

17 November 2009

Positive interim result Forecast for 2009-10 year-end result in line with previous announcements

Result from operations: 5.0 % of total sales
Group net result: 4.6 % of total sales

The BIGBEN INTERACTIVE Group posted a net consolidated interim profit of 1.44 €m against 6.53 €m in the first half of the FY 2008/09, and sales recorded an organic decrease of 26.4 %. The 1.60 €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 in France.

Consolidated financial highlights (IFRS standards)

	2007-08 €m	2008-09 €m	2009-10 €m
Revenue (Sales)	30.6	42.3	31.1
Result from operations	+ 2.1	+ 7.2	+ 1.6
Net financing result	- 1.0	- 0.9	- 0.0
Tax *	+ 0.6	+ 0.2	+ 0.2
Group net result	+ 1.7	+ 6.5	+ 1.4

(*) deferred tax posted as a 0.6 €m asset in 2007-08, 0.7€m in 2008-09 and 0.1 €m in 2009/10

The 2009-10 financial year is hallmark by the expected return to a classic seasonality in the 2nd half of current FY with sales catching up after the sluggish first half and consequently most of the net profit will be recorded during the second half. Despite this very strong seasonality the interim result remains a profit.

The contribution of the French entities of the Bigben Interactive Group, i.e. 0.77 €m to the Group operating profit and 0.94 €m to the Group's net result, reflects not only the recovery of Exclusive Distribution (+14%) and the growth of Electronics (+22%) but the downturn of the Accessory business (-23%) and the slump of Non exclusive Distribution (- 60%). The costs resulting from the closing down of 7 retail stores and the related value impairment on intangible assets represent a non recurrent expense of 0,4 €m.

In Germany, a fall in the Accessory business (-37%) similar to the French market resulted in the subsidiary BBI GmbH posting a -0.12 €m operating result and a contribution of -0.15 €m to the Group's net profit (including 110 k€ from deferred tax deficits posted as an asset), this profit to be compared with an operating result of 1.45 €m and a net profit of 1.32 €m over the same period of the previous FY.

Benelux shows a 0.38 €m operating result and a contribution of 0.25 €m to the Group's net profit, thanks to the 101 % growth in exclusive distribution offsetting the drop of accessory sales in this territory (-35%).



The consolidated result from operations fell from +7.21 €m in the first half of 2008/09 to + 1.56 €m in the first half of this year. The focus given to the Accessory business in each territory enabled operations to remain profitable. Similarly efforts were continued to reduce overheads but these were impacted by significant expenses linked to product development.

M€ - Consolidated figures	30/09/2007	30/09/2008	30/09/2009	Sept09 vs. Sept08
Inventories	12.2	15.2	22.6	7.4 + 48.5%
Net financial debt	29.6	17.5	10.3	- 7.2 - 41.2%
Working capital requirements	21.0	23.1	29.1	6.0 + 25.8%
Sales	30.6	42.3	31.1	- 11.2 - 26.4%
Overheads	8.5	9.9	9.4	- 0.5 - 4.5%
Net financial result	1.0	0.9	0.0	- 0.9 - 99.1%

The working capital requirements linked to the financing of exclusive products manufactured in Asia (Accessories and Audio) increased by 30 % 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 needed to replenish inventories in the distribution channels.

In addition to a 41% 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 2008, the drastic reduction of net financial costs close to zero is linked to a non recurring profit on operations.

Consolidated	04/07 - 09/07		04/08 - 09/08		04/09 - 09/09	
	€m	M€	€m	M€	€m	M€
Revenue (sales)	30.65	ns	42.25	Ns	31.08	ns
Result from operations	2.11	6.9%	7.21	17.1%	1.56	5.02%
Earnings before tax	1.13	3.7%	6.31	14.9%	1.57	5.04%
Net profit	1.75	5.7%	6.53	15.5%	1.44	4.63%

Comparison of profitability ratios over a 12 month period shows that ratios for the first half of the current financial year are clearly lower than those for the first half of 2008-09 but also slightly behind those of 2007-08 first half; this last evolution reflects the outlay in R&D and the procurement orders carried out in anticipation of actual orders from customers for Xmas 2009 as well as the non recurring cost from closing down 7 retail stores. The natural growth of ratios in the second half 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 Scandinavia.



BIGBEN INTERACTIVE
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The Group's primary business now represents more than two thirds of total sales (68.5%) in the first half of the current FY and should contribute more than four fifths of consolidated gross margin at the end of FY 2009/10.

FY 2009 / 10 is shaping up favourably for BIGBEN INTERACTIVE with a steadily growing installed base for the new generation console hardware and the rebalancing of manufacturers' market positions leading to a more competitive and lively market.

Prospects for sales and results for FY 2009/10 are based on the following observations:

- the pre-eminence of the Accessory business ranking first within the Group business profile (66.5 % of sales) and the growth of Publishing sales leading to the growth of gross margin in absolute value ;
- the overall level of orders and deliveries for Christmas 2009, once again higher than previous year, which leads the company to believe that Group sales will fully benefit from the catching up phenomenon expected in the video game industry with the new price points of the major home console hardware reached at the end of the first half of current FY ;
- sell-out figures for Group products purchased by final consumers showing a pace similar to orders from the trade auguring well for low stocks in distribution channels at the end of the Christmas season;
- the success of the ranges of Bigben Interactive accessories and their ongoing renewal with the launch of original products;
- the listings received from almost all French major retailers for the range of audio-products.

In spite of favourable prospects for the 3rd and 4th quarters of current FY, reaching the annual sales target of 105 €m will be difficult in view of the slippage recorded in the first five months of the current FY, of the reduction of the global market share of third party manufacturers as well as the concentration of the company's Publishing in the second half of November.

However the BIGBEN INTERACTIVE Group still hopes to achieve the above annual sales target subject to good Christmas sales as may be expected from the October sales trends and confirms its target of a result from operations representing over 15% of sales for FY ending on 31 March 2010.

*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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