



PRESS RELEASE

The BoD of the Digital Bros Group approves the consolidated report of FY 2008-2009

**DIGITAL BROS CLOSES FY 2008-2009  
WITH REVENUES STEADY AT € 176 MILLION AND PROFITABILITY MARGINS WEAK**

***Profitability margins affected by the worldwide fall of consumptions and by major start-up costs for the new international subsidiaries in the United States and Spain***

- ✓ **The Digital Bros Group closes FY 2008-2009 with consolidated Revenues at € 176 million (-1.6% yoy);**
- ✓ **EBITDA negative at € 1,512 thousand, with a decrease of € 14,503 thousand compared to the positive value of the previous FY (at € 12,991 thousand);**
- ✓ **EBIT at € 2,307 thousand, decreasing for € 13,948 thousand if compared to € 11,641 of FY 2007-2008;**
- ✓ **Net Profit negative at € 5,378 thousand, against € 3,748 thousand of the previous FY;**
- ✓ **Financial Net Debt of the Group at 30 June 2009 at € 60 million, with a decrease of € 4.3 million compared to the € 64.3 million registered at 31 March 2009;**
- ✓ **Convened the Shareholders' Ordinary Meeting for October the 28th 2009, at 9 am as first convocation (second convocation for November the 5th 2008 same time), which will decide about the authorization to buy one's own shares.**

Milan, 10 September 2009 - The **Board of Directors of the Digital Bros Group** – listed on the Star segment of the Italian Stock Exchange (IT0001469995) and active in the “digital entertainment” sector – **has approved today the consolidated Year Report of FY 2008-2009** (lasting from July the 1st 2008 to June the 30th 2009). This report has been written as required by paragraph 5, Art. 154-ter of the Consolidated Finance Act, introduced by the legislative decree 195/2007, fulfilling the Community Directive 2004/109/CE (“Transparency Directive”).

Significant results of the Digital Bros Group Consolidated Income Statement for Fiscal Year 2008-2009 and comparative figures for the previous fiscal year are listed below. Digital Bros closes this FY with consolidated Revenues steady at € 176 million, with a slight decrease of 1.6% yoy. The Revenues' decrease is due principally to the lower revenues of the business area of the Italian Distribution, as foreseen. The results show, furthermore, lower profitability margins affected, on one hand, by the worldwide fall of consumptions and, on the other hand, by the constant shrinkage of sale prices due to the macroeconomic context of International crisis and the stronger marketing investments carried out by the Group in order to support the products' sales. To add the significant investments carried out by the Group for the start-up of the activities in the United States, with 505 Games U.S. Inc., and in Spain, with Digital Bros Iberia S.l., which negatively affected the EBIT by € 3,057 thousand. Finally, the EBITDA has been affected by the advertising investment increase for over € 5 million to position the new brands of the Group and the protraction of losses in the online gaming sector, for € 2.6 million, whom activities are going to be closed soon.

More specifically, the Digital Bros Group closed FY 2008-2009 with:

- ✓ **Consolidated revenues** at € 176 million with a slight decrease yoy by 1.6% compared to € 178.8 million registered at the end of FY 2008-2009;
- ✓ **EBITDA** negative at € 1,512 thousand, with a decrease of € 14,503 thousand compared to the positive value of the previous FY (at € 12,991 thousand). The loss in EBITDA is due to the start-up costs for the new international subsidiaries and in particular to the increase of the human resources' costs, due to the rise of the employees number (+28%). To add the advertising investments carried out by the Group to position the own brands;
- ✓ For the same reasons, **EBIT** went down by € 13,948 thousand, going from € 11,641 thousand of the previous FY to the negative value of € 2,307 thousand;
- ✓ **Net profit** negative at € 5,378 thousand, against the € 3,748 thousand achieved by the Group in the previous FY (meaning a reduction of € 9,126 thousand).

**PERFORMANCE BY BUSINESS SEGMENT**

In FY 2008-2009, the International Publishing segment produced gross revenues for € 63.5 million with a growth yoy by 10% compared to the € 57.7 million of the previous FY and affecting the consolidated revenues of the Group by 36%. The already mentioned reasons have penalized the Ebitda of the International Publishing activity, which highlights an operative

loss of € 5,881 thousand. The traditional activity of the Italian Distribution has closed the FY with Revenues at € 109.9 million, down yoy by 7.9% compared to the € 119.4 million. This reduction, fully foreseen, is due to the resize of the DTI activity, meaning the non exclusive distribution of videogame publishers' products. The Ebitda of the Distribution segment is € 8,367 thousand, with a decrease yoy by 27% (at € 11,473 thousand at the end of FY 2007-2008). Concerning the Newsstand segment, to highlight an increase of sales by 42.3%, which go from € 1,319 thousand to € 1,877 thousand, principally due to the entry into the Trading Cards sector in May 2009. Finally, for the New Media segment to underline the protraction of losses in the online gaming sector, for € 2.6 million.

The contribution of Revenues and Profitability Margins of the different business areas of the Digital Bros Group in the FY 2008-2009 is detailed below:

| <b>Results FY 2008-2009 per business area</b> |                     |                  |                  |                   |                |              |
|---|---------------------|------------------|------------------|-------------------|----------------|--------------|
| <i>Consolidated figures in EUR/000</i>        | <b>Distribution</b> | <b>Newsstand</b> | <b>New media</b> | <b>Publishing</b> | <b>Holding</b> | <b>Total</b> |
| GROSS REVENUES                                | 109,979             | 1,877            | 637              | 63,511            | 0              | 176,004      |
| EBITDA  | 8,367               | 263              | (2,598)          | (5,881)           | (1,663)        | (1,512)      |
| EBIT  | 7,855               | 261              | (2,633)          | (6,033)           | (1,757)        | (2,307)      |

### **THE FINANCIAL NET POSITION**

The Total Financial Net Debt of the Digital Bros Group as at 30 June 2009 is € 60 million, down by € 4.3 million compared to the € 64.3 million at 31 March 2009. The same consolidated net debt underlines an increase of € 11.8 million if compared to the € 48.2 million at 30 June 2008. This increase, consistent with seasonal trends in the video games industry, is explained chiefly by higher investments for the start-up of the Spanish and U.S. subsidiaries and by the growth of 505 Games S.r.l. in the International Publishing segment.

### **DIGITAL BROS S.p.A.**

The parent company Digital Bros S.p.A. has closed FY 2008-2009 with gross Revenues for € 110.4 million, with a decrease of 12.2% compared to the € 125.8 million registered in the previous fiscal year. The EBITDA of the Company is € 6.9 million, down yoy by 27.2% (versus the € 9.6 million of the previous FY), while the EBIT goes down to € 5.8 million with a decrease of 18.3% (versus the € 7.1 million of the previous FY). At 30 June 2009, the parent company closes with a Net profit of € 648 thousand with a negative change of € 672 thousand compared to the profit achieved in FY 2007-2008, which was € 1.3 million.

### **CONVOCATION OF THE SHAREHOLDERS' MEETING**

The BoD has convened the Shareholders' Meeting for October 28th 2008, at 9 am (first convocation) and eventually for November 5th 2008, same time (second convocation) to decide about the approval of the Year Report of FY 2008-2009. Further, the meeting will have to decide about the renewal of the authorization of the BoD to manage, within the Year Report approval date June 30th 2010, sale operations of one's owned shares till a maximum of one million ordinary shares representing not more than the 10% of the already existing share capital (Art. 144 bis Issuer Regulation 11971/99). Possible purchases, if authorized, have to be closed at a price between 10 Euros and 0.40 Euros per share, in compliance with current legislation and the rules of Borsa Italiana. The authorization has been asked for the following reasons: business purposes like, for example, the exchange and/or the permutation to realize strategic partnerships; investment aims like, for example, closing deals, coverage and arbitrage operations in order to intervene in case of irregular swings of the markets or liquidity investment operations; to serve possible stock option plans which should be decided in future.

### **SIGNIFICANT EVENTS AFTER THE END OF FY 2008-2009 (30 June 2009):**

In July 2009 the Digital Bros group has constituted two new subsidiaries, the German 505 Games GmbH and the Swedish 505 Games Nordic AB, both wholly owned, for 100%, by 505 Games S.r.l., in order to manage marketing activities for 505 Games products in the German and Scandinavian territory, respectively. This strengthens even more the presence of the Group in the European market, respecting the internalization process started in the previous fiscal years. Furthermore, the management has communicated the decision to suspend, starting from next 31 October, the activity of the European online games portal Gametribe, [www.gametribe.com](http://www.gametribe.com).

### **OUTLOOK**

A slight growth of revenues is foreseen for the next fiscal year, with growing operative margins and the return to profit thank to the weakening of factors which, during Spring 2009, have penalized the videogames market (fall of casual gamers' consumptions and strong decrease of the profitability margins of the International Publishing). As a matter of fact, on the one hand, an improvement of the macroeconomic dynamics is awaited and, on the other hand, a fall of the hardware price (Sony Playstation3® and Microsoft Xbox360®). Furthermore, one expects a lower pressure on the videogames sale prices due to the higher caution with which publishers will face the next Christmas season, in order to avoid situations of offer excess, like those happened during the last FY.

Concerning the International Publishing segment, the Group has undertaken, starting from this fiscal year, corrective actions which will have effects on the future quarters. These actions consist in a higher balance in the mix of products intended to casual gamers and those for skilled videogamers. Besides, the constitution of the German company 505 Games GmbH,

intended to the marketing activity on the German territory, will allow the entry in this important market without the risks of constitution of commercial companies in place. Due to these actions, constant Revenues and the return to a positive Ebit are foreseen for the next fiscal year.

A slight growth of the revenues of the Italian Distribution segment is awaited, to be imputed to the new entry in the Trading Cards segment as of May 2009. While in the New Media segment one will assist to a strong fall of the operative loss due to the decision to suspend the activity of the European online gaming portal [www.gametribe.com](http://www.gametribe.com). The operative loss is expected not to exceed € 500 thousand against the roughly € 2,600 thousand of the current fiscal year.

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*As required by paragraph 2, Art. 154-bis of the Consolidated Finance Act, the financial reporting officer of the Digital Bros Group, Stefano Salbe, declares that the information contained herein corresponds to the Group's records, ledgers and accounting entries.*

**Digital Bros** - [www.digital-bros.net](http://www.digital-bros.net)

Listed on the Milan Stock Exchange since October 2000 and in the STAR section since April 2004, Digital Bros was founded in 1989 as a distributor of video games. Today, the Digital Bros Group is a full-fledged game entertainment corporation: the number one games distributor in Italy and one of the leading players in Europe.

A digital entertainment pioneer and a close watcher of market trends, in recent years the Digital Bros Group has diversified into three main segments:

- **Distribution of video games in Italy:** through the divisions Halifax and DTI and the subsidiaries Game Service and Game Entertainment;
- **International publishing and distribution of games:** through the subsidiary 505 Games and direct operations in the U.K., France, Spain and the USA;
- **New Media:** through the subsidiary Game Media Networks, a producer and distributor of entertainment content for new-generation platforms (online gaming, mobile gaming, e-commerce, d-commerce and IP-TV).

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## FINANCIAL STATEMENTS

### DIGITAL BROS GROUP – CONSOLIDATED BALANCE SHEET AT 30 JUNE 2009

|    | EUR/000                                    | 30 June 2009    | 30 June 2008    | Change          |               |
|----|--|-----------------|-----------------|-----------------|---------------|
|    | Non-current assets                         |                 |                 |                 |               |
| 1  | Property, plant and equipment              | 3,705           | 3,753           | (48)            | -1.3%         |
| 2  | Investment property                        | 455             | 455             | 0               | 0.1%          |
| 3  | Intangible assets                          | 700             | 680             | 20              | 3.0%          |
| 4  | Equity investments                         | 1,018           | 740             | 278             | 37.6%         |
| 5  | Non-current receivables and other assets   | 783             | 132             | 651             | n.s.          |
| 6  | Deferred tax assets                        | 4,386           | 2,103           | 2,283           | n.s.          |
|    | <b>Total non-current assets</b>            | <b>11,047</b>   | <b>7,863</b>    | <b>3,184</b>    | <b>40.5%</b>  |
|    | Non-current liabilities                    |                 |                 |                 |               |
| 7  | Employee benefits                          | (501)           | (555)           | 54              | -9.8%         |
| 8  | Non-current provisions                     | (284)           | (249)           | (35)            | 14.1%         |
| 9  | Other non-current payables and liabilities | 0               | 0               | 0               | 0.0%          |
|    | <b>Total non-current liabilities</b>       | <b>(785)</b>    | <b>(804)</b>    | <b>19</b>       | <b>-2.4%</b>  |
|    | Net working capital                        |                 |                 |                 |               |
| 10 | Inventories                                | 42,129          | 39,553          | 2,576           | 6.5%          |
| 11 | Trade receivables                          | 36,227          | 42,110          | (5,883)         | -14.0%        |
| 12 | Tax credits                                | 2,267           | 1,440           | 827             | 57.4%         |
| 13 | Other current assets                       | 13,086          | 14,682          | (1,596)         | -10.9%        |
| 14 | Trade payables                             | (13,539)        | (14,436)        | 897             | -6.2%         |
| 15 | Taxes payable                              | (1,462)         | (5,202)         | 3,740           | -71.9%        |
| 16 | Current provisions                         | 0               | 0               | 0               | 0.0%          |
| 17 | Other current liabilities                  | (1,818)         | (2,477)         | 659             | -26.6%        |
|    | <b>Total net working capital</b>           | <b>76,890</b>   | <b>75,670</b>   | <b>1,220</b>    | <b>1.6%</b>   |
|    | Capital and reserves                       |                 |                 |                 |               |
| 18 | Share capital                              | (5,644)         | (5,644)         | 0               | 0.0%          |
| 19 | Reserves                                   | (19,498)        | (19,462)        | (36)            | 0.2%          |
| 20 | Treasury shares                            | 1,489           | 717             | 772             | n.s.          |
| 21 | Profit (losses) carried forward            | (3,486)         | (10,113)        | 6,627           | n.s.          |
|    | <b>Total capital and reserves</b>          | <b>(27,139)</b> | <b>(34,502)</b> | <b>7,363</b>    | <b>-21.3%</b> |
|    | <b>Total net assets</b>                    | <b>60,013</b>   | <b>48,227</b>   | <b>11,786</b>   | <b>24.4%</b>  |
|    | Current net debt                           |                 |                 |                 |               |
| 22 | Cash and cash equivalents                  | 6,369           | 11,279          | (4,910)         | -43.5%        |
| 23 | Short-term payables to banks               | (59,059)        | (49,730)        | (9,329)         | 18.8%         |
| 24 | Other current financial liabilities        | (1,953)         | (3,309)         | 1,356           | -41.0%        |
|    | <b>Current net debt</b>                    | <b>(54,643)</b> | <b>(41,760)</b> | <b>(12,883)</b> | <b>30.9%</b>  |
|    | Non-current net debt                       |                 |                 |                 |               |
| 25 | Non-current financial assets               | 0               | 0               | 0               | 0.0%          |
| 26 | Non-current payables to banks              | (3,809)         | (4,679)         | 870             | -18.6%        |
| 27 | Other non-current financial liabilities    | (1,561)         | (1,788)         | 227             | -12.7%        |
|    | <b>Non-current net debt</b>                | <b>(5,370)</b>  | <b>(6,467)</b>  | <b>1,097</b>    | <b>-17.0%</b> |
|    | <b>Total net debt</b>                      | <b>(60,013)</b> | <b>(48,227)</b> | <b>(11,786)</b> | <b>24.4%</b>  |

**DIGITAL BROS GROUP - CONSOLIDATED INCOME STATEMENT AT 30 JUNE 2009**

|                            | EUR/000  | 30 June 2009     |               | 30 June 2008     |               | Change          |               |
|----------------------------|--|------------------|---------------|------------------|---------------|-----------------|---------------|
| 1                          | Gross revenues   | 176,004          | 121.9%        | 178,789          | 114.1%        | (2,785)         | -1.6%         |
| 2                          | Revenue adjustments                                    | (31,612)         | -21.9%        | (22,027)         | -14.1%        | (9,585)         | 43.5%         |
| <b>3</b>                   | <b>Total net revenues</b>                              | <b>144,392</b>   | <b>100.0%</b> | <b>156,762</b>   | <b>100.0%</b> | <b>(12,370)</b> | <b>-7.9%</b>  |
| 4                          | Purchase of goods for resale                           | (93,326)         | -64.6%        | (102,627)        | -65.5%        | 9,301           | -9.1%         |
| 5                          | Purchase of services for resale                        | (2,710)          | -1.9%         | (2,764)          | -1.8%         | 54              | -2.0%         |
| 6                          | Royalties  | (12,671)         | -8.8%         | (8,130)          | -5.2%         | (4,541)         | 55.9%         |
| 7                          | Change in inventories of finished products             | 2,576            | 1.8%          | 513              | 0.3%          | 2,064           | n.s.          |
| <b>8</b>                   | <b>Total cost of goods sold</b>                        | <b>(106,131)</b> | <b>-73.5%</b> | <b>(113,008)</b> | <b>-72.1%</b> | <b>6,877</b>    | <b>-6.1%</b>  |
| <b>9</b>                   | <b>Gross profit (3+8)</b>                              | <b>38,261</b>    | <b>26.5%</b>  | <b>43,754</b>    | <b>27.9%</b>  | <b>(5,493)</b>  | <b>-12.6%</b> |
| 10                         | Other income   | 141              | 0.1%          | 117              | 0.1%          | 24              | 20.2%         |
| 11                         | Cost of services                                       | (22,803)         | -15.8%        | (16,452)         | -10.5%        | (6,351)         | 38.6%         |
| 12                         | Rent and leasing                                       | (684)            | -0.5%         | (446)            | -0.3%         | (238)           | 53.4%         |
| 13                         | Payroll costs  | (13,623)         | -9.4%         | (11,546)         | -7.4%         | (2,077)         | 18.0%         |
| 14                         | Other operating expenses                               | (2,804)          | -1.9%         | (2,436)          | -1.6%         | (368)           | 15.1%         |
| <b>15</b>                  | <b>Total operating expenses</b>                        | <b>(39,914)</b>  | <b>-27.6%</b> | <b>(30,880)</b>  | <b>-19.7%</b> | <b>(9,034)</b>  | <b>29.3%</b>  |
| <b>16</b>                  | <b>EBITDA (9+10+15)</b>                                | <b>(1,512)</b>   | <b>-1.0%</b>  | <b>12,991</b>    | <b>8.3%</b>   | <b>(14,503)</b> | <b>n.s.</b>   |
| 17                         | Depreciation and amortization                          | (795)            | -0.6%         | (656)            | -0.4%         | (139)           | 21.1%         |
| 18                         | Provisions   | 0                | 0.0%          | 0                | 0.0%          | 0               | 0.0%          |
| 19                         | Asset impairment charge                                | 0                | 0.0%          | (694)            | -0.4%         | 694             | -100%         |
| 20                         | Impairment reversal                                    | 0                | 0.0%          | 0                | 0.0%          | 0               | 0.0%          |
| <b>21</b>                  | <b>Total depreciation, amortization and impairment</b> | <b>(795)</b>     | <b>-0.6%</b>  | <b>(1,350)</b>   | <b>-0.9%</b>  | <b>555</b>      | <b>-41.1%</b> |
| <b>22</b>                  | <b>EBIT (16+21)</b>                                    | <b>(2,307)</b>   | <b>-1.6%</b>  | <b>11,641</b>    | <b>7.4%</b>   | <b>(13,948)</b> | <b>n.s.</b>   |
| 23                         | Interest income  | 200              | 0.1%          | 360              | 0.2%          | (160)           | -44.5%        |
| 24                         | Interest expense                                       | (4,700)          | -3.3%         | (3,973)          | -2.5%         | (727)           | 18.3%         |
| <b>25</b>                  | <b>Net interest income (expense)</b>                   | <b>(4,500)</b>   | <b>-3.1%</b>  | <b>(3,613)</b>   | <b>-2.3%</b>  | <b>(887)</b>    | <b>24.6%</b>  |
| <b>26</b>                  | <b>Profit before taxes (22+25)</b>                     | <b>(6,807)</b>   | <b>-4.7%</b>  | <b>8,028</b>     | <b>5.1%</b>   | <b>(14,835)</b> | <b>n.s.</b>   |
| 27                         | Current taxes  | (854)            | -0.6%         | (3,645)          | -2.3%         | 2,791           | n.s.          |
| 28                         | Deferred taxes   | 2,283            | 1.6%          | (635)            | -0.4%         | 2,918           | n.s.          |
| <b>29</b>                  | <b>Total taxes</b>                                     | <b>1,429</b>     | <b>1.0%</b>   | <b>(4,280)</b>   | <b>-2.7%</b>  | <b>5,709</b>    | <b>n.s.</b>   |
| <b>30</b>                  | <b>Net profit (26+29)</b>                              | <b>(5,378)</b>   | <b>-3.7%</b>  | <b>3,748</b>     | <b>2.4%</b>   | <b>(9,126)</b>  | <b>n.s.</b>   |
| <b>Earnings per share:</b> |  |                  |               |                  |               |                 |               |
| <b>33</b>                  | <b>Basic earnings per share (in EUR)</b>               | <b>(0.39)</b>    |               | <b>0.27</b>      |               | <b>(0.66)</b>   |               |
| <b>34</b>                  | <b>Diluted earnings per share (in EUR)</b>             | <b>(0.39)</b>    |               | <b>0.27</b>      |               | <b>(0.66)</b>   |               |

**DIGITAL BROS GROUP – CONSOLIDATED CASH FLOW STATEMENT AT 30 JUNE 2009**

|   | EUR/000 | 30 June 2009    | 30 June 2008    |
|---|---------|-----------------|-----------------|
| <b>A. Opening net debt</b>  |         | <b>(48,227)</b> | <b>(33,942)</b> |
| <b>B. Cash flow from operating activities</b>                     |         |                 |                 |
| Group's share of net profit (loss) for the year                   |         | (5,378)         | 3,748           |
| Depreciation, amortization and provisions:                        |         |                 |                 |
| Amortization  |         | 322             | 312             |
| Depreciation  |         | 473             | 344             |
| Net change in other provisions                                    |         | 35              | 43              |
| Net change in employee benefit provisions                         |         | (54)            | (108)           |
| <b>TOTAL</b>  |         | <b>(4,602)</b>  | <b>4,339</b>    |
| <b>C. Change in net working capital</b>                           |         |                 |                 |
| Inventories   |         | (2,576)         | (513)           |
| Trade receivables   |         | 5,883           | (10,953)        |
| Tax credits   |         | (827)           | 213             |
| Other current assets  |         | 1,596           | (6,270)         |
| Trade payables  |         | (897)           | (1,134)         |
| Taxes payable   |         | (3,740)         | 2,554           |
| Current provisions  |         | 0               | 0               |
| Other current liabilities   |         | (659)           | (212)           |
| <b>TOTAL</b>  |         | <b>(1,220)</b>  | <b>(16,315)</b> |
| <b>D. Cash flow from investing activities</b>                     |         |                 |                 |
| Investments in intangible assets                                  |         | (341)           | (474)           |
| Investments in property, plant and equipment                      |         | (425)           | (719)           |
| Investments in financial fixed assets                             |         | (3,212)         | 520             |
| <b>TOTAL</b>  |         | <b>(3,979)</b>  | <b>(673)</b>    |
| <b>E. Cash flow from financing activities</b>                     |         |                 |                 |
| Capital increases   |         | 0               | 0               |
| <b>TOTAL</b>  |         | <b>0</b>        | <b>0</b>        |
| <b>F. Movements in consolidated capital and reserves</b>          |         |                 |                 |
| Dividends paid  |         | (1,103)         | (1,128)         |
| Change in treasury shares held                                    |         | (772)           | (513)           |
| Increases (decreases) in other components of capital and reserves |         | (110)           | 5               |
| <b>TOTAL</b>  |         | <b>(1,985)</b>  | <b>(1,636)</b>  |
| <b>G. Cash flow for the period (B+C+D+E+F)</b>                    |         | <b>(11,786)</b> | <b>(14,285)</b> |
| <b>H. Final financial net position (A+G)</b>                      |         | <b>(60,013)</b> | <b>(48,227)</b> |

SEGMENT REPORTING – CONSOLIDATED BALANCE SHEET AT 30 JUNE 2009

|    | Consolidated figures in EUR/000            | Distribution Italy | Newsstand    | New media    | International Publishing | Holding      | Non allocated elements | Consolidated  |
|----|--|--------------------|--------------|--------------|--------------------------|--------------|------------------------|---------------|
|    | <b>Non-current assets</b>                  |                    |              |              |                          |              |                        |               |
| 1  | Property, plant and equipment              | 518                | 0            | 22           | 464                      | 2,701        | 0                      | 3,705         |
| 2  | Investment property                        | 0                  | 0            | 0            | 0                        | 455          | 0                      | 455           |
| 3  | Intangible assets                          | 650                | 0            | 28           | 12                       | 12           | 0                      | 700           |
| 4  | Equity investments                         | 0                  | 0            | 1,013        | 5                        | 0            | 0                      | 1,018         |
| 5  | Non-current receivables and other assets   | 641                | 3            | 0            | 138                      | 0            | 0                      | 783           |
| 6  | Deferred tax assets                        | 0                  | 0            | 0            | 0                        | 0            | 4,386                  | 4,386         |
|    | <b>Total non-current assets</b>            | <b>1,809</b>       | <b>4</b>     | <b>1,062</b> | <b>619</b>               | <b>3,168</b> | <b>4,386</b>           | <b>11,047</b> |
|    | <b>Non-current liabilities</b>             |                    |              |              |                          |              |                        |               |
| 7  | Employee benefits                          | (479)              | 0            | (22)         | 0                        | 0            | 0                      | (501)         |
| 8  | Non-current provisions                     | (284)              | 0            | 0            | 0                        | 0            | 0                      | (284)         |
| 9  | Other non-current payables and liabilities | 0                  | 0            | 0            | 0                        | 0            | 0                      | 0             |
|    | <b>Total non-current liabilities</b>       | <b>(763)</b>       | <b>0</b>     | <b>(22)</b>  | <b>0</b>                 | <b>0</b>     | <b>0</b>               | <b>(785)</b>  |
|    | <b>Net working capital</b>                 |                    |              |              |                          |              |                        |               |
| 10 | Inventories                                | 33,621             | 1,288        | 0            | 7,220                    | 0            | 0                      | 42,129        |
| 11 | Trade receivables                          | 19,934             | 469          | 451          | 15,373                   | 0            | 0                      | 36,227        |
| 12 | Tax credits                                | 0                  | 0            | 0            | 0                        | 0            | 2,267                  | 2,267         |
| 13 | Other current assets                       | 3,506              | 45           | 501          | 9,034                    | 0            | 0                      | 13,086        |
| 14 | Trade payables                             | (3,902)            | (478)        | (348)        | (8,811)                  | 0            | 0                      | (13,539)      |
| 15 | Taxes payable                              | 0                  | 0            | 0            | 0                        | 0            | (1,462)                | (1,462)       |
| 16 | Current provisions                         | 0                  | 0            | 0            | 0                        | 0            | 0                      | (0)           |
| 17 | Other current liabilities                  | (1,524)            | 0            | (68)         | (225)                    | 0            | 0                      | (1,818)       |
|    | <b>Total net working capital</b>           | <b>51,635</b>      | <b>1,324</b> | <b>536</b>   | <b>22,589</b>            | <b>0</b>     | <b>805</b>             | <b>76,890</b> |
|    | <b>Total</b>                               | <b>52,681</b>      | <b>1,328</b> | <b>1,576</b> | <b>23,208</b>            | <b>3,168</b> | <b>5,191</b>           | <b>87,152</b> |

SEGMENT REPORTING - CONSOLIDATED INCOME STATEMENT AT 30 JUNE 2009

|           | Consolidated figures in<br>EUR/000                             | Distribution<br>Italy | Newsstand      | New media      | International<br>Publishing | Holding        | Total            |
|-----------|--|-----------------------|----------------|----------------|-----------------------------|----------------|------------------|
| 1         | Gross revenues   | 109,979               | 1,877          | 637            | 63,511                      | 0              | 176,004          |
| 2         | Revenue adjustments  | (13,006)              | (19)           | 0              | (18,587)                    | 0              | (31,612)         |
| <b>3</b>  | <b>Total net revenues</b>                                      | <b>96,973</b>         | <b>1,858</b>   | <b>637</b>     | <b>44,924</b>               | <b>0</b>       | <b>144,392</b>   |
| 4         | Purchase of goods for resale                                   | (69,859)              | (836)          | (23)           | (22,608)                    | 0              | (93,326)         |
| 5         | Purchase of services for resale                                | 0                     | (160)          | (1,040)        | (1,510)                     | 0              | (2,710)          |
| 6         | Royalties  | (354)                 | (333)          | (561)          | (11,423)                    | 0              | (12,671)         |
| 7         | Change in inventories of<br>finished products                  | 860                   | 100            | 0              | 1,616                       | 0              | 2,576            |
| <b>8</b>  | <b>Total cost of goods sold</b>                                | <b>(69,353)</b>       | <b>(1,229)</b> | <b>(1,624)</b> | <b>(33,925)</b>             | <b>0</b>       | <b>(106,131)</b> |
| <b>9</b>  | <b>Gross profit (3+8)</b>                                      | <b>27,620</b>         | <b>629</b>     | <b>(987)</b>   | <b>10,999</b>               | <b>0</b>       | <b>38,261</b>    |
| 10        | Other income   | 42                    | 0              | 87             | 12                          | 0              | 141              |
| 11        | Cost of services   | (10,606)              | (357)          | (1,084)        | (10,594)                    | (162)          | (22,803)         |
| 12        | Rent and leasing   | (295)                 | 0              | (63)           | (325)                       | (1)            | (684)            |
| 13        | Payroll costs  | (6,611)               | 0              | (522)          | (5,350)                     | (1,140)        | (13,623)         |
| 14        | Other operating expenses                                       | (1,783)               | (9)            | (29)           | (623)                       | (360)          | (2,804)          |
| <b>15</b> | <b>Total operating expenses</b>                                | <b>(19,295)</b>       | <b>(366)</b>   | <b>(1,698)</b> | <b>(16,892)</b>             | <b>(1,663)</b> | <b>(39,914)</b>  |
| <b>16</b> | <b>EBITDA (9+10+15)</b>  | <b>8,367</b>          | <b>263</b>     | <b>(2,598)</b> | <b>(5,881)</b>              | <b>(1,663)</b> | <b>(1,512)</b>   |
| 17        | Depreciation and amortization                                  | (512)                 | (2)            | (35)           | (152)                       | (94)           | (795)            |
| 18        | Provisions   | 0                     | 0              | 0              | 0                           | 0              | 0                |
| 19        | Asset impairment charge  | 0                     | 0              | 0              | 0                           | 0              | 0                |
| 20        | Impairment reversal  | 0                     | 0              | 0              | 0                           | 0              | 0                |
| <b>21</b> | <b>Total depreciation,<br/>amortization and<br/>impairment</b> | <b>(512)</b>          | <b>(2)</b>     | <b>(35)</b>    | <b>(152)</b>                | <b>(94)</b>    | <b>(795)</b>     |
| <b>22</b> | <b>EBIT (16+21)</b>  | <b>7,855</b>          | <b>261</b>     | <b>(2,633)</b> | <b>(6,033)</b>              | <b>(1,757)</b> | <b>(2,307)</b>   |

**DIGITAL BROS S.P.A. – BALANCE SHEET AT 30 JUNE 2009**

|                                | EUR/000                                    | 30 June 2009    | 30 June 2008    | Change          |               |
|--------------------------------|--|-----------------|-----------------|-----------------|---------------|
| <b>Non-current assets</b>      |  |                 |                 |                 |               |
| 1                              | Property, plant and equipment              | 3,218           | 3,261           | (43)            | -1.3%         |
| 2                              | Investment property                        | 455             | 455             | 0               | 0.1%          |
| 3                              | Intangible assets                          | 646             | 595             | 51              | 8.5%          |
| 4                              | Equity investments                         | 2,240           | 2,204           | 36              | 1.6%          |
| 5                              | Non-current receivables and other assets   | 641             | 4               | 637             | n.s.%         |
| 6                              | Deferred tax assets                        | 817             | 525             | 292             | 55.5%         |
|                                | <b>Total non-current assets</b>            | <b>8.017</b>    | <b>7.044</b>    | <b>973</b>      | <b>13.8%</b>  |
| <b>Non-current liabilities</b> |  |                 |                 |                 |               |
| 7                              | Employee benefits                          | (475)           | (531)           | 56              | -10.6%        |
| 8                              | Non-current provisions                     | (284)           | (249)           | (35)            | 14.1%         |
| 9                              | Other non-current payables and liabilities | 0               | 0               | 0               | 0.0%          |
|                                | <b>Total non-current liabilities</b>       | <b>(759)</b>    | <b>(780)</b>    | <b>21</b>       | <b>-2.7%</b>  |
| <b>Net working capital</b>     |  |                 |                 |                 |               |
| 10                             | Inventories                                | 32,118          | 31,401          | 717             | 2.3%          |
| 11                             | Trade receivables                          | 18,715          | 26,888          | (8,173)         | -30.4%        |
| 12                             | Due from subsidiaries                      | 22,458          | 13,131          | 9,327           | 71.0%         |
| 13                             | Tax credits                                | 987             | 77              | 910             | n.s.%         |
| 14                             | Other current assets                       | 3,496           | 6,441           | (2,945)         | -45.7%        |
| 15                             | Trade payables                             | (3,833)         | (6,129)         | 2,296           | -37.5%        |
| 16                             | Due to subsidiaries                        | (150)           | (1,451)         | 1,301           | -89.7%        |
| 17                             | Taxes payable                              | (1,138)         | (4,190)         | 3,052           | -72.8%        |
| 18                             | Current provisions                         | (1,719)         | (2,230)         | 511             | 0.0%          |
| 19                             | Other current liabilities                  | (1,516)         | (2,280)         | 764             | -33.5%        |
|                                | <b>Total net working capital</b>           | <b>69,418</b>   | <b>61,658</b>   | <b>7,760</b>    | <b>12.6%</b>  |
| <b>Capital and reserves</b>    |  |                 |                 |                 |               |
| 20                             | Share capital                              | (5,644)         | (5,644)         | (0)             | 0.0%          |
| 21                             | Reserves                                   | (17,962)        | (17,965)        | 3               | 0.0%          |
| 22                             | Treasury shares                            | 1,489           | 717             | 772             | n.s.%         |
| 23                             | Profit (losses) carried forward            | (5,440)         | (5,895)         | 455             | -7.7%         |
|                                | <b>Total capital and reserves</b>          | <b>(27,557)</b> | <b>(28,787)</b> | <b>1,230</b>    | <b>-4.3%</b>  |
|                                | <b>Total net assets</b>                    | <b>49,119</b>   | <b>39,135</b>   | <b>9,984</b>    | <b>25.5%</b>  |
| <b>Current net debt</b>        |  |                 |                 |                 |               |
| 24                             | Cash and cash equivalents                  | 3,491           | 8,014           | (4,523)         | -56.4%        |
| 25                             | Short-term payables to banks               | (48,098)        | (40,451)        | (7,647)         | 18.9%         |
| 26                             | Other current financial liabilities        | (1,953)         | (1,803)         | (150)           | 8.3%          |
|                                | <b>Current net debt</b>                    | <b>(46,560)</b> | <b>(34,240)</b> | <b>(12,320)</b> | <b>36.0%</b>  |
| <b>Non-current net debt</b>    |  |                 |                 |                 |               |
| 27                             | Non-current financial assets               | 0               | 0               | 0               | 0.0%          |
| 28                             | Non-current payables to banks              | (998)           | (3,107)         | 2,109           | -67.9%        |
| 29                             | Other non-current financial liabilities    | (1,561)         | (1,788)         | 227             | -12.7%        |
|                                | <b>Non-current net debt</b>                | <b>(2,559)</b>  | <b>(4,895)</b>  | <b>2,336</b>    | <b>-47.7%</b> |
|                                | <b>Total net debt</b>                      | <b>(49,119)</b> | <b>(39,135)</b> | <b>(9,984)</b>  | <b>25.5%</b>  |

**DIGITAL BROS S.P.A. – INCOME STATEMENT AT 30 JUNE 2009**

|           | EUR/000  | 30 June 2009    |               | 30 June 2008    |               | Change          |               |
|-----------|--|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| 1         | Gross revenues   | 110,380         | 113.0%        | 125,767         | 110.6%        | (15,387)        | -12.2%        |
| 2         | Revenue adjustments                                    | (12,719)        | -13.0%        | (12,013)        | -10.6%        | (706)           | 5.9%          |
| <b>3</b>  | <b>Total net revenues</b>                              | <b>97,661</b>   | <b>100.0%</b> | <b>113,754</b>  | <b>100.0%</b> | <b>(16,093)</b> | <b>-14.1%</b> |
| 4         | Purchase of goods for resale                           | (70,526)        | -72.2%        | (82,817)        | -72.8%        | 12,291          | -14.8%        |
| 5         | Purchase of services for resale                        | 0               | 0.0%          | 0               | 0.0%          | 0               | 0.0%          |
| 6         | Royalties  | (363)           | -0.4%         | (701)           | -0.6%         | 338             | -48.2%        |
| 7         | Change in inventories of finished products             | 717             | 0.7%          | (2,896)         | -2.5%         | 3,613           | n.s.%         |
| <b>8</b>  | <b>Total cost of goods sold</b>                        | <b>(70,172)</b> | <b>-71.9%</b> | <b>(86,414)</b> | <b>-76.0%</b> | <b>16,242</b>   | <b>-18.8%</b> |
| <b>9</b>  | <b>Gross profit (3+8)</b>                              | <b>27,489</b>   | <b>28.1%</b>  | <b>27,340</b>   | <b>24.0%</b>  | <b>149</b>      | <b>0.5%</b>   |
| 10        | Other income   | 1,421           | 1.5%          | 1,957           | 1.7%          | (536)           | -27.4%        |
| 11        | Cost of services                                       | (11,451)        | -11.7%        | (8,703)         | -7.7%         | (2,748)         | 31.6%         |
| 12        | Rent and leasing                                       | (296)           | -0.3%         | (295)           | -0.3%         | (1)             | 0.3%          |
| 13        | Payroll costs  | (8,030)         | -8.2%         | (8,673)         | -7.6%         | 643             | -7.4%         |
| 14        | Other operating expenses                               | (2,135)         | -2.2%         | (2,013)         | -1.8%         | (122)           | 6.1%          |
| <b>15</b> | <b>Total operating expenses</b>                        | <b>(21,912)</b> | <b>-22.4%</b> | <b>(19,684)</b> | <b>-17.3%</b> | <b>(2,228)</b>  | <b>11.3%</b>  |
| <b>16</b> | <b>EBITDA (9+10+15)</b>                                | <b>6,998</b>    | <b>7.2%</b>   | <b>9,613</b>    | <b>8.5%</b>   | <b>(2,615)</b>  | <b>-27.2%</b> |
| 17        | Depreciation and amortization                          | (594)           | -0.6%         | (503)           | -0.4%         | (91)            | 18.1%         |
| 18        | Provisions   | 0               | 0.0%          | 0               | 0.0%          | 0               | 0.0%          |
| 19        | Asset impairment charge                                | (1,719)         | -1.8%         | (2,631)         | -2.3%         | 912             | -34.6%        |
| 20        | Impairment reversal                                    | 1,100           | 1.1%          | 600             | 0.5%          | 500             | 0.0%          |
| <b>21</b> | <b>Total depreciation, amortization and impairment</b> | <b>(1,213)</b>  | <b>-1.2%</b>  | <b>(2,534)</b>  | <b>-2.2%</b>  | <b>1,321</b>    | <b>-52.1%</b> |
| <b>22</b> | <b>EBIT (16+21)</b>                                    | <b>5,785</b>    | <b>5.9%</b>   | <b>7,079</b>    | <b>6.2%</b>   | <b>(1,294)</b>  | <b>-18.3%</b> |
| 23        | Interest income  | 195             | 0.2%          | 350             | 0.3%          | (155)           | -44.3%        |
| 24        | Interest expense                                       | (3,895)         | -4.0%         | (3,275)         | -2.9%         | (620)           | 18.9%         |
| <b>25</b> | <b>Net interest income (expense)</b>                   | <b>(3,700)</b>  | <b>-3.8%</b>  | <b>(2,925)</b>  | <b>-2.6%</b>  | <b>(775)</b>    | <b>26.5%</b>  |
| <b>26</b> | <b>Profit before taxes (22+25)</b>                     | <b>2,085</b>    | <b>2.1%</b>   | <b>4,154</b>    | <b>3.7%</b>   | <b>(2,069)</b>  | <b>-49.8%</b> |
| 27        | Current taxes  | (1,730)         | -1.8%         | (2,332)         | -2.1%         | 602             | -25.8%        |
| 28        | Deferred taxes   | 292             | 0.3%          | (502)           | -0.4%         | 794             | n.s.          |
| <b>29</b> | <b>Total taxes</b>                                     | <b>(1,438)</b>  | <b>-1.5%</b>  | <b>(2,834)</b>  | <b>-2.5%</b>  | <b>1,396</b>    | <b>-49.3%</b> |
| <b>30</b> | <b>Net profit (26+29)</b>                              | <b>648</b>      | <b>0.7%</b>   | <b>1,320</b>    | <b>1.2%</b>   | <b>(672)</b>    | <b>-50.9%</b> |