



PRESS RELEASE

The BoD approves the consolidated quarterly report at September 30, 2007
(first quarter of fiscal year lasting from July 1st 2007 to June 30th 2008)

**DIGITAL BROS GROUP:
GROWING RESULTS FOR THE FIRST QUARTER
OF FY 2007-2008**

**REVENUES AT € 22.5 MILLION (+46.4%),
EBIT +200%**

CONSOLIDATED INCOME STATEMENT – RESULTS Q1 FY 2007-2008

<i>(Thousands of Euros)</i>	30.09.07	30.09.06	Change	Change %
Consolidated Revenues	22,486	15,364	7,122	46.4%
EBITDA	1,103	440	663	150.7%
EBIT	956	318	638	200.6%
EBT	224	-120	344	n.s.
Net profit	126	-227	353	n.s.

The Group closes the first three months of FY 2007-2008 registering a strong revenues' growth (+ 46.4% yoy) principally due to the positive contribution of the publishing activity

The quarter underlines a significant increase of all profitability margins, in particular an increase of 150.7% of the EBITDA, at 1,103 Thousands of Euros, and of 200.6% of the EBIT, at 956 Thousands of Euros

Growing profits compared to the negative values of the same quarter of FY 2006-2007: the Net Profit stays at 126 Thousands of Euros, against a loss of 227 Thousands of Euros yoy with an increase, in absolute values, of 353 Thousands of Euros

The Total Net Debt of the Group at September 30th 2007 is negative for € 42.8 Million compared to the € 33.9 Million registered at June 30th 2007

Milan, November 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 September 30th 2007** (1^o quarter of FY lasting from July 1st 2007 to June 30th 2008).

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

The Group has closed the first quarter with:

- **Consolidated revenues** at roughly € 22.5 Million, achieving a growth of 46.4% compared to the € 15.3 Million yoy;
- **EBITDA** at 1,103 Thousands of Euros, registering a growth of 663 Thousands of Euros, +150.7% yoy (440 Thousands of Euros);
- **EBIT** at 956 Thousands of Euros, increasing of 200.6% yoy (318 Thousands of Euros);
- **EBT** positive for 224 Thousands of Euros, against a negative value of 120 Thousands of Euros yoy;
- **Net profit** positive for 126 Thousands of Euros compared to a negative value of 227 Thousands of Euros yoy.

The first quarter of FY 2007-2008 has registered a strong growth of the Revenues (+46.4% yoy) and of all profitability margins yoy. These results become more significant considering the seasonal nature of sales typical for this market. The first quarter of the fiscal year doesn't represent a relevant part of the revenues and profits, which are concentrated in the second quarter of the fiscal year. The relevant growth of the Revenues has to be assigned

principally to the positive trend of the high profitable activity of the International Publishing, which in the first quarter had an impact on the consolidated revenues of the Group of € 6.9 Million (increasing of € 5.8 Million yoy) and with an EBIT over € 1.2 Million referring to the break even realized in the previous fiscal year, which payed the consequences of the start up phase of the foreign subsidiaries DB France and 505 Games Ltd.. Positive and growing also the revenues of the Distribution activity, which has brought revenues for € 14.8 Million, representing 9.8% growth and an EBITDA of roughly 495 Thousands of Euros. The achieved results are aligned with the forecasts.

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

Results 1° Quarter of FY 2007-2008 per business area

<i>(Thousands of Euros)</i>	Distribution	Kiosk	New media	Publishing	Holding	Total
Revenues	14,818	696	54	6,918	0	22,486
Net Revenues	13,712	661	54	6,076	0	20,504
Ebitda	595	177	(601)	1,273	(342)	1,103
Ebit	495	176	(604)	1,252	(362)	956

The **Total Net Debt** of the Digital Bros Group at September 30th 2007 is negative for € 42.8 Million, increasing of € 8.9 Million compared to the € 33.9 Million registered at June 30th 2007, primarily due to the effect of the investments in Net Circulating Capital done by the Group in order to sustain the strong development of the International Publishing activities.

In the first quarter the **Holding Digital Bros S.p.A.** has registered gross Revenues for € 17.3 Million, showing an increase of 20.2% compared to the € 14.4 Million yoy. The EBT of the Holding is negative at € 1.5 Million, against € 0.287 Million of the previous fiscal year, due to the effect of 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. The Holding results reflect the management forecasts.

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 - 1° Quarter FY 2007-2008

	EUR/000	30 September 2007	30 June 2007	Change	
Non-current assets					
1	Property, plant and equipment	3,305	3,378	(73)	-2.2%
2	Investment property	455	455	0	0.0%
3	Intangible assets	537	517	20	3.9%
4	Equity investments	740	740	0	0.0%
5	Non-current receivables and other assets	60	61	(1)	-1.6%
6	Deferred tax assets	2,688	2,695	(7)	-0.3%
	Total non-current assets	7,785	7,846	(61)	-0.8%
Non-current liabilities					
7	Employee benefits	(726)	(786)	60	-7.6%
8	Non-current provisions	(206)	(206)	0	0.0%
9	Other non-current payables and liabilities	0	0	0	0.0%
	Total non-current liabilities	(932)	(992)	60	-6.0%
Net working capital					
10	Inventories	40,540	39,040	1,500	3.8%
11	Trade receivables	33,168	31,157	2,011	6.5%
12	Tax credits	3,220	2,538	682	26.9%
13	Other current assets	11,618	8,412	3,206	38.1%
14	Trade payables	(14,237)	(15,570)	1,333	-8.6%
15	Taxes payable	(3,803)	(3,533)	(270)	7.6%
16	Current provisions	0	0	0	0.0%
17	Other current liabilities	(2,006)	(2,566)	560	-21.8%
	Total net working capital	68,500	59,478	9,022	15.2%
Capital and reserves					
18	Share capital	(5,644)	(5,644)	0	0.0%
19	Reserves	(19,505)	(19,457)	(48)	0.2%
20	Treasury shares	229	204	25	12.3%
21	Earnings (losses) carried forward	(7,569)	(7,493)	(76)	1.0%
	Total capital and reserves	(32,489)	(32,390)	(99)	0.3%
	Total	42,864	33,942	8,922	26.3%
Current financial liabilities					
22	Cash and cash equivalents	4,495	7,080	(2,585)	-36.5%
23	Short-term payables to banks	(38,562)	(32,676)	(5,886)	18.0%
24	Other current financial liabilities	(3,249)	(3,250)	1	0.0%
	Current net debt	(37,316)	(28,846)	(8,470)	29.4%
Non-current financial liabilities					
25	Non-current financial assets	0	0	0	0.0%
26	Non-current payables to banks	(3,205)	(2,673)	(532)	19.9%
27	Other non-current financial liabilities	(2,343)	(2,423)	80	-3.3%
	Non-current net debt	(5,548)	(5,096)	(452)	8.9%
	Total net debt	(42,864)	(33,942)	(8,922)	26.3%

Digital Bros Group – Consolidated Income Statement - 1° Quarter FY 2007-2008

	EUR/000	30 September 2007		30 September 2006		Change	
1	Revenues	22,486	109.7%	15,364	104.7%	7,122	46.4%
2	Revenue adjustments	(1,982)	-9.7%	(688)	-4.7%	(1,294)	n.s.
3	Total revenues	20,504	100.0%	14,676	100.0%	5,828	39.7%
4	Purchase of goods for resale	(14,110)	-68.8%	(10,614)	-72.3%	(3,496)	32.9%
5	Purchase of services for resale	(109)	-0.5%	(304)	-2.1%	195	-64.1%
6	Royalties	(1,259)	-6.1%	(723)	-4.9%	(536)	74.1%
7	Change in inventories of finished products	1,500	7.3%	1,066	7.3%	434	40.7%
8	Total cost of goods sold	(13,978)	-68.2%	(10,575)	-72.1%	(3,403)	32.2%
9	Gross profit (3+8)	6,526	31.8%	4,101	27.9%	2,425	59.1%
10	Other income	15	0.1%	1	0.0%	14	n.s.
11	Cost of services	(2,570)	-12.5%	(1,350)	-9.2%	(1,220)	90.4%
12	Rent and leasing	(93)	-0.5%	(102)	-0.7%	9	-8.8%
13	Payroll costs	(2,394)	-11.7%	(1,850)	-12.6%	(544)	29.4%
14	Other operating expenses	(381)	-1.9%	(360)	-2.5%	(21)	5.8%
15	Total operating expenses	(5,438)	-26.5%	(3,662)	-25.0%	(1,776)	48.5%
16	EBITDA (9+10+15)	1,103	5.4%	440	3.0%	663	150.7%
17	Depreciation and amortization	(147)	-0.7%	(122)	-0.8%	(25)	20.5%
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%
21	Total amortization, depreciation and impairment	(147)	-0.7%	(122)	-0.8%	(25)	20.5%
22	EBIT (16+21)	956	4.7%	318	2.2%	638	200.6%
23	Interest income	36	0.2%	3	0.0%	33	n.s.
24	Interest expense	(768)	-3.7%	(441)	-3.0%	(327)	74.1%
25	Net interest income (expense)	(732)	-3.6%	(438)	-3.0%	(294)	67.1%
26	Profit before taxes (22+25)	224	1.1%	(120)	-0.8%	344	n.s.
27	Current taxes	(98)	-0.5%	(107)	-0.7%	9	-8.4%
28	Deferred taxes	0	0.0%	0	0.0%	0	0.0%
29	Total taxes	(98)	-0.5%	(107)	-0.7%	9	-8.4%
30	Net profit (26+29)	126	0.6%	(227)	-1.5%	353	n.s.
	Earnings per share:						
31	Basic earnings per share (in EUR)	0.01		(0.02)		0.03	
32	Diluted earnings per share (in EUR)	0.01		(0.02)		0.03	

Digital Bros S.p.A. – Balance Sheet Holding - 1° Quarter FY 2007-2008

	EUR/000	30 September 2007	30 June 2007	Change	
Non-current assets					
1	Property, plant and equipment	3,188	3,253	(65)	-2.0%
2	Investment property	455	456	(1)	-0.2%
3	Intangible assets	493	466	27	5.8%
4	Equity investments	1,355	1,355	0	0.0%
5	Non-current receivables and other assets	4	4	0	0.0%
6	Deferred tax assets	1,027	1,027	0	0.0%
	Total non-current assets	6,522	6,561	(39)	-0.6%
Non-current liabilities					
7	Employee benefits	(600)	(653)	53	-8.1%
8	Non-current provisions	(206)	(206)	0	0.0%
9	Other non-current payables and liabilities	0	0	0	0.0%
	Total non-current liabilities	(806)	(859)	53	-6.2%
Net working capital					
10	Inventories	31,191	34,298	(3,107)	-9.1%
11	Trade receivables	12,724	18,758	(6,034)	-32.2%
12	Due from subsidiaries	15,062	10,626	4,436	41.7%
13	Tax credits	1,696	1,694	2	0.1%
14	Other current assets	11,644	3,558	8,086	n.s.
15	Trade payables	(7,981)	(8,739)	758	-8.7%
16	Due to subsidiaries	(509)	(1,801)	1,292	-71.7%
17	Taxes payable	(2,533)	(1,746)	(787)	45.1%
18	Current provisions	0	0	0	0.0%
19	Other current liabilities	(2,131)	(2,180)	49	-2.2%
	Total net working capital	59,163	54,468	4,695	8.6%
Capital and reserves					
20	Share capital	(5,644)	(5,644)	0	0.0%
21	Reserves	(17,965)	(17,965)	0	0.0%
22	Treasury shares	229	204	25	12.3%
23	Earnings (losses) carried forward	(4,182)	(5,704)	1,522	-26.7%
	Total capital and reserves	(27,562)	(29,109)	1,547	-5.3%
	Total	37,317	31,061	6,256	20.1%
Current net debt					
24	Cash and cash equivalents	3,995	6,739	(2,744)	-40.7%
25	Short-term payables to banks	(34,749)	(31,007)	(3,742)	12.1%
26	Other current financial liabilities	(3,249)	(3,250)	1	0.0%
	Current net debt	(34,003)	(27,518)	(6,485)	23.6%
Non-current net debt					
27	Non-current financial assets	0	0	0	0.0%
28	Non-current payables to banks	(971)	(1,120)	149	-13.3%
29	Other non-current financial liabilities	(2,343)	(2,423)	80	-3.3%
	Non-current net debt	(3,314)	(3,543)	229	-6.5%
	Total net debt	(37,317)	(31,061)	(6,256)	20.1%

Digital Bros S.p.A. - Income Statement Holding - 1° Quarter FY 2007-2008

	EUR/000	30 September 2007		30 September 2006		Change	
1	Revenues	17,345	105.6%	14,427	104.3%	2,918	20.2%
2	Revenue adjustments	(927)	-5.6%	(599)	-4.3%	(328)	54.8%
3	Total revenues	16,418	100.0%	13,828	100.0%	2,590	18.7%
4	Purchase of goods for resale	(10,690)	-65.1%	(10,279)	-74.3%	(411)	4.0%
5	Purchase of services for resale	0	0.0%	0	0.0%	0	n.s.
6	Royalties	(263)	-1.6%	(608)	-4.4%	345	-56.7%
7	Change in inventories of finished products	(3,106)	-18.9%	951	6.9%	(4,057)	n.s.
8	Total cost of goods sold	(14,059)	-85.6%	(9,936)	-71.9%	(4,123)	41.5%
9	Gross profit (3+8)	2,359	14.4%	3,892	28.1%	(1,533)	-39.4%
10	Other income	332	2.0%	104	0.8%	228	n.s.
11	Cost of services	(1,200)	-7.3%	(1,182)	-8.5%	(18)	1.5%
12	Rent and leasing	(69)	-0.4%	(89)	-0.6%	20	-22.5%
13	Payroll costs	(1,842)	-11.2%	(1,547)	-11.2%	(295)	19.1%
14	Other operating expenses	(368)	-2.2%	(340)	-2.5%	(28)	8.2%
15	Total operating expenses	(3,479)	-21.2%	(3,158)	-22.8%	(321)	10.2%
16	EBITDA (9+10+15)	(788)	-4.8%	838	6.1%	(1,626)	n.s.
17	Depreciation and amortization	(118)	-0.7%	(113)	-0.8%	(5)	4.4%
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%
21	Total amortization, depreciation and impairment	(118)	-0.7%	(113)	-0.8%	(5)	4.4%
22	EBIT (16+21)	(906)	-5.5%	725	5.2%	(1,631)	n.s.
23	Interest income	34	0.2%	3	0.0%	31	n.s.
24	Interest expense	(650)	-4.0%	(441)	-3.2%	(209)	47.4%
25	Net interest income (expense)	(616)	-3.8%	(438)	-3.2%	(178)	40.6%
26	Profit before taxes (22+25)	(1,522)	-9.3%	287	2.1%	(1,809)	n.s.
27	Current taxes	0	0.0%	(107)	-0.8%	107	-100.0%
28	Deferred taxes	0	0.0%	0	0.0%	0	0.0%
29	Total taxes	0	0.0%	(107)	-0.8%	107	-100.0%
30	Net profit (26+29)	(1,522)	-9.3%	180	1.3%	(1,702)	n.s.