

Increase in half year results Forecast for 2010-11 year-end result in line with previous announcements

The BIGBEN INTERACTIVE Group posted a net consolidated half year profit of 1.89 €m against 1.44 €m in the first half of its FY 2010/11, and sales recorded an organic increase of 20.0 %. The 2.46 €m result from operations reflected the resilience of market shares in the Accessory business in all territories i.e. France, Benelux and Germany as well as the new strength of Publishing and Electronics sales in France.

Consolidated financial highlights (IFRS standards)

	2009-10 €m	2010-11 €m	change
Revenue (Sales)	31.08	37.31	+ 20.0%
Result from current operations*	+1.70	+2.46	+ 44.2%
Result from operations	+ 1.56	+ 2.46	+57.7%
Net financing result	- 0.0	- 0.35	n.a.
Earnings before tax	+ 1.57	+2.11	+ 34.7%
Tax **	+ 0.13	- 0.23	n.a.
Group net result	+ 1.44	+ 1.89	+ 31.2%

(*) before loss of value

(**) deferred tax posted as a 0.1 €m net asset in 2009-10 and a 0.0 €m net asset in 2010/11

The 2010-11 financial year is hallmarked by a classic seasonality in the 2nd half of current FY with most of the net profit to be recorded during the second half. However the result from operations shows a significant year on year increase (+58.0%) in spite of this very strong seasonality.

The contribution of the French entities of the Bigben Interactive Group to the consolidated operating profit i.e. 2.17 €m (against 0.77 €m in 2009-10 first half) and 1.38 €m (against 0.94 €m) to the Group's net result, reflects the growth in all businesses excluding Non exclusive Distribution, with +24 % for the Accessory business, +62% for Audio and +82% for Exclusive Distribution as well as a thriving Export business (export sales by the French entities to Non Group territories).

In Germany, a difficult competitive environment in spite of another growth of the Accessory business (+4%) and the success of the distribution of "accessory+software" packs published by the Group, caused the subsidiary BBI GmbH to post an operating loss of - 0.24 €m and a contribution of 0.00 €m to the Group's net result to be compared with an operating result of - 1.45 €m and a net result of -0.15 €m over the same 2009-10 period.



BIGBEN INTERACTIVE Benelux recorded a strong activity in Belgium and a decrease in the Netherlands and reported a -0.28 €m operating loss and a contribution of -0.23 €m to the Group's net result, to be compared with an operating profit of 0.38 €m and a net result of 0.24 €m in the first half of 2009-10.

The balance of the contribution to the Group's net result came from the Hong Kong subsidiary which recorded a 0.80 €m operating profit and a contribution of 0.74 €m to the Group's net result, to be compared with an operating profit of 0.53 €m and a net result of 0.41 €m in the first half of 2009-10.

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Considering the evolution of the Group's business profile and the addition of complementary lines of products (accessories for smartphones and video games for digital distribution), it has been deemed necessary to adjust the definition of the businesses carried out by the Group in order to take into account their position in the added value process and demonstrate the intensity of the creative process. Therefore, BIGBEN INTERACTIVE intends from now on to present the segmentation of its activities as follows:

- The Accessory business which concentrates a significant part of the Group R&D resources includes all accessories being developed either as accessories for any console format (Group's key business) or as accessories for smartphones. Functionalities are very close and experience shows that smartphones are increasingly used for gaming purposes hence illustrating a real convergence of digital communication towards entertainment.
- The Publishing business which includes the search for innovative gaming concepts and the technical follow up of the software development process itself, caters for games sold either in physical form through conventional retail distribution or without the use of a physical media through digital distribution, a segment expected to grow rapidly.
- The Audio business is an historic business which experiences a new strength focusing on mass market products with an emphasis on the development of original designs.
- The Distribution business on behalf of third parties, either in exclusive or non exclusive form, through retail or digital channels, is subject to comparable constraints in terms of stocks, logistics and circulation. This line of business completes the commercial organisation of the Group and enables it to cater for all present and future trading forms.

The first 3 business segments above cover the entire value chain specific to developed products including the design, development and distribution functions. They are now grouped together under the "Design & Publishing" title in Group communication and this side of the business is expected to show higher operating margins than the distribution side.

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Figures concerning the business segments in which BIGBEN INTERACTIVE deals are shown hereunder according to the old and the new organisation:

Business segments (old definition)	30.09.2009 M€	30.09.2010 M€	Business segments (new definition)	30.09.2009 M€	30.09.2010 M€
Accessories (consoles)	20,69	23,68	Accessories (consoles+smartphones)	20,69	24,00
Exclusive Distrib. (Publishing+Excl. dist)	5,68	7,00	Publishing	2,42	5,20
Core businesses	26,37	30,68	Audio	2,27	3,65
Audio (+ smartphones)	2,27	3,97	Design & Publishing	25,38	32,85
Non exclusive	2,44	2,66	Distribution (Exclusive+Non exclusive)	5,70	4,46
Total	31,08	37,31	Total	31,08	37,31

Notwithstanding the still pre-eminent share of the Accessory business, this new organisation emphasizes the rise of the Publishing segment resulting from the success of the software titles published by the Group and mainly from "accessory + software" packs. The Audio segment has a growing share too and becomes more than a complementary business in this new business organisation focused on Design and Publishing.

Business segments (old definition)	30.09.2009	30.09.2010	Business segments (new definition)	30.09.2009	30.09.2010
Accessories (consoles)	66,6%	63,5%	Accessories (consoles+smartphones)	66,6%	64,3%
Exclusive Distrib. (Publishing+Excl. dist)	18,3%	18,8%	Publishing	7,8%	14,0%
Core businesses	84,8%	83,1%	Audio	7,3%	9,8%
Audio (+ smartphones)	7,3%	10,6%	Design & Publishing	81,7%	88,0%
Non exclusive	7,9%	7,1%	Distribution (Exclusive+Non exclusive)	18,3%	12,0%
Total	100,0%	100,0%	Total	100,0%	100,0%

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The consolidated result from operations grew from +1.56 €m in the first half of 2009/10 to + 2.46 €m in the first half of this year. The focus given to the Accessory business supported operations in each territory. Efforts were continued to reduce overheads but these were impacted by significant expenses linked to product development.

M€ - Consolidated figures	30/09/2009	30/09/2010	Sept10 vs. Sept09	
Inventories	22.6	28.5	+ 5.9	+ 26.1%
Net financial debt	9.2	5.8	- 3.4	- 37.3%
Working capital requirements	28.0	35.0	+ 7.0	+ 25.1%
Sales	31.1	37.3	+ 6.2	+ 20.0%
Overheads	9.4	10.4	+ 1.0	+ 10.5%
Net financial result	0.0	0.3	- 0.3	n.a.

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The working capital requirements linked to the financing of exclusive products manufactured in Asia (Accessories and Audio) increased by 25 % despite the cash surplus of the company, as a result of Xmas deliveries to the trade being delayed by 2 months combined with larger procurement volumes of products with higher unit prices (accessories with a strong electronic content, “accessory+software” packs, audio products) to meet the demand from the distribution channels.

Notwithstanding a further 37% decrease of financial debt over the period, the impact of low interest rates on an exclusively floating rate debt as well as the absence of any seasonal credit for Christmas 2010, the growth of net financial costs is related to the fluctuations of the euro/dollar exchange rate.

Consolidated	04/09 - 09/09		04/10 - 09/10		Sept10/sept09	
	€m	€m	€m	M€	€m	M€
Revenue (sales)	31.08	ns	37.31	<i>ns</i>	+ 6.2	+20.0 %
Result from operations	1.56	5.02%	2.46	6.59%	+ 0.8	+57.7%
Earnings before tax	1.57	5.04%	2.11	5.66%	+ 0.5	+34.7%
Net profit	1.44	4.62%	1.88	5.05%	+ 0.5	+31.2%

Comparison of profitability ratios over a 12 month period shows that these grew markedly faster than sales in spite of the increased outlay in R&D and the procurement orders carried out in anticipation of actual orders from customers for Xmas 2010. The natural growth of ratios in the second half of FY 2010/11 supported by the sales of high value products (Accessories and Publishing) should allow the Bigben Interactive Group to reach, at year-end, a profit level in line with its ambitions.

Outlook

BIGBEN INTERACTIVE is recording strong Accessory sales in the 3rd quarter, the most profitable business of the Group. Its market share is now stable in a strong competitive environment in France but is still growing in export territories especially in Spain.

The Group’s primary business now represents more than two thirds of total sales (63.5%) in the first half of the current FY and should contribute more than four fifths of consolidated gross margin at the end of FY 2010/11.

Prospects for sales and results for FY 2010/11 are based on the following observations:

- the pre-eminence of the Accessory business ranking first within the Group business profile (63.5 % of sales) and the growth of Publishing (14.0%) and Audio (9.8%) sales leading to the growth of gross margin in absolute value ;
- the overall level of orders and deliveries for Christmas 2010 as well as sell-out figures for Group products purchased by final consumers being at equivalent levels with figures recorded at the same period of previous financial year ;
- a catalogue of “accessory+software” titles with a larger offering than previous financial year with in particular *Cyberbike Magnetic Edition*, *Western Heroes*, *Sniper Elite* and *Marvel Heroes 3 D* all these being for the Nintendo Wii TM format;



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- the increasing success of the ranges of Bigben Interactive accessories for smartphones.

Notwithstanding the mixed evolution of the video game industry since the beginning of the current calendar year and the importance of the commercial and logistical challenges resulting from the extreme concentration of activity over the coming weeks, the orders in the books and the launch of the new "Accessory + Software" packs should enable the BIGBEN INTERACTIVE Group to reach annual sales of at least EUR 100.0 m i.e. an organic growth exceeding 7 % and a result from operations in excess of 15 % of sales, on the basis of 2010 Christmas sales indicating a return to a strong seasonality as might be presumed from the sales trends in the last weeks.

*A leading independent distributor and manufacturer of video game console peripherals, **BIGBEN INTERACTIVE** offers a complete distribution solution for developers, publishers and accessory manufacturers in Continental Europe (France, Germany and Benelux)..*

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