



## PRESS RELEASE

The BoD approves the first quarterly report at 30 September 2011  
(1° Quarter of FY lasting from 1° July 2011 to 30 June 2012)

### **DIGITAL BROS GROUP:**

#### **STRONG GROWTH OF MARGINS AND REVENUES IN THE FIRST QUARTER OF FISCAL YEAR**

#### **THE INTERNATIONAL SUCCESS OF ZUMBA® FITNESS CONTINUES WHILE WAITING FOR THE LAUNCH OF ZUMBA® FITNESS 2 AT THE END OF NOVEMBER**

#### **FORESEEN NET PROFIT OF THE CURRENT FY AND SIGNIFICANT DECREASE OF FINANCIAL DEBT**

<b>CONSOLIDATED INCOME STATEMENT AT 30 SEPTEMBER 2011 – RESULTS 1° QUARTER 2011-2012</b>				
<i>Consolidated figures in EUR/000</i>	<b>30.09.11</b>	<b>30.09.10</b>	<b>Change</b>	<b>Change %</b>
Consolidated Gross Revenues	51,299	32,584	18,715	57.4%
EBITDA	4,271	306	3,965	N.S.
EBIT	4,093	111	3,982	N.S.
EBT	4,058	(1,091)	5,149	N.S.
Net profit	2,709	(817)	3,526	N.S.

*In the first quarter 2011-2012 the Digital Bros Group shows an extraordinary growth of revenues (+ 57.4%) thank to the good trend of the Italian Distribution and of the European Publishing (Zumba® Fitness and Rugby World Cup)*

#### ***Exponential growth of all profitability margins:***

***EBITDA up to € 4,271 thousand against € 306 thousand of the first quarter of 2010-2011;***

***EBIT up to € 4,093 thousand compared to € 111 thousand of the same period of the previous fiscal year;***

***Net profit positive at € 2.7 million compared to a negative value € 817 thousand of the same quarter of the previous fiscal year.***

Milan, 4 November 2011 - The **Board of Directors of the Digital Bros Group** - listed on the Star segment of the Italian Stock Exchange (IT0001469995) and active in the "digital entertainment" sector – **has approved today the first quarterly report at 30 September 2011** (FY 2011-2012, lasting from July the 1<sup>st</sup> 2011 to June the 30<sup>th</sup> 2012).

Here are the main results of the Group showing the Consolidated Income Statement of the first quarter of FY 2011-2012 compared with the previous FY.

At 30 September 2011, the Group has registered Gross revenues for € 51.3 million, with an increase of € 18,715 thousand (+57.4% yoy) and Net revenues at € 45,649 thousand, up by € 17,677 thousand (+ 63.2% yoy).

The strong growth of Revenues and Margins of the quarter has to be attributed, on the one hand, to the extraordinary continuous International success of Zumba® Fitness and Rugby World Cup, that hauled the International revenues of the Group, on the other hand to the launch of the successful videogame of soccer simulation Pro Evolution Soccer – PES 2012 that, together with the sales of the whole catalogue, has heavily affected the revenues of the quarter of Italian Distribution.

More specifically, the Digital Bros Group has closed the first quarter of FY 2011-2012 with:

- ✓ **Consolidated gross revenues** at € 51.3 million, with a growth yoy of 57.4% compared to € 32.6 million;
- ✓ **EBITDA** at € 4,271 thousand compared to € 306 thousand of the first quarter of FY 2010-2011;
- ✓ **EBIT** at € 4,093 thousand compared to € 111 thousand of the first quarter of previous fiscal year;
- ✓ **EBT** positive at € 4,058 thousand compared to a negative value of € 1,091 thousand of the same quarter of FY 2010-2011;
- ✓ **Net profit** positive at € 2,709 thousand compared to a loss of 817 thousand of the same period of the previous fiscal year.

#### **PERFORMANCE BY BUSINESS SEGMENT**

In the first quarter of FY 2011-2012 traditional business of Italian distribution of videogame recorded Gross Revenues for € 23,640 thousand, increasing yoy by 3.9% compared to € 22,750 thousand of the same period of the previous fiscal year, with incidence of 46% on consolidated Group gross revenues. Strong growth for EBITDA, at € 4,016 thousand, up by € 548 thousand compared to € 3,468 thousand at 30 September 2010, and EBIT, at € 3,906 thousand, up by € 568 thousand compared to € 3,338 thousand of the same period of FY 2010-2011.

International Publishing activity has generated gross revenues for € 27,659 thousand, up by € 18,018 thousand compared to € 9,641 thousand of the same period of FY 2010-2011, with an impact of 54% on consolidated Group gross revenues. Thank to the excellent performances of Zumba® Fitness and Rugby World Cup the Group gained for the whole quarter at least one place in the top ten weekly chart of the English market and of the main western markets. The operative result of the international Publishing improved for € 3,475 thousand reaching € 610 thousand.

The contribution to Revenues and Profitability Margins of the different business areas of the Digital Bros Group in the first quarter of FY 2011-2012 is detailed below:

#### **RESULTS 1° QUARTER FY 2011-2012 PER BUSINESS SEGMENT**

<i>Consolidated figures in EUR/000</i>	<b>Distribution</b>	<b>Kiosk</b>	<b>New media</b>	<b>Publishing</b>	<b>Holding</b>	<b>Total</b>
GROSS REVENUES	23,640	0	0	27,659	0	51,299
NET REVENUES	20,048	0	0	25,601	0	45,649
EBITDA	4,016	0	0	657	(402)	4,271
EBIT	3,906	0	0	610	(423)	4,093

#### **THE FINANCIAL NET POSITION**

The progress of the financial net debt, at € 53.6 million by the end of the quarter, has been maintained under control decreasing by € 2.2 million compared to € 55.8 million at 30 June 2011, despite the strong increase of sales.

#### **OUTLOOK**

The reversal of trend already evident in the last quarter of the previous FY and more significantly in the first quarter of the current FY is foreseen to persist also in the next quarters allowing to return to net profit by the end of the Fiscal year 2011-2012.

Revenues pulling products of the operative sector of Publishing of the next quarters, in addition to the continuous flow of sales of Zumba® Fitness, will be in particular:

Zumba® Fitness 2 for the Anglo-Saxon markets in the second quarter and in the following for the main European markets (German, French and Italian);

Sniper Elite, war simulation game, which will be launched worldwide, in the fourth quarter of FY.

The most significant products for future launch on the Italian market which will positively influence the progress of revenues of the Italian Distribution will be Mario & Sonic at the London 2012 Olympic Games (2° quarter) and the new sequel of the saga Silent Hill, Resident Evil and Final Fantasy, all releasing during the third quarter of the FY. Good expectations regarding the Italian distribution of Yu-Gi-Oh! trading cards.

The positive income trend together with the containment policy of inventories, already pursued by the Group during the previous FY, are foreseen to allow a significant reduction of the debt at the end of FY.

#### **THE PARENT COMPANY DIGITAL BROS S.p.A.**

At 30 September 2011, the parent company Digital Bros S.p.A. has recorded Gross revenues for € 23.3 million, up for 12% compared to € 20.8 million of the same period of the previous fiscal year. The Ebitda of the parent company is € 3.5 million in relevant growth compared to € 2.6 million of FY 2010-2011.

## **BUY BACK**

At 30 September 2011 Digital Bros S.p.A. owns 525.247 treasury shares (consisting in 3.72% of the share capital), to underline that during the quarter the company didn't purchase nor sell any of them.

## **Further resolutions**

### **APPOINTMENT OF THE DIRECTORS**

The Board of Directors has appointed as Directors Abramo Galante and Raffaele Galante empowering them accordingly.

### **CHECK OF THE REQUIREMENTS OF DIRECTORS' INDEPENDENCE**

The Board of Directors, after having checked the application criteria foreseen by the Code of Self-discipline and by the Consolidated Finance Act, considers the directors Guido Guetta, Dani Schaumann and Bruno Soresina to be independent.

### **REMUNERATION COMMITTEE**

The Board of Directors has confirmed Guido Guetta, Dani Schaumann and Bruno Soresina as members of the remuneration committee, made up by three independent end non-executive Directors.

### **INTERNAL CONTROL COMMITTEE**

The Board of Directors has confirmed Guido Guetta, Dani Schaumann and Bruno Soresina as members of the internal control committee, made up by three independent end non-executive Directors.

### **EXECUTIVE DIRECTOR FOR INTERNAL CONTROL**

The Board of Directors has confirmed Stefano Salbe as executive director for the internal control committee.

### **ART. 154-BIS DEL T.U.F.**

*As required by paragraph 2, Art. 154-bis of the Consolidated Finance Act, the financial reporting officer of the Digital Bros Group, Stefano Salbe, declares that the information contained herein corresponds to the Group's records, ledgers and accounting entries.*

#### Contacts:

#### **Digital Bros SpA**

Stefano Salbe  
CFO  
Tel. 02/413031

#### **Mirella Villa Comunicazione Srl**

Mirella Villa  
Tel. 02-4980162  
Cell. 335/7592701

### **Digital Bros - [www.digital-bros.net](http://www.digital-bros.net)**

Listed on the Milan Stock Exchange since October 2000 and in the STAR section since April 2004, Digital Bros was founded in 1989 as a distributor of video games. Today, the Digital Bros Group is a full-fledged game entertainment corporation: the number one games distributor in Italy and one of the leading players in Europe.

A digital entertainment pioneer and a close watcher of market trends, in recent years the Digital Bros Group has diversified into two main segments:

- **Distribution of video games in Italy:** through the divisions Halifax and DTI and the subsidiaries Game Service and Game Entertainment;
- **International publishing and distribution of games:** through the subsidiary 505 Games and direct operations in the U.K., France, Spain, Germany and the USA.

## FINANCIAL STATEMENTS

### DIGITAL BROS GROUP

#### CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2011

	<b>Eur/000</b>	<b>30 September 2011</b>	<b>30 June 2011</b>	<b>Change</b>	
	<b>Non-current assets</b>				
1	Property, plant and equipment	3,993	4,104	(111)	-2.7%
2	Investment property	455	455	0	0.0%
3	Intangible assets	385	382	3	0.8%
4	Equity investments	0	0	0	0.0%
5	Non-current receivables and other assets	753	751	2	0.3%
6	Deferred tax assets	5,135	5,159	(24)	-0.5%
	<b>Total non-current assets</b>	<b>10,721</b>	<b>10,851</b>	<b>(130)</b>	<b>-1.2%</b>
	<b>Non-current liabilities</b>				
7	Employee benefits	(431)	(460)	29	-6.3%
8	Non-current provisions	(322)	(316)	(6)	2.2%
9	Other non-current payables and liabilities	0	0	0	0.0%
	<b>Total non-current liabilities</b>	<b>(753)</b>	<b>(776)</b>	<b>23</b>	<b>-3.0%</b>
	<b>Net working capital</b>				
10	Inventories	32,577	30,161	2,416	8.0%
11	Trade receivables	58,065	48,624	9,441	19.4%
12	Tax credits	1,233	1,642	(409)	-24.9%
13	Other current assets	3,790	7,326	(3,536)	-48.3%
14	Trade payables	(15,125)	(11,353)	(3,772)	33.2%
15	Taxes payable	(7,112)	(3,478)	(3,634)	n.s.
16	Current provisions	0	0	0	0.0%
17	Other current liabilities	(3,302)	(3,076)	(226)	7.3%
	<b>Total net working capital</b>	<b>70,126</b>	<b>69,846</b>	<b>280</b>	<b>0.4%</b>
	<b>Capital and reserves</b>				
18	Share capital	(5,644)	(5,644)	0	0.0%
19	Reserves	(19,395)	(19,761)	366	-1.9%
20	Treasury shares	1,574	1,574	0	0.0%
21	Profit (losses) carried forward	(3,036)	(327)	(2,709)	n.s.
	<b>Total capital and reserves</b>	<b>(26,501)</b>	<b>(24,158)</b>	<b>(2,343)</b>	<b>9.7%</b>
	<b>Total net assets</b>	<b>53,593</b>	<b>55,763</b>	<b>(2,170)</b>	<b>-3.9%</b>
	<b>Current net debt</b>				
22	Cash and cash equivalents	6,345	4,750	1,595	33.6%
23	Short-term payables to banks	(47,804)	(50,095)	2,291	-4.6%
24	Other current financial liabilities	(10,530)	(8,761)	(1,769)	20.2%
	<b>Current net debt</b>	<b>(51,989)</b>	<b>(54,106)</b>	<b>2,117</b>	<b>-3.9%</b>
	<b>Non-current net debt</b>				
25	Non-current financial assets	0	0	0	0.0%
26	Non-current payables to banks	(45)	(27)	(18)	62.6%
27	Other non-current financial liabilities	(1,559)	(1,630)	71	-4.4%
	<b>Non-current net debt</b>	<b>(1,604)</b>	<b>(1,657)</b>	<b>53</b>	<b>-3.2%</b>
	<b>Total net debt</b>	<b>(53,593)</b>	<b>(55,763)</b>	<b>2,170</b>	<b>-3.9%</b>

**DIGITAL BROS GROUP**
**Consolidated Income Statement at 30 June 2011**

	EUR/000	30 September 2011		30 September 2010		Change	
1	Gross revenues	51,299	112.4%	32,584	116.5%	18,715	57.4%
2	Revenue adjustments	(5,650)	-12.4%	(4,612)	-16.5%	(1,038)	22.5%
<b>3</b>	<b>Total net revenues</b>	<b>45,649</b>	<b>100.0%</b>	<b>27,972</b>	<b>100.0%</b>	<b>17,677</b>	<b>63.2%</b>
4	Purchase of goods for resale	(24,586)	-53.9%	(16,138)	-57.7%	(8,448)	52.3%
5	Purchase of services for resale	(2,771)	-6.1%	(265)	-0.9%	(2,506)	n.s.
6	Royalties	(8,280)	-18.1%	(2,277)	-8.1%	(6,003)	n.s.
7	Change in inventories of finished products	2,416	5.3%	(1,806)	-6.5%	4,222	n.s.
<b>8</b>	<b>Total cost of goods sold</b>	<b>(33,221)</b>	<b>-72.8%</b>	<b>(20,486)</b>	<b>-73.2%</b>	<b>(12,735)</b>	<b>62.2%</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>12,428</b>	<b>27.2%</b>	<b>7,486</b>	<b>26.8%</b>	<b>4,942</b>	<b>66.0%</b>
10	Other income	32	0.1%	39	0.1%	(7)	-17.0%
11	Cost of services	(4,707)	-10.3%	(3,447)	-12.3%	(1,260)	36.6%
12	Rent and leasing	(274)	-0.6%	(282)	-1.0%	8	-2.9%
13	Payroll costs	(2,679)	-5.9%	(3,086)	-11.0%	407	-13.2%
14	Other operating expenses	(529)	-1.2%	(404)	-1.4%	(125)	30.9%
<b>15</b>	<b>Total operating expenses</b>	<b>(8,189)</b>	<b>-17.9%</b>	<b>(7,219)</b>	<b>-25.8%</b>	<b>(970)</b>	<b>13.4%</b>
<b>16</b>	<b>EBITDA (9+10+15)</b>	<b>4,271</b>	<b>9.4%</b>	<b>306</b>	<b>1.1%</b>	<b>3,965</b>	<b>n.s.</b>
17	Depreciation and amortization	(178)	-0.4%	(195)	-0.7%	17	-9.1%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	0	0.0%	0	0.0%
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
<b>21</b>	<b>Total depreciation, amortization and impairment</b>	<b>(178)</b>	<b>-0.4%</b>	<b>(195)</b>	<b>-0.7%</b>	<b>17</b>	<b>-9.1%</b>
<b>22</b>	<b>EBIT (16+21)</b>	<b>4,093</b>	<b>9.0%</b>	<b>111</b>	<b>0.4%</b>	<b>3,982</b>	<b>n.s.</b>
23	Interest income	877	1.9%	203	0.7%	674	n.s.
24	Interest expense	(912)	-2.0%	(1,405)	-5.0%	493	-35.1%
<b>25</b>	<b>Net interest income (expense)</b>	<b>(35)</b>	<b>-0.1%</b>	<b>(1,202)</b>	<b>-4.3%</b>	<b>1,167</b>	<b>-97.1%</b>
<b>26</b>	<b>Profit before taxes (22+25)</b>	<b>4,058</b>	<b>8.9%</b>	<b>(1,091)</b>	<b>-3.9%</b>	<b>5,149</b>	<b>n.s.</b>
27	Current taxes	(1,325)	-2.9%	(387)	-1.4%	(938)	n.s.
28	Deferred taxes	(24)	-0.1%	661	2.4%	(685)	n.s.
<b>29</b>	<b>Total taxes</b>	<b>(1,349)</b>	<b>-3.0%</b>	<b>274</b>	<b>1.0%</b>	<b>(1,623)</b>	<b>n.s.</b>
<b>30</b>	<b>Net profit (26+29)</b>	<b>2,709</b>	<b>5.9%</b>	<b>(817)</b>	<b>-2.9%</b>	<b>3,526</b>	<b>n.s.</b>
	<b>Earnings per share:</b>						
<b>33</b>	<b>Basic earnings per share (in EUR)</b>	<b>0.20</b>		<b>(0.06)</b>		<b>0.26</b>	<b>n.s.</b>
<b>34</b>	<b>Diluted earnings per share (in EUR)</b>	<b>0.20</b>		<b>(0.06)</b>		<b>0.26</b>	<b>n.s.</b>

Digital Bros Group

Consolidated Cash Flow Statement at 30 September 2011

EUR/000	30 September 2011	30 September 2010
<b>A. Opening net debt</b>	<b>(55,763)</b>	<b>(55,613)</b>
<b>B. Cash flow from operating activities</b>		
Group's share of net profit (loss) for the year	2,709	(817)
Depreciation, amortization and provisions:		
Amortization	51	65
Depreciation	127	130
Net change in other provisions	(29)	41
Net change in employee benefit provisions	6	5
<b>TOTAL</b>	<b>2,864</b>	<b>(576)</b>
<b>C. Change in net working capital</b>		
Inventories	(2,416)	1,806
Trade receivables	(9,441)	6,398
Tax credits	409	663
Other current assets	3,536	(178)
Trade payables	3,772	(5,681)
Taxes payable	3,634	3,039
Current provisions	0	0
Other current liabilities	(140)	(162)
<b>TOTAL</b>	<b>(646)</b>	<b>5,885</b>
<b>D. Cash flow from investing activities</b>		
Investments in intangible assets	(54)	(5)
Investments in property, plant and equipment	(16)	(437)
Investments in financial fixed assets	22	(627)
<b>TOTAL</b>	<b>(48)</b>	<b>(1,069)</b>
<b>E. Cash flow from financing activities</b>		
Capital increases	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>
<b>F. Movements in consolidated capital and reserves</b>		
Dividends paid	0	0
Change in treasury shares held	0	0
Increases (decreases) in other components of capital and reserves	0	0
<b>TOTAL</b>	<b>0</b>	<b>294</b>
<b>G. Cash flow for the period (B+C+D+E+F)</b>	<b>2,170</b>	<b>4,240</b>
<b>H. Final financial net position (A+G)</b>	<b>(53,593)</b>	<b>(51,373)</b>

SEGMENT REPORTING

CONSOLIDATED INCOME STATEMENT AT 30 SEPTEMBER 2011

	Consolidated figures in EUR/000	Distribution Italy	Kiosk	New media	International Publishing	Holding	Total
1	Gross revenues	23,640	0	0	27,659	0	51,299
2	Revenue adjustments	(3,592)	0	0	(2,058)	0	(5,650)
<b>3</b>	<b>Total net revenues</b>	<b>20,048</b>	<b>0</b>	<b>0</b>	<b>25,601</b>	<b>0</b>	<b>45,649</b>
4	Purchase of goods for resale	(14,366)	0	0	(10,220)	0	(24,586)
5	Purchase of services for resale	0	0	0	(2,771)	0	(2,771)
6	Royalties	(10)	0	0	(8,270)	0	(8,280)
7	Change in inventories of finished products	1,541	0	0	875	0	2,416
<b>8</b>	<b>Total cost of goods sold</b>	<b>(12,835)</b>	<b>0</b>	<b>0</b>	<b>(20,386)</b>	<b>0</b>	<b>(33,221)</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>7,213</b>	<b>0</b>	<b>0</b>	<b>5,215</b>	<b>0</b>	<b>12,428</b>
10	Other income	7	0	0	25	0	32
11	Cost of services	(1,663)	0	0	(3,009)	(35)	(4,707)
12	Rent and leasing	(198)	0	0	(76)	0	(274)
13	Payroll costs	(1,066)	0	0	(1,298)	(315)	(2,679)
14	Other operating expenses	(277)	0	0	(200)	(52)	(529)
<b>15</b>	<b>Total operating expenses</b>	<b>(3,204)</b>	<b>0</b>	<b>0</b>	<b>(4,583)</b>	<b>(402)</b>	<b>(8,189)</b>
<b>16</b>	<b>EBITDA (9+10+15)</b>	<b>4,016</b>	<b>0</b>	<b>0</b>	<b>657</b>	<b>(402)</b>	<b>4,271</b>
17	Depreciation and amortization	(110)	0	0	(47)	(21)	(178)
18	Provisions	0	0	0	0	0	0
19	Asset impairment charge	0	0	0	0	0	0
20	Impairment reversal	0	0	0	0	0	0
<b>21</b>	<b>Total depreciation, amortization and impairment</b>	<b>(110)</b>	<b>0</b>	<b>0</b>	<b>(47)</b>	<b>(21)</b>	<b>(178)</b>
<b>22</b>	<b>EBIT (16+21)</b>	<b>3,906</b>	<b>0</b>	<b>0</b>	<b>610</b>	<b>(423)</b>	<b>4,093</b>