12 May 2011

Year-end results 2010-11

Result from operations: 15.3 % of total sales
Group net result: 9.7 % of total sales

BIGBEN INTERACTIVE (ISIN FR0000074072) releases today its audited consolidated results for the financial year closing on 31 March 2011 as approved by its Board of directors on 04 May 2011.

The financial year 2010-11 which has been hallmarked by a receding video game market, ends for BIGBEN INTERACTIVE with a significant profit, a sales growth pulled by the export business, a new critical mass for the audio business and the success of its publishing strategy with "Accessory+Software" packs.

For the year ending 31 March 2011, Group sales increased by 8.0% compared to the previous year with Group net result ending in a profit of 9.9 €m versus 11.9 €m in 2009-10, an evolution resulting from the depletion of tax deficits carried forward and consequently meaning a higher taxation level for the Group.

The operating result of 15.5 €m i.e. an operating margin still exceeding 15% was mainly accounted for by the resilient first party businesses including Accessory (+6.4%), Publishing (+82.4%) and Audio (37.5%). While sales remained stable in Group domestic markets (+ 1%), growth came from strong export sales (+ 41%) which allowed the Group to open new markets and develop the Publishing and Audio businesses across all territories. Only an additional provision of 1.3 €m explains the slower growth of the operating result against sales, the operating margin recorded in 2010-11 reaching 15.3% against 15.6% in previous financial year.

in €m	France	Benelux	Germany	Hong Kong	2010-11	2009-10	Change
Domestic market	51.59	11.88	14.90	0.0	**78.37**	**77.56**	**+1%**
Export sales	15.61	0.0	2.30	5.03	**22.94**	**16.23**	**+41%**
Total	**67.20**	**11.88**	**17.20**	**5.03**	**101.31**	**93.79**	**+ 8%**

In a globally difficult video game market, the accessory business recorded a growth in calendar year 2010 (GfK source) supported by the rise of high value products such as the Move (Playstation®3) and Kinect (Xbox360) motion recognition devices. These products marketed by the Sony and Microsoft console hardware manufacturers themselves simultaneously led to lower sales for most third party accessory distributors. However sales of BIGBEN INTERACTIVE Accessories (the largest contribution in terms of sales) grew by more than 6% and this achievement enabled the Group to meet its financial targets for FY 2010-11 i.e. an organic growth over 7% and an operating margin exceeding 15% .

Earnings before tax amounted to 13.89 €m against 14.6 €m in FY 2009-10 after the impact of a currency loss of 1.8 €m against 0.4 €m in FY 2009-10. Net Group result amounted to 9.9 €m against 11.9 €m in FY 2009-10 after a 3.6 €m taxation against 1.9 €m in FY 2009-10 as the Group has used most of its tax deficits carried forward resulting from the losses accumulated during crisis years from 2003 to 2005.

Consolidated Financial Highlights IFRS standards	**2009-10 M€**	**2010-11 M€**	***Change***
Sales	93.79	101.31	*+ 8.0%*
Operating result	**14.61**	**15.49**	***+ 6.0 %***
Financing cost -	-0.32	-0.26	*- 17.5%*
Currency impact -	-0.40	-1.79	*+341.8%*
Financial result	- 0.72	- 2.05	*- 183.0%*
Earnings before tax	**13.89**	**13.44**	*- 3.2%*
Tax *	- 1.94	- 3.59	*- 85.3%*
Net Group result	**11.95**	**9.86**	*- 17.5 %*

(*) deferred tax of - 1.1 €m in 2009-10 and -2.2 €m in 2010-11.

Results by territory

The contribution of the French entities of the Bigben Interactive Group to the result from operations rose from 9.19 €m in 2009-10 to 9.77 €m (14.5% of sales) in FY 2010-11 including additional stock provisions and amortisations of gaming developments for 0.7 €m. The contribution to the Group's earnings before tax went from 8.64 €m to 7.83 €m after a currency loss of 1.8 €m (against 0.4 €m in 2009-10) whereas the contribution to the Group's result fell from 7.54 €m to 4.79 €m (7.1% of sales). The growth of the operating result reflects further growth of the Accessory business (+11%), the success of the Publishing business (+ 71%) and the accelerating growth of the Audio business (+ 31%) and the confirmation of the potential of e-commerce activities.

in €m	**France**	**Benelux**	**Germany**	**Hong Kong**	**2010-11**
Sales	67.20	11.88	17.20	5.03	101.31
Operating result	9.77	0.22	2.25	3.26	**15.49**
Financing cost -	- 0.18	- 0.02	- 0.06	0.0	-0.26
Currency impact -	- 1.76	0.0	0.0	- 0.03	-1.79
Financial result	- 1.94	- 0.02	-0.06	- 0.03	-2.05
Earnings before tax	7.83	0.19	2.19	3.24	**13.44**
Tax *	-3.04	-0.10	0.04	-0.49	-3.59
Net Group result	4.79	0.09	2.23	2.75	**9.86**

Outside France, Benelux saw its operations strongly impacted by the slump in Distribution sales (– 65%) resulting from a weak, loss-making line-up for FY 2010-11 and from additional provisions and depreciations for software titles in the Distribution segment totalling 0.6 €m. This situation could not be offset by the good sales of the first party business including Accessories (+12%), Publishing (+ 26%) or Audio (+ 52 %). The contribution of the subsidiary to the Group operating profit went from 1.58 €m in FY 2009-10 to 0.22 M€ (1.8% of sales) in 2010-11 and its contribution to the Group's net result from 1.05 €m to 0.09 €m (0,8%of sales). The steady growth of the first party business in the Accessory, Publishing and Audio segments in Benelux should enable the 2011-12 results to reach a level more in line with the subsidiary's business profile.

In Germany, the Bigben Interactive GmbH subsidiary improved its operations in a competitive environment and contributed 2.25 €m (13.1% of sales) to the operating profit against 1.90 €m in FY 2009-10 and 2.23 M€ (12.9% of sales) to the Group's (net result) against 1.78 €m in previous financial year. This confirms the market leadership achieved with Accessories (+ 4%) in Germany and Austria as well as the increase of the Publishing (8% of consolidated sales in this segment) and the promising launch of the Audio (6% of consolidated sales) businesses.

The Bigben Interactive (HK) Ltd subsidiary maintained most of its export sales volume (particularly to Australia) against previous FY while its R&D and procurement services further developed for the benefit of the Group. It posted sales to third parties amounting to a 5.03 €m exchange value as at 31 March 2011 (against 5.65 M€ in FY 2009-10) and it contributed 3.26 €m to the operating result (against 1.95 €m in FY en 2009/10), 3.23 €m to earnings before tax (against 1.93 €m in FY 2009/10) and 2.75 €m to Group's net result (against 1.59 €m in FY 2009/10).

Ratios

A positive cash position across the full financial year enabled the Group to avoid any seasonal credit for Christmas 2010. Cash in hand amounted to 7.6 €m as at 31 March 2011 while the Group decided to avoid recourse to facilities of nearly 10.0 €m supplementing overdraft facilities at this closing date (draft discounting/invoice discounting/medium term).
Increasing working capital requirements resulted from higher inventories at the year end in order to supply the Publishing business with "accessory+game" packs (longer production leadtimes and transportation) and to avoid any shortages in the new range of accessories for the 3DS console hardware launched on 25 March 2011.
Working capital increased by nearly 14% against previous FY due to the reinforcement of shareholders' funds with the profit recorded for the FY 2010-11.

	2009/10 M€	2010/11 M€	*March11 vs March10*	%
Net financial debt	- 5.9	- 1.5	*+ 4.4*	*ns*
Working capital requirements	25.7	34.3	*+ 8.6*	*+ 33.4%*
Operating capital	31.6	35.9	*+ 4.3*	*+ 13.7%*
Sales	93.8	101.3	*+ 7.5*	*+ 8.0 %*
Overheads	21.4	22.4	*+ 1.0*	*+ 5.9 %*
Financial cost before currency loss	0.3	0.2	*-0.1*	*- 17.5%*
Currency loss	0.4	1.8	*+ 1.4*	*+341.8%*

The increase in overheads -albeit at a slower rate than sales- is mostly linked to the rising cost of road shipping to customers resulting from increasing volumes and fragmented orders, while marketing investments for the new products were at a lower level than last year.
The net financial cost (or financial cost before currency gain) went down by 17% while currency losses increased from 0.2 € M to 1.8€m.

The gearing (net financial debt/shareholders funds) is now -3% against -13% in previous financial year. It should be noted that the advance payment for the first 180,000 sqft tranche of the future logistics center in Lauwin Planque close to Douai (59) as well as the purchase of the new packing line and of the appliances for the solar roof of the warehouse were self funded for 4.0 €m on closing date, although leasing facilities will be eventually used for funding this real estate project totalling 8.0 €m and a 3.5 €m medium term facilty has been granted for the solar roof .

P*rofitability*

	2009-10 €m	***% Sales***	**2010-11 €m**	***% Sales***
Revenue (Sales)	93.79		101.31	
Result from operations	14.61	*15.6 %*	15.49	*15.3 %*
Earnings before tax	13.89	*14.8%*	13.45	*13.3%*
Group net result	11.95	*12.7 %*	9.86	*9.7 %*

As first announced on 16 November 2010 and confirmed in January and April 2011, the Group fulfilled its target for an operating result in excess of 15 % for the third consecutive year.

Outlook

The Group's action plan for FY 2010-11 is based on a double goal approach: reinforce internal product developing for console accessories and maintain the most flexible operating structure possible in order to ensure a continuing growth in the best possible return conditions. Therefore the main targets of the Group for the current financial year are:

- the reinforcement of new export markets in third countries including emerging countries, banking on the leadership achieved on the main markets of continental Europe in order to reinforce the commercial presence at the Northern and Eastern edges of the continent including Russia and to launch bridgeheads to Brazil and Mexico ;
- a strong integration across the Group for the marketing of accessories and for an optimised stock management (under strong up- and downstream constraints) relying on the centralisation of logistics for all European customers, with the commissioning of the first 180,000 sqft tranche of the new Lauwin Planque logistics center during summer 2011;
- the confirmation of the strategy of joint designing/publishing of video games and accessories which led to innovative products such as *Hunting Challenge, Cyberbike, Sniper Elite* and *My Body Coach* for a complete gaming immersion on the Playstation®3 console by Sony.

Prospects for sales and results for FY 2011/12 are based on the following observations:

- the prospects for a market recovery with the potential of the PS3 format now benefiting from the Move motion recognition technology but also with the launch of the new handheld hardware formats requiring large quantities of accessories i.e the Nintendo 3DS handheld console launched at the end of previous FY and the launch of the Sony NGP handheld planned for the end of 2011 ;

- the gradual launch of new "accessory + software" packs in the wake of 2009 and 2010 successes with in particular a hunting game (*Hunting Trophy*), an action and infiltration game (*Sniper Elite 2)* as well as two exergames featuring a bike (*Cyberbike 2)* and dumbbells *(My Body Coach 2),* all resulting from a development policy concentrated on the Playstation®3 format now enjoying full maturity, in order to maintain Publishing sales at their previous level.
- the further growth of the Audio business in France and abroad ;
- the expected growth of products offered (peripherals and applications) for all the smartphone formats and for tablets with a high gaming potential, including the *iPhone* and *iPad* by Apple, the *Galaxy* tablet by Samsung and the *Blackberry* smartphone;
- a steady growth of consolidated sales over the 2011-12 financial year.

In view of the above and in the present state of its knowledge of the short term evolution of the market, the BIGBEN INTERACTIVE Group targets a significant growth of annual sales beyond 107 M€ and a result from operations in excess of 16 % of sales for FY ending on 31 March 2012.

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Dividend

In order to preserve cash in view of possible opportunities of external growth, the Board of Directors will not propose the approval of any dividend distribution to the next Annual General Meeting.

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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