



PRESS RELEASE

DIGITAL BROS: THE SHAREHOLDERS' MEETING APPROVES THE ANNUAL REPORT OF FISCAL YEAR 2006-2007

APPROVED THE DISTRIBUTION OF A DIVIDEND OF € 0.08 PER SHARE

CONSOLIDATED INCOME STATEMENT – FY 2006-2007 RESULTS			
<i>(Thousands of Euros)</i>	30.06.07	30.06.06	Change %
Consolidated revenues	133,926	113,022	+18.5%
EBITDA	10,058	10,051	+0.1%
EBIT	9,378	8,060	+16.4%
EBT	6,782	5,850	+15.9%
Net profit	3,830	3,823	+0.2%

The Group has closed FY 2006-2007 with consolidated revenues for roughly € 134 Million (+18.5% yoy) and a consolidated EBITDA of € 10 Million. EBIT has grown for 16.4% yoy, touching € 9.378 Million. EBT increased for 15.9% yoy (€ 6.782 Million) and consolidated net profit reached € 3.83 Million.

The distribution of a dividend of € 0.08 per share has been approved with coupon at December 10th 2007.

The BoD has been authorised for buy-back operations.

Milan, October 30th 2007 – The Shareholders' Meeting of Digital Bros, the Italian company listed in the Star segment of the Milan Stock Exchange and active in the "digital entertainment" field, convened today under the chairmanship of Abramo Galante, has approved the Company Financial Statements and the Consolidated Financial Statements of Fiscal Year closed on June 30th 2007.

Further, the Shareholders' meeting has approved the BoD's **proposal to distribute a dividend of € 0.08 per ordinary share**, inclusive of possible withholding taxes, in line with the one distributed last year. The dividend will be paid on December 13th 2007, after the payment of the third coupon on December 10th 2007. The total expense for the dividend's payment, as proposed, will be of 1,128,800 Euros. The decision confirms the shareholders' remuneration policy decided by the Group, which will be held steady in time thank to the solid structure of the Group and to the ability to produce revenues, which permits to remunerate the shareholders.

CONSOLIDATED RESULTS AT JUNE 30th 2007

The Group closes the fiscal year with a strong growth of the consolidated revenues at roughly € 134 Million (+18.5% yoy) exceeding the € 125 Million foreseen by the management and stated to the market on last April. The strong revenues' growth has to be assigned primarily to the positive performance, better than forecasted with an impact of 15% on the consolidated revenues, of the International Publishing activity, which confirms the strategic relevance and the profitability of this business area for the Group. The Fiscal Year 2006-2007 has closed with a consolidated EBITDA at roughly € 10.06 Million and an EBIT at € 9.378 Million, growing of 16.4% if compared to € 8 Million yoy. The Group has closed the Fiscal Year with an EBT increasing for 15.9% yoy (at € 6.782 Million) and a Net profit of the Group at € 3.830 Million (compared to € 3.823 Million yoy).

On June 30th 2007 the **total net debt** of the Digital Bros Group is negative for € 33.9 Million, showing an increase of € 13.2 Million if compared to the € 20.7 Million registered on June 30th 2006, primarily due to the effect of the investments in net circulating capital made by the Group in order to sustain the strong development of the

International publishing activities. The total net debt shows an improvement of € 2.8 million if compared to the € 36.7 million on March 31st 2007.

FURTHER RESOLUTIONS

The Shareholders' Meeting has renewed the authorization for the Board of Directors to execute, within the date of approval of the Annual Report at June 30th 2008, **buy-back operations of owned shares** till a maximum of one million ordinary shares representing not more than the 10% of the already existing share capital. Possible purchases, if authorized, have to be closed at a price between 10 Euros and 0.40 Euros per share, with a total maximum expense of € 10 Million, in compliance with current legislation and the rules of Borsa Italiana. The reasons underlying the authorization request are: company purposes, for example, the exchange in order to realise strategic partnerships; investment aims, for example, having the chance to close deals, coverage and arbitrage operations to face unusual market swings or liquidity investments; to serve probable stock option plans which could be decided in future.

The Shareholders' Meeting has decided to increase the payments for the Board of Directors to € 1 Million from the previous € 900 thousands.

Further, the Shareholders' Meeting has approved the further renewal of the assignment of the Auditing Company Reconta Ernst & Young, already assigned for the three-year period 2007-2009, also for the three-year period 2010-2012, for the certification of the Company Financial Statements, of the Consolidated Financial Statements, of the six-months reports and for the further activities foreseen by the current law in force.

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

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Digital Bros Group
Consolidated balance sheet

	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	61	53	8	15.1%
6	Deferred tax assets	2,695	4,537	(1,842)	-40.6%
	Total non-current assets	7,846	9,033	(1,187)	13.1%
	Non-current liabilities				
7	Employee benefits	(786)	(803)	17	-2.1%
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	(992)	(958)	(34)	3.5%
	Net working capital				
10	Inventories	39,040	26,450	12,590	47.6%
11	Trade receivables	31,157	22,672	8,485	37.4%
12	Tax credits	2,538	437	2,101	n.s.
13	Other current assets	8,412	995	7,417	n.s.
14	Trade payables	(15,570)	(5,413)	(10,157)	n.s.
15	Taxes payable	(3,533)	(1,158)	(2,375)	n.s.
16	Current provisions	0	0	0	n.s.
17	Other current liabilities	(2,566)	(2,115)	(451)	21.3%
	Total net working capital	59,478	41,868	17,610	42.1%
	Capital and reserves				
18	Share capital	(5,644)	(5,644)	0	n.s.
19	Reserves	(19,457)	(19,441)	(16)	0.1%
20	Treasury shares	204	671	(467)	-69.6%
21	Earnings (losses) carried forward	(7,493)	(4,788)	(2,705)	n.s.
	Total capital and reserves	(32,390)	(29,202)	(3,188)	10.9%
	Total	33,942	20,741	13,201	63.6%
22	Cash and cash equivalents	7,080	3,994	3,086	77.3%
23	Short-term payables to banks	(32,676)	(19,087)	(13,589)	71.2%
24	Other current financial liabilities	(3,250)	(1,351)	(1,899)	n.s.
	Current net debt	(28,846)	(16,444)	(12,402)	75.4%
25	Non-current financial assets	0	0	0	n.s.
26	Non-current payables to banks	(2,673)	(1,006)	(1,667)	n.s.
27	Other non-current financial liabilities	(2,423)	(3,291)	868	-26.4%
	Non-current net debt	(5,096)	(4,297)	(799)	18.6%
	Total net debt	(33,942)	(20,741)	(13,201)	63.6%

Digital Bros Group
Consolidated income statement

	EUR/000	30 June 2007		30 June 2006		Change	
1	Revenues	133,926	110.7%	113,022	106.4%	20,904	18.5%
2	Revenue adjustments	(12,994)	-10.7%	(6,811)	-6.4%	(6,183)	90.8%
3	Total revenues	120,932	100.0%	106,211	100.0%	14,721	13.9%
4	Purchase of goods for resale	(91,693)	-75.8%	(76,810)	-72.3%	(14,883)	19.4%
5	Purchase of services for resale	(1,124)	-0.9%	(1,429)	-1.3%	305	-21.3%
6	Royalty	(7,686)	-6.4%	(5,013)	-4.7%	(2,673)	53.3%
7	Change in inventories of finished products	12,591	10.4%	4,261	4.0%	8,330	n.s.
8	Total cost of goods sold	(87,912)	-72.7%	(78,991)	-74.4%	(8,921)	11.3%
9	Gross profit (3+8)	33,020	27.3%	27,220	25.6%	5,800	21.3%
10	Other income	113	0.1%	194	0.2%	(81)	-41.8%
11	Cost of services	(10,997)	-9.1%	(7,083)	-6.7%	(3,914)	55.3%
12	Rent and leasing	(427)	-0.4%	(459)	-0.4%	32	-7.0%
13	Payroll costs	(9,491)	-7.8%	(8,174)	-7.7%	(1,317)	16.1%
14	Other operating expenses	(2,160)	-1.8%	(1,647)	-1.6%	(513)	31.1%
15	Total operating expenses	(23,075)	-19.1%	(17,363)	-16.3%	(5,712)	32.9%
16	EBITDA (9+10+15)	10,058	8.3%	10,051	9.5%	7	0.1%
17	Depreciation and amortization	(818)	-0.7%	(595)	-0.6%	(223)	37.5%
18	Provisions	0	0.0%	0	0.0%	0	n.s.
19	Asset impairment charge	(96)	-0.1%	(1,396)	-1.3%	1,300	-93.1%
20	Impairment reversal	234	0.2%	0	0.0%	234	n.s.
21	Total amortization, depreciation and impairment	(680)	-0.6%	(1,991)	-1.9%	1,311	-65.8%
22	EBIT (16+21)	9,378	7.8%	8,060	7.6%	1,318	16.4%
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)	6,782	5.6%	5,850	5.5%	932	15.9%
27	Current taxes	(1,473)	-1.2%	(1,472)	-1.4%	(1)	0.1%
28	Deferred taxes	(1,479)	-1.2%	(555)	-0.5%	(924)	n.s.
29	Total taxes	(2,952)	-2.4%	(2,027)	-1.9%	(925)	45.6%
30	Net profit (26+29)	3,830	3.2%	3,823	3.6%	7	0.2%
	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	

Business Area Information FY 2006/2007

	EUR/000	Distribution	Kiosk	New media	Publishing	Holding	Total
1	Revenues	111,107	2,338	514	19,967	0	133,926
2	Revenue adjustments	(9,048)	0	0	(3,945)	0	(12,993)
3	Total revenues	102,059	2,338	514	16,021	0	120,932
4	Purchase of goods for resale	(84,560)	(279)	0	(6,854)	0	(91,692)
5	Purchase of services for resale	0	(309)	(796)	(19)	0	(1,124)
6	Royalty	(1,747)	(847)	(68)	(5,024)	0	(7,686)
7	Change in inventories of finished products	8,430	559	0	3,602	0	12,591
8	Total cost of goods sold	(77,876)	(877)	(864)	(8,296)	0	(87,912)
9	Gross profit (3+8)	24,183	1,461	(350)	7,725	0	33,020
10	Other income	46	1	48	18	0	113
11	Cost of services	(7,329)	(760)	(268)	(2,446)	(195)	(10,997)
12	Rent and leasing	(317)	0	(54)	(55)	(2)	(428)
13	Payroll costs	(6,216)	0	(697)	(1,476)	(1,102)	(9,491)
14	Other operating expenses	(1,809)	(18)	(20)	(181)	(132)	(2,160)
15	Total operating expenses	(15,671)	(778)	(1,039)	(4,157)	(1,430)	(23,076)
16	EBITDA (9+10+15)	8,557	685	(1,341)	3,586	(1,431)	10,058
17	Depreciation and amortization	(440)	0	(45)	(20)	(313)	(818)
18	Provisions	0	0	0	0	0	0
19	Asset impairment charge	(96)	0	0	0	0	(96)
20	Impairment reversal	0	0	0	234	0	234
21	Total amortization, depreciation and impairment	(536)	0	(45)	214	(313)	(680)
22	EBIT (16+21)	8,021	685	(1,386)	3,800	(1,744)	9,378

Balance sheet Digital Bros S.p.A. at June 30 2007

	EUR/000	30 giugno 2007	30 giugno 2006	Variazioni	
	Non-current assets				
1	Property, plant and equipment	3,253	3,198	55	1.7%
2	Investment property	456	455	1	0.2%
3	Intangible assets	466	659	(193)	-29.3%
4	Equity investments	1,355	1,255	100	8.0%
5	Non-current receivables and other assets	4	6	(2)	-33.3%
6	Deferred tax assets	1,027	2,751	(1,724)	-62.7%
	Total non-current assets	6,561	8,324	(1,763)	-21.2%
	Non-current liabilities				
7	Employee benefits	(653)	(793)	140	-17.7%
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	(859)	(948)	89	-9.4%
	Net working capital				
10	Inventories	34,298	26,297	8,001	30.4%
11	Trade receivables	18,758	24,368	(5,610)	-23.0%
12	Due from subsidiaries	10,626	4,180	6,446	n.s.
13	Tax credits	1,694	51	1,643	n.s.
14	Other current assets	3,558	952	2,606	n.s.
15	Trade payables	(8,739)	(4,128)	(4,611)	n.s.
16	Due to subsidiaries	(1,801)	(3,945)	2,144	-54.3%
17	Taxes payable	(1,746)	(1,225)	(521)	42.5%
18	Current provisions	0	(3,304)	3,304	-100.0%
19	Other current liabilities	(2,180)	(1,998)	(182)	9.1%
	Total net working capital	54,468	41,248	13,220	32.1%
	Capital and reserves				
20	Share capital	(5,644)	(5,644)	0	n.s.
21	Reserves	(17,965)	(17,941)	(24)	0.1%
22	Treasury shares	204	671	(467)	-69.6%
23	Earnings (losses) carried forward	(5,704)	(4,774)	(930)	19.5%
	Total capital and reserves	(29,109)	(27,688)	(1,421)	5.1%
	Total	31,061	20,936	10,125	48.4%
24	Cash and cash equivalents	6,739	3,798	2,941	77.4%
25	Short-term payables to banks	(31,007)	(19,486)	(11,521)	59.1%
26	Other current financial liabilities	(3,250)	(1,351)	(1,899)	n.s.
	Current net debt	(27,518)	(17,039)	(10,479)	61.5%
27	Non-current financial assets	0	0	0	n.s.
28	Non-current payables to banks	(1,120)	(1,006)	(114)	11.3%
29	Other non-current financial liabilities	(2,423)	(2,891)	468	-16.2%
	Non-current net debt	(3,543)	(3,897)	354	-9.1%
	Total net debt	(31,061)	(20,936)	(10,125)	48.4%

Income statement Digital Bros S.p.A.

	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	(83,950)	-79.9%	(75,862)	-75.3%	(8,088)	10.7%
5	Purchase of services for resale	0	0.0%	0	0.0%	0	n.s.
6	Royalty	(3,178)	-3.0%	(4,149)	-4.1%	971	-23.4%
7	Change in inventories of finished products	8,001	7.6%	4,165	4.1%	3,836	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	(741)	-0.7%	(468)	-0.5%	(273)	58.3%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(512)	-0.5%	(1,187)	-1.2%	675	-56.9%
20	Impairment reversal	234	0.2%	0	0.0%	234	0.0%
21	Total amortization, depreciation and impairment	(1,019)	-1.0%	(1,655)	-1.6%	636	-38.4%
22	EBIT (16+21)	6,963	6.6%	7,796	7.7%	(833)	-10.7%
23	Interest income	72	0.1%	44	0.0%	28	63.6%
24	Interest expense	(2,569)	-2.4%	(2,232)	-2.2%	(337)	15.1%
25	Net interest income (expense)	(2,497)	-2.4%	(2,188)	-2.2%	(309)	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%