



SUMMARY OF THE GUILLEMOT CORPORATION GROUP'S STANDING DURING THE FISCAL YEAR ENDED DECEMBER 31, 2010

1. STANDING OF THE COMPANY AND OF THE GROUP AND OF ITS ACTIVITIES DURING FISCAL 2010

In 2010, the Group significantly extended its geographical coverage in terms of distribution, expanding from thirty-five to more than fifty countries worldwide.

1.1. Hercules

Audio range:

Hercules is consolidating its position by strengthening its market share in this segment. The brand is pursuing a strategy of releasing higher-end products and has demonstrated its expertise in the audio domain with the December launch of the XPS 101 system, creating speakers which represent the convergence of the multimedia and hi-fi sectors. The launch of its latest mixing console, the *DJ Console 4-Mx*, has contributed to the growth of its activities, while at the same time positioning the brand in the semi-professional DJing segment. A veritable performance powerhouse for mixing and scratching, the brand's next new release, the *DJ 4Set*, will be aimed at a more clubbing-oriented market segment of DJs.

WiFi/PLC range:

Hercules has rolled out its Power Line Communication product ranges in a variety of countries. Prospects are attractive in the medium term, as many of these countries are only at the beginning stages of adopting this type of equipment. The launch of new television set models connected to the Internet prefigures new needs for this technology.

Webcam range:

The Group will be marketing new high-performance products, in order to address the continued growth of videoconferencing over the Internet.

Hercules netbooks:

The new eCAFÉ™ range, initially set for launch at the end of 2010 and the delay of which contributed to lower netbook sales over the year, will be released at the start of the second quarter. It will feature the latest technological innovations, and will push the concept of ultra-mobility even further.

OEM:

The Group's OEM activity consists of manufacturing accessories for third parties, which are included along with their products. 2009 saw the achievement of important business opportunities which were not repeated in 2010. With potential being significant in this segment, the Group is putting in place a dedicated business development structure, in order to expand its sales in this domain.

1.2. Thrustmaster

Thrustmaster is continuing its growth dynamic with +36.11% over the year, and thereby strengthening its position as a worldwide player with respect to PC and console gaming accessories.

This year, Thrustmaster focused on high-tech products developed by its Research and Development teams in terms of racing wheels and joysticks, as well as a targeted strategy of new licenses (Sony, Disney, US Air Force) which have allowed the brand to boost the penetration of its products into new markets. 2010 saw a great deal of racing wheel-based activities for Thrustmaster, with the Ferrari-licensed *Wireless GT 430 Scuderia* cockpit, a cockpit ensemble featuring a built-in wheel and pedal set, and the development of the Gran Turismo® 5 and PlayStation® 3-licensed *T500RS* wheel launched on January 5, 2011 (official wheel of the game Gran Turismo® 5), in particular. This unique positioning by way of strong licenses is an important advantage for the Thrustmaster brand and its worldwide distribution. Thrustmaster's activities were also strong in terms of flight simulation, with the release of the US Air Force-licensed Hotas Warthog, available since the end of the year, which received the "innovation prize" in the Accessories category at the CES trade show in Las Vegas at the start of the year. In parallel, Thrustmaster is expanding its range of accessories based on its Disney license, which will allow the brand to employ its creativity in order to target a younger audience. Accessories for the Sony Playstation® Move were launched at the end of 2010, and Thrustmaster is actively preparing for the arrival of the new Nintendo® 3DS™ console, set for release in March.

2. RESULTS OF COMPANY AND GROUP ACTIVITIES

Guillemot Corporation's consolidated financial statements for the fiscal year ended December 31, 2010 are broken down as follows:

In € millions	31/12/2010	31/12/2009
Sales	60.5	61.2
Current operating income*	1.7	-0.9
Operating income	1.7	-0.9
Financial income**	-0.7	-3.4
Consolidated net income	0.8	-4.5
Base earnings per share	€0.06	€-0.31
Inventories	10.7	9.8
Shareholders' equity	22.7	21.5
Net indebtedness (excluding MIS)***	1.8	-1.0
Current financial assets (MIS)	7.3	8.8

* After stock options.

** Financial income includes the cost of net financial indebtedness, as well as other financial expenses and revenues.

*** Marketable Investment Securities are not taken into account in calculating net indebtedness.

Consolidated annual sales for fiscal 2010 amounted to €60.5 million, representing a decrease of 1.14% in relation to the previous fiscal year. Current operating income amounted to €1.7 million, compared with a loss of €0.9 million at December 31, 2009. It should be noted that Research and Development costs were fully accounted for as expenses during the fiscal year.

Financial income of €-0.7 million includes revaluation losses of €1.5 million on current financial assets (MIS), composed of Ubisoft Entertainment and Gameloft securities, as well as a net Forex gain of €0.9 million for the fiscal year.

Net income for the fiscal year amounted to €0.8 million, compared with €-4.5 million in 2009.

Current financial assets amounted to €7.3 million at December 31, 2010. They are composed of Ubisoft Entertainment and Gameloft securities.

Net indebtedness stood at €1.8 million.

Shareholders' equity increased from €21.5 million to €22.7 million.

▪ Sales breakdown by sector of activity

(in € millions)	31.12.2010	31.12.2009	31.12.2008
Hercules	40.9	46.8	31.6
Thrustmaster	19.6	14.4	18.0
TOTAL	60.5	61.2	49.6

▪ Sales breakdown by geographic zone

(in € millions)	31.12.2010	31.12.2009	31.12.2008
France	20.4	25.3	22.0
European Union (excluding France)	28.4	28.0	22.2
Other	11.7	7.9	5.4
TOTAL	60.5	61.2	49.6

▪ Operating income breakdown by activity

(in € millions)	31.12.2010	31.12.2009	31.12.2008
Hercules	1.5	-0.6	0.0
Thrustmaster	0.2	-0.3	0.5
TOTAL	1.7	-0.9	0.5

3. PROGRESS MADE AND DIFFICULTIES ENCOUNTERED

2010 saw a decline in terms of netbook and OEM sales, which was largely compensated for by the success of the new ranges of Hercules digital devices (speakers, DJing, webcams, WiFi and PLC) and Thrustmaster gaming accessories.

Among the main progress achieved, the Group significantly extended its geographical coverage in terms of distribution, expanding from thirty-five to more than fifty countries worldwide. This expansion, combined with the strength of the Group's new products, allowed for sales of accessories and peripherals outside of France to grow from €26.7 to €37.0 million, representing an increase of more than 38%.

The increase in the gross accounting margin, which went from 38% to 46% over the year, and good performance in terms of operating costs have allowed the Group to return to profitability and post operating income of €1.7 million.

Among the difficulties encountered, the shortage of components and the delayed launch of the new range of netbooks impacted on sales during the last quarter.

4. BUSINESS EVOLUTION ANALYSIS

The Group's sales decreased by 1.14% in relation to the previous fiscal year. The main causes for this slight decrease were related to lower sales in the netbook and OEM ranges.

Current operating income for fiscal 2010 amounted to €1.7 million, compared with a loss of €0.9 million at December 31, 2009. It should be noted that Research and Development costs were fully accounted for as expenses over the fiscal year.

Financial income of €-0.7 million includes revaluation losses of €1.5 million on current financial assets (marketable investment securities), composed of Ubisoft Entertainment and Gameloft securities, as well as a net Forex gain of €0.9 million.

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Net income amounted to €0.8 million, compared with €-4.5 million at December 31, 2009.

Inventories at fiscal year-end amounted to €10.8 million, compared with €9.8 million at December 31, 2009.

In the current economic context, the Group's financial structure is solid. The Group is not using all of its authorized lines of credit, and no bank has reduced its commitments over the period.

The Group's net indebtedness stood at €1.8 million at December 31, 2010 (excluding marketable investment securities), compared with net indebtedness of €-1.0 million at December 31, 2009.

Moreover, the Group holds a share portfolio worth €7.3 million (valued at its fair value on December 31, 2010), to be used if needed to finance its investments.

5. INFORMATION REGARDING THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

5.1. Statement of income

During the fiscal year, the Group posted consolidated sales of €60,471K, excluding taxes.

The main operating expenses were purchases for €34,139K.

External charges totaling €13,472K were mainly composed of transportation, publicity and marketing expenses.

Personnel expenses amounted to €8,622K, and depreciation and amortization provisions to €2,403K.

Taxes amounted to €461K, and other revenues and expenses to €-1,187K.

Current operating income amounted to €1,745K.

Operating income amounted to €1,745K.

The net gearing cost stood at €120K, while other financial revenues and expenses totaled €-587K, including revaluation losses of €1,527K on Ubisoft Entertainment and Gameloft shares held.

After taking these elements into account, along with the tax charge of €206K, the Group's net income was €832K.

Base income per share was €0.06.

5.2. Balance sheet

Non-current assets are composed of net excess fair market values for €888K, net intangible fixed assets for €3,391K, net tangible fixed assets for €3,637K, and financial assets for €293K.

Current assets include the following elements:

- Inventories have a net value of €10,768K, taking into account inventory provisions of €2,361K.
- Trade accounts receivable amounted to a net value of €14,901K, taking into account a provision of €91K for doubtful accounts.
- The other receivables entry has a net value of €2,657K and mainly relates to tax receivables on added value and advance payments receivables.
- Financial assets amounted to €7,283K, and the cash and cash equivalents entry to €3,446K.
- Income tax assets stood at €5K.

Shareholders' equity amounted to €22,661K.

Non-current liabilities amounted to €2,715K, including €789K in loans.

Current liabilities amounted to €21,893K, including €2,367K in loans.

Cashflow linked to activities is broken down as follows:

	At 31.12.10
Net income of integrated companies	832
+ Depreciation, amortization and provisions allowance	1,622
- Depreciation, amortization and provisions recovery	-71
-/+ Latent gains and losses linked to changes in fair value	1,527
+/- Expenses and revenues linked to stock options	176
-/+ Net gain/loss on disposals	0
Deferred tax change	0
Cashflow after cost of net financial debt	4,086
Cost of net financial debt	120
Cashflow before cost of net financial debt	4,206
Cashflow Forex adjustment	1
Working capital requirements change	-5,940
Net cashflow linked to activities	-1,853
Cashflow linked to investment activities	
Cash outflow and inflow on tangible and intangible fixed assets	-842
Cash outflow and inflow on financial fixed assets	-143
Net cashflow linked to investment activities	-985
Cashflow linked to financing activities	
Capital increase or cash contribution	0
Debt issuance	0
Shareholders' current account reimbursement	-77
Debt repayments	-2,384
Other cashflow linked to financing activities	0
Total cashflow linked to financing activities	-2,461
Forex adjustment impact	66
Cashflow change	-5,233
Net cashflow at fiscal year start	7,323
Net cashflow at fiscal year end	2,090

6. INFORMATION REGARDING GUILLEMOT CORPORATION S.A.'S FINANCIAL STATEMENTS

6.1. Statement of income

During the fiscal year, the company Guillemot Corporation posted sales of €59,668K.

Total operating revenues amounted to €60,294K.

The main operating expenses were purchases consumed for €32,452K, and external expenses for €22,479K.

External expenses are mainly composed of subcontracting services, development costs, and transportation, advertising and marketing expenses.

Taxes and duties and personnel expenses amounted to €474K, and other expenses to €1,894K.

The amortization allowance amounted to €846K.

The allowance on provisions for current assets and for liabilities and expenses amounted to €805K.

Total operating revenues less all operating expenses resulted in operating income of €1,344K.

Taking into account financial income of €-647K, as well as the exceptional result of €1,047K, net income amounted to €1,744K.

Financial income is broken down as follows:

- Forex differences	:	€617 K
- Interest/financial revenues and expenses	:	€-187 K
- Income from MIS disposals	:	€48 K
- Provisions recoveries and allowances	:	€-1,125 K

Financial revenues are mainly composed of €37K in current account interest, and €22K corresponding to the reintegration into balance sheet assets of a current account advance, this advance having been waived by the parent company in 2004 in favor of its subsidiary Guillemot GmbH (Germany) with a return to profits clause.

Financial expenses are mainly composed of loan and banking interest charges for €126K, and current account interest charges for €43K.

Discounts granted amounted to €85K.

Net revenues on disposals of marketable investment securities in the amount of €48K correspond to the result of the disposal of treasury stock securities within the context of the liquidity contract in effect.

Recoveries on the depreciation of securities amounted to €452K and relate to participating interests in certain subsidiaries for €271K, and treasury stock securities for €181K. Other recoveries on provisions correspond to provision recoveries on current account advances for a total amount of €36K, and various recoveries relating to unrealized Forex losses for the previous fiscal year of €430K.

Allowances for the depreciation of securities relate to Ubisoft Entertainment securities for €1,910K.

The company Guillemot Corporation S.A. posted a provision of €133K to cover the unrealized Forex risk at the end of the fiscal year.

Exceptional income is broken down as follows:

- Revenues and expenses on management transactions	:	€-10 K
- Revenues and expenses on capital transactions	:	€1,053 K
- Provisions recoveries and allowances	:	€4 K

The exceptional income on capital transactions corresponds to the liquidating dividend of the subsidiary Guillemot Suisse SA (Switzerland) for a net amount of €1,489K, following its deregistration on December 22, 2010.

Exceptional expenses include an amount of €436K, corresponding to the reintegration into balance sheet liabilities of current account debts towards founding shareholders.

These current account advances were waived by the latter in 2002, with return to profits clauses.

The main performance results are as follows:

- Fiscal year production	:	€59,193 K
- Added value	:	€4,262 K
- Earnings before interest, tax, depreciation and amortization	:	€3,788 K

6.2. Balance sheet

Net fixed assets amounted to €8,395K. This includes €2,738K in intangible fixed assets, €2,732K in tangible fixed assets and €2,925K in financial fixed assets.

The company has inventory with a net value of €9,818K.

The trade accounts receivable entry amounted to €14,218K, taking into account provisions for doubtful accounts of €69K.

Other receivables for a total net amount of €3,329K mainly include current account advances to subsidiaries for a net amount of €1,744K and VAT claims, including €1,001K in VAT credit reimbursement which has been requested.

Marketable investment securities represented a net amount of €7,197K.

Treasury stock shares held are broken down between financial fixed assets (132,619 shares) and marketable investment securities (123,555 shares). The net amount of these securities was €566K, after a provision of €188K.

Shareholders' equity amounted to €23,375K.

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Debts and liabilities are broken down as follows:

DEBTS/LIABILITIES STATEMENT (In € K)	At 31.12.10
Financial institution loans	1,788
Bonds	0
Medium-term bank liabilities	56
Bank overdrafts and currency advances	1,354
Trade accounts payable	15,287
Tax and social security liabilities	158
Other liabilities	2,366
Fixed asset liabilities	147
Intercompany	1,487
TOTAL	22,643
Loans entered into during the fiscal year	56
Repaid during the fiscal year through bond conversion	0
Loans repaid during the fiscal year	2,429
Loans received from individuals	0

Cashflow linked to activities is broken down as follows:

(In €K)	At 31.12.10
Net income	1,744
Amortization and provisions allowances and recoveries	2,216
Net gain/loss on disposals	-1,489
Operating income	2,471
Operating requirements change	-10,933
Non-operating requirements change	250
Working capital requirements change	-10,683
Cashflow linked to investment activities	
Intangible fixed asset acquisitions	0
Tangible fixed asset acquisitions	-750
Intangible and tangible fixed asset disposals	0
Financial fixed asset acquisitions	-130
Financial fixed asset disposals	5,898
Subsidiary acquisitions/disposals	0
Net cashflow linked to investment activities	5,018
Capital increase or contribution	0
Debt issuance	56
Debt repayments	-2,424
Net cashflow linked to financing activities	-2,368
Cashflow change	-5,562
Net cashflow at fiscal year start	16,403
Net cashflow at fiscal year-end	10,841

7. INFORMATION REGARDING GUILLEMOT CORPORATION S.A.'S CAPITAL

At December 31, 2010, the Guillemot family Group directly and indirectly held 74.37% of capital, and 86.07% of the voting rights available for exercise during general meetings.

Shareholders	At 31/12/2010				At 31/12/2009			
	Number of securities	%	Number of voting rights (1)	%	Number of securities	%	Number of voting rights (1)	%
Members of the Guillemot family (2)	1,095,212	7.32%	2,171,142	8.43%	1,119,947	7.48%	1,880,610	7.50%
Guillemot Brothers S.A. (3)	10,034,030	67.05%	20,003,060	77.65%	10,034,030	67.05%	19,623,060	78.29%
Jointly	11,129,242	74.37%	22,174,202	86.07%	11,153,977	74.53%	21,503,670	85.80%
Treasury stock	256,174	1.71%	0	0.00%	257,225	1.72%	0	0.00%
Public	3,580,460	23.92%	3,587,379	13.93%	3,554,674	23.75%	3,559,418	14.20%
Total	14,965,876	100.00%	25,761,581	100.00%	14,965,876	100.00%	25,063,088	100.00%

(1) Voting rights exercisable during general meetings. Members of the Guillemot family and the company Guillemot Brothers S.A. benefit from double voting rights attached to some of their shares.

(2) Messrs. Claude, Michel, Yves, Gérard and Christian Guillemot, Directors of Guillemot Corporation S.A., as well as two other members of the Guillemot family.

(3) 100% controlled by members of the Guillemot family.

8. WORKFORCE

	Parent company	French subsidiaries	Foreign subsidiaries	Total
Workforce at December 31, 2010	5	82	93	180
Open-term contract	5	76	91	172
Fixed-term contract	0	6	2	8

The workforce at December 31, 2009 stood at 171 people; at December 31, 2008, the figure was 180 people.

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9. FINANCIAL TABLE (ARTICLE R.225-102 OF THE COMMERCIAL CODE) OF THE COMPANY GUILLEMOT CORPORATION S.A.

Fiscal year	2010	2009	2008	2007	2006
Capital at fiscal year end (in €K)	11,524	11,524	11,524	11,519	11,295
Number of ordinary shares	14,965,876	14,965,876	14,965,876	14,959,176	14,668,644
Number of preference shares	0	0	0	0	0
Maximum number of shares to be created	1,992,438	2,031,298	2,131,298	1,634,464	4,016,074
Through bond conversion	0	0	0	0	2,381,610
Through stock option exercise	1,992,438	2,031,298	2,131,298	1,634,464	1,634,464
Through subscription rights exercise	0	0	0	0	0
Fiscal year transactions and results (in €K)					
Sales net of tax	59,668	61,237	50,162	43,303	36,646
Result before taxes, investments, allowances, provisions	3,960	-213	3,533	4,008	-2,007
Corporate income tax	0	0	-19	-30	-30
Employee participation	0	0	0	0	0
Result after taxes, investments, allowances, provisions	1,744	308	1,823	5,182	1,547
Distributed result	0	0	0	0	0
Earnings per share (in €)					
Result after taxes, investments before allowances and provisions	0.26	-0.01	0.23	0.27	-0.14
Result after taxes, investments, allowances and provisions	0.12	0.02	0.12	0.35	0.11
Dividend allocated to each share	0	0	0	0	0
Workforce					
Average employee workforce*	5	5	5	5	5
Aggregate remuneration amount (in €K)	210	210	208	206	206
Payroll deductions and social benefits (in €K)	57	57	60	67	72

* Relates to legal representative Directors, Messrs. Claude, Michel, Yves, Gérard and Christian Guillemot, who do not have employment contracts.