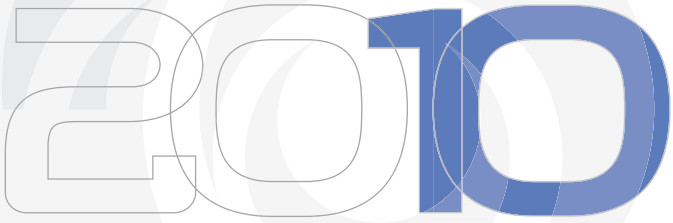
REFERENCE **DOCUMENT**





A statement from **Yves Guillemot**



2009-10 was a year of transition for the video game industry and for Ubisoft. After many years of steady growth and a 20% peak in 2008, the whole market decreased 10% this year, primarily as a result of the global financial downturn and the increase in piracy. This sharp decline had a direct impact on our sales and financial results. Nevertheless, Ubisoft teams delivered some winning products and reinforced the foundations for future growth. Assassin's Creed II, praised by gamers and media alike, ranked among the top three best-selling holiday titles and has sold nine million units to-date. On the casual segment, Just Dance encountered phenomenal success, winning over gamers on Wii and skyrocketing to the top of industry sales charts for several weeks. We also made our first moves in online with the launch of UPlay, Ubisoft's online gaming and customer service platform. Finally, the success of our short movies based on the Assassin's Creed franchise or our figurines modeled after the Rabbids proved we are capable of extending our brands to new media.

The investments made over the course of the last few years are going to enable us to win over new market share on segments where we are already well positioned, such as high-end and casual games, as well as reinforce our position in the online segment, which continues to register strong growth.

On the high-end market, we've decided to focus our attention on creating blockbusters. Our ambition is to repeat the success we have had with Assassin's Creed II and extend this winning model to other brands. To meet this objective, we will be concentrating our resources on our strongest brands. This new organization is going to enable us to boost our studios' profit margins. The results should be visible this year with the release of several blockbusters including Assassin's Creed Brotherhood, Driver San Francisco, Shaun White Skateboarding and Ghost Recon Future Soldier, which are destined to become must-have titles in 2010-11.

The casual segment, although deeply affected by the financial crisis and piracy, continues nevertheless to expand, attracting new consumers each day. We showed with the success of Just Dance that this market still has extraordinary potential and that Ubisoft has developed the expertise needed to take full advantage of it. The arrival of Kinect™ for Xbox 360®, the Move and the 3DS opens up a whole new world of exciting possibilities. Our investments on these consoles and in innovative technologies like the 3D camera are going to enable us to differentiate ourselves once again. We can't wait to see how gamers are going to respond to our casual line-up, composed of titles for the whole family, and notably Your Shape: Fitness Evolved which should become the reference in fitness games on Kinect™.

The online segment continues to benefit from exponential growth and today we have the content and the teams to take full advantage of this boom. This year will be marked by the launch of a new episode of Trackmania, the cult franchise from Nadeo, acquired last year, as well as other online games based on strong brands like Heroes of Might & Magic or Imagine. We will also be fleshing out our offering of online gaming platforms and services. UPlay, where online gaming communities can connect to our flagship brands, will benefit from the addition of new content and services, and will soon be joined by another, original multi-game and multi-genre platform called ManiaPlanet, created by the team at Nadeo.

2009-10 was a contrasted year for Ubisoft despite all the progress made. We learned a great deal and have emerged from this period reinforced and more determined than ever. Video games are an exciting business full of challenges and extraordinary opportunities. To take advantage of everything this industry has to offer, we need to constantly reinvent ourselves, to push the boundaries of technology and design and to offer gamers increasingly powerful experiences. Today, as a result of the investments made over the last few years, Ubisoft has the necessary assets to profit from the growth offered by the various market segments. I would like to extend my gratitude to the talented teams at Ubisoft for their creativity and enthusiasm and also to our partners, shareholders and consumers for renewing their confidence in Ubisoft year after year.



ANNUAL REPORT 2010

This French version of the Annual Report was recorded on June, 30 2010 In accordance with Article 212-3 of the Autorité des Marchés Financiers General regulation (The French Securities and Exchange Commission).

This document is a translation of the Reference document of the Ubisoft group for the year ended March 31, 2010.

Its purpose is to assist English speaking readers. The greatest attention has been paid to its preparation. However, the only official document is the 2010 Reference Document in French, filed with the French securities regulator (Autorité des Marchés Financiers – AMF) on June, 30 2010.

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1 FINANCIAL REPORT

1.1 *The Group's business activities and results for financial year 2009/2010*

1.1.1 Group presentation

In 2009, Ubisoft was ranked third worldwide among independent publishers (sources: NPD, Chart-Track, GFK). Focusing primarily on the in-house creation of brands at competitive cost studios, the Group has developed an unrivalled franchise portfolio. The Group's activities are centered around three main business lines: development (the creation of games), publishing (the acquisition of rights to games and external licenses as well as product marketing) and distribution (the physical delivery of the final product to retailers of all types). Ubisoft currently employs 6,400 staff.

1.1.1.1 **History**

In a constantly evolving industry, the Group has built and is continuing to establish solid foundations that allow it to anticipate the entertainment of the future.

1986: Creation of Ubisoft by the five Guillemot brothers, who started up a company to publish and distribute software that is both recreational and educational.

1989-1995: International expansion

Ubisoft opens its first distribution subsidiaries in the US, Germany and the United Kingdom and its first internal development studios in France and Romania. To date, over 28 million players have played *Rayman*®.

1996-2001: Organic growth and strategic acquisitions

Flotation on the Paris stock exchange in 1996. Opening of new studios (Shanghai in 1996, Montreal in 1997, Morocco, Spain and Italy in 1998, Annecy and Montpellier in France in 1999) and new distribution offices (Hong Kong, Netherlands, Denmark, etc.). In 2000, acquisition of Red Storm Entertainment (*Tom Clancy* games*)*; acquisition in 2001 of Blue Byte Software (*Settlers*®) and the video games division of The Learning Company (*Myst*® and *Prince of Persia*®). This strategy powered Ubisoft into the world's top 10 independent publishers in 2001.

2002-2006: A strategy of developing owned brands

Ubisoft nearly tripled its number of flagship brands, from three to eight, increasing its market share in new territories. New acquisitions: Tiwak studio in Montpellier in 2003, development activities of MC2-Microids in Canada in 2005. In 2006: acquisition of the *Driver*® and *Far Cry*® franchises (and the CryEngine license); opening of a sales office in Mexico and a studio in Bulgaria.

2007-2010: A true creator

Ubisoft built on its reputation as a key player: the Group became the third-largest independent publisher, with the number of multimillion-selling brands rising from 10 to 18.

Opening of a new studio in China (Chengdu) in 2007 and acquisition of a studio in Japan (Digital Kids). Acquisition of the Tom Clancy name for video games and ancillary products, and of the *Anno*® brand. Acquisition of 4 new studios: Action Pants (Vancouver, Canada), Southlogic® (Porto Alegre, *Brazil*), Massive Entertainment (Sweden) and a studio in Pune (India). First steps in the convergence of the entertainment industry with the opening of a digital image production studio in Canada at the beginning of 2007, followed in 2008 by the acquisition of Hybride, which specializes in special effects for film. In 2009, acquisition of the Nadéo studio and of the cult online brand *TrackMania*®; agreement signed with the government of Ontario regarding the opening of a studio in Toronto.

1.1.1.2 Highlights of the 2009/2010 financial year

July 2009
Creation of a new development studio in Toronto, Ontario. The Group is aiming to create 800 new jobs in the province over the next 10 years. The government of Ontario is planning to inject CAD 263 million over 10 years to support this initiative.

November 2009
Record first sales for the game *Assassin's Creed*® 2, with 1.6 million units sold through worldwide in the first week, representing growth of 32 % compared with the first installment of *Assassin's Creed*®.

March 2010
Just Dance® sells through over 2 million units since its launch, the best ever performance of a Ubisoft game for the Nintendo Wii™. The brand becomes the 18th multimillion franchise of Ubisoft.

Highlights of the online activities

October 2009
Acquisition of the Nadéo studio, the creator of *TrackMania*®, a cult online multiplayer.

November 2009
Launch of Uplay, an online portal for gamers, which is aiming to become the online hub for Ubisoft® games.

February 2010
Launch in France of the *Might & Magic Heroes Kingdoms*™ game, the first MMO (massively multiplayer online game) based on the cult franchise *Might & Magic*.

1.1.1.3 Key figures

The consolidated financial statements for the year ended March 31, 2010 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at March 31, 2010, as adopted by the European Union.

Only the standards approved by the European Commission and published in its official journal before March 31, 2010, and whose application was mandatory as of April 1, 2009, have been applied by the Group to the consolidated financial statements for the year ended March 31, 2010. No standard or interpretation whose application has become mandatory since March 31, 2010 has been applied early to the consolidated financial statements for the year ended March 31, 2010.

The IFRS standards as adopted by the European Union differ in some ways from the IFRS standards published by the IASB. However, the Group has made sure that the financial information presented would not have been substantively different if it had applied IFRS standards as published by the IASB.

The Group applied the following for the first time as of April 1, 2009:
- IFRS 8 "Operating Segments". The application of this standard has very little impact on the segment reports provided, insofar as these reports were already aligned with the segments monitored operationally by management.
- IAS 1 (revised) "Presentation of Financial Statements". The Group has chosen to present two separate statements: one statement giving a breakdown of components in the net profit (loss) "Consolidated income statement" and one statement giving a breakdown of losses and gains recognized directly in equity "Statement of net income and of gains and losses recognized directly in equity".

The other elements impacting the comparability are detailed in the point « *Comparability of financial statements*» in Note to the consolidated financial statements.

In thousands of euros	03.31.10	03.31.09
Sales	870,954	1,057,926
Operating profit (loss)	-72,096	113,464
Net financial income	4,750	-4,840
Share in profit of associates	50	15
Income tax (credit)	23,624	-39,791
Net income (group share)	**-43,672**	**68,848**
Equity	761,471	751,756
Capital expenditure on internal production	260,806	208,748
Staff	6,402	5,765

Cash flow statement for comparison with other industry players

in thousands of euros	03.31.10	03.31.09
Cash flows from operating activities		
Consolidated earnings	-43,672	68,848
+/- Share in profit of associates	-50	-15
+/- Gain (loss) on the disposal of discontinued operations		-
+/- Gaming software amortization	287,398	219,031
+/- Other amortization	17,428	16,337
+/- Provisions	4,335	2,034
+/- Cost of share-based payments	12,099	16,855
+/- Gains/losses on disposals	170	193
+/- Other income and expenses calculated	-2,937	3 272
+/- Internal development and license development costs	-331,474	-300,445
Cash flows from operations	**-56,703**	**26,110**
Inventory	12,057	-23,088
Trade receivables	2,440	19,738
Other assets	-23,338	35,313
Trade payables	14,851	-33,399
Other liabilities	-39,395	3,133
+/- Change in WCR linked to operating activities	**-33,385**	**1,697**
TOTAL CASH FLOW GENERATED BY OPERATING ACTIVITIES	**-90,088**	**27,807**
Cash flows from investment activities		
- Payments for the acquisition of property, plant and equipment and other intangible assets	-19,635	-30,230
+ Proceeds from the disposal of intangible assets and property, plant and equipment	566	93
- Payments for the acquisition of financial assets	-16,562	-36,042
+/- Other cash flows from investing activities	-1	-
+ Repayment of loans and other financial assets	16,472	35,181
+/- Changes in consolidation scope [1]	-8,157	-6,248
CASH USED FROM INVESTING ACTIVITIES	**-27,317**	**-37,246**
Cash flows from financing activities		
+ New finance leases contracted	172	36
- Repayment of finance leases	-81	-23
- Repayment of borrowings	-649	-1,032
+ Funds received from shareholders in capital increases	5,033	12,799
+/- Sales/purchases of own shares	-154	-349
CASH GENERATED (USED) BY FINANCING ACTIVITIES	**4,321**	**11,431**
Net change in cash and cash equivalents	**-113,084**	**1,992**
Cash and cash equivalents at the beginning of the period	176,890	173,181
Impact of translation adjustments	1,170	1,718
Cash and cash equivalents at the end of the period	**64,976**	**176,890**
[1] Including cash in companies acquired and disposed of	-399	-1,938

This cash flow statement differs from cash flow statement required by IFRS standards mainly due to the reclassification of internal and external developments in cash flows from operations.
The Group made the following reclassifications in the cash flow statement compared with March 31, 2009:

- Cash flows from investment activities and operating activities have been restated to reflect the amount of guarantees that have been agreed but not paid.

1.1.2 Analysis of activity and comments on results for financial year 2009/2010

1.1.2.1 Quarterly and annual consolidated revenue

Sales in millions of euros	2009/2010	2008/2009	Change at current exchange rates	Change at constant exchange rates
Q1	83	169	-51%	-51%
Q2	83	175	-52%	-52%
Q3	495	508	-3%	-2%
Q4	210	206	**2%**	**0,5%**
Financial year total	**871**	**1,058**	**-18%**	**-18%**

At current and constant exchange rates, sales were down 18 % in the financial year 2009/2010The drop in sales can be largely explained by the economic crisis with notably a significant decline in the casual segment, which went from around €340 million in 2008/2009 to approximately €220 million in 2009/2010

1.1.2.2 Sales by business line

Ubisoft's sales are divided across the three main business lines in the industry: Development, Publishing and Distribution of video games.
Development sales are those on titles developed, produced and marketed by Ubisoft's internal studios. They also include revenue posted by third-party developers, where Ubisoft provides supervision and co-production and guarantees the quality of the end product.

Publishing sales are those of titles designed and produced by third-party developers, where Ubisoft finances and supervises production in exchange for acquiring the licenses. Ubisoft is then responsible for localization, manufacturing, and, of course, sales and marketing. The Company collects income from product sales and pays royalties to the developers and/or brand owners.

Distribution sales are those on products from publishers with which Ubisoft has signed distribution agreements and handles sales and marketing. These may be local agreements (only in a specific geographic territory) or may cover several regions.

The breakdown of sales by business line is as follows:

Breakdown of sales by business line, as %	2009/2010	2008/2009
Development	**90 %**	**81 %**
Publishing	**7 %**	**11 %**
Distribution	**4 %**	**8 %**
TOTAL	**100 %**	**100 %**

The Development segment will have benefited this year from the success of the games *Assassin's Creed*® and *Just Dance*®, while Distribution activities have returned to more traditional levels.

1.1.2.3 Change in the number of titles developed

Number of titles released from internal production, third-party co-production, publishing and distribution:

NUMBER OF TITLES*	2009/2010	2008/2009	2007/2008	2006/2007
Development	67	60	35	24
Internal production	27	22	*21*	*14*
Co-production	40	38	*14*	*10*
Publishing	14	31	20	29
Distribution	8	21	12	4
TOTAL	89	112	67	57

The drop in the number of titles from Publishing is mainly due to the reduction in the number of casual titles over the financial year.

The 2008/2009 financial year had been marked by higher Distribution sales than usual.

1.1.2.4 Sales by platform

	2009/2010	2008/2009
Nintendo DS™	14%	29%
PC	8%	9%
PlayStation®2	1%	2%
PlayStation®3	23%	20%
PSP™	4%	3%
Wii™	26%	18%
XBOX 360™	22%	19%
Other	2%	0%
TOTAL	100%	100%

The sharp decline in the casual segment resulted in a sharp decline in the share of the DS. For home consoles, sales are balanced between the 3 platforms, the Xbox360™, PlayStation®3 and Wii™.

1.1.2.5 Sales by geographic destination

The Group's sales by geographic destination break down as follows:

Financial year	2009/2010	%	2008/2009	%
in millions of euros				
France	68	8%	123	11.6%
Germany	71	8%	94	8.9%
United Kingdom	113	13%	153	14.5%
Rest of Europe	168	19%	198	18.7%
Total	419	48%	568	53.7%
United States/Canada	382	44%	424	40.0%
Asia/Pacific	59	7%	53	5.1%
Rest of world	12	1%	13	1.2%
TOTAL	871	100%	1,058	100%

The gap between Europe and North America narrowed during the financial year, largely owing to the weakness of the market for the Nintendo DS™ in Europe. The previous financial year had also been marked by higher Distribution sales than usual in Europe.

1.1.2.6 Changes in the income statement

The gross margin as a percentage of sales was down at 58.9 % (€512.8 million) compared with 60.5 % (€639.5 million) in 2008/2009. As announced previously, this drop is chiefly due to the sharp decline in back-catalogue sales, which went from €220 million with a gross margin of around 50 % in 2008/2009 to €110 million and a negative gross margin of around -10 % in 2009/2010. The back catalogue for 2009/2010 suffered, among other things, as a result of excess stock of DS games, which had to be disposed of or written down, in a highly competitive environment marked by a high level of piracy.
The gross margin was also negatively impacted by the limited number of launches for the consoles Xbox 360™ and PlayStation®3 and for PC, with stronger margins, particularly as the gross margin of games for the Xbox 360™and PlayStation®3 improved compared with the previous financial year. The gross margin remained stable for Wii™ games.
The current operating loss before share-based payments amounted to €(59.6) million, higher than the latest target of around €(50) million. The gap is essentially due to additional write-downs on games launched during the financial year 2009/2010 and in the future.
Current operating income breaks down as follows:

- Drop of €126.7 million in the gross margin.
- Increase of €63.1 million in research and development costs, which represent 35.5 % of sales (€309.4 million), compared with 23.3 % in 2008/2009 (€246.3 million). This increase is mainly due to accelerated and advance depreciation, which had been announced previously and amounted to almost €60 million over the financial year.
- Stabilization of SG&A expenses in terms of value (€263.0 million compared with €264.4 million) and an increase as a percentage of sales to 30.2 % compared with 25.0 % in 2008/2009:
  - An increase in variable marketing expenses to 16.5 % of sales (€143.6 million), compared with 14.4 % (€153.3 million) in 2008/2009.
  - An increase in structural costs to 13.7 % of sales (€119.4 million), compared with 10.5 % (€111.1 million) in 2008/2009.

The operating loss amounts to €(72.1) million, compared with operating income of €113.5 million in 2008/2009. In particular, it includes share-based payments of €12.1 million (€16.9 million in 2008/2009).
Financial income amounted to €4.7 million (compared with a financial loss of €4.8 million in 2008/2009) and can largely be broken down as follows:

- €0.5 million in financial expenses, compared with income of €0.3 million in 2008/2009.
- €5.2 million in foreign exchange income, compared with a loss of €5.3 million in 2008/2009.

The net loss amounted to €(43.7) million, corresponding to a net loss per share (diluted)[1] of €(0.45), compared with net income of €68.8 million and €0.71 in 2008/2009.
Excluding non-recurring items and before share-based payments, the net loss amounted to €(31.6) million, corresponding to a net loss per share (diluted)[3] of €(0.33), compared with net income of €84.7 million in 2008/2009 or €0.87 per share.

1.1.2.7 Change in the working capital requirement and debt levels

The working capital requirement rose by €33.4 million after falling by €1.7 million the previous year. The main changes, with regard to WCR increases, relate to balance sheet items linked to Taxes or (€+74.5 million), other assets (€+17.1 million, including €13.9 million for the grants receivable item) and, with regard to reductions, the items for Inventory (€-12.1 million), Trade payables (€-14.9 million) and other liabilities (€-39.4 million). The strong increase in the working capital requirement relating to tax items is mainly linked to credits linked to the losses booked during the year (€23 million) and to advances on taxes (€13 million); the

[1] Following a two-for-one stock split on November 14, 2008

latter are expected to be recovered during the first half of the 2011 financial year. The reduction in the inventory item reflects increased efforts in the management of inventories and destocking activities, which were carried out in particular for Nintendo DS™ products. The positive change in trade payables is linked to a business trend that is more oriented towards Microsoft and Sony products.
There was a net financial surplus (i.e. cash minus Bank borrowings and bank overdrafts) of €41.3 million at March 31, 2010. The change on the previous sum of €+154.2 million at March 31, 2009 can be explained by:

- cash flow from operating activities of €-90.1 million,
- investment in property, plant and equipment and intangible assets of €19.1 million,
- acquisitions for a total of €9.1 million,
- capital increases of €4.8 million, resulting from the conversion of stock options and capital increases reserved for Group employees,
- translation adjustments of €0.6 million.

1.1.2.8 Asset financing policy

The Company does not use securitization agreements, Dailly Act assignment of receivables or repurchase agreements, but it does use discounting and factoring, mostly in Germany and the United Kingdom.

The factoring position is as follows:

in millions of euros	03.31.10	03.31.09	03.31.08
United Kingdom	22.0	22.5	19.5
Germany	21.9	15.9	9.6
Total	**43.9**	**38.4**	**29.1**

For the rest, it finances its peak cash requirements using confirmed credit facilities of €210 million (including a syndicated loan of €180 million) as well as short-term credit facilities.

1.1.3 Cash and capital

1.1.3.1 Changes in equity

The video games business line calls for investments in development of around 35 % of revenue. This capital expenditure takes place over average periods of between 18 and 24 months, which publishers must be able to finance out of their own resources. Furthermore, publishers are required to launch new releases on a regular basis, and their level of success cannot be guaranteed.

For these reasons, significant capitalization is essential to guarantee the continuous financing of capital expenditure and to deal with contingencies stemming from the success or failure of a particular title without endangering the future of the Company.
With equity of €761 million, up €9 million, Ubisoft easily finances its capital investments, which amounted to €331 million.

1.1.3.2 Cash flow

Video game publishers have two kinds of cash flows:

- Cash flows for financing development costs are spread evenly over a period of 18 to 24 months, given that each project progressively scales up but that teams work on a number of projects. They represented over €331.5 million in 2009/2010;
- Cash flows linked to the marketing of games, which are highly seasonal in nature (25 % of sales are made in the first half of the year and 75 % over the second half), and the lag between production costs and cash inflows. This is because the Company must first finance product manufacturing, which accounts for 41 % of sales and is payable at 30 days on average, and also finance marketing costs (around 14 % of sales) before cash flows in at an average of 80 days after the games hit the shelves. For this reason, the Company must finance significant cash peaks around Christmas time before seeing its cash climb back up during February and March. This timing may be different if Q4 of the financial year is very strong, because in this case, working capital requirements may be higher.

Accordingly, in the financial year 2009/2010, the Company's net cash varied between -€154 million and €140 million, with debt peaking from November to January.

1.1.3.3 Borrowing terms and financing structure

In 2009/2010, most of the financing used came from a medium-term loan of €20 million from the syndicated loan of €180 million agreed in May 2008 and from bilateral credit facilities.

The average cost of borrowing was under 1.5 % for the financial year 2009/2010.

The covenants with which the Company must comply in relation to the new syndicated loan as well as those for the €20 million bilateral credit facilities signed in 2006/2007 are as follows:

	2009/2010	2008/2009	2007/2008
Net debt restated for assigned receivables/equity restated for goodwill <	0.80	0.80	0.85
Net debt restated for assigned receivables/Ebitda <	1.5	1.5	1.5

Furthermore, in 2006/2007, the Company contracted a €10 million credit line, which is subject to the same covenants but uses 0.9 for the net debt/equity ratio.

For the financial year 2009/2010, and unless the Company makes a major acquisition, Ubisoft should be able to finance its operations from cash and the various facilities made available to it, including €210 million in confirmed credit facilities (including €180 million from the Syndicated Loan signed in 2008) and €74.5 million from short-term facilities.

1.1.4 Sustainable development

1.1.4.1 Human resources

Ubisoft key figures as of March 31, 2010

	As of 03.31.10	As of 03.31.09	As of 03.31.08
Number of employees	6,402	5,765	4,323
Average headcount	6,144	5,076	4,118
Number of countries	28	28	24
Average age	31.9 years old	31.2 years old	31.5 years old
Average seniority	4.1 years	3.6 years	3.8 years

The number of employees has risen by 11 % since March 31, 2009.

Breakdown of headcount by activity [2]

ACTIVITIES	Headcount as of 03.31.10	Breakdown	Headcount as of 03.31.09	Breakdown	Headcount as of 03.31.08	Breakdown
Production	5,347	84 %	4,790	83 %	3,481	81 %
Business	1,055	16 %	975	17 %	842	19 %
Total	**6,402**		**5,765**		**4,323**	

Breakdown of headcount by region

COUNTRY	Headcount as of 03.31.10	Headcount as of 03.31.09	Headcount as of 03.31.08
North America	2,885	2,609	2,082
Europe + North Africa	2,630	2,297	1,754
Asia-Pacific	887	859	487
Total	**6,402**	**5,765**	**4,323**

1.1.4.1.1 Promoting innovation and growth

A powerful force in in-house design

In an economic environment that involves major challenges, it is more important than ever for the Group to continue to invest in the future.

Ubisoft has the second-largest internal creative force in the industry. This is a crucial advantage in a constantly changing environment. Having its own development studios allows Ubisoft to guarantee the quality of its products while remaining responsive and flexible. Thanks to its teams, the Group is in a position to seize quickly any opportunities that present themselves, whether these are linked to the market, consoles or technology.

Ubisoft's workforce continued to grow during the 2009/2010 financial year. In particular, the Group developed through the opening of a new studio in Toronto, Canada, which benefited from public subsidies linked to its presence and development in the province.

In total, over 600 employees joined the Group during the 2009/2010 financial year, which represents an increase in the workforce of around 11 % since March 31, 2009.

Ubisoft is also continuing to develop partnerships with universities to attract and train the best talents to work in video games.
Ubisoft's success has become one of its main selling points: for example, over 350,000 unique visitors to the Group's recruitment site have been counted since April 2009.

[2] Headcount only includes permanent employees. Interns and temporary employees (contract workers and temporary staff) are thus excluded from the total headcount.

Recognized for its capacity to innovate as well as create jobs, Ubisoft's reputation extends far beyond specialists of the video game industry.

Recognized expertise that is constantly developing

To remain on the cutting edge of innovation, Ubisoft strives to recruit the finest talents in the video game industry. Its international and strategic presence at 24 production sites enables it to attract experts from the four corners of the globe.

Ubisoft's strategy has come to fruition, with the Group establishing itself in recent years as a benchmark in terms of its capacity to innovate. The specialist site Gamasutra, for example, lists the Montreal studio in third place in its Top 50 developers of 2009, mainly for the innovative character of its work.

Ubisoft is also continuing to strengthen its position in sectors that are growing rapidly or developing: the acquisition of the French studio Nadéo, the creator of the game *TrackMania*® in particular, has reinforced the Group's expertise in the field of multiplayer online games.

During the financial year, the Group demonstrated the relevance of the policy of targeted acquisitions that it has pursued over the last few years. This policy aims to integrate additional specialized expertise into the expertise the Group already has. The arrival of new talent from the film industry via the Hybride studio led this year to the creation of short features linked to the global launch of the new installment of *Assassin's Creed*®. This allowed the gaming world to be extended to a new medium and strengthened the impact of this brand when the video game was launched. In the same way, the expertise of the teams at Ubisoft Massive enabled the Group to introduce a new, innovative anti-piracy system for its PC games.

A true entertainment company in the wider sense, Ubisoft is also successfully developing the expertise of its teams in new areas: comic books, book publishing, toys and figurines of our characters. Links between Ubisoft and related industries (music, film, television, publishing, etc.) are being developed and exchanges with experts in these industries are encouraged.

Diversified teams

The process of creating a game requires a high level of cooperation among teams, since all technical and artistic areas of expertise interact with one another from start to finish. Ubisoft always bears in mind the need to encourage team diversity, ensuring that differing points of view are taken into consideration in the creation process, thus leading to games of the utmost quality.

The company's daily life revolves around multiculturalism and open-mindedness:
- There are approximately 50 areas of expertise at Ubisoft, to brand managers, not to mention programmers and game designers, all of whom are driven by the same passion and shared goals.
- Ubisoft teams are present in 28 countries, which means there are at least that many different nationalities in the Group.
- As video games continue to primarily appeal to men, Ubisoft teams are composed of 80 % men. However, it should be noted that women hold 42 % of the business-related positions.

1.1.4.1.2 Supporting individual development

1.1.4.1.2.1 Providing a stimulating and innovative environment

Ubisoft makes it a point to maintain a work environment that reflects corporate values and culture and promotes expertise, creativity and innovation.

Direct communication that involves every employee in the company's daily operations

Teams are regularly informed of the Company's strategy and news through various communication channels: a Group portal, local intranets, a monthly Group newsletter, internal meetings at all subsidiaries and team seminars.
An internal survey is carried out on average every two years to consult all employees on the Company's major strategic decisions and to get an idea of the level of team satisfaction (78 % participation was reported in the most recent survey in June 2009). Actions and programs are implemented in response to the results of the survey, and employees are given regular progress reports.

A friendly workplace

Ubisoft is committed to maintaining close-knit teams by favoring structures built to a human scale wherever possible. 83 % of sites have under 200 employees; managers are available to their teams and HR managers are in close contact with daily operations. Locally, and in particular at sites that have undergone rapid expansion, initiatives have been introduced to facilitate contact between team members. As just one example, staff can attend presentations given by in-house experts or take the opportunity to discuss issues with their site manager at informal breakfasts.

More broadly, the open nature of the work environment remains a cornerstone of the corporate culture, as expressed by over 95 % of employees in the most recent internal survey.

Autonomy and initiative on a personal level

Employees enjoy significant autonomy in their work, as demonstrated by the results of the most recent internal survey in which 92 % reported that they are able to take initiative in their daily work. The working methods that Ubisoft has implemented strongly encourage employee involvement. Production methods are constantly evolving and guarantee a work environment that encourages experimentation, innovative ideas, initiative and empowerment of teams at all levels.

1.1.4.1.2.2 Empowering employees by offering a personal framework

Skill development: a strategic focus

In a sector where innovation is relentless, staying on top of technological advances and developing expertise are key. Naturally, all forms of training are a top priority. Video gaming is a relatively new business, and up-to-date and tailored training courses are widespread within the Group, complementing the on-the-job training that all teams receive.

Training is organized primarily at local level. High-level international training courses of the corporate university type are also offered in the Group's key business areas, particularly game design and project management.

Excluding on-the-job training, the training programs offered in financial year 2009/2010 can be summarized as follows:

- The budget allocated to training (excluding salaries) amounted to €2,786 thousand over the period.
- 10,056 days of training were provided within the Group, representing an annual average of 1.6 days per employee.
- The majority of this training dealt with the technical skills required for production work (53.5 %), management training (14.6 %) and English and French language training (10.5 %).

Training also takes place on-the-job through exchanges between teams. The Group is committed to creating an environment that enables and encourages the sharing of skills:

- Open forums and business-specific databases continue to be developed and structured. Their goal is to facilitate collaboration, organization and the sharing of key information related to teams, projects, business lines and sites, etc. The Group Portal is a gateway to business resources and a platform for the exchange of information and best practices with peers.
- A Group training portal with access to e-learning tools allows people to develop their skills and knowledge. On this site, employees are invited to share documents and videos they feel may be of interest to other employees.
- The use of technologies or applications that facilitate exchanges is promoted, such as instant messaging, web conferencing and the use of video as a communication medium. In the same way, a directory inspired by the latest online social networks was put in place at the end of 2009.
- Integration and sponsorship programs for new employees are available in most subsidiaries. These allow new recruits to learn about the Group's fundamental business methods in real time.
- International sector-specific, inter-departmental and single-issue meetings are held on a regular basis and internal training is also organized at a very high level for our main experts.
- Skill-sharing between sites through personal visits is also commonplace. In 2009/2010, 129 employees traveled on short- and long-term assignments.
- Inter-site collaboration is developing with shared productions that require even more communication between studios.

- The arrival at the Group of teams from Nadéo, an expert in online multiplayer games, allows us to strengthen and develop expertise that will be key to our future performance in the rapidly growing online games segment.

Encouraging diverse career paths

The Group currently offers numerous possibilities for advancement within specific fields and other areas of activity. For Ubisoft, such decisions are based on two key factors: existing opportunities and the desire to offer each person, within a flexible environment, a challenge commensurate with their desires and skills.

As well as local interdepartmental transfers and promotions, the Group's presence in 28 countries offers teams opportunities to work abroad. There are currently 112 expatriates on assignment around the world. The countries that have welcomed the most expatriate employees are China and Canada.

All international job offers are available in real-time to all employees on the Group portal.

Compensation that aims to recognize performance and commitment

Ubisoft has established a bonus policy that reflects its desire to reward personal and collective performance:
- Production teams receive a bonus calculated according to the profitability of the game on which they worked and their individual contribution.
- Business teams receive a bonus calculated on the basis of achieving quantifiable results set at the beginning of the year.

Employee share ownership is also an excellent way for Ubisoft to let employees participate in the Company's success. Capital increases reserved for employees took place in France, as has frequently been the case since 2001. Others occurred in the United States, Canada, Romania, the United Kingdom and Germany.

Overall, total registered shares held by employees or indirectly through an FCPE (company mutual fund) amounted to 1.53 % [3] of the capital.

Lastly, stock options are awarded on a discretionary basis to employees who have consistently exceeded performance expectations. All plans combined, as of March 31, 2010 nearly 21 % of the Group's employees had received such options.

1.1.4.1.3 Employment at Ubisoft in France

- Average headcount of 1,166 employees over the financial year,
- 72 % men and 28 % women,
- 72 % on the production side and 28 % on the business side,
- Average age of 32.5 years,
- Average seniority of five years.

Work environment and working conditions

Ubisoft has been awarded the Top Employeur France 2010 seal, given out each year by the institute CRF, which specializes in research into best managerial practice. This seal rewards good practice in the field of human resources and measured Ubisoft's commitment to its employees within the framework of talent management using five criteria:
- Corporate culture
- Working conditions
- Management and involvement of talent
- Professional development
- Pay and recognition.

The winning of this seal is a good sign for Ubisoft in France and highlights the attention the Group gives to its teams.

Working time:

Full-time work is 35 hours per week. This working time can be spread over five days, or there is the option to work longer with additional time off, depending on the constraints of the activity and the choices expressed by employees.

2.34 % of employees work part-time.

Overtime worked during the year was in compliance with legal and contractual provisions.

[3] Estimated on the basis of the information available as of March 31, 2010.

The rate of absence in 2009/2010 was 0.97 %[4] and broke down as follows:

- 82.83 % due to illness
- 15.48 % due to exceptional leave[5]
- 1.60 % due to accidents at work

Outsourcing:

From time to time, Ubisoft employs individuals under freelance contracts (particularly for artistic services) and temporary contracts.

Peripheral activities at certain sites (security, cleaning, computer maintenance) are subcontracted to outside companies.

Health and safety:

In France[6] , Ubisoft complies with legal rules on health and safety.

Recreation:

The recreation department offers discount prices on show tickets (2,613 tickets subsidized 40 % by Ubisoft in 2009/2010), reductions on certain cultural and gym memberships, leisurely weekends and various social events.

Excluding the salaries of teams coordinating leisure activities, its annual budget is €567 thousand.

A media lending library provides staff with video games and consoles. A sports hall reserved for employees offers fitness activities and group lessons.

Skill development

Ubisoft has integrated France's DIF (Personal Training Right) into its professional training policy. In 2009/2010, the budget allocated to training (excluding salaries) amounted to €1,176 thousand. Ubisoft also took on interns and trainees during the 2009/2010 financial year. Internships often represent pathways to hiring. In France, 24 % of the junior employees recruited this year had previously completed an internship at Ubisoft.

Employment and anti-discrimination

Information on employment and anti-discrimination is as follows:

- 70.1 % of Ubisoft's workforce are executives.
- Women account for 28 % of total employees and 77.5 % of them are executives; with regard to compensation, professional equality between men and women is respected.
- 72.7 % of employees are employed on permanent open-ended contracts.
- Staff have representation within Ubisoft.
- During the 2009/2010 financial year, Ubisoft employed two disabled workers and contributed €100 thousand to funds for the employment of disabled persons.

Compensation

Compensation includes a fixed and a variable portion (see section 1.4.1.2.2).

In addition, under Group Savings Plans first implemented in 2001, French employees benefit from an additional contribution from the Company. This was the case in 2009 in particular.

[4] The rate of absence does not include maternity and paternity leave.

[5] Comprennent notamment les congés à l'occasion d'une naissance, un mariage, un déménagement…

[6] As is the case in all Ubisoft subsidiaries.

1.1.4.2 **Social projects**

In addition to numerous internal events that mark the year and the day-to-day work of the teams, Ubisoft offers its employees priority access to a wide range of leisure activities, sporting events and cultural outings. For the Group, these various employee benefits are also opportunities to invite the teams to open themselves to the world and heighten their curiosity.

A sponsorship program entitled “Sharing More Than Games” has now been running for four years, providing management and other support for solidarity initiatives within the Group. This program ties in with individual initiatives taken by employees as well as Ubisoft’s commitment to promoting access to education, culture and leisure for children and young adults from deprived backgrounds or who are ill.

From human or financial contributions to partnerships, and including donations of games, this commitment takes many forms and is designed to convey Ubisoft’s commitment to promoting access to education, culture and entertainment for children and young adults from deprived backgrounds or who suffer from illness.

Ubisoft once again provided support this year for associations relating to children, including UNICEF, the School Kit Foundation Drive in Pune, India, the Fondation Théodora in Spain, the Starlight Foundation in Australia and the Aleimar Group in Italy. Fund-raising activities and direct action by employees on the ground were also carried out within the framework of the Breakfast Club in Canada, an association that allows almost 15,000 children each year to receive a healthy and balanced breakfast before beginning their day. Ubisoft also knows how to take action to respond to emergencies. Following the earthquake in Haiti, several studios organized collections of funds and clothing in collaboration with the Red Cross to provide aid to survivors. The Sichuan region of China also suffered a devastating earthquake in early 2009; teams at Ubisoft Shanghai and Ubisoft Chengdu set up the U.Care program so that the roof of a school and a reservoir could be rebuilt. This targeted action is set to lead to further action, as the support program is to continue in 2010! In total, over 60 charitable projects and initiatives were implemented in 2009 within the Group.

1.1.4.3 Environmental data: promoting ecological responsibility

Data on the Group's environmental impact solely covers its direct video game production and publishing activities. To the extent that the Company does not manufacture the video games it publishes and distributes, its direct impact on the environment is very low, whether in terms of air emissions, water effluent or soil pollution or with regard to noise pollution or foul odors.
Ubisoft's water consumption is not significant.

For the Ubisoft Group, this analysis is focused on three main areas:

1) Finding the best drivers for reducing its carbon footprint and greenhouse gas emissions

- Reducing the Group's energy consumption:
  - Improving the energy efficiency of information systems (Green IT)
  - Reducing the energy consumption of buildings
- Promoting videoconferencing tools and business travel policy

2) Identifying short-, medium- and long-term opportunities to reduce its environmental impact and manage resources sustainably (excluding greenhouse gas emissions)

- For recycling:
  - Life-cycle management and recycling of computer equipment
  - Reduction of consumption and recycling of consumables
  - Processing and recycling unmarketable products
  - Processing waste
- For operations:
  - Developing a responsible and sustainable procurement policy
  - Involving suppliers in a responsible, environmentally friendly approach

3) Raising awareness of environmental issues among staff and the general public

- Identifying sound environmental practices suited to our sector of activity, and applying them at Company level;

Promoting internal initiatives to help protect the environment and introducing them at other subsidiaries of the Group;

- Identifying key changes in employees' behavior and encouraging change using innovative communication tools;
- Raising awareness among the general public regarding environmental problems through the products that it markets.

An internal survey is carried out every year at subsidiaries to evaluate environmental policies, programs and indicators.
Each subsidiary manages its own action in accordance with the country's regulations and depending on the wishes and involvement of its staff.
The subsidiary in Montreal is a good example, as it has formalized its commitment through an Environmental Policy that has been adopted by the management of the studio. This policy is the result of an environmental impact assessment in the first half of 2008 and establishes short- and medium-term action plans to minimize the subsidiary's impact on the environment.

1.1.4.3.1 Carbon footprint and greenhouse gas emissions

1.1.4.3.1.1 Energy consumption

The Group's total electricity consumption in 2009/2010 was around 20 million KWh, which represents an increase of 12 % on the previous year.

The countries with the highest electricity consumption at the Group were:

	CANADA	FRANCE	ROMANIA	CHINA	UNITED STATES
Consumption in KWh (in thousands) in 2009/2010	**8,865**	**4,053**	**1,300**	**1,247**	**1,123**
Consumption in KWh (in thousands) in 2008/2009	**8,570**	**3,406**	**1,477**	**1,118**	**1,357**
Change by country	**+ 3.4 %**	**+ 19 %**	**-12 %**	**+ 11.5 %**	**-17.2 %**

The increase in consumption is due to Ubisoft's business growth over 2009/2010, illustrated by the acquisition of companies, the opening of new subsidiaries and a large number of new recruits this year.

Overall, the Group's headcount rose by 11 % in 2009/2010.

In proportion to the number of employees and to sales, electricity consumption has remained stable.

Relative consumption per employee amounted to 3.10 KWh/employee for 2009/2010, compared with 3.07 KWh/employee for the previous year.

In 2010, the Group continued to encourage measures to reduce overall energy consumption.

Systematically switching off PCs is a practice that is applied every day in Germany, Australia, Japan, Spain, the Netherlands, Italy, the United Kingdom and the United States.

The Group is also striving to bring lower-energy light bulbs into general use. Almost 80 % of our subsidiaries currently use this type of light bulb, including in Romania, Denmark, China, the Netherlands, India and Singapore.

Many subsidiaries have introduced good practices to limit consumption of air-conditioning and heating systems, which are mostly shut down at weekends (server rooms being an exception).

1.1.4.3.1.2 Videoconferencing and business travel policy

Due to the Group's international scale, employees frequently have to travel to other sites.

Group policy seeks to limit the environmental impact of these business trips and minimize the consequences of travel wherever possible.

The following measures are favored:

- efficient management of employees' appointments so that their travel is limited to the absolute minimum;
- choosing the least expensive and most environmentally friendly means of transport;
- videoconferencing, conference calls and other collaborative means.

During the financial year, efforts to limit business travel and replace it with videoconferencing where possible were stepped up, which reduced overall emissions linked to travel by Group employees.

Almost half of the Group's subsidiaries are equipped with videoconferencing rooms and most have implemented a specific policy for reducing business travel.

The Group is also aiming to make the use of web conferencing widespread, by systematically equipping new work stations with webcams and microphones.

1.1.4.3.2 Ecological impact and sustainable management of resources used (excluding greenhouse gas emissions)

In some countries, recycling complies with strict environmental regulations: in Germany, Ubisoft holds a "Green License" in connection with the European directive on packaging.

In order to obtain the Green Dot label on its cardboard packaging, Ubisoft participates in the Eco-packaging contribution scheme and similar schemes at its French, Spanish and Italian subsidiaries.

1.1.4.3.2.1 Consumption of paper

All subsidiaries are made aware of the ecological impact of paper consumption; they take advantage of municipal or government programs to recycle their paper through waste sorting at their premises or collection areas such as in Germany, Australia, Korea, Italy, Switzerland and the United Kingdom. Many subsidiaries use outside specialists as in Canada, the United States and France.

As at March 31, 2010, more than two out of every three subsidiaries had introduced a paper recycling process, while nearly half used recycled paper for some or all of their supplies.

In order to reduce their paper consumption, French subsidiaries, for example, have opted for a paperless pay slip management policy as of June 2010.

1.1.4.3.2.2 Consumption of water

Even if Ubisoft's water consumption is not significant, in view of its activities, measures have been put in place to raise employees' awareness of their consumption.
Many subsidiaries use low-consumption taps, such as in Italy and Shanghai, or have implemented simple measures to encourage employees to limit their water consumption, for example in India, where notices have been placed next to each water outlet.

1.1.4.3.2.3 Processing and recycling unmarketable products

Subsidiaries are directly responsible for scrapping at distribution platforms. This is organized by suppliers or subsidiaries' warehouse managers.

In 2009/2010, Ubisoft destroyed or recycled around 17 tons of unmarketable products.

The various destruction tasks (grinding or compacting), carried out under the supervision of official bodies, were outsourced to external companies for:

- burning (in Japan for whatever cannot be recovered), or
- burial (in Italy and the United States), or
- recycling (United Kingdom, Germany, Australia, Canada, France, Japan, Switzerland, the Netherlands).

The destruction of products in France is carried out by a company specializing in recycling CDs, DVDs, computer disks and all types of plastic electronic media. The products are first ground down and sorted before being transformed into fine particles and resold to the plastic processing sector.

1.1.4.3.2.4 Life-cycle management and recycling of computer equipment

Ubisoft takes an active part in the recycling of its used IT, electric and electronic equipment.

Except in a few countries where services of this kind are not available, the vast majority of subsidiaries manage the disposal of their computer equipment by calling on external service providers, specialist organizations or companies.

Depending on the case, equipment disposed of by the Group is reused by schools or charities, which may be chosen by local authorities. Computer equipment that has reached the end of its life is sometimes sold directly to employees.

In France, Ubisoft has its computer equipment recycled by companies specializing in the dismantling of such equipment, with which a recovery, disassembly and recycling contract has been signed. These activities involving the processing of electrical and electronic waste and the cleanup of monitors are carried out in compliance with the applicable laws and standards. This year, the French subsidiaries recycled around nine tons of computer equipment.

Foreign subsidiaries are also carefully recycling their computer equipment in collaboration with specialist companies.

For example, the National Computer Recycling company processes IT hardware reaching the end of its life at the Newcastle studio. It is recycled, donated or destroyed in compliance with relevant European standards.

The subsidiary in Montreal donates some of its used equipment to a social enterprise operating in the IT sector, which runs work and job-finding schemes for young adults with difficulties. This enterprise takes on the task of recycling and reconditioning the equipment and selling it on to welfare organizations.

1.1.4.3.2.5 Processing and recycling of consumables

Ink cartridges
Most of the Group's subsidiaries reuse ink cartridges by refilling them several times.

Other consumables
Numerous initiatives have been taken in France and at international subsidiaries to reduce the ecological impact of resources consumed by the Group in the course of its business.
For example, many sites have sought to reduce or stop the procurement of consumables. In Shanghai, Switzerland and the US offices, for example, disposable plastic cups have given way to glasses or personalized mugs.

The subsidiaries are also seeking to minimize the ecological footprint of these consumables. For example, fruit available in the cafeterias of the sites in Montreuil (France) is certified organic, and plates and cutlery in Montreal are made from 100 % biodegradable reconstituted potato starch. Ubisoft France includes recycled office supplies in its ordering catalogue.

In Annecy, and since April 2010 in Montreuil, coffee capsules are collected and recycled, while subsidiaries such as those in Montreuil, San Francisco and Chertsey have installed recycling bins for used batteries.

1.1.4.3.2.6 Processing waste

Many subsidiaries have already introduced sorting systems, often in partnership with local authorities.
For example, the Montreal studio has removed all individual waste baskets in favor of shared recycling bins, in order to improve the sorting of waste and minimize the burying of non-recyclable waste as well as the business's environmental impact. This studio has held "Ici, on recycle" (We recycle here) level 2 certification since March 2010 for its efforts in the processing and recycling of waste.

1.1.4.3.2.7 Involving suppliers in a responsible, environmentally friendly approach

Ubisoft uses environmentally concerned suppliers.
The main production facilities of Ubisoft's assemblers in the EMEA zone are ISO 9001 certified, which means that they comply with the "Safety and quality" process.
Two thirds of them also have ISO 14001 certification, which specifically relates to the environment. This standard promotes the Company's efforts to:
- minimize the harmful effects of its activities on the environment and
- continually improve its environmental performance.

Moreover, Ubisoft announced plans in April 2010 to digitize its games manuals for all of its PlayStation®3, PC, et XBOX 360™. titles. This initiative, which is the first of its kind in the video games industry, will be launched globally over the Christmas 2010 period with *Shaun White Skateboarding.*

The production of one ton of paper used for games manuals consumes on average two tons of wood, for which 13 trees must be cut down, with net energy consumption of 28 million BTU (the equivalent of the average energy used by one household per year), the equivalent of almost 3 tons of CO2 and almost 6,000 liters of wastewater.

On top of these efforts to reduce the use of paper in packaging for its games, Ubisoft has teamed up with Technimark, Inc. to produce more environmentally friendly DVD cases for all its future PC games in North America.

The new case, which is made of 100 % recycled polypropylene and is called "ecoTech", was launched with *Tom Clancy's Splinter Cell Conviction*™ for PCs in April 2010.

1.1.4.3.3 Raising awareness and sharing sound environmental practices

1.1.4.3.3.1 Applying sound ecological practices at Group level

At a Group level, Ubisoft identifies sound ecological practices that follow the objectives of its environmental policy. These sound practices may be inspired by initiatives already implemented at subsidiaries or other companies with exemplary environmental behavior.
The Group favors initiatives that offer a pragmatic response to environmental challenges, have proved their effectiveness and help to streamline operations and investment.

1.1.4.3.3.2 Promoting initiatives

Alongside the actions its takes to minimize its impact on the environment, the Group considers it equally important to encourage individual changes in behavior. A program to raise awareness of environmental problems is being rolled out to steer employees towards sound environmental practices.

Several subsidiaries have set up an Environment Committee to recommend concrete action to encourage the preservation and respect of the environment and the assessment of progress made. This is the case in Montreal, San Francisco, Vancouver and Australia, for example.

In line with the Environmental Policy put in place by the studio, the Environment Committee in Montreal has supervised measures to optimize the recycling of paper and used batteries, in addition to the sorting of glass and metal.

The studio is also working on the implementation of basic projects such as the creation of a software program for car pooling, the use of a policy to automatically switch computers to stand-by when not in use, and the widespread use of recycled paper in printers.

The Environment Committees of the various subsidiaries are also keen to establish contact with users and enter into partnerships with external organizations. This is the case with the San Francisco studio, which worked in 2009 with Urban Forest to develop green spaces and plant trees in the area around the studio.

1.1.4.3.3.3 Raising awareness of environmental issues among the general public

The Group also helps to make the general public aware of environmental issues through its games.
For example, the Planet Rescue product range spreads a message of ecological responsibility and provides a recreational environment in which players can learn sound practices in matters of sustainable development.

1.1.5 Subsidiaries and equity investments

1.1.5.1 Organization chart as of March 31, 2010

Ubisoft Entertainment SA

Production

Ludi Factory SAS	(France)	100 %
Nadéo SAS	(France)	100 %
Tiwak SAS	(France)	100 %
Ubisoft Art SARL	(France)	100 %
Ubisoft Castelnau SARL	(France)	100 %
Ubisoft Créa SARL	(France)	100 %
Ubisoft Computing SARL	(France)	100 %
Ubisoft Design SAS	(France)	100 %
Ubisoft Design Montpellier SARL	(France)	100 %
Ubisoft Development SARL	(France)	100 %
Ubisoft Editorial SARL	(France)	100 %
Ubisoft Gameplay SARL	(France)	100 %
Ubisoft Graphics SAS	(France)	100 %
Ubisoft Innovation SARL	(France)	100 %
Ubisoft Paris Studio SARL	(France)	100 %
Ubisoft Pictures SAS	(France)	100 %
Ubisoft Production Annecy SARL	(France)	100 %
Ubisoft Production Internationale SARL	(France)	100 %
Ubisoft Productions France SAS	(France)	100 %
Ubisoft Production Montpellier SARL	(France)	100 %
Ubisoft Simulations SAS	(France)	100 %
Ubisoft Studios Montpellier SARL	(France)	100 %
Ubisoft Support Studios SARL	(France)	100 %
Ubisoft World Studios SAS	(France)	100 %
Blue Byte GmbH	(Germany)	100 %
Related Designs Software GmbH (1)	(Germany)	29.95 %
Ubisoft Entertainment Ltda	(Brazil)	99.92 %
Ubisoft Entertainment Ltda	(Brazil)	Branch
Ubisoft Eood	(Bulgaria)	100 %
Ubisoft Divertissements Inc	(Canada)	100 %
Ubisoft Music Inc	(Canada)	100 %
Ubisoft Music Publishing Inc	(Canada)	100 %
Ubisoft Toronto Inc (1)	(Canada)	100 %
Ubisoft Vancouver Inc	(Canada)	100 %
Chengdu Ubi Computer Software Co. Ltd	(China)	100 %
Shanghaï Ubi Computer Software Co. Ltd	(China)	100 %
Ubi Studios SL	(Spain)	100 %
Red Storm Entertainment Inc (1)	(United States)	100 %
Ubisoft Entertainment India Private Ltd	(India)	99.99 %
Ubisoft Studios Srl	(Italy)	100 %
Ubisoft Nagoya KK	(Japan)	100 %
Ubisoft Sarl	(Morocco)	99.86 %
Ubisoft Srl	(Romania)	100 %
Ubisoft Entertainment Ltd (1)	(United Kingdom)	100 %
Ubisoft Singapore Pte Ltd	(Singapore)	100 %
Ubisoft Entertainment Sweden AB	(Sweden)	100 %
Ubisoft Ukraine LLC	(Ukraine)	100 %

1) Companies held indirectly by Ubisoft Entertainment SA

Marketing

Ubisoft Emea SARL	(France)	100 %
Ubisoft France SAS	(France)	100 %
Ubisoft GmbH	(Germany)	100 %
Sunflowers Interactive Entertainment Software GmbH	(Germany)	100 %
Spieleentwicklungskombinat GmbH (1)	(Germany)	60 %
Max Design Entertainment Software Entwicklungs GmbH (1)	(Austria)	100 %
Ubisoft	(Austria)	Branch
Ubisoft Pty Ltd	(Australia)	100 %
Ubisoft	(Belgium)	Branch
Ubisoft Canada Inc	(Canada)	100 %
Ubisoft Entertainment	(Korea)	Branch
Ubisoft Nordic AS	(Denmark)	100 %
Ubisoft SA	(Spain)	100 %
Ubisoft Inc (1)	(United States)	100 %
Ubisoft Finland OY	(Finland)	100 %
Ubisoft Ltd	(Hong Kong)	100 %
Ubisoft SpA	(Italy)	100 %
Ubisoft KK	(Japan)	100 %
Ubisoft Norway AS	(Norway)	100 %
Ubisoft BV	(Netherlands)	100 %
Ubisoft Gmbh Polsce	(Poland)	Branch
Ubisoft Ltd	(United Kingdom)	100 %
Red Storm Entertainment Ltd (1)	(United Kingdom)	100 %
Ubisoft Sweden AB	(Sweden)	98 %
Ubi Games SA	(Switzerland)	100 %

Support

Ubisoft Books & Records SAS	(France)	100 %
Ubisoft Counsel & Acquisitions SARL	(France)	100 %
Ubisoft IT Project Management SARL	(France)	100 %
Ubisoft Manufacturing & Administration SAS	(France)	100 %
Ubisoft Marketing France SARL	(France)	100 %
Ubisoft Marketing International SARL	(France)	100 %
Ubisoft Market Research SARL	(France)	100 %
Ubisoft Operational Marketing SARL	(France)	100 %
Ubisoft Organisation SAS	(France)	100 %
Ubisoft Talent Management SARL	(France)	100 %
Ubisoft World SAS	(France)	100 %
Ubisoft Holdings Inc	(United States)	100 %

Post-production video

Hybride Technologies Inc (1)	*(Canada)*	100 %

Digital animation

Ubisoft Digital Arts Inc (1)	*(Canada) 100%*	

1.1.5.2 Investments during the financial year

Acquisitions and start-ups

- July 2009: creation of the studio Ubisoft Design Montpellier SARL
- July 2009: creation of the studio Ubisoft Toronto Inc.
- October 2009: acquisition of the developer Nadéo SAS in France
- November 2009: creation of the subsidiary Ubisoft Talent Management SARL
- December 2009: creation of the subsidiary Ubisoft IT Project Management SARL
- January 2010: creation of the studio Ubisoft Innovation SARL
- March 2010: creation of the studio Ubisoft Créa SARL

1.1.5.3 Business activities of the subsidiaries

Production subsidiaries:

These are responsible for the design and development of the software. They saw their business grow sharply due to the increase in projects carried out internally and the rise in staff numbers.

Sales and marketing subsidiaries:

The sales and marketing subsidiaries are responsible for distributing Ubisoft products throughout the world.

Relations between the parent company and subsidiaries:

The relationship between the parent company and the subsidiaries involves:

- Production subsidiaries billing the parent company for development costs based on the progress of their projects. These costs are capitalized at the parent company and amortized from the commercial launch date.
- The parent company invoices distribution subsidiaries for a contribution to development costs.

The parent company also centralizes a certain number of costs that it then allocates to its subsidiaries, in particular:

- The purchase of computer equipment,
- General and administrative expenses,
- Financial costs.

Main subsidiaries:

Subsidiary (in thousands of euros)	03.31.10			03.31.09			03.31.08		
IFRS financial statements	Sales	Operating profit (loss)	Earnings	Sales	Operating profit (loss)	Earnings	Sales	Operating profit (loss)	Earnings
Ubisoft Inc. (United States)	342,647	8,192	4,694	396,794	15,873	11,901	372,156	14,816	10,207
Ubisoft Ltd (United Kingdom)	122,647	1,337	1,064	175,528	4,388	3,406	159,078	3,976	2,840
Ubisoft GmbH (Germany)	85,781	1,793	1,244	107,753	3,394	2,326	71,313	1,783	1,084
Ubisoft France SAS	61,706	664	165	123,454	3,087	2,650	90,824	2,278	2,207

1.1.6 General information

1.1.6.1 Capital expenditure policy

Ubisoft continued its sustained capital expenditure policy, which should enable the Company to gain traction in new platforms, create new licenses in various genres, enter the online sector and more generally increase its market share. Accordingly, in 2009/2010, internal production costs rose 24 % from €209 million to €259 million.

	2010/2009	2008/2009	2007/2008
Production-related capex	€259 million	€209 million	€187 million
% of total sales ex-VAT	29.70 %	19.73 %	20.11 %
Capex per member of production staff (average headcount)	€50,451	€50,179	€55,983

1.1.6.2 Research and development policy

In order to develop exceptional video games, Ubisoft has established a project-led R&D policy for tools and technologies, using the most recent technological advances: the choice of development engines, tools and processes takes place well upstream in a project, because this choice determines the potential for innovation and the necessary investment in terms of time, human resources and financing for the game.
Its close-knit team of engineers who have mastered the best available technologies now enables Ubisoft to take a highly pragmatic approach to its projects: depending on the challenges and expected results on a game, the choice of tools may involve specific internal developments, software already available on the market, or a combination of the two. Research is thus focused on innovation and functionality, using technologies suited to a high-quality product.

Research and development costs on in-house software are capitalized and amortized over three years, with additional impairment losses recognized to reflect the product life cycle. During the financial year, they were amortized in the amount of €203 million.

The Group does not carry out any fundamental research.

1.1.6.3 Property, plant and equipment

Ubisoft owns the land and building occupied by its Hybride Technologies Inc. subsidiary in Canada, at 111 Chemin de la gare, Piedmont, Quebec.

1.1.7 Risk factors

Identified risks are categorized by type.

1.1.7.1 Risks linked to the business and the video games market

1.1.7.1.1 Risks associated with product strategy, positioning and brand management

Ubisoft, like all publishers, is dependent on the success of its product catalogue and the suitability of its offering with regard to consumer demand.
In order to meet market demand, Ubisoft takes particular care in building its product catalogue by concentrating on:

- Regularly strengthening its existing franchises,
- Launching new brands,
- Diversification into promising new segments such as online games, ancillary products, etc.

In order to diversify and enrich its brand portfolio and thus ensure steady income in the long term, Ubisoft favors a strategy of creating its own brands and producing internally, underpinned by a targeted acquisition strategy.
The Company allocates the necessary marketing and sales resources to showcase its products through a distribution network covering over 55 countries. Its position as the third-largest independent publisher in Europe and the United States provides the Group with a high-performance distribution platform for its products.

1.1.7.1.2 Risks associated with market changes

Ubisoft operates on a market that is becoming increasingly competitive and selective and is subject to concentration and economic fluctuations, and is marked by rapid technological changes requiring significant R&D investment. The significant decline this year in sales of the Nintendo DS™ following several years of strong growth (partly linked to the increase in piracy, fierce competition and the iPhone), competition from very high-quality AAA games and the postponement of some games to subsequent years had a significant impact on the Group's results.

Ubisoft also faces new challenges such as the dematerialization of physical media (which is set to gradually replace games boxes at some point in the future), a growing second-hand market, online games and emerging competitors in Asia.

To speed up its development and creativity process, Ubisoft launched *Might & Magic Heroes Kingdoms* ™ in February 2010, its first web base game strategy , online and in real time, and plans to launch four additional online games in 2011. This popular market is experiencing strong growth but is also highly competitive.

In order to remain competitive, it is essential for a publisher to choose the development format for a game wisely; an inappropriate choice could have a negative impact on the expected sales.

Whilst continuing to invest in new technology (such as the touchscreen technology applied in *R.U.S.E*™ and the 3D camera technology for the launch of “Natal” project), Ubisoft has managed to enhance its brand portfolio further with the success of *Just Dance*® for the Wii™, a platform on which Ubisoft has gained market share through investment.

The company is continuing to invest heavily in its studios with the recruitment of over 550 talented individuals in 2009/2010 to boost the Company’s growth, strengthen its franchises and allow entry to new segments such as the online sector.

Costs have been kept under control as the production teams have been strengthened, by setting up sites in countries such as China, India and Singapore, where production costs are lower.

In Canada, Ubisoft depends on substantial grants and any change in government policy could have a significant impact on production costs and the Company's profitability. Ubisoft ensures that it renegotiates these agreements on a regular basis and does not foresee any risk over the next few years. The Group has also concluded a new long-term agreement with the state of Ontario and is setting up a new studio in Toronto.

Although the video games industry has been affected by the global economic crisis and is changing dramatically, the market for consoles is expected to stabilize in 2010 thanks to positive prospects for the Xbox 360™ and the PlayStation®3, which the Group has focused on. At the same time, the online gaming sector is developing rapidly. This includes games that can only be played online, traditional games that include an online multiplayer component and the development of online services such as Uplay and anti-piracy solutions.

Even if 2010 saw a sharp deterioration in operating performance, the success of *Assassin's Creed*® 2 and *Just Dance*® shows that Ubisoft's business model, which combines competitive development costs with a varied range of own franchises, constant innovation and a high level of reactivity, is still relevant. Nevertheless, the uncertain economic situation and the technological changes that are taking place may continue to impact the Company's performance.

1.1.7.1.3 Risks of a delay or poor start to the release of a flagship game

Seasonal trends in the video games business:

Sales/quarter in millions of euros	2009/2010	Breakdown	2008/2009	Breakdown	2007/2008	Breakdown
1st quarter	83	10 %	169	16 %	134	15 %
2nd quarter	83	10 %	175	17 %	127	14 %
3rd quarter	**495**	**56 %**	**508**	**48 %**	**450**	**48 %**
4th quarter	210	24 %	206	19 %	217	23 %
Consolidated annual sales	**871**	**100 %**	**1,058**	**100 %**	**928**	**100 %**

The third quarter of the financial year represents, on average, 51 % of annual sales over the last three financial years.
In a very competitive and above all seasonal market, increasingly characterized by the need to release big hits, the announcement of a delay in releasing an expected game may have a negative impact on the Group's income and future results and thus on the performance of its share price.

A game's launch may be delayed by the difficulty in accurately predicting the time required to develop or test it. This year, Ubisoft (like most other operators in the sector) had to delay several games, including, in particular, *Red Steel*® *2* and *Splinter Cell Conviction*™.

The launch of a game below the standard required for it to fully realize its potential can negatively impact the Company's results. This is the case with sales of the game *James Cameron's Avatar: The Game*™, which have been lower than expected.

Whether in the organization of its teams or ongoing research into improving development processes, Ubisoft relies on the efficiency of its in-house expertise and synergies between its studios in order to anticipate these risks and alert the management teams as necessary.

1.1.7.1.4 Risks associated with recruiting and retaining talented staff

The Group's success largely depends on the talent and skills of its production and marketing teams in a highly competitive international market. If the Group were no longer able to attract and retain new talents, or

were no longer capable of retaining or motivating its key employees, the Company's growth prospects and financial position could be affected.
The Company follows an active policy of recruitment, training and retention through the following initiatives in particular:

- Opening of new studios (Toronto) and acquisition of existing studios (Nadéo in Paris),
- Company/university collaboration: strong relationships with the main universities in the various countries where the Group operates,
- The addition of tools and forums to encourage skills sharing,
- Implementation of various high-level training programs for core production activities.

All of the programs established by Human Resources at a local and international level are first and foremost designed to attract, train, retain and motivate employees with strong technical and/or managerial skills: development opportunities, share purchase plans, stock option plans, personal development plans, etc. As proof of the effectiveness of these practices, the Group received the Top Employeur France 2010 seal, which is awarded each year by the institute CRF, which specializes in research into best managerial practice.

1.1.7.1.5 Risks associated with the acquisition and integration of new entities

The Company has an international expansion policy, regularly reflected in the opening and acquisition of production studios in new territories. The integration of these studios is critical for the Company's success in order to meet future growth targets.

In order to ensure that these new entities are integrated successfully, the Company has put in place a number of solutions to support the teams. Similarly, the Company continues to develop the skills of its administrative teams in order to limit financial, tax or legal risks.

A sound financial structure for the company with regard to the net financial surplus and the available equity is expected to minimize these risks.

Nevertheless, the following risks could arise:

- dilution of the current shareholder structure as a result of an acquisition paid in shares;
- creation of significant long-term debt;
- potential losses that could have a negative impact on profitability;
- provisioning for goodwill or other intangible assets.

The potential loss of key employees at the target company could have a negative impact on financial performance. However, to date, Ubisoft has always proven capable of integrating acquired companies into the Group.

1.1.7.2 Legal risks

1.1.7.2.1 Lawsuits – Legal proceedings and arbitration

There are no government, legal or arbitration proceedings, including any case of which the Company is aware, that are pending or with which it is threatened, that are likely to have or that over the past 12 months have had a material impact on the financial position or profitability of the Company and/or the Group.
The Group is subject to regular tax inspections in the countries where it is present.

1.1.7.2.2 Regulatory environment

The Company, like all games publishers, must comply with numerous national regulations, relating in particular to the suitability of games for the target consumers, information given to consumers about the content of games (in accordance with the age rating classifications of PEGI in Europe and ESRB in the

United States) and consumer protection, including but not limited to the protection of minors, by putting in place systematic procedures for parental consent, and respect for and protection of personal data.
The Company is continuing to improve its internal controls by implementing procedures adapted to comply with the directives and principles set out by professional bodies and the applicable local laws. It is a member of the ESA (Entertainment Software Association) in the United States, the ISFE (Interactive Software Federation of Europe) and the SELL (Syndicat des Éditeurs de Logiciels de Loisirs) in France, and complies with the classification systems PEGI (Europe) and ESRB (United States).

1.1.7.2.3 Risks associated with intellectual property rights

Given the importance of the prominence of its brands and the piracy problem faced by all players in the video game industry, the Company has taken the necessary measures to protect its portfolio of commercial brands as well as the other intellectual property rights that it holds:

- Procedure for checking the pre-existence of brands proposed for games at European and international level, registration of brands and domain names of games designed at European and international level;
- Legal monitoring of brands that are similar or identical to those of the Company and that have been registered by third parties at a global level;
- A dedicated anti-pirating team, whose task is to carry out a technology watch, advise development teams and coordinate action between the various internal and external teams;
- Copyright infringement and piracy proceedings in France and abroad, pressing civil claims in criminal proceedings where applicable, or via any other available criminal or civil avenues, and measures against hackers in order to obtain the removal of games illegally put online.

Ubisoft is not dependent on any particular patents.

1.1.7.2.4 Licensing agreement risks

Every year, Ubisoft signs a series of partnership agreements with, in particular, prestigious partners such as film studios, television channels and celebrities, enabling it to develop its game catalogue and increase sales.

The biggest licensor accounts for nearly 7 % of sales.

The potential interruption of certain partnerships, for whatever reason, at the behest of Ubisoft or its partners, would likely have a negative impact on the revenue and future performance of the Company as it would not be offset by other new licenses.
Ubisoft has established a number of internal procedures at both marketing team and development team level to ensure the proper implementation of licensing agreements and compliance with the instructions of its partners, particularly through tools for sharing information and internal control procedures at all stages of production.

1.1.7.3 Operational risks

1.1.7.3.1 Risk of dependency on customers

Because it has many large retailer customers in numerous countries, the Company believes it has no significant dependency on any customer that could affect its growth plan. The weightings of the 10 largest customers have remained stable over the last three financial years.

Share of the main customers in the Group's sales ex-VAT:

Share in %	2009/2010	2008/2009	2007/2008
Top customer	10 %	10 %	11 %
Top 5 customers	32 %	33 %	35 %
Top 10 customers	45 %	46 %	47 %

Moreover, in order to protect itself against the risk of default, the Group's main subsidiaries, which account for approximately 85 % of consolidated sales, are all covered by credit insurance.

1.1.7.3.2 Risk of dependency on suppliers and subcontractors

The Company has no significant financial dependency on subcontractors or suppliers likely to affect its growth plan.

Ubisoft and its subsidiaries mainly use services or products from suppliers such as systems integrators (printers to produce manuals and product packaging, disk suppliers to subcontract the supply and duplication of CD-ROMs and DVD-ROMs, other systems integrators), technology providers, suppliers of licenses and maintenance in connection with the Company's operations.

However, there is a dependency on manufacturers. Ubisoft, like all console-game publishers, purchases cartridges and gaming media from console manufacturers such as Sony, Nintendo and Microsoft. Supply is thus subject to prior approval of the manufacturers, the production of these media in sufficient quantities and the establishment of royalty rates. Any change in the terms of sale by manufacturers could have a material impact on the Company's results. For PC games, there is no specific dependency.

Furthermore, despite the priority given to games developed internally, which account for 90 % of sales, the Company may call on outside studios in the context of its development activities in order to work on either traditional subcontracting projects by supplying additional and/or specialized production capacity or to take on original projects in which they have specific expertise. These independent development studios may sometimes have a limited capital base that may put the completion of a project at risk.

To limit such risks, Ubisoft has introduced internal monitoring procedures, limited the number of games entrusted to a single studio, and ensured that it assimilates all or a portion of the technology they use.

1.1.7.3.3 Financial and accounting risks

The reliability of financial and accounting information, risk management and the related internal control system are explained in the report by the Chairman of the Board of Directors on the internal control procedures implemented by the Company.

1.1.7.3.4 Risks associated with information systems and computer security

Like all international companies connected to the Internet, Ubisoft is exposed to multiple pre-requisites or threats, such as changes in regulations, mobility solutions and the proliferation of viruses.
Information is a strategic resource that represents considerable value and must be suitably protected. Accordingly, Ubisoft continually invests in its IT security systems, and in specialized security resources, to protect itself as much as possible from such risks.

Hence, Ubisoft's security departments are responsible for protecting information from external and internal threats in order to guarantee its confidentiality, integrity and availability, and to ensure business continuity.

Ubisoft has implemented several arrangements, including security policies in order to bring itself into compliance with legislation, security committees in several offices to manage local security issues, secure hosting of its data in dedicated centers in order to reduce physical risks, a centralized anti-virus system ensuring optimal protection, a secure mobility solution to protect its remote workers and wireless users, etc.

1.1.7.4 Market risks

Financial risks:

In the course of its business, the Group is exposed to varying degrees of financial risk (foreign-exchange, financing, liquidity, interest-rate), counterparty risk and equity risk.
Group policy consists of:

- minimizing the impact of its exposure to market risks on both its income and, to a lesser extent, its balance sheet,
- tracking and managing this exposure centrally whenever regulatory and monetary circumstances allow,
- using derivatives for hedging purposes only.

The risk management policy and its organization within the Group – notably through the Treasury Department, attached to the Finance Department – are described in the Chairman's internal audit report.
Additional information and figures on exposure to these different risks are detailed in Note 16 to the consolidated financial statements.

1/ Foreign-exchange risk
In light of its international presence, the Group may be exposed to exchange-rate fluctuations in the following three cases:

- through its operating activities: sales and operating expenses of Group subsidiaries are largely denominated in local currency. However, some transactions, for example license agreements and intercompany invoicing are denominated in another currency. The subsidiaries operating margin concerned may therefore be exposed to fluctuations in exchange rates involving their operational currency;
- through its financing activities: applying its policy of centralizing risks, the Group has to manage financing and cash in various currencies;
- during the process of translating the accounts of its subsidiaries from foreign currencies into euros: current operating income may be generated in currencies other than the euro. As a result, fluctuations in foreign currencies the exchange rates against the euro may have an impact on the Group's income statement. These fluctuations also affect the carrying amount of assets and liabilities denominated in foreign currencies and appearing in the consolidated balance sheet.

The sensitivity of Group earnings to changes in the value of its main currencies is described in Note 16 to the consolidated financial statements.

2/ Financing and liquidity risk

In the course of its operating activity, the Group has no recurrent or significant debts. Operating cash flows are generally sufficient to finance operating activity and organic growth. However, the Group may need to increase its debt by using credit lines to finance Merger & Acquisition activity. In order to finance temporary needs related to increases in working capital during especially busy periods, the Group has a €180 million syndicated loan, €30 million in confirmed credit facilities and other bank credit facilities totaling €74.5 million at March 31, 2010.
The Group's liquidity risk mainly lies with the maturity of the €20 million debt on which interest is paid, as well as payment flows on derivatives, and this risk is therefore not significant.

3/ Interest-rate risk
Interest-rate risk is mainly incurred through the Group's interest-bearing debt. This is essentially euro-denominated and centrally managed. Interest-rate risk management is primarily designed to minimize the cost of the Group's borrowings and reduce exposure to this risk. For this purpose, the Group uses primarily fixed-rate loans for its long-term financing needs and variable-rate loans to finance specific needs related to increases in working capital during particularly busy periods.

At March 31, 2010, the Group's net debt included a variable-rate loan and bank overdrafts which, given the Group's positive net cash position, are used essentially to finance the high year-end working capital requirement entailed in the highly seasonal nature of the business.
The sensitivity of debt to a change in interest rates is described in Note 16 to the consolidated financial statements.

Counterparty risk

The Group is exposed to counterparty risk – mostly banking-related – in the course of its financial management. The aim of the Group's banking policy is to focus on the creditworthiness of its counterparties and thus reduce its risks.

Securities risk

1/ Risk to the Company's shares

In accordance with its share buyback policy and within the authorizations granted by the Shareholders' Meeting, the Company may decide to buy back its own shares. The fluctuations in the price of shares bought in this way have no impact on the Group's income.

2/ Risk on other shares

As of March 31, 2010 the gameloft shares are covered by an equity swap agreement signed with Calyon. For these Shares, a significant and/or prolonged drop in the share price may have an adverse effect on the Group's income.

As of March 31, 2010 the fair value of this receivable with Calyon is reflected in the balance sheet (see Note 9 to the consolidated financial statements and Accounting principles).

1.1.7.5 Industrial or environment-related risks

The Group currently has no knowledge of any industrial or environmental risk.

Ubisoft did not record any provision, purchase any insurance to cover potential environmental risks, or pay any compensation in this regard during the financial year.

Nevertheless, the Company remains alert to regulatory changes in countries where it is present.

Even if the Company has no direct impact on the environment, this issue is an integral part of the Group's policy and has become a subject for discussion. It is presented and discussed in more detail in the "Sustainable development" section of this report.

1.1.7.6 Insurance and risk coverage

The Group benefits from professional liability coverage taken out by Ubisoft Entertainment SA, covering all of the worldwide subsidiaries except those in the United States, Canada and Japan, which each have their own local insurance policies.

Depending on the nature of its business, each subsidiary is covered in particular for:

- property damage and damage to IT data
- employee health risks
- vehicles
- apartments leased to employees on assignment
- inventory
- transport to customers
- etc.

Each foreign subsidiary tailors and manages its local coverage according to its business and the specific characteristics of the country.
All policies have been renewed, and for some subsidiaries enhanced, to ensure maximum, appropriate coverage of risks.
The absence of any major damage that is not covered confirms the relevance and adequacy of the cover that has been taken out.
Half of the insurance programs are negotiated through a local insurance broker, which ensures appropriate advice and consistency in risk cover.
Each new subsidiary that is acquired therefore reviews its cover policy in accordance with the latest strategy established within the Group.

Ubisoft has taken out an assistance policy for individuals on work assignments in France and abroad. This policy covers all employees of French sites for assistance and repatriation when abroad.
The Group's business does not incur any extraordinary risk of work-related accidents. This has not prevented the introduction of workers' compensation policies to meet the legal requirements of different countries. This has been the case for subsidiaries in the United States, Australia, Japan, Spain, Italy, China, Canada and Switzerland.
Some companies are insured in the event of operating losses. This particularly applies to subsidiaries in the United States, Canada and Germany.

The limits of coverage according to each type of insurance taken out by subsidiaries in the Company's main countries (all activities combined) are as follows:

Coverage limits	France in thousands of euros	United States in USD thousand	Canada in CAD thousand	China in CNY thousand
General liability	4,000	7,500	29,000	1,500
Property insurance	8,587	13,000	47,700	34,400
Inventory insurance	6,000	22,000	15,000	-

Total premiums paid on insurance policies valid during the financial year ended March 31, 2010 amounted to some €1,297 thousand excluding credit insurance, compared with €1,196 thousand the previous year, representing an increase of 8.37 %.

1.1.8 Commitments

Ubisoft still has to pay:

- €1 million following the acquisition of Hybride Technologies Inc.,
- €3.7 million following the acquisition of Nadéo SAS.

Various products are marketed under licensing agreements signed by Ubisoft Entertainment SA. The commitments undertaken by the Company provide for the payment of guaranteed minimum royalties. As of March 31, 2010, commitments made by virtue of this guaranteed minimum amounted to €59.1 million.

The Company has no other future investment that is already subject to a firm commitment from the Company's senior management.
There are no minority interests in the Group's structure. There are therefore no commitments to buy back minority interests.

1.1.9 Recent events, outlook and strategy

1.1.9.1 Recent developments

Ubisoft has adopted a clear targeted strategy for dealing with recent developments in the market, in the top-of-the-range console games sector, the casual sector and the online games sector:

- For top-of-the-range games, the Company is focusing its efforts on its strong franchises, in order to increase the quality and regularity of releases. This strategy involves the use of additional resources thanks to increased collaboration between studios and the strengthening of teams in charge of a specific franchise.
- For casual games, the future launch of new consoles including the "Natal" project and the "Sony Move" is expected to reward the investment made in technology over the last few years and revive this segment. Ubisoft will also be present on the market for casual games that can be played on social networks such as Facebook.
- For online games, a market that is expanding rapidly, Ubisoft plans to launch at least five multiplayer games, including *Might & Magic Heroes Kingdom*™, *Trackmania*® et *Imagine*®.. The Company will also continue to develop its online services portal Uplay, which is intended to reinforce direct links with consumers.

The Group expects first-quarter 2010/2011 sales to come in at around €145 million, approximately 75% higher than in the first quarter of 2009/2010.

Full-year 2010/2011: Ubisoft confirms that it expects to return to profitable growth and positive cash flow from operating activities in fiscal 2010/2011.

1.1.9.2 Market outlook

In 2009, the video games market recorded a drop of 8 % in Europe and 11 % in North America. The market was hit by the economic crisis, which affected the casual segment as well as catalogue sales of top-of-the-range games. 2010 is expected to be stable in relation to 2009, with growth expected for the Xbox 360™ and PlayStation®3 platforms, a stable market for the Nintendo Wii™ and a drop in sales for the DS™, PlayStation®2, PSP™ and PC.

1.2 *Comments on the Corporate Financial Statements of Ubisoft Entertainment SA for the year ended March 31, 2010*

Comparability of financial statements

- As at March 31, 2010, external developments are booked in subcontracting and capitalized via a capitalized production costs account in the amount of €20,746 thousand.

- Since the fiscal year ended March 31, 2009, straight-line practiced on internal software is calculated based on the original production cost. Previously, it was calculated on the basis of the net book value after taking into account depreciation linear and additional previously recorded. For the first time to the year 2010, reversals of provisions for depreciation are therefore found on internal software having impairment beyond linear depreciation in 2009. It's an element of comparability without affecting the result of the company.

- In the cash flow statement, the cash flows from investing activities and the changes in working capital are restated to reflect the amount of guarantees that have been agreed but not paid.

Sales
(in thousands of euros)

Revenue basically consists of royalties invoicing to subsidiaries.

€ thousand	March 31, 2010	March 31, 2009
Production/sales	558,548 (1)	576,476
Operating profit (loss)	-102,217	65,577
Net financial income	18,040	70,247
Pre-tax profit (loss) from continuing operations	-84,177	135,824
Non-recurring items	-69,675	-88,739
Earnings	-153,066	33,553

(1) including capitalized production: €301,225 thousand

Internal development costs

As of March 31, 2010, internal development costs came to €280 million, compared with €224 million as of March 31, 2009.

Tax consolidation scope:
As at March 31, 2010, the tax group includes all French companies, with the exception of those created during the financial year.

Information on trade payables due date:
The trade payables balance as of March 31, 2010, is €38,504 thousand including €1,663 thousand due.

Income statement for the last five years

Financial year	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
Capital stock (€)	6,024,644	7,036,578	7,164,812	7,273,867	7,319,603
Number of ordinary shares	19,434,336	45,397,276[1]	46,224,592	93,856,346[2]	94,446,494
Number of preference shares	-	-	-	-	-
Maximum number of shares to create	6,249,938	3,020,002	4,164, 407	9,976,148	12,860,572
through conversion of bonds	1,814,025	-	-	-	-
through exercise of stock options	2,114,833	3,020,002	3,808,907	9,509,468	12,003,892
through the allocation of bonus shares.	-	-	355,500	466,680	856,680
through exercise of subscription warrants	2,321,080	-	-	-	-
Sales (€ thousand)	314,228	435,190	571,034	576,476	558,548
Earnings before tax, employee profit sharing, depreciation and provisions (€ thousand)	124,761	236,943	309,662	326,750	190,346
Income tax (€ thousand)	2,303	- 89	1,961	13,532	-786
Employee profit-sharing	-	-	-	-	-
Earnings after tax, employee profit sharing, depreciation and provisions (€ thousand)	-12,813	16,047	75,212	33,553	-153,066
Distributed earnings	-	-	-	-	-
Per share, earnings after tax, before depreciation and provisions (€)	6.30	5.22	6.66	3.34	2.02
Per share, earnings after tax, depreciation and provisions (€)	-0.66	0.35	1.63	0.36	-1.62
Dividend per share	-	-	-	-	-
Average headcount	5	5	5	5	5
Payroll (€ thousand)	546	546	546	664*	687*
Social security contributions and employee benefits (€ thousand)	199	215	204	279	243

* The compensation of one corporate officer is booked in subcontracting.

(1) Two-for-one stock split on December 11, 2006
(2) Two-for-one stock split on November 14, 2008

Contingent assets and liabilities

To the best of our knowledge, there are no contingent assets or liabilities as at March 31, 2010.

Events after the balance sheet date

N/A

1.3 *Information about the Company*

1.3.1 General information about the Company

Corporate name:

Ubisoft Entertainment

Registered office:

107, Avenue Henri Fréville - BP 10704 - Rennes (35207) Cedex 2

Legal form

French Corporation (Société Anonyme) with a Board of Directors, governed by the French Commercial Code.

Applicable legislation

The Company is subject to French legislation.

Date of incorporation and term of the Company

The Company was incorporated on March 28, 1986 for a term of 99 years unless such term is extended or the Company is dissolved at an earlier date.

Trade and Companies Register

The Company is listed on the Rennes Trade and Companies Register under number 335 186 094.
APE industry code: 5821Z

Place where Company legal documents may be consulted

The Company's legal documents may be consulted at its business address at 28, rue Armand Carrel - 93100 Montreuil-sous-Bois, 93100 France, or at its registered office.

Financial year

The financial year runs for 12 months from April 1 to March 31.

1.3.2 Additional information about the Company

1.3.2.1 Incorporated documents and articles of association

1.3.2.1.1 Corporate purpose (Article 3 of the Articles of Association)

Ubisoft Entertainment SA has the following purpose, in France and abroad, both directly and indirectly:

- the creation, development, publishing and distribution of all kinds of multimedia, audiovisual and IT products, especially videogames, educational and cultural software, cartoons and literary, cinematographic and television works on any media, current or future;
- the distribution of all kinds of multimedia and audiovisual products, especially through new communication technologies such as networks and online services;
- the purchase, sale and, in general, all forms of trading, including both import and export, via rental or otherwise, of any computer and word-processing hardware with its accessories, as well as any hardware or products for reproducing sound and pictures;
- the marketing and management of all data processing and word processing computer programs;
- consulting, support, assistance and training relating to any of the above-mentioned fields;
- the investment by the company in any operation that may relate to its purpose, by the creation of new companies, the subscription or purchase of shares or corporate rights, by mergers or by other means;
- and in general, any operation related directly or indirectly to the above purpose or similar and related purposes likely to promote the Company's development.

1.3.2.1.2 Distribution of earnings under Article 17 of the Articles of Association

The income from the financial year after deduction of operating expenses, allowances for depreciation, amortization and provisions constitutes the earnings. From earnings from the financial year after deduction of losses carried forward from previous years where appropriate, the following items are deducted:

- The sums to be allocated to reserves in accordance with the law and the Articles of Association and, in particular, at least 5 % to make up the legal reserve. This allocation is no longer required when the reserve reaches one tenth of the share capital. It is once again required when, for any reason, the legal reserve falls below this percentage; and
- Any amounts which the Annual General Meeting, on a proposal from the Board of Directors, deems appropriate to allocate to any extraordinary or special reserves or to carry forward as retained earnings.

The balance shall be distributed to the shareholders. However, except in the event of capital reductions, no distribution may be made to shareholders where the shareholders' equity is, or would be if such distribution were to take place, less than the amount of the capital plus reserves that are non-distributable under the law or the Articles of Association.
In accordance with Article L 232-18 of the French Commercial Code, the Annual General Meeting may grant each shareholder the option between payment in cash or in shares for all or part of the interim or final dividend.

1.3.2.1.3 General Meetings (Article 14 of the Articles of Association)

General Meetings shall consist of all the shareholders of Ubisoft Entertainment SA, with the exception of the Company itself. They represent the totality of shareholders.
They shall be convened and deliberate under the conditions prescribed by the French Commercial Code.
General Meetings shall be held at the registered office or at any other place indicated in the meeting notice.
They shall be chaired by the Chairman of the Board of Directors or, in his absence, by a Director appointed for this purpose by the Meeting.
The right to participate in meetings is subject to fulfillment of the formalities provided for under applicable regulations.

The Board of Directors may resolve that the votes taking place during the meetings may be cast by remote transmission, in the manner provided for under applicable regulations.

1.3.2.1.4 Significant shareholding disclosure requirement (Article 6 of the Articles of Association)

Without prejudice to the thresholds provided for in Article L 233-7 of the French Commercial Code, any shareholder acting alone or in concert with others who directly or indirectly comes to own at least 4 % of the capital or voting rights in the Company or a multiple of this amount less than or equal to 28 % is required to inform the Company in writing – by registered letter with acknowledgement of receipt sent to the registered office within the period prescribed in Article L 233-7 of the French Commercial Code – of the total number of shares, voting rights and securities ultimately granting entitlement to the capital of the Company that are held directly or indirectly or in concert.

The disclosure upon crossing any threshold equaling a multiple of 4 % of the capital or voting rights provided for in the above paragraph should also be made when the interest in the capital or voting rights falls below one of the aforementioned thresholds.

Non-compliance with disclosure of the crossing of the thresholds specified in the Articles of Association shall result in a loss of entitlement to voting rights in the manner provided for in Article L 233-14 of the French Commercial Code on a request, recorded in the minutes of the Shareholders' General Meeting, by one or more shareholders together owning at least 5 % of the capital or voting rights in the Company.

1.3.2.1.5 Rights attached to shares (Articles 7 and 8 of the Articles of Association)

Each share shall give rights to ownership of the corporate assets and the liquidating dividend equal to the proportion of the share capital that it represents.
Whenever it is necessary to own several shares in order to exercise a right of any kind, especially in the event of the exchange, consolidation or allocation of shares, or following a capital increase or reduction of whatever form, regardless of the terms and conditions thereof or subsequent to a merger or any other transaction, shareholders having fewer than the required number of shares may only exercise their rights on condition they make it their own business to group together and, if applicable, purchase or sell the required number of shares or fractionable shares or rights.
A double voting right, over that granted to other shares having regard to the proportion of the share capital they represent, is granted to all fully paid up shares that can be shown to have been registered in the name of the same shareholder for at least two years.
This right is also granted from issue to registered shares granted free to a shareholder by virtue of existing shares for which the shareholder already has this right in the case of capital increases via the capitalization of reserves, earnings or issue premiums.

It should be noted that Article L 225-124 of the French Commercial Code provides that this double voting right is automatically revoked for any share that has been converted to bearer form or for which ownership is transferred, excluding any transfer of ownership between registered accounts as a result of inheritance or family gift or liquidation of marital property.

1.3.2.1.6 Amendments to the Articles of Association

Amendments to the Articles of Association are made by decision of the Extraordinary General Meeting.

1.3.2.2 Share capital

1.3.2.2.1 Subscribed capital

The amount of share capital as of March 31, 2010 was €7,319,603.29 divided into 94,446,494 shares.

1.3.2.2.2 Reconciliation of the number of shares in circulation at the beginning and end of the financial year

As of 04.01.09	**93,856,346**
Option exercises	327,961
Group/company savings plans/Capital increase reserved for employees	262,187
As of 03.31.10	**94,446,494**

1.3.2.2.3 Share buyback program

1.3.2.2.3.1 Authorization in place at the time of this report

Legal framework

The Combined General Meeting of July 10, 2009 renewed the authorization previously granted to the Board of Directors by the Combined General Meeting of September 22, 2008, allowing the company to buy back its own shares in accordance with Article L 225-209 et seq. of the French Commercial Code (hereafter the "Buyback Program").

Balance as of March 31, 2010

Percentage of own shares held directly and indirectly	0.100 %
Number of shares canceled over the previous 24 months	N/A
Number of shares in portfolio [(a)]	94,318
Portfolio carrying amount	€906,625.08
Portfolio market value [(b)]	€960,157.24

[(a)] All shares were purchased under the liquidity agreement with Exane BNP PARIBAS.
[(b)] Closing price on March 31, 2010: €10.18

Breakdown of own-share purchases and sales over the year (Article L 225-211 of the French Commercial Code)

Number of shares held in the Company's name as of March 31, 2009	**80,914**
Number of shares acquired over the year	1,104,276
Average price on acquisition	€12.23
Number of shares sold over the year	1,090,872
Average price on sale	€12.24
Number of shares canceled over the year	N/A
Execution fees	N/A
Number of shares held in the Company's name as of March 31, 2010	**94,318**
Value of shares held in the Company's name as of March 31, 2010 [(a)]	€906,625.08
Par value of shares held in the Company's name as of March 31, 2010 [(b)]	€7,309.65
Number of shares used over the year	1,090,872
Reallocation taking place over the year	N/A
Percentage of capital held as treasury stock as of March 31, 2010	0.100 %

[(a)] Measured at purchase price.
[(b)] Liquidity agreement with Exane BNP PARIBAS.

Allocation of treasury stock by objective

The own shares held by the Company were all purchased under the liquidity agreement with Exane BNP PARIBAS acting to ensure trading liquidity and stability of the share price, as well as to avoid price lags unjustified by market trends.

1.3.2.2.3.2 Liquidity agreements

Since January 2, 2006, the Company has set Exane BNP PARIBAS the task of implementing a liquidity agreement in line with the code of ethics of the AMAFI (previously AFEI) recognized by the AMF, with a one-year term that is tacitly renewable. The Company allocated €1.5 million for the implementation of this agreement over the last financial year.

1.3.2.2.3.3 Description of the share buyback program submitted for the approval of the Combined General Meeting of July 2, 2010

Pursuant to Articles 241-2 and 241-3 of the AMF's general regulations, and to European regulation 2273/2003 of December 22, 2003, the Company describes below the share buyback program that will be submitted for the approval of the Combined General Meeting of July 2, 2010.

Shares concerned: ordinary shares in Ubisoft Entertainment SA, listed on Euronext Paris, division A, ISIN code FR0000054470
Maximum percentage of capital: 10 % of the total number of shares making up the capital on the buyback date, in other words – and based for guidance on the number of shares in circulation at April 30, 2010, taking into account the number of shares held at May 18, 2010 – 111,325 shares representing 0.118 % of the capital: 9,334,286 or 9.882 %
Maximum purchase price: €60, which, based on the capital at April 30, 2010, equates to a maximum amount of €566,736,660.
Objectives:
- To ensure the liquidity and market-making for the Ubisoft Entertainment SA stock via an investment service provider acting independently in accordance with the code of ethics recognized by the AMF;
- To hand over shares upon the exercise of rights attached to securities giving entitlement by any means, whether immediately or over time, to the Company's share capital;
- Granting shares to employees and corporate officers of the Ubisoft Group under any arrangement authorized by law and, in particular, via a company profit-sharing scheme, any company savings scheme, any bonus share grant plan, or any stock option plan for some or all of the Group's employees or corporate officers;
- To retain shares for delivery at a later date in exchange or as payment for future acquisitions, up to a limit of 5 % of the existing capital;
- To cancel shares on the condition that the Shareholders' Meeting of July 2, 2010 adopts the corresponding resolution;
- Implementing any market practice that is or may come to be recognized by law or the AMF.

Duration of authorization: 18 months from the Shareholders' Meeting of July 2, 2010

Summary statements of transactions completed from July 11, 2009 (*) to May 18, 2010, the date of this report

Percentage of own shares held directly and indirectly	0.118 %
Number of shares canceled over the previous 24 months	N/A
Number of shares in portfolio (a)	111,325
Portfolio carrying amount	€1,043,109.87
Portfolio market value (b)	€978,546.75

a) All shares were purchased under the liquidity agreement with Exane BNP PARIBAS.
(b) Closing price on May 18, 2010: €8.79

(*) In accordance with the provisions of AMF directive 2005-06, the period concerned starts on the day following the date on which the statement of the previous program was drawn up.

	Total flows (*)		Positions open as of May 18, 2010			
	Purchases	Sales/transfers	Open buy positions		Open sell positions	
			Call options bought	Forward purchases	Call options sold	Forward sales
Number of shares (a)	1,052,284	1,016,928				
Average maximum term (b)					N/A	
Average transaction price	€10.90	€10.89				
Strike price (average)	-	-				
Amounts	11,473,266	11,070,909				

(a) All shares were purchased under the liquidity agreement with Exane BNP PARIBAS.

(b) Validity of the authorization granted by the Shareholders' Meeting of July 10, 2009: January 9, 2011 or by early termination if the Shareholders' Meeting approves a similar resolution before then.

(*) Total gross flows include spot buying and selling as well as transactions on options, exercised or fallen.

1.3.2.2.4 Authorized unissued capital

Status of capital increase authorizations in force granted to the Board of Directors

Use during the financial year ended March 31, 2010

In accordance with Article L 225-100 paragraph 7 of the French Commercial Code, the table below summarizes current authorizations granted by the Shareholders' Meeting to the Board of Directors, and the use made of these authorizations during the year.

Type	Date of shareholders' meeting Resolution	Term – Expiry	Amounts and % authorized	Use	Creation/grant
Capital increase for the benefit of company or Group employees subscribing to the group savings plan	September 22, 2008 (1) 10th resolution	26 months (November 21, 2010)	0.2 % of share capital on date used by the Board of Directors (2)	April 9, 2009	187 711
	July 10, 2009 10th resolution	26 months (September 9, 2011)	0.2 % of share capital on date used by the Board of Directors (3)	March 11, 2010	188,758 [4]
Allotment of stock purchase or subscription options	September 22, 2008 11th resolution (1)	38 months (November 21, 2011)	3.4 % of number of shares on the date of the grant by the Board of Directors (2)	May 12, 2009 June 18, 2009	3,073,400 119,755
	July 10, 2009 11th resolution	38 months (September 9, 2012)	3.4 % of number of shares on the date of the grant by the Board of Directors (3)	December 15, 2009	4,500
Capital increase reserved for employees of Company subsidiaries with registered offices outside France	September 22, 2008 13th resolution(1)	18 months (March 21, 2010)	0.4 % of share capital on the date of the resolution by the Board of Directors (2)	June 18, 2009	74,476
	July 10, 2009 12th resolution	18 months (January 9, 2011)	0.4 % of share capital on the date of the resolution by the Board of Directors (3)	-	-
Bonus share grants	September 22, 2008 12th resolution	38 months (November 21, 2011)	1% of Company capital on the date of the resolution by the Board of Directors (2)	April 9, 2009 November 17, 2009 December 15, 2009	45,500 15,000 355,000
Capital increases with preferential subscription rights preserved	July 10, 2009 8th resolution	26 months (September 9, 2011)	Overall nominal amount of shares or transferable securities issuable: €1,450,000 (3) Nominal amount of debt securities issuable: €400,000,000	-	-

Type	Date of shareholders' meetingResolution	Term – Expiry	Amounts and % authorized	Use	Creation/grant
Capital increases with waiving of preferential subscription rights	July 10, 2009 9th resolution	26 months (September 9, 2011)	Overall nominal amount of shares or transferable securities issuable: €1,450,000 (3) Nominal amount of debt securities issuable: €400,000,000	-	-
Capital increase as consideration for contributions in kind consisting of shares of a company or of securities giving access to the share capital of a company	September 22, 2008 15th resolution	26 months (November 21, 2010)	10 % of Company capital on the date of the meeting	-	-

(1) The unused portion of these authorizations was canceled by the Shareholders' Meeting of July 10, 2009, which approved similar resolutions.
(2) Charged against the overall limit of €4,000,000 authorized by the Shareholders' Meeting of September 22, 2008 (16th resolution).
(3) Charged against the overall limit of €4,000,000 authorized by the Shareholders' Meeting of July 10, 2009 (13th resolution).
(4) Maximum number of shares that can be subscribed to between June 7, 2010 and June 28, 2010

1.3.2.2.5 Securities granting entitlement to the capital (convertible or exchangeable securities or securities comprising share warrants)

Potential capital as at March 31, 2010

As of March 31, 2010, the number of subscription options open but not yet exercised was 12,003,892 and the number of bonus shares granted 856,680.

If (i) all of these options were exercised and (ii) the performance and attendance conditions attached to bonus shares were met, resulting in their permanent vesting in the beneficiaries, Ubisoft Entertainment SA's share capital would increase as follows:

Potential capital (dilution of 11,98 %)			
Number of shares as of 03.31.10	94,446,494	**Share capital as of 03.31.10**	€7,319,603.29
Subscription options as of 03.31.10	12,003,892	**Potential increase**	€930,301.63
Bonus shares granted as of 03.31.10	856,680	**Potential increase**	€66,392.70
Potential shares as of 31.03.10	107,307,066	**Potential share capital as of 03.31.10**	€8,316,297.62

1.3.2.2.6 Share subscription options (plans open as of March 31, 2010 (*)

Date of meeting	Plan number	Date of Board of Directors' meeting	Total number of options granted (1) (2)	Number of options granted to corporate officers	Start of exercise period	End of exercise period	Terms and conditions of exercise	Strike price (1) (2)	Number of options (1) (2) Exercised during the year	Number of options (1) (2) Canceled during the year	Number of options (1) (2) Circulating as of 03.31.10
10.19.01	7	08.16.02	1,556,260 (1) (2)	-	01.19.05	08.15.12	50 % at 01.19.05 75 % at 08.16.05 100 % at 08.16.06	€3.21 (1) (2)	17,100 (1) (2)	-	28,250 (1) (2)
07.23.04	11	10.14.04	1,552,600 (1) (2)	-	10.14.05	10.13.14	24 % after one year then 2 % per month	€3.88 (1) (2)	34,765 (1) (2)	1,328 (1) (2)	348,475 (1) (2)
07.23.04	12	11.17.04	1,984,200 (1) (2)	-	(France. Italy) 11.17.05 (United States) 07.01.05	(France. Italy) 11.16.14 (United States) (3) 06.15.09	(France- Italy) 24 % after one year then 2 % per month (United States) 26 % then by tranche from 12 to 13 % every 6 months	€3.68 (1) (2) (France) €3.87 (1) (2) (Italy) €3.39 (1) (2) (US)	135,765 (1) (2)	7,240 (1) (2)	771,899 (1) (2)
09.21.05	13	02.23.06	2,711,784 (1) (2)	-	02.23.07	02.22.11	25 % per year from 02.23.07	€7.91 (1) (2)	140,331 (1) (2)	67,700 (1) (2)	1,866,057 (1) (2)
09.25.06	14	04.26.07	3,154,800 (2)	150,000	04.26.08	04.25.12	25 % per year from 04.26.08	€17.65 (2)	-	135,176 (2)	2,701,972 (2)
09.25.06	15	06.22.07	24,072 (2)	-	06.22.08	06.21.12	25 % per year from 06.22.08	€18.77 (2)	-	876 (2)	19,774 (2)
07.04.07	16	06.13.08	1,804,100 (2)	-	06.13.09	06.12.13	25 % per year from 06.13.09	€27.75 (2)	-	96,800 (2)	1,681,100 (2)
07.04.07	17	06.27.08	1,362,500 (2)	138,000	06.27.09	06.26.13	25 % per year from 06.27.09	€27.66 (2)	-	22,600 (2)	1,332,100 (2)
07.04.07	18	09.15.08	100,160 (2)	-	09.15.09	09.14.13	25% per year from 09.15.09	€29.30 (2) (France) €28.13 (2) (world)	-	2,900	97,260 (2)

Date of meeting	Plan number	Date of Board of Directors' meeting	Total number of options granted (1) (2)	Number of options granted to corporate officers	Start of exercise period	End of exercise period	Terms and conditions of exercise	Strike price (1) (2)	Number of options (1) (2)		
									Exercised during the year	Canceled during the year	Circulating as of 03.31.10
09.22.08	19	05.12.09	3,073,400	124,000	05.12.10	05.11.14	25 % per year from 05.12.10	€14.92 (France) €14.40 (world)	-	32,500	3,040,900
09.22.08	20	06.18.09	119,755	-	06.18.10	06.17.14	25 % per year from 06.18.10	€15.60 (France) €16.90 (world)	-	8,150	111,605
07.10.09	21	12.15.09	4,500	-	12.15.10	12.14.14	25 % per year from 12.15.10	€10.04 France	-	-	4,500

(*) Plan 12 US expired on June 15, 2009 but transactions recorded during the financial year ended March 31, 2010

(1) Two-for-one stock split taking effect December 11, 2006.
(2) Two-for-one stock split taking effect November 14, 2008.
(3) Limitation of the exercise period approved by the Board of Directors on November 2, 2005 to ensure compliance with the maximum period allowed by US law.

Stock options granted and exercised as of March 31, 2010

SUBSCRIPTION OPTIONS GRANTED BY THE COMPANY AND EXERCISED DURING THE FINANCIAL YEAR ENDED MARCH 31, 2010			
CORPORATE OFFICERS [(a)]			
Subscription options granted during the financial year ended March 31, 2010			
Corporate officer	**Number of subscription options granted**	**Strike price**	**Plan no. and expiry date**
Yves Guillemot	80,000	€14.92	Plan 19 Expiry 05.11.14
Claude Guillemot	11,000		
Michel Guillemot	11,000		
Christian Guillemot	11,000		
Gérard Guillemot	11,000		
Options exercised during the financial year ended March 31, 2010			
N/A			

TEN EMPLOYEES (NOT CORPORATE OFFICERS)			
Subscription options granted during the financial year ended March 31, 2010			
	Number of subscription options granted to the 10 main beneficiaries	**Average weighted price**	**Plan no. and expiry date**
Complete information, all Group companies combined	473,000	€14.79	Plan 19 Expiry 05.11.14

Options exercised during the financial year ended March 31, 2010			
	Number of options exercised by the 10 employees exercising the highest number	**Average weighted price**	**Plan no. and expiry date**
Complete information, all Group companies combined	156,743	€5.41	Plan 7 Expiry 08.15.12 Plan 12 Expiry 11.16.14 Plan 13 Expiry 02.22.11

(a) Pursuant to the provisions of French Act No. 2006-1770 of December 30, 2006, the Board of Directors set at 5 % the amount of shares that must be kept as registered by corporate officer beneficiaries until such time as they have given up their positions.

1.3.2.2.7 Bonus share grants (plans open as of March 31, 2010)

Date of meeting	Date of Board of Directors' meeting	Total number of shares not received [1]			Number of shares canceled [3]	Total number of beneficiaries	Vesting date of shares	End of holding period Date transferable		Performance conditions
		Total number of shares	Of which to corporate officers	Of which top 10 employee beneficiaries						
07.04.07	10.02.07	233,500 [2]	0	82,000	24,000 [2]	69	10.02.11	10.03.11		Individual performance targets linked to the beneficiary's job
07.04.07	03.17.08	122,000 [2]	0	110,000	0	12	03.16.12	03.17.12	03.17.14[4]	Individual performance targets linked to the beneficiary's job
07.04.07	06.13.08	30,600 [2]	0	30,600	0	5	06.12.12	06.13.12	06.13.14[4]	Individual performance targets linked to the beneficiary's job
07.04.07	09.15.08	80,580 [2]	0	61,000	0	21	09.14.12	09.15.12		Individual performance targets linked to the beneficiary's job
09.22.08	04.09.09	45,500	0	34,000	1,500	17	04.08.13	04.09.13		Individual performance targets linked to the beneficiary's job
09.22.08	11.17.09	15,000	0	15,000	0	2	11.16.13	11.17.13		Individual performance targets linked to the beneficiary's job
09.22.08	12.15.09	355,000	0	152,000	0	42	12.14.13	12.15.13	12.15.15[4]	Individual performance targets linked to the beneficiary's job
TOTALSHARES		***882,180***	**0**	**484,600**	**25,500**					

(1) Not fully vested at March 31, 2010: four-year vesting period starting on grant date
(2) Two-for-one stock split taking effect November 14, 2008.
(3) Cancellations between grant date and March 31, 2010.
(4) Four-year vesting period starting on grant date, plus a two-year lock-in for French beneficiaries.

1.3.2.2.8 Employee shareholding under the FCPE (company mutual fund)

As of March 31, 2010, employees held 748,587 shares, or 0.793 % of the share capital, via the "FCPE Ubi actions".

The extraordinary part of the Combined General Meeting of July 10, 2009 renewed the authorization previously granted to the Board of Directors by the Combined General Meeting of September 22, 2008, giving the Board entire discretion to perform a capital increase reserved for subscribers to a savings plan of the Group, an associated company and/or companies within the meaning of Article L 225-180 of the French Commercial Code, within the limit of 0.2 % of the total amount of shares comprising the share capital at the time of its use by the Board of Directors, in particular via a company mutual fund.

During the financial year ended March 31, 2010, the Board of Directors, at its meeting of April 9, 2009, used the authorization granted to it by the Combined General Meeting of September 22, 2008 and, at its meeting of March 11, 2010, used the authorization granted to it by the Combined General Meeting of July 10, 2009 (cf. 3.2.2.4).

1.3.2.2.9 Securities not representing capital

N/A

1.3.2.2.10 Vesting right or requirements associated with subscribed capital not paid up

N/A

1.3.2.2.11 Option or unconditional agreement over a Group member

N/A

1.3.2.2.12 Identification of security holders

Article 5 of the Articles of Association authorizes the Company to carry out a security holder identification procedure.

1.3.2.2.13 Provisions delaying changes in control

N/A

1.3.2.2.14 Clause requiring formal approval

N/A

1.3.2.2.15 Provisions regarding capital changes where these are stricter than those prescribed by law

N/A

Change in Company capital over the past three financial years

Date of Board meeting	Type of transaction	Number of shares issued	Capital increase: cash contribution	Issue premium	Nominal value of shares	Cumulative number of shares	Amount of share capital
After two-for-one stock split on December 11, 2006 (Board Meeting of December 5, 2006)							
04.26.07	Capital increase on March 31, 2007 following the exercise of options and conversions of equity warrants and redeemable equity warrants.	2,889,900	€52,444,506.25	€51,996,726.75	€0.155	45,397,276	€7,036,577.78
06.12.07	Capital increase on June 12, 2007 following the completion of a capital increase reserved for employees in Canada	26,578	€798,403.12	€794,283.53	€0.155	45,423,854	€7,040,697.37
07.06.07	Capital increase on July 6, 2007 following option exercises and subscription to FCPE Ubi Actions	181,357	€3,690,415.61	€3,662,305.28	€0.155	45,605,211	€7,068,807.70
10.25.07	Capital increase on October 25, 2007 reserved for former holders of 2008 redeemable equity warrant holders redeemed early on February 26, 2007, and via option exercises	404,024	€9,546,805.29	€9,484,181.57	€0.155	46,009,235	€7,131,431.42
04.10.08	Capital increase following option exercises	215,357	€1,789,697.45	€1,756,317.11	€0.155	46,224,592	€7,164,811.76
06.30.08	Capital increase on June 30, 2008 following option exercises and subscription to FCPE Ubi Actions	306,385	€6,682,515.91	€6,635,026.23	€0.155	46,530,977	€7,212,301.44
09.10.08	Capital increase on September 10, 2008 through option exercises and following completion of the capital increase reserved for the employees of certain foreign subsidiaries	137,050	€3,955,110.43	€3,933,867.67	€0.155	46,668,027	€7,233,544.19
11.12.08	Capital increase of November 7, 2008 through option exercises	33,928	€500,483.09	€495,224.26	€0.155	46,701,955	€7,238,803.03
After two-for-one stock split on November 14, 2008 (Board Meeting of November 12, 2008)							
04.09.09	Capital increase of March 31, 2009 through option exercises	452,436	€1,660,687.10	€1,625,623.31	€0.0775	93,856,346	€7,273,866.82
07.01.09	Capital increase (i) through option exercises from April 1, 2009 to June 30, 2009, (ii) following the completion of the capital increase reserved for the employees of certain foreign subsidiaries and (iii) through subscription to FCPE Ubi Actions	375,826	€29,126.52	€3,791,449.05	€0.0775	94,232,172	€7,302,993.33
04.22.10	Capital increase through option exercises at March 31, 2010	214,322	€16,609.96	€1,195,471.40	€0.0775	94,446,494	€7,319,603.29

1.3.2.2.16 Market in Company shares

Ubisoft share identification sheet

ISIN code	FR0000054470
Place listed	Euronext Paris – Division A
Par value	€0.0775
Number of shares in circulation as of March 31, 2010	94,446,494
Closing price on March 31, 2010	€10.18
Market capitalization as of March 31, 2010	€961,465,308.92
Flotation price on July 1, 1996	€38.11
Five-for-one stock split on November 11, 2000	€7.62
Two-for-one stock split on December 11, 2006	€3.81
Two-for-one stock split on November 14, 2008	€1.90

Month	Highest price (in euros) [1]	Lowest price (in euros) [1]	Volume traded (in shares) [1]
2007			
November 2007	30.49	25.505	13,374,164
December 2007	34.745	29.515	7,551,434
2008			
January 2008	35.25	21.75	23,508,666
February 2008	33.45	27.525	15,105,312
March 2008	28.15	23.555	13,105,064
April 2008	33.00	28.305	14,355,362
May 2008	35.75	30.245	13,983,150
June 2008	31.82	26.55	12,346,878
July 2008	34.5	27.335	17,334,722
August 2008	34.4	29.835	8,238,166
September 2008	32.075	22.005	11,330,656
October 2008	25.8	17	19,993,474
November 2008	23.58	16.76	12,685,509
December 2008	19.07	11.03	16,221,380
2009			
January 2009	14.89	9.66	27,659,341
February 2009	13.00	10.55	16,431,477
March 2009	14.43	11	15,107,729
April 2009	17.265	13.69	15,971,045
May 2009	15.82	13.23	12,926,639
June 209	17.73	14.50	11,023,743
July 2009	17.69	10.70	20,625,253
August 2009	13.025	11.67	11,439,559
September 2009	13.90	11.855	13,978,287
October 2009	13.70	10.75	19,884,856
November 2009	11.55	9.711	23,350,442
December 2009	10.935	9.456	22,927,186
2010			
January 2010	11.29	9.10	34,094,513
February 2010	10.69	8.855	19,401,168
March 2010	10.54	8.54	22,267,375
April 2010	11.255	9.50	18,305,395

(Source: Euronext)

[1] Two-for-one stock split taking effect November 14, 2008.

1.3.2.2.17 Dividend

The Company has not distributed any dividend over the past three financial years and does not currently envisage doing so in the short term.

1.3.2.2.18 Entity providing securities services

BNP PARIBAS

Grands Moulins de Pantin
Shareholder relations
9, Rue du Débarcadère
93761 PANTIN Cedex

1.3.2.3 Main shareholders

1.3.2.3.1 Changes in the breakdown of share capital over the last three financial years

	At 03.31.08 [a]				At 03.31.09				At 03.31.10			
	Capital		Voting rights		Capital		Voting rights		Capital		Voting rights	
	Number of shares	%	Number of voting rights [c]	%	Number of shares	%	Number of voting rights [c]	%	Number of shares	%	Number of voting rights [c]	%
Guillemot Brothers SA	7,473,580	8.084 %	14,947,160	12.659 %	7,003,580	7.462 %	14,007,160	11.765 %	6,803,580	7.204 %	13,607,160	12.835 %
Claude Guillemot	685,244	0.741 %	1,251,096	1.060 %	685,244	0.730 %	1,251,096	1.051 %	685,244	0.726 %	1,370,488	1.293 %
Yves Guillemot	836,608	0.905 %	1,403,796	1.189 %	836,608	0.891 %	1,403,796	1.179 %	836,608	0.886 %	1,673,216	1.578 %
Michel Guillemot	647,252	0.700 %	1,090,712	0.924 %	499,984	0.533 %	943,444	0.792 %	499,984	0.529 %	999,968	0.943 %
Gérard Guillemot	520,428	0.563 %	1,040,856	0.882 %	520,428	0.554 %	1,040,856	0.874 %	520,428	0.551 %	1,040,856	0.982 %
Christian Guillemot	508,856	0.550 %	915,644	0.775 %	456,788	0.487 %	863,576	0.725 %	316,788	0.335 %	633,576	0.598 %
Other members of the Guillemot family	109,148	0.118 %	176,648	0.150 %	109,148	0.116 %	176,648	0.148 %	109,148	0.115 %	218,296	0.205 %
Guillemot Corporation SA	1,026,242	1.110 %	1,826,338	1.547 %	863,874	0.920 %	1,727,748	1.451 %	863,874	0.915 %	1,727,748	1.630 %
Concert [b]	***11,807,358***	***12.772 %***	***22,652,250***	***19.184 %***	***10,975,654***	***11.694 %***	***21,414,324***	***17.986 %***	***10,635,654***	***11.261 %***	***21,271,308***	***20.064 %***
Ubisoft Entertainment SA	60,742	0.066 %	-	-	80,914	0.086 %	-	-	94,318	0.100 %		
FCPE Ubi Actions	727,722	0.787 %	1,399,088	1.185 %	770,610	0.821 %	1,421,693	1.194 %	748,587	0.793 %	1,417,504	1.337 %
Public	79,853,362	86.375 %	94,024,814	79.631 %	82,029,168	87.399 %	96,221,776	80.819 %	82,967,935	87.846 %	83,326,709	78.599 %
TOTAL	**92,449,184**	**100 %**	**118,076,152**	**100 %**	**93,846,346**	**100 %**	**119,057,793**	**100 %**	**94,446,494**	**100 %**	**106,015,521**	**100 %**

[a] Two-for-one stock split effective November 14, 2008

[b] The concert — consisting of Guillemot Brothers SA, Guillemot Corporation SA and the Guillemot family — held 10,438,670 shares wich are all double voting rights as of March 31, 2010.

[c] In accordance with the Company's Articles of Association, a double voting right is conferred on shares that have been registered for at least two years.

1.3.2.3.2 Breakdown of capital and voting rights as of April 30, 2010

	Capital		Voting rights	
	Number of shares	Percentage	Number	Percentage
Guillemot Brothers SA (1)	6,803,580	7.203 %	13,607,160	12.834 %
Claude Guillemot	685,244	0.725 %	1,370,488	1.293 %
Yves Guillemot	836,608	0.886 %	1,673,216	1.578 %
Michel Guillemot	499,984	0.529 %	999,968	0.943 %
Gérard Guillemot	520,428	0.551 %	1,040,856	0.982 %
Christian Guillemot	316,788	0.335 %	633,576	0.598 %
Other members of the Guillemot family	109,148	0.116 %	218,296	0.205 %
Guillemot Corporation SA	863,874	0.915 %	1,727,748	1.630 %
Concert	***10,635,654***	***11.260 %***	***21,271,308***	***20.062 %***
Ubisoft Entertainment SA	93,480	0.099 %	-	-
FCPE Ubi Actions	748,587	0.793 %	1,417,504	1.337 %
Public	82,978,395	87.849 %	83,338,321	78.601 %
Total	**94,456,116**	**100 %**	**106,027,133**	**100 %**

(1) This company is wholly owned by the Guillemot family

SHAREHOLDERS OWNING MORE THAN 5 % OF THE SHARE CAPITAL AS OF MARCH 31, 2010 (2)

Name of shareholder	% capital	% voting rights
Electronic Arts Inc (3)	14.811 %	13.194 %
FMR LLC (4)	6.894 %	6.141 %
Altrinsic Global Advisors (5)	6.425 %	5.724 %

(2) Information provided on the basis of statements made to the Company and/or AMF and summarized hereafter.

(3) 9.875 % of the capital and 8.798 % of the voting rights directly and 4.935 % of the capital and 4.397 % of the voting rights indirectly via its wholly owned subsidiary EA International (Studio and Publishing) Ltd.

(4) FMR LLC is a holding company of an independent group of portfolio management companies, commonly referred to as Fidelity Investments.

(5) Investment service provider acting in accordance with a discretionary mandate.

Date threshold crossed	Nature and description of information	Date of letter to AMF reference company
	Electronic Arts Inc. [1]	
03.10.10	Statement of intent (Article L. 233-7 VII of the French commercial code): "Electronic Arts Inc. has stated (i) that it is acting in concert with *EA International (Studio and Publishing) Ltd*, a wholly owned subsidiary, (ii) that the acquisition of shares that caused the thresholds mentioned below to be crossed was financed by offsetting against receivables within the Group, (iii) that it does not intend to take control of the Company, reserve the right to increase its share in the Company's capital, depending on market conditions and opportunities, or if applicable to sell all or part of its share in the Company's capital, (iv) that it does not have any strategy with regard to the Company and that it has no specific plans to propose the implementation of a merger plan or the reorganization or liquidation of the Company or one of its subsidiaries, to sell a substantial portion of the assets of the Company or one of its subsidiaries or to amend its activities or Articles of Association, (v) that it has not concluded a temporary contract of sale relating to the Company's shares and voting rights, (vi) that it is not planning to request the appointment of representatives to the Company's Board of Directors."	03.12.10
03.10.10	Declaration by EA International (Studio and Publishing) Ltd of crossing downward the 10 % and 5 % thresholds of the capital and voting rights following the sale to Electronic Arts Inc of 9,327,000 shares in the Company, resulting in the crossing upward by the latter of the 5 % threshold in the share capital and voting rights. Shareholding thresholds to date: EA International (Studio and Publishing) Ltd: 4.94 % of the capital and 4.40 % of the voting rights. Electronic Arts Inc.: 9.88 % of the capital and 8.79 % of the voting rights.	03.12.10 210C0245
03.10.10	Declaration by Electronic Arts Nederland BV. of crossing downward the 10 % and 5 % thresholds of the capital and voting rights following the sale of all of its shares to EA International (Studio and Publishing) Ltd, resulting in the crossing upward by the latter of the 5 % and 10 % thresholds in the share capital and voting rights. Shareholding thresholds to date of: EA International (Studio and Publishing) Ltd: 14.82 % of the capital and 13.19 % of the voting rights. Electronic Arts Nederland BV: 0 % of the capital and the voting rights.	03.12.10 210C0245
03.08.10	Declaration by Electronic Arts Nederland BV of crossing downward the 20 % and 15 % thresholds in the voting rights following the conversion to bearer form of all of its shares, leading to the loss of double voting rights. Shareholding thresholds to date: 14.82 % of the capital and 13.19 % of the voting rights.	03.12.10 210C0245
	Lone Pine Capital LLC [2]	
09.24.09	Declaration of crossing downward the 5 % threshold of the capital following the sale of shares in the Company. Shareholding thresholds to date: 4.78 % of the capital and 3.75 % of the voting rights.	09.28.09 209C1211
09.08.09	Declaration of crossing downward the 5 % threshold of the voting rights following the sale of shares in the Company. Shareholding thresholds to date: 6.28% of the capital and 4.93 % of the voting rights.	09.14.09 209C1179
09.07.09	Declaration of crossing downward the 10 % threshold of the capital following the sale of shares in the Company. Shareholding thresholds to date: 9.99 % of the capital and 7.85 % of the voting rights.	07.14.09 209C0989

ALTRINSIC GLOBAL ADVISORS [3]		
12.02.09	Declaration of crossing upward the 5 % threshold of the voting rights following the acquisition of shares in the Company. Shareholding thresholds to date: 6.43 % of the capital and 5.06 % of the voting rights.	12.10.09 209C1492
11.18. 09	Declaration of crossing upward the 5 % threshold of the capital following the acquisition of shares in the Company. Shareholding thresholds to date: 5.01 % of the capital and 3.94 % of the voting rights.	11.24.09 209C1428

FMR LLC [4]		
12.18.09	Declaration of crossing upward the 5 % threshold of the voting rights following the acquisition of shares in the Company. Shareholding thresholds to date: 6.90 % of the capital and 5.4320 % of the voting rights.	12.21.09 209C1521
11.13.09	Declaration of crossing downward the 5 % threshold of the voting rights following the sale of shares. Shareholding thresholds to date: 6.30 % of the capital and 4.96 % of the voting rights.	11.16.09 209C1400
06.03.09	Declaration of crossing upward the 5 % threshold of the voting rights following the acquisition of shares in the Company. Shareholding thresholds to date: 6.43 % of the capital and 5.07 % of the voting rights.	06.04.09 209C0797
05.26.09	Declaration of crossing downward the 5 % threshold of the voting rights following the sale of shares in the Company. Shareholding thresholds to date: 6.19 % of the capital and 4.88 % of the voting rights.	05.27.09 209C0753
05.11. 09	Declaration of crossing upward the 5 % threshold of the voting rights following the acquisition of shares in the Company. Shareholding thresholds to date: 6.45 % of the capital and 5.08 % of the voting rights.	05.12.09 209C0647
05.06.09 and 05.07.09	Declaration of crossing (i) upward the 5 % threshold of the voting rights on May 6, 2009 further to a purchase of shares in the Company and (ii) downward the same threshold on May 7, 2009 further to a sale of shares. Shareholding thresholds to date: 6.33 % of the capital and 4.9992 % of the voting rights.	05.11.09 209C0637
04.21. 09	Declaration of crossing upward the 5 % threshold of the capital following the acquisition of shares in the Company. Shareholding thresholds to date: 5.19 % of the capital and 4.09 % of the voting rights.	04.22.09 209C0563

(1) Electronic Arts Inc. controls Electronic Arts Nederland BV and EA International (Studio and Publishing) Ltd directly or indirectly.
(2) Acting on behalf of the funds Lone Balsam L.P., Lone Cypress Ltd., Lone Sequoia L.P., Lone Spruce L.P., Lone Kauri Ltd, Lone Cascade L.P., Lone Monterey Master Fund Ltd and Lone Sierra L.P.
(3) Investment service provider acting in accordance with a discretionary mandate.
(4) FMR LLC is a holding company of an independent group of portfolio management companies, commonly referred to as Fidelity Investments (cf. press release dated April 24, 2008).

To the best of the Company's knowledge, as of March 31, 2010 there were no other shareholders who directly, indirectly or in concert own 5 % or more of the capital or voting rights.

1.3.2.3.3 Change of control

To the best of the Company's knowledge:
- there are no agreements between shareholders that could lead to restrictions on the transfer of shares or the exercise of voting rights;
- there are certain agreements reached by the Company that would be amended or terminated in the event of a change in control at the Company, but for reasons of confidentiality it seems unwise to specify the nature of these contracts;
- there are no measures that could delay, postpone or prevent a change of control.

1.3.2.3.4 Shareholders' pact

To the best of the Company's knowledge there are no disclosed or undisclosed shareholder agreements concerning Ubisoft stock.

1.4 *Corporate governance*

1.4.1 Code of corporate governance

The Company referred to the corporate governance code for listed companies published in December 2008 (the "AFEP-MEDEF Code"), particularly in preparing the report required by Article L 225-37 of the French Commercial Code.
The AFEP-MEDEF Code is available on the MEDEF website (www.medef.fr);

1.4.2 Membership and functioning of the Board of Directors and Group Management

1.4.2.1 Membership of the Board of Directors

Name Position in the Company [1]	Date of birth	Date of taking office	Expiry at AGM approving financial statements for FY ended	Number of shares at 03.31.10
Yves Guillemot Director Chief Executive Officer	07.21.1960	02.28.1988	03.31.2012 [3]	836,608
Claude Guillemot Director Executive Vice President Operations	10.30.1956	02.28.1988	03.31.2013	685,244
Michel Guillemot Director Executive Vice President Development, Strategy & Finance	01.15.1959	02.28.1988	03.31.2013	499,984
Gérard Guillemot Director Executive Vice President Publishing & Marketing	07.14.1961	02.28.1988	03.31.2012 [3]	520,428
Christian Guillemot Director Executive Vice President Administration	02.10.1966	02.28.1988	03.31.2013	316,788
Marc Fiorentino [2] Director	12.08.1959	07.10.2006	03.31.2012 [3]	4

(1) The offices and positions held in all companies by each of the Directors are set out in 1.4.4.1.

(2) Marc Fiorentino, an independent Director, was co-opted by the Board of Directors on July 10, 2006. His co-option was ratified by the Shareholders' General Meeting of September 25, 2006.

(3) The General Meeting of July 10, 2009 resolved upon the modification of Article 9 (3) of the Articles of Association in its fourteenth resolution, whereby the term of office of the directors was reduced to four years: "The term of office of the directors is four years. *Staggered renewal will apply. By way of exception, and for the sole purpose of a progressive implementation of such a staggered renewal, the General Meeting may reduce the duration of current terms of office – expiring at the Annual General Meeting called to deliberate on the company financial statements for the financial year ended March 31, 2013 – of one or more directors in order to ensure a regular renewal of the members of the Board of Directors*."

The other offices held by directors currently or over the last five years appear in 1.4.4. below.

1.4.2.2 Group management

Executive Director, EMEA TERRITORIES	Alain Corre
Executive Director, North America	Laurent Detoc
Chief Financial Officer	Alain Martinez
Executive Director, Worldwide Studios	Christine Burgess-Quemard
Chief Creative Officer	Serge Hascoet

1.4.2.3 Rules applicable to the appointment and substitution of members of the Board of Directors

Following the recommendations of the AFEP-MEDEF Code, the General Meeting of July 10, 2009 resolved to modify Article 9 of the Company's Articles of Association and to reduce the term of office for directors from six years to four years, at the same time as introducing a system of staggered renewals to ensure a smooth transition and prevent an "ad hoc replacement".
Over the life of the Company, Directors are appointed or reappointed by the Ordinary Shareholders' General Meeting. However, in the event of a merger or de-merger, the appointment may be made by the Extraordinary Shareholders' General Meeting held to deliberate on the operation concerned.

Between two Meetings and in the event of a vacancy due to death or resignation, appointments may be made on a provisional basis by the Board of Directors. They are subject to ratification at the following Shareholders' Meeting.

Pursuant to applicable legislative and regulatory provisions, if a Director is appointed to replace another, he or she shall only hold this position for the remainder of his or her predecessor's term.

The term of office of directors ends following the Ordinary Shareholders' General Meeting called to approve the financial statements for the previous financial year and held in the year in which the term of office expires.

1.4.2.4 Functioning of the Board of Directors / Senior Management

The Board of Directors has the broadest possible powers to determine business policies and ensure their implementation within the limits of the corporate objects and the powers expressly granted by law to the Shareholders' General Meeting.

Pursuant to Article L 225-51 of the French Commercial Code, the Board of Directors, at its meeting of October 22, 2001, decided on the manner in which the Company's senior management functions would be exercised. It decided not to separate the positions of Chairman of the Board of Directors and of Chief Executive Officer, mainly to encourage close relations between managers and shareholders, in the tradition of Ubisoft Entertainment SA.

As a result, Yves Guillemot, as Chairman of the Board of Directors, is legally responsible for representing the Company's Board of Directors, organizing its work and reporting on it to the Shareholders' General Meeting, overseeing the smooth operation of the Company's corporate bodies and ensuring in particular that the Directors are capable of carrying out their responsibilities. With regard to the position of Chief Executive Officer, and subject to the powers legally attributed to the Shareholders' General Meetings and the Board of Directors, he has the broadest authority to act in all circumstances on behalf of the Company and to represent it in its relations with third parties.

At its meeting of July 27, 2004, the Board of Directors approved its by-laws, enabling it in particular to use videoconferencing for holding its meetings.

The Board of Directors' by-laws also state the role and operating methods of the Board and its committees in accordance with the law and the Articles of Association.

1.4.2.5 No conviction for fraud, involvement in a bankruptcy and/or official reprimand or charges

To the best of the Company's knowledge, over the past five years:

- no member of the Board of Directors has been found guilty of fraud;
- no member of the Board of Directors has been involved in a bankruptcy, impoundment or liquidation as a member of an administrative, management or supervisory body;
- no official reprimand and/or charges have been made against any member of the Board of Directors;
- no member of the Board of Directors or Executive Committee has been disqualified by a court from serving as a member of an administrative, management of supervisory body of an issuer, or from participating in the management or conduct of the business of an issuer in the last five years.

1.4.2.6 Loans and guarantees granted to members of the Board of Directors

The Company has not granted any loans or guarantees to any member of the Board of Directors.

1.4.2.7 Absence of potential conflicts of interest

To the best of the Company's knowledge, there are no conflicts of interest between members of the Board of Directors regarding either their personal interests or their other duties.

1.4.2.8 Service provision agreements with the issuer and its subsidiaries

There are no service agreements linking members of the Board of Directors to the issuer or any Group subsidiary, the terms of which provide for the granting of benefits.

1.4.3 Membership, role and duties of Board Committees

1.4.3.1 Membership of committees

In November 2007, the Board of Directors set up two specialist committees to help it examine specific issues.

STRATEGY AND DEVELOPMENT COMMITTEE	COMPENSATION COMMITTEE
Yves Guillemot, Chairman	
Claude Guillemot, Secretary	Yves Guillemot, Chairman
Gérard Guillemot	Christian Guillemot, Secretary
Michel Guillemot	Marc Fiorentino
Christian Guillemot	

1.4.3.2 Role and duties of Board Committees

The role and duties of Board Committees are described below, as well as in the Chairman's Report, in accordance with Article L 225-37 of the French Commercial Code.

In its by-laws, the Board of Directors has set out the responsibilities and powers of its various permanent committees, these being:

- the Strategy and Development Committee
- the Compensation Committee.

The Committees meet at the behest of their Chairman and may be called by any means. The Committees may meet at any place and in any way, including by videoconferencing and teleconferencing. They may only meet validly if at least half their members are present. The Strategy and Development Committee meets at least twice annually and the Compensation Committee at least once a year.

The agenda of the meetings is set by their Chairman. The Committees report on their work to the subsequent Board Meeting in the form of oral statements, opinions, proposed recommendations or written reports.

The Committees may not unilaterally decide to discuss issues overstepping their terms of reference. They have no decision-making power but only that of making recommendations to the Board of Directors.

The main responsibilities of the Strategy and Development Committee and the Compensation Committee are summarized below:

STRATEGY AND DEVELOPMENT COMMITTEE	COMPENSATION COMMITTEE
Consideration and examination of all decisions relating to the major strategic, economic, employment, financial and technological policies of the Company and Group	Examination, analysis and comparison with market practices: • examining and submitting proposals on the compensation of corporate officers (fixed and variable portions) • giving opinions on the general stock option allocation policy and more specifically the percentage allocated to managers • proposing an overall amount of directors' fees • approving information given to shareholders in the annual report on the compensation of managers

1.4.4 Other offices held by Directors

1.4.4.1 Positions held at March 31, 2010

Name Forename	Date first appointed	Date term of office expires	Main position held at Ubisoft Entertainment	Main position held outside company	Offices and positions held at 03.31.10
GUILLEMOT Yves	02.28.1988	03.31.2012	**Chief Executive Officer** Director	**Executive Vice President and Director** Guillemot Brothers SA	**Within the Group in France** **Chairman** of Ludi Factory SAS, Ubisoft Books & Records SAS, Ubisoft Design SAS, Ubisoft France SAS, Ubisoft Graphics SAS, Ubisoft Manufacturing & Administration SAS, Ubisoft Organisation SAS, Ubisoft Pictures SAS, Ubisoft Productions France SAS, Ubisoft Simulations SAS, Ubisoft World SAS, Ubisoft World Studios SAS, Tiwak SAS, Nadéo SAS **Manager** of Ubisoft Art SARL, Ubisoft Castelnau SARL, Ubisoft Computing SARL, Ubisoft Counsel & Acquisitions SARL, Ubisoft Development SARL, Ubisoft Editorial SARL, Ubisoft Emea SARL, Ubisoft Gameplay SARL, Ubisoft Marketing International SARL, Ubisoft Market Research SARL, Ubisoft Marketing France SARL, Ubisoft Operational Marketing SARL, Ubisoft Paris Studios SARL, Ubisoft Production Internationale SARL, Ubisoft Production Annecy SARL, Ubisoft Production Montpellier SARL, Ubisoft Support Studios SARL, Ubisoft Design Montpellier SARL, Ubisoft Talent Management SARL, Ubisoft IT Project Management SARL, Ubisoft Innovation SARL, Ubisoft Services SARL, Ubisoft Créa SARL, Ubisoft Studios Montpellier SARL **Within the Group abroad** **Chairman** of Ubisoft Finland OY (Finland) **Manager** of Ubisoft GmbH (Germany), Blue Byte GmbH (Germany), Sunflowers Interactive Entertainment Software GmbH (Germany), Spieleentwiclungskombinat GmbH (Germany), Max Design Entertainment Software Entwicklungs GmbH (Austria), Ubi Studios SL (Spain), Ubisoft Studios Srl (Italy), Ubisoft Entertainment SARL (Luxembourg), Ubisoft Sarl (Morocco), Ubisoft BV (Netherlands) **Chairman and Director** of Ubisoft Divertissements Inc. (Canada), Ubisoft Canada Inc. (Canada), Ubisoft Music Inc. (Canada), Ubisoft Music Publishing Inc. (Canada), Ubisoft Digital Arts Inc. (Canada), Hybride Technologies Inc. (Canada), Ubisoft Vancouver Inc. (Canada), Ubisoft Toronto Inc. (Canada), Chengdu Ubi Computer Software Co. Ltd (China), Ubisoft Nordic A/S (Denmark), Ubisoft Holdings Inc. (United States), Red Storm Entertainment Inc. (United States), Ubisoft Entertainment India Private Ltd (India), Ubi Games SA (Switzerland) **Vice-President and director** of Ubisoft Inc. (United States) **Executive director** of Shanghai Ubi Computer Software Co. Ltd (China)

Name Forename	Date first appointed	Date term of office expires	Main position held at Ubisoft Entertainment	Main position held outside company	Offices and positions held at 03.31.10
GUILLEMOT Yves					**Director** of Ubisoft Pty Ltd (Australia), Ubisoft SA (Spain), Ubisoft Ltd (Hong Kong), Ubisoft Ltd (Ireland), Ubisoft SpA (Italy), Ubisoft KK (Japan), Ubisoft Nagoya KK (Japan), Ubisoft Norway A/S (Norway), Ubisoft Srl (Romania), Ubisoft Ltd (United Kingdom), Ubisoft Entertainment Ltd (United Kingdom), Red Storm Entertainment Ltd (United Kingdom), Ubisoft Singapore Pte Ltd (Singapore), Ubisoft Entertainment Sweden A/B (Sweden), Ubisoft Sweden A/B (Sweden) **Outside the Group in France** **Executive vice president and director** of Gameloft SA and Guillemot Corporation SA **Outside the Group abroad** **Director** of Gameloft Inc. (Canada), Guillemot Inc. (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Inc. (United States), Guillemot Inc. (United States), Advanced Mobile Applications Ltd (United Kingdom), Guillemot Ltd (United Kingdom)
GUILLEMOT Claude	02.28.1988	03.31.2013	**Executive Vice President** Director	**Chief Executive Officer** Guillemot Corporation SA	**Within the Group abroad** **Director** of: Ubisoft Sweden A/B (Sweden), Ubisoft Nordic AS (Denmark) **Substitute director** of Ubisoft Norway A/S (Norway) and Ubisoft Entertainment Sweden A/B (Sweden) **Outside the Group in France** **Chairman** of Hercules Thrustmaster SAS **Executive vice president and director** of Gameloft SA and Guillemot Brothers SA **Outside the Group abroad** **Chairman and director** of Guillemot Inc. (Canada), Guillemot Recherche et Développement Inc. (Canada) and Guillemot Inc. (United States) **Manager** of Guillemot GmbH (Germany) **Director** of Guillemot SA (Belgium), Gameloft Inc. (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Iberica SA (Spain), Gameloft Inc. (United States), Advanced Mobile Applications Ltd (United Kingdom), Gameloft Ltd (United Kingdom), Guillemot Ltd (United Kingdom), Guillemot Corporation (HK) Ltd (Hong Kong), Guillemot Srl (Italy), Guillemot Romania Srl (Romania)
GUILLEMOT Gérard	02.28.1988	03.31.2012	**Executive Vice President** Director	**Chairman** Longtail Studios Inc.	**Outside the Group in France** **Executive vice president and director** of Guillemot Corporation SA, Guillemot Brothers SA, Gameloft SA **Outside the Group abroad** **Director** of Advanced Mobile Applications Ltd (United Kingdom), Gameloft Inc. (Canada), Gameloft Live Développements Inc. (Canada), Guillemot Inc. (Canada), Gameloft Inc. (United States), Guillemot Inc. (United States), Guillemot Ltd (United Kingdom)

Name Forename	Date first appointed	Date term of office expires	Main position held at Ubisoft Entertainment	Main position held outside company	Offices and positions held at 03.31.10
GUILLEMOT Michel	02.28.1988	03.31.2013	**Executive Vice President** Director	**Chairman and Chief Executive Officer** Gameloft SA	**Within the Group abroad** **Director** of Chengdu Ubi Computer Software Co. Ltd (China) **Outside the Group in France** **Chairman** of Ludigames SAS, Gameloft Partnerships SAS, Gameloft Live SAS **Manager** of Gameloft Rich Games Production France SARL **Executive vice president and director** of Guillemot Corporation SA, Guillemot Brothers SA **Outside the Group abroad** **Chairman** of Gameloft Software (Beijing) Company Ltd (China), Gameloft Software (Shanghai) Company Ltd (China), Gameloft Software (Chengdu) Company Ltd (China), Gameloft Srl (Romania) **Chairman and Director** of Gameloft Argentina S.A. (Argentina), Gameloft Inc. (Canada), Gameloft Co. Ltd. (Korea), Gameloft Iberica SA (Spain), Gameloft Inc. (United States), Gameloft Ltd (United Kingdom), Gameloft Ltd (Hong Kong), Gameloft KK (Japan), Gameloft Philippines Inc. (Philippines), Gameloft Pte Ltd (Singapore), Gameloft Company Ltd (Vietnam) **Manager** of Gameloft GmbH (Germany), Gameloft S.P.R.L. (Belgium), Gameloft EOOD (Bulgaria), Gameloft Srl (Italy), Gameloft S. de R.L. de C.V. (Mexico), Gameloft S.r.o. (Czech Republic) **Director** of Gameloft Australia Pty Ltd (Australia), Guillemot SA (Belgium), Guillemot Inc. (Canada), Guillemot Inc. (United States), Gameloft Limited (Malta), Gameloft Live Développements Inc. (Canada), Advanced Mobile Applications Ltd (United Kingdom), Guillemot Ltd (United Kingdom), Gameloft de Venezuela SA (Venezuela)
GUILLEMOT Christian	02.28.1988	03.31.2013	**Executive Vice President** Director	**Chief Executive Officer** Guillemot Brothers SA **Chairman and Director** Advanced Mobile Applications Ltd	**Within the Group abroad** **Vice-President** of Ubisoft Holdings Inc. (United States) **Director** of Ubisoft Nordic A/S (Denmark), Ubisoft Sweden A/B (Sweden) **Outside the Group in France** **Manager** of Guillemot Administration et Logistique SARL **Executive vice president and director** of Gameloft SA and Guillemot Corporation SA **Outside the Group abroad** **Director** of Gameloft Live Developpements Inc. (Canada), Guillemot SA (Belgium), Guillemot Inc. (Canada), Guillemot Recherche et Développement Inc. (Canada), Gameloft Inc. (Canada), Gameloft Iberica SA (Spain), Gameloft Inc. (United States), Guillemot Inc. (United States), Guillemot Ltd (United Kingdom), Gameloft Ltd (United Kingdom), Guillemot Corporation (HK) Ltd (Hong Kong)
FIORENTINO Marc	07.10.2006	03.31.2012	Director	**Chief Executive Officer** Euroland Finance	**Outside the Group in France** **Director** of ISFPME SA, Allo Finance SA **Manager** of Nextvision SARL

1.4.4.2 Offices expired in the last five financial years

Name forename	Date first appointed	Date term of office expires	Main position held at Ubisoft Entertainment	Main position held outside company	Offices expired in the last five financial years
GUILLEMOT Yves	02.28.1988	03.31.2012	**Chief Executive Officer** Director	**Executive Vice President** Guillemot Brothers SA	**Within the Group in France** **Co-manager** of Ludi Factory SARL **Manager** of Ubisoft Graphics SARL, Ubisoft Organisation SARL, Ubisoft Simulations SARL, Ubisoft Books & Records SARL, Ubisoft Manufacturing & Administration SARL, Ubisoft Pictures SARL, Ubisoft Design SARL Ubisoft Productions France SARL **Within the Group abroad** **Chairman and Director** of Ubi Computer Software Beijing Company Ltd (China) **Manager** of Ubisoft SprL (Belgium), Ubisoft Warenhandels GmbH (Austria) **Liquidator** of Ubisoft Warenhandels GmbH (Austria) **Outside the Group in France** **Director** of Jeuxvidéo.com SA
GUILLEMOT Claude	02.28.1988	03.31.2013	**Executive Vice President** Director	**Chief Executive Officer** Guillemot Corporation SA	**Within the Group abroad** **Vice-President and director** of Ubisoft Divertissements Inc. (Canada) **Vice-President** of Ubisoft Digital Arts Inc. (Canada) **Director** of Ubisoft Canada Inc. (Canada), Ubisoft Music Inc. (Canada), Ubisoft Music Publishing Inc. (Canada), Shanghaï Ubi Computer Software Co. Ltd (China), Ubisoft Inc. (United States), Ubisoft Holdings Inc. (United States), Ubisoft Limited (Ireland), Ubisoft SpA (Italy), Ubisoft Ltd (Hong Kong) **Outside the Group in France** **Director** of Jeuxvidéo.com SA **Manager** of Guillemot Recherche et Développement SARL **Outside the Group abroad** **Director** of Gameloft.com España (Spain), Guillemot SA (Spain), Guillemot BV (Netherlands)
GUILLEMOT Gérard	02.28.1988	03.31.2012	**Executive Vice President** Director	**Chairman** Longtail Studios Inc .	**Within the Group in France** **Co-manager** of Ludi Factory SARL **Within the Group abroad** **Chairman and director** of Ubisoft Music Inc. (Canada), Ubisoft Music Publishing Inc. (Canada) **Director** of Ubisoft Divertissements Inc. (Canada), Ubisoft Canada Inc. (Canada), Shanghaï Ubi Computer Software Co. Ltd (China), Ubisoft SA (Spain), Ubisoft Inc. (United States), Ubisoft Holdings Inc. (United States), Ubisoft Ltd (Hong Kong), Ubisoft SpA (Italy), Ubisoft KK (Japan)

NAME FORENAME	DATE FIRST APPOINTED	DATE TERM OF OFFICE EXPIRES	MAIN POSITION HELD AT UBISOFT ENTERTAINMENT	MAIN POSITION HELD OUTSIDE COMPANY	OFFICES EXPIRED IN THE LAST FIVE FINANCIAL YEARS
GUILLEMOT Gérard					**OUTSIDE THE GROUP IN FRANCE** **EXECUTIVE VICE PRESIDENT** of Gameloft SA **DIRECTOR of** Jeuxvideo.com S.A. (France) **OUTSIDE THE GROUP ABROAD** **CHAIRMAN AND DIRECTOR** of Gameloft.com España (Spain) **CHAIRMAN** of Gameloft AG (Germany) **DIRECTOR** of Gameloft.com Pty Ltd (Australia)
GUILLEMOT Michel	02.28.1988	03.31.2013	**Executive Vice President** Director	**Chief Executive Officer** Gameloft SA	**WITHIN THE GROUP ABROAD** **VICE-PRESIDENT AND DIRECTOR** of Ubisoft Divertissements Inc. (Canada) **DIRECTOR** of Ubisoft Canada Inc. (Canada), Ubi Computer Software Beijing Company Ltd (China), Shanghaï Ubi Computer Software Co. Ltd (China), Ubisoft SA (Spain), Ubisoft Inc. (United States), Ubisoft Holdings Inc. (United States), Ubisoft Ltd (Hong Kong), Ubisoft SpA (Italy), Ubisoft KK (Japan), Ubisoft Sweden A/B (Sweden) **MANAGER** of Ubi Studios SL (Spain), Ubisoft Studios Srl (Italy) **OUTSIDE THE GROUP IN FRANCE** **DIRECTOR** of Jeuxvidéo.com SA **MANAGER** of L'Odyssée Interactive Games SARL **OUTSIDE THE GROUP ABROAD** **MANAGER of** Ludigames Srl (Italy)
GUILLEMOT Christian	02.28.1988	03.31.2013	**Executive Vice President** Director	**Chief Executive Officer** Guillemot Brothers SA **Chairman and Director** Advanced Mobile Applications Ltd	**WITHIN THE GROUP ABROAD** **DIRECTOR** of Ubisoft Divertissements Inc. (Canada), Ubisoft Canada Inc. (Canada), Ubisoft Music Inc. (Canada), Shanghai Ubi Computer Software Co. Ltd (China), Ubisoft Holdings Inc. (United States), Ubisoft Inc. (United States), Ubisoft SpA (Italy), Ubisoft Ltd (Hong Kong), Ubisoft Ltd (United Kingdom) **OUTSIDE THE GROUP IN FRANCE** **DIRECTOR** of Jeuxvidéo.com SA **OUTSIDE THE GROUP ABROAD** **CHAIRMAN AND DIRECTOR** of Guillemot Logistique Inc. (Canada) **DIRECTOR** of Gameloft AG (Germany), Gameloft.com España (Spain), Gameloft.com Pty Ltd (Australia)
FIORENTINO Marc	07.10.2006	03.31.2012	Director	**Chief Executive Officer** Euroland Finance	**OUTSIDE THE GROUP IN FRANCE** **CHAIRMAN** of TFJ **MANAGER** of V-Prod, Allo Finance **DIRECTOR** of Prosodie, Groupe de l'Olivier

1.4.5 Compensation of managers

In accordance with Article L 225-102-1, paragraphs 1 and 2 of the French Commercial Code, a breakdown of the total compensation and benefits of any kind paid to corporate officers over the financial year appears below.
This chapter includes all information required by the French Commercial Code, along with the tables recommended by the AFEP-MEDEF Code – or by the AMF on December 22, 2008 – giving the information on compensation of corporate officers that should appear in registration documents.

Management and corporate officer compensation

The compensation policy for corporate officers of the Company complies with the AFEP/MEDEF recommendations, including those published on October 6, 2008.

In particular, it should be noted that the 11th resolution adopted by the General Meeting of July 10, 2009 renewing the authorization of the Board of Directors to grant stock purchase and/or subscription options for a maximum period of 38 months, up to a maximum limit of 3.4 % of shares on the date of the granting by the Board, expressly states that:

(i) the exercise of share subscription and/or purchase options by corporate officers shall be subject to performance conditions set by the Board of Directors; and
(ii) the number of options granted to corporate officers and directors may not exceed 5 % of the total grants made by the Board of Directors during the period of authorization.

Compensation granted to the Chief Executive Officer, and to the Executive Vice Presidents, is set by the Board of Directors following a proposal by the Compensation Committee, which bases its judgment on comparative studies of large firms and/or companies operating in the same business sector.

The Compensation Committee met on June 13, 2008 to study the compensation policy for corporate officers and suggest that the Board of Directors revise the compensation paid to its directors (unchanged since 2003). No amendments have been made to compensation since that date.

Messrs Guillemot are remunerated for their positions as CEO and Executive Vice Presidents. This represents a fixed portion of compensation.

In consideration – albeit very partial – of the responsibilities assumed and also the time spent in preparing Board Meetings and actively participating therein, the General Meeting of September 25, 2006 authorized the Company to pay the directors total directors' fees set at a maximum of €250,000 per annum. The Board of Directors, exercising this authorization, established a fixed portion and a variable portion setting out new requirements.

Summary tables of compensation

The tables below include compensation and benefits of all kind due and/or paid to corporate officers under the mandate, by:

i. the Company
ii. companies controlled – as per Article L 233-16 of the French Commercial Code – by the company in which the office is held;
iii. companies controlled – within the meaning of Article L 233-16 of the French Commercial Code – by the company or companies that control the company in which the office is held;
iv. the company or companies that control – within the meaning of the above Article – the company in which the office is held.

The total gross compensation paid to managers during the financial year by the Company, by controlled companies within the meaning of IAS 24.16 (Gameloft SA) and by the company controlling (Guillemot Brothers SA) the one in which they held their positions (Guillemot Corporation SA) was €2,901 thousand, €866 thousand of which was paid by Ubisoft Entertainment SA.

During the 2009/2010 financial year, members of the Board of Directors received €150 thousand in directors' fees.

No commitments have been made by the Company in favor of its corporate officers related to their termination or change in responsibilities.

There are no agreements to compensate Board members if they resign or are dismissed without real cause, or if their employment is terminated due to a public offering.

Table 1

SUMMARY OF COMPENSATION, BENEFITS IN KIND AND OPTIONS GRANTED TO THE CORPORATE OFFICERS AND DIRECTORS

FINANCIAL YEAR ENDING 03.31.09

Name of director	Compensation due for the year (see breakdown in Table 2)			Valuation of options granted during the financial year [1]			Valuation of performance shares granted during the financial year [2]		
	Ubisoft	Other companies	03.31.09	Ubisoft	Other companies	03.31.09	Ubisoft	Other companies	03.31.09
Yves Guillemot	434,870	85,910	**520,780**	720,000	21,750	**741,750**	**-**	**-**	**-**
Claude Guillemot	70,280	450,500	**520,780**	96,000	21,750	**117,750**	**-**	**-**	**-**
Michel Guillemot	70,280	454,006	**524,286**	96,000	195,000	**291,000**	**-**	**-**	**-**
Gérard Guillemot	166,083	418,766	**584,848**	96,000	20,250	**116,250**	**-**	**-**	**-**
Christian Guillemot	70,280	450,500	**520,780**	96,000	21,750	**117,750**	**-**	**-**	**-**
TOTAL	811,793	1,859, 682	2,671, 474	1,104,000	280,500	1,384,500	-	-	-

FINANCIAL YEAR ENDING 03.31.10

Name of director	Compensation due for the year (see breakdown in Table 2)			Valuation of options granted during the financial year [1]			Valuation of performance shares granted during the financial year [2]		
	Ubisoft	Other companies	03.31.10	Ubisoft	Other companies	03.31.10	Ubisoft	Other companies	03.31.10
Yves Guillemot	500,004	73,740	**573,744**	283,200	-	**283,200**	-	22,015	**22,015**
Claude Guillemot	62,496	511,248	**573,744**	38,940	-	**38,940**	-	22,015	**22,015**
Michel Guillemot	62,496	519,927	**582,423**	38,940	139,605	**178,545**	-	-	**-**
Gérard Guillemot	178,408	418,765	**597,173**	38,940	17,451	**56,391**	-	-	**-**
Christian Guillemot	62,496	511,248	**573,744**	38,940	-	**38,940**	-	22,015	**22,015**
TOTAL	865,900	2,034,928	2,900,828	438,960	157,056	596,016	-	66,045	66,045

(1) This is the carrying amount on the grant date, i.e. €8 per option for options granted for the year ended March 31, 2009, and €3.54 per option for options granted for the year ended March 31, 2010.

(2) No performance shares were granted to the directors holding corporate office by the Company.

Table 2	SUMMARY OF COMPENSATION FOR CORPORATE OFFICERS AND DIRECTORS PAID BY UBISOFT ENTERTAINMENT SA AND ANY OTHER COMPANY (article L. 233-16 of the French Commercial Code)			
Yves Guillemot	**03.31.09**		**03.31.10**	
Chief Executive Officer	Amounts paid in € [1]	Amounts due in € [2]	Amounts paid in € [1]	Amounts due in € [2]
Gross fixed compensation before tax	520,780	520,780	573,744	573,744
Variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Ubisoft directors' fees — Fixed portion [3]	15,000	15,000	15,000	15,000
Ubisoft directors' fees — Variable portion [4]	15,000	15,000	15,000	15,000
Benefits in kind	-	-	-	-
TOTAL	**550,780**	**550,780**	**603,744**	**603,744**
Claude Guillemot	**03.31.09**		**03.31.10**	
Executive Vice President	Amounts paid in € [1]	Amounts due in € [2]	Amounts paid in € [1]	Amounts due in € [2]
Gross fixed compensation before tax	520,780	520,780	573,744	573,744
Variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Ubisoft directors' fees — Fixed portion [3]	15,000	15,000	15,000	15,000
Ubisoft directors' fees — Variable portion [4]	15,000	15,000	7,500	7,500
Benefits in kind	-	-	-	-
TOTAL	**550,780**	**550,780**	**596,244**	**596,244**

Michel Guillemot	**03.31.09**		**03.31.10**	
Executive Vice President	**Amounts paid in € [1]**	**Amounts due in € [2]**	**Amounts paid in € [1]**	**Amounts due in € [2]**
Gross fixed compensation before tax	524,286	524,286	582,423	582,423
Variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Ubisoft directors' fees — Fixed portion [3]	15,000	15,000	15,000	15,000
Ubisoft directors' fees — Variable portion [4]	7,500	7,500	7,500	7,500
Benefits in kind	-	-	-	-
TOTAL	**546,786**	**546,786**	**604,923**	**604,923**
Gérard Guillemot	**03.31.09**		**03.31.10**	
Executive Vice President	Amounts paid in € [1]	Amounts due in € [2]	Amounts paid in € [1]	Amounts due in € [2]
Gross fixed compensation before tax	584,848	584,848	597,173	597,173
Variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Ubisoft directors' fees — Fixed portion [3]	15,000	15,000	15,000	15,000
Ubisoft directors' fees — Variable portion [4]	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	**599,848**	**599,848**	**612,173**	**612,173**
Christian Guillemot	**03.31.09**		**03.31.10**	
Executive Vice President	Amounts paid in € [1]	Amounts due in € [2]	Amounts paid in € [1]	Amounts due in € [2]
Gross fixed compensation before tax	520,780	520,780	573,744	573,744
Variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Ubisoft directors' fees — Fixed portion [3]	15,000	15,000	15,000	15,000
Ubisoft directors' fees — Variable portion [4]	7,500	15,000	15,000	15,000
Benefits in kind	-	-	-	-
TOTAL	**543,280**	**550,780**	**603,744**	**603,744**

(1) All compensation paid to corporate officers for their duties over the year.

(2) Compensation awarded to corporate officers for their duties over the year, whatever the date of payment.

(3) Half of the fixed portion of directors' fees is paid in January (for the period January to June) and the other half in July (for the period July to December).

(4) The variable portion is paid in July and is contingent on Board members attending meetings held between July 1 and June 30 of the previous year.

Table 3	TABLE OF DIRECTORS' FEES AND OTHER COMPENSATION PAID TO NON-EXECUTIVE CORPORATE DIRECTORS					
	03.31.09			03.31.10		
Name of director	Ubisoft directors' fees		Other compensation	Ubisoft directors' fees		Other compensation
	Fixed portion (1)	Variable portion (2)		Fixed portion (1)	Variable portion (2)	
Marc Fiorentino	15,000	15,000	-	15,000	15,000	-
TOTAL	**15,000**	**15,000**	**-**	**15,000**	**15,000**	**-**

(1) Half of the fixed portion of directors' fees is paid in January (for the period January to June) and the other half in July (for the period July to December).

(2) The variable portion is paid in July and is contingent on Board members attending meetings held between July 1 and June 30 of the previous year.

Pursuant to Article L 225-43 of the French Commercial Code, no loans or advances were made to the Company's directors.

1.4.5.1 Share purchase and subscription option plans

At its meeting of May 12, 2009, the Board of Directors exercised the authorization from the General Shareholders' Meeting of September 22, 2008, allocating share subscription options to corporate officers in the proportions shown below.

Pursuant to the provisions of French Act No. 2006-1770 of December 30, 2006, the Board of Directors set at 5 % the amount of shares that must be kept as registered by corporate officer beneficiaries until such time as they have given up their positions.

The stock options thereby granted are exercisable by tranches of 25 % over four years from May 12, 2010.

Table 4	Share purchase and subscription options awarded to each corporate officer by the issuer or any company during the year (Article L. 233-16 of the French Commercial Code)						
Name of director	Company granting the options	Plan number and date	Type of option	Valuation of options according to the method used for the consolidated financial statements [1]	Number of options granted during the year	Strike price	Exercise period
Yves Guillemot	Ubisoft Entertainment SA	Plan 19 05.12.2009	Subscription options	€3.54	80,000	€14.92	25 % per year from 05.12.2010 to 05.12.2014
Claude Guillemot	Ubisoft Entertainment SA	Plan 19 05.12.2009	Subscription options	€3.54	11,000	€14.92	25 % per year from 05.12.2010 to 05.12.2014
Michel Guillemot	Ubisoft Entertainment SA	Plan 19 05.12.2009	Subscription options	€3.54	11,000	€14.92	25 % per year from 05.12.2010 to 05.12.2014
Gérard Guillemot	Ubisoft Entertainment SA	Plan 19 05.12.2009	Subscription options	€3.54	11,000	€14.92	25 % per year from 05.12.2010 to 05.12.2014
Christian Guillemot	Ubisoft Entertainment SA	Plan 19 05.12.2009	Subscription options	€3.54	11,000	€14.92	25 % per year from 05.12.2010 to 05.12.2014
TOTAL ALLOCATIONS BY UBISOFT ENTERTAINMENT SA					**124,000**		
Michel Guillemot	Gameloft SA	Plan 9 05.14.2009	Subscription options	€0.556 from 05/14/11 to 05/14/13 and €0.3747 from 05/14/13 to 05/14/15	300,000	€2.36	50 % from 05/14/2011 to 05/14/2015 and 50 % from 05/14/203 to 05/14/2015
Gérard Guillemot	Gameloft SA	Plan 9 05.14.2009	Subscription options	€0.556 from 05/14/11 to 05/14/13 and €0.3747 from 05/14/13 to 05/14/15	37,500	€2.36	50 % from 05/14/2011 to 05/14/2015 and 50 % from 05/14/2003 to 05/14/2015
TOTAL ALLOCATIONS BY GAMELOFT SA					**337,500**		

(1) This corresponds to the value of options and financial instruments when granted, as per IFRS 2, after taking into account any discount linked to performance criteria and the likelihood of presence at the company at the end of the vesting period, but before the effect of spreading expenses over the vesting period as permissible under IFRS 2.

Table 5	Share purchase or subscripion options exercised during the year by each corporate officer		
Name of director	Plan number and date	Number of options exercised during the year	Strike price
N/A			

Past share purchase and subscription option grants, and the status of share purchase and subscription options granted to the 10 leading employees not classed as corporate officers, and the options exercised by these individuals over the year, appear in Section 3.2.2.6.

1.4.5.2 Bonus share grants

The Company did not grant any bonus shares to corporate officers in the last financial year or in previous years.

Table 6	Bonus shares granted by Gameloft SA					
Name of director	Plan date	Number granted during the year	Valuation of shares (1)	Date of acquisition	End of holding period/date transferable	Performance conditions
Yves Guillemot	04.21.2009	18,500	€1.19	04.21.2011	04.22.2013	Internal and external
Claude Guillemot	04.21.2009	18,500	€1.19	04.21.2011	04.22.2013	Internal and external
Christian Guillemot	04.21.2009	18,500	€1.19	04.21.2011	04.22.2013	Internal and external
TOTAL ALLOCATIONS BY GAMELOFT SA		55,500				

(1) In accordance with the method used for the consolidated financial statements.

1.4.5.3 Compensation and benefits owed due to the corporate officers leaving their position

Name	Corporate office combined with employment contract		Top-up pension scheme		Compensation or benefits due or likely to be due as a result of individuals leaving or changing positions		Compensation relating to an anti-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Yves GUILLEMOT Chief Executive Officer		X		X		X		X
Claude GUILLEMOT Executive Vice President		X		X		X		X
Michel GUILLEMOT Executive Vice President		X		X		X		X
Gérard GUILLEMOT Executive Vice President		X		X		X		X
Christian GUILLEMOT Executive Vice President		X		X		X		X

1.4.6 Transactions covered by Article L 621-18-2 of the French Monetary and Financial Code and Article 222-15-3 of the AMF's General Regulations

TRANSACTIONS INVOLVING SECURITIES AND/OR FINANCIAL INSTRUMENTS					
Name, forename, position on transaction date	**Type of transaction**	**Date of transaction**	**Number of securities**	**Unit price**	**Amount of transaction**
SECURITIES TRANSACTIONS BY MANAGERS					
Christian GUILLEMOT **Executive Vice President**	Disposal	09.03.09	42,000	€13.13	€551,460.00
	Disposal	09.04.09	8,408	€13.02	€109,472.16
	Disposal	09.04.09	89,592	€12.88	€1,153,944.96
Alain MARTINEZ **Directeur financier**	Exercise of stock options	03.11.10	31,600	€3.68	€116,288.00
SECURITIES TRANSACTIONS BY ASSOCIATED PERSONS					
GUILLEMOT BROTHERS SA related legal entity managed by Christian GUILLEMOT, Executive Vice President of UBISOFT ENTERTAINMENT SA	Disposal	09.02.09	200,000	€12.52	€2,504,000.00
Related person to Alain MARTINEZ Directeur financier	Disposal	06.09.09	2,300	€16.17	€37,200.00

2 FINANCIAL STATEMENTS

2.1 *Consolidated financial statements as of March 31, 2010*

2.1.1 Balance sheet

ASSETS in thousands of euros	Notes	Net 03.31.10	Net New Presentation (1) 03.31.09
Goodwill	1	106,498	99,545
Other intangible assets	2	526,383	480,911
Property, plant and equipment	3	31,800	27,423
Investments in associates	4	393	343
Non-current financial assets	5	3,613	3,354
Deferred tax assets	24	65,884	41,378
Non-current assets		734,570	652,954
Inventory	6	47,973	62,294
Trade receivables	7	68,748	69,534
Other receivables	8	89,159	72,091
Current financial assets	9	33,271	20,610
Current tax assets	24	25,080	19,039
Cash and cash equivalents	10	185,316	237,207
Current assets		449,547	480,775
Total assets		**1,184,117**	**1,133,729**

LIABILITIES in thousands of euros	Notes	03.31.10	03.31.09
Share capital		7,320	7,274
Premiums		512,444	489,002
Consolidated reserves		285,380	186,632
Consolidated earnings		-43,672	68,848
Equity (Group share)		761,472	751,756
Minority interests			
Total equity	11	761,472	751,756
Provisions	12	2,215	1,984
Employee benefits	13	1,710	1,641
Long-term borrowings	15	22,548	22,682
Deferred tax liabilities	24	32,921	60,320
Non-current liabilities		59,394	86,627
Short-term borrowings	15	121,784	61,822
Trade payables	17	144,499	136,664
Other liabilities	18	93,617	76,867
Current tax liabilities	24	3,352	19,993
Current liabilities		363,252	295,346
Total liabilities		**422,646**	**381,973**
Total liabilities and equity		**1,184,117**	**1,133,729**

(1) See 2.1.6.5.1 Comparability of financial statements

2.1.2 Consolidated income statement by destination

in thousands of euros	Notes	03.31.10	%	03.31.09	%
Sales	19	**870,954**		**1,057,926**	
Cost of sales		-358,118		- 418,659	
Gross margin		**512,836**	**59%**	**639,267**	**60%**
R&D costs		-311,424		- 258,538	
Marketing costs		-197,787		- 205,718	
Administrative and IT costs		-75,301		- 63,117	
Operating profit (loss) from continuing operations		**-71,676**	**-8%**	**111,894**	**11%**
Fair value adjustment		-367		-	
Other operating expenses		-905		-777	
Other operating income		852		2,347	
Operating profit (loss)		-72,096		113,464	
Interest on borrowings		-1,972		-3,204	
Income from cash		1,426		4,133	
Net borrowing cost		*-546*		*929*	
Result from foreign-exchange operations		**5,246**		**- 5,343**	
Other financial expenses		-92		-9,272	
Other financial income		142		8,846	
Net financial income	22	**4,750**		**- 4,840**	
Share in profit of associates		50		15	
Income tax	24	23,624		- 39,791	
Profit (loss) for the period *		**-43,672**	**-5%**	**68,848**	**6.5 %**
Earnings per share – Continuing operations	25				
Basic earnings per share (in euros)		-0.46		0.74	
Diluted earnings per share (in euros)		-0.45		0.71	

* The profit (loss) for the period is entirely attributable to equity holders

2.1.3 Statement of net income and of gains and losses recognized directly in equity

in thousands of euros	03.31.10	03.31.09
Translation adjustment on foreign operations	10,145	17,681
Fair value adjustment of financial assets	17,637	-726
Effective part of the change in fair value of cash flow hedges	-4,312	4,040
Gains (losses) on the impairment or disposal of own shares	-255	-914
Tax on items recognized directly in equity	6,548	-1,385
Other items	36	-157
Gains and losses recognized directly in equity	**29,799**	**18,539**
Net profit (loss) for the period	**-43,672**	**68,848**
Net profit (loss) and gains and losses recognized directly in equity for the period	**-13,873**	**87,387**
Attributable to:		
Shareholders of the Parent Company	-13,873	87,387
Minority interests	-	**-**

2.1.4 Consolidated statement of changes in equity

in thousands of euros	Capital	Premiums	Consolidated reserves	Hedging reserve	Fair value reserve	Own shares	Translation adjustments	Income for the period	Total equity Group share
Balance as of March 31, 2008	**7,165**	**459,457**	**114,476**	**-**	**726**	**1,128**	**- 58,646**	**109,844**	**634,150**
Earnings								68,848	68,848
Gains and losses recognized directly in equity			-157	2,655	-726	-914	17,681		18,539
Net profit (loss) and gains and losses recognized directly in equity			**-157**	**2,655**	**-726**	**-914**	**17,681**	**68,848**	**87,387**
Allocation of consolidated earnings in N-1			109,844					-109,844	-
Change in the share capital of the parent company	109	12,690	565						13,364
Options on ordinary shares issued		16,855							16,855
Balance as of March 31, 2009	**7,274**	**489,002**	**224,728**	**2,655**	**-**	**214**	**-40,965**	**68,848**	**751,756**
Earnings								-43,672	-43,672
Gains and losses recognized directly in equity			477	-2,836 [(1)]	22,268	-255	10,145 [(1)]		29,799
Net profit (loss) and gains and losses recognized directly in equity			**477**	**-2,836**	**22,268**	**-255**	**10,145**	**-43,672**	**-13,873**
Allocation of consolidated earnings in N-1			68,848					-68,848	-
Change in the share capital of the parent company	46	4,987	101						5,134
Options on ordinary shares issued		18,455							18,455
Balance as of March 31, 2010	**7,320**	**512,444**	**294,154**	**-181**	**22,268**	**-41**	**-30,820**	**-43,672**	**761,472**

[(1)] See breakdown in Note 11.

2.1.5 Cash flow statement

in thousands of euros	Notes	03.31.10	03.31.09 New presentation (1)
Cash flows from operating activities			
Consolidated earnings		-43,672	68,848
Share in profit of associates		-50	-15
Net amortization and depreciation on property, plant and equipment and intangible assets	1 / 2 / 3	304,826	235,368
Net provisions	5 / 6 / /7	4,335	2,034
Cost of share-based payments	14	12,099	16,855
Gains/losses on disposals		170	193
Other income and expenses calculated		-2,937	2,655
Tax expense		-23,624	39,791
Cash flows from operating activities		**251,146**	**365,730**
Inventory	6	12,057	-23,088
Trade receivables	7	2,440	19,738
Other assets (excluding deferred tax assets)	8 / 9	-18,995	37,580
Trade payables (2)	17	14,851	-57,361
Other liabilities (excluding deferred tax liabilities)	15 / 18	-8,523	-12,143
Change in WCR linked to operating activities		**1,830**	**-35,274**
Current tax		-11,588	-26,195
TOTAL CASH FLOW GENERATED BY OPERATING ACTIVITIES *		**241,388**	**304,261**
Cash flows from investment activities			
Payments linked to internal and external developments (2) (3)	2 / 3	-331,474	-276,499
Payments for other intangible assets and property, plant and equipment	2 / 3	-19,635	-30,214
Proceeds from the disposal of intangible assets and property, plant and equipment	2 / 3	566	93
Payments for the acquisition of financial assets	5	-16,562	-36,042
Other cash flows from investing activities		-1	-
Repayment of loans and other financial assets	5	16,472	35,181
Changes in scope		-8,157	-6,219
CASH USED FROM INVESTING ACTIVITIES		**-358,792**	**-313,700**
Cash flows from financing activities			
New finance leases contracted		-	36
New borrowings	15	172	-
Repayment of finance leases	15	-81	-23
Repayment of borrowings	15	-649	-1,032
Funds received from shareholders in capital increases	11	5,033	12,799
Sales/purchases of own shares		-154	-349
CASH GENERATED (USED) BY FINANCING ACTIVITIES		**4,321**	**11,431**
Net change in cash and cash equivalents		**-113,083**	**1,991**
Cash and cash equivalents at the beginning of the period	10	176,890	173,181
Impact of translation adjustments		1,170	1,718
Cash and cash equivalents at the end of the period (4)	**10**	**64,977**	**176,890**
(4) Including cash in companies acquired and disposed of		-399	-1,938
* Including interest paid		-1,972	-3,814

(1) See. 2.1.6.5.1 Comparability of financial statements

(2) Including a change of - €9,221 thousand over the financial year linked to commitments guaranteed but not paid

(3) Including capitalization of share-based payments amounting to €8,377 thousand.

2.1.6 Notes to the consolidated financial statements

The notes and tables that follow are presented in thousands of euros, unless expressly stated otherwise.

2.1.6.1 Company presenting the consolidated financial statements

Ubisoft Entertainment is domiciled in France.

The consolidated financial statements for the year ended March 31, 2010 cover Ubisoft Entertainment and its subsidiaries (collectively referred to as "the Group") together with interests in associates.

The consolidated financial statements were approved by the Board of Directors on May 18, 2010 and will be presented to the General Shareholders' Meeting on July 2, 2010.

2.1.6.2 Highlights of the financial year

N/A

2.1.6.3 Changes in the consolidation scope

October 2009: Acquisition of the video games developer Nadeo in France

This new studio represents a major step in Ubisoft's development in the field of online games. It is wholly owned by Ubisoft Entertainment SA.

The goodwill amounts to €5,552 million and mainly represents human capital, which could not be identified separately. The following assets and liabilities were included on the date when the company was consolidated (in € thousand):

	03.31.10
Net assets and liabilities acquired	2,331
Goodwill	5,552
Identifiable assets	2,000
Deferred taxes on identifiable assets	-667
Consideration paid in cash	9,216
Cash acquired	399

Opening of subsidiaries:

- July 2009: creation of the studio Ubisoft Design Montpellier SARL
- July 2009: creation of the studio Ubisoft Toronto Inc.
- November 2009: creation of the subsidiary Ubisoft Talent Management SARL
- December 2009: creation of the subsidiary Ubisoft IT Project Management SARL
- January 2010: creation of the studio Ubisoft Innovation SARL
- March 2010: creation of the studio Ubisoft Créa SARL

2.1.6.4 Declaration of conformity

The consolidated financial statements for the year ended March 31, 2010 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at March 31, 2010, as adopted by the European Union.

Only the standards approved by the European Commission and published in its official journal before March 31, 2010, and whose application was mandatory as of April 1, 2009, have been applied by the Group to the consolidated financial statements for the year ended March 31, 2010. No standard or interpretation whose application has become mandatory since March 31, 2010 has been applied early to the consolidated financial statements for the year ended March 31, 2010.

The IFRS standards as adopted by the European Union differ in some ways from the IFRS standards published by the IASB. However, the Group has made sure that the financial information presented would not have been substantively different if it had applied IFRS standards as published by the IASB.

The Group applied the following for the first time as of April 1, 2009:
- IFRS 8 "Operating Segments". The application of this standard has very little impact on the segment reports provided, insofar as these reports were already aligned with the segments monitored operationally by management (cf. § 2.1.6.9.2).
- IAS 1 (revised) "Presentation of Financial Statements". The Group has chosen to present two separate statements: one statement giving a breakdown of components in the net profit (loss) "Consolidated income statement" and one statement giving a breakdown of losses and gains recognized directly in equity "Statement of net income and of gains and losses recognized directly in equity" (cf. § 2.1.3).

The other IFRS standards, amendments and interpretations below had no impact on the accounts:

- IFRS 2 (amended) – Share-based Payment;
- IAS 23 (revised) – Borrowing Costs;
- IAS 32 (amended) – Puttable Financial Instruments and Obligations Arising on Liquidation;
- The improvements made to international financial reporting standards in 2008;
- IFRIC 12 – Service Concession Arrangements;
- IFRIC 13 – Customer Loyalty Programmes;
- IFRIC 14 – The Limit on a Defined Benefit Asset;
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation;
- IFRS 7 (amended) – Financial Instruments: Disclosures;
- IAS 39 – Embedded Derivatives.

Options used when preparing financial information during the transition to IFRS

In accordance with the provisions of IFRS 1, the Group opted for the following exemptions from the general principle of retrospectively applying IFRS when drawing up its opening balance sheet for 2004 and preparing its first IFRS accounts.

Standards		Option chosen
IFRS 2	Share-based payments	The Group has chosen to apply IFRS 2 only to equity instruments issued after November 7, 2002 for which rights had not yet vested at December 31, 2004. Similarly, liabilities resulting from transactions for which payment is based on shares and which had been settled before December 31, 2004 have not been restated.
IFRS 3	Business combinations	The Group has not made any retrospective adjustments for business combined before January 1, 2004.
IAS 19	Pension commitments and similar employee benefits	Total unrecognized actuarial differences linked to the corridor existing on the transition date have been fully recognized under balance sheet liabilities by writing off against equity.
IAS 21	Translation adjustments due to foreign activities	Translation differences at January 1, 2004 relative to the exchange rates used for overseas activities in financial statements have been rebooked under consolidated reserves in the transitional balance sheet.
IAS 39	Financial instruments	Certain financial instruments have been classed as "financial assets held-for-sale" or "financial assets at fair value through profit and loss" from the application date of IAS 39 and not from their initial recognition.

Standards published but whose application is not yet mandatory

Ubisoft has not opted for an early application of the new standards, amendments or interpretations published at March 31, 2010 (adopted or being adopted by the European Union) and presented below:

Standards		Consequences for the Group
IFRS 3 and IAS 27 (revised in 2008)	Business combinations and consolidated and separate financial statements (applicable for the accounting treatment of business combinations to accounting periods starting from July 1, 2009)	The purchase and disposal of minority interests without loss of control will be recorded as equity transactions. For each acquisition of partial control, the new standard will also offer the option of recognizing goodwill either on a 100% basis, or on the percentage stake acquired (with no subsequent modifications if minority interests are bought out later). Costs relating to a business combination will be recorded directly in expenses. Disposals of minority interests that result in a loss of control will require measurement of the retained interest at fair value. The Group will therefore have to change the recognition of its future business combinations, and of future transactions concerning minority interests.
IAS 39 (revised)	Instruments eligible for hedge accounting (applicable to accounting periods starting from July 1, 2009)	This text specifies that time value must not be taken into account in a hedging relationship and that inflation may only be classed as a hedged item under certain conditions. This text will have no effect on the Group's consolidated financial reports.
IFRIC 17	Distribution of non-cash assets to shareholders (applicable to accounting periods starting from July 1, 2009)	This text specifies the accounting treatment of distributions of dividends in kind (excluding distributions under joint control): the fair value of assets distributed must be recognized as a payable on the date of the decision to distribute, while the difference from the net carrying amount of distributed assets must be booked in income on the date of distribution. Application of this standard is mandatory for distributions in periods beginning after July 1, 2009, i.e. FY 2010 for the Group. Consequently, there will be no impact on previous periods shown in the Group's consolidated financial statements for 2010.
IFRIC 18	Transfers of assets from customers (applicable to accounting periods starting from July 1, 2009)	This text specifies the accounting treatment of transfers of elements of property, plant and equipment by entities receiving such transfers from their customers. IFRIC 18 is applicable prospectively for transfers of assets from customers received from July 1, 2009 onwards. Early application is permitted on condition that valuations and other information required in order to apply IFRIC 18 to the transfers that have been carried out have been obtained at the time the transfers take place. This text will have no effect on the Group's consolidated financial reports.

2.1.6.5 Accounting principles and valuation methods

2.1.6.5.1 Comparability of financial statements

Method of presentation:

As of this financial year, the Group has decided to present its income statement according to destination and no longer according to nature, to ensure greater clarity. The income statement according to nature is presented for the purposes of comparison in § 2.1.6.9.1.

Method of measurement:

As of the 2009/2010 financial year, it has been decided that the cost of share-based payments allocated to employees in R&D will be capitalized in the same way as other direct costs linked to the development of a game. Once the product goes on sale, these costs will be amortized at the same rate as the developments to which they are linked. This capitalization has an impact on the operating result of €6.3 million.

Other elements which impact presentation

For the 2009/2010 financial year, external developments are booked in subcontracting and capitalized via a capitalized production costs account in the amount of €20,746 thousand.

The part of Canadian grants in the amount of CAD 43,904 thousand (CAD 29,300 thousand in March 2009), which will be offset against the payment of tax, were reclassified as deferred tax assets instead of other receivables.

The Group made the following reclassifications in the cash flow statement as of March 31, 2010 and as of Mars 31, 2009:

- deferred taxes are excluded from cash flows from operating activities and the working capital requirement,
- cash flows from investment activities and operating activities have been restated to reflect the amount of guarantees that have been agreed but not paid.

In order to bring the reports of the US subsidiary into line with the Group's accounting principles, an amount of €7.8 million was reclassified from sales to marketing costs for the financial year, which had the effect of increasing the sales by the same amount.

2.1.6.5.2 Preparation bases

Measurement bases

The consolidated financial statements have been prepared using the historical cost method, with the exception of the following assets and liabilities, which are measured at fair value: derivatives, financial instruments held for trading and available-for-sale financial assets.

Operating and presentation currency

The consolidated financial statements are presented in euros, which is the parent company's operating currency. All financial data presented in euros are rounded to the nearest thousand.

Use of estimates

Preparation of consolidated financial statements in accordance with IFRS requires the Group's management to make estimates and assumptions that affect the application of the accounting methods and the amounts recognized in the financial statements.

These estimates and the underlying assumptions are established and reviewed continuously on the basis of past experience and other factors considered reasonable in light of the circumstances. They therefore serve as a basis for the calculation of the carrying amounts of assets and liabilities that cannot be obtained from other sources. Actual values may differ from estimates.

Both the estimates presenting a significant risk of changes in future years and the judgments made by the management when applying IFRS, and likely to have a significant impact on the financial statements, are presented in the following notes:

Estimate		Nature of information disclosed
§ 2.1.6.3	Main acquisitions, disposals and changes in consolidation scope	Where appropriate, presentation of the main valuation methods and assumptions used when identifying intangible assets on business combinations.
§ 2.1.6.5.3	Impairment losses	Main assumptions used to determine the recoverable value of assets.
Note 13	Employee benefits	Discount rate, inflation, return on plan assets and wage growth.
Note 14	Payments in shares	Model and underlying assumptions used to determine fair values.
Note 12	Provisions	Underlying assumptions made to appraise and estimate risks.
Note 24	Corporation tax	Assumptions used to recognize deferred tax assets and methods of applying tax legislation.

The accounting methods outlined below were applied:
– on a permanent basis to all periods presented in the consolidated financial statements,
– consistently by all Group entities.

2.1.6.5.3 Consolidation principles

Subsidiaries

A subsidiary is an entity controlled by Ubisoft Entertainment SA. Control exists where the Company has the power to manage, either directly or indirectly, the entity's financial and operational policies in order to obtain benefits from its activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is obtained to the date at which such control ends.

If necessary, the accounting methods of subsidiaries are amended to align them with those adopted by the Group.

Associates

Associates are entities over which Ubisoft Entertainment SA exercises significant influence on the financial and operational policies but no control. The consolidated financial statements include the Group share in the total amount of profits and losses recognized by the associates, using the equity accounting method, starting from the date when significant influence is exercised to the date at which such influence ends.

Ubisoft consolidates ad hoc entities in which the Company does not hold a direct or indirect interest but that it controls in substance because it has the right to receive the majority of benefits or it retains the majority of residual risks inherent to the ad hoc entity or its assets.

As of March 31, 2010, all companies controlled by the Group are fully consolidated; only Related Designs Software GmbH, in which the Group has a 30% interest, is accounted for under the equity method.

Transactions eliminated in the consolidated financial statements

Balance sheet amounts, and income and expenses resulting from intragroup transactions, are eliminated during the preparation of the consolidated financial statements.

Gains resulting from transactions with associates are eliminated for the Group's percentage interest in the company.

Losses are eliminated in the same way as gains, but only to the extent that they are not indicative of impairment.

Translation of transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated by applying the exchange rate prevailing on the date of the transaction.

At closing date, all monetary assets and liabilities denominated in foreign currencies (excluding derivatives) are translated into euros at the closing exchange rate. Any resulting translation adjustments are recorded in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.

Derivatives are valued and booked in accordance with the methods described in the note on financial instruments.

Translation into euros of the financial statements of foreign subsidiaries

The operating currency of Ubisoft's foreign subsidiaries is their local currency, in which they record most of their transactions. The assets and liabilities of Group companies whose operating currency is not the euro are translated into euros at the exchange rate prevailing at the end of the accounting period.

The income and expenses of these companies, along with their cash flows, are translated at the average exchange rate over the year. Differences arising on translation are booked directly in consolidated equity, as a separate item.

Goodwill and fair value adjustments resulting from the acquisition of a foreign entity are considered to belong to the foreign entity and are therefore expressed in the entity's operating currency. They are translated at the closing rate prevailing at the end of the accounting period.

Upon disposal of a foreign subsidiary, the relevant translation reserves booked in equity are recognized in profit and loss.

The Group does not operate in countries suffering from hyperinflation.

Goodwill

Business combinations are accounted for using the purchase method. Upon initial consolidation, the assets, liabilities and identifiable potential liabilities of the company acquired are measured at fair value, following the recommendations of IFRS 3.

The positive difference between the purchase cost of contributed assets or acquired shares, and the purchaser's share in the fair value of assets, liabilities and identifiable potential liabilities on the date of transfer, is booked as goodwill under balance sheet assets. These positive differences are not amortized, but are reviewed at the end of each period to identify any impairment.

Fair value adjustments may be made during the 12 months following the date of acquisition. If the changes between the provisional values taken into account at the time of acquisition and the final values determined over the next 12 months have a material influence on the presentation of the financial statements, the comparative information shown for the period leading up to the finalization of fair values will be restated as though the values had been finalized on the date of acquisition.

If an entity is disposed of, related goodwill will be taken into account when determining the loss or gain resulting from this sale.

Since the business assets recognized in the corporate financial statements are of the same nature as goodwill, they are treated as goodwill in the consolidated financial statements.

Goodwill is therefore not amortized but is subject to impairment tests at least once a year. The methods used to test loss in value are detailed in the note entitled "Non-current-asset impairment test".

Negative goodwill (which, under IFRS 3, is defined as: the excess of the acquirer's equity interest in the fair value of net assets, liabilities and contingent liabilities, over their cost) is immediately recorded in profit and loss.

Brands

All brands are recognized at their fair value in accordance with IFRS 3 on business combinations or IAS 38 on the acquisition of intangible assets.

They are not amortized but are subject to impairment tests at least once a year. The methods used to test loss in value are detailed in the note entitled "Non-current-asset impairment test".

Other intangible assets

Other intangible assets include:
- Office software,
- Information system costs,
- Engines,
- Commercial software,
- External developments.

Accounting and later evaluation

Other intangible assets acquired by the Group are recognized at cost minus accumulated amortization and impairment losses. In accordance with IAS 38 “Intangible Assets,” items are only recognized as non-current assets where the cost can be determined reliably and it is likely that they will generate future economic benefits.

No borrowing costs are included in the costs of property, plant and equipment.

Development costs relate to the development of commercial software (video games) and are capitalized as described below.

Development costs of commercial software, whether produced in-house or outsourced, are recognized in “in-house software and external development in progress” as development progresses. Once they are released, these costs are transferred to the "released in-house software" or “released external developments” accounts. Commitments made under license agreements are recognized for the amount specified in the agreement including the portion not yet paid.

Amortization

Type of asset	Amortization method
Office software	1 year, straight-line
Information system costs	Straight-line, between 3 and 5 years
Engines	Straight-line over the useful life between 3 and 5 years
Commercial software	3 years starting on the commercial launch date
External developments	Depending on quantities sold and royalty rates indicated in contracts or on the duration of the contract

According to international standard IAS16, the group is led to periodically revise its durations depreciation based on the observed useful life.

At the end of each fiscal year or whenever indication of impairment appears, the Group checks the recoverable value of capitalized amounts and carries out an impairment test, as described in the note entitled "Non-current-asset impairment test".

Property, plant and equipment

The gross value of property, plant and equipment includes the acquisition cost minus installments made and any investment subsidies granted. From it are deducted the cumulative totals for depreciation and impairment (see accounting methods described in the note on goodwill). Given the types of non-current assets held, no distinct component of the main non-current assets was noted.

No borrowing costs are included in the costs of property, plant and equipment.

The same rates are used throughout the Group to calculate depreciation, employing the following methods and useful lives:

Type of asset	Depreciation method
Equipment	5 years, straight-line
Fixtures and fittings	5 and 10 years, straight-line
Computer hardware	3 years, straight-line
Office furniture	10 years, straight-line

Non-current assets acquired under finance leases

Leases that transfer practically all risks and benefits inherent in ownership of the asset are classified as finance leases.

Non-current assets financed via finance leases are restated in the consolidated financial statements so as to reflect the position that would have existed if the Company had used borrowed funds to acquire the assets directly.

The amount recognized on the asset side is equal to the fair value of the asset leased or, if this value falls below the present value of the minimum lease payments, the fair value minus accumulated depreciation and impairment.

Deferred tax arising from the restatement of finance leases is booked in the accounts.

Non-current-assets impairment tests

The Group carries out impairment tests on its assets at least once a year: goodwill, intangible assets and property, plant and equipment.

Non-current assets with an indefinite useful life

For this test, goodwill and brands are grouped together as Cash Generating Units (CGU):

- for brands, the CGU corresponds to games released under the brand name,
- for goodwill on business assets acquisitions, each CGU corresponds to the distribution subsidiary present in the country,
- for goodwill relating to the acquisition of companies whose games are distributed by all of the Group's distribution subsidiaries, the CGU corresponds to the Group's consolidated financial statements.

The recoverable value is the higher of fair value minus cost of sale (net fair value) and its value in use. Value in use is estimated on the basis of the sum of discounted future cash flows for the CGU to which the assets being tested are attached. When the market value or value in use falls below the carrying amount, impairment is recorded. This is irreversible when pertaining to goodwill.

To carry out impairment tests, the Group uses the value in use based on discounted future cash flows. The market multiples approach (net fair value) has not been used as yet.

The assumptions used for changes in sales, profitability, exchange rates and final values are reasonable and in line with market data available for each of the CGUs subjected to impairment tests. The value in use adopted by Ubisoft corresponds to discounted cash flows determined on the basis of the Ubisoft management's economic assumptions and projected business conditions. Cash flows are based on the last available three-year budgets, then on assumed growth of between 1% and 2% for the next two years and, lastly, a final value at five years.

Discounts are calculated using a rate based on a valuation of the average cost of capital: 8.64% at March 31, 2010 (versus 9.91% at March 31, 2009).

For property, plant and equipment and intangible assets with a fixed useful life, this impairment test is carried out whenever indicators suggest a loss in value.

The tests involve comparing the net carrying amount of assets with their recoverable value – which is the higher of fair value minus costs of sale, and value in use – estimated on the basis of the current net value of future cash flows generated by their use.

When the fair value of property, plant and equipment or an intangible non-current asset (excluding goodwill) increases over a period, and the recoverable value exceeds the asset's carrying amount, any impairment recognized during previous years will be written back into profit and loss.

Type of asset	Value impairment method
Office software	No impairment test in the absence of any index of loss in value.
Information system costs	No impairment test in the absence of any index of loss in value.
Engines	No impairment test in the absence of any index of loss in value.
Commercial software	At the end of each year and for each software program, discounted cash flows are calculated over a maximum period of three years. When these flows are below the net carrying amount of the software, impairment is recognized.
External developments	At the end of each year and for each software program, discounted cash flows are calculated over a maximum period of three years. When these flows are below the net carrying amount of the software, impairment is recognized.
Property, plant and equipment	No impairment test in the absence of any index of loss in value.

Investments in associates

Investments in associates include the Group's share of the equity held in companies accounted for under the equity method, together with any related goodwill.

Inventory

Inventory is valued at the lower of cost or net realizable value.

Cost includes the purchase price plus ancillary expenses. Inventory is valued using the FIFO method.

Net realizable value is the estimated selling price in the normal course of business minus estimated completion costs and estimated selling costs, which include marketing and distribution costs.

No borrowing costs are included in the cost of inventory.

A provision for impairment is recorded when the likely net realizable value falls below the carrying amount. Reversals of inventory impairment are recorded as a reduction in the amount of inventory expensed during the financial year in which the reversal occurs.

Financial assets and liabilities

Financial assets include the long-term securities of non-consolidated companies, short- and long-term loans and advances, trade receivables, derivatives with a positive market value, investment in securities and cash.

Financial liabilities include bank borrowings, obligations relating to finance lease contracts, other financing (current account advances), bank overdrafts, derivatives with a negative market value and trade payables.

Financial assets and liabilities presented are "non-current", except those with a maturity of less than 12 months from the year-end date. These are presented as "current assets", "cash equivalents" or "current liabilities" depending on the circumstances.

Bank overdrafts are included in cash and cash equivalents as they are an integral part of the company's cash management. They are presented in liabilities, but are also offset against cash in the cash flow statement.

Recognition and measurement of financial assets (excluding derivatives)

In accordance with IAS 39, "Financial Instruments: Recognition and Measurement", financial assets are broken down into four categories:

- assets held to maturity (securities giving entitlement to fixed or fixable payments on set dates, and which the Group is able and intending to hold to maturity);
- loans and receivables (non-derivative financial assets subject to fixed or fixable payments, and which are not listed on a deep market);
- assets held for trading (investments or securities bought and held primarily with a view to a short-term resale);
- assets held for sale (all financial assets not recognized in one of the three previous categories).

Classification depends on the nature and objective of each financial asset, and is determined when first recognized.

The Group has no financial assets classed as "held-to-maturity".

- *Loans and advances (loans and receivables category)*

These include deposits and subsidies due.

When initially recognized, loans and advances are measured at fair value. These financial assets are then booked at amortized cost using the effective interest rate method. They are subject to recoverable value tests, carried out whenever there are objective indicators (third party financial position) that the recoverable value of these assets would be lower than the balance sheet value, and at the very least on each account cut-off date.

- *Trade receivables (loans and receivables category)*

Trade and other receivables linked to operating activity are recorded at fair value - in most cases the same as nominal value – minus any loss of value recorded in a special impairment account. As receivables are due in under a year, they are not discounted.

If there is any indication that these assets may be impaired, they will be subject to an analysis based primarily on the following criteria: age of the receivable, third party's financial position, negotiation of a payment schedule, guarantees received, loan insurance.

The difference between the carrying amount and recoverable value is recorded as operating income. Impairment may be reversed if the asset regains its value in future. Reversals are booked in the same item as provisions. Impairment is deemed permanent when the receivable itself is considered to be permanently irrecoverable and written off.

- *Long-term securities (available-for-sale assets category)*

These include the Group's equity in companies not consolidated due to a lack of control or notable influence.

Gameloft shares not sold by Calyon are classed as held-for-sale current assets.
As this involves an interest in a listed company, the shares are recorded in the balance sheet at their fair value, determined on the basis of the share price on the closing date. Changes in fair value are recognized directly in equity, except when there is a significant or prolonged drop in fair value.

In accordance with IAS 39, "Financial Instruments: Recognition and Measurement", if there is a significant or prolonged decline in the value of a share to below its cost that results in a material latent loss, impairment is recognized in financial income.

- *Cash and cash equivalents (assets held for trading category)*

Cash and cash equivalents include cash on hand and demand deposits, with maturity of generally under three months and that can be easily liquidated or sold on very short notice, converted into cash and do not bear any significant risk of loss in value. Short-term investments are measured at liquidation value at each end of period. Changes in this market value are recognized in financial profit and loss.

Bank overdrafts repayable on demand are an integral part of the Group's cash management, and are included in "cash and cash equivalents" for the purposes of the cash flow statement.

Recognition and measurement of financial liabilities (excluding derivatives)

- *Borrowings and other financial liabilities*

This category includes borrowings and bank overdrafts.

Bank borrowings and other financial liabilities are measured at amortized cost calculated using the effective interest rate.

Financial interests accrued on borrowings are included in the "current financial liabilities" in the balance sheet.

Trade and other debts are recorded at fair value, which is generally the same as nominal value.

Cash flows linked to short-term recoverable amounts are not discounted. Long-term flows are discounted whenever the impact is significant.

Recognition and measurement of financial derivatives

Financial derivatives are held exclusively to manage its exposure to foreign-exchange risks. Ubisoft Entertainment SA hedges these risks with forward sale contracts and currency options.

Derivatives are initially recorded at fair value; associated transaction costs are booked in profit and loss when incurred. After initial recognition, derivatives are measured at fair value while changes in profit and loss are recorded using principles outlined below.

- *Cash flow hedging*

The Group applies hedge accounting to transactions in US dollars. The management considers that this method offers the best reflection of its hedging policy in the financial statements.

Hedge accounting applies if:
- the hedging relationship is clearly defined and documented on the date it is established,
- the effectiveness of the hedging relationship is proven from the outset and for as long as it lasts.

Application of cash flow hedge accounting has the following consequences:
- the effectively hedging portion of the change in the fair value of the hedging instrument is recognized directly in equity, as the hedged item does not appear on the balance sheet,
- the ineffective part of the change in fair value is recognized in the financial result.

When the hedging instrument no longer meets the criteria for hedge accounting, reaches maturity, is sold, cancelled or exercised, hedge accounting is no longer applied. The profit or loss accumulated is held in equity until the completion of the planned transaction. When the hedged item is a non-financial asset, the profit or loss accumulated is removed from equity and included in the initial cost. In other cases, related profits and losses that have been recognized directly in equity are reclassified under profit and loss for the period in which the hedged item impacts the result.

- *Other derivatives*

Derivatives for which documentation on the hedging relationship does not meet the requirements of IAS 39 are not referred to as hedging instruments in the accounts. Changes in the fair value of these instruments are recognized on the income statement in accordance with IAS 39. The same goes for certain types of derivatives (options) that are not eligible for hedge accounting. The fair value of assets, liabilities and derivatives is determined on the basis of market prices on the closing date.

Hierarchy and levels of fair value

In accordance with IFRS 7 (revised), financial assets and liabilities measured at fair value have been classified according to the fair value levels specified by the standard:
- Level 1: the fair value corresponds to the market value of instruments listed on a deep market
- Level 2: the fair value is measured on the basis of observable data
- Level 3: the fair value is measured on the basis of non-observable data.

Note 16 specifies the fair value level for each category of assets and liabilities measured at fair value.
The Group did not carry out any transfers between levels 1 and 2 during the financial year.
The Group does not hold any assets or liabilities measured at fair value under level 3.

Employee benefits

Post-employment obligations

Ubisoft participates in pension, medical and termination benefit plans in accordance with the laws and practices of each country. These benefits can vary depending on a range of factors, including seniority, salary and payments to compulsory general plans.

These plans may be either defined contribution plans or defined benefit plans:

- In defined contribution plans, the pension supplement is determined by the total capital that the employee and the Company have paid into external funds. The expenses correspond to contributions paid during the period. The Group has no subsequent obligations to its employees. For Ubisoft, this generally involves public retirement plans and specific defined-contribution plans.
- In defined benefit plans, the employee receives a fixed pension benefit from the Group, determined on the basis of several factors, including age, length of service and compensation level. Within the Group, such plans are used in France, Italy and Japan.

The employer's future obligations are measured on the basis of an actuarial calculation called the "projected unit credit method," in accordance with each plan's operating procedures and the information provided by each country. This method involves determining the value of likely discounted future benefits of each employee at the time of his/her retirement. Actuarial differences are recorded in profit and loss.

The discount rate chosen is determined on the basis of the market rate for high-quality corporate bonds.

Personal training right (DIF)

Full-time French employees are entitled to between 20 and 21 hours of training each year, depending on the bargaining agreements applicable within each company. The rights acquired each year may be accrued for up to six years. The total training acquired amounts to 79,344 hours and is recognized as off-balance-sheet commitments.

Share-based payments

Stock option plans provide an additional incentive for employees to improve the Group's performances by allowing them to purchase a stake in the company (stock options, free shares, group savings plan).

In accordance with IFRS 2, share-based payments are recognized as staff expenses offsetting an increase in equity, at the fair value of the instruments attached. This expense is spread over the vesting period, assuming presence on the vesting date and possibly performance conditions attached.

Ubisoft uses a binomial model to estimate the value of allocated instruments. This method is based on assumptions updated on the valuation date, such as estimated volatility on the security concerned, a risk-free discount rate, the estimated payout ratio and the likelihood of staff remaining in the Group until they can exercise their rights:

- Stock option plans: the compensation is recognized in income over the vesting period; however, the straight-line method is not used, given the vesting terms set out in the various Ubisoft plan regulations;
- Group employee savings plan: the accounting expense is equal to the discount granted to employees, i.e. the difference between the share subscription price and the share price at the date of the grant. This expense is recognized immediately on the plan subscription date;
- Bonus share grants: the cost of this compensation is recognized in income over the vesting period, allowing for the vesting terms.

The dilutive effect of stock option plans and bonus share grants when the unwinding of the instrument involves the issue of Ubisoft shares and the vesting period is in progress, is reflected in the calculation of diluted earnings per share.

Provisions

A provision is recorded when:

- The Company has a current obligation (legal or implicit) resulting from a past event;
- It is likely that an outflow of resources representing economic benefits will be required to settle the obligation;
- The amount of the obligation can be measured reliably.

If these conditions are not met, no provision is recorded.

Revenues

Sale of games

Revenue from the sale of gaming software is recorded on the date products are delivered to clients. A provision for estimated returns is recorded for the net amount of the sale as a decrease in revenues. Under the terms of its contracts with customers, the Group does not have to accept returns but it may exchange products sold to certain customers. Furthermore, the Group may provide a return guarantee or grant discounts on unsold products or other benefits to certain customers. In this case, the Group's management estimates the amount of future credit notes and books a provision.

Licenses

The Group may issue licenses in consideration of a guaranteed minimum royalty. This royalty is recorded in income when the significant benefits and risks attached to goods have been transferred to the buyer.

Additional revenue on sales, above the guaranteed minimum royalty, is recorded as and when the sales are completed.

Services

Income corresponding to development and publishing services on behalf of third parties includes royalties and other remunerations, which are regarded as arising and booked in sales as and when the service is rendered.

R&D costs

This destination includes all research and development costs for production teams including salaries, operating costs and other significant research and development costs (royalties, depreciation on tools). This destination includes depreciation on commercial software.

Marketing costs

This destination includes all sales and marketing costs, with the exception of editorial marketing costs, which are included under research and development costs.

Administrative and IT costs

This destination includes all the expenses of the administrative and IT teams.

Current operating income and operating income

Operating income includes all revenues and costs directly linked to Group activities, whether these revenues and costs are recurrent or resulting from one-off decisions or operations. Exceptional items, defined as revenues and expenses that are unusual in their frequency, nature and/or amount, belong to operating income. Current operating income is equal to operating income before inclusion of items whose amount and/or frequency are unpredictable by nature.

The Group feels that presenting the "current operating income" sub-total separately on the income statement makes it easier to understand recurrent operating performance and provides readers of the financial statements with information useful in analyzing said performance.

Financing costs and other financial income and expenses

The cost of net financial debt includes income and expenses linked to cash and cash equivalents, interest expenses on borrowings which include the sale of investment securities, creditor interest and the cost of ineffective currency hedging.

Other financial income and expenses include the sale of non-consolidated securities, capital gains or losses, provisions/reversals of impairment losses on financial assets (other than trade receivables), income and expenses linked to the discounting of assets and liabilities, and foreign exchange gains and losses on unhedged items.

The impact on profit and loss of measuring financial instruments used in the management of foreign exchange risks is recognized in operating income.

Income tax

Income tax (income or expense) includes the current tax expense (or income) and deferred tax expense (income). Tax is recognized in profit and loss, unless it relates to items that are recognized directly in equity, in which case it is recognized in equity.

Current tax

Current tax is the estimated amount of tax owed on taxable income for an accounting period. It is determined using the tax rates applicable at the closing date.

Deferred tax

Deferred income tax is measured using the balance sheet liability method for all temporary differences between the carrying amount of the assets and liabilities and their tax basis. The following situations do not lead to recognition of deferred tax: the recognition of an asset or liability in a transaction that is not a business combination and which affects neither book profit nor taxable profit, and temporary differences linked to subsidiary holdings insofar as these are unlikely to be reversed in the foreseeable future. Measurement of deferred tax assets and liabilities depends on the way in which the Group expects to recover or settle the carrying amount of the assets and liabilities using the tax rates applicable at the balance sheet date.

A deferred tax asset is only recognized where it is likely that the Group will have future taxable income against which the asset may be utilized. Deferred tax assets are reduced to the extent that it is no longer likely that sufficient taxable income will be available.

The impact of possible changes in tax rates on previously recorded deferred tax is recognized in income except where it relates to an item recognized in equity.

Deferred tax is shown in the balance sheet separately from current tax assets and liabilities and is classified as non-current items.

Methods of calculating earnings per share

Earnings per share

Basic earnings per share are equal to earnings divided by the weighted average number of shares in circulation minus own shares.

Diluted earnings per share

Diluted earnings per share are equal to:

- net income before dilution, plus the after-tax amount of any savings in financial expenses resulting from the conversion of the diluting instruments, divided by
- the weighted average number of ordinary shares in circulation, minus treasury stock, plus the number of shares that would be created as a result of the conversion of instruments convertible into shares and the exercise of rights.

Segment reporting

In light of the Group's organizational structure and the commercial relationships between the various subsidiaries, we proceed on the basis that the Group operates in a single market with several geographic regions.

2.1.6.6 Consolidation scope

As at March 31, 2010, 83 entities are consolidated or accounted for using the equity method (compared with 73 entities as at March 31, 2009).

Only significant entities are presented in the table below. The significance of entities is assessed according to their contribution to capitalized production costs and their contribution to Group sales. Other subsidiaries and ad hoc entities whose contribution is not significant are not included in this list.

COMPANY	Country	Percentage control	Percentage of capital	Method	Business
UBISOFT ENTERTAINMENT SA	France	Parent company	Parent company	FC	
UBISOFT LTD	United Kingdom	100%	100%	FC	Distribution
UBISOFT INC.	United States	100%	100%	FC	Distribution
UBISOFT GMBH	Germany	100%	100%	FC	Distribution
UBISOFT SRL	Romania	100%	100%	FC	Production and distribution
SHANGHAI UBI COMPUTER SOFTWARE CO.LTD	China	100%	100%	FC	Production and distribution
UBISOFT DIVERTISSEMENTS INC.	Canada	100%	100%	FC	Production
UBISOFT FRANCE SAS	France	100%	100%	FC	Distribution
UBISOFT WORLD STUDIOS SAS	France	100%	100%	FC	Production
RED STORM ENTERTAINMENT INC.	United States	100%	100%	FC	Production
UBISOFT CANADA INC.	Canada	100%	100%	FC	Distribution

FC = Full consolidation

The closing date of the annual accounting period for consolidated companies is March 31. Some companies use December 31 as their closing date but draw up accounts for the period from April 1 to March 31 for the purposes of the consolidated reports.

Entries into the consolidation scope

Entries into the consolidation scope are described in paragraph 2.1.6.3.

As acquisitions for the period account for less than 25% of the Group's net assets, no pro-forma accounts have been drawn up.

2.1.6.7 Notes to the balance sheet

Note 1. Goodwill

Goodwill	Opening balance	Increase	Decrease	Changes in scope	Translation adjustments	Closing balance
Gross	99,658	20	503	5,552	1,771	106,498
Amortization	113	368	474	-	-7	-
Net at 03.31.10	**99,545**	**-348**	**29**	**5,552**	**1,777**	**106,498**
Net at 03.31.09	84,376	3,298	-	6,152	5,755	99,545

The increase in goodwill attributable to the entries into the consolidation scope over the period is described in paragraph 2.1.6.3.

Net goodwill broke down as follows as of March 31, 2010:

Company	As of March 31, 2009 Net units	Increase	Decrease	Translation adjustments	As of March 31, 2010 Net units
Ubisoft Inc.	178				178
Ubisoft Ltd	785			30	815
Ubisoft GmbH	12,805				12,805
Red Storm Entertainment Inc.	41,305			-524	40,781
Ubisoft Spa	3,215				3,215
Ubisoft Canada Inc.	1,610			352	1,962
Tiwak SAS	760				760
Ubisoft Divertissements Inc.	401			88	489
Blue Byte GmbH	3				3
Ubisoft France SAS	10,103				10,103
Ubisoft BV	2,294				2,294
Ubisoft Warenhandels GmbH	442				442
Ubi Games SA	1,362			83	1,445
Ubisoft Entertainment Ltd	1,428			48	1,476
Ubisoft Nagoya KK	1,176				1,176
Sunflowers Entertainment GmbH	12,753				12,753
Ubisoft Entertainment India Private Ltd	1,128	-16		124	1,236
Hybride Technologies Inc.	4,548	24		999	5,571
Ubisoft Entertainment Sweden Ltd	1,946		29	237	2,154
Ubisoft Entertainment Ltda	1,002	12		272	1,286
Ubisoft Vancouver Inc.	301		368	67	-
Nadéo		5,552			5,552
	99,545	5,572	397	1,777	106,498

As at March 31, 2010, no value impairment was booked as a result of any impairment test.

Sensitivity of recoverable amounts

On the basis of predictable events to date, the Group considers that potential changes in the assumptions described in note 2.1.6.5.3 “Non-current-assets impairment tests” would not lead to a surplus in the carrying amount compared with the recoverable value.

A 14 points change in the discount rate would lead to depreciation as a result of loss in the recoverable value of goodwill.

A 32 points change in the discount rate would lead to depreciation as a result of loss in the recoverable value of business assets.

Note 2. Other intangible assets

Non-current assets	At 03.31.10 Gross	Depreciation and amortization accumulated	At 03.31.10 Net	At 03.31.09 Net
Released commercial software	546,804	491,540	55,264	36,957
Released external developments	287,214	270,330	16,884	82,837
Commercial software and external developments in progress	349,649	-	349,649	259,370
Office software	39,240	25,004	14,236	9,374
Other intangible assets in progress	3,594	-	3,594	8,258
Brands	86,616	-	86,616	83,868
Other	517	377	140	247
TOTAL	**1,313,634**	**787,251**	**526,383**	**480,911**

Non-current assets	Opening balance	Increase	Decrease	Reclassification of software in progress	Reclassifications	Changes in scope	Trans-lation adjust-ments	Closing balance
Released commercial software	496,670	269,183	171,149	-49,450	171	1,417	-38	546,804
Released external developments	272,512	61,447	5,745	-40,829	-171	-	-	287,214
Commercial software and external developments in progress	259,370	-	-	90,279	-	-	-	349,649
Office software	25,793	2,351	490		10,331	-	1,255	39,240
Other intangible assets in progress	8,258	3,489	-		-7,873	-	-280	3,594
Brands	83,868	1,033	-		-	2,000	-285	86,616
Other	467	-	-		-50	100	-	517
TOTAL 03.31.10	**1,146,938**	**337,503**	**177,384**	**-**	**2,408**	**3,517**	**652**	**1,313,634**
TOTAL 03.31.09	**863,497**	**301,048**	**24,258**	**-**	**1,248**	**-858**	**6,261**	**1,146,938**

The increase of €269,183 thousand in software is due to the capitalized production costs of €258,712 thousand, plus acquisitions amounting to €556 thousand, translation adjustments amounting to €1,537 thousand and capitalization of costs for share-based payments to R&D staff in the amount of €8,377 thousand.
The increase in external developments of €61,447 thousand is due to an increase in new contracts of €20,745 thousand accounted for under capitalized production costs and of €40,702 thousand in existing contracts.
Reclassifications between accounts result from the transfer of intangible assets in progress.

Depreciation and amortization	Opening balance	Net increase	Decrease	Reclassifications	Changes in scope	Translation adjustments	Closing balance
Released commercial software	459,713	203,014	171,149	-	-	-38	491,540
Released external developments	189,677	86,404	5,745	-	-6	-	270,330
Office software	16,417	5,908	470	2,388	-	761	25,004
Other	220	157	-	-	-	-	377
TOTAL 03.31.10	**666,027**	**295,483**	**177,364**	**2,388**	**-6**	**723**	**787,251**
TOTAL 03.31.09	**465,119**	**223,370**	**24,189**	**1,087**	**25**	**615**	**666,027**

No intangible assets were used to secure any borrowings.

Sensitivity of recoverable amounts

On the basis of predictable events to date, the Group considers that potential changes in the assumptions described in note 2.1.6.5.3 “Non-current-assets impairment tests” would not lead to a surplus in the carrying amount compared with the recoverable value.

Note 3. Property, plant and equipment

Non-current assets	As of 03.31.10 Gross	Depreciation and amortization accumulated	As of 03.31.10 Net	As of 03.31.09 Net
Land	291	-	291	63
Buildings	2,742	246	2,496	1,388
Fixtures and fittings	18,165	8,111	10,054	8,846
Computer hardware and furniture	43,402	28,393	15,009	14,338
Development kits	12,753	10,089	2,664	2,178
Transport equipment	394	213	181	207
Non-current assets in progress	1,105	-	1,105	403
TOTAL	**78,852**	**47,052**	**31,800**	**27,423**

Non-current assets	Opening balance Gross	Increase	Decrease	Reclassifications	Changes in scope	Translation adjustments	Closing balance Gross
Land	63	-	-	-	214	14	291
Buildings	1,435	16	-	-	975	316	2,742
Fixtures and fittings	14,682	1,958	565	949	200	941	18,165
Computer hardware and furniture	35,798	7,134	4,524	1,276	14	3,704	43,402
Development kits	11,435	1,979	632	-230	-	201	12,753
Transport equipment	436	111	179	11	-	15	394
Non-current assets in progress	403	1,544	-	-871	-	29	1,105
TOTAL 03.31.10	**64,252**	**12,742**	**5,900**	**1,135**	**1,403**	**5,220**	**78,852**
TOTAL 03.31.09	**51,036**	**14,348**	**3,496**	**-1,062**	**2,681**	**745**	**64,252**

Depreciation and amortization	Opening balance accumulated	Increase	Decrease	Reclassifications	Changes in scope	Translation adjustments	Closing balance accumulated
Buildings	46	93	-	-	88	19	246
Fixtures and fittings	5,836	2,241	506	93	-	447	8,111
Computer hardware and furniture	21,460	7,048	3,965	1,355	-	2,495	28,393
Development kits	9,257	1,512	608	-303	-	231	10,089
Transport equipment	229	101	133	11	-	5	213
TOTAL 03.31.10	**36.828**	**10,995**	**5,212**	**1,156**	**88**	**3,197**	**47,052**
TOTAL 03.31.09	**28,556**	**12,000**	**3,279**	**-903**	**56**	**399**	**36,829**

No property, plant or equipment was used to secure any borrowings.

As at March 31, 2010, no value impairment was booked as a result of any impairment test.

Note 4. Investments in associates

	Opening balance Gross	Increase	Decrease	Reclassifications	Closing balance Gross
Goodwill	230	-	-	-	230
Share of equity	113	50	-	-	163
TOTAL Investments in associates 03.31.10	**343**	**50**	**-**	**-**	**393**
TOTAL Investments in associates 03.31.09	**328**	**15**	**-**	**-**	**343**

This is Related Designs Software GmbH in which Ubisoft Entertainment SA indirectly holds a 30% stake following the takeover of Sunflowers GmbH.

Note 5. Non-current financial assets

Non-current financial assets	As of 03.31.10 Gross	Accumulated provisions	As of 03.31.10 Net	As of 03.31.09 Net
Equity investments in non-consolidated companies	490	257	233	296
Deposits and sureties	3,237	-	3,237	3,019
Other non-current receivables	143	-	143	39
TOTAL	**3,870**	**257**	**3,613**	**3,354**

Non-current financial assets	Opening balance Gross	Increase	Decrease	Changes in scope	Translation adjustments	Closing balance Gross
Equity investments in non-consolidated companies	489	1	-	-	-	490
Deposits and sureties	3,019	688	593	-	123	3,237
Other non-current receivables	39	15,875	15,879	102	6	143
TOTAL 03.31.10	**3,546**	**16,564**	**16,472**	**102**	**129**	**3,870**
TOTAL 03.31.09	**2,932**	**36,042**	**35,181**	**-380**	**134**	**3,547**

The change in other non-current receivables reflects purchases and sales of own shares held under the liquidity agreement.

Provisions	Opening balance accumulated	Increase	Decrease	Reclassifications	Changes in scope	Closing balance accumulated
Equity investments in non-consolidated companies	193	-	4	68	-	257
TOTAL 03.31.10	**193**	**-**	**4**	**68**	**-**	**257**
TOTAL 03.31.09	**415**	**1**	**14**	**-**	**-209**	**193**

Note 6. Inventory and work in progress

Inventory and work in progress	Opening balance Gross	Changes in inventory (income)	Changes in scope	Translation adjustments	Closing balance Gross
Goods	67,283	-12,057	-	1,601	56,827
TOTAL 03.31.10	67,283	-12,057	-	1,601	56,827
TOTAL 03.31.09	43,084	23,342	-	857	67,283

Provisions	Opening balance accumulated	Provisions/ reversals	Changes in scope	Translation adjustments	Closing balance accumulated
Goods	4,989	3,760	-	105	8,854
TOTAL 03.31.10	4,989	3,760	-	105	8,854
TOTAL 03.31.09	3,205	1,858	-	-74	4,989

Note 7. Trade receivables

Trade receivables	Opening balance Gross	Movement	Changes in scope	Translation adjustments	Closing balance Gross
Trade receivables	70,940	-2,440	669	1,852	71,020
TOTAL 03.31.10	70,940	-2,440	669	1,852	71,020
TOTAL 03.31.09	85,327	-19,738	-372	5,723	70,940

Provisions	Opening balance accumulated	Provisions	Reversals	Changes in scope	Translation adjustments	Closing balance accumulated
Trade receivables	1,406	2,021	1,344	149	40	2,272
TOTAL 03.31.10	1,406	2,021	1,344	149	40	2,272
TOTAL 03.31.09	1,101	2,958	2,617	-	-36	1,406

Trade receivables are due in under a year.

The analysis of credit risk appears in note 16.

Note 8. Other receivables

	03.31.10			03.31.09
Other receivables	Gross	Impairment	Net	Net
Advances and prepayments received	2,471	-	2,471	638
VAT	33,843	-	33,843	32,944
Grants receivable [1]	42,861	-	42,861	28,991
Other tax and employee-related receivables	1,158	-	1,158	1,002
Other	173	-	173	443
Prepaid expenses	8,653	-	8,653	8,073
TOTAL	**89,159**	**-**	**89,159**	**72,091**

[1] Cf. 2.1.6.5.1 Comparability of financial statements

All other receivables are due in under a year.

Note 9. Current financial assets

		03.31.10			03.31.09
Current financial assets		**Gross**	**Impairment**	**Net**	**Net**
Foreign exchange derivatives	(1)	785	-	785	5,557
Gameloft shares	(2)	32,486	-	32,486	15,053
TOTAL		**33,271**	**-**	**33,271**	**20,610**

(1) Foreign exchange derivatives:

	03.31.10	03.31.09	Change
Foreign exchange derivatives eligible for hedge accounting	-	3,857	-3,857
Other foreign exchange derivatives	785	1,700	-915
Foreign exchange derivatives	**785**	**5,557**	**-4,772**

Foreign exchange derivatives whose market value at the year-end is positive are reported at fair value (level 1, IFRS 7 hierarchy), (cf. analysis in note 16).

(2) Fair value of Gameloft shares:

The change in fair value is due to the difference in price between March 31, 2009 and March 31, 2010.

Gameloft shares are a current asset as defined by IAS 39. As at March 31, 2010, the price of the 9,099,786 Gameloft shares was €3.57, representing a balance sheet value of €32,486 thousand. The change in the share price over the financial year (€3.57 compared with €1.64 on March 31, 2009) leads to an increase in value of €17,563 thousand, recognized in equity.

Note 10. Cash and cash equivalents

	03.31.10	03.31.09
Cash and bank balances	163,525	142,610
Investments of under 3 months	21,791	94,597
Of which UCITS(1)	*21,182*	*69,599*
SICAV(1)	*-*	*14,998*
Term certificates of deposit	*609*	*10,000*
TOTAL	**185,316**	**237,207**

(1) Measured at fair value (level 1, IFRS 7 hierarchy)

The change in net cash breaks down as follows:

	03.31.10	03.31.09
Cash and cash equivalents	185,316	237,207
Bank overdrafts and short-term loans	-120,339	-60,317
Cash and cash equivalents on the cash flow statement *	**64,977**	**176,890**

* see note 2.1.5

Note 11. Equity

Capital

As at March 31, 2010, the capital of Ubisoft Entertainment SA is €7,319,603.29, divided into 94,446,494 shares with a nominal value of €0.0775.

Each share gives rights to ownership of the corporate assets and the liquidation dividend equal to the proportion of the share capital that it represents.

Voting rights double those conferred on other shares, based on the proportion of the share capital they represent, are granted to all fully paid-up shares that are shown to have been registered in the name of the same shareholder for at least two years.

In the event of a share capital increase via the capitalization of reserves, earnings or issue premiums, this right is also conferred at the date of issue on registered shares granted free of charge to a shareholder on the basis of old shares that enjoyed this right.

Number of Ubisoft Entertainment SA shares:

As of 04.01.09	**93,856,346**
Option exercises	327,961
Group employee savings plan	262,187
As of 03.31.10	**94,446,494**

The maximum number of shares to be created is 12,860,572:

- 12,003,892 through the exercising of stock options,
- 856,680 through the granting of bonus shares.

Details are provided in note 14.

Translation reserve

The translation reserve includes all translation adjustments resulting from the translation of foreign subsidiaries in the financial statements.

Translation differences in consolidated equity went from €-41 million to €-31 million. This change resulted mainly from:

- the rise in the Canadian dollar between the closing rate on March 31, 2009 (€1 = CAD 1.6685) and the closing rate on March 31, 2010 (€1 = 1.3687), i.e. €7,741 thousand
- the decline in the US dollar between the closing rate on March 31, 2009 (€1 = $1.3308) and the closing rate on March 31, 2010 (€1 = $1.3479), i.e. €-763 thousand
- the rise in the Australian dollar between the closing rate on March 31, 2009 (€1 = AUD 1.9216) and the closing rate on March 31, 2010 (€1 = 1.4741), i.e. €1,014 thousand

Hedging reserve

The hedging reserve includes the effective part of the cumulative net change in the fair value of cash flow hedge instruments attributable to hedged transactions that have not yet materialized.

As of 03.31.09	**2,655**
Gains/losses on cash flow hedging	
Foreign-exchange hedges	-4,093
Deferred tax	1,406
Reclassification under profit and loss	
Foreign-exchange hedges	-219
Deferred tax	70
As of 03.31.10	**-181**

The portion reclassified under profit and loss is booked under current operating income.

Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of financial assets until these have been divested or impaired.

Own shares

Occasionally, the Group buys its own shares on the market. The timing of these purchases depends on the share price.

As of March 31, 2010, the Company held 94,318 of its own shares. These are measured at the average quoted price of €9.61 and are recognized as a deduction from equity for a total of €907 thousand (a reduction of €101 thousand compared with March 31, 2009, essentially due to the drop in the share price).

Dividends

At March 31, 2010, no dividend had been paid in respect of 2008/2009 earnings.

Note 12. Provisions

	Opening balance	Provisions	Reversals (provision used)	Reversals (provision not used)	Translation adjustments	Closing balance
Provision for tax risk	1,974	-	176	-	394	2,192
Other provisions for risks	10	13	-	-	-	23
TOTAL 03.31.10	**1,984**	**13**	**176**	**-**	**395**	**2,215**
TOTAL 03.31.09	**1,861**	**176**	**2**	**-**	**-51**	**1,984**

Ahead of the Ubisoft Divertissements Inc. (Canada) tax audit for 1999 to 2003, and 2004 to 2008, a bilateral transfer price agreement has been initiated with the tax authorities. Waiting for the final agreement, the provision of CAD 3 million remains unchanged.

Contingent liabilities

A tax audit is underway at Ubisoft PTY Ltd (Australia) for the period from April 1, 2004 to March 31, 2007. No proposed adjustments have been received to date. Consequently, no provisions have been made in the accounts.

A tax audit is underway at Ubisoft Canada Inc. for the period from April 1, 2003 to March 31, 2008. No proposed adjustments have been received to date. Consequently, no provisions have been made in the accounts.

Note 13. Employee benefit liabilities

	Opening balance	Provisions	Reversals	Translation adjustments	Closing balance
Provisions for post-employment benefits	1,641	89	24	4	1,710
TOTAL 03.31.10	**1,641**	**89**	**24**	**4**	**1,710**
TOTAL 03.31.09	1,699	18	95	19	1,641

Assumptions

	Japan		Italy		France	
	03.31.10	03.31.09	03.31.10	03.31.09	03.31.10	03.31.09
Wage growth	1.50%	1.50%	1.50%	1.50%	1.50 to 3%	1.50 to 3%
Discount rate	5.00%	5.20%	5.00%	5.20%	5.00%	5.20%
Average remaining working life	26 years	22 years	26 years	26 years	28.4 years	31 years

Death rate assumptions are based on published statistics and tables.

The definition and the principles for measurement and recognition of these benefit liabilities are presented in § 2.1.6.5.3 Consolidation principles – Employee benefits.

A 25 points change in the discount rate would result in a change of 5% in the amount of the benefit liability.

Note 14. Payments based on equity instruments

Impact on the financial statements:

Equity as at 03.31.09	**36,948**
Employee benefits expense	**10,078**
Stock options	*8,565*
Bonus share grants	*613*
Group employee savings plan	*900*
Equity instruments capitalized	**8,377**
Equity as at 03.31.10	**55,403**

The impact of these share-based payments on reserves corresponds to all equity instruments issued by Ubisoft as at March 31, 2010 and can be seen in the statement of changes in equity presented in §2.1.4.

Stock options

The value of instruments unsettled through share issues is estimated and set at the grant date. The expense is recognized over a four-year vesting period but is not straight-line given the vesting terms. IFRS 2 has been applied to instruments issued after November 7, 2002 for which the rights had not been acquired as at December 31, 2004 (of the following plans, only the seventh has not been restated in accordance with IFRS 2):

	7th plan	11th plan	12th plan			13th plan
Total number of shares granted [1]	1,556,260	1,552,600	1,984,200			2,711,784
Start of exercise period	01.19.05	10.14.05	11.17.05	11.17.05	07.01.05	02.23.07
End of exercise period	08,15.12	10.13.14	11.16.14	11.16.14	06.15.09 [2]	02.22.11
Strike price of options [1]	3.21 €	3.88 €	3.68 € (France)	3.87 € (Italy)	3.39 € (USA)	7.91 €
Maturity (years)	10	10	10			5
Volatility	N.A.	30%	30%			30%
Risk-free interest rate	N.A.	4%	3.9%			2.99%
Estimated dividend rate	N.A.	0%	0%			0%
Annual turnover rate	N.A.	3%	3%			3%
Fair value of options after stock split[1] (€/share)	N.A.	1.47 €	1.59 € (France)	1.53 € (Italy)	1.68 € (USA)	2.27€ (France) 1.70€ (world)
Options as of April 1, 2009 [1]	45,350	384,568	914,904			2,074,088
Options granted during the period	-	-	-			-
Options exercised during the period	17,100	34,765	135,765			140,331
Options cancelled during the period	-	1,328	7,240			67,700
Options outstanding as of 03.31.10	28,250	348,475	771,899			1,866,057

	14th plan	15th plan	16th plan	17th plan	18th plan	
Total number of shares granted [1]	3,154,800	24,072	1,804,100	1,362,500	100,160	
Start of exercise period	04.26.08	06.22.08	06.13.09	06.27.09	09.15.09	09.15.09
End of exercise period	04.25.12	06.21.12	06.13.13	06.27.13	09.15.13	09.15.13
Strike price of options [1]	17.65 €	18.77 €	27.75 €	27.66 €	29.30 € (France)	28.13 € (world)
Maturity (years)	5	5	5	5	5	5
Volatility	30%	30%	30%	30%	30%	30%
Risk-free interest rate	4.03%	4.41%	4.38%	4.38%	4.23%	4.23%
Estimated dividend rate	0%	0%	0%	0%	0%	0%
Annual turnover rate	5%	5%	5%	5%	5%	5%
Fair value of options after stock split[1] (€/share)	5.71 € (France) 4.28 € (world)	5.92 € (France) 4.37 € (world)	6.69 €	8.00 €	8.54 € (France)	6.77 € (world)
Options as of April 1, 2009 [1]	2,837,148	20,650	1,777,900	1,354,700	100,160	
Options granted during the period	-	-	-	-	-	
Options exercised during the period	-	-	-	-	-	
Options cancelled during the period	135,176	876	96,800	22,600	2,900	
Options outstanding as of 03.31.10	2,701,972	19,774	1,681,100	1,332,100	97,260	

	19th plan		20th plan		21st plan	TOTAL
Total number of shares granted [1]	3,073,400		119,755		4,500	
Start of exercise period	05.12.10	05.12.10	06.18.10		12.15.10	
End of exercise period	05.11.14	05.11.14	06.17.14		12.14.14	
Strike price of options [1]	14.92 € (France)	14.92 € (world)	15.60 € (France)	16.90 € (world)	10.04 €	
Maturity (years)	5	5	5	5	5	
Volatility	30%	30%	30%	30%	30%	
Risk-free interest rate	2.42%	2.42%	2.61%	2.61%	2.23%	
Estimated dividend rate	0%	0%	0%	0%	0%	
Annual turnover rate	5%	5%	5%	5%	5%	
Fair value of options after stock split[1] (€/share)	3.54 € (France)	2.68 € (world)	5.22 € (France)	3.37 € (world)	2.64 €	
Options as of April 1, 2009 [1]	-		-		-	9,509,468
Options granted during the period	3,073,400		119,755		4,500	3,197,655
Options exercised during the period	-		-		-	327,961
Options cancelled during the period	32,500		8,150		-	375,270
Options outstanding as of 03.31.10	3,040,900		111,605		4,500	12,003,892

[1] Following the two-for-one stock split on December 11, 2006 and November 14, 2008

[2] Limitation of the exercise period approved by the Board of Directors on November 2, 2005 to ensure compliance with the maximum period allowed by US law.

The average price of options exercised during the period was €5.46.

Bonus share grants

Bonus share grants, which are subject to performance conditions, are locked in for a four-year period following the grant date. As the shares granted are ordinary shares in the same category as the old shares that comprise the company's equity, employee-shareholders receive dividends and voting rights on all of their shares at the end of the vesting period.

The employee benefit expense corresponds to the value of instruments received by the beneficiary, which is equal to the value of shares being received, with the discounted value of dividends expected over the vesting period being zero.

	03.31.10			03.31.09		03.31.08	
Grant date	12.15.09	11.17.09	04.09.09	09.15.08	06.13.08	03.17.08	10.02.07
Maturity - Vesting period (in years)	4 years	4 years	4 years	4 years	4 years	4 years	4 years
Fair value of the instrument in € per share	9.92 €	11.21 €	15.35 €	28.80	28.44	25.65	23.86
Annual turnover	3%	3%	3%	3%	3%	3%	3%
Percentage of operating targets reached	100%	100%	100%	100%	100%	100%	100%
Number of allocated instruments	355,000	15,000	45,500	80,580	30,600	122,000	233,500
Number of cancelled instruments	-	-	1,500	-	-	-	24,000
Instruments outstanding as of 03.31.10	355,000	15,000	44,000	80,580	30,600	122,000	209,500

Group employee savings plan

Ubisoft also offers group employee savings plans, which allow workers to acquire Ubisoft shares as part of reserved capital increases. Workers acquire these shares with a maximum discount of 15% versus the average opening price over the 20 trading days prior to the Board of Directors' meeting that approved the capital increase.

The difference between the subscription price of shares and the share price on the issue date (the same as the plan's announcement date) constitutes a benefit awarded to employees. This expense is estimated and frozen on the issue date.

	03.31.10		03.31.09	
Issue date	06.18.09	04.09.09	08.29.08	04.11.08
Subscription price (in euros)	14.37	11.57	27.56	23.43
Lock-in period (in years)	5 years	5 years	5 years	5 years
Data at date of announcement to employees:				
Share price (in euros)	15.62	15.87	33.62	35.00
Number of shares subscribed to	74,476	187,711	100,896	118,232
Fair value of the benefit in € per share	**15.62**	**15.87**	**6.06**	**11.57**

Note 15. Current and non-current financial liabilities

	03.31.10	03.31.09
Bank borrowings	21,747	22,632
Borrowings resulting from the restatement of finance leases	801	50
Long-term borrowings	***22,548***	***22,682***
Bank borrowings	924	-
Bank overdrafts and short-term loans	120,224	60,212
Accrued interest	116	105
Borrowings resulting from the restatement of finance leases	172	47
Foreign exchange derivatives (1)	348	1,458
Short-term borrowings	***121,784***	***61,822***
Total	**144,332**	**84,504**
Fixed-rate debt	1,321	1,555
Variable-rate debt	140,340	80,317
Non interest-bearing debts	2,671	2,632

(1) Measured at fair value (level 2, IFRS 7 hierarchy)

Note 16. Information on the management of financial risks

In the course of its business, the Group may be exposed to varying degrees of interest-rate, foreign-exchange, financing, liquidity, counterparty and credit risks. The Group has put in place a policy for managing these risks, which is described below for each of the risks.

Interest-rate risk

Interest-rate risk is mainly incurred through the Group's interest-bearing debt. It is essentially euro-denominated and centrally managed. Interest-rate risk management is primarily designed to minimize the cost of the Group's borrowings and reduce exposure to this risk. For this purpose, the Group uses primarily fixed-rate loans for its long-term financing needs and variable-rate loans to finance specific needs related to increases in working capital during particularly busy periods.

At March 31, 2010, the Group's debt included a variable-rate loan and bank overdrafts which, given the Group's positive cash position, are used essentially to finance the high year-end working capital requirement entailed in the highly seasonal nature of the business.

Analysis of variable-rate net debt's sensitivity to interest-rate risk

The Group's exposure to a change in interest rates on net debt is presented in the following table:

Debts	Type of rate	Rate	Nominal	Interest p.a.	Change of 1%	Difference
Bank borrowing (UK)	Variable	0.983%	20,000	197	397	200
Bank borrowings	Variable	0.954%	60,000	572	1,172	600
Net cash from bank overdrafts	Variable	0.43%	-103,212	-445	-1,474	-1,030
Investment securities	Variable	0.40%	-21,791	-87	-305	-218
TOTAL			**-45,003**[(*)]	**238**	**-210**	**-448**

(*) Excluding accrued interest and finance lease borrowing

Liquidity risk

The Group's liquidity risk is mostly on the maturing of the €20 million debt on which interest is paid.

As at March 31, 2010, the Group had financial debt of €144 million and net cash (including liquid assets and short-term investment securities) of €41 million.

	03.31.10	03.31.09
Financial liabilities excluding derivatives	143,984	83,046
Cash	-163,525	-142,610
Net investment securities	-21,791	-94,597
Net cash	**-41,332**	**-154,161**

Financial debt as at March 31, 2010 consisted of borrowings amounting to €80 million and intra-group cash pooling transactions.

In order to finance temporary needs related to increases in working capital during especially busy periods, the Group has a €180 million syndicated loan, €30 million in confirmed credit facilities and €74.5 million in other bank credit facilities as of March 31, 2010.

The syndicated loan and the confirmed bank loans in place are governed by financial covenants that are based on the ratio of net debt to equity and that of net debt to Ebitda.

Covenants

Under the terms of the syndicated loan and €20 million bilateral line, the Company is required to fulfill some financial ratios (covenants).

The covenants are as follows:

	2009/2010	2008/2009
Net debt restated for assigned receivables/equity restated for goodwill <	0.80	0.80
Net debt restated for assigned receivables/Ebitda <	1.5	1.5

Furthermore, in 2006/2007, the Company contracted a €10 million credit line, which is subject to the same covenants but uses 0.9 for the net debt/equity ratio.

All covenants are calculated on the basis of the consolidated annual financial statements under IFRS.

As at March 31, 2010, the Company is in compliance with all these ratios and expects to remain so during the 2010/2011 financial year.

Other borrowings are not governed by covenants.

Analysis of financial liabilities by maturity

	03.31.10		Schedule			
	Carrying amount	Total contractual flows [1] [2]	< 1 year	1 to 2 years	3 to 5 years	> 5 years
Current and non-current financial liabilities						
Current financial debt	22,671	22,671	924	21,016	731	-
Borrowings resulting from the restatement of finance leases	973	973	172	156	286	359
Trade payables	144,499	144,499	144,499			
Other operating debts	93,617	93,617	93,617			
Current tax liabilities	3,352	3,352	3,352			
Cash liabilities	120,340	120,340	120,340			
Derivative liabilities						
Non-hedge derivatives	348	54,755	54,755			
Total	**385,800**	**440,207**	**417,659**	**21,172**	**1,017**	**359**

[1] Debts are shown at the closing exchange rate.
[2] Variable-rate interest is calculated on the basis of the closing rate.

Foreign-exchange risk

The Group is exposed to foreign exchange risk on its operating cash flows and on its investments in foreign subsidiaries. The operating net revenue% exposures outside the euro currency area reach 67%.

The Group only hedges its exposures on operating cash flows in the main significant foreign currencies (US dollar, Canadian dollar and Pound sterling). Its strategy is to hedge only one year at a time, so the hedging horizon never exceeds 18 months.

The Group first uses natural hedges provided by transactions in the other direction (development costs in foreign currency offset by royalties from subsidiaries in the same currency). The parent company uses foreign currency borrowings, forward sales or foreign-exchange options to hedge any residual exposures and non-commercial transactions (such as inter-company loans in foreign currencies).

Derivatives for which documentation on the hedging relationship does not meet the requirements of IAS 39 are not referred to as hedging instruments in the accounts.

At March 31, 2010, only foreign exchange transactions denominated in US dollars meet the cash flow hedging requirements of IAS 39.

Hedging commitments are made by the parent company's treasury department in France. No hedging is taken out at subsidiaries in France or abroad.

The fair value of foreign-exchange derivatives is confirmed by the banking counterparty. It is estimated on the basis of market conditions, using the market price the Group would have to pay to unwind its positions.

At closing, the fair value of foreign-exchange derivatives was as follows:

	03.31.10				03.31.09			
	USD	**CAD**	**GBP**	**SEK**	**USD**	**CAD**	**GBP**	**SEK**
Forward contract [1]	-467				4,109			
Swap	15				-253			
Net foreign exchange options [2]	298							
Qualifying foreign-exchange hedging derivatives	**-154**				**3,856**			
Forward contract [1]	143	1	476	-28	706	-1,329	692	-129
Net foreign exchange options [2]					302			
Non-hedge foreign-exchange derivatives	**143**	**1**	**476**	**-28**	**1,008**	**-1,329**	**692**	**-129**

[1] Spot price, based on closing rates
[2] Nominal based on strike price

- The fair value of forward sales in USD recognized in the balance sheet as at March 31, 2009 was reclassified under operating income
- The amount of the ineffective portion is recognized in the financial result.

Exposure to foreign exchange risk

	USD	GBP	CAD
Net position before hedging	88,665	87,075	-130,440
Currency futures contracts	-48,354	-27,946	-
Net position after hedging	40,311	59,129	-130,440

Credit and counterparty risk

Exposure to credit risk

Group credit risk reflects the possible financial loss in the event of the failure of a customer or counterparty to a financial instrument to meet its contractual obligations. This risk is mainly incurred on customer receivables and investment securities.

The Group's exposure to credit risk is mainly influenced by customer-specific factors. The statistical profile of customers, notably including the risk of bankruptcy for each sector of activity and country in which customers operate, has no real influence on credit risk.

Given the large number of customers in many different countries, and their presence in the mass retail sector, the Company believes the counterparty risk on trade accounts is limited.

Ubisoft's largest customer accounts for 10% of Group sales excluding tax. The top five account for 32% and the top 10 for 45%.

Moreover, in order to protect itself against the risk of arrears, the Group's main subsidiaries, which generate approximately 82% of Group sales, are all covered by credit insurance.

At the year-end, the maximum credit risk exposure, represented by the carrying amount of financial assets, is as follows:

			03.31.10		03.31.09
	Notes	Carrying amount	Provisions	Net carrying amount	Net carrying amount
Asset-held-for sale	9	32,486	-	32,486	15,053
Trade receivables	7	71,020	2,272	68,748	69,534
Other current trade receivables	8	89,159	-	89,159	72,091
Foreign exchange derivatives used for hedging	9	785	-	785	5,557
Current tax assets		25,080	-	25,080	19,039
Cash and cash equivalents	10	185,316	-	185,316	237,207

Exposure to counterparty risk

All cash must remain highly liquid, and the risk to the capital investment must be as minimal as possible. Cash must therefore be invested in products that are very secure and have very low volatility. All instruments in which the Group invests meet the requirements of IFRS 7. For instance, some prudential rules must be respected for the Group's cash investments:

- never hold more than 5% of a fund's assets;
- never invest more than 20% of total cash in the same vehicle.

The Group diversifies its investments with top tier counterparties, using under three months' maturity money-market vehicles.

As at March 31, 2010, the Group's cash was invested in cash UCITS and certificates of deposit with maturities of under three months. There is no investment in highly liquid dynamic monetary mutual funds.

Securities risk

Risk to the company's shares

Own shares is held under a market-making and liquidity agreement signed with Exane BNP. These purchases are made under the terms of a market-making agreement that complies with all applicable regulations, and are designed to ensure the liquidity of purchases and sales of shares.

As of March 31, 2010, the Company held 94,318 of its own shares with a value of €907 thousand. Own shares are deducted from equity at cost of sale.

Risk on other securities

At March 31, 2010, financial assets included €32.5 million of shares in the listed company Gameloft. These are classified as assets-held-for sale as per IAS 39. The increase in the fair value of this asset compared with March 31, 2009 has been recognized by increasing the consolidated reserves by €17.5 million.

Information on the valuation of these shares is presented in note 9.

Reconciliation by accounting class and category

	Notes	Hierarchy IFRS 7	03.31.10 Carrying amount	03.31.10 Fair value	03.31.09 Carrying amount	03.31.09 Fair value
Assets recognized at fair value						
Foreign exchange derivatives	9	2		785		5,557
Equity swap derivatives	9	1		32,486		15,053
Equity investments in non-consolidated companies	5	2		233		296
Assets recognized at amortized cost						
Trade receivables	7		68,748		69,534	
Other trade receivables	8		89,159		72,091	
Current tax assets			25,080		19,039	
Deposits and sureties	5		3,237		3,019	
Other non-current receivables	5		143		39	
Cash and cash equivalents	10		185,316		237,207	
Liabilities recognized at fair value						
Foreign exchange derivatives	15	2		-348		-1,458
Liabilities recognized at amortized cost						
Borrowings	15		-143,984		-83,046	
Trade payables	17		-144,499		-136,664	
Other operating debts	18		-93,617		-76,867	
Current tax liabilities			-3,352		-19,993	

Note 17. Trade payables

Trade payables	As of 03.31.09 Gross	Cash flows from operating activities (result)	Reclassifications	Changes in scope	Translation adjustments	As of 03.31.10 Gross
Trade payables	136,473	4,204	17	95	2,110	142,899
Amounts due to suppliers of non-current assets	191	1,426	-17	-	-	1,600
TOTAL 03.31.10	**136,664**	**5,630**	**-**	**95**	**2,110**	**144,499**
TOTAL 03.31.09	**177,903**	**-45,380**	**-**	**1,042**	**3,099**	**136,664**

Trade payables include commitments made under license agreements for the amount specified in the agreement including the portion not yet paid.

As of March 31, 2010, these unpaid commitments amounted to €59,114 thousand. They were €68,335 thousand the previous year.

As these debts are short-term and do not bear interest, a change in interest rates does not represent a significant interest-rate risk.

Note 18. Other liabilities

	03.31.10	03.31.09
Advances and prepayments received	19	61
Employee-related liabilities	48,717	41,342
Other tax liabilities	31,378	20,579
Other liabilities	8,144	8,827
Deferred income[1]	5,359	6,060
TOTAL	93,616	76,867

(1) Deferred income includes €2.7 million in prepaid revenue at Hybride Technologies Inc. and €1.2 million in prepaid revenue at Ubisoft Entertainment Inc.

Other liabilities are due in under a year, with the exception of an amount of €1 million relating to the acquisition of Hybride Technologies Inc. and an amount of €3.7 million relating to the acquisition of Nadeo SAS.

2.1.6.8 Notes to the income statement

Note 19. Sales

	03.31.10	03.31.09
Sales of goods	838,117	1,027,668
Licenses	19,510	20,817
Services	13,327	9,441
TOTAL	870,954	1,057,926

In order to bring the reports of the US subsidiary into line with the Group's accounting principles, an amount of €7.8 million was reclassified from sales to marketing costs for the financial year, which had the effect of increasing the sales by the same amount.

At current exchange rates, sales fell by 17.66%; at constant exchange rates, there was a decline of 17.74%.

Note 20 Operating expenses by destination

The increase of €52,9 million in research and development costs, which represent 35.8% of sales (€311.4 million), compared with 24.4% in 2008/09 (€258,5 million), is mainly due to accelerated and advance depreciation amounting to almost €60 million over the financial year.

The stabilization of SG&A expenses in terms of value (€273,0 million compared with €268,8 million) and the increase as a percentage of sales to 31.3% compared with 25.4% in 2008/09 is due to:

- An increase in variable marketing expenses to 17.6% of sales (€153,6 million), compared with 14.8% (€156.9 million) in 2008/09,
- An increase in structural costs to 13.7% of sales (€119.4 million), compared with 10.5% (€111.1 million) in 2008/09.

Note 21. Operating expenses by nature

Employee benefits expense

	03.31.10	03.31.09
Salaries and payroll taxes	308,158	254,747
Wage subsidies	-52,944	-39,163
Share-based payments (*)	18,455	16,855
Portion of share-based payments capitalized	-8,377	-
TOTAL	**265,292**	**232,439**

(*)See breakdown in note 14.

For the 2009/2010 financial year, €8.3 million was capitalized, of which €2 million was amortized.

The Group had total expenses of €8,656 thousand on its defined contribution plans.

Grants break down as follows:

Canada:

- Crédit Multimédia, €28,362 thousand: this grant accounts for 37.5% of wages on production activities,
- €9,626 thousand Research and Development tax credit, representing 50% of R&D costs;
- €1,538 thousand for a portion of training costs,
- €5,332 thousand in assorted other grants.

France:

- €3,933 thousand in research tax credits;
- €2,337 thousand in video game tax credits;

Amounts corresponding to research and video game tax credits are now booked in operating income.

Other countries: €1,816 thousand.

Certain grants are contingent upon the generation of taxable income.

Amortization and provisions

			03.31.10		
	TOTAL	Cost of sales	R&D costs	Marketing costs	Administrative and IT costs
Amortization of intangible assets	295,483	12	293,913	465	1,054
Released commercial software	*203,014*	*-*	*203,014*	*-*	*-*
External developments	*86,404*	*-*	*86,404*	*-*	*-*
Office software	*5,908*	*59*	*4,379*	*453*	*1,017*
Other	*157*	*2*	*116*	*12*	*27*
Amortization of property, plant and equipment	10,995	98	8,547	728	1,621
Buildings	*93*	*1*	*69*	*7*	*16*
Fixtures and fittings	*2,235*	*23*	*1,658*	*172*	*382*
Computer hardware and furniture	*7,054*	*73*	*5,233*	*541*	*1,206*
Development kits	*1,512*	*-*	*1,512*	*-*	*-*
Transport equipment	*101*	*1*	*75*	*8*	*17*
TOTAL Amortization 03.31.10	**306,478**	**159**	**302,460**	**1,193**	**2,675**
TOTAL Amortization 03.31.09	**235,370**	**125**	**230,245**	**930**	**4,069**

	TOTAL	Cost of sales	03.31.10 R&D costs	Marketing costs	Administrative and IT costs
Provisions for trade receivables	677	-	-	561	116
Provisions for risks and charges	-176	-	-	-	-176
Provisions for post-employment liabilities	65	-	-	-	65
Provisions for lawsuits	13	-	-	-	13
TOTAL Provisions 03.31.10	**579**	**-**	**-**	**561**	**18**
TOTAL Provisions 03.31.09	**253**	**-**	**-**	**174**	**79**

Note 22. Net financial income

	03.31.10	03.31.09
Income from cash	*1,426*	*4,133*
Interest on borrowings	*-1,972*	*-3,204*
Cost of net financial debt	-546	929
Foreign-exchange gains	*39,190*	*39,662*
Foreign-exchange losses	*-33,944*	*-45,005*
Foreign-exchange income [(1)]	5,246	- 5,343
Disposal of the equity swap on Ubisoft shares	*-*	*8,862*
Net income on the disposal of financial assets	*-54*	*-16*
Other financial income	*86*	*-*
Disposal of the equity swap on Gameloft shares	*110*	*-*
Financial income	142	8,846
Fair value adjustment of financial assets	*-*	*-8,661*
Other financial expenses	*-92*	*-611*
Financial expenses	-92	-9,272
TOTAL	**4,750**	**-4,840**

[(1)] The foreign-exchange income is mainly linked to changes in the Australian dollar (€2.3 million), the Canadian dollar (€1.2 million), the pound sterling (€2.4 million) and the US dollar (€-1.1 million).

Note 23. Share of profit of associates

The share of profit of associates is attributable to the Related Designs Software GmbH associate.

Note 24. Income tax and deferred taxes

Analysis of tax liabilities (savings):

	03.31.10	03.31.09
Current tax	-11,588	-26,196
Deferred tax	35,212	-13,596
TOTAL	**23,624**	**-39,792**

Taxes were calculated for French companies based on the rate prevailing on March 31, 2010, which was 33.33%.

There are three tax consolidation groups:

- In France, the tax group includes all French companies, with the exception of those created during the financial year. As at March 31, 2010, the tax group generated a tax deficit of €171,576 thousand, including a net increase of €69,726 thousand in accelerated tax depreciation. As the tax deficit was generated mainly by amortization on intangible assets, the deferred tax asset relating to the tax deficit reduced the deferred tax liability relating to the accelerated tax depreciation.
  Any tax savings arising from the use of losses at the tax group's member companies will only be temporary, since the company in question may use them at any time for its own purposes.
- In the United States, the group includes three companies: Ubisoft Holdings Inc., Red Storm Entertainment Inc. and Ubisoft Inc. As of March 31, 2010, the tax group generated a tax expense of €3,470 thousand.
- In the UK, the group includes two companies: Ubisoft Limited and Ubisoft Entertainment Limited. As of March 31, 2010, the tax group generated tax income of €49 thousand.

Reconciliation between the theoretical tax liability and the recognized tax liability:

	03.31.10
Consolidated income excluding GW, tax, profit from associates, and excluding income from discontinued activities	-66,980
Theoretical tax (33.33%)	-22,327
Payments of tax deferred from previous years:	
Impact of supplementary tax	-1,199
Impact of changes in the rate on the tax basis	-1,260
Impact of permanent differences between corporate income and consolidated earnings:	
Payroll top-up under IFRS 2	3,801
Cancellation of provisions for impairment of goodwill	-309
Cancellation of studio margin	-716
Other permanent differences	192
Impact of permanent differences between corporate income and taxable income:	1,039
Taxation of foreign companies at different tax rates	37
Other adjustments	
Other local taxes	-2
Tax credit	-2,881
Total income tax	**-23,624**
Real tax rate	**35.27%**

Deferred tax

Breakdown by nature of tax on the balance sheet and income statement:

	03.31.09	Change in income	Change in equity	Carried over from business combinations	Other reclassifications	03.31.10
Intangible assets						
Elimination of margin on intangible assets	4,449	-71				4,378
Elimination of other internal profits	38	-38				-
Non-current financial assets	2,982		4,631			7,613
Receivables (*capitalized deficits*)	1,454	66			-443	1,077
Hedging derivatives	502	-438	52			116
Other						
Temporary tax differences	31,028	6,545	147		13,972	51,692
Other consolidation adjustments	924	84				1,008
Total deferred tax assets	**41,377**	**6,148**	**4,830**	**-**	**13,539**	**65,884**
Intangible assets						
Brands	-4,721	40		-667	29	-5,319
Accelerated tax depreciation on software development expenses	-38,916	35,227				-3,689
Receivables (*subsidies*)	-13,066	-6,732				-19,798
Derivatives (*foreign-exchange hedges*)	-1,328		1,328			-
Other	-2,289	-1,717	425	-535		-4,116
Total deferred tax liabilities	**-60,320**	**26,818**	**1,753**	**-1,202**	**29**	**-32,922**
TOTAL net deferred taxes	**-18,943**	**32,967**	**6,583**	**-1,202**	**13,558**	**32,962**

Deferred tax assets

Expiry of deferred tax assets as at March 31, 2010:

- short-term: €23,097 thousand
- long-term: €42,787 thousand

Deferred income tax assets are recognized if their recovery is likely, particularly when taxable profit is expected during the period of validity of the deferred tax assets.

Because of a transfer price policy implemented by the Group, the distribution companies and companies fulfilling support functions systematically report operating profits; similarly, the studios invoice salaries with a margin that includes their overheads.

Capitalized/uncapitalized deficits:

in thousands of euros	03.31.10			03.31.09		
	Capitalized deficits	**Uncapitalized deficits**	**TOTAL**	**Capitalized deficits**	**Uncapitalized deficits**	**TOTAL**
Tax group France	57,289	377	57,666	1,109	-	1,109
Ubisoft PTY Ltd (Australia)	-	-	-	177	-	177
Ubisoft divertissement Inc (Canada)	204	-	204	-	-	-
Ubisoft Arts Numeriques Inc (Canada)	574	-	574	-	-	-
Shanghaï Ubi Computer Software Co., Ltd	97	-	97	122	-	122
Chengdu Ubi Computer Software Co., Ltd.	-	-	-	46	-	46
Ubisoft SA (Spain)	104	-	104		-	-
Sunflowers GmbH		681	681		1,482	1,482
TOTAL	**58,268**	**1,058**	**59,326**	**1,454**	**1,482**	**2,936**

The expiry of tax loss carry-forwards breaks down as follows:

- from 1 to 5 years: €97 thousand
- from 5 to 20 years: €883 thousand
- no expiry: €59,748 thousand

Deferred tax liabilities

The Canadian subsidiary benefits from multimedia credits. As these credits are taxable in the year in which they are used but are recognized on a fiscal year basis, the Company recognizes a future tax liability for this item.

Expiry of deferred tax liabilities:

- short-term: €6,882 thousand
- long-term: €26,039 thousand

As permitted under the provisions of Article 236 of the French General Tax Code, Ubisoft Entertainment SA opted to immediately expense software development costs where design started during the period. The amounts involved were €59 million for in-house software and €11 million for external software over the year. In accordance with IAS 12, the cancellation of the accelerated tax depreciation generates a deferred tax liability.

Note 25. Earnings per share

Earnings from continuing operations at March 31, 2010 €-43,672 thousand
Weighted average number of shares in circulation: 94,191,556
Dilutive shares: 2,340,740
Weighted average number of shares after exercise of the rights on dilutive instruments: 96,532,296
Diluted earnings per share from continuing operations as at March 31, 2010 = €-0.45

2.1.6.9 **Other notes**

2.1.6.9.1 Income statement by nature

in thousands of euros	03.31.10	03.31.09
Sales	**870,954**	**1,057,926**
Other operating income	284,345	215,904
Cost of goods	-337,890	-435,734
Changes in inventories of finished goods and work in progress	-15,817	21,485
Employee benefits expense	-265,292	-232,439
Other operating expenses	-294,712	-272,061
Taxes and duties	-6,204	-7,565
Depreciation and amortization	-306,480	-235,368
Provisions	-580	-254
Operating profit (loss) from continuing operations	**-71,676**	**111,894**
Fair value adjustment	-367	-
Other operating expenses	-905	-777
Other operating income	852	2,347
Operating profit (loss)	**-72,096**	**113,464**
Interest on borrowings	-1,972	-3,203
Income from cash	1,426	4,132
Net borrowing cost	*-546*	*929*
Foreign-exchange income	5,246	-5,343
Other financial expenses	-92	-9,272
Other financial income	142	8,846
Net financial income	**4,750**	**-4,840**
Share in profit of associates	50	15
Income tax	23,624	-39,791
Profit (loss) for the period (*)	**-43,672**	**68,848**

Earnings per share – Continuing operations		
Basic earnings per share (in euros)	-0.46	0.74
Diluted earnings per share (in euros)	-0.45	0.71

(*) The profit (loss) for the period is entirely attributable to equity holders

2.1.6.9.2 Segment reporting

In accordance with IFRS 8, the Group produces segment reports.
The application of IFRS 8 has not altered the definition of segments compared with those used as at March 31, 2009.
The Group provides segment reports based on geographic sectors for distribution. The breakdown by geographic region is given for three segments, according to the distribution of the Group's assets:

- Distribution for EMEA region (corresponding to APA zone)
- Distribution for North America region
- Parent company and rest of world (sales mainly relative to licence contracts)

The Group's operating activities are organized and managed separately, according to the type of market.

(1) Breakdown of earnings by geographic region

	03.31.10				03.31.09			
	Parent company and rest of world	Distribution for EMEA region	Distribution for North America region	GROUP	Parent company and rest of world	Distribution for EMEA region	Distribution for North America region	GROUP
Sales	**24,151**	**480,789**	**366,014**	**870,954**	**10,810**	**625,910**	**421,206**	**1,057,926**
Cost of sales	-469	-227,050	-130,599	-358,118	-766	-271,041	-146,660	-418,467
Intersegment [1]	253,344	-127,573	-125,772	-	344,548	-185,329	-159,218	-
Gross margin	**277,026**	**126,166**	**109,643**	**512,836**	**354,592**	**169,540**	**115,328**	**639,459**
R&D costs	-307,008	-1,948	-447	-309,403	-240,603	-1,742	-3,961	-246,306
Marketing costs	-7,832	-103,144	-85,139	-196,115	-6,618	-114,976	-82,612	-204,206
Administrative and IT costs	-29,274	-22,668	-14,952	-66,894	-27,607	-22,232	-10,360	-60,199
Current operating income before share-based payments	**-67,088**	**-1,594**	**9,105**	**-59,577**	**79,764**	**30,590**	**18,395**	**128,749**
Share-based payments [2]	-12,099	-	-	-12,099	-16,855	-	-	-16,855
Current operating income	**-79,187**	**-1,594**	**9,105**	**-71,676**	**62,909**	**30,590**	**18,395**	**111,894**

[1] Invoicing of products purchased on behalf of subsidiaries and reinvoiced at their purchase price. The parent company and Ubisoft EMEA SAS invoice subsidiaries for a contribution in the form of royalties that serve to support development costs (amortization of games, internal and external development, royalties, etc.) and headquarters costs.
[3] Expenses linked to share-based payments are recognized by the parent company but relate to employees in all geographic regions

Other items in the income statement, particularly other operating income and expenses, financial income and expenses and taxes are not monitored segment by segment and are considered to relate to the Group as a whole and in a general way.

(2) Breakdown of assets by geographic region

	03.31.10				03.31.09			
	Parent company and rest of world	Distribution for EMEA region	Distribution for North America region	GROUP	Parent company and rest of world	Distribution for EMEA region	Distribution for North America region	GROUP
Total assets	**978,912**	**109,717**	**95,488**	**1,184,117**	**958,054**	**94,586**	**81,088**	**1,133,728**

2.1.6.9.3 Related party transactions

1/ Compensation of managers of the Company and of the controlling and/or controlled companies

Senior management essentially comprises the corporate officers.

Messers Guillemot are remunerated for their positions as CEO and Executive Vice Presidents. This is fixed compensation and they do not have employment contracts.

The total gross compensation paid to managers during the financial year by Ubisoft Entertainment SA, by controlled companies within the meaning of IAS 24.16 (Gameloft SA) and by companies controlling those in which they held their positions (Guillemot Brothers SA and Guillemot Corporation SA) was €2,901 thousand, of which €866 thousand was paid by Ubisoft Entertainment SA.

During the 2009/2010 financial year, members of the Board of Directors received €150 thousand in directors' fees.

No commitments have been made by the Company in favor of its corporate officers related to their termination or change in responsibilities.

There are no agreements to compensate Board members if they resign or are dismissed without real cause, or if their employment is terminated due to a public offering.

	03.31.10	03.31.09
Short-term benefits [1]	1,016	956
Post-employment benefits	N/A	N/A
Other long-term benefits	N/A	N/A
Compensation for termination of employment contract	N/A	N/A
Share-based payments [2]	707	685
TOTAL	**1,723**	**1,641**

N/A: not applicable

[1] Includes fixed compensation, benefits in kind and directors' fees recognized for the financial year

[2] This is the expense for the financial year for share-based payments calculated in accordance with IFRS2. No performance shares were granted to the directors holding corporate office

Section 1.4.5 of the Financial Report contains a detailed description of the pay and benefits granted to the corporate officers of the Group.

In accordance with Article L.225-43 of the French Commercial Code, no loans or advances were made to the Company's directors.

2/ Transactions with other related parties

License contracts with Gameloft SA, April 1, 2002 and January 28, 2009:

Amount of royalties invoiced over the year: €797 thousand

There are no other significant transactions with related parties.

Ubisoft Entertainment SA has acquired no treasury stock from related parties.

2.1.6.9.4 Off-balance sheet commitments

2.1.6.9.4.1 Guarantees and sureties:

		03.31.10	Expiry	03.31.09
Guarantees and sureties given		**61,479**		**79,962**
Obligor (1)	Type of guarantee			
Ubisoft Divertissement Inc.	Lease payment guarantee	643	01.31.13	527
Ubisoft Inc.	Guarantee of commercial commitments	7,419	End of commercial relationship	7,514
Ubisoft Ltd	Loan guarantee	20,000	12.29.11	20,000
Ubisoft Ltd	Lease payment guarantee	1,191	06.15.16	1,893
Ubisoft Ltd	Lease payment guarantee	1,191	06.15.16	1,139
Ubisoft SA	Lease payment guarantee	562	07.21.12	803
Ubisoft Entertainment Ltd	Lease payment guarantee	1,484	12.21.15	1,419
Ubisoft Productions France	Lease payment guarantee	5,360	04.30.18	5,360
Ubisoft Inc.	Stand by letter	7,419	09.30.10	-
Ubisoft EMEA SAS	Stand by letter	10,000	06.15.10	-
Ubisoft Entertainment Sweden AB	Lease payment guarantee	515	12.31.14	457
Red Storm Entertainment Inc.	Lease payment guarantee	5,044	04.30.19	5,216
Ubisoft Vancouver Inc.	Lease payment guarantee	614	08.01.11	-
Ubisoft Inc.	Stand by letter	-		4.509
Ubisoft Inc.	Stand by letter	-		6.011
Ubisoft EMEA SAS	Stand by letter	-		25.000
Collateralized guarantees given		**N/A**		**N/A**
Outstanding notes receivable discounted		**N/A**		**N/A**

(1) Only commitments of over €500 thousand are described.

2.1.6.9.4.2 Leases:

- Finance leases:

Initial value	Amortization	Net amount	Lease payments made	Remaining lease payments		Residual value
				- 1 year	+ 1 year	
1,382	183	1,199	141	168	762	0

The finance leases relate to one building, computer hardware and transport equipment.

- Operating leases:

These primarily include €16,131 thousand in property leases, none of which exceed 10 years.

2.1.6.9.4.3 Authorizations

In order to finance temporary needs related to increases in working capital during especially busy periods, the company has a €180 million syndicated loan, €30 million in confirmed credit facilities, and other bank credit facilities. These totaled €74.5 million at March 31, 2010.

2.1.6.9.4.4 Other commitments

The Group has no other material off-balance sheet commitments.

2.1.6.9.5 Staff

Permanent staff broke down as follows at March 31, 2010:

	03.31.10	03.31.09
North America	2,885	2,609
Europe and North Africa	2,630	2,297
Asia/Pacific	887	859
TOTAL	**6,402**	**5,765**

The average headcount in 2009/2010 was 6,144.

The Group has no employee profit-sharing programs.

2.1.6.9.6 Events after the balance sheet date

N/A

2.1.6.9.7 Professional fees of the statutory auditors and members of their networks

(Document prepared in accordance with Article L. 222-8 of the internal regulations of the Autorité des Marchés Financiers – AMF)

in thousands of euros	Audit AMLD			
	Amount (excluding tax)		%	
	2009/2010	2008/2009	2009/2010	2008/2009
Audit				
- Statutory audit, certification, review of the individual and consolidated financial statements				
Issuer	128	138	36%	39%
◦ Fully consolidated subsidiaries	224	214	64%	61%
- Other verifications and services directly related to the auditor's work				
Issuer	-	-	-	-
◦ Fully consolidated subsidiaries	-	-	-	-
Subtotal	**352**	**352**	**100%**	**100%**
Other services rendered by the networks of the fully consolidated subsidiaries				
- Legal, tax, social	-	-	-	-
- Other (> 10% of audit fees)	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**
Total	**352**	**352**	**100%**	**100%**

in thousands of euros	KPMG			
	Amount (excluding tax)		%	
	2009/2010	2008/2009	2009/2010	2008/2009
Audit				
- Statutory audit, certification, review of the individual and consolidated financial statements				
Issuer	211	238	34%	40%
◦ Fully consolidated subsidiaries	411	350	66%	60%
- Other verifications and services directly related to the auditor's work				
Issuer	-	-	-	-
◦ Fully consolidated subsidiaries	-	-	-	-
Subtotal	**622**	**588**	**100%**	**100%**
Other services rendered by the networks of the fully consolidated subsidiaries				
- Legal, tax, social	-	-	-	-
- Other (> 10% of audit fees)	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**
Total	**622**	**588**	**100%**	**100%**

2.2 *Report for the consolidated account statements for the fiscal year ending March 31, 2010*

This is a free translation into English of the statutory Auditors' report on the consolidated account statements issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Dear Shareholders,
Pursuant to the assignment entrusted to us by your Board of Directors, we hereby present our report for the fiscal year ended March 31, 2010 with regard to the following:

- the consolidated financial statements of Ubisoft Entertainment S.A, as attached to this report;
- the basis for our assessment ;
- the specific verification required by law.

The consolidated financial statements have been prepared by the Board of Directors. It is our task to express an opinion on these financial statements on the basis of our audit.

1-Opinion regarding the consolidated financial statements

We have conducted our audit in accordance with accepted professional standards in France. These standards require due diligence in order to ascertain with reasonable certainty that the consolidated financial statements contain no material anomalies. An audit consists in verifying, on a test basis or by means of other methods of selection, elements to the amounts and information contained in the financial statements. It also involves assessing the accounting principles applied, the significant estimates reserves and the global presentation of the financial statements. It is our view that the elements that we collected are sufficient and adapted to base our opinion

We hereby certify that, from the standpoint of IFRS standards as adopted in the European Union, the consolidated financial statements give a true and fair view of the assets, financial position and results of the group comprising the consolidated persons and entities.

Without contesting our opinion above, we draw your attention to the note "Comparability of financial statements" to the consolidated financial statements which describe:

- The change on accounting methods referring the use of the new standards IFRS 8 and IAS 1 revised, and the changes on presentation method of the income statement according to destination;

- The method of measurement referring to integration of cost of share-based payments in the development cost of in-house software.

2 - Basis for assessment

The actual economic crisis impacts firms on their activity. The accounting measurements concerning the achievement of the consolidated financial statements as 31st March, 2010 were made in that context.

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code regarding the basis for assessment, we call your attention to the following items:

Changes in accounting methods

- The note « declaration of conformity » of the consolidated financial statements detailed the change in accounting method further the application of the new standards IFRS 8 about operating segments and the standard IAS 1 (revised) about the presentation of Financial Statements

As part of our assessment of the accounting principles applied by your company, we have examined the correct last fiscal year application and of the information provided in the note « declaration of conformity ».

- The note “Comparability of financial statements” of the consolidated financial statements describes the changes in the presentation of income statement according to destination. Pursuant IAS 8, the comparative information referring the last fiscal year and presented in the consolidated financial statements, was restated to take into account, in a retrospective way, this change of method of presentation. Therefore, the comparative information is different to the consolidated financial statements published for last fiscal year.

As part of our assessment of the accounting principles applied by your company, we have examined the correct last fiscal year income statement restatement.

Accounting estimates

- The note of the consolidated financial statements « Comparability of financial statements” describes the method of measurement referring to integration of cost of share-based payments in the development cost of in-house software.

As part of our assessment of the accounting rules and principles applied by your company, we have verified the appropriateness of the accounting methods indicated above and of the information provided in the notes, and have ensured their correct application

The company proceeds systematically, at the end of each fiscal year, to an impairment tests on goodwill and on undefinite useful life assets and also evaluates if there is an indication of loss in value of other intangible assets, according to the methods described in the explained note “Non-current-assets impairment tests”. We have reviewed the procedures for conducting these impairment tests, as well as the cash flow forecasts and assumptions used, and verified that the above note provide appropriate information.

- Our assessments were made within the context of our audit of the consolidated financial statements as a whole, and therefore provided a basis for the opinion expressed in the first part of this report.

3- Specific verification

We have also carried out the specific verification required by law of the information provided in the Management report of the Group.

We have no comments regarding the accuracy of this information and its consistency with the consolidated financial statements.

By the statutory auditors

Nantes, June 11, 2010
KPMG Audit
A division of KPMG S.A.

Franck Noël
Partner

Rennes, June 11, 2010
Audit AMLD

Jean-Marc Bresson
Partner

2.3 *Corporate financial statements of Ubisoft Entertainment SA for the year ended March 31, 2010*

2.3.1 Ubisoft Entertainment SA balance sheet

ASSETS	Notes	03.31.10 Gross € thousand	03.31.10 Dep./amort. € thousand	03.31.10 Net € thousand	03.31.09 Net € thousand
Intangible assets	1	1,080,979	678,844	402,135	370,367
Property, plant and equipment	2	6,806	3,942	2,864	2,286
Non-current financial assets	3	300,573	1,272	299,301	274,876
Non-current assets		**1,388,358**	**684,058**	**704,300**	**647,529**
Advances and prepayments made	4	35,650	-	35,650	36,753
Trade receivables	5	77,429	-	77,429	65,235
Other receivables	6	128,841	-	128,841	102,705
Investment securities	9	21,182	-	21,182	94,543
Cash and cash equivalents	9	67,524	-	67,524	49,747
Current assets		**330,626**	**-**	**330,626**	**348,983**
Prepaid expenses and deferred charges	10	2,374	-	2,374	3,938
Total assets		**1,721,358**	**684,058**	**1,037,300**	**1,000,450**

LIABILITIES	Notes	03.31.10 € thousand	03.31.09 € thousand
Capital		7,320	7,274
Premiums		454,149	449,162
Reserves		84,764	84,753
Profit carried forward		33,542	-
Earnings for the period		-153,066	33,553
Regulated provisions		182,825	113,099
Equity	**14**	**609,534**	**687,841**
Provisions for risks and charges	13	147	18
Borrowings [1] [2]	15	108,633	56,841
Miscellaneous financial liabilities [3]	15	137,210	92,207
Trade payables		118,253	119,499
Tax and employee-related liabilities	7	7,983	21,549
Liabilities on non-current assets		2,383	396
Other liabilities	16	53,116	17,959
Total liabilities		**427,578**	**308,451**
Accrued expenses and deferred income	17	41	4,140
Total liabilities and equity		**1,037,300**	**1,000,450**
[1] of which current portion of borrowings		108,633	56,841
[2] of which current bank credit facilities and bank credit balances		108,633	56,841

2.3.2 Ubisoft Entertainment SA income statement

	Notes	For the 12 months ended 03.31.10 € thousand	For the 12 months ended 03.31.09 € thousand
Production for the period	18	558,548	576,476
Other operating income and reinvoiced costs	19	126,181	11,227
Total operating income		**684,729**	**587,703**
Other purchases and external expenses	20	388,585	320,963
Taxes and duties		1,546	2,210
Employee benefits expense		930	944
Other expenses	20	410	198
Depreciation, amortizations and provisions	21	395,475	197,811
Total operating expenses		**786,946**	**522,126**
Operating profit (loss)		**-102,217**	**65,577**
Share of profits of associates		161	1,552
Income from other securities and receivables on non-current assets		25	191
Other interest received [(1)]		1,251	67,717
Reversal of provisions		9,284	10,515
Foreign-exchange gains		38,925	25,118
Net proceeds on sale of investment securities		194	2,393
Total financial income		**49,840**	**107,486**
Provisions		1,558	3,914
Other interest paid [(2)]		1,933	3,737
Foreign-exchange losses		28,309	29,588
Total financial expenses		**31,800**	**37,239**
Net financial income	22	**18,040**	**70,247**
Profit (loss) before tax from continuing operations		**-84,177**	**135,824**
Non-recurring items	23	**-69,675**	**-88,739**
Profit (loss) before tax		**-153,852**	**47,085**
Income tax	24	-786	13,532
Profit (loss) for the period		**-153,066**	**33,553**
[(1)] of which income relating to associates		1,240	2,339
[(2)] of which expenses relating to associates		818	2,716

2.3.3 Statement of changes in equity

IN THOUSANDS OF EUROS	Balance as of 03.31.09	Allocation of 2008/2009 earnings	Capital increase in cash	2009/2010 earnings	Increase in regulated provisions	Decrease in regulated provisions	Balance as of 03.31.10
Capital	7,274	-	46	-	-	-	7,320
Premiums	449,162	-	4,987	-	-	-	454,149
Legal reserve	717	11	-	-	-	-	728
Other reserves	84,036	-	-	-	-	-	84,036
Profit carried forward	-	33,542	-	-	-	-	33,542
Earnings for the period	33,553	-33,553	-	-153,066	-	-	-153,066
Regulated provisions	113,099	-	-	-	207,087	137,361	182,825
TOTAL	**687,841**	**-**	**5,033**	**-153,066**	**207,087**	**137,361**	**609,534**

2.3.4 Cash flow statement

	Notes	03.31.10 € thousand	03.31.09 € thousand
Cash flows from operating activities			
Earnings		-153,066	33,553
Net depreciation and amortization of property, plant and equipment and intangible assets	19-21	282,197	197,615
Changes in provisions	22-23	62,001	82,050
(Gains) losses on disposal of non-current assets		-152	1,430
Net cash generated by operating activities		**190,980**	**314,648**
Trade receivables	5	-12,194	1,316
Advances and prepayments made *	4	4,096	-31,535
Other assets		-23,029	-36,728
Trade payables *		9,962	71,334
Other liabilities		19,496	-7,632
Total changes in working capital **		**-1,669**	**-3,245**
Net cash from operating activities		**189,311**	**311,403**
Cash flows from investing activities			
Acquisitions of intangible assets *	1	-332,560	-330,001
Acquisitions of property, plant and equipment	2	-1,118	-562
Acquisitions of equity investments	3	-69,011	-21,265
Acquisitions of other non-current financial assets	3	-29,573	-62,487
Disposals of non-current assets		7,075	34
Repayment of loans and other non-current financial assets	3	78,468	62,739
Net cash used by investing activities **		**-346,719**	**-351,542**
Cash flows from financing activities			
Capital increase	14	46	109
Increase in issue premium	14	4,987	12,690
Deferred expenses		-	-850
Change in current accounts		45,003	25,750
Net cash generated by financing activities		**50,036**	**37,699**
Change in cash and cash equivalents		**-107,372**	**-2,440**
Net cash position at beginning of fiscal year	9	87,445	89,888
Net cash position at end of fiscal year	9	-19,927	87,448

* including a change of €-9,221 thousand linked to commitments guaranteed but not paid under trade payables, €-10,975 thousand in intangible assets and €1,754 thousand in advances and prepayments made
** cf comparability of financial statements

,

2.3.5 Notes to the corporate financial statements

The notes and tables that follow, presented in thousands of euros, are an integral part of the annual financial statements for the financial year ended March 31, 2010 and constitute an appendix to the balance sheet. The financial statements are prepared in accordance with French accounting standards.

The financial year covered the 12-month period from April 1, 2009 to March 31, 2010.

2.3.5.1 Highlights of the financial year

2.3.5.1.1 Acquisition/creation of subsidiaries

- **October 2009: Acquisition of the video games developer Nadéo SAS in France**

This new studio represents a major step in Ubisoft's development in the field of online games. This studio is wholly owned by Ubisoft Entertainment SA; the interest is worth €9.7 million.

- **Opening of subsidiaries:**
  - July 2009: creation of the studio Ubisoft Design Montpellier SARL (France),
  - November 2009: creation of the subsidiary Ubisoft Talent Management SARL (France),
  - December 2009: creation of the subsidiary Ubisoft IT Project Management SARL (France),
  - January 2010: creation of the studio Ubisoft Innovation SARL (France),
  - March 2010: creation of the studio Ubisoft Créa SARL (France).

2.3.5.1.2 Subscription to capital increases

Ubisoft Entertainment SA increased its interest in:
- Ubisoft EOOD (Bulgaria) by €320 thousand in June 2009,
- Ubisoft World SAS (France) by €7,298 thousand in July 2009,
- Ubisoft Entertainment India Private Ltd (India) by €1,200 thousand in September 2009 and €163 thousand in March 2010,
- Ubisoft Counsel & Acquisitions SARL (France) by €50,000 thousand in March 2010.

2.3.5.1.3 Capital reduction

Ubisoft Entertainment SA reduced the capital of Ubisoft World SA through reimbursement of the capital contribution in the amount of €48,989 thousand.

2.3.5.2 Comparability of financial statements

- As at March 31, 2010, external developments are booked in subcontracting and capitalized via a capitalized production costs account in the amount of €20,746 thousand.

- Since the fiscal year ended March 31, 2009, straight-line practiced on internal software is calculated based on the original production cost. Previously, it was calculated on the basis of the net book value after taking into account depreciation linear and additional previously recorded. For the first time to the year 2010, reversals of provisions for depreciation are therefore found on internal software having impairment beyond linear depreciation in 2009. It's an element of comparability without affecting the result of the company.

- In the cash flow statement, the cash flows from investing activities and the changes in working capital are restated to reflect the amount of guarantees that have been agreed but not paid.

2.3.5.3 Accounting principles

General accounting conventions were applied in accordance with the principle of conservatism and the following basic rules:

- going-concern assumption,
- matching principle,
- fair presentation, consistency and accuracy,
- conservatism,

and in accordance with the general rules governing the preparation and presentation of annual financial statements.
The basic method used to measure items in the financial statements was historical cost.

The accounting methods applied are consistent with industry practice. Ubisoft Entertainment SA's annual financial statements comply with the provisions on separate financial statements in Regulation CRC n°. 99-03, as ratified by the Decree of June 22, 1999.

2.3.5.4 Accounting rules and methods

Intangible assets
Intangible assets include:
- internal software,
- engines,
- external developments,
- information system costs,
- office software,
- acquired brands,
- logo.

Accounting and later evaluation

Brands:
Any brands acquired are recognized at cost.
Commercial software and external developments:
Commercial software is that developed by the Group's own studios, while external software developments are those of studios from outside the Group.
Commercial software and external developments are capitalized when they meet the definition of an asset as per CRC regulation 2004-06, and are measured at production cost.
Development costs subcontracted to Group subsidiaries are recognized as subcontracting expenses and transferred to intangible assets in progress via a capitalized production costs account. The same accounting scheme is applied to external developments in closed accounts March 31, 2010, as described in note "comparability of accounts".
On the release date, development costs of commercial software and external developments recognized in "intangible assets in progress" as development progresses, are transferred to "released commercial software" or "released external developments".

Depreciation, amortization and value impairment methods

	Depreciation/ Amortization method	Value impairment method
Acquired brands	Not amortized	Impairment tests are carried out on brands at the end of each fiscal year or more often if there are indications of loss in value. The recoverable amount of brands is then estimated on the basis of the change in sales for the division in question, its contribution to consolidated Group earnings and its discounted cash flows. Impairment is recognized when this value is below the net carrying amount.
Office software	1 year, straight-line	No impairment test in the absence of any index of loss in value.
Commercial software	3 years, straight-line, starting on the commercial release date.	When the economic benefits expected of a game, estimated on the basis of forecasted sales and profitability, prove to be lower than the net carrying amount, impairment loss is recognized.
Engines	straight-line over the useful life between 3 and 5 years	No impairment test in the absence of any index of loss in value.
External developments	According to the sold quantities and the royalty rates specified in the contracts.	When sales prove lower than forecasts and expected profitability, impairment loss is recognized.

According to the regulation on depreciation and impairment of assets, the group is led to periodically revise its durations depreciation based on the observed useful life.

Provisional data are updated using a rate based on a valuation of the average cost of capital: 8.64 % at March 31, 2010.

Property, plant and equipment

These are recognized at their historical cost. They are depreciated over their useful life. The following depreciation rates are used:

Type of asset	Depreciation method
Equipment	5 years, straight-line
Fixtures and fittings	5 and 10 years, straight-line
Computer hardware	3 years, straight-line
Office furniture	10 years, straight-line

Non-current financial assets

Equity investments are measured at their historical cost, plus all related acquisition costs. If the value of the securities exceeds their value in use, a provision for depreciation is recognized for the difference.

The value in use is measured at the end of each financial year based on the net assets of the subsidiary in question at that date, the market capitalization at the balance sheet date if the company is listed, and/or its medium-term earnings prospects.
Provisional data are updated using a rate based on a valuation of the average cost of capital: 8.64 % at March 31, 2010.

Own shares are valued at the lower of cost or market value (average of the last 20 trading sessions).
Deposits and sureties are recognized on the basis of the amounts paid.

Advances and prepayments made

Advances and prepayments primarily involve distribution and reproduction rights (licenses) acquired from other software publishers. License agreements committed Ubisoft on amount of guaranteed royalty. This guaranteed amount is registered in the balance sheet under the heading "advances and prepayments made" it has been paid or not to the closing date. These guaranteed amounts are recognized in the income statement on the basis of the agreements signed with software publishers (either by the unit or based on gross profit or on sales) or amortized on a straight-line basis for agreements with fixed royalty payments (flat fees).

At the end of the financial year, the net carrying amount is compared with sales projections on the basis of the terms and conditions of the agreement. If they are insufficient, depreciation is recognized.

Trade receivables

Trade receivables are carried at their nominal amount. Where applicable, a provision for depreciation is recorded based on the likelihood of their collection at the balance sheet date.

Investment securities

Investment securities consist of interests in mutual funds and short-term investments, and are measured at the lower of cost or market value.

Translation of liabilities and receivables denominated in foreign currencies

Liabilities and receivables denominated in foreign currencies were translated at rates prevailing on March 31, 2010. Any resulting translation gains or losses are recognized in the balance sheet under a specific heading. A provision for foreign-exchange risk is recorded if translation reveals the existence of unrealized losses.

Foreign currency transactions

Foreign-exchange income and expenses are recorded using daily exchange rates.

Receivables, liabilities and cash in foreign currencies are translated at the exchange rates prevailing at the end of the financial year, except for those covering by a hedging contract converted covered during courses.

Unrealized gains and losses on receivables and long-term debt are recorded on the balance sheet under translation adjustments. Unrealized losses that have not been hedged are subject to a provision for foreign-exchange losses.

Translation adjustments on cash and current accounts in foreign currencies are immediately recognized as foreign-exchange income/loss.

Foreign-exchange hedges

Ubisoft uses financial derivatives to reduce its exposure to market risks linked to movements in exchange rates.

For purposes of the hedging thus established, income and expenses on financial derivatives are recognized as financial income and are offset against the income and expenses arising on the hedged items.

The transactions attached to hedging derivatives (mostly USD) are recognized in operating income at the hedge rate. The difference between the historical rate of the hedged transaction and the relevant hedging rate is recognized in financial income.

Provisions for risks and charges

Provisions for risks and charges are recognized where risks and charges that have a clearly defined object, but that are not certain to arise, are made likely by events that have occurred or are in progress.
At March 31, 2010, provisions for risks and charges exclusively concern unrealized losses on non-hedge transactions.

Regulated provisions

The regulated provisions correspond:

- to the acquisitions costs incorporated in the cost price of the non-voting shares. These costs are deducted in tax terms over 5 years by means of accelerated tax depreciation.
- to the development expenditure of software. The company decides to adopt the tax option and the immediate deductibility of the expenditure for the development of software according to article 236 of the CGI.

2.3.5.5 Notes to the balance sheet

Note 1. Intangible assets

	As of 03.31.10			As of 03.31.09
	Gross	Depreciation and amortization accumulated	Net	Net
Released commercial software	590,937	530,380	60,557	49,851
Released external developments	158,129	147,807	10,322	52,237
Commercial software and external developments in progress	320,936	-	320,936	252,000
Information systems	-	-	-	3,838
Brands and operating licenses	10,476	328	10,148	9,130
Other intangible assets in progress	-	-	-	3,084
Other	501	329	172	226
TOTAL	**1,080,979**	**678,844**	**402,135**	**370,366**

Non-current assets	Opening balance	Increase	Decrease	Reclassification of software in progress	Reclassifications	Closing balance
Released commercial software	536,503	280,938	177,225	-49,450	171	590,937
Released external developments	158,319	39,809	18,897	-19,486	-1,616	158,129
Commercial software and external developments in progress	252,000	-	-	68,936	-	320,936
Information systems	13,716	-	13,716	-	-	-
Brands and operating licenses[(1)]	9,444	825	-	-	207	10,476
Other intangible assets in progress	3,084	-	3,084	-	-	-
Other	488	13	-	-	-	501
TOTAL 03.31.10	**973,554**	**321,585**	**212,922**	**-**	**-1,238**	**1,080,979**
TOTAL 03.31.09	**650,987**	**337,240**	**14,673**	**-**	**-**	**973,554**

(1) Essentially the Far Cry® brand.

Depreciation and amortization	Opening balance	Increase	Decrease	Reclassifications	Closing balance
Released commercial software	486,652	220,951	177,225	-	530,380
Released outside developments	106,082	60,624	18,897	-	147,807
Information systems	9,878	-	9,878	-	-
Brands and operating licenses	314	14	-	-	328
Other	262	67	-	-	329
TOTAL 03.31.10	**603,188**	**281,656**	**206,000**	**-**	**678,844**
TOTAL 03.31.09	**420,684**	**197,177**	**14,673**	**-**	**603,188**

The increase in commercial software of €280,938 thousand is due to capitalized production costs in the amount of €280,479 thousand and acquisitions in the amount of €459 thousand.

Note 2. Property, plant and equipment

	As of 03.31.10			As of 03.31.09
	Gross	Depreciation and amortization accumulated	Net	Net
Fixtures and fittings	4,935	2,872	2,063	1,793
Transport equipment	11	11	-	-
Computer hardware and furniture	1,147	1,059	88	94
Non-current assets in progress	713	-	713	398
TOTAL	6,806	3,942	2,864	2,285

Non-current assets	Opening balance	Increase	Decrease	Reclassifications	Closing balance
Fixtures and fittings	4,417	58	257	717	4,935
Transport equipment	11	-	-	-	11
Computer hardware and furniture	2,802	28	1,683	-	1,147
Non-current assets in progress	398	1,032	-	-717	713
TOTAL 03.31.10	7,628	1,118	1,940	-	6,806
TOTAL 03.31.09	7,089	562	23	-	7,628

Depreciation and amortization	Opening balance	Increase	Decrease	Reclassifications	Closing balance
Fixtures and fittings	2,624	505	257	-	2,872
Transport equipment	11	-	-	-	11
Computer hardware and furniture	2,708	35	1,684	-	1,059
TOTAL 03.31.10	5,343	540	1,941	-	3,942
TOTAL 03.31.09	4,926	440	23	-	5,343

Note 3. Non-current financial assets

	As of 03.31.10			As of 03.31.09
	Gross	Provisions	Net	Net
Equity investments	298,797	1,272	297,525	273,195
Other non-current investments	909	-	909	1,009
Deposits and sureties	867	-	867	673
TOTAL	300,573	1,272	299,301	274,877

Non-current assets	Opening balance	Increase	Decrease	Closing balance
Equity investments	278,775	69,011	48,989	298,797
Other non-current investments	1,009	29,379	29,479	909
Deposits and sureties	673	194	-	867
TOTAL 03.31.10	280,457	98,584	78,468	300,573
TOTAL 03.31.09	260,908	83,752	64,203	280,457

Provisions	Opening balance	Increase	Decrease	Closing balance
Equity investments	5,580	1,241	5,549	1,272
TOTAL 03.31.10	**5,580**	**1,241**	**5,549**	**1,272**
TOTAL 03.31.09	**15,932**	**1**	**10,353**	**5,580**

The increase in equity investments basically stems from:

- the acquisition of Nadeo SAS (France) for €9,757 thousand,
- the capital increase at Ubisoft EOOD (Bulgaria) of €320 thousand,
- the capital increase at Ubisoft World SAS (France) of €7,298 thousand,
- the capital increase at Ubisoft Entertainment India Private Ltd (India) for €1,363 thousand,
- the capital increase at Ubisoft Counsel & Acquisitions SARL (France) of €50,000 thousand,

The reduction in equity investments is due to:

- the capital reduction at Ubisoft World SAS (France) of €48,989 thousand.

The change in other non-current investments reflects purchases and sales of own shares held under the liquidity agreement.

The decrease in the provision for impairment of equity investments is primarily attributable to the increase in the value in use of the shares in Ubisoft EMEA SAS, calculated on the basis of the discounted value of cash flows based on projected operating income from non-Group activities, and the net cash position on the balance sheet date.

Note 4. Advances and prepayments made

These consist primarily of guaranteed advances on license agreements.

	03.31.10	03.31.09
Net at opening	**36,677**	**24,326**
New guarantees	22,974	49,270
Reclassifications	1,238	-
Depreciation and amortization	25,619	36,919
Net at closing	**35,270**	**36,677**

Note 5. Trade receivables

			As of 03.31.10	As of 03.31.09
	Gross	Provision	Net	Net
Trade receivables	77,429	-	77,429	65,235
TOTAL	**77,429**	**-**	**77,429**	**65,235**

Trade receivables basically consist of intra-group receivables.

Note 6. Other receivables

	Gross	Provision	As of 03.31.10 Net	As of 03.31.09 Net
Suppliers – credit notes receivable	13,259	-	13,259	15,396
Government (VAT credit, tax)	24,192	-	24,192	18,289
Associated current account advances	58,639	-	58,639	51,684
Receivable relative to the equity swap [1]	32,487	-	32,487	15,060
Other miscellaneous debtors	264	-	264	2,276
TOTAL	**128,841**	**-**	**128,841**	**102,705**

[1] Changes in value of Gameloft shares

The increase of the debt to receive is due to the change in the share price between March 31, 2009 (€1.64) and March 31, 2010 (€3.57).

Note 7. Statement of receivables and liabilities by maturity

STATEMENT OF RECEIVABLES	Gross amount	< 1 year	> 1 year
Receivables on non-current assets			
Other non-current financial assets	868	-	868
Receivables on current assets			
Advances and prepayments made	35,650	35,650	
Trade receivables	77,429	77,429	
Government (VAT credit, sundry)	24,192	24,192	
Group and associates	58,639	58,639	
Other miscellaneous debtors [1]	46,010	46,010	
Prepaid expenses	1,680	1,680	
TOTAL	**244,468**	**243,600**	**868**
STATEMENT OF LIABILITIES	**Gross amount**	**< 1 year**	**> 1 year**
Bank borrowings and debts	108,633	108,633	
Other borrowings and financial liabilities	137,210	137,210	
Trade payables	118,253	118,253	
Tax and employee-related liabilities	7,983	7,983	
Other liabilities	53,117	53,117	
Liabilities on non-current assets	2,383	2,383	
TOTAL	**427,579**	**427,579**	

(1) This item includes the receivable concerning the equity swap agreement on Gameloft stock for €32,487 thousand and credit notes receivable from associates for €13,259 thousand.

Note 8. Accrued income

	03.31.10	03.31.09
Associate credit notes receivable	13,259	15,396
Income not yet invoiced	27,642	28,934
Interest receivable on current accounts	61	68
Interest receivable from banks	9	28
Miscellaneous debtors – accrued income	250	2,254
TOTAL	**41,221**	**46,680**

Note 9. Investment securities and cash

Type	Gross value	Fair value	Provision	Net amount
UCITS	21,182	21,182	-	21,182
TOTAL	**21,182**	**21,182**	**-**	**21,182**

The cash breaks down as follows:

Breakdown of cash and cash equivalents	03.31.10	03.31.09
Investment securities	21,182	94,543
Cash	67,524	49,747
Bank overdrafts and short-term loans	-108,633	-56,842
TOTAL	-19,927	87,448

Note 10. Prepaid expenses and deferred charges

	Opening balance	Increase	Decrease	Closing balance
Prepaid expenses	3,084	1,680	3,084	1,680
Syndicated loan issuance costs	702	-	170	532
Translation adjustment (asset)	152	162	152	162
TOTAL 03.31.10	3,938	1,842	3,406	2,374
TOTAL 03.31.09	1,683	4,086	1,831	3,938

Note 11. Accrued expenses

	03.31.10	03.31.09
Bank charges payable	99	99
Trade payables, invoices pending	81,667	92,890
Credit notes to be issued	33,623	17,546
Tax and employee-related liabilities	693	883
TOTAL	116,082	111,418

Note 12. Items relating to associates

	03.31.10	03.31.09
Current assets		
Equity investments	298,769	278,748
Trade receivables	76,356	63,182
Other receivables	70,966	67,080
Debts		
Other borrowings and financial liabilities	137,210	92,187
Trade payables	49,093	42,479
Liabilities on non-current assets	987	2
Other liabilities	34,138	18,065
Financial income	6,945	3,891
Financial expenses	2,059	2,716

Note 13. Provisions in the balance sheet

	As of 03.31.09	Increases	Reversals	As of 03.31.10
Provisions for risks				
Foreign-exchange risk	18	147	18	147
Provisions for impairment				
Equity investments	5,580	1,241	5,549	1,272
Calyon receivable relative to Gameloft equity swap	3,717	-	3,717	-
TOTAL 03.31.10	**9,315**	**1,388**	**9,284**	**1,419**
TOTAL 03.31.09	**16,094**	**3,736**	**10,515**	**9,315**

Details of the changes in provisions on equity investments are provided in Note 3. Non-current financial assets.

Note 14. Equity

Capital

As of March 31, 2010, Ubisoft Entertainment SA had equity of €7,319,603.29 divided into 94,446,494 shares.

Number of Ubisoft Entertainment SA shares

As of 04.01.09	**93,856,346**
Option exercises	327,961
Group employee savings plan	262,187
As of 03.31.10	**94,446,494**

The maximum number of shares to be created is 12,860 572:

- 12,003,892 through the exercise of stock options,
- 856,680 through the allocation of bonus shares grants.

Stock options

The increase in the capital and premiums over the past fiscal year was partly driven by the exercise of stock options. For reference, the terms and conditions of exercise of the stock option plans are as follows:

	7th plan	11th plan	12th plan			13th plan	14th plan	15th plan	16th plan	17th plan	18th plan		19th plan		20th plan		21st plan	TOTAL
Total number of shares granted [1]	1,556,260	1,552,600	1,984,200			2,711,784	3,154,800	24,072	1,804,100	1,362,500	100,160		3,073,400		119,755		4,500	
Start of exercise period	01.19.05	10.14.05	11.17.05	11.17.05	07.01.05	02.23.07	04.26.08	06.22.08	06.13.09	06.27.09	09.15.09		05.12.10		06.18.10		12.15.10	
End of exercise period	08.15.12	10.13.14	11.16.14	11.16.14	06.15.09 [2]	02.22.11	04.25.12	06.21.12	06.13.13	06.27.13	09.15.13		05.11.14		06.17.14		12.14.14	
Price of options [1]	3.21 €	3.88 €	3.68 € (France)	3.87 € (Italy)	3.39 € (USA)	7.91 €	17.65 €	18.77 €	27.75 €	27.66 €	29.30 € (France)	28.13 € (world)	14.92 € (France)	14.40 € (world)	15.60 € (France)	16.90 € (world)	10.04 €	
Options as of April 1, 2009 [1]	45,350	384,568	914,904			2,074,088	2,837,148	20,650	1,777,900	1,354,700	100,160		-		-		-	9,509,468
Options granted during the period	-	-	-			-	-	-	-	-	-		3,073,400		119,755		4,500	3,197,655
Options exercised during the period	17,100	34,765	135,765			140,331	-	-	-	-	-		-		-		-	327,961
Options cancelled during the period	-	1,328	7,240			67,700	135,176	876	96,800	22,600	2,900		32,500		8,150		-	375,270
Options outstanding as of March 31, 2010	28,250	348,475	771,899			1,866,057	2,701,972	19,774	1,681,100	1,332,100	97,260		3,040,900		111,605		4,500	12,003,892

(1) Following the two-for-one stock split on December 11, 2006 and November 14, 2008.

(2) Limitation of the exercise period approved by the Board of Directors on November 2, 2005 to ensure compliance with the maximum period allowed by US law.

The company has not recognized a liability, since the exercise of stock options involves the creation of new shares.

Bonus share grants

Bonus share grants, which are subject to performance conditions, are locked in for a four-year period following the grant date. As the shares granted are ordinary shares in the same category as the old shares that comprise the company's equity, employee-shareholders receive dividends and voting rights on all of their shares at the end of the vesting period.

	03.31.10			03.31.09		03.31.08	
Grant date	12.15.09	11.17.09	04.09.09	09.15.08	06.13.08	03.17.08	10.02.07
Maturity - Vesting period (in years)	4 years	4 years	4 years	4 years	4 years	4 years	4 years
Number of instruments allocated	355,000	15,000	45,500	80,580	30,600	122,000	233,500
Number of instruments cancelled	-	-	1,500	-	-	-	24,000
Number of instruments as of 03.31.10	355,000	15,000	44,000	80,580	30,600	122,000	209,500

Group employee savings plan

Ubisoft also offers group employee savings plans, which allow workers to acquire Ubisoft shares as part of reserved capital increases. Workers acquire these shares with a maximum discount of 15 % versus the average opening price over the 20 trading days prior to the Board of Directors' meeting that approved the capital increase.

	03.31.10		03.31.09	
Issue date	06.18.09	04.09.09	08.29.08	04.11.08
Subscription price (in euros)	14.37	11.57	27.56	23.43
Lock-in period (in years)	5 years	5 years	5 years	5 years
Number of shares subscribed to	74,476	187,711	100,896	118,232

Own shares

As of March 31, 2010, the Company held 94,318 of its own shares.

Regulated provisions

Details of regulated provisions are given in note 2.3.3 Statement of changes in equity.

Note 15. Borrowings

	03.31.10	03.31.09	
Accrued interest	99	99	
Bank overdrafts and short-term loans	108,534	56,743	
Borrowings	**108,633**	**56,842**	
Fixed-rate debt	-	-	
Variable-rate debt	108,633	56,842	
	< 1 year	**from 1 to 5 years**	**> 5 years**
Amounts payable as of March 31, 2010	108,633	**-**	-

The breakdown of borrowings by currency was as follows:

	03.31.10	03.31.09
Euros	103,646	54,945
US dollars	-	25
Australian dollars	6	-
Pounds sterling	6	11
Canadian dollars	4,936	1,824
Danish kroner	37	36
Japanese yen	2	1
Borrowings	**108,633**	**56,842**

The €137,210 thousand in "miscellaneous financial liabilities" in the balance sheet consists of current account advances by the subsidiaries to the parent company. These advances all mature in under a year.

Note 16. Other liabilities

	03.31.10	03.31.09
Trade receivables – credit notes to be issued [(1)]	33.623	17.546
Unrealized gains on Calyon receivable relative to Gameloft equity swap	13.871	-
Other debts	5.622	413
TOTAL	**53.116**	**17.959**

(1) Credit notes to be issued concern associates

Note 17. Accrued expenses and deferred income

	Opening balance	Increase	Decrease	Closing balance
Deferred income	3,919	-	3,919	-
Translation adjustment (liability)	221	41	221	41
TOTAL 03.31.10	**4,140**	**41**	**4,140**	**41**
TOTAL 03.31.09	**4,707**	**283**	**850**	**4,140**

2.3.5.6 Notes to the income statement

Note 18. Production for the period

Production for the period includes:
- revenue, basically consisting of royalties invoicing to subsidiaries,
- capitalized production costs, reflecting development costs outsourced to subsidiaries and external developers.

	03.31.10	03.31.09
Sales	257,323	352,006
Capitalized production costs for commercial software	280,479	224,470
Capitalized production costs for external developments *	20,746	-
Production for the period	**558,548**	**576,476**

* cf Note 2.3.5.2 Comparability of financial statements

The breakdown of sales by geographic region was as follows:

	03.31.10		03.31.09	
	€ thousand	percentage	€ thousand	percentage
Europe	127,817	49%	185,521	53%
North America	128,856	50%	166,247	47%
Rest of world	650	1%	238	-
Sales	**257,323**	**100%**	**352,006**	**100%**

Note 19. Other operating income and reinvoiced costs

	03.31.10	03.31.09
Reversals of provisions on commercial software *	110,953	-
Reversals of provisions on external developments	2,325	195
Reinvoiced costs	12,872	10,599
Income from other ordinary revenue transactions	31	433
TOTAL	**126,181**	**11,227**

* cf Note 2.3.5.2 Comparability of financial statements

Reinvoiced costs primarily include overhead, travel, trade show and similar costs reinvoiced to Group companies.

Note 20. Other purchases and external expenses

	03.31.10	03.31.09
Production services subcontracted to subsidiaries	280,479	224,470
Production services subcontracted to external developers	20,746	-
Other purchases and external expenses	87,360	96,493
TOTAL	**388,585**	**320,963**

Other purchases and external expenses consist mainly of advertising expenses, royalties and property and equipment lease payments.

Note 21. Depreciation, amortization and provisions

	03.31.10	03.31.09
Amortization and depreciation of intangible assets	**394,935**	**197,372**
*Released commercial software **	*331,906*	*166,604*
*Released external developments **	*62,948*	*29,222*
Office software	*-*	*1,485*
Other	*81*	*61*
Amortization and depreciation of property, plant and equipment	**540**	**439**
Fixtures and fittings	*505*	*408*
Computer hardware and furniture	*35*	*30*
Transport equipment	*-*	*1*
TOTAL	**395,475**	**197,811**

* Net reversals (cf. note 19) on commercial software therefore amount to €220,963 thousand and net reversals on external developments to €60,623 thousand.

Note 22. Net financial income

	03.31.10	03.31.09
Financial income:		
Share in profit of associates	161	1,552
Income from other securities and receivables on non-current assets	25	191
Other interest received	1,251	67,717
Reversal of provisions [1]	9,284	10,515
Foreign-exchange gains	38,925	25,118
Net proceeds on sale of investment securities	194	2, 393
	49,840	**107,486**
Financial expenses:		
Amortization and provisions	1,558	3,914
Other interest paid	1,933	3,737
Foreign-exchange losses	28,309	29,588
	31,800	**37,239**
Net financial income	**18,040**	**70,247**

[1] Details of reversals of provisions on equity investments are provided in note 3. Non-current financial assets.

The share in profit of associates relates to dividends received by Ubisoft Entertainment SA from its Norwegian subsidiary.

Foreign-exchange risk

The company's exposure to foreign-exchange risk stems from operating cash flows and its investments in foreign subsidiaries.

The company only hedges its exposures on operating cash flows in the main significant foreign currencies (US dollar, Canadian dollar and pound sterling). Its strategy is to hedge only one year at a time, so the hedging horizon never exceeds 18 months.
The company first uses natural hedges provided by transactions in the other direction (development costs in foreign currency offset by royalties from subsidiaries in the same currency). The parent company uses foreign currency borrowings, forward sales or foreign-exchange options to hedge any residual exposures and non-commercial transactions (such as inter-company loans in foreign currencies).
As of March 31, 2010, the amounts hedged giving rise to purchases and sales of foreign currencies amounted to €48,985 thousand (see Note 2.3.6.2 Off-balance sheet commitments).

Note 23. Non-recurring items

Article 14 of the Decree of November 29, 1983 defines non-recurring items as those that are not related to the normal operations of the company.

	03.31.10	03.31.09
Non-recurring income:		
Non-recurring income from management transactions	284	2.256
Non-recurring income from capital transactions	7,671	921
Non-recurring reversals	137,361	8,966
Non-recurring expenses:		
Non-recurring expenses on management transactions	129	-
Non-recurring expenses on capital transactions	7,774	3,265
Non-recurring provisions	207,088	97,617
Non-recurring items	**-69,675**	**-88,739**

As of March 31, 2010, non-recurring items mainly include:

- €206,985 thousand in allocations for accelerated tax depreciation on development expenditure for software,
- €137,361 thousand in reversals for accelerated tax depreciation on development expenditure for software.

Note 24. Income tax

As at March 31, 2010, the group includes Ubisoft Entertainment SA (head of the group), and all subsidiaries whose head office is in France, with the exception of those created on the fiscal year.
Any tax savings arising from the use of losses at the tax group's member companies will only be temporary, since the company in question may use them at any time for its own purposes.

On a standalone basis (disregarding the tax consolidation group), Ubisoft Entertainment SA's figures were as follows:

	03.31.10	03.31.09
Profit (loss) before tax from continuing operations	-84,177	135,824
Non-recurring items	-69,675	-88,739
Profit (loss) before tax	-153,852	47,085
Income tax (credit)	-786	13,532
Net accounting profit (loss)	-153,066	33,553
Taxable income	-171,576	40,340

Tax income comprises:

- cancellation of tax expense recorded net of tax credits by subsidiaries of the Group integration tax for €1.431 thousand,
- head of group tax credits of €1,233 thousand,
- tax following a tax adjustment of €1,878 thousand (the company has accepted the adjustment proposal from the tax authorities in connection with temporary differences).

As at March 31, 2010, the tax group generated a tax deficit of €171,576 thousand.

2.3.6 Other information

2.3.6.1 Personnel

As of March 31, 2010, personnel consisted of five officers.

2.3.6.2 Financial commitments and other information

IN THOUSANDS OF EUROS		03.31.10	expiry	03.31.09
Guarantees and sureties given			**61,479**	**79,962**
Obligor [1]	Type of guarantee			
Ubisoft Divertissement Inc.	Lease payment guarantee	643	01.31.13	527
Ubisoft Inc.	Guarantee of commercial commitments	7,419	End of commercial relationship	7,514
Ubisoft Ltd	Loan guarantee	20,000	12.29.11	20,000
Ubisoft Ltd	Lease payment guarantee	1,191	06.15.16	1,893
Ubisoft Ltd	Lease payment guarantee	1,191	06.15.16	1,139
Ubisoft SA	Lease payment guarantee	562	07.21.12	803
Ubisoft Entertainment Ltd	Lease payment guarantee	1,484	12.21.15	1,419
Ubisoft Production France sarl	Lease payment guarantee	5,360	04.30.18	5,360
Ubisoft Entertainment Sweden AB	Lease payment guarantee	515	12.31.14	457
Red Storm Entertainment Inc	Lease payment guarantee	5,044	04.30.19	5,216
Ubisoft Vancouver Inc	Lease payment guarantee	614	08.01.11	-
Ubisoft Inc.	Stand by letter	7,419	09.30.10	-
Ubisoft EMEA SAS	Stand by letter	10,000	06.15.10	-
Ubisoft Inc.	Stand by letter	-	-	4,509
Ubisoft Inc.	Stand by letter	-	-	6,011
Ubisoft EMEA SAS	Stand by letter	-	-	25,000
Collateralized guarantees given		**N/A**		**N/A**
Foreign exchange hedges [2]		**48,985**		**230,328**
Canadian dollar	Forward sale	7,313	September 2010	8,474
US dollar	Forward sale	2,716	September 2010	138,849
	Forward purchases	6,360	May 2010	7,300
Japanese yen	Forward purchases	765	September 2010	-
Pound sterling	Forward sale	31,831	April 2010 to March 2011	11,469
Outstanding notes receivable discounted		**N/A**		**N/A**

[1] *Only commitments of over €500 thousand are described*

[2] *Fair value in euros measured by MarkToMarket on the closing date*

1/ Equity swap on Gameloft stock

On July 12, 2007, Ubisoft Entertainment SA signed two agreements with Calyon, the investment bank.
The first agreement dealt with the disposal of all 13,367,923 Gameloft shares held by Ubisoft Entertainment SA (representing 18.73 % of Gameloft's capital) for €6.08 each.
The second related to Ubisoft Entertainment SA's ability to continue participating in upward or downward movements in the price of Gameloft stock vis-à-vis the €6.08 per share price set in the first agreement, until such time as Calyon disposes of the shares to a third party.

2/ Authorizations

In order to finance temporary needs related to increases in working capital during especially busy periods, the company has a €180 million syndicated loan, €30 million in confirmed credit facilities and €74.5 million in other bank credit facilities as of March 31, 2010.

The syndicated loan and the confirmed bank loans in place are governed by financial covenants that are based on the ratio of net debt to equity and that of net debt to Ebitda.

Covenants

Under the terms of the syndicated loan and €20 million bilateral line, the Company is required to fulfill some financial ratios (covenants).

The covenants are as follows:

	2009/2010	2008/2009
Net debt restated for assigned receivables/equity restated for goodwill <	0.80	0.80
Net debt restated for assigned receivables/Ebitda <	1.5	1.5

Furthermore, in 2006/2007, the Company contracted a €10 million credit line, which is subject to the same covenants but uses 0.9 for the net debt/equity ratio.
All covenants are calculated on the basis of the consolidated annual financial statements under IFRS.
As at March 31, 2010, the Company is in compliance with all these ratios and expects to remain so during the 2010/2011 financial year.

Other borrowings are not governed by covenants.

3/ Other commitments

Since all the personnel are officers, no retirement benefits are owed.

There are no finance leases.

2.3.6.3 Compensation of managers

Ubisoft Entertainment SA paid €866 thousand in compensation to its corporate officers during the 2009/2010 fiscal year.

In – only very partial – compensation for their work and the time spent in preparing and participating in Board meetings, the General Shareholders' Meeting of September 25, 2006 authorized the Company to pay directors' fees totaling a maximum €250 thousand per annum. The Board of Directors, exercising this authorization, established a fixed portion and a variable portion setting out new requirements for attendance.

The members of the Board of Directors received €150 thousand in directors' fees in respect of the financial year 2009/2010.

No obligation has been undertaken by the Company in favor of its corporate officers related to their termination or change in responsibilities.

Pursuant to Article L.225-43 of the French Commercial Code, no loans or advances were made to the Company's directors.

Under the terms of the stock option plan approved by the Board of Directors on May 12, 2009, it was decided to grant Company officers 124,000 of the 3,073,400 stock options granted (4.03 %). The options may be exercised any time between May 12, 2010 and May 12, 2014 inclusive, at a strike price of €14.92 per share. In accordance with the provisions of the Act of December 30, 2006 establishing new regulations governing options granted to corporate officers, the Board also decided to require all officers to retain 5 % of their options until such time as they have given up their positions.

2.3.6.4 **Contingent assets and liabilities**

To the best of our knowledge, there are no contingent assets or liabilities as at March 31, 2010.

2.3.6.5 **Events after the balance sheet date**

N/A

2.3.6.6 Subsidiaries and associates (March 31, 2010)

	Country	Currency	Capital	Reserves and retained earnings (losses), prior to allocation of earnings	Share held in capital	Carrying amount of shares held in thousands of euros		Loans and advances granted by the company and not yet repaid	Sales excluding VAT	Earnings for the last fiscal year	Dividends received
			in thousands of currency units	in thousands of currency units		gross	net	in thousands of currency units	in thousands of currency units	in thousands of currency units	
SUBSIDIARIES AT LEAST 50 % OF CAPITAL HELD											
UBISOFT HOLDINGS INC.	United States	US dollar	90,405	- 3,794	100 %	96,991	96,991	6,126	6	- 76	N/A
UBISOFT EMEA SARL	France	Euro	11,960	34,299	100 %	55,158	55,158	-	314,767	-6,881	N/A
UBISOFT COUNSEL & ACQUISITIONS SARL	France	Euro	50,008	267	100 %	50,008	50,008	-	6,842	231	N/A
UBISOFT FRANCE SAS	France	Euro	20,623	3,654	100 %	22,872	22,872	-	61,706	165	N/A
SUNFLOWERS GMBH	Germany	Euro	563	-1,646	100%	14,528	14,528	2,829	642	- 602	N/A
UBISOFT GMBH	Germany	Euro	9,320	12,732	100 %	12,573	12,573	-	85,781	1,244	N/A
UBISOFT DIVERTISSEMENTS INC.	Canada	Canadian dollars	1,000	31,875	100 %	641	641	-	148,239	12,391	N/A
Other French subsidiaries						12,909	12,909	-			N/A
Other foreign subsidiaries *						33,118	31,846	1,999			161
Total						**298,798**	**297,526**				**N/A**
ASSOCIATES BETWEEN 10 % AND 50 % OF CAPITAL HELD						-	-	-			

*** Information on significant subsidiaries is detailed. The other foreign subsidiaries include a significant number of subsidiaries, but the value of the shares is not significant.**

2.4 *Auditor's General report on the fiscal year ending March 31, 2010*

This is a free translation into English of the statutory Auditors' general report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Dear Shareholders,

Pursuant to the assignment entrusted to us by your General Meeting, we hereby present our report for the fiscal year ended March 31, 2010, with regard to the following:

- ✓ the audit of the annual financial statements of Ubisoft Entertainment S.A., as attached to this report;
- ✓ the basis for our assessment;
- ✓ the specific verifications and information required by law.

The annual financial statements have been prepared by the Board of Directors. It is our task to express an opinion on these financial statements on the basis of our audit.

1/ Opinion regarding the annual financial statements

We have conducted our audit in accordance with accepted professional standards in France. These standards require due diligence in order to ascertain with reasonable certainty that the annual financial statements contain no material anomalies. An audit consists in verifying, on a test basis or by means of other methods of selection, elements to the amounts and information contained in the financial statements. It also involves assessing the accounting principles applied, the significant estimates reserves and the global presentation of the financial statements. It is our view that the elements that we collected are sufficient and adapted to base our opinion

We hereby certify that, from the standpoint of French accounting rules and principles, the annual financial statements give a true and fair view of the results obtained for the fiscal year in question and of the company's financial position and assets at the end of this year.

Without contesting our opinion above, we draw your attention to the note relating to « Comparability of financial statements» which describes changes in presentation methods concerning capitalization of the external developments

2/ Basis for assessment

The actual economic crisis impacts firms on their activity. The accounting measurements concerning the achievement of the consolidated financial statements as 31st March, 2010 were made in that context.

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code regarding the basis for an assessment, we call your attention to the following items:

In-house software and external development.

The note relating to « intangible assets » in the section of the notes entitled “Accounting rules and methods” describes the accounting principles for the recognition and amortization of in-house software and external development.

Our work consisted to assess the information and assumptions on which are based these estimates, to check the calculations made by the firm, to compare the accounting estimates of the last periods with the reality. As part of our assessment, we have ensured the appropriateness of these estimates.

Equity investments

The note relating to “Financial assets” in the section of the notes entitled “Accounting rules and methods” describes the accounting principles for the valuation and depreciation of securities.

As part of our assessment of the accounting rules and principles applied by your company, we have verified the appropriateness of the accounting methods indicated above and of the information provided in the notes, and have ensured their correct application

3/ Specific verifications and information

We have also carried out the specific verifications required by law, pursuant to professional standards applicable in France

We have no comments regarding- the accuracy of the information provided in the management report prepared by the Board of Directors or in the documents sent to shareholders concerning the financial position and annual financial statements, or regarding the consistency of this information with the annual financial statements.

Concerning the information provided pursuant to the provisions of article L. 225-102-1 of the French Commercial Code on the compensation and benefits paid to corporate officers and on the commitments made in their favour, we verified their concordance with accounts or with the data used for the establishment of these accounts and, where appropriate, with items collected by your company of the companies controlling your company, or controlled by it. Based on this work, we attest the accuracy and truthfulness of such information.

As required by law, we have ensured that the various information relating acquisition of holdings and control to the identity of the holders of share capital was provided to you in the management report.

By the statutory auditors

Nantes, June 11, 2010
KPMG Audit
A division of KPMG S.A.

Franck Noël
Partner

Rennes, June 11, 2010
Audit AMLD

Jean-Marc Bresson
Partner

3 GOVERNANCE AND INTERNAL CONTROL PROCEDURES

3.1 *Report by the Chairman of the Board of Directors in accordance with Article L225-37 of the French Commercial Code, on the conditions of preparation and organisation of the work of the Board, and on the Company's internal control procedures.*

This report has been drawn up in accordance with the provisions of Article L. 225-37 of the French Commercial Code. Its purpose is to detail the composition, the conditions of preparation and organization of the work of the Board of Directors, the principles and rules the Board of Directors has adopted to determine the compensation and benefits of any kind awarded to the corporate officers, the limits placed on the powers of the Chairman and Chief Executive Officer, terms and conditions relating to the participation of shareholders in General Meetings and the internal control and risk management procedures established by the Company.

This report refers to the Management Report contained in the Company's registration document for the year ended March 31, 2010 as regards the publication of information referred to in Article L. 225-100-3 of the French Commercial Code, relating to the Company's capital structure and matters that could have an impact in the event of a public offering.

This report is part of a process to describe work started, completed and planned by the Company; in no way is it intended to demonstrate that the Company has complete control over all of the risks it incurs.

The main departments involved in preparing and drawing up the report by the Chairman relating to corporate governance and the internal control of the Company are: the Chairman and Chief Executive Officer, the members of the Board of Directors and of the Committees, working in close collaboration with the Administrative Department in charge of its preparation.

In accordance with paragraph 10 of Article L. 225-37, the Board of Directors approved this report at its meeting of May 18, 2010.

It was also the subject of a report prepared by the statutory auditors, in accordance with Article L. 225-235 of the French Commercial Code, on internal control procedures relating to the preparation and processing of accounting and financial information and of a declaration regarding the preparation of other necessary information.

3.1.1 Corporate governance code

In the preparation of this report, the Company referred to the corporate governance code for listed companies published by AFEP-MEDEF (December consolidated code: the “AFEP-MEDEF Code”). The AFEP-MEDEF Code can be consulted on the MEDEF website: (www.medef.fr).

In accordance with the provisions of Article L. 225-37 of the French Commercial Code, this report states the provisions of the AFEP/MEDEF Code which were not followed by the Company and the reasons related thereto.

Moreover, the Board of Directors goes on thinking over on the application and, if applicable, the adaptation of the regulations of the AFEP-MEDEF Code not yet implemented, by taking into account the specific characteristics of the Company.

3.1.2 Preparation and organization of the Board's proceedings

The conditions of preparation and organization of the work of the Board of Directors are set out by the laws, the Company’s articles of association, the provisions of the Board of Directors’ by-laws and the specialized committees set up within the Board of Directors.

3.1.2.1 Membership and organization of the Board

Membership

The Board of Directors comprises six members, four of whom are also Executive Vice Presidents and assist the Chief Executive Officer.

The Board of Directors does not include any members elected by employees.

The composition of the Board of Directors appears in the Appendix of this report.

The Board of Directors comprises five members from the Guillemot family and one independent director as defined by the AFEP/MEDEF Code, according to which an independent director (i) must not have any relationship of any kind whatsoever with the Company, its group or the management that is such to compromise his or her judgment and (ii) must meet the following criteria:

- not to be an employee or corporate officer of the Company, or an employee or director of its parent or a company that it consolidates, and not to have been in such a position for the previous five years,

- not to be a corporate officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or a corporate officer of the Company (currently in office or having held such office going back five years) is a director,

- not to be a customer, supplier, investment banker or commercial banker that is material for the Company or its group or for a significant part of whose business the Company or group accounts,
- not to be related by close family ties to a corporate officer,
- not to have been an auditor of the Company within the previous five years,
- not to have been a director of the Company for more than twelve years.

Directors may not be over eighty years of age.

General Management

On October 22, 2001, the Board of Directors chose not to separate the position of Chairman of the Board of Directors from that of Chief Executive Officer. In a constantly changing and particularly competitive environment, this arrangement ensures the alignment of operating activities with the strategy, thus supporting and streamlining the decision-making process.

Shares held by the directors
Under the Articles of Association, each director must own at least one share.

The number of shares held by directors is variable as the Company currently believes that the number of shares held by the directors does not correlate with their involvement in executing their duties.

Term of office

Pursuant to the recommendations of the AFEP-MEDEF Code, the General Meeting of July 10, 2009 resolved to amend Article 9 of the Company's articles of association by reducing the directors' term of office from six years to four years and by introducing a system of staggered renewals to ensure a smooth transition and prevent an "ad hoc replacement".

Consequently, by way of exception and for the sole purpose of the progressive implementation of such a staggered renewal, it was decided to reduce the duration of the current terms of office – expiring at the Annual General Meeting called to deliberate on the Company financial statements for the financial year ended March 31, 2013 – in order to ensure that a regular renewal of the members of the Board of Directors takes place as follows:

Renewal during the General Meeting deliberating on the financial statements for financial year ended March 31, 2012

Yves Guillemot
Gérard Guillemot
Marc Fiorentino

Renewal during the General Meeting deliberating on the financial statements for financial year ended March 31, 2013

Claude Guillemot
Michel Guillemot
Christian Guillemot

3.1.2.2 Directors' independence

The AFEP-MEDEF Code recommends that independent directors should make up at least a third of the Board in companies controlled by a principal shareholder. Given its nature, in particular the structure of its capital ownership with the Guillemot concert as a long-standing principal shareholder, the Company does not feel an urgent need to appoint a second independent director to the Board, especially given the highly active role played by the single independent director. In this regard, the Company believes it is respecting the spirit of the Code.

3.1.2.3 Possible limits placed on the powers of the Chief Executive Officer

Pursuant to the provisions of the French New Economic Regulations Act, the option of separating the position of Chairman of the Board of Directors from that of Chief Executive Officer is provided for in the Articles of Association.

Nevertheless, and as mentioned above, the Board of Directors felt that the current option was the most effective one and that such a separation was not necessary, with Yves GUILLEMOT holding the positions of Chairman and of Chief Executive Officer without any limits on his powers other than those provided for under applicable legislation on the special powers of the Board of Directors or of the General Meeting.

At its meeting of July 10, 2009, the Board of Directors set out the scope of the Chief Executive Officer's powers as regards providing deposits, endorsements and guarantees by setting the overall authorized amount at €150 million for a legal duration of one year in accordance with Article R. 225-28 of the French Commercial Code.

3.1.2.4 Information to directors

The Chairman and Chief Executive Officer provides the directors with the information and documentation necessary for them to carry out their duties and to prepare meetings in accordance with Article L. 225-35 of the French Commercial Code.

Each director may independently require additional information from Chairman and Chief Executive Officer, who is at all times available to provide relevant information and explanations to the Board of Directors.

Directors are bound by a duty of confidentiality as regards confidential information that is provided as such by the Chairman of the Board of Directors.

3.1.2.5 The Board's powers and responsibilities

The responsibilities of the Board of Directors are prescribed by law and the Articles of Association as well as its By-laws, in which the rights and duties of directors are set out.

The Board of Directors lays down the Company's policies and ensures their implementation. It meets as often as required by the Company's business, at the registered office or at any other place chosen by the Chairman; no special form is required for meeting notices. As a collegial body, its decisions are binding for all its members.

In particular, the Board of Directors gives its opinion on all decisions relating to major strategic, economic, corporate, financial and technological policies of the Company and ensures their implementation by the Senior Management.

Subject to the powers expressly bestowed on Shareholders' Meetings and within the limit of the corporate purpose, the Board of Directors may discuss any issue affecting the proper functioning of the Company. It also carries out the verifications and controls it considers appropriate.

Consequently, the Board of Directors:

- sets the Group's targets and defines its strategy in line with its culture and values;
- chooses the organizational arrangements for Senior Management (separation of the position of Chairman from that of Chief Executive Officer, or both these positions held by the same person);
- implements, where it sees fit, the authorizations granted to it by the General Meeting;
- examines and approves the drawing-up of the financial statements;
- controls management activities and monitors the quality of the information provided to shareholders and to the markets in the financial statements or when major transactions are carried out.

Since November 19, 2007, the Board of Directors is assisted by two committees.

3.1.2.6 Rules and principles applied by the Board of Directors to determine the compensation and benefits of all kinds granted to corporate officers

Compensation granted to the Chairman and Chief Executive Officer, and to the Executive Vice Presidents, is set by the Board of Directors on proposal of the Compensation Committee, which bases its judgment on comparative studies of large firms and/or companies operating in the same business sector.

In consideration – albeit very partial – of the responsibilities assumed and also the time spent in preparing Board Meetings and actively participating therein, the General Meeting of September 25, 2006 authorized the Company to pay directors' fees amounting to a maximum of €250,000 per annum.

At its meeting of December 5, 2006, the Board of Directors resolved to set the rules for allocating the directors' fees and to accordingly amend the by-laws.

Moreover, the Board of Directors has resolved up to now to use only 72 % of the overall allowance provided by the General Meeting.

Corporate officers are not entitled to any indemnity or benefit payable in the event that they leave the Company.

The 11th resolution adopted by the General Shareholders' Meeting of July 10, 2009 renewing the authorization of the Board of Directors to grant options to subscribe to and/or purchase sharesstipulates on the first hand, that the number of options granted to corporate officers may not represent more than 5 % of the total number allocated by the Board throughout the duration of the authorization and on the other hand, that the exercise of said options by corporate officers must be tied in with performance conditions to be met which are set out by the Board of Directors.

Pursuant to the AFEP-MEDEF Code and the AMF recommendations of December 22, 2008, information on management compensation is provided in the tables contained in section 4.5 of the Financial Report.

3.1.2.7 By-laws

At its meeting of July 27, 2004, the Board of Directors adopted its by-laws.
In particular, these provide for the use of video-conferencing. The video-conferencing system used must have technical features guaranteeing effective participation to the Board Meeting, with the The proceedings being continually streamed.

by-laws were amended on November 19, 2007 following the establishment of specialized committees: the Strategy and Development Committee and the Compensation Committee.

Shareholders may consult the by-laws at the business address or at the registered office.
It is planned that the Board of Directors proceeds with a revision of its by-laws during a next meeting, particularly in order to complete or amend them pursuant to the latest changes in legal provisions and in compliance with the French Commercial Code and the AFEP-MEDEF Code.

3.1.2.8 Main issues addressed during the financial year/proceedings of the Board of Directors

During the financial year, the Board of Directors mainly focused on:

- examining and approving the interim and annual financial statements for the year ended March 31, 2009;
- examining and finalizing the provisional financial statements;
- examining Ubisoft's strategic considerations;
- examining related-party agreements in accordance with Article L. 225-38 of the French Commercial Code;
- calling the Combined General Meeting of July 10, 2009 and approving the reports and draft resolutions to be submitted to this Meeting;
- implementing the authorizations granted by the General Shareholders' Meeting, in particular as regards employee shareholding;
- renewing the authorization granted to the Chief Executive Officer to provide deposits, endorsements and guarantees in the Company's name;
- establishing corporate governance policies; adopting AFEP-MEDEF recommendations on compensation paid to managers and corporate officers, aggregating and summarizing self-assessment questionnaires on the Board of Directors' work;
- reading the reports of its committees (the Strategy and Development Committee and the Compensation Committee).

In accordance with Article L. 823-17 of the French Commercial Code, the auditors were invited to attend the Board Meetings approving or examining the financial statements.
The Board met 10 times during the 2009/2010 financial year, with an attendance rate of 68.33 %.

3.1.2.9 Assessment of the work of the Board of Directors

At its meeting of March 11, 2010, the Board of Directors initiated a discussion on its working methods further to which, it was decided that a new, more detailed and targeted assessment questionnaire would be sent out during the 2010/2011 financial year.
It should be noted that an assessment of the Board of Directors' working methods was carried out during the 2008/2009 financial year to ensure that important issues were suitably researched, addressed and discussed at Board meetings, and that from this assessment it transpired that:

- members make a healthy contribution to debates,
- information put forward is satisfactory.

The assessment was based on a detailed questionnaire sent to each director. A summary of individual assessments was also discussed at a Board Meeting which considered the results to be positive, reflecting a generally satisfactory standard of work by the Board.

3.1.2.10 Shareholders' access, attendance and voting at General Meetings

All shareholders have the right to attend General Meetings under legally prescribed conditions. Information on access, attendance and voting at General Meetings appears in Articles 8 and 14 of the Company's Articles of Association, with details in section 3.2 of the Financial Report. This information is provided again in the notice of meeting that serves as a convening notice published by the Company before any general meetings.

3.1.2.11 Publication of the capital structure and matters likely to have an influence in the event of a public offering

This report refers to point 3.2 of the Financial Report contained in the Company's registration document for the year ended March 31, 2010 as regards the publication of information referred to in Article L. 225-100-3 of the French Commercial Code, relating to the Company's capital structure and matters that could have an impact in the event of a public offering.

3.1.2.12 Board committees

Since November 19, 2007, the Board of Directors is assisted by two specialized committees: the Strategy and Development Committee and the Compensation Committee.

Both these Committees are comprised exclusively of directors. Committee members are appointed by the Board of Directors, which also designates each committee's Chairman.

The responsibilities and specific operating procedures of each committee were specified by the Board when they were established and were added to the By-laws.

3.1.2.12.1 Strategy and Development Committee

Membership
The Committee has five members: Yves GUILLEMOT, Claude GUILLEMOT, Michel GUILLEMOT, Gérard GUILLEMOT and Christian GUILLEMOT. Yves GUILLEMOT is Chairman of the Committee.

Responsibilities
The Committee is responsible for examining and reflecting upon all decisions concerning the major strategic, economic, corporate, financial and technological policies of both the Company and the Group.

It may also be asked to study in detail and provide the Board with an opinion on matters referred to it, concerning major investments, acquisitions or divestments and disposals.

Work during the 2009/2010 fiscal year

The Strategy and Development Committee met twice during the last fiscal year, mainly to discuss the development of the technology market and the various forms of product distribution.
The attendance rate at both committee meetings was 100 %.

3.1.2.12.2 Compensation Committee

Membership

The Committee has three members: Yves GUILLEMOT, Christian GUILLEMOT and Marc FIORENTINO. Yves GUILLEMOT is Chairman of the Committee.

The AFEP/MEDEF Corporate Governance Code states that the Compensation Committee should predominantly comprise independent directors, with no corporate officers. The Company's Compensation Committee is made up of one independent director and two corporate officers. The Board of Directors feels that, given the nature of the Company, in particular the structure of its capital ownership with the Guillemot family as a long-standing principal shareholder, and the current make-up of its Board of Directors, the Committee as it is best suits the Company's operating methods. Open, varied discussions between the independent director and the persons responsible for preparing the documentation (benchmark, studies, etc.) used at committee meetings suggest that the interests of the Company's shareholders are well represented.

Responsibilities

The Compensation Committee is responsible for examining the compensation and benefits enjoyed by directors and corporate officers and for providing the Board with comparisons and measurements on market practices, in particular:

- examining and making recommendations as regards the compensation of corporate officers, concerning both (i) the variable and fixed portions of said compensation, and (ii) any benefits in kind, stock subscription or purchase options received from any Group company, arrangements regarding their pensions and any other benefits of any kind; verifying application of the relevant rules;
- making recommendations to the Board as regards the rules for distributing the directors' fees and the individual payments to be made to the directors in this respect, taking account of the directors' attendance at Board Meetings;
- making recommendations to the Board as regards the overall amount of directors' fees proposed to the Company's General Meeting;
- providing the Board with an opinion on the general policy for granting stock subscription and/or purchase options, which should be reasonable or appropriate, and on the option plan(s) established by the Group's Senior Management, advising the Board of its recommendation as regards the allocation of subscription or purchase options by explaining the reasoning behind its choice as well as the consequences thereof; predetermining the frequency of such allocations;
- examining any matter referred to it by the Chairman concerning the aforementioned issues and, where applicable, the proposals relating to employee shareholding.

Work during the 2009/2010 fiscal year

The Compensation Committee met once during the last fiscal year, mainly to discuss the composition of UBISOFT teams as at October 2009, possibilities for the retention of key people and building up their loyalty in a tense market and practices as regards competitors. This Committee also drew up recommendations regarding the implementation of the law of December 3, 2008 for the benefit of earned income, whereby it established new rules and in particular the form of allocation of stock options or allocation of bonus shares to corporate officers if a provision exists granting employees a share in the performance of the Company.

The attendance rate was 100 %.

3.1.2.12.3 Audit Committee

To date, the Company has not set up the Audit Committee recommended by the AFEP-MEDEF Code, largely owing to the difficulty in doing so given the recommended composition of such a committee. In accordance with the provisions of Article L. 823-19 of the French Commercial Code, introduced by Directive 2008-1278 of December 8, 2008 (having transposed into French law the eighth directive on statutory audits (Directive 2006/43/EC)), the Company intends to establish an Audit Committee within the time frame shown in Article 21 of the Directive, using the expiry of Board Members' terms in office as a benchmark.

3.1.3 Internal control procedures

The preparation of this report is based on the information and control methods reported by the various parties involved in internal control within Ubisoft and its subsidiaries, as well as the internal audit work performed at the request of the Senior Management.

3.1.3.1 Internal control definition and goals

Ubisoft has drawn up this report in accordance with the reference framework provided by the AMF (French Financial Markets Authority) published in January 2007 and the principles of the application guide. The Group also uses this reference framework to fine-tune its internal control procedures.

Under this framework, internal control is defined as a system designed to ensure:

- ✓ compliance with laws and regulations;
- ✓ application of the instructions and policies fixed by Senior Management;
- ✓ that the Company's internal processes are functioning correctly, in particular, those involving the security of its assets;
- ✓ the reliability of the financial information published.

This system must also contribute to the control over its activities, the efficiency of its operations and efficient use of its resources, while enabling the Company to adequately take into account significant operational, financial or compliance risks. Therefore, the internal control system plays a key role in conducting and monitoring its activities.

In order to continuously assess the adequacy and effectiveness of its internal control system, Ubisoft introduced a proactive approach. Consequently, the internal control system will continue to adapt to the constraints and specificities of the Group and its subsidiaries, and to changes in its external environment.

It is applicable to all Group subsidiaries, now comprised of 37 French companies and 43 foreign companies, broken down as follows: 19 distribution companies, 44 production companies, 15 support companies, one digital animation company and one special effects company.

However, the Group is aware that the internal control system cannot provide an absolute guarantee that the Company's objectives will be met and that all the potential risks it may face will be controlled.

3.1.3.2 The components of the internal control system

3.1.3.2.1 Organization of internal control and operating procedures

The internal control system relies on a solid foundation of autonomy and collaboration within the Group's teams, encouraging the alignment of goals, resources and the mechanisms deployed. It is based on the clear identification of goals and responsibilities, a human resources policy ensuring that resources and skill levels are sufficient, and information systems and tools that are adapted to each team and/or subsidiary.

Each subsidiary is responsible for implementing the relevant strategies to achieve these objectives, although the monitoring of the internal control system and risk management is highly centralized by the functional departments.

Organization

The key parties involved in the internal control system are as follows:

- **The Chief Executive Officer of Ubisoft Entertainment SA:** he defines and steers Group strategy. He is responsible for establishing the procedures and mechanisms employed to ensure both the functioning and monitoring of the internal control system.

- **The Board of Directors:** The way in which this functions is described in the first section of this report. It primarily defines the policies governing the Company's business activities and ensures their application. It also approves the annual and interim accounts. To this end, it has access to all documents and reports required to perform this task. Each director may independently require additional information from the Chief Executive Officer, who is at all times available to provide relevant information and explanations to the Board of Directors.

- **The Group's managers and staff:** the major policies and goals are decided upon by Senior Management and passed on to the subsidiaries. Each subsidiary has its own senior management and management team and is responsible for implementing the strategies designed to ensure that these goals are achieved and for applying the Group internal control guidelines.

- **The functional departments:** in collaboration with Senior Management, they are collectively involved in setting the key accounting, finance, legal, tax, IT and human resources policies, and supporting the subsidiaries with their implementation. Specific visits are made to the subsidiaries in order to carry out audits and training and to make recommendations so as to ensure that the internal control system is sufficient.
These procedures are presented in detail in the paragraph "Control activities".

- **The finance and accounting teams:** present in all subsidiaries, they are responsible for performing analysis and control functions, including budgeting and the preparation of financial statements.

- **The Internal Audit Department:** reporting to Senior Management and working with the head office financial controllers, it carries out regular audits in the subsidiaries and verifies the quality of the controls in order to formalize the internal control policy and implement a framework designed to improve visibility at all levels of operational and financial practices. It analyzes risks and makes recommendations regarding internal controls.

Clear goals and responsibilities

In order to enable the various operational teams to achieve their goals, temporary and permanent operational and banking authorizations are granted. These are frequently reviewed by the Treasury Department and updated to reflect any changes in roles and responsibilities. Senior Management defines the rules for delegating power to subsidiaries.

Consequently, at an individual level, each major subsidiary has local internal control procedures (delegation of bank signing authority, verification of day-to-day transactions, segregation of duties between the signatory and the person preparing the payment in order to provide effective fraud prevention, etc.).

Similarly, budgetary goals are defined annually by Senior Management and monitored in each subsidiary by the accounting and finance teams. Management audit teams monitor business performance. At subsidiaries, these teams provide relevant costs analyses to operational managers so that they can reach suitable management decisions. This information is periodically reported in a standard format and is consolidated by head office teams, which analyze the differences between objectives and actual performance.

Human resources policy

HR policy is key to the internal control system and its effectiveness. HR teams at subsidiaries establish and implement the policy, programs and systems required to meet recruitment goals set at Group level, whilst ensuring the development of employees' skills and potential.

These teams also ensure compliance with local regulations and apply the Group's policies on improving collective and individual performance, through regular appraisals, growth plans, appropriate training, stock options or employee share subscription plans etc.

Appropriate systems and operating methods

Reporting to the Information Systems Department, IT teams provide resources adapted to individual business activities. Together with operational and functional teams, they decide on the information systems required to produce information and to ensure that transactions are securely managed. The range of solutions used within the Group is varied and includes purchased software as well as tools developed in-house. These solutions will evolve to take into account growing needs in managing and analyzing information.

To meet an increasing need for flexibility, security specialists are now systematically involved in the ISD's research on structures and solutions. For example, these studies have led to the development and deployment of an anti-piracy system, multiplayer systems, applications and online games.

Similarly, each subsidiary and team strives to continuously improve processes and documentation, notably through the establishment of internal procedures suited to activities and organizational schemes. In particular, functional departments frequently review and update Group procedures at all levels to ensure uniform local application. These procedures are made available to the relevant teams through collaborative tools developed by the Group.

Thus, the functional departments are actively involved in the work carried out by the Internal Audit Department to raise the awareness of management and all operational managers and involve them in internal control.

Procedures relating to the production of accounting and financial information are described in section 3.1.4.3.

3.1.3.2.2 Internal publication of information

To effectively communicate strategic goals and provide the resources needed by teams to fulfill their duties, the Company encourages ongoing information-sharing through numerous initiatives developing collaborative tools.

In addition to local briefings and an organized internal communications network, a portal accessible to all Group employees since 2007 has provided a permanent and up-to-date gateway to information on the Group, the market and its developments, and the many internal websites.

These frequently updated internal sites facilitate knowledge sharing and discussions in all business activities, for example:

- Operational: workspaces for sharing and providing inter-site information on projects, developments, technologies, studies and analyses.
- IT: a shared database to retrieve functional and technical documentation on applications and projects led by IT departments.
- Security: use of a forum that lists and details the security measures at the various sites, the "security catalog", in order to improve knowledge sharing and standardize security levels across Ubisoft's various offices.
- Accounting, finance and management control: a shared database, accessible to all relevant employees, providing procedures manuals, Group contacts and information on the financial reporting cycle.

The various departments regularly organize training and briefing sessions to ensure the dissemination of information. In light of past success, the Group will continue to invest in these collaborative tools.

3.1.3.2.3 Risk identification and management

In the course of its business, the Group is exposed to a series of risks that could affect its performance and the achievement of its strategic and financial goals.

In order to identify and analyze these risks and the mechanisms deployed to manage them, the Company has updated its risk mapping system. This is the result of a proactive approach: upstream with management teams and downstream with operational and functional teams.

Risk was mapped as follows:

- identifying the Company's business activities;
- assessing and categorizing risks and their impact on each of the Company's business activities;
- assessing the quality of controls and prevention mechanisms.

The nature of the main risk factors as well as the means of preventing or responding to them are outlined in the chapter of the Financial Report entitled "Risk Factors".

Risk mapping identifies risks for which the level of control is insufficient or could be improved. At the management's request, these risks can then be analyzed by the internal auditors. Internal control procedures are then designed or reviewed in collaboration with operational teams to improve efficiency.
The procedures implemented represent an internal operating framework for the Company and are constantly changing so as to ultimately provide effective risk management tools, for use at all levels of the organization and, in particular, for analyzing IT and extra-financial risks.

3.1.3.2.4 Control activities

In addition to the risk management system, the Group has many control processes at all levels of the Company. Functional departments at head office play a critical role by ensuring that subsidiaries' initiatives comply with Group guidelines, and by providing support for risk management, especially when local teams lack sufficient expertise:

- The Financial Control Department monitors the Company's performance, using operational monitoring based on monthly reports from all Group subsidiaries. It also coordinates meetings between Senior Management and the operational and finance departments at which the various reporting indicators are reviewed, the differences between actual performance and initial forecasts are analyzed, and the interim and annual forecasts can be fine-tuned on the basis of actual figures and market outlook as received from local and operational teams. The financial controllers monitor the whole financial reporting cycle and constantly query subsidiaries on their performance levels, earnings and business activity.

- The Consolidation Department draws up the Group's monthly consolidated accounts, centralizing all advice on their preparation and analysis. It publishes the accounting procedures applicable within the Group, particularly via the Group's accounting policies manual. It ensures compliance with applicable standards and regulations so as to provide a true picture of the Group's business activities and position.

- The Treasury Department arranges foreign-exchange derivative contracts and coordinates cash flow management at French and foreign subsidiaries, in particular by overseeing the dissemination of cash pooling solutions and cash flow forecasting. It checks the suitability and smooth interaction of interest-rate, exchange-rate and liquidity management policies, as well as the publication of financial information, and also manages off-balance sheet commitments (bank guarantees relating to purchase financing or L/Cs, comfort letters, share price guarantees, deposits, etc.). It centralizes and verifies the authorizations granted to a limited number of employees, who are exclusively authorized by Senior Management to handle certain financial transactions – subject to predefined thresholds and authorization procedures – and helps implement tools to ensure effective control (double signature procedure, secure payment mechanisms, frequently updated authorization and signature system, controlled IT access, etc.).

- Acquisitions are managed by the Acquisitions Department, which reports to the Finance Department, examines and assesses the strategic interest of the planned total or partial takeover of a company and submits the relevant proposal to Senior Management, which makes the final decision. No Group subsidiary can make this decision on its own.

- Legal Departments, which are specialized in company law, contract law, litigation and copyright, assist and advise the subsidiaries on legal matters (acquisitions, contracts, leases, stock market regulations, corporate governance, etc.). They coordinate joint studies or those of interest for the Group, and support local entities on legislative issues so as to control risks in the various fields.

- The Tax Department assists and advises the Group's French and foreign companies with the analysis of the tax aspects of their projects. In coordination with the various internal departments, it ensures the Group's tax security by organizing risk prevention, identification and management. It implements the Group's transfer price policy and ensures that this is applied correctly.

- The Information Systems Department is involved in selecting IT solutions, and ensures their technical and functional compatibility. One of its principal aims is integrating those solutions and, in particular, it oversees changes to the ERP applications (PeopleSoft – Oracle) deployed in the main subsidiaries. It also regularly monitors IT projects and ensures that they are in line with the requirements identified by the functional teams and the budgets approved by management. As a result, medium-term project visibility has been introduced, with budgets set for a 2-year period, reviewed periodically to take into account the changes in the Company's priorities and constraints, especially for security matters. The Security Department is thus responsible for ensuring and organizing the protection of the information system, whether as concerns the security of the various applications, server architecture, the premises, etc.

3.1.3.2.5 Ongoing supervision of the internal control system

To provide ongoing supervision of the internal control system and its operation, the Group has introduced a biannual process for monitoring subsidiaries and key controls, together with the financial control teams. Self-assessment questionnaires were updated during the first half of the 2010 financial year.
Their goal is both to contribute to establishing and updating procedures and, above all, to help managers to pinpoint the fundamental issues regarding the effectiveness of the processes and controls in question. The introduction of a global formalized approach to internal control thus allows:

- the quality of controls in subsidiaries to be understood, particularly by means of:
  - ✓ evaluating the efficient utilization of resources (human, material or financial),
  - ✓ justifying investments and expenditure,
  - ✓ ensuring that activities carried out locally are in line with the strategy and guidelines of the Group
- operational and financial practices to be improved by means of corrective and optimization initiatives to remedy shortcomings;
- effective monitoring of compliance with these procedures and controls.

These questionnaires, which are based on the AMF's application guide, cover all the activities of the Company and are sent to all Group subsidiaries. This approach is combined with regular and targeted reviews.
The recommendations and observations of these reviews, as noted by the Internal Audit Department, are subject to systematic monitoring, while the progress of action plans in the functional departments and the Senior Management is frequently reviewed.
Studies regarding the fight against fraud also form part of the ongoing auditing and evaluation of the internal control system.

3.1.3.3 Internal control of the production of financial and accounting information

The internal control procedures relating to the production and processing of financial and accounting information are mainly implemented by the various accounting and finance departments.

3.1.3.3.1 Financial statement production and consolidation processes

The financial statements of each subsidiary are drawn up, under the responsibility of their manager, by the local accounting departments, which ensure compliance with local tax and regulatory constraints. These financial statements are subject to a limited review for the interim financial statements of the key subsidiaries and a complete audit carried out by the auditors for the majority of the subsidiaries for the year-end financial statements.

Reporting of accounting information, in standardized monthly reports, is carried out on the basis of a schedule established by the Consolidation Department and approved by the Administration Department. Each subsidiary must apply Group procedures for the recording of accounting data to monthly reporting, interim and annual financial statements and quarterly forecasts.

Since April 2006, subsidiaries' monthly reports have been in accordance with IFRS (International Financial Reporting Standards), and consolidation statements have been audited under IFRS. Since April 2008, reporting systems have allowed for information to be reported according to purpose and no longer purely according to type. Support for local teams, provided by the consolidation, IT and financial control teams has been put in place in order to ensure compliance with the new internal reporting formats.

The subsidiaries' accounting information is uploaded, reconciled and then consolidated in a central solution, HFM from Hyperion, under the responsibility of the Consolidation Department. This solution

supports automatic verification and consistency checking of flows, the balance sheet, specific line items in the income statement, etc. It also allows fast, reliable data reporting and is designed to make the consolidated financial statements secure.

The Company has taken measures to shorten the process of producing the consolidated financial statements and make it more reliable. For example, the Consolidation Department has drawn up procedures, which are updated periodically, enabling subsidiaries to optimize understanding and effectiveness of the solutions, and to guarantee the standardization of published accounting and financial data:

- drawing up a Group chart of accounts,
- implementing automatic mapping between the corporate financial statements and the consolidated financial statements,
- drawing up a user manual for the consolidation statement,
- drawing up a consolidation manual,
- drawing up an accounting policies manual.

The Consolidation Department also carries out ongoing monitoring so as to track and anticipate changes to the regulatory framework applicable to Group companies.

3.1.3.3.2 Organization and security of information systems

With a view to continually improving its information system and in order to ensure the integrity of accounting and financial data, the Company continues to invest in standardized solutions and procedures, to meet the requirements and the constraints both of the local teams and of the Group.

All major subsidiaries are integrated in PeopleSoft – Oracle, for the accounting and management of operational flows (procurement, manufacturing, logistics, etc.). This centralized application, which uses a single database for all subsidiaries, allows the sharing of frameworks and transaction formats (product database, customer and supplier files, etc.). A new version of this ERP solution will be progressively rolled out to meet growth-related challenges.

With a view to integrating and automating accounting and financial solutions, the Group also continues to search for solutions that will ultimately allow it to implement PeopleSoft – Oracle at the other foreign subsidiaries. The computerization of data exchange (interfaces between accounting systems and the consolidation system, daily integration of banking entries, automated payment issuing, etc.), has been proven to secure processing and guarantees greater reliability of accounting processes.

A test review of the IT environment as regards the features of Peoplesoft – Oracle was carried out at the start of March 2010 by KPMG. This task included access to applications and data, the management of changes and projects as well as the management of operations. Areas with room for improvement are the subject of an IT action plan which will be implemented from the next fiscal year.

Meetings are organized every quarter between the IT Department and the functional departments in order to outline the intended changes and evaluate the potential impact on other applications.

The Hyperion consolidation and management forecasting applications are used by all Group companies, providing an exhaustive and standardized view of business activities and accounting and financial data. They help improve the effectiveness of information processing.

Similarly, special attention is paid to the security of IT data and processing. The IT Department is looking to continually improve control levels in order to guarantee:

- ✓ network data security and scope for its recovery;
- ✓ the protection of online services from unauthorized access;
- ✓ the separation of networks' operational responsibilities from those relating to IT operations;
- ✓ the identification of users' responsibilities;
- ✓ the establishment of management procedures for remote equipment;

- ✓ the controls necessary to ensure the confidentiality, integrity and authenticity of data routed via public networks, and in order to protect online systems;
- ✓ the availability of online services and systems.

The most important systems are housed in dedicated specialist IT centers that comply with the security standards and needs of the Group. Security audits have been standardized for the vast majority of IT projects in order to significantly improve the security of applications. The IT Department has also worked towards distributing roles and responsibilities across the various security departments in order to clarify mandates, scope and ownership.

The IT teams are also focusing much of their efforts on documentation and training in order to guarantee the security, reliability, availability and relevance of accounting and financial information. The Company has acquired a modeling tool with the specific objective of mapping the existing information system in accordance with a methodology set as standard for all users of the tool in order to allow for improved management of documentation and training.

3.1.3.3.3 Accounting and financial information validation procedures

Ubisoft's accounting and financial information is produced by the Administration Department, under the supervision of the Chairman and Chief Executive Officer, with the Board of Directors responsible for final approval.

The consolidated financial statements are subject to a limited review as at September 30 and an audit as at March 31 by the Group's auditors. The Administration Department works with the statutory auditors to coordinate the timing and main accounting processes to allow for in the annual year-end process.
One-off assignments during the financial year such as pre-closing reviews prior to each closing date make it possible to forecast and examine specific accounting issues in advance. This systematic review allows for more orderly finalizing of accounts, as well as reducing the time needed to prepare the consolidated financial statements.
The auditorship for the subsidiaries in France is assigned to one of the co-statutory auditors of the holding company of the Group. At international level, the audit of the accounts in certain subsidiaries is carried out by the KPMG network. Their local representative does everything required of him in the respective country as regards statutory auditors. This organization contributes to the standardization of accounting processes.

The Group announces its sales on a quarterly basis and its earnings every six months.
The Consolidation Department also collects and verifies the accounting information to be included in the Group's financial releases when related to the consolidated financial statements.

3.1.3.3.4 External financial information management process

The Financial Communications Department distributes the financial information required for the Group's strategy to be understood to the shareholders, financial analysts and investors.
All financial releases (and press releases) are reviewed and approved by Senior Management. Financial information is published in strict compliance with market regulations and upholding the principle of equality of treatment of shareholders.

3.1.3.4 **Prospects**

The Group intends to continue strengthening its internal control system, by specifically focusing on increasing awareness among its teams and managers, systematically reviewing risks and developing effective solutions adapted to the teams' requirements.
From now on, in the interests of proximity and effectiveness, and in order to strengthen team-working, the regional managers will be in charge of keeping this internal control process going and improving it from the next financial year onwards.

3.2 *Auditor's report prepared pursuant to Article L.225-235 of the French Commercial Code, on the report of the Chairman of the Board of Directors of Ubisoft Entertainment SA*

This is a free translation into English of the statutory auditors' report issued in French prepared in accordance with Article L.225-235 of French company law on the report prepared by the Chairman of the Board of Directors on the internal control procedures relating to the preparation and processing of accounting and financial information issued in French and is provided solely for the convenience of English speaking users.

This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

Ladies and Gentlemen,

In our capacity as auditors of Ubisoft Entertainment SA and pursuant to the provisions of Article L. 225-235 of the French Commercial Code, we hereby present our report on the report prepared by the Chairman of your in accordance with the provisions of Article L. 225-37 of the French Commercial Code for the fiscal year ended March 31, 2009.

The chairman is required to draw up and submit to the approval of the board of directors a report for the check of internal audit procedures and risk management implemented at the company and giving the other information required by the Article L.225-37 of the French Commercial Code relating in particular to the device as regards of government of company.

Our task is:

- to offer our observations in response to the information provided in the Chairman's report regarding the internal audit procedures used to prepare and process accounting and financial information, and

- to attest that the report comprises the other information required by the Article L.225-37 of the French Commercial Code, being specified that our task is not to check the sincerity of this other information.

We have carried out our work in accordance with accepted professional standards in France.

Information concerning the internal audit procedures used to prepare and process accounting and financial information

The professional standards require due diligence in order to assess the accuracy of the information concerning the internal audit procedures used to prepare and process accounting and financial information included in the Chairman's report. Specifically, this due diligence includes:

- Acquiring an understanding of the internal control procedures used to prepare and process accounting and financial information on which the information and the provided in the Chairman's report are founded.

- Acquiring an understanding of the work which allowed to draw up these information.

- Determine if, in the case we would find during our mission important deficiencies of the internal control used to prepare and process accounting and financial, were appropriateness mentioned in the

Chairman's report.

On the basis of this work, we have no comments regarding the information provided about the company's internal control procedures used to prepare and process accounting and financial information, as contained in the report of the Chairman of the Board of Directors, prepared pursuant to the provisions of Article L. 225-37 of the French Commercial Code.

Other information

We attest that the report of the chairman of the board comprises the other information required by the article L.225-37 of the French Commercial Code.

By the statutory auditors

Nantes, June 11, 2010

KPMG Audit
A division of KPMG S.A.

Franck Noël
Partner

Rennes, June 11, 2010

Audit AMLD

Jean-Marc Bresson
Partner

4 CORPORATE INFORMATION

4.1 *Statutory auditor's special report on regulated agreements and commitments for the year ended March 31, 2010*

This is a free translation into English of the statutory Auditors' special report on regulated agreements and commitments issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Dear Shareholders,

In our capacity as statutory auditors of your company, we hereby present to you our report on regulated agreements and commitments.

Regulated agreements and commitments authorized during the fiscal year

In accordance with article L.225-40 of the French Commercial Code, we have been advised of agreements and commitments previously authorized by your Board of Directors during the last fiscal year.

We are not required to ascertain whether any other agreements exist but to inform you, on the basis of the information provided to us, of the main terms and conditions of the agreements and commitments that have been disclosed to us without commenting on their relevance of substance. It is your responsibility, under the terms of article R.225-31 of the French Commercial, to evaluate the benefits arising from these agreements and commitments prior to their approval.

We conducted our work in accordance with professional standards applicable in France; those standards require that we perform the procedures deemed necessary so as to verify that the information provided to us is in agreement with the underlying documentation from which it was extracted.

Regulated agreement of guarantee granted

- Persons concerned :
  Yves Guillemot and Claude Guillemot, common directors.
- Nature and purpose :

  On November 17, 2009 your Board of Directors authorized your company to invoice financial interests of 0.5 % per year to some subsidiaries companies as remuneration of the guarantees granted by the company within the framework of commitments taken by those subsidiaries face to face third parties (rents, banks, commercial partners…)
- Term and conditions :

  The term of the remuneration achieves to each guarantee due date. The financial revenue as of March 31, 2010 totaled € 221,100 excluding tax.

Continuing agreements and commitments which were entered into in prior years

Furthermore, in accordance with the French Commercial Code, we have been informed that the following agreements and commitments, which were approved during previous years and which were applicable during the period:

Licensing agreement with Gameloft SA

- Nature and purpose :

On November 18, 2008, your Board of directors authorized your company to grant to Gameloft SA an exclusive and nontransferable license for the use and reproduction of video games for iPhone and iPod Touch formats as well as a nonexclusive and nontransferable license authorizing the reproduction of the trademarks and logos relating to the video games subject to the exclusive user license.

- Term and conditions :

The license agreement concerns a period from January 28, 2009 to April 1, 2012. The amount of the royalties booked as turnover by your company as of March, 31 2010 totaled €275,154 excluding tax

Brand licensing agreement with Gameloft SA

- Nature and purpose :

On August 18, 2003 your Board of Directors authorized your company to sign an exclusive licensing agreement for current and future brands with Gameloft S.A. for the development of interactive video games for telephone, fax and telecommunications devices, personal digital assistants (PDAs) and interactive television.

- Term and conditions :

The term of the agreement is 10 years starting on April 1, 2002.

The amount of the royalties booked as turnover by your company as of March, 31 2010 totaled €648,780 excluding tax

By the statutory auditors

Nantes, June 11, 2010

KPMG Audit
A division of KPMG S.A.

Franck Noël
Partner

Rennes, June 11, 2010

Audit AMLD

Jean-Marc Bresson
Partner

4.2 *The Combined General Meeting on July 10, 2009*

4.2.1 Agenda

Of the Combined General Meeting on July 10, 2009

Ordinary Agenda

1. Approval of the company financial statements for the financial year ended March 31, 2010 and discharge granted to the directors
2. Allocation of earnings for the financial year ended March 31, 2010
3. Approval of the consolidated financial statements for the financial year ended March 31, 2010
4. Approval of the agreements and commitments covered by Articles L. 225-40 *et seq.* of the French Commercial Code
5. Appointment of a Statutory Auditor in replacement of a Statutory Auditor whose term of office expires
6. Appointment of an Alternate Auditor in replacement of an Alternate Auditor whose term of office expires
7. Authorisation to buy back, retain or transfer Ubisoft Entertainment SA share
8. Powers for legal formalities

Extraordinary Agenda

9. Authorisation granted to the Board of Directors to reduce the share capital by cancelling shares
10. Delegation of authority to the Board of Directors to increase the share capital through incorporation of reserves, earnings, premiums or other items for which capitalization is permitted
11. Delegation of authority to the Board of Directors to increase the share capital by issuing, with retention of preferential subscription rights, shares and/or securities granting entitlement to the Company's capital
12. Delegation of authority to the Board of Directors to increase the share capital by issuing, with waiving of preferential subscription rights by way of a public offering, shares and/or securities granting entitlement to the Company's capital
13. Delegation of authority to the Board of Directors to increase the share capital by issuing, with waiving of preferential subscription rights by way of an offer as referred to under paragraph II of Article L. 411-2 of the French Monetary and Financial Code, shares and/or securities granting entitlement to the Company's capital
14. Authorization to the Board of Directors to determine, up to a limit of 10% of the share capital per year, the issue price of ordinary shares or any securities granting entitlement to the Company's capital, in the case of an issue with waiving of preferential subscription rights by way of a public offering and/or an offer as referred to in paragraph II of Article L. 411-2 of the French Monetary and Financial Code
15. Authorization granted to the Board of Directors to issue ordinary shares and securities granting entitlement to ordinary shares, as consideration for contributions in kind granted to the Company and consisting of shares or securities granting entitlement to the share capital
16. Delegation of authority to the Board of Directors to increase the share capital by issuing shares reserved for members of a Group savings scheme
17. Authorization given to the Board of Directors to grant subscription and/or purchase options on ordinary shares
18. Overall maximum amount of capital increases
19. Update of the Articles of Association with the legal provisions relating to the terms and conditions for voting and participating in general meetings : amendment of article 14 of the Articles of Association
20. Powers for legal formalities

4.2.2 Text for draft resolutions subjected to the vote of the Combined General Meeting on July 10, 2009

4.2.2.1 Resolutions within the scope of the ordinary general shareholders' meeting

FIRST RESOLUTION

(Approval of the company financial statements for the financial year ended March 31st, 2010 and discharge granted to the directors)

The Shareholders' General Meeting, deliberating in accordance with the quorum and majority requirements for ordinary general meetings and having read the Board of Directors' management report and Statutory Auditors' report, approves the company financial statements for the financial year ended March 31st, 2010 as presented (consisting of the balance sheet, income statement and notes) showing a loss of €153,065,578.96, as well as the transactions reflected in said financial statements or summarized in said reports.

Accordingly, it discharges the directors in respect of the performance of their duties for the financial year ended March 31st, 2010.

SECOND RESOLUTION

(Allocation of earnings for the financial year ended March 31st, 2010)

The Shareholders' General Meeting, deliberating in accordance with the quorum and majority requirements for ordinary general meetings and having read the Board of Directors' report, resolves to allocate the loss for the financial year ended March 31st, 2010 as follows:

- Loss	- €153,065,578.96
- "Retained earnings"	+ €33,541,961.58
Balance of the "Retained earnings" account	- €119,523,617.38

The Shareholders' General Meeting also notes that no dividend has been distributed for the past three financial years.

THIRD RESOLUTION

(Approval of the consolidated financial statements for the financial year ended March 31st, 2010)

The Shareholders' General Meeting, deliberating in accordance with the quorum and majority requirements for ordinary general meetings and having read the Board of Directors' report on the management of the Group and the Statutory Auditors' report on the consolidated financial statements, approves the consolidated financial statements for the financial year ended March 31st, 2010 as presented (consisting of the balance sheet, consolidated income statement and notes), as well as the transactions reflected in said financial statements or summarized in said reports.

FOURTH RESOLUTION
(Approval of the agreements and commitments covered by Articles L. 225-40 et seq. of the French Commercial Code)

The Shareholders' General Meeting, deliberating in accordance with the quorum and majority requirements for ordinary general meetings and having read the Statutory Auditors' special report on the agreements and commitments covered by Articles L. 225-40 *et seq.* of the French Commercial Code relating to the financial year ended March 31st, 2010, notes the conclusions of said report and approves the agreements referenced therein.

FIFTH RESOLUTION
(Appointment of a Statutory Auditor in replacement of a Statutory Auditor whose term of office expires)

The Shareholders' General Meeting, deliberating in accordance with the quorum and majority requirements for ordinary general meetings, resolves to appoint MB AUDIT - 23, rue Bernard Palissy – 35000 Rennes as Statutory Auditor in replacement of AUDIT AMLD SARL whose term of office expires, for a term of six financial years, i.e. until the closing of the Ordinary Shareholders' General Meeting called to approve the financial statements for the year ending March 31st, 2016.

SIXTH RESOLUTION
(Appointment of an Alternate Auditor in replacement of an Alternate Auditor whose term of office expires)

The Shareholders' General Meeting, deliberating in accordance with the quorum and majority requirements for ordinary general meetings, resolves to appoint Mr. Roland Travers - 23, rue Bernard Palissy – 35000 Rennes, as Alternate Auditor in replacement of Mr. Pierre Borie whose term of office expires, for a term of six financial years, i.e. until the closing of the Ordinary Shareholders' General Meeting called to approve the financial statements for the year ending March 31st, 2016.

SEVENTH RESOLUTION
(Authorization to buy back, retain or transfer Ubisoft Entertainment SA shares)

The Shareholders' General Meeting, deliberating in accordance with the quorum and majority requirements for ordinary general meetings and having read the Board of Directors' report, authorizes the Board of Directors – with the option to further delegate within legal prescribed manners, pursuant to the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code and in accordance with the applicable provisions of European Regulation 2273/2003 of December 22nd, 2003 and the General Regulations of the AMF (*Autorité des Marchés Financiers*) – to buy, retain and transfer Company shares, within a maximum of 10% of the share capital that may exist at any given moment. This percentage applies to the capital adjusted on the basis of transactions affecting it subsequent to this Meeting. It is noted that the maximum percentage of shares bought back by the Company in order to be retained and subsequently used as consideration or exchange in acquisitions is limited to 5% of the share capital as prescribed by law.

Shares may be bought and sold for any purpose currently authorized or that may be authorized in future under applicable laws and regulations, and in particular the following:

- Ensuring the liquidity and market-making in the secondary market of the Ubisoft Entertainment SA's shares by an investment services provider acting independently in accordance with the code of ethics recognized by the AMF;

- Releasing shares upon exercise of rights attached to securities giving entitlement to the Company's share capital by any means, whether immediately or in the future;
- Granting shares to employees and corporate officers of the Ubisoft Group under any arrangement authorized by law and, in particular, via a company profit-sharing scheme, any company savings scheme, any bonus share grant plan, or any stock option plan for some or all of the Group's employees or corporate officers;
- Retaining shares for delivery at a later date in exchange or as payment for future acquisitions up to a limit of 5% of the existing capital;
- Cancelling shares, subject to approval of the ninth resolution submitted to this Meeting;
- Implementing any market practice that is or may come to be recognized by law or the AMF.

The maximum authorized unit purchase price, not including expenses, is €60, i.e. a maximum of €566,736,660 based on the share capital at April 30th, 2010, it being stated that in the event of a capital increase through capitalization of reserves, allocation of bonus shares and/or stock split or consolidation, the maximum unit purchase price and the overall program maximum will be adjusted accordingly.

Use of the authorization may not result in the number of shares directly or indirectly held by the Company exceeding 10% of the number of shares in the share capital.

Shares may be bought back, sold or transferred by any means, including over-the-counter transactions, the sale of blocks of shares, sale with repurchase options, the use of any derivatives traded on a regulated or OTC market, and the implementation of option strategies, under terms authorized by the AMF.

These shares may be purchased, sold or transferred on one or more occasions and at any time, except during public offerings involving Company shares.

At each shareholders' annual general meeting, the Board of Directors shall inform shareholders of the shares purchased, transferred or cancelled in this regard, and of the allocation or where appropriate reallocation, within legal prescribed manners, of the acquired shares to the various goals being pursued.

The Shareholders' General Meeting fully empowers the Board of Directors, with the option to delegate within legal prescribed manners, to place any stock market or off-market orders, enter into any agreements, draft any documents in particular disclosure documents, allocate or reallocate shares bought back as prescribed by law, carry out any formalities, make any representations to any organizations and, in general, do whatever is necessary.

In the event of the law or AMF extending or supplementing the authorized goals for share buyback programs, the Shareholders' General Meeting fully empowers the Board of Directors to prepare an amended program description incorporating these modified goals.

This authorization is granted for a period of eighteen months from the date of this Meeting. It immediately cancels the unused portion of the authorization to buy back Company shares granted by the Combined General Meeting of July 10th, 2009.

EIGHTH RESOLUTION
(Powers for legal formalities)

The Shareholders' General Meeting, deliberating in accordance with the quorum and majority requirements for ordinary general meetings, fully empowers the bearer of a copy or excerpt of the minutes of this Meeting to carry out all legally prescribed filings and formalities, as and when required.

Resolutions within the scope of the extraordinary general shareholders' meeting

NINTH RESOLUTION
(Authorization granted to the Board of Directors to reduce the share capital by cancelling shares)

The Shareholders' General Meeting, deliberating in accordance with the quorum and majority requirements for extraordinary general meetings and having read the Board of Directors' report and the Statutory Auditors' special report, and deliberating in accordance with Article L. 225-209 of the French Commercial Code, authorizes the Board of Directors – at its sole discretion and on one or more occasions – to reduce the Company's share capital within a maximum of 10% during each 24-month period, by cancelling shares that the Company holds or may hold as a result of buybacks made under the share buyback programs authorized by the seventh resolution submitted to this Meeting or under share buyback programs authorized prior or subsequent to the date of this Meeting.

The Shareholders' General Meeting fully empowers the Board of Directors, with the option to delegate within legal prescribed manners, to carry out these transactions for the amounts and according to the timing of its choosing, set the terms and conditions thereof, make the necessary deductions from reserves, earnings or premiums, record completion thereof, amend the Articles of Association accordingly and, in general, make all decisions and carry out all formalities.

This authorization is granted for a period of eighteen months from the date of this Meeting.

The Shareholders' General Meeting immediately cancels the unused portion of the authorization granted by the Combined General Meeting of July 10th, 2009.

TENTH RESOLUTION
(Delegation of authority to the Board of Directors to increase the share capital through incorporation of reserves, earnings, premiums or other items for which capitalization is permitted)

The Shareholders' General Meeting, deliberating in its extraordinary form in accordance with the quorum and majority requirements for ordinary general meetings, having read the Board of Directors' report and deliberating in accordance with the provisions of articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code:

1) delegates to the Board of Directors, with the option to further delegate within legal prescribed manners, its authority to increase the share capital, on one or more occasions, in the proportions and according to the timing of its choosing, by means of incorporation of all or part of the reserves, earnings or premiums (issue, merger, or contribution premiums) or any other items for which capitalization is allowable in accordance with the law or the Articles of Association, through free share allotment or an increase in the nominal value of existing shares or through the combined use of these two procedures;
2) resolves that:
   - the maximum nominal amount of the capital increase(s) that may be decided upon by the Board of Directors in accordance with this delegation may not exceed €10,000,000;
   - this amount shall not be included in the overall maximum amount provided for under the eighteenth resolution of this Meeting;
   - if applicable, this amount shall be increased by the nominal amount of the shares that may be issued in the event of further financial transactions, to uphold the rights of holders of securities granting entitlement to the Company's share capital;
3) in the event that the Board of Directors makes use of this authorization, delegates to the latter all powers, with the option to further delegate within legal prescribed manners, to implement this authorization, in particular to:

   - stipulate the conditions for the issue and the amount and the nature of the sums to be capitalized, stipulate the number of new shares to be issued and/or the amount by which the

nominal value of the existing shares making up the share capital is to be increased, set the date, even if retroactive, from which the new shares shall be entitled to dividends or the date on which the increase in the nominal value shall come into effect;

- resolve, in the case of the distribution of bonus shares that the rights to fractions of shares shall not be negotiable and that the corresponding shares shall be sold; the proceeds from the sale shall be allocated to the holders of the rights in accordance with the conditions prescribed by law and the regulations;
- set out and carry out any adjustments intended to take into account the impact of transactions on the Company's capital and to stipulate the terms under which the rights of holders of securities granting entitlement to the Company's capital shall be upheld, if applicable;
- record the completion of each capital increase and make the subsequent amendments to the Articles of Association;
- in general, sign all agreements, take all measures and complete all formalities that will assist in the issue, the listing and the servicing of the shares issued in accordance with this authorization and in the exercising of the rights attached to them or arising from the capital increases carried out.

4) resolves that this authorization is granted for a period of twenty-six months from the date of this General Meeting.

ELEVENTH RESOLUTION
(Delegation of authority to the Board of Directors to increase the share capital by issuing, with retention of preferential subscription rights, shares and/or securities granting entitlement to the Company's capital)

The Shareholders' General Meeting, deliberating in accordance with the quorum and majority requirements for extraordinary general meetings, and having noted the Board of Directors' report and the Statutory Auditors' special report, deliberating in accordance with articles L. 225-129 *et seq.* of the French Commercial Code, particularly Article L. 225-129-2, and Articles L. 228-91 *et seq.* of said Code:

1) delegates to the Board of Directors, with the option to further delegate within legal prescribed manners, its authority to issue, on one or more occasions, in the proportions and according to the timing of its choosing, either in France or abroad, with the retention of preferential subscription rights for shareholders:

   (a) shares in the Company,
   (b) securities granting entitlement by any means, whether immediately or in the future, to the Company's existing shares or to shares that are to be issued in the Company,
   (c) securities granting entitlement by any means, whether immediately or in the future, to existing shares or shares to be issued in a company of which the Company directly or indirectly owns at least half of the share capital.

   It is hereby stated that the subscriptions may be carried out either in cash or by offsetting against receivables.
   Securities other than shares issued under this resolution may be issued in euros, a foreign currency or any other accounting unit established by reference to a basket of currencies, and may be subscribed to in cash or by offsetting against receivables. Warrants allowing subscription to securities may be issued either by a subscription offer or in the form of bonus shares issued to the holders of existing shares.

2) resolves that the maximum par value of share capital increases that may be carried out immediately and/or in the future under this authorization may not exceed €1,450,000, it being stated that (i) this limit is set without taking into account the number of ordinary shares that may

be issued to reflect adjustments to be made in accordance with applicable legal and contractual provisions, in order to uphold the rights of holders of securities or other rights granting entitlement to the Company's share capital, and that (ii) the maximum par value of share capital increases that may be carried out immediately and/or in the future under this resolution shall be included in the overall maximum amount of €4,000,000 provided for under the eighteenth resolution of this Meeting.

3) resolves that shareholders may exercise their non-reducible preferential subscription rights within legal prescribed manners. Moreover, the Board of Directors may grant shareholders the right to subscribe to more securities than they would be entitled to as of right, on an excess basis in proportion to the subscription rights that they hold and, in any event, within the number they request.

If subscriptions on a non-reducible and, where applicable, reducible basis do not absorb the entire issue of shares or securities as defined above, the Board may use one and/or more of the following options in any order it sees fit:

- limit the issue to the amount of subscriptions, provided said amount represents at least three quarters of the approved issue;
- freely allocate all or part of unsubscribed shares and/or other securities;
- offer all or part of the unsubscribed shares and/or other securities to the general public.

4) duly notes that, where applicable, the present authorization automatically entails the shareholders' express waiver of their preferential subscription rights in favor of holders of securities granting future entitlement to Company shares, to which such securities grant entitlement.
5) resolves that the maximum principal amount of debt securities granting entitlement to the capital may not exceed €400,000,000 or the equivalent of this amount if issued in a foreign currency or any accounting units established by reference to a basket of currencies on the date the decision is taken, it being stated that this amount applies to all debt securities issued under the authorization granted to the Board of Directors by this Shareholders' General Meeting.

6) resolves that, in accordance with the provisions of Article L. 225-129-2 of the French Commercial Code, this authorization is granted to the Board of Directors for a period of twenty-six months and supersedes any other authorization having the same purpose.

The Board of Directors shall be fully empowered, with the option to further delegate within legal prescribed manners, to implement this authorization and, in particular, to decide on the dates, terms and procedures for such issues, as well as the form and features of the securities to be created, approve the price, terms and conditions applicable to the issues, set the amounts to be issued, set the subscription dates and cum-rights dates – even back-dated – of the securities to be issued, decide on the manner in which the shares or other securities issued will be paid up, the listing of the created securities, the servicing of the new shares and the exercise of the rights attached thereto, where appropriate to set their stock market buyback terms and, in general, do whatever is necessary and enter into any agreements in order to successfully complete the planned issues, record the capital increase(s) resulting from any issues carried out under this authorization and amend the Articles of Association accordingly.

Moreover, the Board of Directors or its Chairman may charge any costs to the issue premium(s), in particular expenses, duties and fees stemming from issuance.

Should debt securities be issued, the Board of Directors shall be fully empowered, with the option of further delegating to the Chairman, namely to decide whether or not said securities should be subordinated, set their interest rate, term, fixed or variable redemption price with or without premium, the amortization method depending on market conditions and the terms on which said securities shall grant entitlement to Company shares.

TWELFTH RESOLUTION

(Delegation of authority to the Board of Directors to increase the share capital by issuing, with waiving of preferential subscription rights by way of a public offering, shares and/or securities granting entitlement to the Company's capital)

The Shareholders' General Meeting, deliberating in accordance with the quorum and majority requirements for extraordinary general meetings, and having read the Board of Directors' report and the Statutory Auditors' special report, deliberating in accordance with articles L. 225-129 *et seq.* of the French Commercial Code, particularly articles L. 225-129-2, L. 225-135, L. 225-136 and L. 225-148 and articles L. 228-91 *et seq.* of said Code:

1) delegates to the Board of Directors its authority to issue, on one or more occasions, in the proportions and according to the timing of its choosing, either in France or abroad and by way of a public offering, with waiving of preferential subscription rights:

   (a) shares in the Company;
   (b) securities granting entitlement by any means, whether immediately or in the future, to existing shares or shares that are to be issued in the Company,
   (c) securities granting entitlement by any means, whether immediately or in the future, to existing shares or shares to be issued in a company in which the Company directly or indirectly owns at least half of the share capital.

   It is hereby stated that the subscriptions may be carried out either in cash or by offsetting against receivables.

   Securities other than shares issued under this resolution may be issued in euros, a foreign currency or any other accounting unit established by reference to a basket of currencies, and may be subscribed to in cash or by offsetting against receivables.

2) resolves that the maximum par value of share capital increases that may be carried out immediately and/or in the future under this authorization and the authorization granted in accordance with the thirteenth resolution may not exceed €1,450,000, it being stated that (i) this maximum amount is set without taking into account the number of ordinary shares that may be issued to reflect adjustments to be made in accordance with applicable legal and contractual provisions, in order to uphold the rights of holders of securities or other rights granting entitlement to the Company's share capital, and that (ii) the maximum par value of share capital increases that may be carried out immediately and/or in the future under this authorization shall be included in the overall maximum amount of €4,000,000 provided for in the eighteenth resolution.

3) resolves to waive shareholders' preferential subscription rights for securities to be issued, it being noted that the Board of Directors may grant shareholders priority subscription in respect of any part of the issue, for the period and on the terms of its choosing. Said priority subscription shall not create marketable rights but, should the Board of Directors see fit, may be exercised both as of right and on an excess basis.

4) resolves that, should subscriptions from shareholders and the general public not cover the full issue of shares or securities as defined above, the Board may use one or more of the following options in any order it sees fit:

   - where necessary, limit the issue to the amount of subscriptions, provided legal prescribed conditions have been met,
   - freely allocate all or part of unsubscribed shares and/or other securities.

5) duly notes that, where applicable, the present authorization automatically entails the shareholders' express waiver of their preferential subscription rights in favor of holders of securities granting future entitlement to Company shares, to which such securities grant entitlement.

6) resolves that any amount accruing, or that should accrue, to the Company for each of the shares and securities granting entitlement to the capital that are or shall be issued under the present authorization shall, after inclusion of the warrant issue price in the case of the issue of share subscription warrants, be at least equal to the minimum price provided for under legal and/or regulatory provisions applicable on the date of the issue, regardless of whether the securities to be issued immediately or in the future are comparable to the shares that have already been issued.

7) resolves that the maximum principal amount of debt securities may not exceed €400,000,000 or the equivalent of this amount if issued in a foreign currency or any accounting units established by reference to a basket of currencies on the date the decision is taken, it being stated that this amount applies to all debt securities issued under the authorization granted to the Board of Directors by this Shareholders' General Meeting and shall be included in the limit stipulated under 7) of the thirteenth resolution.

8) resolves that the Board of Directors may use this authorization to issue, on one or more occasions, shares and/or securities granting immediate or future entitlement to a portion of the Company's share capital in consideration for shares included in any equity swap offer made by the Company under Article L. 225-148 of the French Commercial Code involving the securities of another company listed on one of the markets covered by said Article L. 225-148 of the French Commercial Code, and further resolves to waive shareholders' preferential subscription rights to said shares and securities in favor of the holders of such shares and securities.

This authorization entails an express waiver of shareholders' preferential subscription rights attached to the shares to which these securities may grant entitlement, whether immediately or in the future, to the share capital of the Company.

The Board of Directors may, with the option to further delegate within legal prescribed manners:

- set the exchange ratio and, where appropriate, the amount of any balance to be paid in cash;
- record the number of shares given in exchange;
- set the amounts to be issued, determine the procedures for the issue and the form of the securities;
- record the difference between the issue price of the new shares and their par value in a "Contribution premium" account under balance sheet liabilities, in which all shareholders' rights shall vest;
- where applicable, charge all expenses and fees stemming from the authorized transaction to said "Contribution premium" account;
- in general, do whatever is necessary and enter into whatever agreements are necessary to successfully complete the authorized transaction.

9) resolves that, in accordance with the provisions of Article L. 225-129-2 of the French Commercial Code, this authorization is granted to the Board of Directors for a period of twenty-six months and supersedes any other authorization having the same purpose.

The Board of Directors shall be fully empowered, with the option to further delegate within legal prescribed manners, to implement this authorization and, in particular, to decide on the dates, terms and procedures for such issues, as well as the form and features of the securities to be created, approve the price, terms and conditions applicable to the issues, set the amounts to be issued, set the subscription dates and cum-rights dates – even back-dated – of the securities to

be issued, decide on the manner in which the shares or other securities issued will be paid up, the listing of the created securities, the servicing of the new shares and the exercise of the rights attached thereto, where appropriate to set their stock market buyback terms and, in general, do whatever is necessary and enter into any agreements in order to successfully complete the planned issues, record the capital increase(s) resulting from any issues carried out under this authorization and amend the Articles of Association accordingly.

Moreover, the Board of Directors or its Chairman may charge any costs incurred to the issue premium(s), in particular, expenses, duties and fees stemming from the carrying out of the issues.

Should debt securities be issued, the Board of Directors shall be fully empowered, with the option of further delegating to the Chairman, among other purposes to decide whether or not said securities should be subordinated, set their interest rate, term, fixed or variable redemption price with or without premium, the amortization method depending on market conditions and the terms on which said securities shall grant entitlement to Company shares.

THIRTEENTH RESOLUTION
(Delegation of authority to the Board of Directors to increase the share capital by issuing, with waiving of preferential subscription rights by way of an offer as referred to under paragraph II of Article L. 411-2 of the French Monetary and Financial Code, shares and/or securities granting entitlement to the Company's capital)

The Shareholders' General Meeting, deliberating in accordance with the quorum and majority requirements for extraordinary general meetings, and having read the Board of Directors' report and the Statutory Auditors' special report, deliberating in accordance with articles L. 225-129 *et seq.* of the French Commercial Code, particularly articles L. 225-129-2, L. 225-135 and L. 225-136 and articles L. 228-91 *et seq.* of said Code:

1) delegates to the Board of Directors its authority to issue, on one or more occasions, in the proportions and according to the timing of its choosing, either in France or abroad, by way of an offer as referred to under Article L. 411-2 II of the French Monetary and Financial Code (i.e. an offer (i) to persons providing a portfolio management investment service on behalf of third parties or (ii) to qualified investors or to a restricted group of investors, on condition that these investors are acting on their own behalf), with waiving of preferential subscription rights:

   (a) shares in the Company;
   (b) securities granting entitlement by any means, whether immediately or in the future, to existing shares or shares that are to be issued in the Company,
   (c) securities granting entitlement by any means, whether immediately or in the future, to existing shares or shares to be issued in a company in which the Company directly or indirectly owns at least half of the share capital.

   It is hereby stated that the subscriptions may be carried out either in cash or by offsetting against receivables.

   Securities other than shares issued under this resolution may be issued in euros, a foreign currency or any other accounting unit established by reference to a basket of currencies, and may be subscribed to in cash or by offsetting against receivables.

2) resolves that the maximum par value of share capital increases that may be carried out immediately and/or in the future under this authorization may not exceed €1,450,000, it being stated that:

(i) this maximum amount is set without taking into account the number of ordinary shares that may be issued to reflect adjustments to be made in accordance with applicable legal and contractual provisions, in order to uphold the rights of holders of securities or other rights granting entitlement to the Company's share capital, and that

(ii) the maximum par value of share capital increases that may be carried out immediately and/or in the future under this authorization shall be included in the overall maximum amount of €4,000,000 provided for by the eighteenth resolution and in the limit provided for in the twelfth resolution,

(iii) in any case, issues of shares carried out under this authorization by way of an offer as referred to under Article L. 411-2 II of the French Monetary and Financial Code may not exceed the limits provided for by the regulations in force on the issue date (for information purposes, on the date of this General Meeting, the issue of shares carried out by way of an offer as referred to under Article L. 411-2 II of the French Monetary and Financial Code is limited to 20% of the Company's capital per year), it being stated that this limit shall be assessed on the date of the decision by the Board of Directors to make use of this authorization.

3) resolves to waive preferential subscription rights for the securities to be issued.

4) resolves that if subscriptions do not absorb the entire issue of securities, the Board of Directors may limit the issue at the time of subscription in accordance with the laws in force at the time this authorization is used.

5) duly notes that, where applicable, the present authorization automatically entails the shareholders' express waiver of their preferential subscription rights in favor of holders of securities granting future entitlement to Company shares, to which such securities grant entitlement.

6) resolves that any amount accruing, or that should accrue, to the Company for each of the shares and securities granting entitlement to the capital that are or shall be issued under the aforementioned authorization shall, after inclusion of the warrant issue price in the case of the issue of share subscription warrants, be at least equal to the minimum price provided for under legal and/or regulatory provisions applicable on the date of the issue, regardless of whether the securities to be issued immediately or in the future are comparable to the shares that have already been issued.

7) resolves that the maximum principal amount of debt securities may not exceed €400,000,000 or the equivalent of this amount if issued in a foreign currency or any accounting units established by reference to a basket of currencies on the date the decision is taken, it being stated that this amount applies to all debt securities issued under the authorization granted to the Board of Directors by this Shareholders' General Meeting – it being stated that this limit shall be included in the limit stipulated under 7) of the twelfth resolution.

8) resolves that this authorization is granted to the Board of Directors for a period of twenty-six months and supersedes any other authorization having the same purpose.

9) resolves that the Board of Directors shall be fully empowered, with the option to further delegate within legal prescribed manners, to implement this authorization and, in particular, to decide on the dates, terms and procedures for such issues, as well as the form and features of the securities to be created, approve the price, terms and conditions applicable to the issues, set the amounts to be issued, set the subscription dates and cum-rights dates – even back-dated – of the securities to be issued, decide on the manner in which the shares or other securities issued will be paid up, the listing of the created securities, the servicing of the new shares and the exercise of the rights attached thereto, where appropriate to set their stock market buyback terms and, in general, do whatever is necessary and enter into any agreements in order to successfully

complete the planned issues, record the capital increase(s) resulting from any issues carried out under this authorization and amend the Articles of Association accordingly. Moreover, the Board of Directors or its Chairman may charge any costs incurred to the issue premium(s), in particular, expenses, duties and fees stemming from the carrying out of the issues.

FOURTEENTH RESOLUTION
(Authorization to the Board of Directors to determine, up to a limit of 10% of the share capital per year, the issue price of ordinary shares or any securities granting entitlement to the Company's capital, in the case of an issue with waiving of preferential subscription rights by way of a public offering and/or an offer as referred to in paragraph II of Article L. 411-2 of the French Monetary and Financial Code)

The Shareholders' General Meeting, deliberating in accordance with the quorum and majority requirements for shareholders' extraordinary general meetings and having read both the Board of Directors' report and the Statutory Auditors' special report, and deliberating in accordance with Articles L. 225-136 and R. 225-119 of the French Commercial Code:

1) authorizes the Board of Directors, in the event of the implementation of the twelfth and thirteenth resolutions here-above, to depart from the conditions for setting prices provided for by said resolutions and to set the issue price for shares and/or securities to be issued such that any amount accruing, or that should accrue, to the Company for each of the shares and securities granting entitlement to the capital that are or shall be issued shall - after taking into account, in case of issue of share subscription warrants, the issue price attached thereto - be at least equal to the weighted average of the share price during the last three trading sessions preceding the issue, if applicable reduced by a maximum discount of 10%, regardless of whether the securities to be issued immediately or in the future are comparable to the shares that have already been issued;

2) resolves that the total nominal amount of a capital increase resulting from the implementation of this resolution may not exceed 10% of the share capital for each 12-month period, it being stated that the amount of capital increases carried out in accordance with this resolution shall be included in the limit set by the twelfth and thirteenth resolutions;

3) resolves that this authorization is granted to the Board of Directors for a period of twenty-six months as from the date of this Meeting.

FIFTEENTH RESOLUTION
(Authorization granted to the Board of Directors to issue ordinary shares and securities granting entitlement to ordinary shares, as consideration for contributions in kind granted to the Company and consisting of shares or securities granting entitlement to the share capital)

The Shareholders' General Meeting, deliberating in accordance with the quorum and majority requirements for shareholders' extraordinary general meetings and having read the Board of Directors' report and the Statutory Auditors' special report, and deliberating in accordance with Article L. 225-147 paragraph 6 of the French Commercial Code, authorizes the Board of Directors to issue, on the basis of the report from the Contribution Auditor(s) (provided for in the first and second paragraphs of Article L. 225-147 referred to here-above), ordinary shares in the Company or securities granting entitlement by any means, immediately and/or in the future, to existing ordinary shares or ordinary shares to be issued in the Company, as consideration for contributions in kind granted to the Company and consisting of shares or securities granting entitlement to the Company's capital, when the provisions of Article L. 225-148 of the French Commercial Code are not applicable, and resolves, if required, to waive shareholders' preferential subscription rights for ordinary shares and securities thereby issued, in favor of the holders of shares or securities that are the subject of the contributions in kind.

The Shareholders' General Meeting resolves that the maximum par value of the immediate or future capital increase, resulting from all issues carried out in accordance with this authorization is set at 10% of the Company's capital existing on the date of this Meeting and shall be included in the maximum overall amount of €4,000,000 provided for in the eighteenth resolution.

The Shareholders' General Meeting notes that this authorization entails the shareholders' waiver of their preferential subscription rights to ordinary shares to which the securities issued on the basis of this authorization would grant entitlement.

The Board of Directors shall be fully empowered, with the option to further delegate within legal prescribed manners, to implement this resolution, particularly to draw up the list of shares or securities given in exchange, set the exchange ratio and, where appropriate, the amount of any balance to be paid in cash, to deliberate, on the basis of the report from the Contribution Auditor(s) mentioned in the first and second paragraphs of Article L. 225-147 referred to above, on the evaluation of the contributions and the granting of special benefits, record the completion of the capital increases carried out in accordance with this authorization, amend the Articles of Association accordingly and carry out all formalities, make all declarations and request any authorization that may be necessary for the carrying out of these contributions.

This authorization is granted for a period of twenty-six months as from the date of this Meeting and supersedes any other authorization having the same purpose.

SIXTEENTH RESOLUTION
(Delegation of authority to the Board of Directors to increase the share capital by issuing shares reserved for members of a Group savings scheme)

The Shareholders' General Meeting, deliberating in accordance with the quorum and majority requirements for extraordinary shareholders' meetings and having read the Board of Directors' report and Statutory Auditors' special report, and deliberating in accordance with Articles L. 225-129, L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-1 *et seq.* of the French Employment Code:

1) authorizes the Board of Directors to increase the share capital, at its sole discretion, on one or more occasions, according to the timing and in the form of its choosing, within legal prescribed manners, by issuing ordinary shares or securities granting entitlement to the Company's ordinary shares, whether existing or to be issued, to be subscribed to in cash, reserved for members of a Group savings scheme of the Company and/or of the companies or consortia related to it under the terms of Article L. 225-180 of the French Commercial Code,

2) resolves that (i) the par value of any immediate or future increase in the Company's capital, resulting from all the issues carried out under this authorization shall be set at 0.2% of the share capital outstanding on the date when the Board of Directors makes its decision, it being stated that this maximum amount is set without taking into account the par value of any ordinary shares in the Company that may be issued to reflect adjustments to be made in accordance with applicable legal and contractual provisions, in order to uphold the rights of holders of securities or other rights granting entitlement to the share capital, and that (ii) the par value of Company share capital increases that may be carried out either immediately or in the future, resulting from the issues made under this authorization, shall be included in the maximum amount of €4,000,000 set in the eighteenth resolution.

3) resolves to waive shareholders' preferential rights to subscribe to ordinary shares or securities granting entitlement to ordinary shares to be issued under this authorization, in favor of members of a Group savings scheme.

4) resolves that the subscription price for the shares or securities issued shall be decided in the manner set out in Articles L. 3332-18 to L. 3332-23 of the French Employment Code.

5) resolves to set the maximum discount offered under a savings scheme at 15% of the average opening price of Ubisoft Entertainment SA shares on Euronext Paris during the twenty trading sessions prior to the date of the decision setting the start date for subscriptions; it is hereby stated that the Board of Directors may reduce this discount as it sees fit, in particular if members of a company savings scheme are offered securities on the international market and/or abroad in order to meet the requirements of applicable local legislation.

6) further resolves that the Board of Directors may also grant to the aforementioned beneficiaries bonus shares or other securities granting entitlement to the Company's capital, pursuant to legal and regulatory provisions, in substitution for all or part of the discount referred to in 5) above and/or as a matching contribution by the Company, it being understood that the benefit arising from this allocation may not exceed the limits set in Articles L. 3332-21 and L. 3332-11 of the French Employment Code.

Each capital increase may only be carried out within the number of shares subscribed to by the aforementioned beneficiaries, either individually or through company mutual funds or open-ended investment companies governed by Article L. 214-40-1 of the French Monetary and Financial Code.

The Board of Directors shall be fully empowered, with the option to further delegate within legal prescribed manners, to implement this authorization in compliance with the terms set out above and, in particular, for the purposes of:

- deciding on the features, amount, terms, rules and procedures for all issues,
- deciding whether the shares may be subscribed to directly by members of a savings scheme or via company mutual funds or open-ended investment companies governed by Article L. 214-40-1 of the French Monetary and Financial Code,
- deciding on the relevant companies and beneficiaries,
- deciding on the nature and terms and conditions of the capital increase, as well as the terms and conditions of the issue,
- where applicable, setting the length-of-service conditions to be met by the beneficiaries in order to subscribe to new ordinary shares or securities issued as a result of the capitalincreases covered by this resolution,
- setting the amounts of these issues and deciding on the subscription prices, terms and conditions of any issues of shares or securities that may be carried out under this authorization and, in particular, their cum-rights date and the procedure for paying them up and settling them,
- setting the subscription start and end dates,
- recording the completion of the capital increase through the issue of ordinary shares to within the number of ordinary shares that will actually be subscribed to,
- at its sole discretion, and should it see fit, charging the expenses incurred on capital increases to the premiums related thereto and deducting the amounts required to ensure that the legal reserve represents one tenth of the new capital following any increase,
- generally, carrying out all acts and formalities, taking any measures or decisions and entering into any agreements that may be appropriate or necessary to (i) ensure that the issues made under this authorization are successfully completed, in particular as regards the issue, subscription, settlement, exercise, listing of the created securities, the servicing of the new shares and the exercise of rights attached thereto, (ii) record the completion of the capital increase(s), amending the Articles of Association to reflect said capital increase(s), (iii) carry out the formalities relating to the completion of the capital increases and, generally, do whatever is necessary.

This authorization is valid for a period of twenty-six months from the date of this Meeting and, in respect of the unused portion, supersedes any previous authorization having the same purpose.

SEVENTEENTH RESOLUTION
(Authorization given to the Board of Directors to grant subscription and/or purchase options on ordinary shares)

The Shareholders' General Meeting, deliberating in accordance with the quorum and majority requirements for shareholders' extraordinary general meetings and having read the Board of Directors' report and the Statutory Auditors' special report:

1) authorizes the Board of Directors, pursuant to Articles L. 225-177 *et seq.* of the French Commercial Code, to grant, on one or more occasions, to staff members it selects from among the employees and corporate officers of the Company or of companies related to it under the provisions of Article L. 225-180 of the French Commercial Code, subscription and/or purchase options for ordinary shares in the Company under the terms set out below, it being stated that under Article L. 225-182 of the French Commercial Code, the Board of Directors may not grant options to corporate officers and employees of the Company or companies related to it as per the provisions of Article L. 225-180 of the French Commercial Code if they hold more than 10% of the share capital.

2) resolves that (i) the number of ordinary shares that may be subscribed to or purchased by beneficiaries exercising the options granted by the Board of Directors under this authorization may not exceed **3.4%** of the total number of ordinary shares outstanding on the date when the Board of Directors resolves to grant the options, it being stated that this maximum amount is set without taking into account the par value of any ordinary shares in the Company that may be issued to reflect adjustments to be made in accordance with applicable legal and contractual provisions, to uphold the rights of holders of securities or other rights granting entitlement to the capital, and that (ii) the par value of share capital increases resulting from future ordinary share issues carried out under this authorization shall be included in the maximum amount of €4,000,000 set in the eighteenth resolution of this Meeting.

3) resolves that the number of options granted to corporate officers of the Company may not represent more than 5% of total allocations made by the Board throughout the period of this authorization, the exercise of the options by the corporate officers of the Company being linked to performance conditions to be met and set by the Board of Directors.

4) resolves that the subscription or purchase price of the ordinary shares by the beneficiaries of options shall be set by the Board of Directors on the date when it grants the options to the beneficiaries, subject to the following limits:

   - in respect of subscription options on ordinary shares, the subscription price for the ordinary shares may not be under either the average opening share price recorded during the twenty trading sessions prior to the date of the option grant, or the opening price of Ubisoft Entertainment SA shares on Euronext Paris on the date of the Board of Directors' decision, it being stated that, in any event, the subscription price for ordinary shares as set by the Board of Directors may not be under the threshold set in Article L. 225-177 of the French Commercial Code,
   - in respect of purchase options on ordinary shares, the purchase price of the ordinary shares may not be under the average opening share price recorded over the twenty trading sessions prior to the date of the option grant, or the average purchase price of the ordinary shares held by the Company under Articles L. 225-177 and L. 225-179 of the French Commercial Code.

   The subscription or purchase price set for ordinary shares may not be modified during the term of the option, other than for adjustments that the Board of Directors is obliged to make under applicable legal and regulatory provisions.

5) duly notes that options may not be granted by the Board of Directors:

- during the ten trading sessions prior and subsequent to the date when the consolidated financial statements or, failing that, the annual financial statements, are published;
- during the period between the date when the Company's governing bodies become privy to information that, if made public, could have a significant impact on the Company's share price and ten trading sessions after the date when said information is made public;
- within twenty trading sessions following the date on which a coupon entitling its holder to a dividend or capital increase is detached from the shares.

6) resolves that the subscription and purchase options for ordinary shares granted under this authorization shall be exercised within 10 years of their granting.

7) duly notes that this authorization automatically entails an express waiver by shareholders, in favor of the beneficiaries of the subscription options, of their preferential rights to subscribe to the ordinary shares issued as and when the subscription options are exercised. The capital increase resulting from the exercise of subscription options shall be concluded on the sole basis of the option exercise declaration, accompanied by the subscription form and payment of the corresponding amount whether in cash or by offsetting against receivables.

The Shareholders' General Meeting fully empowers the Board of Directors, with the option to delegate within legal prescribed manners, for the purposes of:

- setting the dates on which the options are to be granted, under the legal prescribed terms and limitations;
- establishing the list of option beneficiaries, the number of options allocated to each one and the terms and conditions for exercising such options;
- setting the term of validity of the options, it being understood that the options shall be exercised within a maximum period of ten years;
- setting the option exercise date(s) or period(s), it being understood that the Board of Directors may (a) bring forward the option exercise dates or periods, (b) keep the options exercisable or (c) change the dates or periods during which the shares obtained by exercising the options may not be sold or converted to bearer form;
- setting the option exercise terms and conditions and, in particular, limiting, suspending, restricting or prohibiting (a) the exercise of the options or (b) the sale of the ordinary shares obtained by exercising the options, during certain periods or from the date of certain events; this decision may (i) apply to all or some of the options and (ii) involve all or some of the beneficiaries. These conditions may include clauses prohibiting the exercise of options for one or more periods, and clauses prohibiting the immediate resale of all or some of the ordinary shares, while the securities lock-in period shall not exceed three years from the exercise of the option;
- determining the performance conditions to be met by the Company's corporate officers in order to exercise the options, and taking any decision covered by Article L. 225-185 of the French Commercial Code;

- deciding the cum-rights date – even back-dated – of the ordinary shares resulting from the exercise of the subscription options;
- in the circumstances provided for by law, taking the necessary steps to uphold the interests of the option beneficiaries in the manner provided for in Article L. 228-99 of the French Commercial Code;
- in general, entering into any agreement, drafting any document, recording capital increases following the exercise of options, amending the Articles of Association as necessary, carrying out any formalities where necessary, in particular those required for the listing of the shares thereby issued, making representations to any organizations and doing whatever else may be required.

The Board of Directors, with the option to delegate in the legal prescribed manner, shall record, as legally prescribed, the number and amount of any ordinary shares issued following the exercise of subscription options and accordingly amend as necessary the provisions of the Articles of Association relating to the amount of share capital and the number of ordinary shares, apply for admission of the new ordinary shares to trading on Euronext Paris or on any other regulated

market, carry out any formalities and make representations to any organization and, at its sole discretion, should it see fit, charge the cost of the capital increase to the premiums relating to these transactions and deduct the amounts to be allocated to the legal reserve from this sum and, in general, do whatever is necessary.

In the event that subscription options and/or purchase options on ordinary shares are allocated to persons domiciled or resident abroad or to persons domiciled or resident in France but subject to a foreign tax regime, the Board of Directors may revise the conditions applicable to options for subscription to and/or purchase of ordinary shares in order to render them compliant with the provisions of the relevant foreign legislation and to ensure optimum tax treatment. To this end, the Board of Directors may, at its sole discretion, adopt one or more sub-programs for the various categories of staff subject to foreign legislation.

In accordance with Article L. 225-184 of the French Commercial Code, every year the Board of Directors shall inform the shareholders in a special report to the Annual Shareholders' General Meeting of the transactions carried out under Articles L.225-177 *et seq.* of the French Commercial Code.

This authorization is valid for a period of thirty-eight months from the date of this Meeting. It immediately supersedes the unused portion of the authorization granted by the Combined General Meeting of July 10th, 2009.

EIGHTEENTH RESOLUTION
(Overall maximum amount of capital increases)

The Shareholders' General Meeting, deliberating in accordance with the quorum and majority requirements for shareholders' extraordinary general meetings and having read the Board of Directors' report, sets, in accordance with Article L. 225-129-2 of the French Commercial Code, the overall maximum amount of the capital increase that may result, immediately or in the future, from all the issues carried out under the authorizations provided for in the eleventh, twelfth, thirteenth, fourteenth, fifteenth, sixteenth and seventeenth resolutions of this Meeting, at a par value of €4,000,000, it being recalled that, within the limit of this maximum amount:

- the issue(s) of ordinary shares or securities with retention of shareholders' preferential subscription rights, as per the eleventh resolution of this Meeting, may not result in a par value capital increase of more than €1,450,000;

- the issue(s) of ordinary shares or securities granting entitlement to the capital with waiving of shareholders' preferential subscription rights, as per the twelfth, thirteenth and fourteenth resolutions of this Meeting, may not result in a par value capital increase of more than €1,450,000;

- the amount of the shares and securities issued as consideration for contributions in kind, consisting of shares or securities, granted to the Company under the fifteenth resolution may not exceed 10% of the Company's share capital;

- the issue(s) of ordinary shares or securities granting entitlement to the capital with waiving of shareholders' preferential subscription rights in favor of members of a savings scheme, as per the sixteenth resolution, may not result in a par value capital increase of more than 0.2% of the share capital outstanding on the date of the Board of Directors' decision;

- the number of ordinary shares that may be subscribed to or purchased by beneficiaries of share subscription or purchase options, as per the seventeenth resolution, may not exceed 3.4% of the number of ordinary shares outstanding on the date of the Board of Directors' decision;

It is hereby stated that the abovementioned amount does not take into account the par value of any shares that may be issued to reflect adjustments made in accordance with applicable legal and contractual provisions in order to uphold the rights of holders of securities granting entitlement to the Company's capital.

NINETEENTH RESOLUTION

(Update of the Articles of Association with the legal provisions relating to the terms and conditions for voting and participating in general meetings: amendment of article 14 of the Articles of Association)

The Shareholders' General Meeting, deliberating in accordance with the quorum and majority requirements for shareholders' extraordinary general meetings and having read the Board of Directors' report, resolves to authorize participation and voting at General Meetings by means of telecommunications and remote transmission and thus to amend the last paragraph of article 14 of the Articles of Association, which is currently drafted as follows:

"Article 14:

[…/]

The Board of Directors may resolve that the votes taking place during the meetings may be cast by remote transmission, in the manner provided for under applicable regulations."

5 INFORMATION ABOUT THE COMPANY

5.1 *Persons responsible for the reference document*

5.1.1 Person responsible for the reference document

Mr. Yves Guillemot,
Chairman of the Board of Directors.

5.1.2 Names, addresses and professional fees of the auditors

NAME	Date of 1st appointment	Expiration of current term
Primary auditor: Audit AMLD SARL **represented by Mr. Jean-Marc Bresson** 27 A Boulevard Solferino 35000 Rennes, France	1986	2010
Alternate auditor: **Mr. Pierre Borie** 15, rue Charles Le Goffic 35700 Rennes, France	1996	2010
Primary auditor: **KPMG SA, represented by Mr. Franck Noël** 7, Boulevard Albert Einstein - BP 41125 44311 Nantes Cedex 3, France	2003	2013
Alternate auditor: **Mr. Prashant Shah** 7, Boulevard Albert Einstein - BP 41125 44311 Nantes Cedex 3, France	2003	2013

Professional fees of the statutory auditors and members of their networks

(Document prepared in accordance with Article L. 222-8 of the internal regulations of the *Autorité des marchés financiers* - AMF)
The professional fees for the fiscal year are detailed in part 2.1.6.9.7

5.2 *Financial communications informations*

5.2.1 Documents available to the public

During the validity period of this reference document, the company's Articles of Association, minutes of general meetings, auditors' reports, valuations and declarations drawn up, where applicable, at the company's request, some of which are included or referred to in this reference document, historical financial information of the company and its subsidiaries for each of the two fiscal years preceding the publication of this reference document and, more generally, all documents that must be sent or made available to shareholders as provided by the laws in effect may be consulted at the company's registered office or business address (28, rue Armand Carrel – 93100 Montreuil-sous-Bois, France). In addition, some of these documents are available on the company's website (www.ubisoftgroup.com), which also contains the group's press releases and financial information.

This reference document may also be consulted on the AMF website (www.amf-france.org).

Regulatory information is available on the company's website (www.ubisoftgroup.com).

Person responsible for information:

Yves Guillemot
Chief Executive Officer
28 rue Armand Carrel
93108 Montreuil-sous-Bois Cedex, France
Tel.: (33) 01.48.18.50.00
www.ubisoftgroup.com

5.2.2 Schedule of financial communications for fiscal year 2009/10

	Date
First quarter sales	Week of July 26, 2010
Half-yearly results	Week of November 15, 2010
Third quarter sales	Week of January 24, 2011
Annual sales and Year-end results	Week of May 9, 2011

These dates are provided for information purposes only and will be confirmed during the year.

5.2.3 Annual Information document 2009/2010 - 12 months

In accordance with article 222-7 of the AMF General Regulations « Règlement Général de l'AMF », the Company sets out below the information which has been published or made available to the public in France over the past twelve months in compliance with legal and regulatory requirements as regards financial instruments, financial instruments issuers and financial instrument markets.

➢ **Publication in the « *Bulletin des Annonces Légales Obligatoires* (BALO) »**

www.balo.journal-officiel.gouv.fr

Date	Description
27th November, 2009	Annual accounts 2008/2009
24th June, 2009	Convening notice to the 10th July, 2009 Ordinary and Extraordinary Shareholders' Meeting *
5th June, 2009	Notice of meeting regarding the 10th July, 2009 Ordinary and Extraordinary Shareholders' Meeting

* Publication in a legal gazette of the registered office (art. R. 225-67 of the French Commercial Code)

➢ **Information available on the website of the « Autorité des Marchés Financiers » (www.amf-france.org) and/or on the website of UBISOFT ENTERTAINMENT SA (www.ubisoft.com)**

Registration document

Date	Description
1st, July 2009	2009 Registration Document

Buyback Programme

Monthly declarations on purchase and sale of shares owned by the Company

Date	Description
10th May, 2010	Purchase and sale from 1st to 30th April, 2010
12nd April, 2010	Purchase and sale from 1st to 31st March, 2010
8th March, 2010	Purchase and sale from 1st to 28th February, 2010
8th February, 2010	Purchase and sale from 1st to 31st January, 2010
13rd January, 2010	Purchase and sale from 1st to 31st December, 2009
14th December, 2009	Purchase and sale from 1st to 30th November, 2009
6th November, 2009	Purchase and sale from 1st to 31st October, 2009
19th October, 2009	Purchase and sale from 1st to 30th September, 2009
15th September, 2009	Purchase and sale from 1st to 31st August, 2009
24th August, 2009	Purchase and sale from 11th to 31st July, 2009 Purchase and sale from 1st to 10th July, 2009
16th July, 2009	Purchase and sale from 1st to 30th June, 2009
11th June, 2009	Purchase and sale from 1st to 31st May, 2009
12th May, 2009	Purchase and sale from 1st to 30th April, 2009

Monthly information relating to the total number of voting rights and shares

(Art. L. 233-8 II of the French Commercial Code)

Date	Description
10th May, 2010	Number of shares and voting rights as of 30th April, 2010
13th April, 2010	Number of shares and voting rights as of 31st March, 2010
8th March, 2010	Number of shares and voting rights as of 28th February, 2010
9th February, 2010	Number of shares and voting rights as of 31st January, 2010
14th January, 2010	Number of shares and voting rights as of 31st December, 2009
14th December, 2009	Number of shares and voting rights as of 30th November, 2009
6th November, 2009	Number of shares and voting rights as of 31st October, 2009
19th October, 2009	Number of shares and voting rights as of 30th September, 2009
16th September, 2009	Number of shares and voting rights as of 31st August, 2009
2nd September, 2009	Number of shares and voting rights as of 31st July, 2009
17th July, 2009	Number of shares and voting rights as of 30th June, 2009
12th June, 2009	Number of shares and voting rights as of 31st May, 2009
13th May, 2009	Number of shares and voting rights as of 30th April, 2009

Declaration of crossing downwards or upwards the ownership thresholds (share capital or voting rights)

Date / AMF Reference	Description
24th March, 2010 210C0275	Indirect declaration by Morgan Stanley (through subsidiaries) of crossing downward on 19th March, 2010 the 5% threshold of the share capital further to restoration of borrowed shares by Morgan Stanely & Co Incorporated for the benefit of the counterpart which had been lent to it.
23th March, 2010 210C0265	Declaration of intention of Guillemot family acting directly or indirectly further to crossing of passive the 20% threshold of the voting rights further to decrease of the number of rights to vote of the company further to put bearer its shares by Electronics Arts BV.
18th March, 2010 210C0257	Declaration by Guillemot family of crossing upward acting directly or indirectly the 20% threshold of the voting rights further to put bearer its shares by Electronics Arts BV.
15th March, 2010 210C0245	Declaration by EA International (Studio and Publishing) Ltd of crossing downward the 10 % and 5 % thresholds of the capital and voting rights following the sale to Electronic Arts Inc of 9,327,000 shares in the Company, resulting in the crossing upward by the latter of the 5 % threshold in the share capital and voting rights.
	Declaration by Electronic Arts Nederland BV. of crossing downward the 10 % and 5 % thresholds of the capital and voting rights following the sale of all of its shares to EA International (Studio and Publishing) Ltd, resulting in the crossing upward by the latter of the 5 % and 10 % thresholds in the share capital and voting rights.
6th January, 2010 210C0013	Indirect declaration by Morgan Stanley (through subsidiaries) of crossing upward on 24th December, 2010 the 5% threshold of the share capital further to operations of loan loans of shares.
21st December, 2009 209C1521	Declaration by FMR LLC of crossing upward the 5% threshold of the voting rights on 18th December, 2009 further to a purchase of shares
10th December, 2009 209C1492	Declaration by Altrinsic Global Advisors of crossing upward the 5% threshold of the voting rights on 2nd December, 2009 further to a purchase of shares
24th November, 2009 209C1428	Declaration by Altrinsic Global Advisors of crossing upward the 5% threshold of the voting rights on 18th November, 2009 further to a purchase of shares
17th November, 2009 209C1400	Declaration by FMR LLC of crossing downward the 5% threshold of the share capital on 13th November, 2009 further to a sale of shares
29th September, 2009 209C1211	Declaration by Lone Pine Capital LLC of crossing downward the 5% threshold of the share capital on 24th September, 2009 further to a sale of shares
14th September, 2009 209C1179	Declaration by Lone Pine Capital LLC of crossing downward the 5% threshold of the voting rights on 8th September, 2009 further to a sale of shares

15th July, 2009 209C0989	Declaration by Lone Pine Capital LLC of crossing downward the 10% threshold of the share capital on 9th July, 2009 further to a sale of shares
5th June, 2009 209C0797	Declaration by FMR LLC of crossing upward the 5% threshold of the voting rights on 3rd June, 2009 further to a purchase of shares
4th June, 2009 209C0789	Declaration by Norges Bank (acting on behalf of the pension fund Norwegian Government Pension Fund-Global) of crossing downward on 2nd June, 2009 the 5% threshold of the share capital further to a sale of shares
27th May, 2009 209C0753	Declaration by FMR LLC of crossing downward the 5% threshold of the voting rights on 26th May, 2009 further to a sale of shares
19th May, 2009 209C0703	Declaration by Norges Bank (acting on behalf of the pension fund Norwegian Government Pension Fund-Global) of crossing upward on 14th May, 2009 the 5% threshold of the share capital further to a purchase of shares.
12th May, 2009 209C0647	Declaration by FMR LLC of crossing upward the 5% threshold of the voting rights on 11th Mai, 2009 further to a purchase of shares.
11th May, 2009 209C0637	Declaration by FMR LLC of crossing (i) upward the 5% threshold of the voting rights on 6th May, 2009 further to a purchase of shares and (ii) downward the same threshold on 7th May, 2009 further to a sale of shares
28th April, 2009 209C0588	Declaration by Electronic Arts Nederland BV of crossing downward, for the purpose of regularisation, the 15 % threshold of the share capital on 30th September, 2008 further to an increase in the number of Ubisoft Entertainment shares
23rd April, 2009 209C0563	Declaration by FMR LLC of crossing upward the 5% threshold of the share capital on 21st April, 2009 further to a purchase of shares

Transactions in Ubisoft Entertainment shares carried out by directors, officers and others persons referred to in article L. 621-18-2 of the French Monetary and Financial Code

Date	AMF references
25th March, 2010	210D1380
17 th September, 2009	209D4965 / 209D4966 / 209d4967
10 th September, 2009	209D4958
11th June, 2009	209D3204

Press release

Date	Description
18th, May 2010	Full year 2009/2010 Results and Sales
9th February, 2010	Third-quarter 2009/2010 sales
14th January, 2010	Half-year report of the liquidity contract as of 31st December, 2009
13rd January, 2010	Performance analysis on Third quarter-year and on annual aims.
1st December, 2009	Half-year financial report
30th November, 2009	First half 2009/2010 results
24th November, 2009	Big success for the game *Assassin's Creed*® 2 from worldwide gamers
4th November, 2009	First half 2009/2010 sales
5th October, 2009	Online multiplayers games position. Acquisition of the Nadeo studio, the creator of the cult game *TrackMania*®.
3rd September, 2009	Annual information document 2008/2009
27h July, 2009	First-quarter 2009/2010 sales
6th July, 2009	International development reinforcement with the opening of a new studio in Toronto.
1st July, 2009	Notice of disposal of the Registration Document
27th May, 2009	Full-year 2008/2009 results
29th April, 2010	Ubisoft reports fourth-quarter 2008/2009 sales
14th April, 2010	Capital increase project reserved to certain employees of Ubisoft Entertainment SA's Canadian, US, UK, German and Romanian subsidiaries of Ubisoft Entertainment SA («2009 Employee Ownership Plan»)
14th April, 2010	AFEP-MEDEF recommendations on the compensation of the executive corporate officers of companies traded at the Stock Exchange

➢ **Publication in financial newspapers with national distribution**

Date	Description
19th May, 2010	Ubisoft® reports full-year 2009/2010 results and sales
24th June, 2009	Press release stating the terms and conditions for the consultation of the documents at disposal regarding the Shareholders' meeting (Art.221-1,2° AMF rules)
5th June, 2009	Press release on the date, place and time of the Shareholders' meeting of 10th July, 2010
27th May, 2009	Ubisoft reports full year 2008/09 results

➢ **Documents filed by the Commercial and Trade Registry (Court of Rennes)**

(www.infogreffe.fr)

Date of filing	Description
13th August, 2009	**Minutes of the Board of Directors' Meeting held on 9th April, 2009** * - Registration of the new shares issued further to the exercise of stock options from 14th November, 2008 to 31st, March 2009
12th December, 2008	**Minutes of the C.E.O.'s decisions dated 1st July, 2009 *** - Registration of the new shares issued further to the exercise of stock options from 1st April, 2009 to 30th June, 2009 - Increase in share capital reserved in favour of employees of the German, US, UK, Canadian and Romanian subsidiaries - Increase in share capital in favour of members of a Group saving scheme
13rd August, 2009	**Filing of the social and consolidated financial accounts as of 31st March, 2009**
4th May, 2009	**Minutes of the Board of Directors' Meetings held on 9th April, 2009*** - Registration of the new shares issued further to the exercise of stock options from 14th November, 2008 to 31st, March 2009

* By application of legal requirements : Prior publication in a legal gazette of the registered office

This statement may contain financial data evaluated, information on future projects and transactions and on future economic results/performance. Such valuations are provided for estimation purposes only. They are subject to market risks and uncertainties and may vary significantly with the actual results that shall be published. The financial data evaluated have been presented to the Board of Directors and have not been audited by the Auditors.

Copies of this Company Report are available from Ubisoft's commercial offices :

28, rue Armand Carrel - 93108 Montreuil-sous-Bois cedex - France

Ubisoft Entertainment
Limited company
with capital of €7,319,603.29
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BP 10704 35207 Rennes cedex 2
335 186 094 RCS Rennes

Games mentioned in the Annual Report

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