



PRESS RELEASE

The BoD approves the consolidated Quarterly Report at December 31st 2007
(2° quarter of the Fiscal Year lasting from July 1st 2007 to June 30th 2008)

DIGITAL BROS: THE GROWTH CONTINUES IN THE FIRST SIX MONTHS OF FISCAL YEAR 2007-2008

**+20% THE REVENUES RISE TO € 97.8 MILLION
EBITDA +12 % EBIT+11.2%
NET PROFIT STABLE +0.4%**

CONSOLIDATED INCOME STATEMENT – RESULTS AT DECEMBER 31st 2007

<i>(Thousands of Euros)</i>	31.12.07	31.12.06	Variazione	Variazione %
Consolidated Revenues	97,823	81,684	16,139	+19.8%
EBITDA	8,624	7,702	922	+12.0%
EBIT	7,820	7,035	785	+11.2%
EBT	6,027	5,894	133	+2.3%
Net Profit	3,492	3,478	14	+0.4%

The Group closes the first six months of Fiscal Year 2007-2008 with growing revenues for 20% yoy, thank to the positive trend of the International Publishing activity. Highlight on a relevant growth of the profitability margins: EBITDA +12% (at 8,624 thousands of Euros), EBIT +11.2% (at 7,820 thousands of Euros), EBT +2.3% (at 6,027 thousands of Euros). Net Profit stable at 3,492 thousands of Euros (+0.4% compared to the 3,478 thousands of Euros yoy)

The Total Net Debt is negative for € 61.4 Million, with an increase of € 18.6 Million compared to the € 42.8 Million registered on September 30th 2007

Milan, February 7th 2008 – The Board of Directors of the Digital Bros Group – listed on the Star segment of Borsa Italiana and active in the "digital entertainment" field – has approved today the consolidated Quarterly Report at December 31st 2007 (2° quarter of Fiscal Year 2007-2008).

Significant results of the Digital Bros Group regarding the Consolidated Income Statement for the first six months of FY 2007-2008 and comparative figures for the same period of the previous fiscal year are listed below:

- **Consolidated Revenues** at roughly € 97.8 Million, growing of 19.8% compared to the € 81.6 Million yoy;
- **EBITDA** at 8,624 thousands of Euros, showing a growth of 12% yoy (7,702 thousands of Euros);
- **EBIT** at 7,820 thousands of Euros, rising for 11.2% compared to the 7,035 thousands of Euros yoy. To signal is that, starting from the last quarter of FY 2006-2007, the Group has adopted a new evaluation criteria of the royalties. Applying this new evaluation criteria, the EBIT at December 31st 2006 would result 6,415 thousands of Euros, with an effective increase of the EBIT of 22%. To underline, furthermore, is that the value of this EBIT is, in any case, relevant if considering the strong investments of the Group for the New media activity;
- **EBT** at 6,027 thousands of Euros, for a growth of 2.3% compared to the 5,894 thousands of Euros yoy, pointing out an improvement less than proportional if compared with the EBIT of the larger impact of the financial charges. To note that the application of the new evaluation criteria of the royalties had an impact also on the EBT of the same period of the previous fiscal year resulting at 5,274 thousands of Euros with an effective growth of the EBT of 14.2%;

- **Net profit** at 3,492 thousands of Euros basically stable (+0.4%) compared to the Net profit registered in the first six months of FY 2006-2007 (at 3,478 thousands of Euros). As before, to consider for the net profit the effect of the application of the different evaluation criteria of the royalties.

The Group has closed the first six months of FY 2007-2008 with a significant growth of the Revenues (+20%) and of all profitability margins thank to the positive trend and to the continuous development of the International Publishing activity, which confirms its strategic relevance. In detail, in the only Publishing activity the Group has registered Revenues for € 24.2 Million (with an impact on the consolidated revenues for more than 25%), increasing more than 400% if compared to the € 5.7 Million yoy. The EBIT is 4,211 thousands of Euros, (+357% compared to the 920 thousands of Euros yoy). The traditional videogames' distribution activity in Italy has shown revenues for € 72.4 Million that, if compared to the € 74.1 Million yoy, show a decrease of 2.3% against the reduction of 13% on an annual basis foreseen by the management at the beginning of the fiscal year.

The contribution to the Revenues and to the Profitability Margins in the first six months of FY 2007-2008 of the different business areas of the Digital Bros Group is listed below:

Results at December 31st 2007 per business areas

(Thousands of Euros)	Distribution	Kiosk	New media	Publishing	Holding	Total
Revenues	72,401	1,036	164	24,222	0	97,823
Net Revenues	65,512	974	164	20,854	0	87,504
EBITDA	6,479	26	(1,206)	4,211	(886)	8,624
EBIT	6,081	24	(1,487)	4,173	(971)	7,820

Significant results of the Digital Bros Group regarding the Consolidated Income Statement for the second quarter of FY 2007-2008 and comparative figures for the same period of the previous fiscal year are listed below:

- o Consolidated Revenues at € 75.3 Million, showing a growth of 13.6% compared to € 66.3 Million yoy;
- o EBITDA at 7,523 thousands of Euros, with an increase of 3.6% compared to the 7,261 thousands of Euros yoy;
- o EBIT at roughly 6,865 thousands of Euros, growing of 2.2% compared to the 6,716 thousands of Euros yoy;
- o EBT at 5,805 thousands of Euros, with a light decrease of 3,5% compared to the 6,015 thousands of Euros yoy.

The **Total Net Debt** of the Digital Bros Group at December 31st 2007 is negative at € 61.4 Million, equivalent to an increase of € 18,6 Million compared to the € 42.8 Million registered at September 30th 2007. This increase has to be imputed principally to the larger investments in Net Circulating Capital effected by the Group to sustain the strong development of the International Publishing and the New media activity, in particular for the development and launch of the gaming portals *gametribes.com* and *fueps.com*.

The results at December 31st 2007 of the holding Digital Bros S.p.A. still reflect the rationalization process of the activities, which has led to the centralization of the International Publishing operations in the activity of the subsidiary 505 Games S.r.l., before directly done by the holding. The registered revenues for the holding at € 72.9 Million show in fact a light decrease compared to the € 74.9 Million yoy. The EBT of the Holding is at € 2.6 Million against the € 4.9 Million of the previous fiscal year.

SIGNIFICANT EVENTS OF THE 2° QUARTER 2007-2008

- o In November the Digital Bros Group has registered record sales for the videogame PES 2008 with roughly 610,000 units sold in the first month after launch, meaning a growth of +11% compared to the previous edition and revenues for roughly € 24.4 Million.
- o Last 13th December 2007, the Digital Bros Group has signed an important agreement with 1C Company, Russian company leader in Eastern and Central Europe for the development, publishing and distribution of videogames for PC. Through the new brand 1C Games, Digital Bros exclusively publish and distribute on the European Market all the 1C Company titles, in addition to the videogames actually in development. For 2008 are expected fifteen new titles branded 1C Games, some of these will be available on the European market as of March 2008. The value of the agreement, lasting to December 2008, is of € 15 Million, with an impact on the Revenues for FY 2007-2008 of € 10 Million.
- o On December 13th 2007, the management of Digital Bros has reviewed the forecasts stated last August for FY 2007-2008: Revenues from € 140.5 to € 150.5 Million (+7.1%), EBIT from € 10.1 to € 11.1 Million (+9.9%). Growing also the guidance value of the publishing activity foreseen for the FY 2007-2008: Revenues from € 41 to € 51 Million (+24.4%) and EBIT from € 6.4 to € 7.5 Million (+17.2%).

- o In December the management of the Group has communicated to have exceeded the amount of 1 million units sold of Cooking Mama, the videogame for console Nintendo DS™ and Wii™ distributed on the European market by the subsidiary 505 Games. After one year from the launch, the videogame has generated revenues for the Group for over € 14 Million.

ART. 154-BIS of T.U.F.

As foreseen by comma 2 art. 154-bis of T.U.F., the manager in charge of the preparation of the accounting documents of the Digital Bros Group, Stefano Salbe, declares that the accounting information contained in this press release corresponds to the accounting results, accounting books and entry books.

Digital Bros

Listed on the Milan Stock Exchange in October 2000 and on the STAR segment since April 2004, Digital Bros entered the videogames' distribution market in 1989. Today the Digital Bros Group is a *Game Entertainment Company*: the biggest Italian player in the domestic distribution of videogames and one of the leading distributors in the European market.

Pioneer in digital entertainment with a special eye for market trends, over the last few years the Digital Bros Group has undergone a diversification process of the activities resulting in the creation of three specific business areas:

- **Distribution of videogames in Italy:** through the divisions Halifax and DTI and the subsidiaries Game Service and Game Entertainment;
- **International publishing and distribution of videogames:** through the subsidiary 505 Games and foreign branches located in the UK and France;
- **New Media:** through the subsidiary Game Media Networks, active in the production and distribution of entertainment content for the new generation platforms (online gaming, mobile gaming, e-commerce, d-commerce and IP-TV).

www.digital-bros.net

For further information

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DIGITAL BROS GROUP - CONSOLIDATED BALANCE SHEET AT DECEMBER 31st 2007

	EUR/000	31 December 2007	30 June 2007	Change	
	Non-current assets				
1	Property, plant and equipment	3,402	3,378	24	0.7%
2	Investment property	455	455	0	0.0%
3	Intangible assets	590	517	73	14.1%
4	Equity investments	476	740	(264)	-35.7%
5	Non-current receivables and other assets	111	61	50	82.0%
6	Deferred tax assets	2,588	2,695	(107)	-4.0%
	Total non-current assets	7,622	7,846	(224)	-2.9%
	Non-current liabilities				
7	Employee benefits	(609)	(786)	177	-22.5%
8	Non-current provisions	(234)	(206)	(28)	13.6%
9	Other non-current payables and liabilities	0	0	0	0.0%
	Total non-current liabilities	(843)	(992)	149	-15.0%
	Net working capital				
10	Inventories	39,160	39,040	120	0.3%
11	Trade receivables	63,480	31,157	32,323	n.s.
12	Tax credits	1,785	2,538	(753)	-29.7%
13	Other current assets	10,721	8,412	2,309	27.4%
14	Trade payables	(18,851)	(15,570)	(3,281)	21.1%
15	Taxes payable	(4,706)	(3,533)	(1,173)	33.2%
16	Current provisions	0	0	0	0.0%
17	Other current liabilities	(2,206)	(2,566)	360	-14.0%
	Total net working capital	89,383	59,478	29,905	50.3%
	Capital and reserves				
18	Share capital	(5,644)	(5,644)	0	0.0%
19	Reserves	(19,457)	(19,457)	0	0.0%
20	Treasury shares	266	204	62	30.4%
21	Earnings (losses) carried forward	(9,792)	(7,493)	(2,299)	30.7%
	Total capital and reserves	(34,677)	(32,390)	(2,287)	7.1%
	Total	61,485	33,942	27,543	81.1%
22	Cash and cash equivalents	5,740	7,080	(1,340)	-18.9%
23	Short-term payables to banks	(48,268)	(32,676)	(15,592)	47.7%
24	Other current financial liabilities	(6,542)	(3,250)	(3,292)	n.a.
	Current net debt	(49,070)	(28,846)	(20,224)	70.1%
25	Non-current financial assets	0	0	0	0.0%
26	Non-current payables to banks	(10,200)	(2,673)	(7,527)	n.a.
27	Other non-current financial liabilities	(2,215)	(2,423)	208	-8.6%
	Non-current net debt	(12,415)	(5,096)	(7,319)	143.6%
	Total net debt	(61,485)	(33,942)	(27,543)	81.1%

DIGITAL BROS GROUP - CONSOLIDATED INCOME STATEMENT AT DECEMBER 31st 2007

	EUR/000	31 December 2007		31 December 2006		Change	
1	Revenues	97,823	111.8%	81,684	108.6%	16,139	19.8%
2	Revenue adjustments	(10,319)	-11.8%	(6,494)	-8.6%	(3,825)	58.9%
3	Total revenues	87,504	100.0%	75,190	100.0%	12,314	16.4%
4	Purchase of goods for resale	(60,693)	-69.4%	(57,041)	-75.9%	(3,652)	6.4%
5	Purchase of services for resale	(126)	-0.1%	(665)	-0.9%	539	-81.0%
6	Royalties	(3,319)	-3.8%	(2,628)	-3.5%	(691)	26.3%
7	Change in inventories of finished products	120	0.1%	3,605	4.8%	(3,485)	-96.7%
8	Total cost of goods sold	(64,018)	-73.2%	(56,729)	-75.4%	(7,289)	12.8%
9	Gross profit (3+8)	23,486	26.8%	18,461	24.6%	5,025	27.2%
10	Other income	3	0.0%	11	0.0%	(8)	-72.7%
11	Cost of services	(7,875)	-9.0%	(4,652)	-6.2%	(3,223)	69.3%
12	Rent and leasing	(195)	-0.2%	(196)	-0.3%	1	-0.3%
13	Payroll costs	(5,565)	-6.4%	(4,680)	-6.2%	(885)	18.9%
14	Other operating expenses	(1,230)	-1.4%	(1,243)	-1.7%	13	-1.0%
15	Total operating expenses	(14,865)	-17.0%	(10,770)	-14.3%	(4,095)	38.0%
16	EBITDA (9+10+15)	8,624	9.9%	7,702	10.2%	922	12.0%
17	Depreciation and amortization	(290)	-0.3%	(570)	-0.8%	280	-49.1%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(514)	-0.6%	(97)	-0.1%	(417)	n.s.
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
21	Total amortization, depreciation and impairment	(804)	-0.9%	(667)	-0.9%	(137)	20.5%
22	EBIT (16+21)	7,820	8.9%	7,035	9.4%	785	11.2%
23	Interest income	61	0.1%	8	0.0%	53	n.s.
24	Interest expense	(1,854)	-2.1%	(1,148)	-1.5%	(706)	61.5%
25	Net interest income (expense)	(1,793)	-2.0%	(1,140)	-1.5%	(653)	57.3%
26	Profit before taxes (22+25)	6,027	6.9%	5,894	7.8%	133	2.3%
27	Current taxes	(2,477)	-2.8%	(2,416)	-3.2%	(61)	2.5%
28	Deferred taxes	(58)	-0.1%	0	0.0%	(58)	n.s.
29	Total taxes	(2,535)	-2.9%	(2,416)	-3.2%	(119)	4.9%
30	Net profit (26+29)	3,492	4.0%	3,478	4.6%	14	0.4%
	Earnings per share:						
33	Basic earnings per share (in EUR)	0.25		0.25		0.00	
34	Diluted earnings per share (in EUR)	0.25		0.25		0.00	

DIGITAL BROS GROUP – SEGMENT INFORMATION - CONSOLIDATED INCOME STATEMENT AT DECEMBER 31st 2007

	EUR/000	Distribution	Kiosk	New Media	Publishing	Holding	Total
1	Revenues	72,401	1,036	164	24,222	0	97,823
2	Revenue adjustments	(6,889)	(62)	0	(3,368)	0	(10,319)
3	Total revenues	65,512	974	164	20,854	0	87,504
4	Purchase of goods for resale	(50,027)	(1,070)	(17)	(9,580)	0	(60,693)
5	Purchase of services for resale	0	(126)	0	0	0	(126)
6	Royalties	(189)	(294)	(20)	(2,816)	0	(3,319)
7	Change in inventories of finished products	(486)	946	0	(339)	0	120
8	Total cost of goods sold	(50,703)	(544)	(36)	(12,735)	0	(64,018)
9	Gross profit (3+8)	14,809	431	128	8,119	0	23,486
10	Other income	4	0	0	0	0	3
11	Cost of services	(3,925)	(403)	(662)	(2,837)	(49)	(7,875)
12	Rent and leasing	(140)	0	(12)	(40)	(4)	(195)
13	Payroll costs	(3,431)	0	(639)	(909)	(586)	(5,565)
14	Other operating expenses	(838)	(2)	(21)	(121)	(247)	(1,229)
15	Total operating expenses	(8,333)	(405)	(1,334)	(3,907)	(886)	(14,865)
16	EBITDA (9+10+15)	6,479	26	(1,206)	4,211	(886)	8,624
17	Depreciation and amortization	(149)	(2)	(17)	(38)	(85)	(291)
18	Provisions	0	0	0	0	0	0
19	Asset impairment charge	(250)	0	(264)	0	0	(514)
20	Impairment reversal	0	0	0	0	0	0
21	Total amortization, depreciation and impairment	(399)	(2)	(281)	(38)	(85)	(805)
22	EBIT (16+21)	6,081	24	(1,487)	4,173	(971)	7,820

DIGITAL BROS GROUP - CONSOLIDATED INCOME STATEMENT FOR THE 2° QUARTER FY 2007-2008

	EUR/000	2° Quarter 2007		2° Quarter 2006		Change	
1	Revenues	75,337	112.4%	66,320	109.6%	9,017	13.6%
2	Revenue adjustments	(8,337)	-12.4%	(5,806)	-9.6%	(2,531)	43.6%
3	Total revenues	67,000	100.0%	60,514	100.0%	6,486	10.7%
4	Purchase of goods for resale	(46,583)	-69.5%	(46,427)	-76.7%	(156)	0.3%
5	Purchase of services for resale	(17)	0.0%	(361)	-0.6%	344	-95.3%
6	Royalties	(2,059)	-3.1%	(1,905)	-3.1%	(154)	8.1%
7	Change in inventories of finished products	(1,380)	-2.1%	2,539	4.2%	(3,919)	n.a.
8	Total cost of goods sold	(50,039)	-74.7%	(46,154)	-76.3%	(3,885)	8.4%
9	Gross profit (3+8)	16,961	25.3%	14,360	23.7%	2,601	18.1%
10	Other income	(11)	0.0%	10	0.0%	(21)	n.a.
11	Cost of services	(5,305)	-7.9%	(3,302)	-5.5%	(2,003)	60.7%
12	Rent and leasing	(102)	-0.2%	(94)	-0.2%	(8)	8.5%
13	Payroll costs	(3,171)	-4.7%	(2,830)	-4.7%	(341)	12.0%
14	Other operating expenses	(849)	-1.3%	(883)	-1.5%	34	-3.9%
15	Total operating expenses	(9,427)	-14.1%	(7,109)	-11.7%	(2,318)	32.6%
16	EBITDA (9+10+15)	7,523	11.2%	7,261	12.0%	262	3.6%
17	Depreciation and amortization	(144)	-0.2%	(448)	-0.7%	304	-67.9%
18	Provisions	0	0.0%	0	0.0%	0	n.a.
19	Asset impairment charge	(514)	-0.8%	(97)	-0.2%	(417)	n.a.
20	Impairment reversal	0	0.0%	0	0.0%	0	n.a.
21	Total amortization, depreciation and impairment	(658)	-1.0%	(545)	-0.9%	(113)	20.7%
22	EBIT (16+21)	6,865	10.2%	6,716	11.1%	149	2.2%
23	Interest income	26	0.0%	4	0.0%	22	n.a.
24	Interest expense	(1,086)	-1.6%	(705)	-1.2%	(381)	54.0%
25	Net interest income (expense)	(1,060)	-1.6%	(701)	-1.2%	(359)	51.2%
26	Profit before taxes (22+25)	5,805	8.7%	6,015	9.9%	(210)	-3.5%
27	Current taxes	(2,379)	-3.6%	(2,309)	-3.8%	(70)	3.0%
28	Deferred taxes	(58)	-0.1%	0	0.0%	(58)	n.a.
29	Total taxes	(2,437)	-3.6%	(2,309)	-3.8%	(128)	5.5%
30	Net profit (26+29)	3,368	5.0%	3,706	6.1%	(338)	-9.1%
	Earnings per share:						
33	Basic earnings per share (in EUR)	0.24		0.26		(0.02)	
34	Diluted earnings per share (in EUR)	0.24		0.26		(0.02)	

DIGITAL BROS S.p.A. - CONSOLIDATED INCOME STATEMENT AT DECEMBER 31st 2007

	EUR/000	31 December 2007		31 December 2006		Change	
1	Revenues	72,989	108.1%	74,990	107.3%	(2,001)	-2.7%
2	Revenue adjustments	(5,472)	-8.1%	(5,109)	-7.3%	(363)	7.1%
3	Total revenues	67,517	100.0%	69,881	100.0%	(2,364)	-3.4%
4	Purchase of goods for resale	(50,275)	-74.5%	(54,076)	-77.4%	3,801	-7.0%
5	Purchase of services for resale	0	0.0%	0	0.0%	0	n.a.
6	Royalties	(340)	-0.5%	(1,781)	-2.5%	1,441	-80.9%
7	Change in inventories of finished products	(3,206)	-4.7%	1,886	2.7%	(5,092)	n.a.
8	Total cost of goods sold	(53,821)	-79.7%	(53,971)	-77.2%	150	-0.3%
9	Gross profit (3+8)	13,696	20.3%	15,910	22.8%	(2,214)	-13.9%
10	Other income	765	1.1%	1,826	2.6%	(1,061)	-58.1%
11	Cost of services	(4,266)	-6.3%	(5,281)	-7.6%	1,015	-19.2%
12	Rent and leasing	(144)	-0.2%	(171)	-0.2%	27	-15.8%
13	Payroll costs	(4,399)	-6.5%	(3,985)	-5.7%	(414)	10.4%
14	Other operating expenses	(1,086)	-1.6%	(1,083)	-1.5%	(3)	0.3%
15	Total operating expenses	(9,895)	-14.7%	(10,520)	-15.1%	625	-5.9%
16	EBITDA (9+10+15)	4,566	6.8%	7,216	10.3%	(2,650)	-36.7%
17	Depreciation and amortization	(228)	-0.3%	(543)	-0.8%	315	-58.0%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(250)	-0.4%	(600)	-0.9%	350	-58.3%
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
21	Total amortization, depreciation and impairment	(478)	-0.7%	(1,143)	-1.6%	665	-58.2%
22	EBIT (16+21)	4,088	6.1%	6,073	8.7%	(1,985)	-32.7%
23	Interest income	57	0.1%	8	0.0%	49	n.a.
24	Interest expense	(1,529)	-2.3%	(1,145)	-1.6%	(384)	33.5%
25	Net interest income (expense)	(1,472)	-2.2%	(1,137)	-1.6%	(335)	29.5%
26	Profit before taxes (22+25)	2,616	3.9%	4,936	7.1%	(2,320)	-47.0%
27	Current taxes	(1,457)	-2.2%	(1,800)	-2.6%	343	-19.1%
28	Deferred taxes	0	0.0%	0	0.0%	0	0.0%
29	Total taxes	(1,457)	-2.2%	(1,800)	-2.6%	343	-19.1%
30	Net profit (26+29)	1,159	1.7%	3,136	4.5%	(1,977)	-63.0%