights	Summer Volley
Splinter Cell Chaos Theory 3D	New York Nights 2: Friends for Life	Tennis Open 2007
Splinter Cell Double Agent	Paris Nights	Turbo Jet Ski
Splinter Cell Pandora Tomorrow	Paris Hilton's Diamond Quest	Turbo Jet Ski 3D
Splinter Cell Pandora Tomorrow 3D	Petz	
Tom Clancy's Ghost Recon: Jungle Storm	Platinum Kakuro	
Tom Clancy's Rainbow Six 3	Platinum Mahjong	
Tom Clancy's Rainbow Six Lockdown	Platinum Solitaire	
Tom Clancy's Rainbow Six Vegas	Platinum Solitaire 2	
Tom Clancy's H.A.W.X.	Platinum Sudoku	
Totally Spies	Platinum Sudoku 2	
War of the Worlds	Pop Superstar	
XIII: Covert Identity	Question for a Champion	
Zombie Infection	Rayman Bowling	
The Settlers	Rock n'Blocks	
	Sexy Blocks	
	Sexy Poker 2004	
	Sexy Poker 2005	
	Sexy Poker 2006	
	Sexy Poker Manga	
	Sexy Vegas	
	Spring Break: Cancun Goes Wild	
	The OC	

Source: Gameloft, March 2009

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 16 languages it supports. Given this extreme fragmentation and the more general nature of the sales-related information received from operators, Gameloft is not in a

position to reliably calculate the development costs and residual value of each of these versions, which is one of the criteria of IAS 38 for capitalising development costs. Since Gameloft does not meet all the capitalisation criteria set out in IAS 38, the company will continue to record its mobile game development costs as expenses this fiscal year. However, the company does capitalise its development costs related to the creation of games for 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 honours which the company has received around the world:

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

The average year-to-year scores of all Gameloft games are always above 79%.

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

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

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

**Best strategy game: *Tom Clancy's Rainbow Six***<sup>®</sup> 3: *Rainbow Six 3* offers a unique take on military-themed strategy. (...) It brings the game's strategic elements to the forefront, making for an experience that, at times, almost

feels like a puzzle game. (...) The choice to gear the game around strategic confrontations – rather than all-out action – proved to be a solid choice.” - *Gamespot*

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

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




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

- *Zombie Infection* received a 10/10 score on the PocketGamer website
- *The Castle of Magic*, *Far Cry 2*, *Chuck Norris* and *The Oregon Trail* mobile phone games 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 a few game scores for previous fiscal years:

- *Real Football 2007*: 8/10 and Silver Award from Pocket Gamer
- *Real Football 2006*: 9/10 from PocketGamer, 92% from MobileGame and 91% from Air Gamer
- *Might and Magic*: 9/10 from IGN, 4.5/5 from Wireless World and 9/10 from Gamespot
- *Prince of Persia: Warrior Within*: 4.5/5 from Wireless World, 9.2/10 from Gamespot and 9.6/10 from IGN
- *Splinter Cell: Pandora Tomorrow*: 10/10 from IGN
- *Tennis Open 2007*: 90% from Air Gamer, 4/5 from Modojo
- *Lost*: 9/10 from Play2Go and 80% from Air Gamer
- *Special Crime Unit*: 8/10 and Editor’s Choice from IGN, 86% from Air Gamer and Bronze Award from Pocket Gamer
- *Tom Clancy’s Rainbow Six: Vegas*: 91% from Air Gamer
- *Spring Break: Cancun Goes Wild*: 8/10 and Silver Award from Pocket Gamer
- *Desperate Housewives*: 86% and award from Air Gamer
- *Pro Golf 2007 Feat. Vijay Singh*: 88% and award from Air Gamer, 8/10 from 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.

**Overview of Gameloft's Java and Brew games**

<p style="text-align: center;">Roland Garros 2009</p> 	<p style="text-align: center;">Paris Night</p> 
<p style="text-align: center;">Asphalt 4: Elite Racing</p> 	<p style="text-align: center;">UNO™</p> 

Source: Gameloft, March 2009

**3.2.1.2 A catalogue of strong licences**

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

- Roland Garros, Wimbledon: two of the four Grand Slam tournaments
- Terminator Salvation
- Uno 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 *2009 Real Football* is based on the licence 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.
- Mission Impossible 3: Tom Cruise stars in one of the blockbusters of 2006 produced by Viacom.
- King Kong: the latest film by Peter Jackson (director of the Lord of the Rings trilogy) was released at Christmas 2005 and distributed by Universal.
- War of the Worlds: Steven Spielberg and Tom Cruise teamed up for this spectacular film, which was the blockbuster hit of the summer of 2005.
- FIFPRO Foundation: this licence allows Gameloft to use all the official names of FIFA football players and teams.
- Vijay Singh: winner of 19 PGA Tour golf tournaments, Vijay Singh is ranked number 1 worldwide and has won the most tournaments on the PGA Tour.
- Reggie Bush: one of American football's greatest stars lends his image to Gameloft's latest production.
- Derek Jeter: considered one of the top baseball players, Derek Jeter has won four championship titles in his 10-year career. His talent on the field has earned him some of the most impressive team and individual awards (World Series and Rookie of the Year, 2004 Golden Glove Award and twice MVP - Most Valuable Player).
- Steven Gerrard, Patrick Vieira and Carlos Puyol: Gameloft's *2007 Real Football* is based on the licence for these three international 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 licence.
- 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, 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, 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, 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 licence 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 licence 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.

- Kobe Bryant: one of the world's leading basketball players and member of the Los Angeles Lakers lends his image to Gameloft's: *Kobe Bryant Pro Basketball*.
- BMW, Ford, General Motors, Peugeot, Chrysler, Nissan, Subaru and Volkswagen: all these automobile manufacturers partnered with Gameloft for *Nitrostreet Racing*, which was released in 2007.
- American Gangster: a Universal Studios production released in 2007.
- Ducati, Kawasaki, Suzuki, Gresini Racing and Pramac d'Antin: all these Moto GP championship teams partnered with Gameloft for *Pro Bike Racing*, which was released in 2007.
- 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 licences that have made it one of the leaders in this market. The company has used the Ubisoft licences since January 2004 to launch a number of products, including *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*.

### 3.2.1.3 The most extensive distribution network in the industry

With more than 180 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

<i>North America</i>		<i>Asia Pacific</i>	
United States	Verizon, Sprint, Cingular, Nextel, T-Mobile, US Cellular, Midwest Wireless, Boost, Alltel, Metro PCS, Cricket, Virgin, Heilo	Hong Kong	Hutchison, Sunday, Starhub, Peoples, Smartone, CSL
Canada	Rogers, Telus, Bell Mobility, Fido, Virgin Canada, Cityfone, Unicel	China	China Mobile, China Unicom
<i>Europe</i>		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	<i>South America</i>	
Norway	Elisa, Sonera, Tele2, Netcom	Brazil	Vivo, Claro, Oi, Tim Brasil
Ireland	Vodafone, O2, H3G	Argentina	Movistar, CTI Movil
Luxembourg	Vodafone, VoxMobile	Guatemala	BellSouth, Movistar
Austria	T-Mobile, Mobilkom, One, H3G	Venezuela	Telcom Movinet, Movistar
Switzerland	Swisscom, Orange	Peru	BellSouth, Telefonica
Greece	Vodafone, Cosmote	Ecuador	Concel, BellSouth

Czech Republic	Eurotel, T-Mobile	Panama	BellSouth
Slovakia	Eurotel	Mexico	Telcel, USACell, Movistar
Hungary	T-Mobile, Vodafone, Pannon	Chile	BellSouth, Movitel, Movistar
Poland	T-Mobile, Play P4, Polkomtel	Bolivia	Entel
Finland	Elisa, Telia	Colombia	BellSouth, Columbia Movil
Lithuania	Bité, Omnitel	Puerto Rico	Verizon, Centennial
Estonia	Radiolinja Eesti, Tele 2	Nicaragua	Bell South
Romania	Orange, Vodafone	<i>Rest of the world</i>	
Croatia	VIPnet, HT Mobile	Israel	Orange, Cellcom, Pelephone
Slovenia	SiMobil, Mobitel	Turkey	Turkcell
Serbia	Telekom Srbija	Egypt	Vodafone
Bulgaria	Mobiltel	Reunion	Orange, SFR
Denmark	Telia, H3G, Sonofon, Telmore	Dominican Rep.	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

### 3.2.2 Future outlook and recent developments

#### 3.2.2.1 *The group's future outlook*

At the end of 2008, Gameloft employed nearly 4,000 people – a 1% drop compared to the end of 2007 – 3,333 of whom work in game development. This production force, unparalleled in the mobile game sector, coupled with the quality of the company's creations should allow Gameloft to continue to increase its revenue in 2009 and acquire new market share.

With activity up by 15% in 2008 and 22% in the first quarter of 2009, Gameloft seems to be holding up well for the time being against the global economic slowdown.

- Gameloft probably benefits 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.
- Gameloft continues to acquire significant market share in Smartphones and traditional Java and Brew telephones.
- Gameloft is one of the rare players in the market that has the necessary resources and know-how to consistently respond to launches of all new download-capable consoles (PlayStation Network, PSP Store, Nintendo WiiWare, etc).

Over the longer term, the company's objective is to retain its position as the number-one player in a market of four billion potential consumers by 2010<sup>4</sup> and for which it has successfully made heavy investments since 2002.

However, it should be noted that:

- 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;
- 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 was extremely fragmented at one time because 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. The company's most serious competitor today is therefore Electronic Arts, whose resources surpass those of Gameloft. Electronic Arts and Gameloft share the top two places in this market, far ahead of their 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.

### 3.2.2.2 *Recent developments*

Publication of quarterly revenue from 1 January 2009 to 31 March 2009 (millions of euros)

<b>First quarter</b>	<b>FY 2009</b>	<b>FY 2008</b>	<b>Growth</b>
Revenue	30.8	25.3	+22%

Source: Gameloft

The mobile games business represented 94% of the company's annual revenue and the console games business the remaining 6%.

The revenue breakdown for the first quarter of the fiscal year was: 35% in Europe, 37% in North America and 29% in the rest of the world. The sharpest increase in sales occurred in North America, where revenue grew by 57% over the period.

The mobile games activity fared particularly well in the first quarter of fiscal year 2009. Mobile game revenues increased by 21% during the first three months of the year thanks once again to the success of Gameloft games for the Apple iPhone as well as the company's high volume of sales for Java and Brew telephones.

The company therefore anticipates growth in 2009 in both revenue and profitability.

## 3.3 *Growth and investment strategy*

### *Growth*

Gameloft's growth should continue to be driven mainly by internal growth, with outside developers called upon to expand the company's game catalogue as needed.

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

### *Investments*

---

<sup>4</sup> Source: Strategy Analytics

Breakdown of Gameloft's 2006-2008 investments (€K):

<b>Fiscal year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Tangible investments	2,380	4,653	2,795
Intangible investments	3,832	8,758	13,122
Financial investments	469	1,822	371
<b>TOTAL</b>	<b>6,681</b>	<b>15,235</b>	<b>16,288</b>

Source: Gameloft

Gameloft's tangible investments consist primarily of purchases of computer equipment and furniture. These investments fell sharply in 2008 compared to 2007 given that the group's workforce has remained stable since September 2007, causing equipment needs to therefore drop significantly.

Intangible investments consist of purchases of licenses (€6,105,000), capitalised R&D costs (€6,355,000) and computer software. By way of comparison, in fiscal year 2007 purchases of licences totalled €5,044,000 and R&D costs were €3,537,000.

Financial investments pertain to the creation of subsidiaries and security deposits on new leases signed during the year to accommodate new employees. These investments fell sharply in 2008 given that the workforce remained stable, which caused the need for new office space to increase less significantly than in previous years.

Investments and financial statements cross-reference table:

Assets (€K)	Book transfer	Increase	Change in reporting entity	Total
Office software		662		662
Advances on licences		6,105		6,105
Games marketed	2,672	2,269		4,941
Development in progress	-2,672	4,086		1,414
General facilities		382		382
Transportation equipment		-		-
Computer equipment and furniture		2,413		2,413
Leased assets		-		-
Construction work in progress		-		-
Other financial assets		371		371
<b>TOTAL</b>	<b>-</b>	<b>16,288</b>	<b>-</b>	<b>16,288</b>

The company believes that the required level of investment over the next two years should stabilise at levels below those of 2008 given that its workforce has now evened out at approximately 4,000 employees and that capitalised R&D costs should decrease following the discontinuation of the non-downloadable console games business. This investment, which consists mainly of tangible and intangible assets, could be as follows:

Gameloft's 2009-2010 investments (in €K):

<b>Fiscal year</b>	<b>2009e</b>	<b>2010e</b>
Mobile games and consoles	13,500	14,000
<b>TOTAL</b>	<b>13,500</b>	<b>14,000</b>

Source: Gameloft

### **3.4 The group's management and organisation**

#### **3.4.1 Central functions**

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

The company is structured around three international departments:

- the Development department;

- the Publishing department;
- the Administrative department.

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

### 3.4.2 Subsidiaries

In addition to the French-based parent company, which coordinates the business of the various subsidiaries and develops mobile phone games, the Gameloft Group has active subsidiaries in more than 20 different countries:

- Gameloft, Inc., a wholly-owned subsidiary based in Canada, is a mobile games development studio.
- Gameloft Srl, a 99%-owned subsidiary based in Romania, is a mobile games development studio.
- Gameloft EOOD, a wholly-owned subsidiary based in Bulgaria, is a mobile games development studio.
- Gameloft Software Beijing, a wholly-owned subsidiary based in China, is a mobile games development studio.
- Gameloft Software Shanghai, a wholly-owned subsidiary based in China, is a mobile games development studio.
- Gameloft Software Chengdu, a wholly-owned subsidiary based in China, is a mobile games development studio.
- Gameloft Company Limited, a wholly-owned subsidiary based in Vietnam, is a mobile games development studio.
- Gameloft Rich Games Production France SARL, a 99.8%-owned subsidiary based in France, is a mobile games development studio.
- Gameloft Partnerships SAS, a wholly-owned subsidiary based in France, markets mobile games.
- Gameloft Live SAS, a wholly-owned subsidiary based in France, markets mobile games.
- Gameloft Software Private Limited, a 99.99%-owned subsidiary based in India, is a mobile games development studio.
- Gameloft S. de RL de C.V., a 99.95%-owned subsidiary based in Mexico, is a mobile games development studio.
- Gameloft Argentina S.A., a 94.75%-owned subsidiary based in Argentina, is a mobile games development studio.
- Gameloft, Inc., a 99.5%-owned subsidiary based in the United States, markets mobile games.
- Gameloft GmbH, a wholly-owned subsidiary based in Germany, markets mobile games.
- Gameloft Ltd., a 99.5%-owned subsidiary based in the United Kingdom, markets mobile games.
- Gameloft Iberica S.A., a wholly-owned subsidiary based in Spain, markets mobile games.
- Gameloft Srl, a 97.5%-owned subsidiary based in Italy, markets mobile games.
- Gameloft KK, a 99.9%-owned subsidiary based in Japan, markets and develops mobile games.
- Gameloft Company Limited, a wholly-owned subsidiary based in South Korea, markets and develops mobile games.
- Gameloft LLC, a wholly-owned subsidiary based in Ukraine, is a mobile games development studio.
- Gameloft S.r.o., a wholly-owned subsidiary based in the Czech Republic, markets mobile games.
- Gameloft S.p.r.l., a 99.5%-owned subsidiary based in Belgium, markets mobile games.
- Gameloft Do Brasil Ltda, a 99%-owned subsidiary based in Brazil, markets and develops mobile games.
- Gameloft Australia Pty Ltd., a wholly-owned subsidiary based in Australia, markets mobile games.
- Gameloft Ltd., a wholly-owned subsidiary based in Hong Kong, markets mobile games.
- Gameloft pte Ltd., a wholly-owned subsidiary based in Singapore, markets mobile games.
- Gameloft Philippines Inc., a wholly-owned subsidiary based in the Philippines, develops mobile games.
- Ludigames SAS, a wholly-owned subsidiary based in France, markets mobile games.
- Odyssee Interactive Games, a 99.90%-owned subsidiary based in France, develops mobile games.
- Gameloft de Venezuela SA, a 95%-owned subsidiary based in Venezuela, markets mobile games.
- Gameloft Ltd Malte, a 99.99%-owned subsidiary based in Malta, markets mobile games.

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

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

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

### 3.4.3 The company's administrative and financial organisation

The Administrative department's areas of responsibility include cash flow management, monitoring of accounting and management rules, legal affairs, identifying external growth investments, finance, and relations with the financial community and shareholders. It also coordinates the company's corporate policy. Each manager of a development or

marketing subsidiary is a signatory on the subsidiary's bank account and manages independently its expenses and physical investments (limited for the most part to computer equipment). Every month, however, each subsidiary manager sends a detailed monthly income statement and a cash flow report to the Administrative department, which can then closely monitor changes in income and expenses on a global scale. For cash fund management, management control and tracking of accounts payable and trade receivables, the company has installed an accounting software package which the Finance department uses to track changes in the various accounts on a daily basis.

#### **3.4.4 Partnership agreements**

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

Gameloft had no indispensable or dominant partner in 2008 given that no single partner accounted for more than 10% of its consolidated revenue. However, Apple and Nintendo are currently two of Gameloft's largest partners. These two companies' share in Gameloft's consolidated annual revenue rose from less than 0.5% in 2007 to nearly 8% in 2008. Gameloft believes that in 2009 the percentage of revenue generated with Apple could exceed 10% of the company's consolidated revenue.

#### **3.4.5 Gameloft's strengths and weaknesses**

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

The company also has very extensive expertise in the area of mobile phone games, as well as one of the best game catalogues in the market with more than 300 games available on some 1,200 different models of telephones.

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

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

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

### **3.5 Risk factors**

Gameloft has conducted a review of its risks. Aside from those presented below, the company does not believe that other significant risks exist:

#### **3.5.1 Risks related to activity**

##### *3.5.1.1 Risk related to dependence on suppliers*

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 licences in connection with its business. In 2008, it may have had an activity-related risk linked to dependence on console manufacturers for the supply of game cartridges (Nintendo, Sony, etc.).

##### *3.5.1.2 Risk related to dependence on customers*

Since the company has a large number of customers all over the world through its 180 operators and 100 affiliates, it has no significant dependence on customers that is likely to affect its development plan. No customer represents more than 10% of the Gameloft Group's pre-tax revenue.

#### 3.5.1.3 *Risk related to failure to implement the development plan*

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

#### 3.5.1.4 *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.

#### 3.5.1.5 *Risk related to employee terminations*

The company's success is closely linked to its ability to maintain a relationship with its key employees. If, for whatever reason, they leave or become unavailable for an extended period, this could have an impact on the company.

The company's future success will also depend on its ability to attract, train, retain and motivate very technically skilled employees.

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

#### 3.5.1.6 *Risk related to recruitment problems*

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

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

#### 3.5.1.7 *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 emphasised in the "risk factors" section, must be taken into consideration when assessing these statements. These factors may result in differences between Gameloft's actual results and any of the statements contained in this document.

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

#### 3.5.1.8 *Risk related to growth management*

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

#### 3.5.1.9 *Risk related to computer security*

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

#### 3.5.1.10 *Risk related to changes in technology*

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

### 3.5.1.11 Risk of delay in the release of a major game

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

### 3.5.1.12 Industrial risk or risk related to the environment

To date, Gameloft is not aware of any industrial or environmental risk. The company 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.

## 3.5.2 Legal risks

### 3.5.2.1 Intellectual property risk

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

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

### 3.5.2.2 Risk related to the termination of a licensing partnership

Each year, Gameloft signs numerous partnership contracts, often with prestigious partners such as those mentioned on page 44 of this document, which enable it to develop its game catalogue and increase its revenue. In this way, Gameloft benefits from its partners' reputation to ensure that its games have excellent sales potential. The possible termination of certain partnerships for any reason – either at Gameloft's initiative or that of its partners – could have a negative impact on the company's future revenues and operating income, to the extent that this impact is not offset by other new licences. Licences represented 40% of downloads in 2008, including 14% for UBISOFT licensed games.

## 3.5.3 Financial risks

### 3.5.3.1 Foreign exchange risk

Gameloft, both directly and via its subsidiaries, owns assets, receives income, incurs expenses and makes commitments in a large number of foreign currencies. The company's financial statements are presented in euros. Therefore, when preparing the company's consolidated financial statements, the value of the assets, liabilities, income and expenses presented in other currencies must be converted into euros at the exchange rate applicable on that date. The increase or decrease in the euro's value against these foreign currencies therefore affects the value of these items in the company's financial statements in euros, even though their value has not changed in the original currency.

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

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

Change in exchange rates of principal currencies:

Euro-currency rate	31.12.08		31.12.07	
	Average rate	Closing rate	Average rate	Closing rate
US dollar	1.47059	1.3917	1.37064	1.4721
Canadian dollar	1.55928	1.6998	1.46895	1.4449
Pound Sterling	0.79654	0.9525	0.68372	0.73335
Japanese yen	152.33161	126.1400	161.24063	164.9300
Argentine peso	4.64197	4.8065	4.27180	4.6294

Impact on 2008 revenue of the change in exchange rates:

€K	31.12.08	31.12.07
US dollar	-1,965	-2,863
Canadian dollar	-116	-60

Pound Sterling	-1,529	-36
Japanese yen	366	-420
Argentine peso	-542	-326

---

### 3.5.3.2 *Liquidity risk management*

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

### 3.5.3.3 *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.

### 3.5.3.4 *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.

### 3.5.3.5 *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. At 31 December 2008, financial investments consisted of certificates of deposit with a maximum maturity of one month.

## 3.6 *Exceptional events and lawsuits*

There are no other 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.

## 3.7 *Significant change in the financial or trading position*

There have been no significant changes in the company's financial or trading position over the past 12 months.

## 3.8 *Insurance*

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

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

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

### **3.9 Commitments**

A number of games are marketed under licence agreements signed by Gameloft. The commitments made and recorded provide for the payment of guaranteed minimums for use of the game. The commitments made with respect to this guaranteed minimum total €3,654,000 and are recorded in the accounts.

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:

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

As shareholder, Gameloft S.A. sent a letter of intent to the Gameloft Hong Kong and Gameloft Ltd UK subsidiaries on 31 December 2008 regarding the continued operation of its financially troubled companies.

## 4 Financial information regarding Gameloft

### 4.1 Consolidated financial statements at 31 December 2008

#### 4.1.1 Consolidated balance sheet at 31 December 2008 (in €K)

ASSETS	Notes	Net	
		12-month fiscal year 31.12.08	12-month fiscal year 31.12.07
Intangible assets	I	11,228	7,154
Tangible assets *	II	5,083	5,345
Non-current financial assets	III	2,619	2,288
Deferred tax assets	IV	987	627
Other non-current receivables	V	963	-
Assets being sold or discontinued businesses	VI	55	-
<b>Non-current assets</b>		<b>20,935</b>	<b>15,413</b>
Inventory	VII	2,428	70
Advance payments made	VIII	124	34
Trade receivables and related accounts	IX	35,143	30,485
Financial assets **	X	-	19
Other receivables and accruals	XI	6,877	5,876
Cash and cash equivalents	XII	11,473	14,060
<b>Current assets</b>		<b>56,046</b>	<b>50,544</b>
<b>Total Assets</b>		<b>76,981</b>	<b>65,957</b>

\* including assets under a financial lease: €99,000 in 2008 and €116,000 in 2007

\*\* including advances to affiliates not fully or proportionately consolidated at 31 December 2008: -€K

LIABILITIES	Notes	Net	
		12-month fiscal year 31.12.08	12-month fiscal year 31.12.07
Share capital		3,680	3,653
Issue and merger premiums		63,790	62,860
Consolidated reserves		-27,284	-24,087
Other reserves		11,059	8,848
Consolidated profit/loss		-1,809	-4,080
<b>Shareholders' equity (group share)</b>	<b>XIII</b>	<b>49,436</b>	<b>47,194</b>
Minority interests		-	-
<b>Total shareholders' equity</b>		<b>49,436</b>	<b>47,194</b>
Provisions for contingencies and charges	XIV	-	14
Employee benefits	XV	249	130
Financial debts	XVI	-	4
Advance payments received		-	14
Other debts	XX	-	287
Deferred tax liabilities	XVII	1,049	775
<b>Non-current liabilities</b>		<b>1,298</b>	<b>1,224</b>
Provisions for contingencies and charges	XIV	-	50
Financial debts*	XVI	729	164
Trade payables and related accounts*	XVIII	12,412	8,941
Advance payments received	XIX	70	-
Tax and social security liabilities	XXI	8,503	7,947
Other debts	XX	4,532	437
<b>Current liabilities</b>		<b>26,247</b>	<b>17,539</b>
<b>Total Liabilities</b>		<b>76,981</b>	<b>65,957</b>

\* including advances received by affiliates not fully or proportionately consolidated at 31 December 2008: €0,000

#### 4.1.2 Consolidated income statement at 31 December 2008 (€K)

	Notes	12-month fiscal year 31.12.08	12-month fiscal year 31.12.07
<b>Revenue</b>	I	<b>110,332</b>	<b>96,071</b>
<b>Self-constructed assets</b>	I	<b>6,455</b>	<b>3,537</b>
<b>Closing inventory</b>	I	<b>2,397</b>	
Other business-related income	II	259	40
Cost of sales	III	13,498	9,036
Research & Development costs	IV	64,303	56,980
Commercial expense	V	30,718	24,652
Overhead costs	VI	9,857	8,244
Change in inventories of finished products	VII	28	41
Provisions	VIII	1,365	532
Other operating income and expenses	IX	794	(1) -429
Operating income/expense from ordinary activities		467	-266
Other non-recurring income	X	-	11
Other non-recurring expenses	X	-115	(1) -11
<b>Operating income/expense</b>		<b>352</b>	<b>-267</b>
Cash and cash equivalents income		309	547
Cost of gross financial debt		-113	-32
Cost of net financial debt		197	515
Financial income		5,033	3,183
Financial expense		6,458	5,197
<b>Net financial income/expense</b>	<b>XI</b>	<b>-1,228</b>	<b>-1,499</b>
<b>Tax expense</b>	<b>XII</b>	<b>933</b>	<b>2,315</b>
Share in earnings of equity-accounted companies		-	-
<b>Net profit/loss before income from businesses discontinued or being sold</b>		<b>-1,809</b>	<b>-4,080</b>
Profit/loss of businesses discontinued or being sold		-	-
Profit/loss for the year accruing to:			
<b>Gameloft SA shareholders</b>		<b>-1,809</b>	<b>-4,080</b>
<b>Minority interests</b>		<b>-</b>	<b>-</b>
Net earnings per share:			
per base share		-0.025	-0.056
per diluted share		-0.025	-0.053

(1) Reclassification of gains/losses on disposals as other operating income and expenses for -€168,000

\* including - financial income from affiliates not fully or proportionately consolidated at 31 December 2008: -€K  
- financial expenses related to affiliates not fully or proportionately consolidated at 31 December 2008: -€K

#### 4.1.3 Consolidated cash flow statement at 31 December 2008 (€K)

	12-month fiscal year	12-month fiscal year
	31.12.08	31.12.07
<b>Cash flow from operating activities</b>		
Net profit/loss	-1,809	-4,080
Depreciation of tangible and intangible assets	10,283	6,852
Change in provisions	1,120	48
Change in deferred taxes	933	2,315
Tax paid	-1,501	-1,125
Income related to stock options and similar	2,696	2,995
Capital gains and losses	-637	168
<b>Cash from operations</b>	<b>10,785</b>	<b>7,174</b>
Change in inventories	-2,359	41
Change in trade receivables	-7,053	-4,782
Change in operating liabilities	5,811	3,265
Change in non-trade receivables		
Change in non-operating liabilities		
<b>Total operating cash flow</b>	<b>-3,601</b>	<b>-1,476</b>
<b>Investment-related cash flow</b>		
Purchases of intangible assets	-6,624	-3,706
Purchases of tangible assets	-2,796	-4,539
Purchases of financial assets	-352	-1,822
Purchases of other financial assets	-371	-64
Acquisition of advances on licences	-3,751	-3,843
Sales of assets/Deconsolidation	1,358	177
Repayment of loans and other financial assets	441	501
Repayment of advances on licences	-	1
Change in reporting entity: net assets	83	-113
Other cash flows	74	-
<b>Total investment-related cash flows</b>	<b>-11,938</b>	<b>-13,408</b>
<b>Cash flow from financing activities</b>		
New long- and medium-term loans		
Repayment of loans	-42	-62
Share capital increase	27	115
Increase in issue premium	930	4,268
Change in shareholders' current accounts	1	-74
Other cash flows		
<b>Total cash flows from financing activities</b>	<b>916</b>	<b>4,247</b>
<b>Impact of translation gains and losses</b>	<b>648</b>	<b>-1,259</b>
<b>Change in cash and cash equivalents</b>	<b>-3,190</b>	<b>-4,722</b>
Net cash and cash equivalents at start of fiscal year	13,938	18,660
Net cash and cash equivalents at end of fiscal year	10,748	13,938

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

	Capital	Additional paid-in capital	Consolidated reserves and earnings	Reserves related to financial instruments	Consolidated reserves stock options	Other		Shareholders' equity Group share	Minority interests	Total shareholders' equity
						Translation gains and losses	Directly held stocks			
<b>Position at 31 December 2005</b>	<b>3,443</b>	<b>55,389</b>	<b>-40,930</b>	<b>0</b>	<b>3,866</b>	<b>458</b>	<b>0</b>	<b>22,225</b>	<b>210</b>	<b>22,435</b>
Change in capital of the consolidating company (Gameloft SA net profit/loss: €23,395,000)	95	3,203						3,298		3,298
Other changes	-		-8		3,029	-638		2,383	-210	2,173
<b>Position at 31 December 2006</b>	<b>3,538</b>	<b>58,592</b>	<b>-24,680</b>	<b>0</b>	<b>6,895</b>	<b>-180</b>	<b>0</b>	<b>44,165</b>	<b>-</b>	<b>44,165</b>
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
<b>Position at 31 December 2007</b>	<b>3,653</b>	<b>62,860</b>	<b>-28,167</b>	<b>0</b>	<b>9,891</b>	<b>-1,044</b>	<b>0</b>	<b>47,193</b>	<b>-</b>	<b>47,193</b>
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
<b>Position at 31 December 2008</b>	<b>3,680</b>	<b>63,790</b>	<b>- 29,092</b>	<b>0</b>	<b>12,587</b>	<b>- 1,529</b>	<b>0</b>	<b>49,436</b>	<b>-</b>	<b>49,436</b>

The "translation gains and losses" item includes exchange differentials from conversion of the financial statements of non-euro zone subsidiaries. They consist mainly of the drop in the Canadian dollar between the closing rate of 31 December 2007 (€1 = 1.4449) and the closing rate of 31 December 2008 (€1 = 1.6998), i.e. -€625,000, the drop in the Pound Sterling between the closing rate of 31/12/07 (€1 = 0.73335) and the closing rate of 31/12/08 (€1 = 0.9525), i.e. -€223,000, the drop in the Korean Won between the closing rate of 31 December 2007 (€1 = 1,377.96) and 31 December 2008 (€1 = 1,839.13), i.e. -€545,000, the increase in the US dollar between the closing rate of 31 December 2007 (€1 = 1.4721) and the closing rate of 31 December 2008 (€1 = 1.39170), i.e. +€238,000, and the increase in the Yen between the closing rate of 31 December 2007 (€1 = 164.93) and the closing rate of 31 December 2008 (€1 = 126.14), i.e. +€498,000.

#### 4.1.5 Notes to the consolidated financial statements

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

##### 4.1.5.1 Introduction

Created in December 1999, Gameloft is a developer and publisher of video games that can be downloaded to mobile telephones 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. Gameloft currently employs 4,000 people in 25 countries around the world.

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 2008 were approved by the Board of Directors on 19 March 2009.

##### 4.1.5.2 Highlights

- Creation:

In 2008, new companies were created first in Singapore (Gameloft Pte limited), the Philippines (Gameloft Philippines Inc.), Venezuela (Gameloft de Venezuela SA), Malta (Gameloft Limited), Dubai (Gameloft Dubai) and finally in France (Ludigames SAS).

- Sale:

In April 2008, Gameloft sold a portion of its assets in India, its branch in Pune, to Ubisoft.

- Change in reporting entity:

The scope of consolidation used for fiscal year 2008 is different from that of fiscal year 2007. Odyssée Interactive Games was removed from the consolidation scope on 1 January 2008. This subsidiary has not had any activity or employees since the end of the first quarter of 2008. On the other hand, Gameloft Live, Gameloft Ltd Hong Kong and Gameloft SRO were added to the consolidation scope as of 1 January 2008.

- 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 €957,000, issue premiums included. The share capital is currently €3,680,000.

- Currency fluctuations:

The average exchange rate of the Pound Sterling and US dollar fell sharply in 2008. This drop impacted the company's financial statements, especially in terms of revenue published in euros, with a negative revenue differential of €1,965,000 on sales in US dollars and €1,529,000 on sales in Pounds Sterling.

##### 4.1.5.3 Accounting principles and methods

###### 4.1.5.3.1 General principles – Primary basis of accounting

###### 4.1.5.3.1.1 *Primary basis of accounting*

The Gameloft Group's consolidated financial statements at 31 December 2008 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable as of that date.

The accounting principles applied in preparing the consolidated financial statements are the same as those applied in preparing the consolidated financial statements at 31 December 2007.

These IFRS standards are available on the website of the European Commission at the following address:

[http://ec.europa.eu/internal\\_market/accounting/ias\\_fr.htm](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 2008.

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

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

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

#### 4.1.5.3.1.2 Consolidation principles

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

Companies that are not significant to the group are not consolidated. At 31 December 2008, 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 4.1.5.4.2

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.

#### 4.1.5.3.1.3 Effects of the IFRS standards and interpretations applicable as of 1 January 2008

Standards, amendments and interpretations adopted by the European Union for which application is mandatory for fiscal years starting on 1 January 2008.

Standard	Impact
IFRIC 14 & IAS 19 Limit on a defined benefit asset	No impact on the group's financial statements
IFRIC 12 Concessions	No impact on the group's financial statements
IFRIC 11 Group and treasury share transactions	No impact on the group's financial statements
IFRIC 13 Customer loyalty programmes	No impact on the group's financial statements

At 31 December 2008, there are no IFRS standards or interpretations published and effective as of 1 January 2008 which are applicable by the group and not adopted by the European Union.

Standards, amendments and interpretations published by the IASB and not yet adopted by the European Union at 1 January 2008.

Standard	Expected impact
IAS 39 amendment Financial instruments – Eligibility of hedged instruments	No impact on the group's financial statements
Revised IFRS 3 Business combinations	No impact on the group's financial statements in the absence of a combination.
Revised IAS 27 Consolidated and separate financial statements	Change in presentation
IFRIC 16 Hedges of a net investment in a foreign operation	No impact on the group's financial statements
IFRIC 17 Distributions of non-cash assets to owners	No impact on the group's financial statements

First annual proposed improvements to the IFRS	Being evaluated
--	-----------------

#### Standards applicable in advance

The group did not apply in advance standards and interpretations for which application was not mandatory as of 1 January 2008:

Standard	Expected impact
IFRS 2 Share-based payments amendment	No impact on the group's financial statements
IFRS 8 Operating segments	The operating business segments are the same as those defined in standard IAS 14.
Revised IAS 23 Borrowing costs	No impact on the group's financial statements
IAS 27 amendment Consolidated and separate financial statements	Impact being evaluated
IAS 32 amendment Financial instruments: presentation amendment	No impact on the group's financial statements
Revised IAS 1 Presentation of financial statements	Application of this standard will have no impact on the group's financial position but should have an impact on the presentation of its financial statements
IAS 36 (amended by IFRS 8) Impairment of assets	The group does not expect any significant impact of the first-time application of amended standard IAS 36
IAS 39 Eligible Hedged Items	This standard will have no impact on the group's consolidated financial statements

#### 4.1.5.3.1.4 *Comparability of accounts*

The presentation of the 2008 financial statements includes a reclassification compared to the publication of the financial statements at 31 December 2007. This change concerns gains/losses on disposals, which are now classified as other operating income and expenses. In 2007, gains/losses on disposals were classified as other non-recurring income and expenses.

In the financial statements at 31 December 2007, the impact on operating income/expense from ordinary activities was -€168,000.

There was no other reclassification in the consolidated financial statements at 31 December 2008.

#### 4.1.5.3.1.5 *Consolidation principles*

- *Subsidiaries*

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

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

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

- *Transactions eliminated in the consolidated financial statements*

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

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

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

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

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

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

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

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

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

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

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

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

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

#### 4.1.5.3.1.6 *Estimates and judgment*

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

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

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

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

#### 4.1.5.3.1.7 *Sector information*

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

### 4.1.5.3.2 Valuation rules and methods applied by the group

#### 4.1.5.3.2.1 *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.

#### 4.1.5.3.2.2 *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.

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

- Brands

Brands acquired by the company are valued at the end of each year based on their contribution to commercial activity. This contribution is measured using criteria such as 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.

These costs are amortised over 12 months on a straight-line basis once the product is released on the market. Technical feasibility is determined on a product-by-product basis. At the end of the fiscal year, and for each software product, a value test is performed and the amount not yet amortised is compared to future sales forecasts. If these sales forecasts are insufficient, 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 1,100 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 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, additional amortisation is then applied accordingly.

- Office software

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

#### 4.1.5.3.2.3 *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.

#### 4.1.5.3.2.4 *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.

#### 4.1.5.3.2.5 *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”. They are measured at the fair value of the consideration received and discounted if the impact is significant.

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

#### 4.1.5.3.2.6 *Deferred tax and current tax*

##### Deferred tax:

Deferred taxes are recognised according to revised IAS 12.

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

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

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

Timing differences are differences between the book value of an asset or liability on the balance sheet and its tax value. Deferred taxes are measured at the used or partially used tax rate that is expected to be applied during the fiscal year in which the asset will be realised or the liability paid.

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

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

##### Current tax:

Current tax is the estimated amount of tax due on taxable profit for a period. It is calculated using the tax rates adopted as of the balance sheet date.

#### 4.1.5.3.2.7 *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.

#### 4.1.5.3.2.8 *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.

#### 4.1.5.3.2.9 *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 collectibility of the receivables at year-end.

#### 4.1.5.3.2.10 *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.

#### 4.1.5.3.2.11 *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.

At 31 December 2008, no provisions for contingencies and charges had been recorded.

#### 4.1.5.3.2.12 *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 2008 are as follows:

	<b>France</b>
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.

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. 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.

Gameloft has not set up special employee benefits.

- Stock options

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

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

	2003 and 2004 stock option plan			2006 stock option plan		2007 stock option plan	2008 stock option plan
Volatility	76% (1)			46% (2)		39% (3)	45% (4)
Turnover rate linked to termination from the group	8% per year			8% per year		8% per year	5.5% per year for France 12% per year for the USA – Canada 8% per year for the rest of the world
Assumptions regarding distributions of dividends	None			None		None	None
Risk-free rate	Yield of zero-coupon bonds with 5-year maturity			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
	3.42% in March	3.41% in September 2003	3.05% in December 2004	3.93%	3.85% in June 2006	3.93%	3.90%

	2003						
--	------	--	--	--	--	--	--

- (1) To determine volatility, a study of two other companies comparable to Gameloft was conducted.
- (2) Volatility was determined by restating Gameloft's historical share price over the first three years of listing. The economic model used at that time was completely revised in relation to its current model, which means that the change in share price cannot be comparable to its change in subsequent years.
- (3) Volatility was determined by restating Gameloft's historical share price over the first three years of listing.
- (4) Volatility was determined by restating Gameloft's historical share price from April 2003 to April 2008.

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

- Individual right to training

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

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

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

#### 4.1.5.3.2.13 *Trade payables and related accounts*

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

#### 4.1.5.3.2.14 *Mobile game development costs*

For mobile phone game development, Gameloft records development costs as expenses at the time they are incurred. Each year, the company develops and places on various operators' sites thousands of versions of its games covering the 1,200 different models of mobile telephones on the market and the 12 languages it supports. Given this extreme fragmentation and the more general nature of the sales-related information received from 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 set out in IAS 38, the company will continue to record its mobile phone game development costs as expenses next year.

#### 4.1.5.3.2.15 *Revenue*

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

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

The mobile game activity is the company's core business and accounted for 93% of revenue in fiscal year 2008. Revenue is generated via Gameloft's distributor partners (telecom operators, mobile phone manufacturers, affiliates, etc.) which give Gameloft a monthly report on the number of downloads of its mobile games. Mobile game revenue is recorded net of the percentage set aside for Gameloft's distributor partners.

The console game activity represented 7% of revenue in fiscal year 2008 and includes the three existing console game download services (Xbox Live Arcade, WiiWare and PS3 Store), as well as sales of console game cartridges. Downloadable console game revenue is recorded net of the percentage set aside for Gameloft's distributor partners. This revenue is calculated based on the download reports sent monthly by the distributors, namely Nintendo, Microsoft and Sony. Revenue from sales of console game cartridges, and therefore 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.

#### 4.1.5.3.2.16 *Cost of sales*

Cost of sales includes console game cartridge production costs excluding change in inventory, royalties and costs related to the sale of downloaded games.

#### 4.1.5.3.2.17 *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.

#### 4.1.5.3.2.18 *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 the company might find in organised or over-the counter markets (cross-currency swaps, etc.).

#### 4.1.5.3.2.19 *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 specific section of cash flows related to investment operations.

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

No dividends were paid at 31 December 2008 with regard to 2007 profit.

#### 4.1.5.3.2.20 *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.

#### 4.1.5.3.2.21 *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.

	<b>31.12.08</b>	<b>31.12.07</b>
Net profit/loss - group share (€) – A	-1,808,633	-4,080,118
Number of weighted ordinary shares – B	73,305,324	72,023,191
Net earnings per share – C = A/B	-0.025	-0.057
Number of weighted ordinary shares after inclusion of potentially diluting instruments – D	73,605,094	76,703,708
Net profit/loss (€) –E	-1,808,633	-4,080,118
Net earnings per diluted share – F= E / D	-0.025	-0.053
Operating income/expense from ordinary activities (€)	467,359	-266,153
Operating income/expense from ordinary activities per share	0.006	- 0.004
Operating income/expense from ordinary activities per diluted share	0.0063	- 0.0035

#### 4.1.5.4 **Scope of consolidation**

##### 4.1.5.4.1 Companies included in the Gameloft Group's consolidated financial statements at 31 December 2008

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

Gameloft Inc. Divertissements	Canada	2000	Mobile Distribution / Production	Yes	100.00%	100%	Full Consolidation
Gameloft Ltd.	United Kingdom	2001	Mobile Distribution / Production	Yes	99.50%	100%	Full Consolidation
Gameloft GmbH	Germany	2001	Mobile Distribution	Yes	100.00%	100%	Full Consolidation
Gameloft Iberica SA	Spain	2001	Mobile Distribution / Production	Yes	100.00%	100%	Full Consolidation
Gameloft SRL	Italy	2001	Mobile Distribution	Yes	99.74%	100%	Full Consolidation
Gameloft SRL	Romania	2001	Mobile Production / Distribution	Yes	99.00%	100%	Full Consolidation
Gameloft Software Beijing Ltd.	China	2003	Mobile Production / Distribution	Yes	100.00%	100%	Full Consolidation
Gameloft Software Shanghai Ltd.	China	2004	Mobile Production	Yes	100.00%	100%	Full Consolidation
Gameloft Rich Games Production France 450 415 237	France	2003	Mobile Production	Yes	99.80%	100%	Full Consolidation
Gameloft EOOD Bulgaria	Bulgaria	2004	Mobile Production / Distribution	Yes	100.00%	100%	Full Consolidation
Gameloft KK	Japan	2004	Mobile Production / Distribution	Yes	100.00%	100%	Full Consolidation
Gameloft Ltd. Vietnam	Vietnam	2004	Mobile Production	Yes	100.00%	100%	Full Consolidation
Gameloft S. de R.L. de C.V.	Mexico	2005	Mobile Production / Distribution	Yes	99.85%	100%	Full Consolidation
Gameloft Private Ltd.	India	2005	Mobile Production / Distribution	Yes	99.00%	100%	Full Consolidation
Gameloft Co. Ltd.	Korea	2005	Mobile Distribution / Production	Yes	100.00%	100%	Full Consolidation
Gameloft Argentina	Argentina	2005	Mobile Production / Distribution	Yes	100.00%	100%	Full Consolidation
Gameloft Partnerships 488 934 506	France	2006	Mobile Distribution	Yes	100.00%	100%	Full Consolidation
Gameloft Software Chengdu	China	2006	Mobile Production	Yes	100.00%	100%	Full Consolidation
Gameloft Australia Pty Ltd	Australia	2007	Mobile Distribution	Yes	100.00%	100%	Full Consolidation
Gameloft Do Brasil Ltda	Brazil	2007	Mobile Production/ Distribution	Yes	99.00%	100%	Full Consolidation
Gameloft Live 500 819 537	France	2007	Mobile / Distribution	Yes	100.00%	100%	Full Consolidation
Gameloft Ltd.	Hong Kong	2007	Mobile / Distribution	Yes	100.00%	100%	Full Consolidation
Gameloft SRO	Czech Republic	2007	Mobile / Distribution	Yes	100.00%	100%	Full Consolidation
GAMELOFT Pte Ltd	Singapore	2008	Mobile / Distribution	Yes	100.00%	100%	Full Consolidation
Gameloft LLC	Ukraine	2007	Mobile Production/ Distribution	Yes	100.00%	100%	Full Consolidation

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

#### 4.1.5.4.2 Companies not included in the Gameloft Group's consolidated financial statements at 31 December 2008

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

At 31 December 2008, 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
Odyssee Interactive Games 483 443 743	France	2005	None	99.90%	72	30	128	-	-
Ludigames 508 543 964	France	2008	Mobile Distribution	100%	37	36	-	-	-
Gameloft Philippines Inc	Philippines	2008	Mobile Production	100%	104	102	-	17	-
Gameloft Venezuela	Venezuela	2008	Mobile Distribution	95%	6	6	-	1	-
Gameloft Dubai	Dubai	2008	None	100%	27	27	-	-	-
Gameloft Malte	Malta	2008	None	99.99%	140	140	-	-	-
Gameloft Belgium	Belgium	2007	None	99.99%	20	20	-	-	-

#### 4.1.5.4.3 Change in reporting entity

The consolidation scope used for FY 2008 differs from that of 2007 as a result of consolidation criteria having been met by three subsidiaries. Gameloft Pte Ltd (Singapore) was added to the scope of consolidation at the time of its creation. Gameloft SRO (Czech Republic) and Gameloft Ltd (Hong Kong) were also added to the scope of consolidation as of 1 January 2008. Odyssee Interactive Games, on the other hand, was removed from the scope of consolidation as of 1 January 2008.

	Intangible Asset	Tangible Asset	Financial Asset		Cash and cash equivalents	Current assets excl. cash and cash equivalents	Liabilities
			Securities	Deposits & guarantees			
Gameloft Hong Kong	-	4	-	7	20	1	9
Gameloft SRO	-	16	7	3	17	5	1
Gameloft Live	-	-	37	1	37	-	1
Odyssee Interactive	-	-6	-55	-3	-6	-39	63

## 4.1.5.5 Notes to the balance sheet

## I. OTHER INTANGIBLE ASSETS

Other intangible assets at 31 December 2008 were as follows:

Assets	At 31.12.07 cumulative	Increases	Decreases	Book transfer	Change in reporting entity	Exchange differential	At 31.12.08 cumulative
Software	492	662	226			-31	898
Games marketed	1,340	2,268		2,672			6,280
Advances on licences	9,134	6,105	23			30	15,246
Games in production	2,197	4,086	393	-2,672			3,218
<b>TOTAL</b>	<b>13,163</b>	<b>13,121</b>	<b>642</b>	<b>-</b>		<b>-1</b>	<b>25,642</b>

Amortisation	At 31.12.07 Cumulative	Increases	Decreases	Book transfer	Change in reporting entity	Exchange differential	At 31.12.08 Cumulative
Software	423	233	11			-38	607
Games marketed	156	3,166		46			3,368
Advances on licences	5,383	3,950	20			21	9,335
Games in production	-						-
<b>Subtotal</b>	<b>5,962</b>	<b>7,349</b>	<b>31</b>	<b>46</b>		<b>-17</b>	<b>13,309</b>
<b>Provisions</b>							
Games marketed	46	821		-46			821
Games in production		284					284
<b>Subtotal</b>	<b>46</b>	<b>1,105</b>		<b>-46</b>			<b>1,105</b>
<b>TOTAL</b>	<b>6,008</b>	<b>8,454</b>	<b>77</b>	<b>-</b>		<b>-17</b>	<b>14,414</b>

“Other intangible assets” pertain to development costs of completed or marketed console games.

“Intangible assets in production” include development costs of games not yet completed as of the balance sheet date.

“Advances on licences” pertain to licence agreements signed with top-ranked athletes, sports federations (NBA, NFL, etc.), motion picture studios (DreamWorks, Universal, etc.), and so on. In fiscal year 2008, a number of new licence agreements were signed for the use of brands such as Oregon Trail, Terminator Salvation, Spider Man, CSI New York, Uno, etc.

The increase in amortisation of advances on licences stemmed from higher sales which led to an increase in royalties prorated based on sales or amortised on a straight-line basis according to the contract term for flat fees, as well as additional amortisation in the amount of €1,066,000.

The increase in amortisation and provisions for games marketed was €3,212,000 and €1,105,000, respectively. Amortisation corresponds to a 12-month amortisation schedule for development costs starting on the game’s marketing date. Value tests are conducted on all games marketed and in progress at the end of the fiscal year. In 2008, they resulted in the recording of a provision for impairment in the amount of €1,105,000.

## II. TANGIBLE ASSETS

Tangible assets are as follows:

Assets	At 31.12.07 Cumulative	Increases	Decreases	Change in reporting entity	Exchange differential	At 31.12.08 Cumulative
Plant and equipment	2,160	382	50	-6	-159	2,327

Transportation equipment	2					2
Computer equipment and furniture	8,012	2,414	334	20	-226	9,887
Leased computer equipment	116				-17	99
Construction work in progress	26		26			-
<b>TOTAL</b>	<b>10,316</b>	<b>2,796</b>	<b>410</b>	<b>14</b>	<b>-402</b>	<b>12,314</b>

The increase in tangible assets was due to:

- the addition to the scope of consolidation of the Hong Kong and Czech Republic companies,
- expansion of the other production studios,
- replacement of computer equipment,
- purchases of mobile telephones used for game creation.

The reductions in computer equipment stemmed from sales.

The reductions in general facilities are mainly due to disposals.

The change in reporting entity pertains to Gameloft Hong Kong, Gameloft SRO and Gameloft Live and to Odyssee Interactive Games.

<b>Depreciation</b>	<b>At 31.12.07 Cumulative</b>	<b>Increases</b>	<b>Decreases</b>	<b>Change in reporting entity</b>	<b>Exchange differential</b>	<b>At 31.12.08 Cumulative</b>
Plant and equipment	559	469	39	0	- 66	923
Transportation equipment	0	1				1
Computer equipment and furniture	4,313	2,388	320		-167	6,214
Leased computer equipment	99	10			-16	93
Construction work in progress						-
<b>TOTAL</b>	<b>4,971</b>	<b>2,868</b>	<b>359</b>	<b>-</b>	<b>-249</b>	<b>7,231</b>

### III. NON-CURRENT FINANCIAL ASSETS

<b>Assets</b>	<b>At 31.12.07 Cumulative</b>	<b>Increases</b>	<b>Decreases</b>	<b>Change in reporting entity</b>	<b>Exchange differential</b>	<b>At 31.12.08 Cumulative</b>
Non-consolidated companies (gross values)	64	352		-44		372
Deposits and guarantees	2,232	221	441	8	80	2,099
Loans	-	150				150
<b>TOTAL</b>	<b>2,296</b>	<b>723</b>	<b>441</b>	<b>-37</b>	<b>79</b>	<b>2,620</b>

The increases in deposits and guarantees mainly concern Gameloft Argentina (€34,000), Gameloft Software Beijing (€46,000), Gameloft Iberica (€26,000) and Gameloft Vietnam (€63,000).

The decreases mainly concern Gameloft Private Software Ltd (€166,000), Gameloft KK (€151,000), Gameloft Argentina (€31,000) and Gameloft Software Beijing (€31,000).

<b>Provisions</b>	<b>At 31.12.07 Cumulative</b>	<b>Increases</b>	<b>Decreases</b>	<b>Change in reporting entity</b>	<b>At 31.12.08 Cumulative</b>
Non-consolidated companies	8		1	-8	1
<b>TOTAL</b>	<b>8</b>		<b>1</b>	<b>-8</b>	<b>1</b>

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%	20,000	-		6
Gameloft Sprl	20	99.50%	20,000	-		20
Gameloft Philippines Inc	142	100.00%	6,722,910	-2,481,090	-38	142
Odyssée Interactive Games	55	99.99%	29,555	-54,901	-55	55
Gameloft Dubai	27	100.00%	27,000	-		27
Gameloft Malte	140	99.99%	140,000	-		140
LUDIGAMES SAS	37	100.00%	35,615	-1,385	-1	36
* Amounts in foreign currencies	<b>427</b>					<b>426</b>

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

#### IV. DEFERRED TAX ASSETS

	31.12.08	31.12.07
Capitalised losses	42	70
Timing differences	945	557
<b>TOTAL</b>	<b>987</b>	<b>627</b>

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

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

The expiration periods of the tax losses are as follows:

- 3 years: €8,000
- 5 years: €2,000
- Unlimited: €32,000

Capitalised/non-capitalised losses:

€K	31.12.08		31.12.07
	capitalised losses	non-capitalised losses	capitalised losses
Gameloft Bulgaria			3
Gameloft Ltd.		395	
Gameloft SRL Romania	2		60
Gameloft Australia	32		
Gameloft SA		14,365	
Gameloft Shanghai		35	
Gameloft KK		527	
Gameloft LLC	8		7
Gameloft Chengdu		274	
Gameloft SRO		17	
Gameloft Ltd. Co		546	
Gameloft GmbH		757	
<b>TOTAL</b>	<b>42</b>	<b>16,916</b>	<b>70</b>

V. OTHER NON-CURRENT RECEIVABLES

	31.12.08	31.12.07
Gameloft Divertissements Inc.	963	-
<b>TOTAL</b>	<b>963</b>	<b>-</b>

These tax claims are R&D tax credits obtained by the Gameloft Group's Canadian subsidiary for fiscal years 2005, 2006 and 2007. The tax audit was conducted by the local tax authorities and these amounts were recorded in the accounts.

There is some uncertainty regarding the 2008 R&D credits. As a result, 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 and 2007 credits for 20 years.

VI. ASSETS BEING SOLD OR DISCONTINUED BUSINESSES

	31.12.08	31.12.07
Odyssee Interactive Games	55	-
<b>TOTAL</b>	<b>55</b>	<b>-</b>

The Odyssee Interactive Games subsidiary is in the process of being sold and was removed from the scope of consolidation as of 1 January 2008. It has been out of business since the end of the first quarter of 2008.

VII. INVENTORIES OF FINISHED PRODUCTS

Description	At 31.12.07	Gross value	Provision	At 31.12.08
Asphalt Nintendo DS cartridges	70	31		31
Nintendo DS cartridges	-	1,278		1,278
PS3 cartridges	-	157		157
Wii cartridges	-	962		962
<b>TOTAL</b>	<b>70</b>	<b>2,428</b>	<b>-</b>	<b>2,428</b>

In the fourth quarter of fiscal year 2008, Gameloft released several console games as developer and publisher for Nintendo DS (Real Football 2009, Guitar Rock Tour), Nintendo Wii (TV Show King) and PS3 (Brain Challenge). The inventory has not been put as collateral.

VIII. ADVANCE PAYMENTS MADE

	At 31.12.07	Increase	Decrease	At 31.12.08
Advance payments made	34	124	34	124
<b>TOTAL</b>	<b>34</b>	<b>124</b>	<b>34</b>	<b>124</b>

IX. TRADE RECEIVABLES AND RELATED ACCOUNTS

At 31.12.08	Gross	Provision	Net	At 31.12.07
Trade receivables and related accounts	35,511	368	35,143	30,485
<b>Total</b>	<b>35,511</b>	<b>368</b>	<b>35,143</b>	<b>30,485</b>

The increase in trade receivables is linked to the higher volume of activity throughout 2008. The 15% increase in trade receivables compared to 31 December 2007 is fully in line with the 15% rise in revenue in 2008.

The average term of payment of the Gameloft Group's customers has remained the same, approximately 90 days. All trade receivables are due in less than one year and the impact of discounting is not significant and not recorded.

X. FINANCIAL ASSETS

	Gross value	Provision	Net at 31.12.08	31.12.07
Partners' current accounts	-	-	-	19
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19</b>

There are no current accounts for non-consolidated subsidiaries.

XI. OTHER RECEIVABLES AND ACCRUALS

Other receivables are as follows:

	Gross value	Provision	Net at 31.12.08	31.12.07
VAT	2,175		2,175	1,433
Other tax and social security claims (2)	4,008		4,008	3,022
Credit notes from suppliers	39		39	141
Receivables from suppliers	66		66	179
Other	61		61	116
Pre-paid expenses	528		528	987
Called-up share capital (issue premium included)				-
<b>TOTAL</b>	<b>6,877</b>	<b>-</b>	<b>6,877</b>	<b>5,878</b>

(2) Of which tax claims = €3,647,000, due mainly to the tax credit related to the operating subsidiaries of Gameloft Canada (€2,676,000) and Gameloft Argentina (€416,000).

Social security claims = €361,000

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

XII. CASH AND CASH EQUIVALENTS

The "cash on hand" item includes bank account balances totalling €8,967,000 at 31 December 2008 compared to €7,794,000 at 31 December 2007.

Short-term investment securities consist of the following:

Description	Name	Number	31.12.08		Capital gain/loss €K	31.12.07
			Gross value €K	Fair value €K		Net value €K
Mutual fund	Negotiable certificate of deposit	1	2,500	2,507	7	6,266
Unit trust	CAM – Capital Institution Cash					-
<b>TOTAL</b>			<b>2,500</b>	<b>2,507</b>	<b>7</b>	<b>6,266</b>

The term of the negotiable certificate of deposit is one month.

The change in net cash breaks down as follows:

Cash detail	31.12.08	31.12.07
Cash on hand	8,967	7,794

Short-term investment securities	2,507	6,266
Foreign currency advances	-	-
Bank overdrafts and short-term credit	-726	-126
<b>TOTAL</b>	<b>10,748</b>	<b>13,934</b>

### XIII. SHAREHOLDERS' EQUITY

#### Capital

At 31 December 2008, Gameloft S.A.'s share capital consisted of 73,605,094 shares, each with a par value of 0.05 euros, for a total of 3,680,254.70 euros.

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

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
<b>At 31/12/05</b>	<b>0.05</b>	<b>68,850,316</b>	<b>3,443</b>
Exercised options on 25/10/2002	0.05	116,477	6
Exercised options on 21/03/2003	0.05	548,744	27
Exercised options on 03/12/2004	0.05	588,397	29
Exercised options on 15/09/2003	0.05	652,650	33
<b>At 31/12/06</b>	<b>0.05</b>	<b>70,756,584</b>	<b>3,538</b>
Exercised options on 25/10/2002	0.05	34,600	2
Exercised options on 21/03/2003	0.05	121,128	6
Exercised options on 03/12/2004	0.05	706,553	35
Exercised options on 15/09/2003	0.05	1,439,492	72
<b>At 31/12/07</b>	<b>0.05</b>	<b>73,058,357</b>	<b>3,653</b>
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
<b>At 31/12/08</b>	<b>0.05</b>	<b>73,605,094</b>	<b>3,680</b>

#### Stock options and BSPCE

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

Date of Board of Directors' meeting	21/03/03	Balance at 31.12.06	Balance at 31.12.07	Balance at 31.12.08
Number of shares eligible for subscription:	714,000	164,256	43,128	-
Number of shares cancelled:		161,000	161,000	161,000
Number of people concerned: including managers	39 0			
Start of exercise	21/03/2006	21/03/2006	21/03/2006	21/03/2006
End of exercise	21/03/2008	21/03/2008	21/03/2008	21/03/2008

Subscription price	1.25 euros	1.25 euros	1.25 euros	1.25 euros
<b>Date of Board of Directors' meeting</b>	<b>15/09/03</b>	<b>Balance at 31.12.06</b>	<b>Balance at 31.12.07</b>	<b>Balance at 31.12.08</b>
Number of shares eligible for subscription:	1,544,500	849,000	190,500	-
Number of shares cancelled:		348,500	349,500	352,512
Number of people concerned: including managers	96 0			
Start of exercise	15/09/2006	15/09/2006	15/09/2006	15/09/2006
End of exercise	15/09/2008	15/09/2008	15/09/2008	15/09/2008
Subscription price	1.75 euros	1.75 euros	1.75 euros	1.75 euros
<b>Date of Board of Directors' meeting</b>	<b>03/12/04</b>	<b>Balance at 31.12.06</b>	<b>Balance at 31.12.07</b>	<b>Balance at 31.12.08</b>
Number of shares eligible for subscription:	1,585,800	960,850	577,650	548,587
Number of shares cancelled:		357,000	433,900	579,313
Number of people concerned: including managers	91 0			
Start of exercise	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
Subscription price	2.40 euros	2.40 euros	2.40 euros	2.40 euros
<b>Date of Board of Directors' meeting</b>	<b>11/01/06</b>	<b>Balance at 31.12.06</b>	<b>Balance at 31.12.07</b>	<b>Balance at 31.12.08</b>
Number of shares eligible for subscription:	2,790,300	2,716,200	2,547,900	2,401,800
Number of shares cancelled:		74,100	242,400	388,500
Number of people concerned: including managers	101 5			
Start of exercise	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
Subscription price	5.35 euros	5.35 euros	5.35 euros	5.35 euros
<b>Date of Board of Directors' meeting</b>	<b>11/01/06</b>	<b>Balance at 31.12.06</b>	<b>Balance at 31.12.07</b>	<b>Balance at 31.12.08</b>
Number of shares eligible for subscription:	612,000	468,000	363,000	333,000
Number of shares cancelled:		144,000	249,000	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
End of exercise	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
<b>Date of Board of Directors' meeting</b>	<b>7/06/06</b>	<b>Balance at 31.12.06</b>	<b>Balance at 31.12.07</b>	<b>Balance at 31.12.08</b>
Number of shares eligible for subscription:	40,200	40,200	40,200	10,200
Number of shares cancelled:	-	-	-	30,000
Number of people concerned: including managers	2 0	2 0	2 0	
Start of exercise	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
Subscription price	5.37 euros	5.37 euros	5.37 euros	5.37 euros
<b>Date of Board of Directors' meeting</b>	<b>03/01/07</b>	<b>Balance at 31.12.07</b>	<b>Balance at 31.12.08</b>	
Number of shares eligible for subscription:	2,811,000	2,734,800		2,535,000
Number of shares cancelled:		76,200		276,000
Number of people concerned: including managers	127 4			
Start of exercise	03/01/2009	03/01/2009		03/01/2009
End of exercise	03/01/2013	03/01/2013		03/01/2013
Subscription price	4.10 euros	4.10 euros		4.10 euros

<b>Date of Board of Directors' meeting</b>	<b>03/01/07</b>	<b>Balance at 31.12.07</b>	<b>Balance at 31.12.08</b>
Number of shares eligible for subscription:	710,100	604,800	530,400
Number of shares cancelled:		105,300	179,700
Number of people concerned: including managers	38 1		
Start of exercise	03/01/2009	03/01/2009	03/01/2009
End of exercise	03/01/2013	03/01/2013	03/01/2013
Subscription price	4.30 euros	4.30 euros	4.30 euros

<b>Date of Board of Directors' meeting</b>	<b>11/04/2008</b>	<b>Balance at 31.12.08</b>
Number of shares eligible for subscription:	3,110,250	3,015,000
Number of shares cancelled:		95,250
Number of people concerned: including managers	199 4	
Start of exercise	11/04/2010	11/04/2010
End of exercise	11/04/2014	11/04/2014
Subscription price	2.80 euros	2.80 euros

<b>Date of Board of Directors' meeting</b>	<b>11/04/2008</b>	<b>Balance at 31.12.08</b>
Number of shares eligible for subscription:	534,300	525,300
Number of shares cancelled:		9,000
Number of people concerned: including managers	48 1	
Start of exercise	11/04/2010	11/04/2010
End of exercise	11/04/2014	11/04/2014
Subscription price	2.95 euros	2.95 euros

<b>Date of Board of Directors' meeting</b>	<b>21/03/03</b>	<b>Balance at 31.12.06</b>	<b>Balance at 31.12.07</b>	<b>Balance at 31.12.08</b>
Number of BSPCE allotted:	220,000	-	-	-
Number of shares cancelled:		60,000	60,000	60,000
Number of people concerned: including managers	9 0			
Start of exercise	21/03/2006	21/03/2006	21/03/2006	21/03/2006
End of exercise	21/03/2008	21/03/2008	21/03/2008	21/03/2008
Subscription price	1.25 euros	1.25 euros	1.25 euros	1.25 euros

<b>Date of Board of Directors' meeting</b>	<b>15/09/03</b>	<b>Balance at 31.12.06</b>	<b>Balance at 31.12.07</b>	<b>Balance at 31.12.08</b>
Number of BSPCE allotted:	1,422,500	1,064,850	282,858	-
Number of shares cancelled:		52,000	52,000	52,000
Number of people concerned: including managers	36 0	36 0	36 0	
Start of exercise	15/09/2006	15/09/2006	15/09/2006	15/09/2006
End of exercise	15/09/2008	15/09/2008	15/09/2008	15/09/2008
Subscription price	1.75 euros	1.75 euros	1.75 euros	1.75 euros

<b>Date of Board of Directors' meeting</b>	<b>03/12/04</b>	<b>Balance at 31.12.06</b>	<b>Balance at 31.12.07</b>	<b>Balance at 31.12.08</b>
Number of BSPCE allotted:	1,486,500	1,126,253	704,400	653,000
Number of shares cancelled:		39,800	61,400	84,600
Number of people concerned: including managers	32 0			
Start of exercise	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
Subscription price	2.40 euros	2.40 euros	2.40 euros	2.40 euros

In total, at 31 December 2008, the maximum number of shares that may be created through the exercise of stock options and BSPCE is 9,899,287 and 653,000, 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 did not collect dividends paid by any of its subsidiaries in 2008.  
Gameloft holds no treasury shares.

#### XIV. PROVISIONS FOR CONTINGENCIES AND CHARGES

Non-current liabilities:

	At 31.12.07	Allocations for the year	Write-backs for the year		At 31.12.08
			Amount used during the year	Amount not used during the year	
<b>Provisions for contingencies and charges</b>					
For other risks	14		14		-
For charges	-				
<b>Total</b>	<b>14</b>		<b>14</b>		<b>-</b>

Other provisions pertained to a restructuring provision at one of the group's subsidiaries, which was used in 2008.

Current liabilities:

	At 31.12.07	Allocations for the year	Write-backs for the year		At 31.12.08
			Amount used during the year	Amount not used during the year	
<b>Provisions for contingencies and charges</b>					
For other risks	50			50	-
For charges					
<b>Total</b>	<b>50</b>		<b>-</b>	<b>50</b>	<b>-</b>

A provision in the amount of €50,000 related to the potential risk of additional social security taxes in the event of a French recipient's early exercise of stock options under the plan of 3/12/2004 had been recorded in the accounts at 31/12/07. The amount of this provision was determined on the basis of Gameloft's share price. Since the four-year vesting period ended on 3 December 2008, the provision was written back in its entirety.

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

#### XV. EMPLOYEE BENEFITS

	At 31.12.07	Allocations	Write-backs	Exchange differential	Change in reporting entity	Reclassifications	At 31.12.08
Provisions for retirement	62	114	70	-19	-1	68	154
Provisions for termination	68	56	10	5		-25	94
<b>TOTAL</b>	<b>130</b>	<b>170</b>	<b>80</b>	<b>-14</b>	<b>-1</b>	<b>43</b>	<b>249</b>

The provision for retirement benefits received an allocation of €114,000 during the fiscal year and another provision in the amount of €56,000 was set up to cover possible employee terminations.

## XVI. FINANCIAL DEBTS

Non-current financial debts are as follows:

	<b>31.12.08</b>	<b>31.12.07</b>
Loans	-	-
Bank overdrafts	-	-
Loans resulting from restatement of financial leases	-	4
Partners' current accounts	-	-
<b>Financial debts</b>	<b>-</b>	<b>4</b>

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

Current financial debts are as follows:

	<b>31.12.08</b>	<b>31.12.07</b>	
Loans	-	-	
Bank overdrafts	726	122	
Loans resulting from restatement of financial leases	4	42	
Partners' current accounts	-	-	
<b>Financial debts</b>	<b>729</b>	<b>164</b>	
	<b>less than 1 year</b>	<b>1 year to 5 years</b>	<b>more than 5 years</b>
Amounts still due at 31.12.08	729		

Bank overdrafts are used to fund occasional cash flow shortages.

	<b>31.12.08</b>	<b>31.12.07</b>
Financial debts excluding government advances	729	168
Cash on hand	-8,967	-7,794
Short-term investment securities	-2,507	-6,266
<b>Net financial surplus</b>	<b>-10,745</b>	<b>-13,892</b>

At 31 December 2008, there was a net financial surplus of €10,745,000 compared to €13,892,000 at 31 December 2007. All financial debts are based on a fixed rate.

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

- Liquidity risk management

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

- Interest rate risk management

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

- Foreign exchange risk management

Gameloft, both directly and via its subsidiaries, owns assets, receives income, incurs expenses and makes commitments in a large number of foreign currencies. The company's financial statements are presented in euros. Therefore, when preparing the company's consolidated financial statements, the value of the assets, liabilities, income and expenses presented in other currencies must be converted into euros at the exchange rate applicable on that date. The increase or decrease in the euro's value against these foreign currencies therefore affects the value of these items in the company's financial statements in euros, even though their value has not changed in the original currency.

To date, the group has not implemented foreign exchange hedging. 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.

Change in exchange rates of principal currencies:

Euro-currency rate	31.12.08		31.12.07	
	Average rate	Closing rate	Average rate	Closing rate
US dollar	1.47059	1.3917	1.37064	1.4721
Canadian dollar	1.55928	1.6998	1.46895	1.4449
Pound Sterling	0.79654	0.9525	0.68372	0.73335
Japanese yen	152.33161	126.1400	161.24063	164.9300
Argentine peso	4.64197	4.8065	4.27180	4.6294

The breakdown of financial debts by currency is as follows:

	31.12.08	31.12.07
Euros	25	53
Canadian dollars	704	115
<b>Financial debts</b>	<b>729</b>	<b>168</b>

Financial debt sensitivity:

Debts	Amount	Type of interest rate	Interest rate	Face value	Int/year	Var. of + 1%	Difference in €K
Bank loan France	25	Variable	17.20%	20	5	6	-1
Bank loan Canada	701	Fixed	6.50%	701	31	36	-5
Cash on hand	8,967	Variable	-	8,967	-	-	-
Investments	2,500	Variable	2.79%	2,500	7	9	+2
<b>Total</b>				-	<b>-29</b>	<b>-33</b>	<b>-4</b>

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 2008, the amount of past due trade receivables not yet amortised was insignificant.

31/12/08	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	IX	35,511	368	35,143		35,143		
Other current trade receivables	XI	6,877	-	6,877		6,877		
Other financial assets in loans and receivables								
<b>LOANS AND RECEIVABLES</b>								
Other non-current financial assets								
Other current financial assets								
		42,388	368	42,020		42,020		

#### XVII. DEFERRED TAX LIABILITIES

	31.12.08	31.12.07
Subsidies to be received	1,049	757
Miscellaneous	-	18
<b>TOTAL</b>	<b>1,049</b>	<b>775</b>

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

Gameloft will receive the subsidies in fiscal year 2009.

#### XVIII. TRADE PAYABLES AND RELATED ACCOUNTS

	31.12.08	31.12.07
Trade payables	7,919	8,394
Trade payables on assets	4,493	547
<b>Total</b>	<b>12,412</b>	<b>8,941</b>

The average period for paying suppliers is approximately 90 days and is the same as in previous fiscal years. The trade payables on assets item increased 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.

#### XIX. ADVANCE PAYMENTS RECEIVED

Current advances received are as follows:

	31.12.08	31.12.07
Advance payments received	70	-
<b>TOTAL</b>	<b>70</b>	<b>-</b>

#### XX. OTHER DEBTS

Other non-current debts are as follows:

	31.12.08	31.12.07
Unearned income	-	287
<b>TOTAL</b>	<b>-</b>	<b>287</b>

Other current debts are as follows:

	<b>31.12.08</b>	<b>31.12.07</b>
Customer credit balances	4,202	12
Other debts	174	44
Unearned income	155	381
<b>TOTAL</b>	<b>4,532</b>	<b>437</b>

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

The customer credit balances item, which increased dramatically compared to the previous fiscal year, pertains to console game cartridges that were not sold at 31 December 2008 and returned to the inventory of finished products at 31 December 2008.

## XXI. TAX AND SOCIAL SECURITY LIABILITIES

Tax and social security liabilities are as follows:

	<b>31.12.08</b>	<b>31.12.07</b>
Social security liabilities	4,664	4,015
Tax liabilities	3,839	3,931
<b>TOTAL</b>	<b>8,503</b>	<b>7,947</b>

Tax liabilities pertain mainly to Gameloft SA (€945,000), Gameloft S de RL (€265,000), Gameloft Ltd (€310,000), Gameloft Software Beijing (€440,000), Gameloft Argentina (€578,000), Gameloft Rich Games (€316,000), Gameloft Partnerships (€208,000) and Gameloft GmbH (€117,000).

Social security liabilities mainly concern Gameloft SA (€961,000), Gameloft Inc. Divertissement (€741,000), Gameloft Software Beijing (€453,000), Gameloft SRL Romania (€375,000), Gameloft Rich Games Production France (€351,000), Gameloft Argentina (€313,000) and Gameloft Vietnam Ltd (€290,000), Gameloft Partnerships (€272,000), Gameloft Software Shanghai Ltd (€183,000) and Gameloft Live (€141,000).

### 4.1.5.6 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.

#### I. REVENUE

The breakdown of revenue by geographic region is as follows:

	12-month fiscal year		12-month fiscal year	
	31.12.08		31.12.07	
	€K	%	€K	%
Europe	47,084	43%	42,662	44%
North America	33,245	30%	32,354	34%
Rest of the world	30,003	27%	21,054	22%
<b>Total</b>	<b>110,332</b>	<b>100%</b>	<b>96,071</b>	<b>100%</b>

The breakdown of revenue by activity is as follows:

	12-month fiscal year		12-month fiscal year	
	31.12.08		31.12.07	
	€K	%	€K	%
Consoles	7,652	7%	2,064	2%
Mobile	102,680	93%	94,007	98%
<b>Total revenue</b>	<b>110,332</b>	<b>100%</b>	<b>96,071</b>	<b>100%</b>

<b>Self-constructed assets</b>	<b>6,455</b>		<b>3,537</b>	-
<b>Closing inventory</b>	<b>2,397</b>		<b>none</b>	
<b>Total</b>	<b>119,184</b>		<b>99,608</b>	

## II. OTHER BUSINESS-RELATED INCOME

Other operating income is as follows:

	<b>31.12.08</b>	<b>31.12.07</b>
Write-backs of provisions	259	40
on liabilities	134	-
on assets	125	40
<b>TOTAL</b>	<b>259</b>	<b>40</b>

The write-backs of provisions pertain to write-backs of trade receivables (€78,000), depreciation of capital assets (€46,000), the risk of exercise of stock options (€50,000), layoff pay in Romania (€14,000) and retirement commitments following employee terminations (€70,000).

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

Cost of sales is as follows:

	<b>31.12.08</b>	<b>31.12.07</b>
Purchases for stock	3,696	653
Expenses related to cost of sales	2,479	1,918
Costs of royalties	7,323	6,465
<b>TOTAL</b>	<b>13,498</b>	<b>9,036</b>

Purchases for stock refer to purchases of cartridges for the following console games: *TV Show King Party* for Wii, *Guitar Rock Tour* and *Real Football 2009* for Nintendo DS and *Brain Challenge* for PS3.

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.

## IV. RESEARCH & DEVELOPMENT COSTS

Research and development costs are as follows:

	<b>31.12.08</b>	<b>31.12.07</b>
Purchases of studies, services and other supplies	129	72
Other external charges	14,040	13,005
Employee compensation	36,757	34,937
Operating subsidy	-2,978	-2,371
Social security charges	9,917	7,935
Taxes	625	972
Amortisation expense on capital assets	5,813	2,429
<b>TOTAL</b>	<b>64,303</b>	<b>56,979</b>

R&D costs correspond to all expenses related to the creation and development by the company of mobile phone and console games. At 31 December 2008, Gameloft's R&D department had 3,338 employees.

The compensation and social security charges item increased by 10% during the year and does not include personnel expenses related to stock options. Personnel expenses related to stock options and BSPCE totalled €1,385,000 in 2008 compared to €1,634,000 in 2007.

The amount of subsidies received in Canada and Argentina is calculated based on the total payroll of the employees of Gameloft Canada's and Gameloft Argentina's R&D departments.

Amortisation expense increased significantly in fiscal year 2008 due to the amortisation of capitalised development costs of console games. This amortisation totalled €3,212,000 in 2008 versus €156,000 in 2007.

## V. COMMERCIAL EXPENSE

Sales & Marketing costs are as follows:

	<b>31.12.08</b>	<b>31.12.07</b>
Purchases of studies, services and other supplies	3	14
Other external charges	15,971	13,504
Employee compensation	11,371	8,403
Operating subsidy	-395	-166
Social security charges	3,043	2,081
Taxes	470	533
Amortisation expense on capital assets	255	283
<b>TOTAL</b>	<b>30,718</b>	<b>24,652</b>

Sales & Marketing costs include all expenses related to the marketing and sale of the company's mobile and console games (marketing, B2B sales teams, B2C, Business Intelligence teams, purchases of advertising space, trade shows, etc.). At 31 December 2008, the Sales & Marketing department had 438 employees.

Advertising, marketing and trade show expenses for the year totalled €10,500,000 compared to €9,061,000 in 2007. These expenses represent 9.5% of revenue.

The compensation and social security charges item increased significantly due to a much larger average S&M staff in 2008 than in 2007. Personnel expenses related to stock options and BSPCE totalled €650,000 in 2008 compared to €754,000 in 2007.

Operating subsidies include multimedia credits granted by the Canadian government and subsidies received from the Argentine government.

Amortisation expense decreased slightly compared to 2007.

## VI. ADMINISTRATIVE EXPENSES

Administrative costs are as follows:

	<b>31.12.08</b>	<b>31.12.07</b>
Purchases of studies, services and other supplies	21	26
Other external charges	4,047	3,046
Employee compensation	4,688	4,173
Operating subsidy	-279	-212
Social security charges	1,110	925
Taxes	22	163
Amortisation expense on capital assets	248	123
<b>TOTAL</b>	<b>9,857</b>	<b>8,244</b>

Administrative expenses include all expenses of the company's accounting, legal, IT and human resources staff. At 31 December 2008, Gameloft's Administrative department had 226 employees.

The compensation and social security charges item increased in 2008 as a result of the creation of new studios, which required the hiring of administrative employees to handle their supervision and development, the increase in the group's business volume and the recognition of personnel expenses related to stock options and BSPCE. These expenses totalled €662,000 in 2008 compared to €607,000 in 2007.

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:

	<b>31.12.08</b>	<b>31.12.07</b>
Pensions and similar benefits	114	16
Share-based payments	2,696	2,995

#### VII. CHANGE IN INVENTORIES OF FINISHED PRODUCTS

	<b>31.12.08</b>	<b>31.12.07</b>
Change in inventories: Asphalt DS	28	41
<b>TOTAL</b>	<b>28</b>	<b>41</b>

#### VIII. PROVISIONS

	<b>31.12.08</b>	<b>31.12.07</b>
Provisions	1,365	532
<b>TOTAL</b>	<b>1,365</b>	<b>532</b>

Provisions pertain to the recognition of a retirement commitment (€114,000) and employee terminations (€46,000), provisions for trade receivables (€100,000) and provisions for asset depreciation (€1,105,000).

Provisions for asset depreciation are determined on the basis of the profitability of projects related to the development of games for next-generation game consoles which are marketed or in production.

#### IX. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses are as follows:

	<b>31.12.08</b>	<b>31.12.07</b>
Gain on disposal of assets	937	-168
Other income	843	801
Other expenses	-986	-1,062
<b>TOTAL</b>	<b>794</b>	<b>-429</b>

The gain on disposal mainly concerns the sale of the Pune studio in India to Ubisoft.

Other income includes repayment by one of Gameloft's partners of deductions at source incorrectly withheld in previous years (€645,000) and repayment by the Chinese government of a portion of Chinese VAT (€103,000).

Other expenses include deductions at source (€578,000), bad debts (€140,000) and lawsuits (€200,000).

#### X. NON-RECURRING INCOME AND EXPENSE

Non-recurring operations are as follows:

	<b>31.12.08</b>	<b>31.12.07</b>
Other non-recurring income	-	11
Other non-recurring expenses	115	11
<b>TOTAL</b>	<b>-115</b>	<b>-1</b>

Other non-recurring expenses include expenses related to the addition to the scope of consolidation of companies that

already existed at 31 December 2007.

## XI. NET FINANCIAL INCOME/EXPENSE

Net financial income/expense breaks down as follows:

	31.12.08	31.12.07
<b>Cost of net financial debt</b>	<b>197</b>	<b>515</b>
<i>Cash and cash equivalents income</i>	309	547
<i>Gain/loss on disposal of cash equivalents</i>	-	-
<i>Interest on financing activities</i>	113	32
<i>Gain/loss on currency hedges on cash and cash equivalents</i>	-	-
<b>Financial income</b>	<b>5,033</b>	<b>3,183</b>
<i>Dividends</i>	-	-
<i>Foreign exchange gains</i>	5,033	3,070
<i>Other financial income</i>	-	113
<b>Financial expense</b>	<b>6,458</b>	<b>5,197</b>
<i>Foreign exchange losses</i>	6,456	5,158
<i>Other financial expenses</i>	1	39
<b>TOTAL</b>	<b>-1,228</b>	<b>-1,499</b>

The company has financial debts in euros and Canadian dollars.

The company had no interest rate or foreign currency hedge at 31 December 2008.

The interest on financing activities item includes the financial expenses (€35,000) 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 Ludigames (€1,000).

## XII. INCOME TAX

Income tax consists of the following:

	31.12.08	31.12.07
Current tax	960	2,363
Deferred tax	-27	-48
<b>Total</b>	<b>933</b>	<b>2,315</b>

### - Current tax:

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

### - Deferred tax:

	31.12.08	31.12.07
Deferred tax assets (see detail IV)	987	627
Deferred tax liabilities (see detail XIV)	1,049	775

Current tax concerns the following subsidiaries: Gameloft S de RL (€259,000), Gameloft Inc. (€616,000), Gameloft Argentina (€466,000), Gameloft Software Beijing Ltd (€87,000), and Gameloft Rich Games Production France, Gameloft Partnerships and Gameloft Live at a rate of 33.33% for a total of €121,000, French companies which recorded a profit.

Tax reconciliation:

	31.12.08	31.12.07
--	----------	----------

Pre-tax profit/loss	-876	-1,765
Notional tax	-292	-588
<b>Use of tax losses:</b>		
Gameloft Italy		3
Gameloft Korea		-87
Gameloft Romania		-2
Tax rate difference	161	386
Permanent differences between corporate income and consolidated income	110	1,132
<i>of which taxes on stock options</i>	<i>899</i>	<i>998</i>
<i>of which inter-company eliminations</i>	<i>-991</i>	<i>-326</i>
<b>Add-back:</b>		
Gameloft SA (non tax-deductible operating expenses)	962	210
Gameloft Iberica		319
<b>Deduction:</b>		
Gameloft SA	-8	
<b>Total</b>	<b>933</b>	<b>2,315</b>

#### 4.1.6 Sector information

In light of the Gameloft Group's organisational structure and the commercial links among the various subsidiaries, the company proceeds on the basis that the Gameloft Group operates in a single market. The Gameloft Group also operates in three distinct geographic regions: Europe, North America and the Rest of the World.

Breakdown of net profit/loss by geographic region at 31 December 2008:

	Europe*	North America	Rest of the world	Total at 31.12.08
<b>Revenue</b>	47,084	33,245	30,003	<b>110,332</b>
Self-constructed assets	6,372	-	83	6,455
Closing inventory	2,397	-	-	2,397
Other business-related income	189	-	70	259
Cost of sales	12,852	542	104	13,498
Research & Development costs	22,391	9,990	31,922	64,303
Commercial expense	17,245	4,645	8,828	30,718
Overhead costs	5,707	2,285	1,865	9,857
Change in inventories of finished products	28			28
Provisions	1,130	-	234	1,365
Other operating income and expenses	,16	-345	1,123	794
<b>Operating income/expense from ordinary activities</b>	<b>-3,296</b>	<b>15,438</b>	<b>-11,675</b>	<b>467</b>
Non-recurring expenses	-43		-72	-115
<b>Operating income/expense</b>	<b>-3,340</b>	<b>15,438</b>	<b>-11,747</b>	<b>352</b>
Cash and cash equivalents income	241	14	54	309
Cost of gross financial debt	57	40	15	113
<b>Cost of net financial debt</b>	<b>184</b>	<b>-26</b>	<b>39</b>	<b>197</b>
Financial income	3,289	265	1,479	5,033
Financial expense	4,539	72	1,847	6,458
<b>Net financial income/expense</b>	<b>-1,067</b>	<b>167</b>	<b>-328</b>	<b>-1,228</b>
Tax expense	310	-235	857	933
Share in earnings of equity-accounted companies	-	-	-	-
<b>Net profit/loss before income from businesses discontinued or being sold</b>	<b>-4,716</b>	<b>15,840</b>	<b>-12,933</b>	<b>-1,809</b>
Profit/loss of businesses discontinued or being	-	-	-	-

sold				
Net profit/loss:				
<b>Of the consolidated group</b>	<b>-4,716</b>	<b>15,840</b>	<b>-12,933</b>	<b>-1,809</b>
<b>Minority interests</b>				

- within the meaning of the European Union

Geographic breakdown of assets (gross values):

Assets	Europe*		North America		Rest of the world		Total
	Amount	As %	Amount	As %	Amount	As %	Amount
Office software	241	27%	207	23%	450	50%	898
Advances	14,230	93%	1,016	7%			15,246
Games marketed	6,280	100%					6,280
Development in progress	3,218	100%					3,218
General facilities	208	9%	442	19%	1,677	72%	2,327
Transportation equipment					2	100%	2
Computer equipment and furniture	3,879	39%	1,658	17%	4,350	44%	9,887
Construction work in progress							-
Leased assets			99	100%			99
<b>TOTAL</b>	<b>28,056</b>	<b>74%</b>	<b>3,422</b>	<b>9%</b>	<b>6,479</b>	<b>17%</b>	<b>37,956</b>

\* within the meaning of the European Union

Geographic breakdown of fixed assets (net values):

Assets	Europe*		North America		Rest of the world		Total
	Amount	As %	Amount	As %	Amount	As %	Amount
Office software	72	25%	47	16%	173	59%	292
Advances	5,594	95%	317	5%			5,911
Games marketed	1,807	100%					1,807
Development in progress	3,218	100%					3,218
General facilities	107	8%	135	10%	1,162	82%	1,404
Transportation equipment					1	100%	1
Computer equipment and furniture	1,260	34%	485	13%	1,927	53%	3,673
Leased assets			6	100%			6
<b>TOTAL</b>	<b>12,058</b>	<b>74%</b>	<b>990</b>	<b>6%</b>	<b>3,263</b>	<b>20%</b>	<b>16,311</b>

\* within the meaning of the European Union

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

Assets	Europe*		North America		Rest of the world		Total
	Amount	As %	Amount	As %	Amount	As %	Amount
Office software	78	1%	462	38%	122	7%	662
Advances on licences	5,736	44%	369	30%	-		6,105
Games marketed	2,269	18%	-		-		2,269
Development in progress	3,692	29%	-		-		3,692
General facilities	6	-%	12	1%	364	21%	382
Transportation equipment	-		-		-		-
Computer equipment and furniture	931	7%	387	31%	1,095	63%	2,413

Leased assets	-	-	-	-	-
Construction work in progress	-	-	-	-	-
Other financial assets	216	1%	-	155	9%
<b>TOTAL</b>	<b>12,928</b>	<b>100%</b>	<b>1,230</b>	<b>1,736</b>	<b>100%</b>

- within the meaning of the European Union

Breakdown of net assets by activity:

Assets	Intangible		Tangible		Financial		Total
	Amount	As %	Amount	As %	Amount	As %	Amount
Mobile phones & Development for platforms	11,228	100%	5,083	100%	2,619	100%	18,930
<b>TOTAL</b>	<b>11,228</b>	<b>100%</b>	<b>5,083</b>	<b>100%</b>	<b>2,619</b>	<b>100%</b>	<b>18,930</b>

Breakdown of consolidated assets (net value) by geographic region at 31 December 2008:

ASSETS	Europe*	North America	Rest of the world	Total at 31.12.08
Other intangible assets	23,969	1,223	450	<b>25,642</b>
- Amort. intangible assets	-13,279	-858	-277	<b>-14,414</b>
Tangible assets	4,087	2,199	6,029	<b>12,314</b>
- Depr. tangible assets	-2,721	-1,574	-2,937	<b>-7,231</b>
Holdings in affiliates	372			<b>372</b>
- Provisions in affiliates	-1			<b>-1</b>
Non-current financial assets	533	93	1,622	<b>2,248</b>
Deferred tax assets	230	351	406	<b>987</b>
Other non-current receivables	-	963	-	<b>963</b>
Assets being sold	55	-	-	<b>55</b>
<b>Non-current assets</b>	<b>13,245</b>	<b>2,397</b>	<b>5,293</b>	<b>20,935</b>
Inventory and work in progress	2,428	-	-	<b>2,428</b>
Trade receivables and related accounts	7,899	11,790	15,822	<b>35,512</b>
- Provisions for trade receivables	-288	-	-80	<b>-368</b>
Financial assets	-	-	-	<b>-</b>
- Provision for financial assets	-	-	-	<b>-</b>
Other receivables and accruals (1)	2,191	2,890	1,920	<b>7,001</b>
- Provisions for other receivables	-	-	-	<b>-</b>
Cash and cash equivalents	7,284	1,626	2,563	<b>11,473</b>
<b>Current assets</b>	<b>19,514</b>	<b>16,306</b>	<b>20,225</b>	<b>56,046</b>
<b>Total Assets</b>	<b>32,759</b>	<b>18,703</b>	<b>25,518</b>	<b>76,981</b>

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

#### 4.1.7 Additional information

##### 4.1.7.1 Off-balance sheet commitments

Guarantees given: none  
Collateral provided: none

Guarantees received: none

Off-balance sheet commitments:

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

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

As shareholder, Gameloft S.A. sent a letter of intent to the Gameloft Hong Kong and Gameloft Ltd UK subsidiaries on 31 December 2008 regarding the continued operation of its financially troubled companies.

Notes receivable discounted: none

Financial leases: none

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

Each year, based on the agreements applicable at companies, full-time employees acquire a right to 20 to 21 hours of training.

The rights acquired annually may be accumulated over a six-year period.

There are no other significant off-balance sheet commitments.

#### 4.1.7.2 Compensation of the group's senior executives

The total gross compensation paid in 2008 by both the company and its subsidiaries to key management personnel and those related to them was €383,000. According to IAS 24, key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the company, directly or indirectly, including the company's directors, and related parties are close members of their family. No directors' fees were paid.

	2008	2007
Salaries, misc. charges and benefits	383	399
Total pensions and other post-employment benefits	-	-
Severance pay	-	-
Total stock options and bonus shares issued	450,000	900,000

Messrs. Guillemot are compensated for their duties as Chief Executive Officer and Executive Vice Presidents. Their compensation includes a fixed component and benefits in kind. They do not have employment contracts. The executive directors do not receive variable compensation. The total gross compensation paid to the managers during the fiscal year by the company, by the controlled companies as defined by IAS 24.16 and by the companies that control the company at which they perform their duties (Ubisoft Entertainment SA and Guillemot Brothers SA) is defined in paragraph 5.6 of this reference document.

The company managers do not receive forms of compensation considered as post-employment benefits. 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 will be subject to performance conditions.

The following tables give a summary of the total gross compensation and benefits of any kind paid or owed for FY 2008 to each company manager either by Gameloft S.A. itself or by the controlled companies pursuant to Article L. 233-16 of the French Commercial Code or the companies that control it.

For 2008, the total gross compensation paid to the executive directors, and for which a provision was set up, was 2,158,001 euros.

Amounts in euros	Gameloft SA	Gameloft Inc.	Gameloft Ltd.		Ubisoft Entertainment SA		Guillemot Brothers SA	TOTAL compensation for 2008
	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	141,236	5,492	81,956	22,500	161,191	472,375
Claude Guillemot	43,228	0	0	0	81,956	30,000	217,331	372,515
Gérard Guillemot	0	46,905	0	0	140,294 (1)	15,000	230,456 (2)	432,655
Yves Guillemot	43,228	0	0	0	337,169	30,000	33,581	443,978
Christian Guillemot	43,228	0	0	0	81,956	22,500	288,794	436,478

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	2007		2008	
	Amount owed	Amount paid	Amount owed	Amount paid
Fixed compensation	302,555	302,555	444,383	444,383
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	37,500	37,500	22,500	22,500
Benefits in kind	2,378	2,378	5,492	5,492
<b>TOTAL</b>	<b>342,433</b>	<b>342,433</b>	<b>472,375</b>	<b>472,375</b>

Claude Guillemot	2007		2008	
	Amount owed	Amount paid	Amount owed	Amount paid
Fixed compensation	214,800	214,800	342,515	342,515
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	37,500	37,500	30,000	30,000
Benefits in kind	-	-	-	-
<b>TOTAL</b>	<b>252,300</b>	<b>252,300</b>	<b>372,515</b>	<b>372,515</b>

Gérard Guillemot	2007		2008	
	Amount owed	Amount paid	Amount owed	Amount paid
Fixed compensation	226,040	226,040	417,655	417,655
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	37,500	37,500	15,000	15,000
Benefits in kind	-	-	-	-
<b>TOTAL</b>	<b>263,540</b>	<b>263,540</b>	<b>432,655</b>	<b>432,655</b>

Yves Guillemot	2007		2008	
	Amount owed	Amount paid	Amount owed	Amount paid
Fixed compensation	214,800	214,800	413,978	413,978
Variable compensation	-	-	-	-
Special compensation	-	-	-	-

Directors' fees	37,500	37,500	30,000	30,000
Benefits in kind	-	-	-	-
<b>TOTAL</b>	<b>252,300</b>	<b>252,300</b>	<b>443,978</b>	<b>443,978</b>

<b>Christian Guillemot</b>	2007		2008	
	Amount owed	Amount paid	Amount owed	Amount paid
Fixed compensation	214,800	214,800	413,978	413,978
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	37,500	37,500	22,500	22,500
Benefits in kind	-	-	-	-
<b>TOTAL</b>	<b>252,300</b>	<b>252,300</b>	<b>436,478</b>	<b>436,478</b>

Stock options granted to each executive director during the fiscal year:

<b>STOCK OPTIONS GRANTED DURING THE FISCAL YEAR</b>					
<b>Name of executive director:</b>	plan no. and date	Type of options	Number of options granted	Exercise price	Exercise period
- Mr. Michel Guillemot	Plan 8 of 11/04/2008	Stock options	300,000	€2.80	From 11/04/2010 to 11/04/2014
- Mr. Christian Guillemot	Plan 8 of 11/04/2008	Stock options	37,500	€2.80	From 11/04/2010 to 11/04/2014
- Mr. Yves Guillemot	Plan 8 of 11/04/2008	Stock options	37,500	€2.80	From 11/04/2010 to 11/04/2014
- Mr. Claude Guillemot	Plan 8 of 11/04/2008	Stock options	37,500	€2.80	From 11/04/2010 to 11/04/2014
- Mr. Gérard Guillemot	Plan 8 of 11/04/2008	Stock options	37,500	€2.95	From 11/04/2010 to 11/04/2014
<b>TOTAL</b>			450,000		

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 exercised by each executive director during the fiscal year:

No shares resulting from the exercise of options during the fiscal year ended 31 December 2008 were subscribed for by any of the executive directors.

Performance shares allotted to each executive director:

No performance shares were allotted to the executive directors during the fiscal year ended 31 December 2008.

History of stock options granted:

<b>STOCK OPTIONS GRANTED DURING PREVIOUS FISCAL YEARS</b>		
	<b>Plan 6 of 11/01/2006</b>	<b>Plan 7 of 03/01/2007</b>
<b>Date of Board of Directors' meeting</b>	11/01/2006	03/01/2007
<b>Total number of shares eligible for subscription by:</b>		
- Mr. Michel Guillemot	90,000	270,000
- Mr. Christian Guillemot	90,000	30,000
- Mr. Yves Guillemot	90,000	30,000

- Mr. Claude Guillemot	90,000	30,000
- Mr. Gérard Guillemot	90,000	90,000
Start date to exercise options	11/01/2010	03/01/2011
Expiration date	11/01/2012	03/01/2013
Subscription price	€5.35	€4.10
Terms and conditions of exercise		
Number of shares subscribed for at 31 December 2008	-	-
Total number of cancelled or expired stock options	-	-
Remaining stock options at year end	-	-

Stock options granted to each executive director during the fiscal year by the Ubisoft Group:

STOCK OPTIONS GRANTED DURING THE FISCAL YEAR					
Name of executive director:	plan no. and date	Type of options	Number of options granted	Exercise price	Exercise period
- Mr. Michel Guillemot	Plan 17 of 27/06/2008	Stock options	6,000	€55.31	From 27/06/2009 to 26/06/2013
- Mr. Christian Guillemot	Plan 17 of 27/06/2008	Stock options	6,000	€55.31	From 27/06/2009 to 26/06/2013
- Mr. Yves Guillemot	Plan 17 of 27/06/2008	Stock options	45,000	€55.31	From 27/06/2009 to 26/06/2013
- Mr. Claude Guillemot	Plan 17 of 27/06/2008	Stock options	6,000	€55.31	From 27/06/2009 to 26/06/2013
- Mr. Gérard Guillemot	Plan 17 of 27/06/2008	Stock options	6,000	€55.31	From 27/06/2009 to 26/06/2013
<b>TOTAL</b>			69,000		

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.

History of stock options granted by the Ubisoft Group:

STOCK OPTIONS GRANTED DURING PREVIOUS FISCAL YEARS	
	Plan 14 of 26/04/2007
Date of Board of Directors' meeting	26/04/2007
Total number of shares eligible for subscription by:	
- Mr. Michel Guillemot	6,250
- Mr. Christian Guillemot	6,250
- Mr. Yves Guillemot	50,000
- Mr. Claude Guillemot	6,250
- Mr. Gérard Guillemot	6,250
Start date to exercise options	26/04/2008
Expiration date	25/04/2012
Subscription price	€35.29
Terms and conditions of exercise	Per quarter
Number of shares subscribed for at 31 December 2008	-
Total number of cancelled or expired	-

<b>stock options</b>	
<b>Remaining stock options at year end</b>	-

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.

#### 4.1.7.3 Loans extended to the group's senior executives

At 31 December 2008, no advance or credit was extended to the group's senior executives pursuant to Article L. 225-43 of the French Commercial Code.

#### 4.1.7.4 Events subsequent to year end

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.

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

#### 4.1.7.5 Personnel

In 2008, the workforce was reduced slightly. The Gameloft Group's employees break down as follows over the past five fiscal years:

a) Breakdown by geographic region:

	31.12.04	31.12.05	31.12.06	31.12.07	31.12.08
Europe	86	159	139	797	544
North America	247	370	335	324	375
Rest of the world	389	1,255	2,161	2,902	3,083
<b>Total</b>	<b>722</b>	<b>1,784</b>	<b>2,635</b>	<b>4,023</b>	<b>4,002</b>

b) Breakdown by department:

	31.12.04	31.12.05	31.12.06	31.12.07	31.12.08
Administration	31	83	138	185	226
Sales and Marketing	39	108	192	425	438
Internet	12	23	-	-	-
R&D	640	1,570	2,305	3,413	3,338
<b>Total</b>	<b>722</b>	<b>1,784</b>	<b>2,635</b>	<b>4,023</b>	<b>4,002</b>

c) Average number of employees

	2007	2008
Research & Development	2,933	3376
Sales & Marketing	313	432
Administration	169	206
<b>Total</b>	<b>3,415</b>	<b>4,014</b>

#### 4.1.7.6 Information regarding related parties

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

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 (€430,000),
- the purchase of Asphalt DS game cartridges (-€45,000),
- royalties under a licence agreement with Ubisoft Entertainment by which Gameloft SA is authorised to use their brand (€635,000).

##### Operating income:

- re invoicing of services provided by Gameloft SA on behalf of Ubisoft (€2,021,000),
- re invoicing of services provided by Gameloft Srl Romania on behalf of Ubisoft (€19,000),
- the sale of Asphalt DS game cartridge merchandise (€4,000),
- marketing by Ubisoft Entertainment and Ubisoft Inc under a distribution agreement for console games produced by Gameloft SA (€3,057,000).

c) with AMA:

##### Operating expenses:

- re invoicing of royalties for the marketing of AMA games (€94,000).

##### Operating income:

- re invoicing of Gameloft GmbH for services provided on their behalf (€103,000),
- 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 (€71,000).

	31.12.08	31.12.07
<b>Assets (€K)</b>		
Equity holdings		-
Trade receivables and related accounts	2,254	710
Prov. for trade receivables		-
Other receivables		-
Prov. for other receivables		-
Receivables from suppliers		-
<b>Liabilities (€K)</b>		
Trade payables and related accounts	353	699
Financial debts		
Customer credit balances	4,120	
<b>Operating profit/loss (€K)</b>		
Operating income	4,000	347
Operating expenses	5,206	2,465
	1,206	2,118
<b>Net financial income/expense (€K)</b>		
Financial income		-
Financial expense		-

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

Because the Gameloft Dubai, Gameloft Malte, Gameloft Sprl, Gameloft Venezuela, Gameloft Philippines and Ludigames SAS subsidiaries have not yet begun operations, they were not included in the scope of consolidation at 31 December 2008. In addition, after going out of business in the first quarter of 2008, Odyssee Interactive Games is no longer part of the scope of consolidation.

	31.12.08	31.12.07
<b>Assets (€K)</b>		
Equity holdings	372	64
Prov. for equity holdings	1	7
Assets being sold	55	
Trade receivables and related accounts		-
Prov. for trade receivables		-
Other receivables		50
Prov. for other receivables		31
Receivables from suppliers		-
<b>Liabilities (€K)</b>		
Trade payables and related accounts	62	-
Financial debts		-
<b>Operating profit/loss (€K)</b>		
Operating income		-
Operating expenses	129	-
<b>Net financial income/expense (€K)</b>		
Financial income		-
Financial expense		-

#### 4.1.7.7 Market risk

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

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

#### 4.1.7.8 Individual Right to Training

At 31 December 2008, hours totalled 5,086.

#### 4.1.7.9 Auditors' fees

The following table shows the fees of Gameloft's auditors for the services provided in 2008.

	Audit AMLD				MB Audit			
	Amount		%		Amount		%	
	2008	2007	2008	2007	2008	2007	2008	2007
<b>Audit €K</b>								
Audit of the accounts and certification of the year-end and consolidated financial statements								
• Issuer	100.3	93.5	94.18%	100%	98	93.5	92.45%	100%
• Fully consolidated subsidiaries	6.2	5.7	5.82%	-	8	3.9	7.55%	-
Other work and services directly related to the auditors' audit								
• Issuer	-	-	-	-	-	-	-	-
• Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
Subtotal	106.5	99.2	100%	100%	106	97.4	100%	100%
<b>Other services provided by the networks to the fully consolidated subsidiaries</b>								
Legal, fiscal, social	-	-	-	-	-	-	-	-
Other (please specify if > 10% higher than the audit fees)	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>106.5</b>	<b>99.2</b>	<b>100%</b>	<b>100%</b>	<b>106</b>	<b>97.4</b>	<b>100%</b>	<b>100%</b>

#### 4.1.7.10 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
<b>Detailed information regarding the subsidiaries and equity holdings of non-consolidated companies</b>												
<b>SUBSIDIARIES CAPITAL HELD AT LEAST 50%</b>			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	€	27	-	100.00%	27	27	-	-	-	-	-
Gameloft Malte	Malta	€	140	-	99.99%	140	140	-	-	-	-	-
Gameloft Philippines	Philippines	USD	200	-	100.00%	142	142	-	-	-	- 38	-
Ludigames SAS	France	€	37	-	100.00%	37	36	-	-	-	- 1	-
Gameloft Venezuela	Venezuela	USD	10	-	95.00%	6	6	-	-	-	-	-
Odyssée Interactive Games	France	€	1	83	99.90%	55	55	-	-	129	- 55	-
<b>EQUITY HOLDINGS CAPITAL HELD BETWEEN 10 AND 50%</b>												
<b>GRAND TOTAL</b>						<b>427</b>	<b>426</b>	<b>-</b>	<b>-</b>			

#### **4.1.8 Auditors' report on the consolidated financial statements**

Pursuant to the mission entrusted to us by your General Meeting, we present to you our report for the fiscal year ended 31 December 2008 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.

#### **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 felt it appropriate to verify the valuations of intangible assets, and particularly the rules for capitalising development costs and licences, as described in Note 5.3.2.2. The company provided us with information concerning these estimates, including in particular the evidence requested concerning the reasonableness of the valuation of depreciation and provisions.
- The company presents its income statement by function and not by type. As part of our audit, we verified that the allocations made are accurate and that the method used complies with IFRS standards.
- Note 5.3.1.4 "comparability of the accounts" describes a reclassification of the 2007 gains/losses on disposals. Recorded in N-1 under other non-recurring income and expenses, they are now classified under other operating income and expenses. As part of our assessment of the accounting principles applied by your company, we have reviewed the correct reclassification of the accounts for fiscal year N-1 and the information provided in this respect in the attached notes.

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**

We also conducted the specific verification required by law of the information provided in the report concerning the group's management. We have no comments regarding the fairness of the information and its consistency with the consolidated financial statements.

Rennes, 27 April 2009

The Auditors

AUDIT AMLD  
André Métayer

MB AUDIT  
Roland Travers

**Correlation table of the attached notes:**

Auditors' report  
Note 5.3.2.2

Reference Document  
Paragraph 4.1.5.3.2.2

## 4.2 Individual financial statements at 31 December 2008

### 4.2.1 Balance sheet at 31 December 2008 (€K) (12-month fiscal year)

ASSETS	Notes	31.12.08	31.12.08	31.12. 08	31.12. 07
		Gross €K	Amort/dep €K	12-month fiscal year Net €K	12-month fiscal year Net €K
Intangible assets	I	25,705	15,032	10,673	6,919
Tangible assets	II	3,160	2,088	1,071	1,091
Financial assets	III	8,278	107	8,171	7,556
Long-term assets		37,143	17,228	19,915	15,566
Inventories of finished products	IV	2,428	-	2,428	70
Advance payments made	V	-	-	-	-
Trade receivables and related accounts	VI	53,972	1,738	52,234	42,575
Other receivables	VII	12,129	1,375	10,754	13,212
Short-term investment securities	X	2,507		2,507	6,266
Cash on hand	XI	2,621		2,621	1,356
Current assets		73,657	3,113	70,544	63,477
Accruals	XII	2,643		2,643	1,558
<b>Total Assets</b>		<b>113,443</b>	<b>20,340</b>	<b>93,101</b>	<b>80,600</b>

LIABILITIES	Notes	31.12.08 12-month fiscal year €K	31.12.07 12-month fiscal year €K
Share capital		3,680	3,653
Issue and merger premiums		63,790	62,860
Reserves		-18,157	-15,619
Fiscal year profit/loss		-5,067	-2,538
Shareholders' equity	XIII	44,246	48,356
Provisions for contingencies and charges	XIV	2,577	1,359
Misc. financial debts (1)	XVII	5,741	2,661
Trade payables and related accounts	XVIII	28,686	23,877
Tax and social security liabilities	XIX	1,906	1,490
Debts on assets	XX	4,508	2,156
Other debts	XXI	4,280	178
Total debts		45,120	30,363
Accruals	XXII	1,158	522
<b>Total Liabilities</b>		<b>93,101</b>	<b>80,600</b>
(1) including group current accounts		5,716	2,645

#### 4.2.2 Income statement at 31 December 2008 (€K)

	Notes	12-month fiscal year ended 31.12.08	12-month fiscal year ended 31.12.07
Sales of goods	I	3,254	751
Output sold for the year	I	81,657	73,486
Closing inventory	I	2,397	
Self-constructed assets for the year	I	6,355	3,537
Other operating income and transfers of charges	II	<u>1,189</u>	<u>819</u>
<b>Total operating income</b>		<b>94,852</b>	<b>78,592</b>
Purchases	III	67,242	57,618
Change in inventories	IV	28	41
Other purchases and external charges	V	12,754	11,783
Taxes		728	412
Personnel expenses	VI	5,828	5,680
Other expenses		720	307
Depreciation and provisions	VII	<u>10,716</u>	<u>4,743</u>
<b>Total operating expense</b>		<b>98,017</b>	<b>80,584</b>
<b>Operating profit/loss</b>		<b>-3,164</b>	<b>-1,992</b>
Income from other securities and receivables from long-term assets (1)		-	-
Other interest and similar income (1)		335	516
Write-backs of provisions		1,479	1,356
Foreign exchange gains		3,118	494
Net income from sales of short-term investment securities		=	=
<b>Total financial income</b>		<b>4,932</b>	<b>2,367</b>
Provisions		3,891	1,348
Other interest and similar expenses (2)		163	49
Foreign exchange losses		2,771	1,415
Net expenses on sales of short-term investment securities		=	=
<b>Total financial expense</b>		<b>6,825</b>	<b>2,812</b>
<b>Net financial income/expense</b>	VIII	<b>-1,893</b>	<b>-445</b>
<b>Profit/loss from ordinary activities</b>		<b>-5,057</b>	<b>-2,438</b>
Extraordinary profit/loss	IX	-10	-100
Pre-tax profit/loss		-5,067	-2,538
Income tax	X	-	-
<b>Net fiscal year profit/loss</b>		<b>-5,067</b>	<b>-2,538</b>
(1) including income related to affiliates:		177	75
(2) including expenses related to affiliates:		122	45

#### 4.2.3 Cash flow statement at 31 December 2008 (€K)

	31.12.2008	31.12.2007
	12-month fiscal year	12-month fiscal year
<b>Cash flow from operating activities</b>		
Net profit/loss	-5,067	-2,538
Depreciation of tangible and intangible assets	7,979	4,548
Change in provisions	2,195	-79
Capital gains and losses	8	111
<b>Cash from operations</b>	<b>5,115</b>	<b>2,042</b>
Change in inventories	-2,359	41
Change in trade receivables	-8,287	-15,810
Change in operating liabilities	9,963	14,104
Change in non-trade receivables	-	-
Change in non-operating liabilities	2,351	-
<b>Total cash flow</b>	<b>1,669</b>	<b>-1,665</b>
<b>Investment-related cash flow</b>		
Purchases of intangible assets	-6,458	-1,965
Acquisition of advances on intangible assets	-5,737	-4,764
Purchases of tangible assets	-968	-694
Purchases of equity holdings	-353	-1,084
Purchases of other financial assets	-187	-79
Sales of assets	10	27
Repayments of loans and other financial assets	394	18
<b>Total investment-related cash flows</b>	<b>-13,298</b>	<b>-8,541</b>
<b>Cash flow from financing activities</b>		
New long- and medium-term loans		
Repayments of loans		
Share capital increase	27	115
Increase in issue premium	930	4,268
Change in shareholders' current accounts	3,072	2,570
Other cash flows		
<b>Total cash flows from financing activities</b>	<b>4,029</b>	<b>6,953</b>
<b>Impact of translation gains and losses</b>	<b>-16</b>	<b>-</b>
<b>Change in cash and cash equivalents</b>	<b>-2,502</b>	<b>-1,211</b>
Net cash and cash equivalents at start of fiscal year	7,604	8,815
Net cash and cash equivalents at end of fiscal year	5,103	7,604

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

Fiscal year	31.12.04	31.12.05	31.12.06	31.12.07	31.12.08
	12 months	12 months	12 months	12 months	12 months
Share capital (€)	3,228,341	3,442,516	3,537,829	3,652,918	3,680,255
No. of ordinary shares	64,566,823	68,850,316	70,756,584	73,058,357	73,605,094
No. of preferred shares	-	-	-	-	-
Maximum no. of shares that may be created	9,340,474	7,358,777	7,414,609	8,311,036	7,011,987
By exercised options	4,894,074	4,061,677	5,198,506	7,323,778	6,358,987
By BSPCE subscriptions	4,446,400	3,297,100	2,216,103	987,258	653,000
Revenue	18,853	35,586	47,901	74,236	84,911
Profit/loss before tax, profit-sharing, depreciation and provisions	-8,951	-1,462	8,080	2,178	7,876
Income tax	15	19	-	-	-
Profit-sharing	-	-	-	-	-
Profit/loss after tax, profit-sharing, depreciation and provisions	1,625	3,102	23,395	-2,538	-5,067
Dividend payout	-	-	-	-	-
Per share, profit/loss after tax and before depreciation and provisions (€)	-0.14	-0.02	0.33	0.03	0.11
Per share, profit/loss after tax and depreciation and provisions (€)	0.03	0.04	0.11	-0.03	-0.07
Dividend allocated to each share	-	-	-	-	-
Average number of employees	42	41	36	40	35
Total payroll	2,731	3,313	3,828	3,929	4,007
Social security taxes and fringe benefits	1,135	1,463	1,615	1,752	1,821

#### 4.2.5 Proposed allocation of profit

The Board of Directors has proposed allocating the net loss of €5,067,331.27 to losses carried forward.

#### 4.2.6 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 2008 and constitute the appendix to the balance sheet (before distribution of earnings), which shows a total of 93.1 million euros, and to the income statement, which shows a loss of 5.1 million euros. The fiscal year is 12 months long and covers the period from 1 January 2008 to 31 December 2008.

##### 4.2.6.1 Highlights of the fiscal year

###### - Creation:

In 2008, new companies were created first in Singapore (Gameloft Pte Limited), the Philippines (Gameloft Philippines Inc.), Venezuela (Gameloft de Venezuela SA), Malta (Gameloft Limited) and finally in France (Ludigames SAS). Another company, Gameloft Dubai, is in the process of being created.

###### - Sale:

In April 2008, Gameloft sold a portion of its assets in India, its branch in Pune, to Ubisoft.

###### - 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 €957,000, issue premiums included. The share capital is currently €3,680,000.

- Currency fluctuations

The average exchange rate of the Pound Sterling and US dollar fell sharply in 2008. This drop impacted the company's financial statements, especially in terms of revenue published in euros.

#### 4.2.6.2 *Comparability of accounts*

There was no reclassification in the individual financial statements at 31 December 2008.

#### 4.2.6.3 *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.

#### 4.2.6.4 *Accounting rules and methods*

##### 4.2.6.4.1 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 12 months on a straight-line basis once the product is released on the market. Technical feasibility is determined on a product-by-product basis. At the end of the fiscal year, and for each software product, a value test is performed and the amount not yet amortised is compared to future sales forecasts. If these sales forecasts are insufficient, additional 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 1,100 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 which have been capitalised since the start of FY 2007.

- Licences

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

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

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

- Office software

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

#### 4.2.6.4.2 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.

#### 4.2.6.4.3 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.

#### 4.2.6.4.4 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 2008 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.

#### 4.2.6.4.5 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.

#### 4.2.6.4.6 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 2008. Unrealised gains and losses on long-term receivables and debts are reported on the balance sheet as translation gains and losses. A provision for foreign exchange losses is set up for unrealised unhedged losses.

Translation gains and losses on cash assets and current accounts in foreign currencies are recognised immediately as foreign exchange income/expense.

#### 4.2.6.4.7 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.

#### 4.2.6.4.8 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.

#### 4.2.6.4.9 Cash on hand

Cash on hand consists of bank account balances.

#### 4.2.6.4.10 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 2008, provisions for contingencies and charges concerned:

- 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 taken into account since 1 January 2003.

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

The assumptions made as of 31 December 2008 are as follows:

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

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

Gameloft has not set up special employee benefits.

#### 4.2.6.4.11 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.).

#### 4.2.6.5 *Notes to the balance sheet*

##### I. Intangible assets

Intangible assets are as follows:

##### **Assets**

	<b>At 31.12.07</b>				<b>At 31.12.08</b>
	<b>Gross</b>	<b>Book transfer</b>	<b>Increases</b>	<b>Decreases</b>	<b>Gross</b>
Software	45		103		148
Brands	1,829				1,829
Development costs	1,340	2,672	2,269		6,280
Development in progress costs	2,197	-2,672	4,086	393	3,218
Advances on licences	8,516		5,737	23	14,230
<b>TOTAL</b>	<b>13,927</b>	<b>-</b>	<b>12,195</b>	<b>416</b>	<b>25,705</b>

“Other intangible assets” pertain to development costs of completed or marketed console games.

Development costs include finished or marketed games for new platforms such as Nintendo DS (€2,269,000).

Intangible assets in progress include development costs of games not yet completed as of the balance sheet date, which this year total €4,086,000.

The company performs tests on the feasibility of the project and its marketing. In 2008, Gameloft conducted a review of its projects in progress. Based on these results, the company decided to record as expenses previously capitalised costs in the amount of €393,000.

“Advances on licences” pertain to licence agreements signed with top-ranked athletes, sports federations (NBA, NFL, etc.), motion picture studios (DreamWorks, Universal, etc.), and so on. In fiscal year 2008, a number of new licence agreements were signed for the use of brands such as Oregon Trail, Terminator Salvation, Spider Man, CSI New York, Uno, etc.

### Amortisation and provisions

	At 31.12.07 Cumulative	Increases	Decreases	Exchange differential	At 31.12.08 Cumulative
Software	40	54			94
Brands	1,829				1,829
Development costs	202	4,317	46		4,473
Advances paid/licences	4,937	3,730	14	-17	8,636
<b>TOTAL</b>	<b>7,008</b>	<b>8,101</b>	<b>60</b>	<b>-17</b>	<b>15,032</b>

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 provision in the amount of €1,066,000 was recorded at 31 December 2008.

The increase in amortisation and provisions for games marketed was €3,212,000 and €1,105,000, respectively. Amortisation corresponds to the amortisation over 12 months of development costs as of the game’s release date. Value tests were conducted on all games marketed and in progress at the end of the fiscal year, which resulted in the recording of a provision in the amount of €1,105,000.

## II. Tangible assets

Tangible assets are as follows:

### Assets

	At 31.12.07 Gross	Increases	Decreases	At 31.12.08 Gross
Plant and equipment	68			68
Transportation equipment	-			-
Computer equipment and furniture	2,133	968	9	3,092
<b>TOTAL</b>	<b>2,201</b>	<b>968</b>	<b>9</b>	<b>3,160</b>

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

The decreases in tangible assets stem from the sale of computer equipment in the amount of €9,000.

### Depreciation

	At 31.12.07 Cumulative	Increases	Decreases	At 31.12.08 Cumulative
Plant and equipment	25	14		39
Transportation equipment	-			
Computer equipment and furniture	1,085	968	4	2,050
<b>TOTAL</b>	<b>1,110</b>	<b>982</b>	<b>4</b>	<b>2,088</b>

### III. Financial assets

Financial assets are as follows:

#### Assets

	Gross At 31.12.07	Increases	Decreases	Gross At 31.12.08
Equity holdings	7,544	353		7,897
Other long-term investments	-	150		150
Deposits and guarantees	200	37	6	231
<b>TOTAL</b>	<b>7,744</b>	<b>540</b>	<b>6</b>	<b>8,278</b>

The increase in equity interests is due to the creation of the following subsidiaries: Gameloft Hong Kong Ltd (€1,000), Gameloft Venezuela (€6,000), Gameloft Malte Ltd (€140,000), Gameloft Philippines Inc (€142,000), Gameloft Dubai (€27,000) and Ludigames (€37,000).

Other long-term investments are loans and receivables.

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

#### Provisions

	At 31.12.07 Cumulative	Increases	Decreases	At 31.12.08 Cumulative
Equity holdings	189	82	164	107
<b>TOTAL</b>	<b>189</b>	<b>82</b>	<b>164</b>	<b>107</b>

The increases refer to the equity holdings in Gameloft Co. Ltd (€80,000), Gameloft Hong Kong Ltd (€1,000) and Ludigames (€1,000).

The write-backs of provisions concern the equity holdings in Gameloft Software Chengdu (€156,000), Gameloft SRO (€7,000) and Gameloft Live (€1,000).

#### Subsidiaries and equity holdings:

€K	Subsidiaries		Equity holdings	
	French	Foreign	French	Foreign
<b>Book value of shares held:</b>				
- gross	173	7,724	-	-
- net	172	7,618	-	-
<b>Total loans and advances granted</b>	-	7,221	-	-
<b>Total security and guarantees provided</b>		-	-	-
<b>Total dividends collected</b>		-	-	-

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 31.12.08 in foreign currencies	Earnings at 31.12.08 in foreign currencies	Dividends distributed
<b>SUBSIDIARIES CAPITAL HELD AT LEAST 50%</b>											
Gameloft Inc. Divertissements (Canada)	CAD	3,971,142	2,517,955	100.00%	2,855,807	2,855,807	8,609	-	14,864,772	791,548	-
Gameloft Inc. (USA)	USD	2,001,000	4,283,739	99.50%	2,316,726	2,316,726	-	-	46,694,934	1,462,554	-
Gameloft Ltd.	£	1,000	-932,437	99.50%	1,666	1,666	-	-	7,506,786	-782,985	-
Gameloft GmbH	€	25,000	-2,294,874	100.00%	25,000	-	99	-	1,639,789	-455,848	-
Gameloft Iberica SA (Spain)	€	60,200	-358,426	100.00%	60,201	60,201	-	-	7,312,223	-587,755	-
Gameloft SRL (Romania)	RON	191,600	-932,142	99.00%	99,000	99,000	-	-	28,311,427	825,271	-
Gameloft SRL (Italy)	€	96,900	231,412	99.74%	97,870	97,870	-	-	2,402,413	22,975	-
Gameloft Software Beijing Ltd.	RMB	1,663,264	38,529,962	100.00%	173,340	173,340	-	-	87,435,476	10,681,320	-
Gameloft KK	JPY	10,000,000	-315,270,425	99.90%	78,720	78,720	3,177,320	-	1,021,916,781	-147,363,190	-
Gameloft Software Shanghai Ltd.	RMB	1,655,320	-1,853,752	100.00%	166,661	166,661	-	-	42,348,391	2,250,840	-
Gameloft Software Chengdu	RMB	1,603,220	-11,147,428	100.00%	155,678	155,678	-	-	24,911,457	1,435,409	-
Gameloft Ltd. (Vietnam)	\$	50,000	-220,448	100.00%	40,317	40,317	79,040	-	4,079,500	153,226	-
Gameloft EOOD (Bulgaria)	€	52,510	-100,926	100.00%	53,000	53,000	-	-	1,858,898	83,135	-
Gameloft S. de R.L. de C.V.	\$ PESO	1,997,000	31,825,975	99.95%	140,028	140,028	-	-	96,675,257	10,928,781	-
Gameloft Private Ltd.	INR	103,026	35,243,786	99.99%	1,977	1,977	-	-	170,087,528	62,990,497	-
Gameloft Co. Ltd.	KRW	100,000,000	-4,609,139,915	100.00%	80,111	-	2,706,641	-	2,155,469,405	-	-
										2,861,835,095	
Gameloft Argentina	ARS	1,200,000	18,944,298	95.00%	953,726	953,726	676,710	-	54,543,625	15,168,205	-
Gameloft LLC (Ukraine)	UAH	199,419	-765,285	100.00%	30,000	30,000	251,764	-	4,789,450	-469,762	-
Gameloft Do Brasil Ltda	BRL	120,000	-418,560	99.00%	48,000	48,000	-	-	5,257,043	-574,738	-
Gameloft Australia Pty Ltd	AUD	5,000	-127,908	100.00%	2,936	2,936	52,903	-	2,743,353	-160,190	-
Gameloft SRO (Czech Republic)	CZK	200,000	-3,320,153	100.00%	7,108	7,108	216,959	-	3,885,928	-2,499,983	-
Gameloft SPRL (Belgium)	€	20,000	-	99.5%	19,900	19,900	-	-	-	-	-
Gameloft Singapore Ltd	SGD	1	-96,983	100.00%	0	0	50,980	-	239,475	-96,983	-
Gameloft Venezuela	USD	9,500	-	95.00%	6,315	6,315	-	-	-	-	-
Gameloft Dubai	€	27,000	-	100.00%	27,000	27,000	-	-	-	-	-
Gameloft Malte Ltd	€	140,000	-	99.99%	140,000	140,000	-	-	-	-	-

Gameloft Philippines Inc	PHP	9,204,000	-2,481,090	99.99%	141,975	141,975	-	-	-	-2,481,090	
Gameloft Hong Kong Ltd	HKD	10,000	-4,810,892	100.00%	869	-	-	-	3,291,879	-3,990,270	
Odyssée Interactive Games 15 000 Aurillac – 483 443 743 00024	€	1,000	28,555	99.90%	54,945	54,945	-	-	128,199	-54,901	-
Gameloft Rich Games Production France SARL 75 001 Paris - 450 415 237 00012	€	7,500	200,310	99.80%	7,485	7,485	-	-	3,445,056	106,812	-
Gameloft Partnerships SAS 75 008 Paris – 488 934 506 00020	€	37,000	153,105	100.00%	37,000	37,000	-	-	3,080,009	100,661	-
Gameloft Live SAS 75 008 Paris – 500 819 537 00019	€	37,000	31,951	100.00%	37,000	37,000	-	-	573,039	32,811	-
Ludigames SAS 75008 Paris – 508 543 964	€	37,000	-1,385	100.00%	37,000	35,615	-	-	-	-1,385	-
<b>EQUITY HOLDINGS CAPITAL HELD BETWEEN 10 AND 50%</b>											

#### IV. INVENTORY

Description	At 31.12.07	Gross value	Provision	At 31.12.08
Asphalt Nintendo DS cartridges	70	31		31
Nintendo DS cartridges	-	1,278		1,278
PS3 cartridges	-	157		157
Wii cartridges	-	962		962
<b>TOTAL</b>	<b>70</b>	<b>2,428</b>	<b>-</b>	<b>2,428</b>

At the end of 2008, Gameloft released several game cartridges as publisher and developer: Real Football 2009 and Guitar Rock Tour for 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.

#### V. Advance payments made

	At 31.12.07	Reclassifications	Increase	Decrease	At 31.12.08
Advance payments made	-				-
<b>TOTAL</b>	<b>-</b>				<b>-</b>

#### VI. Trade receivables and related accounts

	At 31.12.07	Gross value	Provision	At 31.12.08
Trade receivables and related accounts	42,575	53,972	1,738	52,234
<b>TOTAL</b>	<b>42,575</b>	<b>53,972</b>	<b>1,738</b>	<b>52,234</b>

Provisions for trade receivables are set up in an amount equal to our subsidiaries' negative shareholders' equity. At 31 December 2008, the provisions for trade receivables concern third-party customers (€35,000).

The increase in trade receivables is linked to the sharp growth in activity during FY 2008 compared with 2007; however, more than one-half of the trade receivables item consists of intra-group receivables (€36,236,000).

All trade receivables are due in less than one year.

#### VII. Other receivables

	31.12.08	31.12.07
Credit notes from suppliers	811	844
Government (VAT credit, etc.)	1,061	693
Group and partners	7,221	4,536
Receivables from suppliers	2,996	7,318
Other misc. debtors	40	41
<b>TOTAL</b>	<b>12,129</b>	<b>13,433</b>

#### VIII. Due dates of receivables and debts

STATUS OF RECEIVABLES	Gross amount	less than 1 year	more than 1 year
<b>Receivables on current assets</b>			
Inventory	2,428	2,428	
Advance payments made	-	-	
Trade receivables and similar accounts	53,972	53,972	
Government (VAT credit, etc.)	1,061	1,061	
Group and partners	7,221	7,221	
Credit notes from suppliers	811	811	
Receivables from suppliers	2,996	2,996	

Other misc. debtors	40	40
Called-up share capital (issue premium included)	-	-
<b>TOTAL</b>	<b>68,529</b>	<b>68,529</b>

<b>STATUS OF DEBTS</b>	<b>Gross amount</b>	<b>less than 1 year</b>	<b>more than 1 year</b>
Loans & similar accounts	25	25	
Trade payables and related accounts	28,686	28,686	
Tax and social security liabilities	1,906	1,906	
Other debts	4,280	4,280	
Debts on assets	4,508	4,508	
Group and partners	<u>5,716</u>	<u>5,716</u>	
<b>TOTAL</b>	<b>45,121</b>	<b>45,121</b>	

Provisions in the amount of €1,375,000 were recorded at 31 December 2008 for advances on current accounts of subsidiaries. The interest rate on advances is 2.5%, 4% or 4.5% depending on the advance contracts signed with our subsidiaries.

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

In FY 2008, the company received €3,072,000 in current account advances from its Spanish subsidiary. The interest rate of the current account with Gameloft Iberica is 3%.

#### IX. Revenue accruals

	<b>31.12.08</b>	<b>31.12.07</b>
Credit notes from suppliers	811	844
Customers, Unbilled income	10,503	10,631
Government, revenue accruals	-	-
<b>TOTAL</b>	<b>11,314</b>	<b>11,475</b>

#### X. 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:

<b>Description</b>	<b>Net 31.12.07</b>	<b>Gross value at 31.12.08</b>	<b>Provision at 31.12.08</b>	<b>Net at 31.12.08</b>	<b>Value per share shown on the balance sheet</b>	<b>Share price at 31.12.08</b>	<b>% of ownership at 31.12.08</b>
Negotiable certificate of deposit	6,246	2,500	-	2,500	2,507	2,507	-
<b>TOTAL</b>	<b>6,246</b>	<b>2,500</b>	<b>-</b>	<b>2,500</b>	<b>2,507</b>	<b>2,507</b>	<b>-</b>

The value shown on the balance sheet is €2,507,000, including €7,000 in accrued interest.

#### XI. Cash on hand

The "Cash on hand" item includes bank account balances totalling €2,621,000 at 31 December 2008 compared to €1,356,000 at 31 December 2007.

#### XII. Accruals

	<b>31.12.08</b>	<b>31.12.07</b>
Pre-paid expenses	135	389
Translation adjustments	2,508	1,168
<b>Total</b>	<b>2,643</b>	<b>1,557</b>

The translation loss pertains mainly to the discounting of trade receivables (€2,271,000).

### XIII. Shareholders' equity

	Balance at 31.12.07	Share capital increase	Change in share capital	Result 31.12.07	Result 31.12.08	Balance at 31.12.08
Share capital	3,653	27				3,680
Issue premium	62,236	930				63,166
Merger premium	624					624
Other reserves	-15,619			-2,538		-18,157
Fiscal year profit/loss	-2,538			2,538	-5,067	-5,067
<b>TOTAL</b>	<b>48,356</b>	<b>957</b>		<b>-</b>	<b>-5,067</b>	<b>44,246</b>

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 €957,000, which contributed to the increase in shareholders' equity over the previous year but was offset by the loss for the period. Shareholders' equity is positive at €44,246,000 versus €48,356,000 in 2007.

### Number of Gameloft S.A. shares

	Par value €	Number of shares	Amount in €K
<b>At 31/12/05</b>	<b>0.05</b>	<b>68,850,316</b>	<b>3,443</b>
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
<b>At 31/12/06</b>	<b>0.05</b>	<b>70,756,584</b>	<b>3,538</b>
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
<b>At 31/12/07</b>	<b>0.05</b>	<b>73,058,357</b>	<b>3,653</b>
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
<b>At 31/12/08</b>	<b>0.05</b>	<b>73,605,094</b>	<b>3,680</b>

At 31 December 2008, the share capital consisted of 73,605,094 shares with a par value of 0.05 euros, for a total of 3,680,254.70 euros.

### Stock options and BSPCE

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

Date of Board of Directors' meeting	21/03/03	Balance at 31.12.06	Balance at 31.12.07	Balance at 31.12.08
-------------------------------------	----------	---------------------	---------------------	---------------------

Number of shares eligible for subscription:	714,000	164,256	43,128	-
Number of shares cancelled:		161,000	161,000	161,000
Number of people concerned: including managers	39 0			
Start of exercise	21/03/2006	21/03/2006	21/03/2006	21/03/2006
End of exercise	21/03/2008	21/03/2008	21/03/2008	21/03/2008
Subscription price	1.25 euros	1.25 euros	1.25 euros	1.25 euros

<b>Date of Board of Directors' meeting</b>	<b>15/09/03</b>	<b>Balance at 31.12.06</b>	<b>Balance at 31.12.07</b>	<b>Balance at 31.12.08</b>
Number of shares eligible for subscription:	1,544,500	849,000	190,500	-
Number of shares cancelled:		348,500	349,500	352,512
Number of people concerned: including managers	96 0			
Start of exercise	15/09/2006	15/09/2006	15/09/2006	15/09/2006
End of exercise	15/09/2008	15/09/2008	15/09/2008	15/09/2008
Subscription price	1.75 euros	1.75 euros	1.75 euros	1.75 euros

<b>Date of Board of Directors' meeting</b>	<b>03/12/04</b>	<b>Balance at 31.12.06</b>	<b>Balance at 31.12.07</b>	<b>Balance at 31.12.08</b>
Number of shares eligible for subscription:	1,585,800	960,850	577,650	548,587
Number of shares cancelled:		357,000	433,900	579,313
Number of people concerned: including managers	91 0			
Start of exercise	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
Subscription price	2.40 euros	2.40 euros	2.40 euros	2.40 euros

<b>Date of Board of Directors' meeting</b>	<b>11/01/06</b>	<b>Balance at 31.12.06</b>	<b>Balance at 31.12.07</b>	<b>Balance at 31.12.08</b>
Number of shares eligible for subscription:	2,790,300	2,716,200	2,547,900	2,401,800
Number of shares cancelled:		74,100	242,400	388,500
Number of people concerned: including managers	101 5			
Start of exercise	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
Subscription price	5.35 euros	5.35 euros	5.35 euros	5.35 euros

<b>Date of Board of Directors' meeting</b>	<b>11/01/06</b>	<b>Balance at 31.12.06</b>	<b>Balance at 31.12.07</b>	<b>Balance at 31.12.08</b>
Number of shares eligible for subscription:	612,000	468,000	363,000	333,000
Number of shares cancelled:		144,000	249,000	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
End of exercise	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

<b>Date of Board of Directors' meeting</b>	<b>7/06/06</b>	<b>Balance at 31.12.06</b>	<b>Balance at 31.12.07</b>	<b>Balance at 31.12.08</b>
Number of shares eligible for subscription:	40,200	40,200	40,200	10,200
Number of shares cancelled:	-	-	-	30,000
Number of people concerned: including managers	2 0	2 0	2 0	
Start of exercise	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
Subscription price	5.37 euros	5.37 euros	5.37 euros	5.37 euros

<b>Date of Board of Directors' meeting</b>	<b>03/01/07</b>	<b>Balance at 31/12/07</b>	<b>Balance at 31.12.08</b>
Number of shares eligible for subscription:	2,811,000	2,734,800	2,535,000
Number of shares cancelled:		76,200	276,000
Number of people concerned: including managers	127 4		
Start of exercise	03/01/2009	03/01/2009	03/01/2009
End of exercise	03/01/2013	03/01/2013	03/01/2013
Subscription price	4.10 euros	4.10 euros	4.10 euros

<b>Date of Board of Directors' meeting</b>	<b>03/01/07</b>	<b>Balance at 31.12.07</b>	<b>Balance at 31.12.08</b>
Number of shares eligible for subscription:	710,100	604,800	530,400
Number of shares cancelled:		105,300	179,700
Number of people concerned: including managers	38 1		
Start of exercise	03/01/2009	03/01/2009	03/01/2009
End of exercise	03/01/2013	03/01/2013	03/01/2013
Subscription price	4.30 euros	4.30 euros	4.30 euros

<b>Date of Board of Directors' meeting</b>	<b>11/04/2008</b>	<b>Balance at 31.12.08</b>
Number of shares eligible for subscription:	3,110,250	3,015,000
Number of shares cancelled:		95,250
Number of people concerned: including managers	199 4	
Start of exercise	11/04/2010	11/04/2010
End of exercise	11/04/2014	11/04/2014
Subscription price	2.80 euros	2.80 euros

<b>Date of Board of Directors' meeting</b>	<b>11/04/2008</b>	<b>Balance at 31.12.08</b>
Number of shares eligible for subscription:	534,300	525,300
Number of shares cancelled:		9,000
Number of people concerned: including managers	48 1	
Start of exercise	11/04/2010	11/04/2010
End of exercise	11/04/2014	11/04/2014
Subscription price	2.95 euros	2.95 euros

<b>Date of Board of Directors' meeting</b>	<b>21/03/03</b>	<b>Balance at 31.12.06</b>	<b>Balance at 31.12.07</b>	<b>Balance at 31.12.08</b>
Number of BSPCE allotted:	220,000	-	-	-
Number of shares cancelled:		60,000	60,000	60,000
Number of people concerned: including managers	9 0			
Start of exercise	21/03/2006	21/03/2006	21/03/2006	21/03/2006
End of exercise	21/03/2008	21/03/2008	21/03/2008	21/03/2008
Subscription price	1.25 euros	1.25 euros	1.25 euros	1.25 euros

<b>Date of Board of Directors' meeting</b>	<b>15/09/03</b>	<b>Balance at 31.12.06</b>	<b>Balance at 31.12.07</b>	<b>Balance at 31.12.08</b>
Number of BSPCE allotted:	1,422,500	1,064,850	282,858	-
Number of shares cancelled:		52,000	52,000	52,000
Number of people concerned: including managers	36 0	36 0	36 0	
Start of exercise	15/09/2006	15/09/2006	15/09/2006	15/09/2006
End of exercise	15/09/2008	15/09/2008	15/09/2008	15/09/2008
Subscription price	1.75 euros	1.75 euros	1.75 euros	1.75 euros

<b>Date of Board of Directors' meeting</b>	<b>03/12/04</b>	<b>Balance at 31.12.06</b>	<b>Balance at 31.12.07</b>	<b>Balance at 31.12.08</b>
--	-----------------	----------------------------	----------------------------	----------------------------

Number of BSPCE allotted:	1,486,500	1,126,253	704,400	653,000
Number of shares cancelled:		39,800	61,400	84,600
Number of people concerned: including managers	32 0			
Start of exercise	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
Subscription price	2.40 euros	2.40 euros	2.40 euros	2.40 euros

In total, at 31 December 2008, a maximum of 10,552,287 shares may be created through the exercise of stock options and BSPCE.

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.

#### XIV. Accrued expenses

	<b>31.12.08</b>	<b>31.12.07</b>
Bank charges payable	4	3
<b>TOTAL Loans and Financial Debts</b>	<b>4</b>	<b>3</b>
Suppliers, invoices pending	7,696	8,361
Suppliers, invoices pending intangible assets	3,644	1,582
Suppliers, invoices pending tangible assets	10	10
Rebates, discounts, reductions pending	4,058	121
Tax liabilities	945	486
Social security liabilities	961	1,004
<b>TOTAL</b>	<b>17,314</b>	<b>11,564</b>

#### XV. Items pertaining to affiliates

	<b>31.12.08</b>	<b>31.12.07</b>
<b>Assets</b>		
Equity holdings	7,897	7,544
Trade receivables and related accounts	40,195	26,098
Prov. for trade receivables	1,707	94
Other receivables	7,221	4,536
Prov. for other receivables	1,375	221
Receivables from suppliers	3,022	7,264
<b>Debts</b>		
Trade payables and related accounts	24,220	18,420
Financial debts	5,716	2,645
<b>Result</b>		
Operating income	47,802	50,378
Operating expenses	63,682	59,239
Financial income	177	75
Financial expense	122	45

#### XVI. Provisions recorded on the balance sheet

	<b>At 31.12.07</b>	<b>Allocations for the year</b>	<b>Write-backs for the year</b>	<b>At 31.12.08</b>
<b>Provisions for contingencies</b>				

<b>and charges</b>				
For foreign exchange risk	1,168	2,508	1,168	2,508
For other risks	55	14		69
For charges	<u>136</u>	<u>=</u>	<u>136</u>	<u>=</u>
<b>Total</b>	<b>1,359</b>	<b>2,522</b>	<b>1,304</b>	<b>2,577</b>
<b>Provisions for impairment</b>				
trademarks	1,829			1,829
games marketed	46	1,105	46	1,105
equity holdings	189	82	164	107
inventories	-			-
trade receivables	122	1,618	2	1,738
other receivables	221	1,300	146	1,375
short-term investment securities	=	=	=	=
<b>Total</b>	<b>2,407</b>	<b>4,105</b>	<b>358</b>	<b>6,154</b>
<b>Total</b>	<b>3,766</b>	<b>6,627</b>	<b>1,662</b>	<b>8,731</b>

The provision for retirement indemnities was increased by €14,000 during the year.

A write-back of provision in the amount of €50,000 pertains to the potential risk of non-compliance with the vesting period in order to cover the risk of a social security tax liability for a French employee's early exercise of stock options under the plan of 3/12/2004. This provision was determined based on Gameloft SA's share price at year-end. Since the four-year vesting period ended on 3 December 2008, the provision was written back in its entirety.

The write-backs of provisions for charges pertain to the subsidiaries whose shareholders' equity was negative (€86,000).

The allocations for equity holdings concern the shares of Gameloft Co. Ltd (€80,000), Gameloft Hong Kong Ltd (€1,000) and Ludigames SAS (€1,000).

The write-backs of provisions concern the equity holdings in Gameloft Software Chengdu (€156,000), Gameloft SRO (€7,000) and Gameloft Live (€1,000).

The provisions for trade receivables concern third-party customers (€6,000) and intra-group receivables (€1,613,000). The provisions for other receivables concern advances made to Gameloft Co. Ltd (€1,296,000).

The write-backs of provisions for impairment on other receivables pertain to Gameloft GmbH (€115,000) and Gameloft SRO (€31,000).

## XVII. Financial debts

Financial debts are as follows:

	31.12.08	31.12.07
Loans & similar accounts	25	17
Current account advances	5,716	2,645
<b>Financial debts</b>	<b>5,741</b>	<b>2,662</b>

	less than 1 year	1 year to 5 years	more than 5 years
Amounts still due at 31.12.08	5,741		

Financial debt:

	31.12.08	31.12.07
Financial debts	25	17

Cash on hand	-2,621	-1,356
Short-term investment securities	-2,507	-6,266
<b>Net financial debt</b>	<b>-5,103</b>	<b>-7,605</b>

At 31 December 2008, there was a net financial surplus of €5,103,000 versus €7,605,000 at 31 December 2007. All financial debts are based on a fixed rate and are in euros.

#### XVIII. Trade payables and related accounts

	<b>31.12.08</b>	<b>31.12.07</b>
Trade payables	28,686	23,877
<b>Total</b>	<b>28,686</b>	<b>23,877</b>

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 2008 but is offset by the debts of the group's subsidiaries which total €22.9 million.

#### XIX. Tax and social security liabilities

	<b>31.12.08</b>	<b>31.12.07</b>
Tax liabilities	945	486
Social security liabilities	961	1 004
<b>Total</b>	<b>1,906</b>	<b>1,490</b>

#### XX. Debts on assets

	<b>31.12.08</b>	<b>31.12.07</b>
Debts on assets	4,508	2,156
<b>Total</b>	<b>4,508</b>	<b>2,156</b>

The increase in trade payables on assets resulted from the recognition of advances on guaranteed amounts at the time the contracts were signed.

#### XXI. Other debts

	<b>31.12.08</b>	<b>31.12.07</b>
Customers – credit notes pending	4,058	121
Credit balances of customer accounts	66	11
Other debts	156	46
<b>Total</b>	<b>4,280</b>	<b>178</b>

#### XXII. Accruals

	<b>31.12.08</b>	<b>31.12.07</b>
Unearned income	155	381
Translation adjustments	1,003	140
<b>Total</b>	<b>1,158</b>	<b>521</b>

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 (€699,000) and trade receivables (€289,000).

#### 4.2.6.6 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.

#### I. Revenue

The breakdown of revenue by business activity at 31 December 2008 is as follows:

	31.12.08		31.12.07	
	€K	%	€K	%
Mobile	77,188	82%	72,172	93%
Consoles	7,723	9%	2,064	2%
Self-constructed assets	6,355	7%	3,537	5%
Closing inventory	2,397	2%		
<b>Total</b>	<b>93,663</b>	<b>100.%</b>	<b>77,773</b>	<b>100%</b>

The breakdown of revenue by geographic area at 31 December 2008 is as follows:

	31.12.08		31.12.07	
	€K	%	€K	%
Europe	44,907	53%	41,767	56%
<i>including France</i>	17,331	38%	15,598	37%
North America	28,043	33%	25,941	35%
Rest of the world	11,961	14%	6,528	9%
<b>Total revenue</b>	<b>84,911</b>	<b>100%</b>	<b>74,236</b>	<b>100%</b>
Self-constructed assets	6,355	-	3,537	-
Closing inventory	2,397	-	none	
<b>Total</b>	<b>93,663</b>	<b>-</b>	<b>77,773</b>	

#### II. Other operating income and transfer of charges

Other operating income is as follows:

	31.12.08	31.12.07
Write-backs of provisions	185	7
Transfer of charges	996	808
Other income	8	4
<b>Total</b>	<b>1,189</b>	<b>819</b>

The transfer of charges concerns the re invoicing of overhead costs (€833,000).

A write-back of provision in the amount of €50,000 pertains to the potential risk of non-compliance with the vesting period in order to cover the risk of a social security tax liability for a French employee’s early exercise of stock options under the plan of 3/12/2004. This provision was determined based on Gameloft SA’s share price at year-end. Since the four-year vesting period ended on 3 December 2008, the provision was written back in its entirety.

The write-backs of provisions for charges pertain to the subsidiaries whose shareholders’ equity was negative (€86,000).

#### III. Purchases and other supplies

Cost of goods sold consists of purchases of products and goods intended for resale (€3,651,000), mobile game development costs (€61,971,000) and related overhead costs (€1,620,000).

#### IV. Change in inventory of finished products

	<b>31.12.08</b>	<b>31.12.07</b>
Change in inventories: Asphalt DS	28	41
<b>TOTAL</b>	<b>28</b>	<b>41</b>

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

#### V. Other operating purchases

Other operating purchases consist primarily of telecommunication and small equipment costs (€644,000), advertising and marketing expenses (€3,053,000), conference and trade fair expenses (€142,000), travel expenses (€762,000), administrative subcontracting and marketing expenses, commissions and brokerage fees on sales (€2,258,000), royalties on advances already amortised (€3,044,000) and professional fees (€710,000).

#### VI. Personnel expenses

At 31 December 2008, the company had 38 employees, including four managers.  
The amount of salaries and fringe benefits corresponding to game production is €2,759,000.

#### VII. Operating depreciation and provisions

Depreciation and provisions are as follows:

	<b>31.12.08</b>	<b>31.12.07</b>
Amortisation of intangible assets	54	7
Amortisation of intangible assets: development costs	3,212	156
Amortisation of intangible assets: licences	3,730	3,720
Depreciation of tangible assets	982	664
Provisions	2,737	195
<b>TOTAL</b>	<b>10,716</b>	<b>4,742</b>

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 increase in amortisation of intangible assets related to development costs resulted from the amortisation over 12 months on a straight-line basis of games marketed. At 31 December 2008, Gameloft had more than 30 games capitalised and marketed on various console devices.

Depreciation of tangible assets increased significantly as a result of the capitalisation of purchases of mobile phones used for research and development purposes and the replacement of computer equipment.

Provisions pertain to the recognition of a retirement commitment (€14,000), provisions for trade receivables (€1,618,000) and provisions for asset impairment (€1,105,000).

#### VIII. Net financial income/expense

Net financial income/expense breaks down as follows:

	<b>31.12.08</b>	<b>31.12.07</b>
<b>Financial income:</b>		
Income from other securities and receivables from long-	-	-

term assets		
Other interest and similar income	336	516
Write-backs of provisions	1,479	1,356
Foreign exchange gains	3,118	494
Net income from sales of short-term investment securities	=	=
	<b>4,932</b>	<b>2,366</b>
<b>Financial expense:</b>		
Provisions	3,891	1,348
Other interest and similar expenses	163	49
Net expenses on sales of short-term investment securities	-	-
Foreign exchange losses	<u>2,771</u>	<u>1,415</u>
	<b>6,825</b>	<b>2,812</b>
<b>Net financial income/expense</b>	<b>-1,893</b>	<b>-446</b>

The write-backs of provisions in the amount of €1,479,000 are as follows:

- €146,000 for current account advances, including €115,000 for Gameloft GmbH and €31,000 for Gameloft SRO,
- €165,000 for equity holdings, including €156,000 in Gameloft Chengdu and €7,000 in Gameloft SRO,
- €1,168,000 for foreign exchange losses.

The provisions in the amount of €3,891,000 consist of the following:

- €82,000 for equity holdings, including €80,000 in Gameloft Co. Ltd,
- €1,300,000 for current account advances, including €1,295,000 for Gameloft Co. Ltd,
- €2,508,000 for foreign exchange losses.

Other interest and similar expenses totalling €163,000 pertain to interest expenses.

All of Gameloft's debts are based on a fixed rate and are in euros. The company has no foreign exchange hedging strategy since its intra-group transactions, current account advances to subsidiaries, reinvoicing 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 2008.

#### IX. 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:

	<b>31.12.08</b>	<b>31.12.07</b>
<b>Extraordinary income:</b>		
Write-backs of provisions	-	11
Extraordinary income from capital transactions	10	27
Extraordinary income from management operations	=	=
	<b>10</b>	<b>38</b>
<b>Extraordinary expenses:</b>		
Extraordinary expenses on management operations	2	-
Extraordinary expenses on capital transactions	18	138
Depreciation and provisions	=	=
	<b>20</b>	<b>138</b>

<b>Total extraordinary profit/loss</b>	<b>-10</b>	<b>-100</b>
--	------------	-------------

Extraordinary income from capital transactions refers to the sale of computer equipment in the amount of €10,000.

Extraordinary expenses on capital transactions pertain to the net book value of tangible assets (€10,000) and intangible assets (licences) (€8,000).

#### X. Corporate income tax

There was no income tax for this year as a result of carry-over losses.

	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	14,409	-
<b>TOTAL</b>	<b>2,586</b>	<b>3,064</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,801</b>	<b>14,409</b>	<b>-</b>

\* non-cumulative data

In FY 2008, the reductions and increases in the future tax burden were as follows:

Future tax burden	Basis	Tax
Organic provision for the year	142	47
Tax on tourism and company vehicles	1	-
Contribution to housing tax	16	5
Unrealised foreign exchange gains	1,003	334
<b>TOTAL REDUCTIONS</b>	<b>1,162</b>	<b>387</b>

The tax rate in effect at 31 December 2008 was 33.33%.

Income tax consists of the following:

At 31.12.07	Accounting basis	Corporate tax
Pre-tax profit/loss on ordinary activities	-5,057	-
Extraordinary profit/loss	-10	-
<b>Pre-tax profit/loss</b>	<b>-5,067</b>	<b>-</b>

At 1 January 2009, there were €43,095,000 in non-lapsing losses carried forward.

#### 4.2.6.7 Additional information

##### 4.2.6.7.1 Consolidating company

*Gameloft SA – 81 rue Réaumur 75 002 Paris*

##### 4.2.6.7.2 Personnel

In FY 2008, Gameloft SA's staff consisted on average of 35 employees, including 25 men and 10 women.

##### 4.2.6.7.3 Financial commitments and other information

Guarantees given:	none
Collateral provided:	none
Guarantees received:	none

Financial leases: none

Off-balance sheet commitments:

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

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

As shareholder, Gameloft S.A. sent a letter of intent to the Gameloft Hong Kong and Gameloft Ltd UK subsidiaries on 31 December 2008 regarding the continued operation of its financially troubled companies.

Notes receivable discounted: none

Other commitments:

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

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

The rights acquired annually may be accumulated over a six-year period, i.e. a maximum of 120 hours. At 31 December 2008, hours totalled 2,433. The provision is not significant.

#### 4.2.6.7.4 Events subsequent to close of year

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.

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

#### 4.2.6.7.5 Compensation of senior executives

The total gross compensation paid in 2008 was €190,000.

No directors' fees were paid.

	2008	2007
Salaries, misc. charges and benefits	190	240
Total pensions and other post-employment benefits	-	-
Severance pay	-	-
Total stock options and bonus shares issued	450,000	900,000

Amounts in euros	Gameloft SA		TOTAL compensation for 2008
	Gross fixed compensation	Benefits in kind	
Michel Guillemot	60,000	0	60,000
Claude Guillemot	43,228	0	43,228
G�rard Guillemot	0	0	0
Yves Guillemot	43,228	0	43,228
Christian Guillemot	43,228	0	43,228
<b>Total</b>	<b>189,684</b>	<b>0</b>	<b>189,684</b>

Stock options granted to each executive director during the fiscal year:

<b>STOCK OPTIONS GRANTED DURING THE FISCAL YEAR</b>					
<b>Name of executive director:</b>	<b>plan no. and date</b>	<b>Type of options</b>	<b>Number of options granted</b>	<b>Exercise price</b>	<b>Exercise period</b>
- Mr. Michel Guillemot	Plan 8 of 11/04/2008	Stock options	300,000	€2.80	From 11/04/2010 to 11/04/2014
- Mr. Christian Guillemot	Plan 8 of 11/04/2008	Stock options	37,500	€2.80	From 11/04/2010 to 11/04/2014
- Mr. Yves Guillemot	Plan 8 of 11/04/2008	Stock options	37,500	€2.80	From 11/04/2010 to 11/04/2014
- Mr. Claude Guillemot	Plan 8 of 11/04/2008	Stock options	37,500	€2.80	From 11/04/2010 to 11/04/2014
- Mr. Gérard Guillemot	Plan 8 of 11/04/2008	Stock options	37,500	€2.95	From 11/04/2010 to 11/04/2014
<b>TOTAL</b>			450,000		

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 exercised by each executive director during the fiscal year:

No shares resulting from the exercise of options during the fiscal year ended 31 December 2008 were subscribed for by any of the executive directors.

Performance shares allotted to each executive director:

No performance shares were allotted to the executive directors during the fiscal year ended 31 December 2008.

History of stock options granted:

<b>STOCK OPTIONS GRANTED DURING PREVIOUS FISCAL YEARS</b>		
	<b>Plan 6 of 11/01/2006</b>	<b>Plan 7 of 03/01/2007</b>
<b>Date of Board of Directors' meeting</b>	11/01/2006	03/01/2007
<b>Total number of shares eligible for subscription by:</b>		
- Mr. Michel Guillemot	90,000	270,000
- Mr. Christian Guillemot	90,000	30,000
- Mr. Yves Guillemot	90,000	30,000
- Mr. Claude Guillemot	90,000	30,000
- Mr. Gérard Guillemot	90,000	90,000
<b>Start date to exercise options</b>	11/01/2010	03/01/2011
<b>Expiration date</b>	11/01/2012	03/01/2013
<b>Subscription price</b>	€5.35	€4.10
<b>Terms and conditions of exercise</b>		
<b>Number of shares subscribed for at 31 December 2008</b>	-	-
<b>Total number of cancelled or expired stock options</b>	-	-
<b>Remaining stock options at year end</b>	-	-

Employment contract, specific pensions, retirement benefits and non-compete clause offered to the executive directors:

<b>Executive directors</b>	<b>Employment contract</b>	<b>Supplemental retirement plan</b>	<b>Indemnities or benefits owed or potentially owed as a result of the termination or change in duties</b>	<b>Indemnities under a non-compete clause</b>

	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.

#### 4.2.6.7.6 Loans extended to the group's senior executives

At 31 December 2008, no advance or credit was extended to the group's senior executives pursuant to Article L. 225-43 of the French Commercial Code.

#### **4.2.7 General auditors' report for the fiscal year ended 31 December 2008**

Pursuant to the mission entrusted to us by your General Meeting, we present to you our report for the fiscal year ended 31 December 2008 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.

##### **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 felt it appropriate to verify the valuations of intangible assets, and particularly the rules for capitalising development costs and licences, as described in note 6.4.1. The company provided us with information concerning these estimates, including in particular the evidence requested concerning the reasonableness of the valuation of depreciation and provisions.
- Value tests are conducted on intangible assets, and more specifically games marketed and in progress, 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**

We also conducted the specific verifications required by law.

We have no comments regarding:

- the fairness and consistency with the year-end financial statements of the information provided in the Board of Directors' management report and in the documents sent to shareholders pertaining to the financial position and year-end financial statements;
- the fairness of the information provided in the management report regarding the compensation and benefits paid to the company managers in question and the commitments made to them at the time of the assumption, termination or change in their duties or subsequent thereto.

In accordance with the law, we have verified that all information relative to acquisitions of shareholdings and control and to the identity of holders of capital and voting rights was provided to you in the management report.

Rennes, 27 April 2009

The Auditors

AUDIT AMLD  
André Métayer

MB AUDIT  
Roland Travers

**Correlation table of the attached notes:**

Auditors' report

Note 6.4.1

Note 6.4.3

Note 6.5

Reference Document

Paragraph 4.2.6.4.1

Paragraph 4.2.6.4.3

Paragraph 4.2.6.5

#### 4.2.8 Special auditors' report for the fiscal year ended 31 December 2008

Ladies and Gentlemen:

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 inform you that we have not been notified of any new agreement or any commitment made during the fiscal year which is subject to the provisions of Article L 225-38 of the French Commercial Code.

##### 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.

The amount of royalties to be paid by your company for FY 2008 is 662,565.29 euros, exclusive of tax.

###### 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 71,478.82 euros.

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.

Rennes, 27 April 2009

The Auditors

*AUDIT AMLD*  
*André Métayer*  
Partner

*MB AUDIT*  
*Roland Travers*  
Partner

## 5 CORPORATE GOVERNANCE

### 5.1 The group's Board of Directors and management

#### • THE GROUP'S MANAGEMENT:

Name	Start date of term	Expiration date of term
<b>Michel Guillemot</b> Chief Executive Officer	3 December 2001 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
<b>Christian Guillemot</b> Executive Vice President Administration	1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
<b>Claude Guillemot</b> Executive Vice President Technology	1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
<b>Yves Guillemot</b> Executive Vice President Strategy and Development	1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
<b>Gérard Guillemot</b> Executive Vice President Strategy and Development	1 June 2008	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008

#### • BOARD OF DIRECTORS:

Name	Start date of term	Expiration date of term
<b>Michel Guillemot</b> Chairman of the Board of Directors	3 December 2001 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
<b>Christian Guillemot</b> Director	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
<b>Claude Guillemot</b> Director	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
<b>Yves Guillemot</b> Director	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
<b>Gérard Guillemot</b> Director	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
<b>Marcel Guillemot</b> Director	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008

Given that the terms of all the directors, namely Messrs. Michel, Christian, Claude, Yves, Gérard and Marcel Guillemot, expire at the time of the Ordinary General Meeting called to approve the financial statements for the fiscal year ended 31 December 2008, the Board of Directors must make a decision regarding the renewal of their terms and decide to submit to the next General Meeting called to approve the financial statements for the fiscal year ended 31 December 2008 the renewal of the terms of Messrs. Michel, Christian, Claude, Yves, Gérard and Marcel Guillemot.

## **5.2 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.

## **5.3 Operation of the Board of Directors**

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.

## **5.4 Loans and guarantees granted to or established in favour of the administrative and managing bodies**

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

## **5.5 Other offices held within the group by members of the administrative and managing bodies in the last five years**

a) Offices currently held

<b>Member</b>	<b>Offices currently held</b>
Michel Guillemot	Manager of Gameloft Rich Games Production France SARL President of Gameloft Partnerships SAS President of Gameloft Live SAS President of Ludigames SAS Manager of Odyssee Interactive Games SARL President and director of Gameloft Inc. (United States)

	President and director of Gameloft Inc. (Canada) President and director of Gameloft Limited (Great Britain) President of Gameloft Srl (Romania) President 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)

b) Expired terms

<b>Member</b>	<b>Expired terms</b>
Michel Guillemot	Manager of Ludigames Srl (Italy) Director of Jeuxvideo.com S.A.
Claude Guillemot	Director of Gameloft.com España (Spain) Director of Jeuxvideo.com S.A.
Yves Guillemot	Director of Jeuxvideo.com S.A.
Gérard Guillemot	Executive Vice President of Gameloft SA Director of Jeuxvideo.com S.A. President of Gameloft AG (Germany) President and director of Gameloft.com España (Spain) Director of Gameloft.com Pty Limited (Australia)
Christian Guillemot	Director of Gameloft AG (Germany) Director of Gameloft.com España (Spain) Director of Gameloft.com Pty Limited (Australia) Director of Jeuxvideo.com S.A.

**5.6 Other offices held outside the group by members of the administrative and managing bodies in the last five years**

a) Offices currently held

Michel Guillemot	<p>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)</p>
Claude Guillemot	<p>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)</p>
Yves Guillemot	<p>Director and Executive Vice President of Guillemot Brothers SA          Chairman and CEO of Ubisoft Entertainment SA          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 &amp; 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 Ubisoft World Studios SAS          President of Tiwak SAS          President of Ubi Games SA (Switzerland)          President of Ubisoft Finland OY (Finland)          President 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 Hybride Technologies Inc. (Canada)          President and director of Ubisoft Entertainment India Private Ltd (India)          President of Ubisoft Holdings Inc (United States)          President and director of Red Storm Entertainment Inc. (United States)</p>

	<p>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 &amp; Acquisitions SARL (France)  Manager of Ubisoft Studios Montpellier SARL (France)  Manager of Ubisoft Production Internationale SARL (France)  Manager of Ubisoft Sarl (Morocco)  Manager of Ubisoft BV (Netherlands)  Manager of Ubisoft GmbH (Germany)  Manager of Blue Byte GmbH (Germany)  Manager of Sunflowers Interactive Entertainment Software GmbH (Germany)  Manager of Spieleenwicklungskombinat GmbH (Germany)  Manager of Max Design Entertainment Software (Austria)  Manager of Ubisoft Studios SL (Spain)  Manager of Ubisoft Studios Srl (Italy)  Director of Ubisoft Entertainment Ltd. (Great Britain)  Director of Ubisoft Ltd. (Great Britain)  Director of Ubisoft SA (Spain)  Sole director of Ubisoft SpA (Italy)  Director of Ubisoft KK (Japan)  Director of Ubisoft Nagoya KK (Japan)  Director of Ubisoft Srl (Romania)  Director of Ubisoft Entertainment Sweden AB (Sweden)  Director of Ubisoft Ltd. (Hong Kong)  Director of Ubisoft Norway A/S (Norway)  President and director of Ubisoft Chengdu Ltd (China)  President and director of Ubisoft Digital Arts Inc. (Canada)  Director and Executive Vice President of Guillemot Corporation SA  Director of Guillemot Inc. (United States)  Director of Guillemot Limited (Great Britain)  Director of Guillemot Inc. (Canada)  Director of Red Storm Ltd (Great Britain)  Director of Ubisoft Pty Ltd. (Australia)  Director of Ubisoft Sweden AB (Sweden)  Director of Advanced Mobile Applications Ltd. (Great Britain)</p>
G�rard Guillemot	<p>Director and Executive Vice President of Guillemot Brothers SA  President of Longtail Studios Inc. (United States)  Director of Advanced Mobile Applications Ltd. (Great Britain)  Director and Executive Vice President of Ubisoft Entertainment SA  Director and Executive Vice President of Guillemot Corporation SA  Director of Guillemot Limited (Great Britain)  Director of Guillemot Inc. (United States)  Director of Guillemot Inc. (Canada)</p>
Christian Guillemot	<p>Chief Executive Officer of Guillemot Brothers SA  President and director of Advanced Mobile Applications Ltd. (Great Britain)  Director and Executive Vice President of Ubisoft Entertainment SA  Director of Ubisoft Nordic A/S (Denmark)  Director of Ubisoft Holdings Inc. (United States)  Director of Ubisoft Sweden AB (Sweden)  Manager of Guillemot Administration et Logistique SARL</p>

	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)
--	--

b) Expired terms

<b>Member</b>	<b>Expired terms</b>
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) Manager of Ubi Studios Srl (Italy) Manager of Ubisoft Studios SL (Spain) Director of Ubisoft Inc. (United States) Director of Ubisoft Holdings Inc. (United States) Director of Shanghai Ubi Computer Software Company Ltd. (China) Director of Ubisoft Chengdu Ltd (China) Director of Ubisoft Sweden AB (Sweden) Director of Ubisoft Holdings Inc. (United States)
Claude Guillemot	Director of Ubisoft SpA (Italy) Director of Ubi Studios Ltd. (United Kingdom) President of Thrustmaster SAS President and director of Hercules Technologies Inc. (United States) President and director of Thrustmaster Inc. (United States) 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 Ubisoft Entertainment Ltd. (Great Britain) 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 Développement Sarl Director of Guillemot B.V. (Netherlands) Director of Guillemot SA (Spain)
Yves Guillemot	President and director of Ubi.com SA President and director of Wolfpack Inc. (United States) President and director of Blue Byte Software Inc. (United States) President of Ubisoft Marketing & Communication SAS Manager of Ubi Administration SARL Manager of Ubi Research & Development SARL Manager of Ubi Marketing Research SARL Manager of Ubi Info Design SARL Manager of Ubi Sound Studio SARL Manager of Ubi World Studios SARL Manager of Ubisoft SprL (Belgium) Manager of Ubi Color SARL Director of Ubi.com Inc. (United States)

	Director of Blue Byte Software Ltd. (United Kingdom) Director of Ubi Studios Ltd. (United Kingdom) Director of Sinister Games Inc. (United States) President and director of Ubi Computer Software Beijing Company Ltd. (China) Manager of Ubisoft 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 Co-Manager of Ludifactory SARL
Gérard Guillemot	President of Ludimédia SAS President and director of Ubi Soft Entertainment Inc. (New York) President and director of Ubi Voices Inc. (United States) Director of Ubisoft SpA (Italy) President and director of Ubisoft Music Inc. (Canada) President and director of Ubisoft Music Publishing Inc. (Canada) Director of Ubisoft Ltd. (Hong Kong) Director of Ubisoft KK (Japan) Director of Ubisoft SA (Spain) 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)
Christian Guillemot	Director of Ubi.com SA Director of Sinister Games Inc. (United States) Director of Ubisoft SpA (Italy) Director of Ubisoft Divertissements Inc. (Canada) Director of Ubisoft Canada Inc. (Canada) Director of Ubisoft Music Inc. (Canada) Director of Ubisoft Ltd. (Hong Kong) Director 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)
Marcel Guillemot	Director of Guillemot Corporation SA Director of Guillemot Brothers SA Director of Guillemot SA (Belgium)

### **5.7 Fraud conviction, liquidation proceeding, sanctions imposed on members of the Board of Directors**

To the company's knowledge, over the last five years:

- None of the members of the Board of Directors has been convicted of fraud;
- None of the members of the Board of Directors has been associated with a bankruptcy, receivership or court-ordered liquidation proceeding;
- No official public incrimination and/or sanction has been delivered by a statutory or regulatory authority against any of the members of the Board of Directors.

To the company's knowledge, in the last five years no member of the Board of Directors has been prohibited by a court from acting in his capacity as a member of an issuer's administrative, management or supervisory body or from being involved in the management or running of an issuer's business.

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

In addition, the two companies collaborated on the launch of Nintendo DS games in FY 2004, 2005, 2006 and 2007. Since Gameloft SA had developed several titles for Nintendo DS but lacked the necessary experience and know-how to distribute them physically, Ubisoft Entertainment SA handled sales of the games among the distribution chains. Gameloft SA's Nintendo DS games were distributed in return for the payment to Ubisoft Entertainment SA of royalties proportional to the revenue earned.

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

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

## **5.9 Interest of the senior executives**

At a meeting held on 12 December 2008 chaired by Mr. Michel Guillemot, Gameloft S.A.'s Board of Directors was advised of the AFEP-MEDEF recommendations of 6 October 2008 regarding the compensation of executive directors of listed companies. The Board, being of the opinion that these recommendations were in line with the company's corporate governance policy, therefore decided to implement them.

### **5.9.1 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 performance shares granted to the executive directors will be subject to performance conditions.

For 2008, the total gross compensation paid to the executive directors, and for which a provision was set up, was 2,158,001 euros.

The following tables give a summary of the total gross compensation and benefits of any kind paid or owed for FY 2008 to each company manager either by Gameloft S.A. itself or by the controlled companies pursuant to Article L. 233-16 of the French Commercial Code or the companies that control it.

Amounts in euros	Gameloft SA	Gameloft Inc.	Gameloft Ltd.		Ubisoft Entertainment SA		Guillemot Brothers SA	TOTAL compensation for 2008
	Gross fixed	Gross fixed	Gross fixed	Benefits in	Gross fixed	Directors'	Gross fixed	

	compensation	compensation	compensation	kind	compensation	fees	compensation	
Michel Guillemot	60,000	0	141,236	5,492	81,956	22,500	161,191	472,375
Claude Guillemot	43,228	0	0	0	81,956	30,000	217,331	372,515
Gérard Guillemot	0	46,905	0	0	140,294 (1)	15,000	230,456 (2)	432,655
Yves Guillemot	43,228	0	0	0	337,169	30,000	33,581	443,978
Christian Guillemot	43,228	0	0	0	81,956	22,500	288,794	436,478

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):

<b>Michel Guillemot</b>	2007		2008	
	Amount owed	Amount paid	Amount owed	Amount paid
Fixed compensation	302,555	302,555	444,383	444,383
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	37,500	37,500	22,500	22,500
Benefits in kind	2,378	2,378	5,492	5,492
<b>TOTAL</b>	<b>342,433</b>	<b>342,433</b>	<b>472,375</b>	<b>472,375</b>

<b>Claude Guillemot</b>	2007		2008	
	Amount owed	Amount paid	Amount owed	Amount paid
Fixed compensation	214,800	214,800	342,515	342,515
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	37,500	37,500	30,000	30,000
Benefits in kind	-	-	-	-
<b>TOTAL</b>	<b>252,300</b>	<b>252,300</b>	<b>372,515</b>	<b>372,515</b>

<b>Gérard Guillemot</b>	2007		2008	
	Amount owed	Amount paid	Amount owed	Amount paid
Fixed compensation	226,040	226,040	417,655	417,655
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	37,500	37,500	15,000	15,000
Benefits in kind	-	-	-	-
<b>TOTAL</b>	<b>263,540</b>	<b>263,540</b>	<b>432,655</b>	<b>432,655</b>

<b>Yves Guillemot</b>	2007		2008	
	Amount owed	Amount paid	Amount owed	Amount paid
Fixed compensation	214,800	214,800	413,978	413,978
Variable compensation	-	-	-	-
Special compensation	--	-	-	-
Directors' fees	37,500	37,500	30,000	30,000
Benefits in kind	-	-	-	-
<b>TOTAL</b>	<b>252,300</b>	<b>252,300</b>	<b>443,978</b>	<b>443,978</b>

<b>Christian Guillemot</b>	2007	2008

	Amount owed	Amount paid	Amount owed	Amount paid
Fixed compensation	214,800	214,800	413,978	413,978
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' fees	37,500	37,500	22,500	22,500
Benefits in kind	-	-	-	-
<b>TOTAL</b>	<b>252,300</b>	<b>252,300</b>	<b>436,478</b>	<b>436,478</b>

### 5.9.2 Compensation and benefits of any kind received by the non-executive directors

During the fiscal year ended 31 December 2008, 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.

### 5.9.3 Directors' fees

No directors' fees were paid to Gameloft SA's company managers during the fiscal year ended 31 December 2008.

### 5.9.4 Stock options granted to each executive director during the fiscal year

<b>STOCK OPTIONS GRANTED DURING THE FISCAL YEAR</b>					
<b>Name of executive director:</b>	plan no. and date	Type of options	Number of options granted	Exercise price	Exercise period
- Mr. Michel Guillemot	Plan 8 of 11/04/2008	Stock options	300,000	€2.80	1/3 per year from 11/04/2010 to 11/04/2014
- Mr. Christian Guillemot	Plan 8 of 11/04/2008	Stock options	37,500	€2.80	From 11/04/2012 to 11/04/2014
- Mr. Yves Guillemot	Plan 8 of 11/04/2008	Stock options	37,500	€2.80	From 11/04/2012 to 11/04/2014
- Mr. Claude Guillemot	Plan 8 of 11/04/2008	Stock options	37,500	€2.80	From 11/04/2012 to 11/04/2014
- Mr. Gérard Guillemot	Plan 8 of 11/04/2008	Stock options	37,500	€2.95	1/3 per year from 11/04/2010 to 11/04/2014
<b>TOTAL</b>			450,000		

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.

### 5.9.5 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 2008 were subscribed for by any of the executive directors.

### 5.9.6 Performance shares allotted to each executive director

No performance shares were allotted to the executive directors during the fiscal year ended 31 December 2008.

### 5.9.7 History of stock options granted

<b>STOCK OPTIONS GRANTED DURING PREVIOUS FISCAL YEARS</b>		
	<b>Plan 6 of 11/01/2006</b>	<b>Plan 7 of 03/01/2007</b>
<b>Date of Board of Directors' meeting</b>	11/01/2006	03/01/2007
<b>Total number of shares eligible for</b>		

<b>subscription by:</b>		
- Mr. Michel Guillemot	90,000	270,000
- Mr. Christian Guillemot	90,000	30,000
- Mr. Yves Guillemot	90,000	30,000
- Mr. Claude Guillemot	90,000	30,000
- Mr. Gérard Guillemot	90,000	90,000
<b>Start date to exercise options</b>	11/01/2010	03/01/2011
<b>Expiration date</b>	11/01/2012	03/01/2013
<b>Subscription price</b>	€5.35	€4.10
<b>Terms and conditions of exercise</b>	50% per year from 11/01/2010 to 11/01/2012	From 03/01/2011 to 03/01/2013
<b>Number of shares subscribed for at 31 December 2008</b>	-	-
<b>Total number of cancelled or expired stock options</b>	-	-
<b>Remaining stock options at year end</b>	450,000	450,000

#### 5.9.8 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 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.

#### 5.9.9 Information regarding transactions carried out with members of the administrative and managing bodies

None

#### 5.9.10 Loans and guarantees granted to or established in favour of the administrative and managing bodies

None

## **5.10 *Employee profit-sharing***

### **5.10.1 Incentive contract and profit-sharing agreement**

The company has not established an incentive contract or profit-sharing agreement.

### **5.10.2 Options granted to personnel regarding the company's shares**

The Extraordinary General Meeting of 4 November 2008 authorised the Board of Directors to create stock option plans (see paragraph 2.2.1.2).

### **5.10.3 Stock option plan**

At its meeting of 14 May 2009, the company's Board of Directors decided to grant stock options (see paragraph 2.2.1.3).

## **5.11 Chairman's report on the conditions under which the Board of Directors' work is prepared and organised and on the internal control procedures implemented by the company**

This report, prepared in accordance with Articles L. 225-37 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 19 March 2009.

On 12 December 2008, Gameloft's Board of Directors decided that the AFEP-MEDEF code amended by the AFEP-MEDEF recommendations of 6 October 2008 regarding the compensation of executive directors of listed companies would be the reference used by the company to draw up the Chairman of the Board of Directors' report on governance and internal control referred to in Article L. 225-37 of the French Commercial Code starting with fiscal year 2008. This code is available on the MEDEF website (<http://www.medef.fr/>).

### **1. CORPORATE GOVERNANCE**

The system of corporate governance to which this report makes reference is the "code of corporate governance of listed companies" published by AFEP and MEDEF in December 2008 and available on the MEDEF website (<http://www.medef.fr/>), hereinafter referred to as the "AFEP/MEDEF code".

#### **1.1 Conditions under which the Board of Directors' work is prepared and organised**

##### **1.1.1 Organisation and operation of the Board of Directors**

###### **a) Board Members**

At 31 December 2008, the Board of Directors consisted of six members, four of whom are also Executive Vice Presidents and assist the Chief Executive Officer.

<b>Name</b>	<b>Age and Nationality</b>	<b>Start date of term</b>	<b>Expiration date of term</b>
<b>Michel Guillemot Chairman of the Board of Directors</b>	50 years French	3 December 2001 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
<b>Christian Guillemot Director</b>	43 years French	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
<b>Claude Guillemot Director</b>	52 years French	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
<b>Yves Guillemot Director</b>	48 years French	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
<b>G�rard Guillemot Director</b>	47 years French	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
<b>Marcel Guillemot Director</b>	76 years French	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008

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 2008. 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 2008. The directors attended the Board meetings regularly, with an overall attendance rate of 70% in 2008.

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:

- 16 January 2008: Decision to set up a subsidiary in Singapore: Gameloft Pte. Limited. Share capital increase following the exercise of 2007 SO & start-up company warrants (four out of six directors present)
- 27 March 2008: Approval of the individual and consolidated financial statements for the fiscal year ended 31 December 2007. Proposed allocation of profit. Free and regulated agreements. Notice to attend the annual Combined General Meeting. (five out of six directors present)
- 11 April 2008: Decision to create a stock option plan in favour of the group's employees. (four out of six directors present)
- 30 April 2008: Preparation of the report on the management planning documents for 2008. (four out of six directors present)
- 29 May 2008: Determination of the compensation of the Executive Vice Presidents. Appointment of Mr. Gérard Guillemot as Executive Vice President. (four out of six directors present)
- 28 August 2008: Closing of the half-year accounts at 30 June 2008. Decision to set up a subsidiary in the United Arab Emirates. Decision to set up a subsidiary in the Philippines (Gameloft Philippines).: (four out of six directors present)
- 8 September 2008: Decision to set up a subsidiary in Venezuela (Gameloft de Venezuela SA). Decision to set up a subsidiary in Malta (Gameloft Limited). (four out of six directors present)
- 25 September 2008: Notice to attend an EGM on 4 November 2008. (five out of six directors present)
- 31 October 2008: Updating of the report on the management planning documents for 2008. (four out of six directors present)
- 12 December 2008: Press release concerning the company's decision to implement the AFEP/MEDEF recommendations of 6 October 2008 regarding the compensation of the executive directors. (four out of six directors present)

#### **g) Evaluation of the Board of Directors' work**

As recommended by the AFEP-MEDEF code, at its meeting of 19 March 2009 the Board of Directors decided to conduct an annual evaluation of the composition, organisation and operation of the Board of Directors through a questionnaire sent to each director.

#### **1.1.2 The Board of Directors' committees**

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.

#### **a) Appointments and Compensation Committee**

- **Members**

At 31 December 2008, 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 2008. The members attended the Committee meetings regularly, with an attendance rate of 100%.

- **Summary of the committee's work in fiscal year 2008:**

11 April 2008: Establishment of the principles of a stock option plan.

28 May 2008: Compensation of the Executive Vice Presidents.

Appointment of Mr. Gérard Guillemot as Executive Vice President.

12 December 2008: Decision to implement the AFEP/MEDEF recommendations of 6 October 2008 regarding the compensation of the executive directors.

#### **b) Audit Committee**

Since there was no independent director on the Board of Directors at 31 December 2008, the company did not establish an Audit Committee in fiscal year 2008. In view of its adherence to the principles of corporate governance, the company plans to create an Audit Committee within the time required by law.

The Audit Committee's members, at least one of whom would have financial or accounting knowledge, would be appointed by the Board of Directors from among the independent directors.

The role of the Audit Committee would be 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.

## **1.2 Compensation of the company managers**

### **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 will be subject to performance conditions.

For 2008, the total gross compensation paid to the executive directors, and for which a provision was set up, was 2,158,001 euros.

### **1.2.2 Directors' fees**

No directors' fees were paid to Gameloft's company managers during the fiscal year ended 31 December 2008.

### **1.2.3 Stock option plans**

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.

Pursuant to the AFEP/MEDEF code, future grants of options will be subject to performance conditions for executive directors and the exercise price will be set without a discount and will be at least equal to the average share price during the 20 trading days preceding the date of the grant decision.

#### **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 2008 were subscribed for by any of the executive directors.

#### **1.2.5 Performance shares allotted to each executive director**

No performance shares were allotted to the executive directors during the fiscal year ended 31 December 2008.

#### **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.

#### **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.

### **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 shareholders' 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.

## **II/ 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.

## **2.1 Definitions and objectives of internal control**

In order to prepare this report on fiscal year 2008, 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.

## **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.

## **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".

## **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 and Human Resources department**

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 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.

## **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.

In FY 2008, a great deal of emphasis was placed on auditing the existing procedures implemented by the four central departments. The group maintained light management structures while ensuring observance of the policy principles based on the autonomy of the operating entities in order to:

- ensure the proper application of rules and procedures,
- monitor changes in regulatory requirements,
- maintain effective management of key risks,
- guarantee reliable, regular and high-quality financial information.

Generally speaking, continuous improvement of the processes, standards and information systems remains one of the primary objectives and is in line with a three-fold commitment to operational efficiency, management and control.

Paris, 19 March 2009  
Chairman of the Board of Directors.

**5.12 *Auditors' report on the Chairman of the Board of Directors' report concerning the conditions under which the Board of Directors' work is prepared and organised and on the internal control procedures implemented by the company***

In our capacity as 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 2008.

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 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 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 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 procedures related to the preparation and processing of the accounting and financial information underlying the information presented in the Chairman's report as well as the existing documentation;
- acquiring an understanding of the work involved in preparing this information and of the existing documentation;
- determining whether any major weaknesses in internal control related to the preparation and processing of accounting and financial information detected by us during our audit are appropriately reported in the Chairman's report.

Based on this work, we have no observation regarding the information about the company's internal control procedures related to the preparation and processing of accounting and financial information, as contained in the Chairman of the Board of Directors' report, which was prepared in accordance with the provisions of 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 2009

The Auditors

AUDIT AMLD  
André Métayer

MB AUDIT  
Roland Travers