



PRESS RELEASE

Board of Directors approves consolidated quarterly report at December 31st 2006
(second quarter of fiscal year July 1st, 2006 to June 30th 2007)

Digital Bros Group continuous growth: Consolidated revenues + 11,4% yoy and net profit +55,3% in H1 2006-2007

H1 results 2006-2007 (in thousands of Euros)	31.12.06	31.12.05	Change	%
Consolidated revenues	81.684	73.335	8.349	11,4%
EBITDA	7.702	7.398	304	4,1%
EBIT	7.035	5.702	1.333	23,4%
EBT	5.894	4.614	1.280	27,7%
Net profit	3.478	2.240	1.238	55,3%

***Digital Bros closes the first half of fiscal year 2006-2007 with
revenues up 11,4% yoy.***

***Strong growth for all the profitability margins:
Pre-tax profit +27,7%, Net profit +55,3%.***

Milan, February 8th 2007 – The Board of Directors of **Digital Bros**, the Italian digital entertainment company listed in the TechStar segment of the Milan Stock Exchange, **has approved today the consolidated quarterly report at December 31st 2006** (first half of fiscal year July 1st, 2006 to June 30th 2007).

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

- **Consolidated revenues** peak at **81.684 thousands of Euros**, with an increase of **11,4%** yoy (73.335 thousands of Euros);
- **EBITDA** is positive for **7.702 thousands of Euros**, showing an increase of **4,1%** yoy (7.398 thousands of Euros);
- **EBIT** reaches **7.035 thousands of Euros**, with an increase of **23,4%** yoy (5.702 thousands of Euros);
- **EBT** is positive for **5.894 thousands of Euros**, with an increase of **27,7%** yoy (4.614 thousands of Euros);
- **The net profit** is **3.478 thousands of Euros**, showing an increase of **55,3%** yoy.

The first half of the fiscal year 2006-2007 shows an important improvement of the consolidated revenues of the Group subsequent to the good core business performance of distribution (+11,4%), which confirms the validity of the strategic view in the entertainment business, notwithstanding the effect of the typical seasonal nature of the entertainment market. Below the contribution of the different business segments of the Digital Bros Group:

Consolidated data (thousands of Euros)	Distribution	News stand	New Media	International Publishing	Holding	Total
Sales revenues	68.555	1.593	250	4.792	0	75.190
Ebitda	7.593	508	(636)	920	(682)	7.702
Ebit	7.225	503	(648)	914	(958)	7.035

The **net profit** at December 31st 2006 is at 3.478 thousands of Euros with respect to the 2.240 thousands of Euros yoy (+ **55,3%**).

In line with revenues growth (+12%), the **total net debt** of the Digital Bros Group at December 31st 2006 shows a net debt of 46.721 thousands of Euros with respect to the 39.574 of December 31st 2005 (+18%), also due to the investments of the Group for the start up of the two international subsidiaries, the English 505 Games and the French DB France, and to the acquisition of new videogames' licenses for the international publishing segment.

At December 31st 2006, **the parent company Digital Bros S.p.A.** maintains its leadership of the Italian digital entertainment market with **revenues of 69.881 thousands of Euros, with an increase of 1,4%** yoy. The profitability margins show the following results:

- **EBITDA at 7.216 thousands of Euros**, with a slight drop of 11,1% yoy;
- **EBIT stands at 6.073 thousands of Euros**, with an increase of 12,7% yoy;
- **EBT positive at 4.936 thousands of Euros (+13,9% yoy)**;
- The **net profit is 3.136 thousands of Euros**, with an increase of 47,2%.

Significant events in the first half of the fiscal year 2006-2007

The Digital Bros Group, within the first half of this fiscal year, has signed an agreement with the **RCS Group for a joint venture in the online entertainment field**. The joint venture will be participated for 51% by RCS Quotidiani Spa (subsidiary of RCS MediaGroup) and for 49% by Game Media Networks (wholly-owned subsidiary of Digital Bros Group). Main feature of the activity will be the creation, the management and the development of a game channel for the information portals of the RCS Group. The total value of the investment is between 1,5 e 2 millions of Euros.

In November, the Digital Bros Group has registered **record sales for the videogame Pro Evolution Soccer 6**, which has reached the amount of **550.000 units sold**, with an increase of **10%** with respect to the sales of 2005, with improved **amounts over 22 millions of Euros**.

Raphael Galante, CEO of Digital Bros stated: *"We're very satisfied with the results obtained by our Group during the last six months. Notwithstanding the delicate period for the market, due to the transition from the old consoles to the new generation ones, our Group has registered very positive results. In addition to that we're very satisfied with the investments for the international publishing, through the opening of the new international subsidiaries, and for the enrichment of contents for Italy, activities, we believe, will give a strong boost to the development of our Group"*.

Digital Bros

Listed on the Milan Stock Exchange since October 2000 and in the TechSTAR segment as from April 2004, the Digital Bros Group is the largest video game distributor in Italy and one of the leading distributors in the European market. In 1999, Digital Bros began to diversify into new areas of business: video game publishing, the production of game-related television programs, and online gaming.

Today the Group operates in three distinct areas of business:

- Distribution of video games in Italy: Halifax, DTI and Game Service*
- International publishing and distribution of games: 505 Games S.r.l. and DB France S.a.r.l.*
- New Media, production and distribution of entertainment content for the platforms Internet and mobile: Game Media Networks.*

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 3202718

Gruppo Digital Bros
Consolidated balance sheet

	€000	31 December 2006	30 June 2006	31 December 2005
	Non-current assets			
1	Property, plant and equipment	3.286	3.299	3.376
2	Investment property	455	455	455
3	Intangible assets	450	684	596
4	Equity investments	5	5	0
5	Non-current receivables and other assets	53	53	1.350
6	Deferred tax assets	0	4.537	5.286
	Total non-current assets	4.249	9.033	11.063
	Non-current liabilities			
7	Employee benefits	(936)	(803)	(706)
8	Non-current provisions	(202)	(155)	(116)
9	Other non-current payables and liabilities	0	0	0
	Total non-current liabilities	(1.138)	(958)	(822)
	Net working capital			
10	Inventories	30.058	26.450	23.657
11	Trade receivables	57.733	22.672	49.173
12	Tax credits	1.006	437	182
13	Current deferred tax assets	4.537	0	0
14	Other current assets	5.864	995	1.201
15	Trade payables	(19.633)	(5.413)	(8.460)
16	Taxes payable	(2.669)	(1.158)	(4.024)
17	Current provisions	0	0	0
18	Other current liabilities	(1.741)	(2.115)	(3.166)
	Total net working capital	75.155	41.868	58.563
	Capital and reserves			
19	Share capital	5.644	5.644	5.644
20	Reserves	19.443	19.441	18.977
21	Treasury shares	(671)	(671)	(115)
22	Earnings (losses) carried forward	7.129	4.788	4.656
	Total capital and reserves	31.545	29.202	29.162
	Minority interest	0	0	68
	Total	46.721	20.741	39.574
23	Cash and cash equivalents	5.371	3.994	3.757
24	Short-term payables to banks	(39.179)	(19.087)	(27.464)
25	Other current financial liabilities	(8.093)	(1.351)	(10.371)
	Current net debts	(41.901)	(16.444)	(34.078)
26	Non-current financial assets	0	0	0
27	Non-current payables to banks	(2.925)	(1.006)	(1.879)
28	Other non-current financial liabilities	(1.895)	(3.291)	(3.617)
	Non-current net debts	(4.820)	(4.297)	(5.496)
	Total net debts	(46.721)	(20.741)	(39.574)

Gruppo Digital Bros
Consolidated income statement

	€000	31 December 2006 H1		31 December 2005 H1		Change	
1	Gross revenues	81.684	108,6%	73.335	107,7%	8.349	11,4%
2	Revenue adjustments	(6.494)	-8,6%	(5.213)	-7,7%	(1.281)	24,6%
3	Net revenues	75.190	100,0%	68.122	100,0%	7.068	10,4%
4	Purchase of goods for resale	(57.041)	-75,9%	(50.805)	-74,6%	(6.236)	12,3%
5	Purchase of services for resale	(665)	-0,9%	(148)	-0,2%	(517)	n.s.
6	Royalties	(2.628)	-3,5%	(2.144)	-3,1%	(484)	22,6%
7	Change in inventories	3.605	4,8%	1.468	2,2%	2.137	n.s.
8	Total cost of goods sold	(56.729)	-75,4%	(51.629)	-75,8%	(5.100)	9,9%
9	Gross profit (3+8)	18.461	24,6%	16.493	24,2%	1.968	11,9%
10	Other income	11	0,0%	280	0,4%	(269)	-96,1%
11	Cost of services	(4.652)	-6,2%	(3.806)	-5,6%	(846)	22,2%
12	Rent and leasing	(196)	-0,3%	(216)	-0,3%	20	-9,4%
13	Payroll expenses	(4.680)	-6,2%	(4.392)	-6,4%	(288)	6,6%
14	Other operating expenses	(1.243)	-1,7%	(962)	-1,4%	(281)	29,2%
15	Total operating expenses	(10.770)	-14,3%	(9.376)	-13,8%	(1.394)	14,9%
16	EBITDA (9+10+15)	7.702	10,2%	7.397	10,9%	305	4,1%
17	Depreciation and amortization	(570)	-0,8%	(303)	-0,4%	(267)	88,2%
18	Provisions	0	0,0%	0	0,0%	0	0,0%
19	Asset impairment charges	(97)	-0,1%	(1.393)	-2,0%	1.296	-93,0%
20	Impairment reversal	0	0,0%	0	0,0%	0	0,0%
21	Total amortization, depreciation and impairment	(667)	-0,9%	(1.696)	-2,5%	1.029	-60,6%
22	EBIT (16+21)	7.035	9,4%	5.701	8,4%	1.334	23,4%
23	Interest income	8	0,0%	8	0,0%	(0)	-2,5%
24	Interest expenses	(1.148)	-1,5%	(1.095)	-1,6%	(53)	4,8%
25	Net interest income (expenses)	(1.140)	-1,5%	(1.087)	-1,6%	(53)	4,9%
26	Profit before taxes (22+25)	5.894	7,8%	4.614	6,8%	1.280	27,7%
27	Current taxes	(2.416)	-3,2%	(2.311)	-3,4%	(105)	4,5%
28	Deferred taxes	0	0,0%	0	0,0%	0	0,0%
29	Total taxes	(2.416)	-3,2%	(2.311)	-3,4%	(105)	4,5%
30	Net profit (26+29)	3.478	4,6%	2.303	3,4%	1.175	51,0%
31	Minority net (Income) loss	0	0,0%	(63)	-0,1%	63	n.s.
32	Net profit (30-31)	3.478	4,6%	2.240	3,3%	1.238	55,3%
	Earnings per share:						
33	Earnings per share (in EUR)	0,25		0,16		0,09	
34	Diluted earnings per share (in EUR)	0,25		0,16		0,09	

Gruppo Digital Bros
Consolidated income statement for the second quarter

	€000	2° quarter 2006		2° quarter 2005		Change	
1	Gross revenues	66.320	109,6%	58.317	108,1%	8.003	13,7%
2	Revenue adjustments	(5.806)	-9,6%	(4.391)	-8,1%	(1.415)	32,2%
3	Net revenues	60.514	100,0%	53.926	100,0%	6.588	12,2%
4	Purchase of goods for resale	(46.427)	-76,7%	(40.602)	-75,3%	(5.825)	14,3%
5	Purchase of services for resale	(361)	-0,6%	(357)	-0,7%	(4)	1,1%
6	Royalties	(1.905)	-3,1%	(1.842)	-3,4%	(63)	3,4%
7	Change in inventories	2.539	4,2%	1.328	2,5%	1.211	91,2%
8	Total cost of goods sold	(46.154)	-76,3%	(41.473)	-76,9%	(4.681)	11,3%
9	Gross profit (3+8)	14.360	23,7%	12.453	23,1%	1.907	15,3%
10	Other income	10	0,0%	118	0,2%	(108)	-91,5%
11	Cost of services	(3.302)	-5,5%	(2.079)	-3,9%	(1.223)	58,8%
12	Rent and leasing	(94)	-0,2%	(116)	-0,2%	22	-19,0%
13	Payroll expenses	(2.830)	-4,7%	(2.669)	-4,9%	(161)	6,0%
14	Other operating expenses	(883)	-1,5%	(660)	-1,2%	(223)	33,8%
15	Total operating expenses	(7.109)	-11,7%	(5.524)	-10,2%	(1.585)	28,7%
16	EBITDA (9+10+15)	7.261	12,0%	7.047	13,1%	214	3,0%
17	Depreciation and amortization	(448)	-0,7%	(322)	-0,6%	(126)	39,1%
18	Provisions	0	0,0%	0	0,0%	0	0,0%
19	Asset impairment charges	(97)	-0,2%	(1.359)	-2,5%	1.262	-92,9%
20	Impairment reversal	0	0,0%	0	0,0%	0	0,0%
21	Total amortization, depreciation and impairment	(545)	-0,9%	(1.681)	-3,1%	1.136	-67,6%
22	EBIT (16+21)	6.716	11,1%	5.366	10,0%	1.350	25,2%
23	Interest income	4	0,0%	4	0,0%	0	0,0%
24	Interest expenses	(705)	-1,2%	(665)	-1,2%	(40)	6,0%
25	Net interest income (expenses)	(701)	-1,2%	(661)	-1,2%	(40)	6,1%
26	Profit before taxes (22+25)	6.015	9,9%	4.705	8,7%	1.310	27,8%
27	Current taxes	(2.309)	-3,8%	(2.183)	-4,0%	(126)	5,8%
28	Deferred taxes	0	0,0%	0	0,0%	0	0,0%
29	Total taxes	(2.309)	-3,8%	(2.183)	-4,0%	(126)	5,8%
30	Net profit (26+29)	3.706	6,1%	2.522	4,7%	1.184	46,9%
31	Minority net (Income) loss	0	0,0%	(63)	-0,1%	63	n.s.
32	Net profit (30-31)	3.706	6,1%	2.459	4,6%	1.247	50,7%
	Earnings per share:						
33	Basic earnings per share (in EUR)	0,26		0,18		0,09	
34	Diluted earnings per share (in EUR)	0,26		0,18		0,09	

Digital Bros S.p.A.
Income statement Digital Bros S.p.A.

	€000	31 december 2006 H1		31 december 2005 H1		Change	
1	Gross revenues	74.990	107,3%	74.076	107,5%	914	1,2%
2	Revenue adjustments	(5.109)	-7,3%	(5.163)	-7,5%	54	-1,0%
3	Net revenues	69.881	100,0%	68.913	100,0%	968	1,4%
4	Purchase of goods for resale	(54.076)	-77,4%	(52.070)	-75,6%	(2.006)	3,9%
5	Purchase of services for resale	0	0,0%	(148)	-0,2%	148	n.s.
6	Royalties	(1.781)	-2,5%	(2.137)	-3,1%	356	-16,7%
7	Change in inventories	1.886	2,7%	1.436	2,1%	450	31,3%
8	Total cost of goods sold	(53.971)	-77,2%	(52.919)	-76,8%	(1.052)	2,0%
9	Gross profit (3+8)	15.910	22,8%	15.994	23,2%	(84)	-0,5%
10	Other income	1.826	2,6%	825	1,2%	1.001	n.s.
11	Cost of services	(5.281)	-7,6%	(3.503)	-5,1%	(1.778)	50,8%
12	Rent and leasing	(171)	-0,2%	(150)	-0,2%	(21)	14,0%
13	Payroll expenses	(3.985)	-5,7%	(4.122)	-6,0%	137	-3,3%
14	Other operating expenses	(1.083)	-1,5%	(925)	-1,3%	(158)	17,1%
15	Total operating expenses	(10.520)	-15,1%	(8.700)	-12,6%	(1.820)	20,9%
16	EBITDA (9+10+15)	7.216	10,3%	8.119	11,8%	(903)	-11,1%
17	Depreciation and amortization	(543)	-0,8%	(215)	-0,3%	(328)	n.s.
18	Provisions	0	0,0%	0	0,0%	0	0,0%
19	Asset impairment charges	(600)	-0,9%	(2.514)	-3,6%	1.914	-76,1%
20	Impairment reversal	0	0,0%	0	0,0%	0	0,0%
21	Total amortization, depreciation and impairment	(1.143)	-1,6%	(2.729)	-4,0%	1.586	-58,1%
22	EBIT (16+21)	6.073	8,7%	5.390	7,8%	683	12,7%
23	Interest income	8	0,0%	7	0,0%	1	14,3%
24	Interest expenses	(1.145)	-1,6%	(1.063)	-1,5%	(82)	7,7%
25	Net interest income (expenses)	(1.137)	-1,6%	(1.056)	-1,5%	(81)	7,7%
26	Profit before taxes (22+25)	4.936	7,1%	4.334	6,3%	602	13,9%
27	Current taxes	(1.800)	-2,6%	(2.203)	-3,2%	403	-18,3%
28	Deferred taxes	0	0,0%	0	0,0%	0	0,0%
29	Total taxes	(1.800)	-2,6%	(2.203)	-3,2%	403	-18,3%
30	Net profit (26+29)	3.136	4,5%	2.131	3,1%	1.005	47,2%

Digital Bros S.p.A.
Income statement Digital Bros S.p.A. for the second quarter

	€000	2° quarter 2006		2° quarter 2005		Change	
1	Gross revenues	60.563	108,0%	59.367	108,0%	1.196	2,0%
2	Revenue adjustments	(4.510)	-8,0%	(4.388)	-8,0%	(122)	2,8%
3	Net revenues	56.053	100,0%	54.979	100,0%	1.074	2,0%
4	Purchase of goods for resale	(43.797)	-78,1%	(41.927)	-76,3%	(1.870)	4,5%
5	Purchase of services for resale	0	0,0%	0	0,0%	0	0,0%
6	Royalties	(1.173)	-2,1%	(1.858)	-3,4%	685	-36,9%
7	Change in inventories	935	1,7%	1.290	2,3%	(355)	-27,5%
8	Total cost of goods sold	(44.035)	-78,6%	(42.495)	-77,3%	(1.540)	3,6%
9	Gross profit (3+8)	12.018	21,4%	12.484	22,7%	(466)	-3,7%
10	Other income	1.722	3,1%	379	0,7%	1.343	n.s.
11	Cost of services	(4.099)	-7,3%	(2.226)	-4,0%	(1.873)	84,1%
12	Rent and leasing	(82)	-0,1%	(79)	-0,1%	(3)	3,8%
13	Payroll expenses	(2.438)	-4,3%	(2.544)	-4,6%	106	-4,2%
14	Other operating expenses	(742)	-1,3%	(641)	-1,2%	(101)	15,8%
15	Total operating expenses	(7.361)	-13,1%	(5.490)	-10,0%	(1.871)	34,1%
16	EBITDA (9+10+15)	6.379	11,4%	7.373	13,4%	(994)	-13,5%
17	Depreciation and amortization	(430)	-0,8%	(276)	-0,5%	(154)	55,8%
18	Provisions	0	0,0%	0	0,0%	0	0,0%
19	Asset impairment charges	(600)	-1,1%	(2.053)	-3,7%	1.453	-70,8%
20	Impairment reversal	0	0,0%	0	0,0%	0	0,0%
21	Total amortization, depreciation and impairment	(1.030)	-1,8%	(2.329)	-4,2%	1.299	-55,8%
22	EBIT (16+21)	5.349	9,5%	5.044	9,2%	305	6,0%
23	Interest income	5	0,0%	3	0,0%	2	66,7%
24	Interest expenses	(704)	-1,3%	(637)	-1,2%	(67)	10,5%
25	Net interest income (expenses)	(699)	-1,2%	(634)	-1,2%	(65)	10,3%
26	Profit before taxes (22+25)	4.650	8,3%	4.410	8,0%	240	5,4%
27	Current taxes	(1.693)	-3,0%	(2.073)	-3,8%	380	-18,3%
28	Deferred taxes	0	0,0%	0	0,0%	0	0,0%
29	Total taxes	(1.693)	-3,0%	(2.073)	-3,8%	380	-18,3%
30	Net profit (26+29)	2.957	5,3%	2.337	4,3%	620	26,5%