

**FY 2007/2008 FIRST-HALF CONSOLIDATED RESULTS
(unaudited)****Revenues at €91.2 million****Group's net loss reduced by 34% to €27.6 million****RESTRUCTURING OF ATARI INC.****New board of directors and management team****US\$ 10 million credit facility****Refocus on publishing and distribution activities in North America****PUBLISHING'S RELAUNCH STARTED****Strength on research and development investment****Developing strategy in online business****A consolidated global publishing division**

Lyon, France, November 30, 2007 – Infogrames Entertainment has published its interim financial unaudited statements for the first half of its current fiscal year (April to September 2007).

1. FIRST-HALF CONSOLIDATED RESULTS FY 2007/2008**1.1. Consolidated income statement****1.1.1. Revenues**

Group revenues reached 91.2 million euros for the first semester to be compared with 105.5 million euros in the first half of 2006/07, representing a decline of 13.6%.

Sales during the first six months were especially affected by the drop in business in the United States, where revenue fell by 62% from the same period last year. US zone accounts for only 16% of the Group's total.

Sales in Europe and Asia increased by 15% and 12%, respectively.

1.1.2. Gross margin

The gross profit for the period amounted to 27.6 million euros, compared with 44.2 million euros for the first half last year. This represented a margin of 30.3%, down from 41.9% for the first six months of fiscal 2006-2007. The decline was primarily due to:

- the adverse impact of the publishing mix during the period, as Group-produced games accounted for only 16% of sales, versus 30% last year;
- lower sales in the United States.

No major games produced by the publishing division were released by the Group during the past six-month period. In order to take full benefit of strong seasonal market fluctuations, Infogrames Entertainment plans to release its Group's products during the current half year and expects this to have a positive impact on the gross margin.

1.1.3. Operating Expenses

Research and development costs amounted to 19.2 millions euros for the period to September 30, 2007, which represent a 4 million decrease from last year. They included 6.1 million euros in amortization allowances and write-downs, compared with 13.9 million euros for the same period the previous year.

Marketing and sales expenses totaled 22.3 million euros for the period ended September 30, 2007, or 21.8% less than a year ago.

General and Administrative expenses amounted to 26.2 million euros, representing an increase of 0.3 million euros. Excluding the P&L effect on the financial statements allotment of free shares, those overhead costs would have declined by 1.5 million euros (5.8%).

1.1.4. Operating income before depreciation and extraordinary items

There was a loss of 40.1 million euros from current operations for the first half of fiscal 2007-2008, compared with a loss of 33.5 million euros the same period a year ago. The increase 6.6 million euros loss is attributable primarily to operating problems in the United States and the adverse publisher mix referred to above.

1.1.5. Operating loss

Reducing by 7.6 million euros, operating loss reached 29.3 million euros for the first half of fiscal 2007-2008, compared to 36.9 million euros for the same period a year ago. Current loss include 13.3 million euros in capital gains from the sale of Hasbro licenses during the period. Operating income by region was as follows:

(€millions)	US	PALASIA	Corporate	Total
Operating income (loss) to September 30, 2007	(26.2)	(9.3)	6.2	(29.3)
Operating loss to September 30, 2006	(29.1)	(6.6)	(1.2)	(36.9)
Difference	2.9	(2.7)	7.4	7.6

Operating loss of the American region for the first half of fiscal 2007-2008 and 2006-2007 include, respectively, capital gains of 4 million US dollars from the sale of Hasbro licenses and a goodwill impairment charge of 5.7 million euros. Exclusive of those items, the operating loss for the American region would have been 29.1 million euros for the first half of 2007-2008 and 23.4 million euros for the first half of 2006-2007. The negative difference of 5.7 million euros was due primarily to the drop in revenues at Atari Inc. in spite of a restructuring plan carried out in May 2007.

The 2.7 million euros decline in the operating result of PALASIA region reflected mainly the adverse impact of the distributed product mix

For the Corporate unit, the operating result improved by 7.4 million on September 30, 2007 from the same period the previous year, chiefly thanks to the sale of Hasbro licenses during the period, which was partly offset by the consequences of the allotment of free shares.

1.1.6. Financial expenses

Net financial expenses amounted to 4.7 million euros, down from 10.7 million euros last year. The improvement was primarily due to the impact of the financial restructuring during the second half of fiscal 2006-2007.

1.1.7. Net loss after minority interests

Group Net loss reduced by 14.2 million euros from the same period a year ago, to 27.6 million euros.

1.2. Consolidated balance sheet

The Group shows total assets of 258.5 million on September 30, 2007, compared with 313.6 million euros on March 31, 2007.

The principal changes were in working capital, which fluctuates with the business' seasonality. In particular, inventories and trade receivables declined by 32.5 million euros.

After taking into account the loss for the period and the exercise of stock warrants (7.7 million euros), shareholders' equity for the consolidated group was 55.8 million euros.

As of September 30, 2007, the Group's net debt was as follows:

(€millions)	9/30/07	3/31/07
OCEANE 2011 and 2020 bonds	5.9	5.9
Production funds	8.5	17.1
BOA credit facility	60.0	46.3
Other debts and borrowings	12.3	14.6
Bank overdrafts	2.6	3.2
Total debt	89.3	87.1
Cash and cash equivalents	(24.0)	(46.6)
Net debt*, of which,	65.3	40.5
Due in less than one year	22.2	28.0
Due in more than one year	43.1	12.5

* Net debt represents the difference between total debt and cash

First part of the Banc of America credit facility, amounting to 26.2 million euros, will mature on March 31, 2008.

In addition, the Group estimates its additional operating and investment needs for the next twelve months to be in the range of 65 to 75 million euros.

In order to meet those needs, the Group is currently examining ways to refinance its debt and to finance its capital expenditures and operations. The various approaches under consideration could involve equity, equity-linked or debt issues.

2. RESTRUCTURING OF ATARI INC, THE GROUP'S US SUBSIDIARY

As planned, the Infogrames Group continued to implement its strategy announced last June. Regaining a position in the US market is a priority for the Group's turnaround, as it will enable it to hold a strong position again in this segment and to improve the performance of Atari Inc, it's the Group's US subsidiary.

2.1. Changes in the board of directors and in management

As decided by Infogrames Entertainment, Atari Inc.'s majority shareholder, the membership of the board of directors was changed with the addition of four new outside directors responsible for taking the steps necessary to restructure the company so as to make it profitable again and help turn it around. They are Wendell Adair, Eugene I. Davis, James B. Shein and Bradley E. Scher and they join Thomas Schmider, Jean-Michel Perbet and Evence-Charles Coppée on the Atari Inc. board.

Curtis G. Solsvig III (a managing director of Alix Partners) was appointed to the position of chief restructuring officer for Atari Inc. and was placed in charge of overseeing the implementation of the company's restructuring. Following the departure of David Pierce, Mr. Solsvig also acts as interim chief executive officer.

2.2. A 10-million dollar credit facility

Atari Inc. secured a USD 10 million credit facility at the end of October 2007 from BlueBay High Yield Investments, which it may use until December 31, 2009.

The new facility replaced a credit line extended by Guggenheim Corporate Funding, which had been reduced to USD 3 million by an amendment on October 1, 2007.

2.3 Focusing on publishing and distribution in North America

As part of ongoing restructuring measures, Atari Inc. has decided to focus on publishing and distribution in North America. The company will henceforth have local divisions for acquisitions, marketing, sales and logistics. It will handle products released by Infogrames and other partner firms, for distribution in North America.

In this connection Atari Inc. will adapt its internal organization in order to improve and streamline its cost structure.

2.4. Second quarter financial results

Atari Inc.'s revenue for the first six months was 23.7 million US dollars, down from 48.1 million dollars for the same period the previous year. The net loss for the half-year ended September 30, 2007 amounted to 19.6 million dollars, or \$1.46 per share, compared with a net loss of 7.4 million dollars, or \$0.55 per share a year ago.

Full information regarding Atari Inc. can be found at www.atari.com / [Atari Inc I.R.](#)

3. RELAUNCH OF THE PUBLISHING BUSINESS

3.1 Relaunch strategy for publishing

The Group has substantially increased its spending on research and development, which was up 40% during the first half of the current fiscal year from the same period a year ago, with the aim of building up its game catalog for the coming years.

The strategy concerns three areas:

1. Atari Inside:

- Relaunching the Group's historic franchises with strong potential, in particular on multiple-platform media, including for new-generation consoles such as PS3 and Xbox 360, for which more than 10 projects are in progress
- Continuing the development of games such as
 - Alone in the Dark (in many formats for PS3/XBOX 360/ Wii/PS2/PC/DS/PSP)
 - Test Drive Unlimited, currently in development
- Bringing out historic franchises again, such as Airborne Rangers and Hogs of War, as well as the Backyard franchises in the United States, including Backyard Baseball 2009 and Backyard Football 2009.

2. Atari Open To the World:

- Adding to the publishing catalog by targeting gaming communities and new segments (focusing in particular on the popular DS and Wii family platforms for which there are currently more than 10 ongoing projects)
- Expanding the product line up by working with other studios, including Legendary: The Box, which is being developed jointly with the Spark studio and is scheduled for release next year on Xbox 360, PS3 and PC.
- Targeting new gamer segments: the game "My Horse and Me", which was granted a license by the FEI International Equestrian Federation has just been released and additional versions are to be released next year.
- Continuing to publish products based on popular general and/or local licenses. After the release of Asterix at the Olympics (Wii, DS, PC), the Group is currently working on a version for Xbox 360, in anticipation of next year's summer Olympics and the release of the movie on DVD. A new game based on the Kid Paddle license is also planned for next year, in Wii and DS formats).

3. Atari Out Of The Box:

- Taking advantage of the move to "online". Many future products will incorporate a multiple-player online version, as was the case for the successful Test Drive Unlimited, which has generated more than 3 million downloads from Microsoft's Marketplace site since it was released.
- Rapidly reaching a strong position in "casual gaming" with the help of the Group's many historic franchises such as Atari Classics, and an increase in community-managed games. This, combined with eStore capabilities extended to major markets, is expected to take place in coming months. Infogrames has already started talks with potential technical and distribution partners.

All of those initiatives will be consolidated under the "Atari" brand and are intended to make the Group an online leader in the sector of consumer entertainment.

3.2 A centralized worldwide Publishing Division

The new entity, under the leadership of executive vice president Mathias Hautefort, will help relaunch the global publishing business areas along the lines referred to above.

The Division is centralized, operates worldwide and is organized along rational lines. It has the necessary response capacity required by product-release objectives and has the following principal tasks:

- Legal and financial management of intellectual properties
- Centralized product marketing
- Product development and quality control, either with independent studios or in-house
- Creation of new opportunities in the online area and licensing of the Atari name

3. Reinvestment strategy

Research and development spending for the first half of fiscal 2007-2007 broke down as follows:

(€ millions)	9/30/07	9/30/06	Change
Pre-production expenses	2.2	0.7	1.5
Other costs (not including amortization and depreciation allowances)	10.9	8.6	2.3
Capital expenditures (*) for internal R&D	3.8	6.7	-2.9
Capital expenditures (*) for external R&D	11.2	4.0	7.2
Total research and development spending (cash impact)	28.1	20.0	8.1

(*) "Capital expenditures" refers to capitalized expenses for the period

Total R&D spending totaled 28.1 million euros in the first half of fiscal 2007-2008, an increase of 40.5% from the same period a year ago. Research and development expenditures amounted to respectively 30.8% and 19.0% of consolidated revenues for those periods. The significant increase was due in part to the relaunch during the period of the Group's publishing business, which relies on both in-house and outsourced research and development.

***More information is available from the Infogrames corporate website at:
www.infogrames.com***

ATTACHMENTS

1. Consolidated income statement (unaudited)

(€millions)	9/30/07 (6 months)	9/30/06 (6 months)
Net revenue	91.2	105.5
Cost of goods sold	(63.6)	(61.3)
Gross Margin	27.6	44.2
R&D expenses	(19.2)	(23.2)
Marketing & selling expenses	(22.3)	(28.5)
General & Administrative expenses	(26.2)	(25.9)
Current operating income / (loss)	(40.1)	(33.4)
Other operating revenue (expenses)	10.8	(3.5)
Operating income / (loss)	(29.3)	(36.9)
Cost of debt	(5.8)	(11.9)
Other financial income / (loss)	1.1	1.2
Income taxes	(0.7)	0.6
Share of net income /loss in equity methods investments	-	(0.1)
Net income / (losses) from continuing operations	(34.7)	(47.1)
Net income / (losses) from discontinuing operations	-	(6.1)
Consolidated net income	(34.7)	(53.2)
Minority interests	(7.1)	(11.4)
Net income	(27.6)	(41.8)

2. Consolidated balance sheet (unaudited)

(€millions)	9/30/07	3/31/07
Goodwill	85.8	89.0
Intangible assets	60.6	61.9
Other non-current assets	17.5	15.7
Non-current assets	163.9	166.6
Inventories	23.6	28.0
Trade receivables	32.5	60.5
Other current assets	14.3	11.0
Cash and cash equivalents	24.0	46.6
Assets of discontinued operations	0.2	0.9
Current assets	94.6	147.0
Total assets	258.5	313.6

Total shareholders' equity	55.8	85.2
Borrowings, non-current	43.1	12.5
Other non-current liabilities	7.4	13.5
Non-current liabilities	50.5	26.0
Provisions, current	2.3	3.8
Borrowings, current	46.2	74.6
Trade payables	81.3	99.5
Other current liabilities	22.4	24.5
Current liabilities	152.2	202.4
Total equity and liabilities	258.5	313.6

3. Consolidated cash flow statement (unaudited)

(€ millions)	9/30/07 (6 months)	9/30/06 (6 months)
Consolidated net income (loss)	(34.7)	(53.2)
Non-cash expenses and revenue	(1.2)	26.0
Cost of Debt	5.8	11.6
Taxes (deferred and payable)	0.7	(0.6)
Cash flow before net cost of debt servicing and taxes	(29.4)	(16.2)
Income taxes paid	(0.1)	(0.2)
Changes in working capital	10.9	(6.9)
Net cash generated by operating activities	(18.6)	(23.4)
Disbursements for purchases of non-current asset	(23.6)	(18.1)
Proceeds from disposals of non-current assets	14.3	7.6
Net cash flow from capital transactions	(9.3)	(10.5)
Net funds raised by		
Equity	7.7	-
Debt	16.6	31.3
Net funds disbursed for		
Net interest and fee expenses	(4.8)	(8.7)
Debt repayment	(14.6)	(19.8)
Net cash (used in)/generated by financing activities	4.9	2.8
Net cash flow from discontinued operations	0.6	13.4
Effect of exchange rate	(0.2)	(0.5)
Change in net cash	(22.6)	(18.1)

4. Major games scheduled for release during the second half of the year

	Group products	Third-party products
<i>October releases:</i>	<ul style="list-style-type: none"> ▪ The Witcher PC ▪ Kid Paddle 2 NDS 	<ul style="list-style-type: none"> ▪ Naruto Ultimate Ninja 2 PS2 ▪ Eternal Sonata Xbox 360
<i>Releases for the Holiday season:</i>	<ul style="list-style-type: none"> ▪ Asterix at the Olympics PS2/Wii/NDS/PC ▪ Lucky Luke: Go West! NDS/PC/Wii ▪ My Horse & Me NDS/PC/NDS ▪ Lanfeust of Troy NDS ▪ Jenga NDS 	<ul style="list-style-type: none"> ▪ DBZ Budokai Tenkaichi 3 PS2 ▪ Ace Combat 6: Fires of Liberation Xbox 360
<i>Releases scheduled for the rest of the year:</i>	<ul style="list-style-type: none"> ▪ Alone in the Dark PC/PS2/Xbox 360/Wii ▪ Godzilla Unleashed PSP/Wii/NDS ▪ Jenga Wii 	<ul style="list-style-type: none"> ▪ DBZ Budokai Tenkaichi 3 Wii