



PRESS RELEASE

Board of Directors approves consolidated quarterly report at March 31<sup>st</sup> 2007  
(third quarter of fiscal year July 1<sup>st</sup> 2006 to June 30<sup>th</sup> 2007)

## Digital Bros closes first nine months of 2006-2007 with growing revenues and profitability

**Revenues +12.5%**

**Ebit +15%**

**Net profit +11.7%**

### First nine months' results of fiscal year 2006-2007

(Thousands of Euros)	31.03.07	31.03.06	Change	Increase %
Consolidated revenues	107,803	95,862	11,941	12.5%
EBITDA	9,081	9,062	19	0.2%
EBIT	8,285	7,204	1,081	15.0%
EBT	6,313	5,566	747	13.4%
Net Profit	3,530	3,160	370	11.7%

*Growth of 12.5% for the Group's consolidated revenues at € 108 million (compared to € 96 million yoy). EBIT is positive too with a value around € 8 million, with a growth of 15% compared to the previous fiscal year.*

*Total Net Debt is negative at € 38.4 million, improving of € 8.3 million compared to the debt registered as of December 31<sup>st</sup> 2006.*

Milan, May 8<sup>th</sup> 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 March 31<sup>st</sup> 2007** (third quarter of fiscal year July 1<sup>st</sup> 2006 to June 30<sup>th</sup> 2007).

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

- **Consolidated Revenues** peak at **107,803 thousands of Euros**, with an **increase of 12.5% yoy** (95,862 thousands of Euros);
- **EBITDA** is positive for **9,081 thousands of Euros**, showing an **increase of 0.2% yoy** (9,062 thousands of Euros);
- **EBIT** reaches **8,285 thousands of Euros**, with an **increase of 15% yoy** (7,204 thousands of Euros);

- **EBT** is at **6,313 thousands of Euros**, with an **increase of 13.4%** yoy (5,566 thousands of Euros);
- The **net profit** is **3,530 thousands of Euros**, showing an **increase of 11.7%** yoy (3,160 thousands of Euros).

During the first nine months of fiscal year 2006-2007, the Digital Bros Group has registered a relevant increase of the consolidated revenues (+12.5% compared to the previous fiscal year), which is due to the positive performance of the company's *core business*, distribution, and to the constantly increasing contribution of the international publishing activity. In fact the revenues rising from the sales related to the publishing activity are more than doubled, going from 3,468 thousands of Euros of the previous fiscal year to the 8,063 thousands of Euros as of March 31<sup>st</sup> 2007. The significant profitability's increase is a further confirmation of the effectiveness of the strategic decisions taken by the management, targeted also to the affirmation of the Group more and more as a *Game Entertainment Company*.

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

#### **Results as of 31.03.07 per business area**

<i>(thousands of Euros)</i>	<b>Distribution</b>	<b>Publishing</b>	<b>New Media</b>	<b>Newsstand</b>	<b>Holding</b>	<b>Total</b>
Sales revenues	86,245	8,063	278	2,018	0	<b>96,605</b>
EBITDA	8,849	1,762	(1,046)	576	(1,062)	<b>9,081</b>
EBIT	8,390	1,734	(1,050)	568	(1,356)	<b>8,285</b>

The **total net debt** of the Digital Bros Group at March 31<sup>st</sup> 2007, at 38,460 thousands of Euros, shows a decrease of 8,261 thousands of Euros compared to the debt registered as of December 31<sup>st</sup> 2006, due to an improvement of the net circulating capital related to the seasonal nature of sales typical for this market. The **total net debt** of the Digital Bros Group at March 31<sup>st</sup> 2007 shows an increase if compared to the 27,436 thousands of Euros as of March 31<sup>st</sup> 2006, also after the investments of the Group targeted to the acquisition of new licenses for the international publishing activity.

Referring to the quarter closed on March the 31<sup>st</sup> 2007, Digital Bros has registered consolidated revenues for 21,415 thousands of Euros, in line (-1.2%) with the 21,677 thousands of Euros yoy, and an EBITDA at 1,381 thousands of Euros against the 1,665 thousands of Euros yoy.

#### **Significant events after March 31<sup>st</sup> 2007**

On May the 2<sup>nd</sup> 2007 the Digital Bros Group has signed an important agreement with Capcom, one of the most popular international videogames' publishers and developers, for the distribution in Italy of a new successful videogames' series, among the others Devil May Cry™ 4 and MotoGP 07. Due to the agreement, Digital Bros will hold the exclusive right for the distribution through Halifax, its division responsible for the videogames' localization and distribution on the Italian market, of ten of Capcom's most expected titles for both the

consoles of new and old generation. The impact of the agreement on the revenues of fiscal year 2007/2008 will amount to € 6 million.

#### **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:

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**Digital Bros Group**  
**Consolidated balance sheet as of March 31<sup>st</sup> 2007**

	<b>EUR/000</b>	<b>31 March 2007</b>	<b>30 June 2006</b>	<b>31 March 2006</b>
	<b>Non-current assets</b>			
1	Property, plant and equipment	3,406	3,299	3,355
2	Investment property	455	455	455
3	Intangible assets	507	684	603
4	Equity investments	741	5	0
5	Non-current receivables and other assets	61	53	1.350
6	Deferred tax assets	5,125	4,537	5,673
	<b>Total non-current assets</b>	<b>10,295</b>	<b>9,033</b>	<b>11,436</b>
	<b>Non-current liabilities</b>			
7	Employee benefits	(888)	(803)	(747)
8	Non-current provisions	(217)	(155)	(138)
9	Other non-current payables and liabilities	0	0	0
	<b>Total non-current liabilities</b>	<b>(1,105)</b>	<b>(958)</b>	<b>(885)</b>
	<b>Net working capital</b>			
10	Inventories	34,677	26,450	24,727
11	Trade receivables	37,195	22,672	30,172
12	Tax credits	251	437	351
13	Deferred tax assets	0	0	0
14	Other current assets	8,882	995	2,090
15	Trade payables	(15,116)	(5,413)	(4,527)
16	Taxes payable	(2,498)	(1,158)	(4,184)
17	Current provisions	0	0	0
18	Other current liabilities	(1,931)	(2,115)	(2,210)
	<b>Total net working capital</b>	<b>61,460</b>	<b>41,868</b>	<b>46,419</b>
	<b>Capital and reserves</b>			
19	Share capital	5,644	5,644	5,644
20	Reserves	19,476	19,441	19,339
21	Treasury shares	(114)	(671)	(671)
22	Earnings (losses) carried forward	7,184	4,788	5,212
	<b>Total capital and reserves</b>	<b>32,190</b>	<b>29,202</b>	<b>29,524</b>
	<b>Minority interest in capital and reserves</b>	<b>0</b>	<b>0</b>	<b>10</b>
	<b>Total</b>	<b>38,460</b>	<b>20,741</b>	<b>27,436</b>
	<b>Current net debt</b>			
23	Cash and cash equivalents	7,547	3,994	3,752
24	Short-term payables to banks	(35,700)	(19,087)	(22,287)
25	Other current financial liabilities	(3,109)	(1,351)	(3,814)
	<b>Current net debt</b>	<b>(31,262)</b>	<b>(16,444)</b>	<b>(22,349)</b>
	<b>Non-current net debt</b>			
26	Non-current financial assets	0	0	0
27	Non-current payables to banks	(5,281)	(1,006)	(1,758)
28	Other non-current financial liabilities	(1,917)	(3,291)	(3,329)
	<b>Non-current net debt</b>	<b>(7,198)</b>	<b>(4,297)</b>	<b>(5,087)</b>
	<b>Total net debt</b>	<b>(38,460)</b>	<b>(20,741)</b>	<b>(27,436)</b>

**Digital Bros Group**
**Consolidated income statement of the first 9 months of fiscal year 2006-2007**

	EUR/000	31 March 2007		31 March 2006		Change	
1	Revenues	107,803	111.6%	95,862	106.8%	11,941	12.5%
2	Revenue adjustments	(11,198)	-11.6%	(6,063)	-6.8%	(5,135)	84.7%
<b>3</b>	<b>Total revenues</b>	<b>96,605</b>	<b>100.0%</b>	<b>89,799</b>	<b>100.0%</b>	<b>6,806</b>	<b>7.6%</b>
4	Purchase of goods for resale	(74,487)	-77.1%	(65,327)	-72.7%	(9,160)	14.0%
5	Purchase of services for resale	(737)	-0.8%	(1,251)	-1.4%	514	-41.1%
6	Royalties	(4,583)	-4.7%	(4,126)	-4.6%	(457)	11.1%
7	Change in inventories of finished products	8,242	8.5%	2,537	2.8%	5,705	n.s.
<b>8</b>	<b>Total cost of goods sold</b>	<b>(71,565)</b>	<b>-74.1%</b>	<b>(68,167)</b>	<b>-75.9%</b>	<b>(3,398)</b>	<b>5.0%</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>25,040</b>	<b>25.9%</b>	<b>21,632</b>	<b>24.1%</b>	<b>3,408</b>	<b>15.8%</b>
10	Other income	96	0.1%	372	0.4%	(276)	-74.2%
11	Cost of services	(6,497)	-6.7%	(4,990)	-5.6%	(1,507)	30.2%
12	Rent and leasing	(322)	-0.3%	(338)	-0.4%	16	-4.7%
13	Payroll costs	(7,249)	-7.5%	(6,280)	-7.0%	(969)	15.4%
14	Other operating expenses	(1,987)	-2.1%	(1,334)	-1.5%	(653)	49.0%
<b>15</b>	<b>Total operating expenses</b>	<b>(16,055)</b>	<b>-16.6%</b>	<b>(12,942)</b>	<b>-14.4%</b>	<b>(3,113)</b>	<b>24.1%</b>
<b>16</b>	<b>EBITDA (9+10+15)</b>	<b>9,081</b>	<b>9.4%</b>	<b>9,062</b>	<b>10.1%</b>	<b>19</b>	<b>0.2%</b>
17	Depreciation and amortization	(698)	-0.7%	(462)	-0.5%	(236)	51.2%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(97)	-0.1%	(1,396)	-1.6%	1,299	-93.0%
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
<b>21</b>	<b>Total amortization, depreciation and impairment</b>	<b>(796)</b>	<b>-0.8%</b>	<b>(1,858)</b>	<b>-2.1%</b>	<b>1,062</b>	<b>-57.2%</b>
<b>22</b>	<b>EBIT (16+21)</b>	<b>8,285</b>	<b>8.6%</b>	<b>7,204</b>	<b>8.0%</b>	<b>1,081</b>	<b>15.0%</b>
23	Interest income	52	0.1%	122	0.1%	(70)	-57.4%
24	Interest expense	(2,024)	-2.1%	(1,760)	-2.0%	(264)	15.0%
<b>25</b>	<b>Net interest income (expense)</b>	<b>(1,972)</b>	<b>-2.0%</b>	<b>(1,638)</b>	<b>-1.8%</b>	<b>(334)</b>	<b>20.4%</b>
<b>26</b>	<b>Profit before taxes (22+25)</b>	<b>6,313</b>	<b>6.5%</b>	<b>5,566</b>	<b>6.2%</b>	<b>747</b>	<b>13.4%</b>
27	Current taxes	(2,783)	-2.9%	(2,792)	-3.1%	9	-0.3%
28	Deferred taxes	0	0.0%	386	0.4%	(386)	n.s.
<b>29</b>	<b>Total taxes</b>	<b>(2,783)</b>	<b>-2.9%</b>	<b>(2,406)</b>	<b>-2.7%</b>	<b>(377)</b>	<b>15.7%</b>
<b>30</b>	<b>Net profit (26+29)</b>	<b>3,530</b>	<b>3.7%</b>	<b>3,160</b>	<b>3.5%</b>	<b>370</b>	<b>11.7%</b>
31	Net (Income) loss pertainign to minority	0	0.0%	(5)	0.0%	5	n.s.
<b>32</b>	<b>Net profit (30-31)</b>	<b>3,530</b>	<b>3.7%</b>	<b>3,155</b>	<b>3.5%</b>	<b>375</b>	<b>11.9%</b>
	<b>Earnings per share:</b>						
<b>33</b>	<b>Basic earnings per share (in EUR)</b>	<b>0.25</b>		<b>0.22</b>		<b>0.03</b>	
<b>34</b>	<b>Diluted earnings per share (in EUR)</b>	<b>0.25</b>		<b>0.22</b>		<b>0.03</b>	

**Digital Bros Group**

**Consolidated income statement of the third quarter of fiscal year 2006-2007**

	EUR/000	3° Quarter 2006		3° Quarter 2005		Change	
1	Revenues	26,119	122.0%	22,527	103.9%	3,592	15.9%
2	Revenue adjustments	(4,704)	-22.0%	(850)	-3.9%	(3,854)	n.s.
<b>3</b>	<b>Total revenues</b>	<b>21,415</b>	<b>100.0%</b>	<b>21,677</b>	<b>100.0%</b>	<b>(262)</b>	<b>-1.2%</b>
4	Purchase of goods for resale	(16,764)	-78.3%	(14,522)	-67.0%	(2,242)	15.4%
5	Purchase of services for resale	(323)	-1.5%	(1,103)	-5.1%	780	-70.7%
6	Royalties	(2,385)	-11.1%	(1,982)	-9.1%	(403)	n.s.
7	Change in inventories of finished products	4,637	21.7%	1,069	4.9%	3,568	n.s.
<b>8</b>	<b>Total cost of goods sold</b>	<b>(14,835)</b>	<b>-69.3%</b>	<b>(16,538)</b>	<b>-76.3%</b>	<b>1,703</b>	<b>-10.3%</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>6,580</b>	<b>30.7%</b>	<b>5,139</b>	<b>23.7%</b>	<b>1,441</b>	<b>28.0%</b>
10	Other income	85	0.4%	92	0.4%	(7)	-7.6%
11	Cost of services	(1,844)	-8.6%	(1,184)	-5.5%	(660)	n.s.
12	Rent and leasing	(127)	-0.6%	(122)	-0.6%	(5)	4.1%
13	Payroll costs	(2,569)	-12.0%	(1,888)	-8.7%	(681)	36.1%
14	Other operating expenses	(744)	-3.5%	(372)	-1.7%	(372)	100.0%
<b>15</b>	<b>Total operating expenses</b>	<b>(5,284)</b>	<b>-24.7%</b>	<b>(3,566)</b>	<b>-16.5%</b>	<b>(1,718)</b>	<b>48.2%</b>
<b>16</b>	<b>EBITDA (9+10+15)</b>	<b>1,381</b>	<b>6.4%</b>	<b>1,665</b>	<b>7.7%</b>	<b>(284)</b>	<b>-17.1%</b>
17	Depreciation and amortization	(128)	-0.6%	(159)	-0.7%	31	-19.5%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	0	0.0%	(3)	0.0%	3	n.s.
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
<b>21</b>	<b>Total amortization, depreciation and impairment</b>	<b>(128)</b>	<b>-0.6%</b>	<b>(162)</b>	<b>-0.7%</b>	<b>34</b>	<b>-21.0%</b>
<b>22</b>	<b>EBIT (16+21)</b>	<b>1,253</b>	<b>5.9%</b>	<b>1,503</b>	<b>6.9%</b>	<b>(250)</b>	<b>-16.6%</b>
23	Interest income	45	0.2%	114	0.5%	(69)	-60.5%
24	Interest expense	(876)	-4.1%	(665)	-3.1%	(211)	31.7%
<b>25</b>	<b>Net interest income (expense)</b>	<b>(831)</b>	<b>-3.9%</b>	<b>(551)</b>	<b>-2.5%</b>	<b>(280)</b>	<b>50.8%</b>
<b>26</b>	<b>Profit before taxes (22+25)</b>	<b>422</b>	<b>2.0%</b>	<b>952</b>	<b>4.4%</b>	<b>(530)</b>	<b>-55.7%</b>
27	Current taxes	(367)	-1.7%	(481)	-2.2%	114	-23.7%
28	Deferred taxes	0	0.0%	386	1.8%	(386)	n.s.
<b>29</b>	<b>Total taxes</b>	<b>(367)</b>	<b>-1.7%</b>	<b>(95)</b>	<b>-0.4%</b>	<b>(272)</b>	<b>n.s.</b>
<b>30</b>	<b>Net profit (26+29)</b>	<b>55</b>	<b>0.3%</b>	<b>857</b>	<b>4.0%</b>	<b>(802)</b>	<b>-93.6%</b>
31	Net (Income) loss pertainign to minority	0	0.0%	58	0.3%	(58)	n.s.
<b>32</b>	<b>Net profit (30-31)</b>	<b>55</b>	<b>0.3%</b>	<b>915</b>	<b>4.2%</b>	<b>(860)</b>	<b>-94.0%</b>
	<b>Earnings per share:</b>						
<b>33</b>	Basic earnings per share (in EUR)	<b>0.004</b>		<b>0.07</b>		<b>(0.07)</b>	
<b>34</b>	Diluted earnings per share (in EUR)	<b>0.004</b>		<b>0.07</b>		<b>(0.07)</b>	

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

	EUR/000	31 March 2007		31 March 2006		Change	
1	Revenues	95,877	108.7%	93,478	106.9%	2,399	2.6%
2	Revenue adjustments	(7,691)	-8.7%	(6,013)	-6.9%	(1,678)	27.9%
<b>3</b>	<b>Total revenues</b>	<b>88,186</b>	<b>100.0%</b>	<b>87,465</b>	<b>100.0%</b>	<b>721</b>	<b>0.8%</b>
4	Purchase of goods for resale	(70,890)	-80.4%	(66,216)	-75.7%	(4,674)	7.1%
5	Purchase of services for resale	0	0.0%	(171)	-0.2%	171	n.s.
6	Royalties	(2,378)	-2.7%	(3,430)	-3.9%	1,052	-30.7%
7	Change in inventories of finished products	5,205	5.9%	2,657	3.0%	2,548	95.9%
<b>8</b>	<b>Total cost of goods sold</b>	<b>(68,063)</b>	<b>-77.2%</b>	<b>(67,160)</b>	<b>-76.8%</b>	<b>(903)</b>	<b>1.3%</b>
<b>9</b>	<b>Gross profit (3+8)</b>	<b>20,123</b>	<b>22.8%</b>	<b>20,305</b>	<b>23.2%</b>	<b>(182)</b>	<b>-0.9%</b>
10	Other income	2,802	3.2%	1,122	1.3%	1,680	n.s.
11	Cost of services	(7,282)	-8.3%	(4,881)	-5.6%	(2,401)	49.2%
12	Rent and leasing	(250)	-0.3%	(230)	-0.3%	(20)	8.7%
13	Payroll costs	(6,032)	-6.8%	(5,876)	-6.7%	(156)	2.7%
14	Other operating expenses	(1,519)	-1.7%	(1,255)	-1.4%	(264)	21.0%
<b>15</b>	<b>Total operating expenses</b>	<b>(15,083)</b>	<b>-17.1%</b>	<b>(12,242)</b>	<b>-14.0%</b>	<b>(2,841)</b>	<b>23.2%</b>
<b>16</b>	<b>EBITDA (9+10+15)</b>	<b>7,842</b>	<b>8.9%</b>	<b>9,185</b>	<b>10.5%</b>	<b>(1,343)</b>	<b>-14.6%</b>
17	Depreciation and amortization	(650)	-0.7%	(351)	-0.4%	(299)	85.2%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(1,366)	-1.5%	(1,738)	-2.0%	372	-21.4%
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
<b>21</b>	<b>Total amortization, depreciation and impairment</b>	<b>(2,016)</b>	<b>-2.3%</b>	<b>(2,089)</b>	<b>-2.4%</b>	<b>73</b>	<b>-3.5%</b>
<b>22</b>	<b>EBIT (16+21)</b>	<b>5,826</b>	<b>6.6%</b>	<b>7,096</b>	<b>8.1%</b>	<b>(1,270)</b>	<b>-17.9%</b>
23	Interest income	50	0.1%	122	0.1%	(72)	-59.0%
24	Interest expense	(2,013)	-2.3%	(1,731)	-2.0%	(282)	16.3%
<b>25</b>	<b>Net interest income (expense)</b>	<b>(1,963)</b>	<b>-2.2%</b>	<b>(1,609)</b>	<b>-1.8%</b>	<b>(354)</b>	<b>22.0%</b>
<b>26</b>	<b>Profit before taxes (22+25)</b>	<b>3,863</b>	<b>4.4%</b>	<b>5,487</b>	<b>6.3%</b>	<b>(1,624)</b>	<b>-29.6%</b>
27	Current taxes	(1,700)	-1.9%	(2,684)	-3.1%	984	-36.7%
28	Deferred taxes	0	0.0%	0	0.0%	0	0.0%
<b>29</b>	<b>Total taxes</b>	<b>(1,700)</b>	<b>-1.9%</b>	<b>(2,684)</b>	<b>-3.1%</b>	<b>984</b>	<b>-36.7%</b>
<b>30</b>	<b>Net profit (26+29)</b>	<b>2,163</b>	<b>2.5%</b>	<b>2,803</b>	<b>3.2%</b>	<b>(640)</b>	<b>-22.8%</b>