



PRESS RELEASE

The Board of Directors approves the consolidated quarterly report at June 30th 2007 (fourth quarter of FY 2006-2007) and the consolidated results of the whole fiscal year, going from July 1st 2006 to June 30th 2007

**DIGITAL BROS GROUP:
GROWING RESULTS FOR FISCAL YEAR 2006-2007
REVENUES 134.1 MILLIONS OF EUROS (+18.6%),
EBIT +15.1%, EBT +14.2%**

CONSOLIDATED INCOME STATEMENT FY 2006-2007

<i>(Thousands of Euros)</i>	30.06.07	30.06.06	Change	Increase %
Consolidated revenues	134,076	113,022	21,054	+18.6%
EBITDA	10,189	10,051	138	+1.4%
EBIT	9,275	8,060	1,215	+15.1%
EBT	6,679	5,850	829	+14.2%
Net profit	3,842	3,823	19	+0.5%

During the fiscal year closed on June 30th 2007, the Digital Bros Group has registered consolidated Revenues for roughly 134 millions of Euros (+18.6%), increased if compared to the 125 millions of Euros forecasted by the management and stated to the market on last April.

EBIT is positive and grows: 9.3 millions of Euros (+15.1%)

The Total Net Debt of the Group on June 30th 2007 is negative at 33.9 millions of Euros, improving if compared to the 36.7 millions of Euros registered as of March 31st 2007

*Approved the budget for the next fiscal year:
Revenues at 140.5 millions of Euros (+4.8%);
Forecasted EBIT at 10.1 millions of Euros (+8.7%)*

Foreseen a further growth of the publishing activity: 41.4 millions of Euros (+106%)

Signed a new agreement for the publishing of "Cooking Mama 2" which will impact on the forecasted revenues of FY 2007-2008 for a value of 7 millions of Euros

Milan, August 7th 2007 – The Board of Directors of the Digital Bros Group, listed in the Star segment of the Milan Stock Exchange and active in the "digital entertainment" field, has approved today the consolidated quarterly report at June 30th 2007 (fourth quarter of fiscal year July 1st 2006 to June 30th 2007).

Significant results of the Digital Bros Group regarding the Consolidated Income Statement of FY 2006-2007 and the results of the fourth quarter closed on June 30th 2007, are listed below.

The Group has closed the fiscal year with:

- o **Consolidated Revenues at 134 millions of Euros**, above the 125 millions of Euros forecasted by the management and stated to the market on last April, registering therefore a growth of 21.1 millions of Euros (+18.6% yoy);
- o **EBITDA at 10.2 millions of Euros**, showing an increase of 1.4% yoy (10.05 millions of Euros);



- o **EBIT** reaches 9.3 millions of Euros, with an increase of 15.1% yoy (8 millions of Euros). This margin remains down the value stated to the market on last April (10.3 millions of Euros) due to the adoption by the Group of a new royalty's evaluation criteria since the fourth quarter 2006-2007. The effect of this application has reduced the EBIT at 778 thousands of Euros. Further, the Group has heavily increased the advertising investments in order to sustain the core business;
- o **EBT** is at 6.7 millions of Euros (+14.2% yoy);
- o The **Net profit** is 3.8 millions of Euros (+0.5% yoy).

The strong revenues' growth has to be assigned primarily to the positive performance, better than forecasted, of the International Publishing activity, which confirms the strategic relevance and the profitability of this business area. Among the **Publishing activity** the Group has registered Revenues for 20.1 millions of Euros (with an impact on the consolidated revenues of 15%), **showing an increase of 131%** yoy (8.7 millions of Euros). The performance is better than forecasted for 18.3% yoy, compared to the 17.0 millions of Euros foreseen by the management by the end of FY 2005-2006. The EBIT is at 3.6 millions of Euros, (+38%).

Positive is also the result of the traditional activities of videogames' distribution in Italy. The segment has shown growing revenues (+ 13.6%), passing from 97.8 millions of Euros of the last FY to 111.1 millions of Euros achieved by June 30th 2007. Profitability goes from EBIT at 7.4 millions of Euros to 8.1 achieved during the current FY. This fact appears even more significant considering the important marketing investments realised during the fiscal year in order to sustain the distributed products.

In the Kiosk business area the Group's profitability has decreased for roughly 1.9 millions of Euros for what the EBIT is concerned due to the halving of sales. The reduction is caused primarily by a strong decrease compared to the forecasts of the wrestling products' sales (DVD and Videogames).

Below the contribution of the different business segments of the Digital Bros Group:

Results of Fiscal Year 2006-2007 per business area

<i>(Thousands of Euros)</i>	Distribution	Newsstand	New media	Publishing	Holding	Total
Revenues	111,107	2,338	514	20,117	0	134,076
Net Revenues	102,059	2,338	514	16,172	0	121,082
EBITDA	8,614	676	(1,286)	3,614	(1,430)	10,188
EBIT	8,078	676	(1,332)	3,595	(1,743)	9,275

Significant results of the Digital Bros Group for the fourth quarter of 2006-2007 and comparative figures for the same period of the previous fiscal year are listed below:

- Consolidated Revenues peak at 24.5 millions of Euros, with an increase of 63.8% yoy (15 millions of Euros);
- EBITDA at 1.1 millions of Euros, registering an increase of 38.6% yoy (0.8 millions of Euros);
- EBIT at 1 million of Euros, showing an increase of 48.6% yoy (0.6 millions of Euros);
- EBT reaches 366 thousands of Euros, compared to the 87 thousands of Euros (+320.7% yoy).

The total net debt of the Digital Bros Group at June 30th 2007 is negative at 33.9 millions of Euros, showing an improvement if compared to the 36.7 millions of Euros at March 31st 2007 due to a standard reduction of the net circulating capital related to the seasonal nature of sales typical for this market. The total net debt appears increased at 13.2 millions of Euros if compared to the 20.7 millions of Euros registered at June 30th 2006, primarily due to the effect of the investments in net circulating capital of the Group in order to sustain the strong development of the international publishing activities.

Less significant is the comparison of the Holding results of this FY with those of the previous year. In fact, during the first months of the fiscal year the Group has closed the rationalization process of the activities which has led to the management of the international publishing segment directly by the subsidiary 505



Games S.r.l., before managed directly by the holding. As of June 30th 2007, the holding Digital Bros S.p.A. has realised net revenues at 105.1 millions of Euros, with an increase of 4.3% yoy (100.8 millions of Euros). The EBT of the holding is 4.5 millions of Euros, against the 5.6 millions of Euros of the previous fiscal year.

Significant events of the 4° quarter

- o On May 2nd 2007 the Digital Bros Group has signed an important agreement with Capcom, among the most important publishers and international videogames' developers, for the distribution on the Italian market of a new successful games' series, including Devil May Cry™ 4 and MotoGP 07. The agreement foresees the distribution through the division Halifax, active in the localization and distribution of videogames for the Italian market, of ten new Capcom titles for the consoles of new and old generation. The value of the agreement is around 6 millions of Euros for FY 2007-2008.
- o On June 4th 2007 the Digital Bros Group has signed a new license agreement with R.T.I. of the Mediaset Group for the development of the game dedicated to the TV format "Cultura Moderna". The game, releasing in September, will be distributed in Italy and in the Italian Switzerland for PC-DVD.

FURTHER RESOLUTIONS

Budget

Following the results gained the Digital Bros Group foresees a further growth for the next fiscal year (July 1st 2007-June 30th 2008):

- o **Consolidated Revenues** at roughly 140.5 millions of Euros **(+4.8%)**;
- o **EBITDA** at 10.4 millions of Euros **(+2%)**;
- o **EBIT** at 10.1 millions of Euros **(+8.7%)**.

Further, the management foresees to invest 8.2 millions of Euros in marketing activities during FY 2007-2008.

The management foresees for FY 2007-2008 a strong growth for the **Publishing** activity with **Revenues for more than 41 millions of Euros**, with an increase of 106% yoy (20.1 millions of Euros).

A short summary of the forecasted revenues 2007-2008 of the Digital Bros Group is listed below:

BUDGET 2008 PER BUSINESS AREA						
Thousands of Euros	Distribution	Newsstand	New media	Publishing	Holding	Total
Revenues	96,026	2,002	1,003	41,443	0	140,474
EBITDA	6,905	510	(1,995)	6,464	(1,488)	10,396
EBIT	6,731	503	(2,011)	6,428	(1,565)	10,086

Appointment of manager responsible for the preparation of company accounts

The Board of Directors, with the approval of the Board of Statutory Auditors, has today appointed the actual Chief Financial Officer of Digital Bros, Stefano Salbe, as the "manager in charge of the preparation of the company's accounting documents". The appointment of Stefano Salbe has been made in compliance with Digital Bros's by-laws and with current legislation. The Board of Directors has verified that he has adequate powers and resources for the fulfilment of this role.

New content providing and publishing activities

Further, the Board of Directors has approved the activities' plan targeted to the increase of the publishing and content providing activity among the Group's core business, activities aligned completely with the mission of the Group to be more and more a Game Entertainment Company. Through 505 Games S.r.l. the Digital Bros Group has signed an agreement with Cooking Mama Ltd. for the publishing of Cooking Mama 2, the most awaited game for Nintendo DS and Wii, which will release in the first months of 2008. Following the management forecasts, the agreement will have an impact of roughly 7 millions of Euros on the revenues of FY 2007-2008, value already considered in the stated budget. In fact, the Group foresees to



repeat the great European success registered by the previous version of Cooking Mama which gained, in the Nintendo DS version, more than 9 millions of Euros revenues with roughly 500,000 units sold and, for the Wii version, 2.5 millions of Euros with 100,000 units sold.

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:

Digital Bros SpA

Stefano Salbe
CFO
Tel. 02/413031

Mirella Villa Comunicazione Srl

Tel. 02-4980162
Mirella Villa / Adriana Liguori
Cell. 335 7592701 / 334 320271



CONSOLIDATED BALANCE SHEET FY 2006-2007 - DIGITAL BROS GROUP

	EUR/000	30 June 2007	30 June 2006	Change	
Non-current assets					
1	Property, plant and equipment	3,378	3,299	79	2.4%
2	Investment property	455	455	0	0.0%
3	Intangible assets	517	684	(167)	-24.4%
4	Equity investments	740	5	735	n.s.
5	Non-current receivables and other assets	62	53	9	16.9%
6	Deferred tax assets	3,427	4,537	(1,110)	-24.5%
	Total non-current assets	8,579	9,033	(454)	-5.0%
Non-current liabilities					
7	Employee benefits	(827)	(803)	(24)	3.0%
8	Non-current provisions	(206)	(155)	(51)	32.9%
9	Other non-current payables and liabilities	0	0	0	n.s.
	Total non-current liabilities	(1,033)	(958)	(75)	7.8%
Net working capital					
10	Inventories	38,776	26,450	12,326	46.6%
11	Trade receivables	31,332	22,672	8,660	38.2%
12	Tax credits	1,675	437	1,238	n.s.
13	Other current assets	8,404	995	7,409	n.s.
14	Trade payables	(15,583)	(5,413)	(10,170)	n.s.
15	Taxes payable	(3,293)	(1,158)	(2,135)	184.4%
16	Current provisions	0	0	0	n.s.
17	Other current liabilities	(2,499)	(2,115)	(384)	18.2%
	Total net working capital	58,812	41,868	16,944	40.5%
Capital and reserves					
18	Share capital	(5,644)	(5,644)	0	n.s.
19	Reserves	(19,458)	(19,441)	(17)	0.1%
20	Treasury shares	204	671	(467)	-69.6%
21	Earnings (losses) carried forward	(7,517)	(4,788)	(2,729)	n.s.
	Total capital and reserves	(32,415)	(29,202)	(3,213)	11.0%
	Total net activities minus capital and reserves	33,943	20,741	13,202	63.7%
Current net debt					
22	Cash and cash equivalents	3,620	3,994	(374)	-9.4%
23	Short-term payables to banks	(29,217)	(19,087)	(10,130)	53.1%
24	Other current financial liabilities	(3,250)	(1,351)	(1,899)	n.s.
	Current net debt	(28,847)	(16,444)	(12,403)	75.4%
Non-current net debt					
25	Non-current financial assets	0	0	0	n.s.
26	Non-current payables to banks	(3,220)	(1,006)	(2,214)	n.s.
27	Other non-current financial liabilities	(1,876)	(3,291)	1,415	-43.0%
	Non-current net debt	(5,096)	(4,297)	(799)	18.6%
	Total net debt	(33,943)	(20,741)	(13,202)	63.7%



CONSOLIDATED INCOME STATEMENT FY 2006-2007 - DIGITAL BROS GROUP

	EUR/000	30 June 2007		30 June 2006		Change	
1	Revenues	134,076	110.7%	113,022	106.4%	21,054	18.6%
2	Revenue adjustments	(12,994)	-10.7%	(6,811)	-6.4%	(6,183)	90.8%
3	Total revenues	121,082	100.0%	106,211	100.0%	14,871	14.0%
4	Purchase of goods for resale	(91,686)	-75.7%	(76,810)	-72.3%	(14,876)	19.4%
5	Purchase of services for resale	(1,124)	-0.9%	(1,429)	-1.3%	305	-21.3%
6	Royalty	(7,686)	-6.3%	(5,013)	-4.7%	(2,673)	53.3%
7	Change in inventories of finished products	12,312	10.2%	4,261	4.0%	8,051	n.s.
8	Total cost of goods sold	(88,184)	-72.8%	(78,991)	-74.4%	(9,193)	11.6%
9	Gross profit (3+8)	32,898	27.2%	27,220	25.6%	5,678	20.9%
10	Other income	123	0.1%	194	0.2%	(71)	-36.6%
11	Cost of services	(10,944)	-9.0%	(7,083)	-6.7%	(3,861)	54.5%
12	Rent and leasing	(412)	-0.3%	(459)	-0.4%	47	-10.2%
13	Payroll costs	(9,432)	-7.8%	(8,174)	-7.7%	(1,258)	15.4%
14	Other operating expenses	(2,044)	-1.7%	(1,647)	-1.6%	(397)	24.1%
15	Total operating expenses	(22,832)	-18.9%	(17,363)	-16.3%	(5,469)	31.5%
16	EBITDA (9+10+15)	10,189	8.4%	10,051	9.5%	138	1.4%
17	Depreciation and amortization	(817)	-0.7%	(595)	-0.6%	(222)	37.3%
18	Provisions	0	0.0%	0	0.0%	0	n.s.
19	Asset impairment charge	(97)	-0.1%	(1,396)	-1.3%	1,299	-93.1%
20	Impairment reversal	0	0.0%	0	0.0%	0	n.s.
21	Total amortization, depreciation and impairment	(914)	-0.8%	(1,991)	-1.9%	1,077	-54.1%
22	EBIT (16+21)	9,275	7.7%	8,060	7.6%	1,215	15.1%
23	Interest income	74	0.1%	45	0.0%	29	64.4%
24	Interest expense	(2,670)	-2.2%	(2,255)	-2.1%	(415)	18.4%
25	Net interest income (expense)	(2,596)	-2.1%	(2,210)	-2.1%	(386)	17.5%
26	Profit before taxes (22+25)	6,679	5.5%	5,850	5.5%	829	14.2%
27	Current taxes	(1,503)	-1.2%	(1,472)	-1.4%	(31)	2.1%
28	Deferred taxes	(1,334)	-1.1%	(555)	-0.5%	(779)	n.s.
29	Total taxes	(2,837)	-2.3%	(2,027)	-1.9%	(810)	40.0%
30	Net profit (26+29)	3,842	3.2%	3,823	3.6%	19	0.5%
Earnings per share:							
31	Basic earnings per share (in EUR)	0.27		0.27		0.00	
32	Diluted earnings per share (in EUR)	0.27		0.27		0.00	



INCOME STATEMENT DIGITAL BROS S.p.A. FY 2006-2007

	EUR/000	30 June 2007		30 June 2006		Change	
1	Revenues	113,824	108.3%	107,382	106.5%	6,442	6.0%
2	Revenue adjustments	(8,692)	-8.3%	(6,574)	-6.5%	(2,118)	32.2%
3	Total revenues	105,132	100.0%	100,808	100.0%	4,324	4.3%
4	Purchase of goods for resale	(85,450)	-81.3%	(75,862)	-75.3%	(9,588)	12.6%
5	Purchase of services for resale	0	0.0%	0	0.0%	0	n.s.
6	Royalty	(3,177)	-3.0%	(4,149)	-4.1%	972	-23.4%
7	Change in inventories of finished products	9,500	9.0%	4,165	4.1%	5,335	n.s.
8	Total cost of goods sold	(79,127)	-75.3%	(75,846)	-75.2%	(3,281)	4.3%
9	Gross profit (3+8)	26,005	24.7%	24,962	24.8%	1,043	4.2%
10	Other income	1,598	1.5%	661	0.7%	937	n.s.
11	Cost of services	(9,747)	-9.3%	(6,674)	-6.6%	(3,073)	46.0%
12	Rent and leasing	(316)	-0.3%	(351)	-0.3%	35	-10.0%
13	Payroll costs	(7,634)	-7.3%	(7,595)	-7.5%	(39)	0.5%
14	Other operating expenses	(1,924)	-1.8%	(1,552)	-1.5%	(372)	24.0%
15	Total operating expenses	(19,621)	-18.7%	(16,172)	-16.0%	(3,449)	21.3%
16	EBITDA (9+10+15)	7,982	7.6%	9,451	9.4%	(1,469)	-15.5%
17	Depreciation and amortization	(742)	-0.7%	(468)	-0.5%	(274)	58.5%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(278)	-0.3%	(1,187)	-1.2%	909	-76.6%
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
21	Total amortization, depreciation and impairment	(1,020)	-1.0%	(1,655)	-1.6%	635	-38.4%
22	EBIT (16+21)	6,962	6.6%	7,796	7.7%	(834)	-10.7%
23	Interest income	73	0.1%	44	0.0%	29	65.9%
24	Interest expense	(2,569)	-2.4%	(2,232)	-2.2%	(337)	15.1%
25	Net interest income (expense)	(2,496)	-2.4%	(2,188)	-2.2%	(308)	14.1%
26	Profit before taxes (22+25)	4,466	4.2%	5,608	5.6%	(1,142)	-20.4%
27	Current taxes	(911)	-0.9%	(1,139)	-1.1%	228	-20.0%
28	Deferred taxes	(1,510)	-1.4%	(1,401)	-1.4%	(109)	7.8%
29	Total taxes	(2,421)	-2.3%	(2,540)	-2.5%	119	-4.7%
30	Net profit (26+29)	2,045	1.9%	3,068	3.0%	(1,023)	-33.3%



CONSOLIDATED INCOME STATEMENT OF THE 4° QUARTER 2006-2007 - DIGITAL BROS GROUP

EUR/000	4° quarter 2006		4° quarter 2005		Change	
Revenues	26,373	107.3%	15,754	105.0%	10,619	67.4%
Revenue adjustments	(1,796)	-7.3%	(747)	-5.0%	(1,049)	140.4%
Total revenues	24,577	100.0%	15,007	100.0%	9,570	63.8%
Purchase of goods for resale	(17,239)	-70.1%	(9,602)	-64.0%	(7,637)	79.5%
Purchase of services for resale	(387)	-1.6%	(296)	-2.0%	(91)	30.7%
Royalty	(3,103)	-12.6%	(1,039)	-6.9%	(2,064)	198.7%
Change in inventories of finished products	4,070	16.6%	1,153	7.7%	2,917	253.0%
Total cost of goods sold	(16,659)	-67.8%	(9,784)	-65.2%	(6,875)	70.3%
Gross profit (3+8)	7,918	32.2%	5,223	34.8%	2,695	51.6%
Other income	(73)	-0.3%	2	0.0%	(75)	n.s.
Cost of services	(4,394)	-17.9%	(2,093)	-13.9%	(2,301)	n.s.
Rent and leasing	(90)	-0.4%	(121)	-0.8%	31	-25.6%
Payroll costs	(2,183)	-8.9%	(1,894)	-12.6%	(289)	15.3%
Other operating expenses	(69)	-0.3%	(317)	-2.1%	248	-78.2%
Total operating expenses	(6,736)	-27.4%	(4,425)	-29.5%	(2,311)	52.2%
EBITDA (9+10+15)	1,109	4.5%	800	5.3%	309	38.6%
Depreciation and amortization	(118)	-0.5%	(133)	-0.9%	15	-11.3%
Provisions	0	0.0%	0	0.0%	0	n.s.
Asset impairment charge	0	0.0%	0	0.0%	0	n.s.
Impairment reversal	0	0.0%	0	0.0%	0	n.s.
Total amortization, depreciation and impairment	(118)	-0.5%	(133)	-0.9%	15	-11.3%
EBIT (16+21)	991	4.0%	667	4.4%	324	48.6%
Interest income	21	0.1%	0	0.0%	21	#DIV/0!
Interest expense	(646)	-2.6%	(580)	-3.9%	(66)	11.4%
Net interest income (expense)	(625)	-2.5%	(580)	-3.9%	(45)	7.8%
Profit before taxes (22+25)	366	1.5%	87	0.6%	279	320.7%
Current taxes	1,280	5.2%	(187)	-1.2%	1,467	n.s.
Deferred taxes	(1,334)	-5.4%	560	3.7%	(1,894)	n.s.
Total taxes	(54)	-0.2%	373	2.5%	(427)	-114.5%
Net profit (26+29)	312	1.3%	460	3.1%	(148)	n.s.
Earnings per share:						
Basic earnings per share (in EUR)	0.022		0.033		(0.02)	-32.0%
Diluted earnings per share (in EUR)	0.022		0.033		(0.02)	-32.0%