



2014-15 full-year consolidated earnings

Data approved by the Board of Directors on June 29, 2015

The audit procedures have nearly been completed. The statutory auditors' reports will be issued once the notes and management report have been verified and all the due diligence processes completed.

Revenues multiplied by two

Income from ordinary operations, operating income and net income profitable

Important announcement concerning the Alden loan

Paris, France – June 29, 2015 – Atari S.A. is releasing its full-year consolidated earnings for 2014-15 (April 1, 2014 to March 31, 2015).

Frédéric Chesnais, Atari's Chairman and CEO and the Group's leading shareholder, declared: *“The profitable results that we are announcing for FY 2014-15 highlight all the progress we have made over the past two years, and I wanted to thank all the shareholders for their confidence and trust in us. With regard to the Alden loan, our analysis, as detailed hereafter, is that this loan contains manifest and serious errors, particularly in terms of the annual percentage rate calculation, with these errors reducing the effective outstanding amount still payable to Alden. Following confirmation with a legal analysis and an independent financial expert's report, we have therefore adopted a position to strongly challenge the outstanding sums that would be payable to Alden, and taking the measures required to get our rights recognized and upheld in relation to this overpayment. For FY 2015-16, we have set ourselves a target to improve profitability, with a seasonality similar to the one recorded in FY 2014-15. Our priority is to reinvest because our industry is continuing to see strong growth and constantly evolving. While the competition is still just as present, this is opening up numerous opportunities that we intend to capitalize on over the coming years. Within the next few months, the release of RollerCoaster Tycoon World, a franchise with millions of fans and games sold, will be a first illustration of this”.*

CONTEXT / HIGHLIGHTS OF THE YEAR

There were no changes in scope during the year, with the exception of the subsidiaries created in which the Group holds interests of over 90%.

The main products for the year were *RollerCoaster Tycoon* for mobile, with over 15 million downloads, as well as *Test Drive Unlimited*, the licensing business and the whole catalog.

From a financial perspective, in February 2015, the Group carried out a €5.0 million 2020 OCEANE bond issue. Following the conversions made in March 2015, the outstanding balance represented €1.2 million at March 31, 2015. In addition, on December 22, 2014, the company joined the CAC Mid & Small index and, since December 29, 2014, it has been eligible for Euronext Paris' deferred settlement service (SRD), on the long-only segment.

On June 27, 2014, the Chapter 11 proceedings were definitively closed by the US bankruptcy judge, bringing an end to this period of strategic uncertainty.

KEY PROFIT AND LOSS ITEMS

The detailed income statement, prepared in accordance with IFRS, is appended and summarized below:

(€'000,000)	2014-15	2013-14
Revenues	7.6	3.3
Gross margin	6.3	3.2
<i>% of revenues</i>	83.8%	96.5%
Income from ordinary operations	0.2	0.9
Operating income	1.5	1.3
<i>% of revenues</i>	20.1%	39%
Net income from continuing operations	1.2	-2.5
Consolidated net income	1.2	-2.5
Minority interests	0.0	0.0
NET INCOME (GROUP SHARE)	1.2	-2.5

Revenues / Gross margin

At March 31, 2015, Atari is reporting €7.6 million in consolidated revenues, up from €3.3 million the previous year, thanks primarily to the *Roller Coaster Tycoon* and *Test Drive Unlimited* franchises, the licensing business and the whole catalogue. The gross margin rate came to 83.8% of revenues, compared with 96.5% for the previous financial year, reflecting a proportion of titles with lower margin rates, within a business configuration that is not necessarily representative of the Company's standard catalogue.

Income from ordinary operations

Research and development (R&D) costs have increased, whereas the previous year's costs were not significant because the Group's business was limited to catalogue operations. In 2014-15, the Group re-launched its production business on a selective basis.

Sales and marketing costs totaled €0.9 million and reflect the business' gradual re-launch.

Administrative costs and overhead represented €3.1 million, compared with €1.3 million the previous year. This change is linked to the reconsolidation of the American subsidiaries from December 29, 2013 for FY 2013-14, and the stronger project management teams put in place for FY 2014-15.

During the period, the Group aimed to break even in terms of income from ordinary operations and this target has been achieved.

Income from ordinary operations came to €0.2 million for the year ended March 31, 2014, compared with €0.9 million the previous year, factoring in the investments made to start re-launching the catalogue.

Operating income

The restructuring costs for the year ended March 31, 2015 primarily concern the reversal of provisions recorded in previous years that have become obsolete. For the year ended March 31, 2014, they concern costs relating to the Chapter 11 proceedings.

Other operating income and expenses for the year ended March 31, 2015 correspond to the positive balance for management operations. Other operating income and expenses for the year ended March 31, 2014 concern the goodwill recognized when the American Subsidiaries were reconsolidated.

Operating income for the year ended March 31, 2015 shows a €1.5 million profit, compared with a profit of €1.3 million for the previous year, up 15%.

Net income (net loss) Group share

The cost of debt has been reduced very considerably, down from €3.9 million the previous year to €1.4 million. This

improvement reflects the Group's deleveraging.

Other financial income and expenses primarily reflect savings on interest to be paid on the ORANE bonds.

No corporate income tax was recorded during the year, as in the previous financial year.

Minority interests are not significant.

Consolidated net income shows a €1.2 million profit for the year ended March 31, 2015, compared with a €(2.5) million net loss for the year ended March 31, 2014.

KEY BALANCE SHEET ITEMS

The detailed balance sheet, prepared in accordance with IFRS, is appended.

Consolidated shareholders' equity came to -€13.0 million at March 31, 2015, representing an €18.2 million improvement compared with the -€31.3 million recorded at March 31, 2014. The following table presents the changes in shareholders' equity during the year (in € million):

Total shareholders' equity at March 31, 2014	-31.3
Net profit	1.2
Conversion of ORANE/OCEANE bonds	25.9
Treasury stock (gross value)	-6.7
Change in exchange rate differences and sundry	-2.2
Total shareholders' equity at March 31, 2015	-13.0

Net cash

Net cash (net debt) is defined as cash and cash equivalents, less current financial debt and long-term financial debt. At March 31, 2015, the Group had €11.0 million in net debt, compared with €24.8 million in net debt at the previous financial year-end.

A detailed breakdown of net debt is appended.

At March 31, 2015, the Group's financial debt on the consolidated balance sheet includes the Alden loan (the "Loan") for a total of €12.1 million, including €10.5 million of capital. The Loan has a variable annual interest rate of approximately 9% and, subject to creditors' rights, is secured against the Group's assets, including the Atari brand. The Loan is currently due to mature on September 30, 2015.

In March 2015, when reviewing the latest amendments to the Loan agreement and preparing the accounts for the period ended March 31, 2015, Atari Europe SAS ("Atari Europe") found that the Annual Percentage Rate ("APR") calculation contained manifest and serious errors and/or that this APR had not been disclosed to Atari Europe. If this is the case, in accordance with the legislation and case law applicable, the contractual interest rate must be replaced with the legal interest rate and any difference between the two rates, when the interest rate is higher than the legal interest rate, is to be deducted from the sums owed to the creditor. This position has been confirmed with a legal analysis for Atari.

Atari Europe has carried out a calculation for the period from April 1, 2009 to March 31, 2015. Initially, the interest has been recalculated applying the legal interest rate. The payments already made have then been compared against the interest recalculated in this way. Since the contractual interest rate has always been very significantly higher than the legal interest rates over the period, the amounts paid are considerably higher than the interest recalculated at the legal rate. This overpayment has then been allocated on a notional basis against the Loan's capital. The end result is that this overpayment covers not only the outstanding amounts on the balance sheet at March 31, 2015, but even exceeds them by €4.1 million on this same date. This calculation has been validated by an independent financial audit firm. If applicable, this overpayment will be increased by the overpayment for the period from 2006 to 2009, which is currently being evaluated.

In view of these elements, the Group has adopted a position to mount a strong challenge against any sums still owed to Alden, in addition to taking the measures required to get its rights recognized and upheld in relation to this overpayment.

Atari Europe has informed Alden of these findings, with the report from the financial audit firm, and has initiated negotiations. These negotiations are still ongoing. It is very likely that legal proceedings will follow because Atari

Europe is determined to uphold its rights in relation to the APR. Any legal proceedings involve risks and it is not certain that Atari Europe's arguments will prevail. To avoid defaulting on the Loan, the Company will be looking to put in place any other means to repay the Loan, including a further agreement with Alden, operational cash flow generation, a divestment of assets and/or a financial operation, with these resources potentially being required alongside a consultation process or legal proceedings.

Considering these elements, the Group has closed its accounts at March 31, 2015 based on the principle of continuous operations. Furthermore, in accordance with IFRS, the Alden loan is recorded under the same accounting principles as those applied in previous years, with the sum of €12.1 million (capital and interest) retained under current liabilities and the impact of the incorrect APR cannot be reflected in the accounts at March 31, 2015.

OUTLOOK FOR 2015-16

The Group is currently working on re-launching the catalogue. The strategy is focused on download games, MMO games, mobile games and licensing activities, based in priority around traditional franchises.

Several products are already in operation or under production, either directly or on a co-investment basis, including:

- *ALONE IN THE DARK: ILLUMINATION* for PC (solo or multiplayer action and adventure game), in which players face off against Eldritch's hordes using supernatural illumination powers to defend themselves, survive and complete the adventure.
- *ROLLERCOASTER TYCOON WORLD* for PC (offline or online, solo or multiplayer game), enabling players to create original theme parks with incredible attractions. This is the follow-up to RollerCoaster Tycoon 3 for PC.
- PRIDEFEST, an LGBT-friendly mobile social simulation game, enabling players to manage their cities and design their own parades, while creating a network of friends.
- *LUNAR LANDER* for mobile, the famous lunar landing simulation game that helped build ATARI's success in the past in the arcade game sector and will now delight nostalgic fans of the franchise on smartphones and tablets.

For FY 2015-16, Atari's strategy is focused on four priorities:

- Continuing to move forward with the business recovery and turnaround plan;
- Capitalizing on the Atari brand and the intellectual property portfolio thanks to strategic partnership and licensing activities;
- Limiting the risks involved by focusing on partnerships: Atari will be looking into commercial partnerships on a case-by-case basis with a view to maximizing the benefits of its vast intellectual property portfolio, its brand and all its assets;
- Limiting operating expenditure and striving to improve profitability: Atari will continue to ensure strict control over investments and costs.

The Company is still in a re-launch phase for its business and is focused on breaking even in terms of operating income for 2015-16, with a profitable second half of the year considering the seasonal trends for product releases.

About Atari

Atari (www.atari.com) is an interactive entertainment production company founded in 1972. As an iconic brand that transcends generations and audiences, the company is globally recognized for its multi-platform, interactive entertainment and licensed products. Atari owns and/or manages a portfolio of more than 200 games and franchises, including world-renowned brands like Asteroids®, Centipede®, Missile Command®, Pong®, or Test Drive®.

Atari has offices in New York and Paris.

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APPENDICES

APPENDIX I Consolidated income statement

(€'000,000)	Year ended March 31, 2015	Year ended March 31, 2014
Revenues	7.6	3.3
Cost of sales	(1.2)	(0.1)
Gross margin	6.3	3.2
Research and development costs	(2.5)	(1.2)
Sales and marketing costs	(0.9)	0.0
Administrative costs and overheads	(3.1)	(1.3)
Other income and expenses from operations	0.3	0.2
INCOME FROM ORDINARY OPERATIONS	0.2	0.9
Restructuring costs	0.4	(1.9)
Income from asset disposals	-	-
Impairment of goodwill	-	-
Other operating income and expenses	1.0	2.3
OPERATING INCOME	1.5	1.3
Cost of financial debt	(1.4)	(3.9)
Other financial income and expenses	1.1	0.1
Share in net income from associates	-	-
Corporate income tax	-	-
NET INCOME FROM CONTINUING OPERATIONS	1.2	(2.5)
Net income from discontinued operations	-	-
CONSOLIDATED NET INCOME	1.2	(2.5)
Minority interests	(0.0)	(0.0)
NET INCOME (GROUP SHARE)	1.2	(2.5)

APPENDIX II
Consolidated balance sheet

(€'000,000)	March 31, 2015	March 31, 2014
Goodwill	-	-
Intangible assets	2.8	-
Property, plant and equipment	-	-
Non-current financial assets	0.2	0.2
Deferred tax assets	-	-
Non-current assets	3.0	0.2
Inventories	-	
Trade receivables and related	0.7	0.4
Current tax assets	0.6	0.2
Other current assets	0.9	1.4
Cash and cash equivalents	3.7	5.8
Assets held for sale	-	
Current assets	5.8	7.8
Total assets	8.8	8.0
Share capital	1.7	0.5
Issue premiums	395.8	277.3
Consolidated reserves	(410.5)	(309.1)
Shareholders' equity (Group share)	(13.1)	(31.3)
Minority interests	0.0	0.0
Consolidated shareholders' equity	(13.0)	(31.3)
Non-current provisions for liabilities and charges	0.1	0.0
Non-current financial debt	1.8	30.5
Deferred tax liabilities	-	
Other non-current liabilities	-	0.6
Non-current liabilities	1.9	31.1
Current provisions for liabilities and charges	1.2	1.6
Current financial debt	12.8	0.0
Trade payables	4.6	4.4
Current tax liabilities	0.3	0.1
Other current liabilities	1.1	2.1
Liabilities held for sale	-	
Current liabilities	19.9	8.2
Total liabilities	8.8	8.0

Net debt

(€'000,000)	March 31, 15	March 31, 14
Non-current debt	-1.8	-30.5
Current debt	-12.8	0.0
Gross debt	-14.6	-30.6
Cash and cash equivalents	3.7	5.8
Net debt	-11.0	-24.8

Net debt can be broken down as follows:

(€'000,000)	March 31, 15	March 31, 14
2020 OCABSA bonds	-0.6	-0.6
2019 OCEANE bonds	0.0	-18.4
2020 OCEANE bonds	-1.2	0.0
Alden credit line	-12.1	-11.5
Other	-0.7	
Total debt	-14.6	-30.5
Cash and cash equivalents	3.7	5.8
Net debt	-11.0	-24.8

The following table presents the maturities and interest charges for the various debt facilities:

(€'000,000)	March 31, 2015	Year ending March 31, 2016		Year ending March 31, 2017		Year ending March 31, 2018		Year ending March 31, 2019		Year ending March 31, 2020 and beyond		Total	
		Capital	Interest	Capital	Interest	Capital	Interest	Capital	Interest	Capital	Interest	Capital	Interest
Bonds	0.6									0.6		0.6	-
Accrued interest on ORANE bonds	0.7		0.7									-	0.7
2020 OCEANE bonds	1.2									1.2	0.0	1.2	0.0
Alden loan	12.1	10.6	1.5									10.6	1.5
Total financial liabilities	14.6	10.6	2.2	-	-	-	-	-	-	1.8	0.0	12.4	2.2