



8 December 2009

RNS

**GAME GROUP PLC ("GAME")
DECEMBER INTERIM MANAGEMENT STATEMENT**

The GAME Group plc ("GAME"), the leading European retailer of pc and video games products, today issues its Interim Management Statement, relating to the period to 5 December 2009.

Peter Lewis, the Chairman of GAME, said:

Trading Update

"For the 44 weeks to 5 December 2009, total Group sales were down by 10.8%. Like for like (lfl) Group sales for the same period were down by 15.1%. In the UK and Ireland, total sales were down by 14.3% and lfl sales were down by 16.6%. In our International business, total sales and lfl sales were down by 2.0% and 11.5%, respectively.

For the 18 weeks to 5 December 2009, total Group sales were down by 11.3%. Group lfl sales for the same period were down by 13.9%. In the UK and Ireland, total sales were down by 15.3% and lfl sales were down by 16.6%. In our International business, total sales and lfl sales were down by 1.0% and 6.7%, respectively.

Recent console price cuts from Sony and Microsoft¹ have increased demand, though revenues from increased unit sales of these formats have not offset the overall fall in hardware revenues. GAME has continued to outperform the market by offering specialist service, compelling bundles and exclusives, including the Call of Duty: Modern Warfare 2 Xbox 360 250GB pack, which was only available in the UK from us.

Since the half year, there have been a number of major software releases including Call of Duty: Modern Warfare 2 and FIFA 10, which both broke records in their first week of launch. However, the exceptionally strong performance of these titles was in part offset by softer than expected sales of some other releases.

We have seen strong competition in all of the markets that we operate in. In the UK, in particular, we have seen significant pricing activity from the supermarkets. However, our overall year to date market share position has improved due to the strength of our consumer proposition, including our trade-in offers, loyalty card discounts, breadth of range and specialist staff. Our preowned business has continued to perform well as it offers real value for our customers, particularly in the current economic climate.

Store openings and capital expenditure

In line with our previous guidance we have opened 43 new stores since the half year, and through normal portfolio management we have closed 5. We are operating from 1,406 stores as we enter the key Christmas selling period (see table below).

We continue to invest in the development of our online business. We have launched three new consumer websites in Europe, taking the total to ten, and expanded our UK

websites with additional products, enhanced functionality and improved customer services. We are the only UK entertainment retailer to offer a download service for pc games, with nearly 700 games available.

We expect our full year capital expenditure to be in the region of £32m.

Outlook

Over the longer term, we believe the video games market will continue to trend towards higher margin software and peripherals. GAME is well placed to benefit, as increased choice and technical innovation encourages customers to visit the specialist. As the market leader, we will continue to build our multi-channel proposition and preowned-led value offer to best serve our customers' demands.

For the remainder of this financial year, the next eight weeks historically represent around 25% of our annual turnover. There is a record installed base of 27.2m third generation consoles in the UK market (06/12/2008: 20.4m consoles)². All of the major releases are now available, supported by our biggest ever Christmas campaign. There are further strong software titles scheduled for release from January 2010, including Vancouver 2010 from Sega and Mass Effect 2 from EA. We are well positioned for this key trading period with unique product promotions, unrivalled availability, and market leading trade-in and preowned deals, all supported by our Reward Card loyalty programme.

Due to the ongoing strength of our preowned sales and mint software offers, we reiterate our gross margin guidance for an increase of between 170 to 220 basis points over the prior year. The synergies from the integration of Gamestation and our strong cost disciplines will result in further savings in the cost base.

Consequently, while the wider economic conditions and prevailing video games market trends lead us to approach the critical Christmas period cautiously, the Board believes the Group is well positioned to deliver a solid outturn for the year.

The Group will next report on 12 January 2010 when it will publish sales for the Christmas trading period."

Notes:

Store portfolio:

	5 December 2009	31 July 2009	31 January 2009
	Number	Number	Number
Company owned and concessions			
UK and Ireland:	701	698	696
- GAME - stores	392	392	391
- GAME - concessions	52	52	52
- Gamestation	257	254	253
France	199	198	192
Iberia	285	270	258
Scandinavia	68	67	66
Czech Republic	30	21	22
Total Continental Europe	582	556	538

	5 December 2009	31 July 2009	31 January 2009
	Number	Number	Number
Australia	117	108	101
Total International	699	664	639
Total owned and concessions	1,400	1,362	1,335
Franchises			
France	0	0	1
Iberia	5	5	5
Australia	1	1	1
Czech Republic	0	0	0
Total franchises	6	6	7
Total operational outlets	1,406	1,368	1,342

¹ Manufacturer price reductions, 2008 vs 2009:

- Sony Playstation 3 (£299.99 to £249.99)
- Microsoft Xbox 360 Elite (£229.99 to £199.99)

² Source: GfK ChartTrack

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