



PRESS RELEASE

Board of Directors approves the interim management statement of the Digital Bros Group at 31 March 2010
(3rd quarter and first nine months of the year from 1 July 2009 to 30 June 2010)

DIGITAL BROS GROUP: PROFIT MEASURES UP, BORROWING DOWN

- ✓ **Gross consolidated revenues of €120.4 mn, down from €145 mn in the first nine months of last year (-17%), in line with the market trend;**
 - ✓ **EBITDA of €4,530K, up from €4,382K the previous year (+3.4%);**
 - ✓ **EBIT growth from €3,803K to €4,105K (+7.9%);**
- ✓ **Strong comeback for the pre-tax profit: €1,425K, compared with a loss of €8K last year;**
 - ✓ **Bottom line improvement from a loss of €424K to a profit of €421K;**
- ✓ **Steep reduction in net debt: -20.4% on the €64.3 mn reported at 31 March 2009;**
 - ✓ **Forecast of a return to net profit confirmed for FY 2009-2010.**

Milan, 11 May 2010 - The **Board of Directors of Digital Bros**, the digital entertainment group listed in the Star section of the Milan Stock Exchange, **has approved the interim management statement at 31 March 2010** (third quarter and first nine months of the fiscal year running from 1 July 2009 to 30 June 2010).

Below are the main results of the Digital Bros Group for the first nine months of 2009-2010, with comparative figures for the same period last year. As shown, consolidated gross revenues came to €120.4 million, a decrease of 17% on the previous year's €145 million. The reduction in gross revenues is in line with the market trend. Conversely, the Group continued to increase its profit measures thanks to cost cutting, a decrease in debt and hence interest expense, and a much lower operating loss in the New Media segment.

More specifically, the Digital Bros Group closed the first nine months of 2009-2010 with:

- **Gross consolidated revenues** of €120.4 million, down from €145 million for the first nine months of the previous year (-17%);
- **EBITDA** of €4,530K, up from €4,382K (+3.4%). The EBITDA margin also increased, from 3.6% to 4.4% of consolidated net revenues, due mainly to a 21.9% reduction in operating expenses;
- **EBIT** of €4,105K, compared with €3,803K the previous year (+7.9%);
- A **pre-tax profit** of €1,425K, showing a strong comeback with respect to the previous year's loss of €8K. This is due chiefly to the sharp decline in interest expense (-25.2%) as a result of lower average debt during the period and a reduction in interest rates;
- **Net profit** of €421K, compared with a loss of €424K for the first nine months of last year.

PERFORMANCE BY BUSINESS SEGMENT

For the period ended 31 March 2010, the traditional video game Distribution business in Italy brought in revenues of €86.9 million (72.2% of consolidated gross sales), a decrease of 7.8% with respect to the previous year's 9M result of €94.2 million. This is in line with the market trend and with the Group's move away from DTI as a distribution partner. The reduction in sales for this segment was partly offset by the amount grossed from trading cards (€11,513K), which the Group has distributed in Italy since May 2009.

During the first nine months of the year the International Publishing segment produced gross revenues of €32.7 million, a decrease of 33.7% with respect to the €49.4 million earned in the same period last year, and amounting to 27.2% of the Group's gross sales. The downward trend was due to a number of contrasting factors: although growth in the United States was significant due to the operations of the U.S. subsidiary, sales of Nintendo DS games decreased in line with the international trend for this console, which has been hurt by sluggish consumption and by a growing piracy problem (especially in the Spanish market). It was also influenced by the Group's decision to delay product launches in the fall and to cancel the release of less profitable items until the market shows permanent signs of recovery.

In the New Media segment, net revenues were up by 8%, from €488K in the first nine months of 2008-2009 to €527K this year. Operating costs decreased by €930K, due mainly to the closure of the European online gaming portal www.gametribes.com since 31 December 2009. During the quarter, the Group further reduced the operating loss in the New Media segment (-77.5% to €428K).

The Newsstands segment grossed €243K for the first nine months of the year, down from €864K in 2008-2009, mostly because of the decision to postpone covermounts with some of the country's leading magazines until the fourth quarter of this year.

The table below shows the contribution of each business to the Group's revenues and operating profits in the first nine months of 2009-2010:

PERFORMANCE BY BUSINESS SEGMENT IN THE FIRST NINE MONTHS OF 2009-2010						
<i>Consolidated figures in EUR/000</i>	Distribution	Newsstands	New media	Publishing	Holding	Total
GROSS REVENUES	86,897	243	527	32,753	0	120,420
NET REVENUES	77,126	243	527	25,048	0	102,944
EBITDA	8,326	(19)	(585)	(1,913)	(1,279)	4,530
EBIT	7,924	(19)	(428)	(2,032)	(1,340)	4,105

NET DEBT

Over the past 12 months the Digital Bros Group has reduced net debt by €13.1 million (-20.4%), compared with the €64.3 million reported at 31 March 2009, thanks to its policy of reducing inventory.

Net debt has also improved by €8.8 million since 30 June 2009 (€60 million) and by €11 million since 31 December 2009 (€62.2 million).

DIGITAL BROS S.p.A.

For the first nine months of 2009-2010, the parent company Digital Bros S.p.A. earned gross revenues of €84 million, down from €94.4 million the previous year (-11.3%). EBITDA decreased from €8,349K to €7,596K, and EBIT from €7,632K to €6,495K (-15%). The parent company's pre-tax profit for the first three quarters was €4.6 million, with little change (+0.8%) on the same period last year. Net profit showed a slight decrease (-3.3%), from €2.5 million in the first nine months of 2008-2009 to €2.4 million.

BUY BACK

At 31 March 2010, Digital Bros S.p.A. owned 458,774 treasury shares (3.25% of the share capital). During the first nine months of fiscal year 2009-2010, it did not buy or sell any treasury shares.

SIGNIFICANT EVENTS IN THE THIRD QUARTER OF 2009-2010

On 25 February 2010, Alberto Pianta, independent director of Digital Bros S.p.A., tendered his resignation from the Board of Directors. Dani Schaumann was co-opted immediately and began to serve on that date. Mr. Schaumann is an independent marketing and financial consultant with 30 years' experience in the sector; he was deputy CEO of the Emerging Markets Division of Pioneer Global Asset Management (Unicredit Group), after serving as managing director of Pioneer Investment Management SGR and CEO of Zurich Investments SIM. A complete profile is available online at www.digital-bros.net.

SIGNIFICANT EVENTS AFTER 31 MARCH 2010

On 13 April 2010, the registered office and headquarters of all of the Group's Italian companies were transferred to the new premises at Via Tortona 37 in Milan.

OUTLOOK

The Group's ability, as demonstrated during the first half of the year, to improve its earnings despite a decline in business volumes has allowed it to beat expectations and close the third quarter with a profit.

The corrective measures taken last year in the International Publishing segment will begin to pay off in the fourth quarter. More specifically, the Group will focus its efforts on:

- sales growth in the German market;
- the improved selection of products for the casual gaming business;
- the sale of promotional products in the American market, which has been the first to show signs of recovery;
- debut in the sports games market and a build-up in games for "next-generation" consoles, through the international release of two new titles in the fourth quarter.

These actions should significantly reduce the operating loss in the International Publishing segment for the final quarter of the year.

In the traditional segment of Italian Distribution, the Group expects to improve its operating margins thanks to the optimization of advertising investments, a decrease in operating costs, and the positive impact of the distribution of trading cards.

Interest expense will continue to decrease throughout the fourth quarter, due to the lower level of debt and the reduction in interest rates.

As a result of the above, the Group confirms its forecast of a return to net profit for full-year 2009-2010.

Statement per Art. 154-bis of the Consolidated Finance Act

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

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 Halifax division 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, Germany, Scandinavia 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 31 MARCH 2010

	EUR/000	31 March 2010	30 June 2009	Changes	
	Non-current assets				
1	Property, plant and equipment	4,036	3,705	331	8.9%
2	Investment property	455	455	0	0.1%
3	Intangible assets	609	700	(91)	-13.0%
4	Equity investments	5	1,018	(1,013)	-99.5%
5	Non-current receivables and other assets	773	783	(10)	-1.3%
6	Deferred tax assets	4,048	4,137	(89)	-2.1%
	Total non-current assets	9,926	10,798	(872)	-8.1%
	Non-current liabilities				
7	Employee benefits	(496)	(501)	5	-0.9%
8	Non-current provisions	(314)	(284)	(30)	10.7%
9	Other non-current payables and liabilities	0	0	0	0.0%
	Total non-current liabilities	(810)	(785)	(25)	3.2%
	Net working capital				
10	Inventories	41,482	42,129	(647)	-1.5%
11	Trade receivables	33,833	36,227	(2,394)	-6.6%
12	Tax credits	1,638	2,516	(878)	-34.9%
13	Other current assets	7,872	13,086	(5,214)	-39.8%
14	Trade payables	(10,098)	(13,539)	3,441	-25.4%
15	Taxes payable	(2,197)	(1,462)	(735)	50.2%
16	Current provisions	0	0	0	0.0%
17	Other current liabilities	(2,923)	(1,818)	(1,105)	60.8%
	Total net working capital	69,607	77,139	(7,532)	-9.8%
	Capital and reserves				
18	Share capital	(5,644)	(5,644)	0	0.0%
19	Reserves	(19,474)	(19,498)	24	-0.1%
20	Treasury shares	1,489	1,489	0	0.0%
21	Profit (losses) carried forward	(3,917)	(3,486)	(431)	12.4%
	Total capital and reserves	(27,546)	(27,139)	(407)	1.5%
	Total net assets	51,177	60,013	(8,836)	-14.7%
	Current net debt				
22	Cash and cash equivalents	5,422	6,369	(947)	-14.9%
23	Short-term payables to banks	(51,346)	(59,059)	7,713	-13.1%
24	Other current financial liabilities	(1,669)	(1,953)	284	-14.5%
	Current net debt	(47,593)	(54,643)	7,050	-12.9%
	Non-current net debt				
25	Non-current financial assets	0	0	0	0.0%
26	Non-current payables to banks	(1,864)	(3,809)	1,945	-51.1%
27	Other non-current financial liabilities	(1,720)	(1,561)	(159)	10.2%
	Non-current net debt	(3,584)	(5,370)	1,786	-33.3%
	Total net debt	(51,177)	(60,013)	8,836	-14.7%

DIGITAL BROS GROUP

CONSOLIDATED INCOME STATEMENT 31 MARCH 2010 – 9 MONTHS

	EUR/000	31 March 2010		31 March 2009		Changes	
1	Gross revenues	120,420	117.0%	145,007	119.9%	(24,587)	-17.0%
2	Revenue adjustments	(17,476)	-17.0%	(24,062)	-19.9%	6,586	-27.4%
3	Total net revenues	102,944	100.0%	120,945	100.0%	(18,001)	-14.9%
4	Purchase of goods for resale	(66,149)	-64.3%	(79,921)	-66.1%	13,772	-17.2%
5	Purchase of services for resale	(2,161)	-2.1%	(2,234)	-1.8%	73	-3.3%
6	Royalties	(5,877)	-5.7%	(7,786)	-6.4%	1,909	-24.5%
7	Change in inventories of finished products	(647)	-0.6%	3,586	3.0%	(4,233)	n.s.
8	Total cost of goods sold	(74,834)	-72.7%	(86,355)	-71.4%	11,521	-13.3%
9	Gross profit (3+8)	28,110	27.3%	34,590	28.6%	(6,480)	-18.7%
10	Other income	202	0.2%	247	0.2%	(45)	-18.1%
11	Cost of services	(11,268)	-10.9%	(17,517)	-14.5%	6,249	-35.7%
12	Rent and leasing	(716)	-0.7%	(516)	-0.4%	(200)	38.7%
13	Payroll costs	(9,883)	-9.6%	(10,360)	-8.6%	477	-4.6%
14	Other operating expenses	(1,915)	-1.9%	(2,062)	-1.7%	147	-7.1%
15	Total operating expenses	(23,782)	-23.1%	(30,455)	-25.2%	6,673	-21.9%
16	EBITDA (9+10+15)	4,530	4.4%	4,382	3.6%	148	3.4%
17	Depreciation and amortization	(615)	-0.6%	(579)	-0.5%	(36)	6.3%
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	190	0.2%	0	0.0%	190	n.s.
21	Total depreciation, amortization and impairment	(425)	-0.4%	(579)	-0.5%	154	-26.6%
22	EBIT (16+21)	4,105	4.0%	3,803	3.1%	302	7.9%
23	Interest income	363	0.4%	259	0.2%	104	40.3%
24	Interest expense	(3,043)	-3.0%	(4,070)	-3.4%	1,027	-25.2%
25	Net interest income (expense)	(2,680)	-2.6%	(3,811)	-3.2%	1,131	-29.7%
26	Profit before taxes (22+25)	1,425	1.4%	(8)	0.0%	1,433	n.s.
27	Current taxes	(915)	-0.9%	(1,665)	-1.4%	750	-45.0%
28	Deferred taxes	(89)	-0.1%	1,249	1.0%	(1,338)	n.s.
29	Total taxes	(1,004)	-1.0%	(416)	-0.3%	(588)	n.s.
30	Net profit (26+29)	421	0.4%	(424)	-0.4%	845	n.s.
	Earnings per share:						
33	Basic earnings per share (in EUR)	0.031		(0.030)		0.061	n.s.
34	Diluted earnings per share (in EUR)	0.031		(0.030)		0.061	n.s.

DIGITAL BROS GROUP

CONSOLIDATED CASH FLOW STATEMENT AT 31 MARCH 2010

	EUR/000	31 March 2010	31 March 2009
A. Opening net debt		(60,013)	(48,227)
B. Cash flow from operating activities			
Group's share of net profit (loss) for the year		421	(424)
Depreciation, amortization and provisions:		0	0
Amortization		246	254
Depreciation		369	325
Net change in other provisions		30	29
Net change in employee benefit provisions		(5)	(47)
TOTAL		1,061	137
C. Change in net working capital			
Inventories		647	(3,586)
Trade receivables		2,394	(10,668)
Tax credits		878	89
Other current assets		5,214	(2,122)
Trade payables		(3,441)	6,244
Taxes payable		735	(1,889)
Current provisions		0	(0)
Other current liabilities		1,105	(539)
TOTAL		7,532	(12,471)
D. Cash flow from investing activities			
Investments in intangible assets		(154)	(299)
Investments in property, plant and equipment		(701)	(250)
Investments in financial fixed assets		1,112	(1,288)
TOTAL		257	(1,836)
E. Cash flow from financing activities			
Capital increases		0	0
TOTAL		0	0
F. Movements in consolidated capital and reserves			
Dividends paid		0	(1,103)
Change in treasury shares held		0	(768)
Increases (decreases) in other components of capital and reserves		(14)	(33)
TOTAL		(14)	(1,904)
G. Cash flow for the period (B+C+D+E+F)		8,836	(16,074)
H. Final financial net position (A+G)		(51,177)	(64,301)

**SEGMENT REPORTING
CONSOLIDATED INCOME STATEMENT AT 31 MARCH 2010**

	Consolidated figures in EUR/000	Distribution Italy	Newsstand	New media	International Publishing	Holding	Total
1	Gross revenues	86,897	243	527	32,753	0	120,420
2	Revenue adjustments	(9,771)	0	0	(7,705)	0	(17,476)
3	Total net revenues	77,126	243	527	25,048	0	102,944
4	Purchase of goods for resale	(55,894)	(119)	(5)	(10,131)	0	(66,149)
5	Purchase of services for resale	0	(90)	(499)	(1,572)	0	(2,161)
6	Royalties	(241)	11	(341)	(5,306)	0	(5,877)
7	Change in inventories of finished products	(569)	1	0	(79)	0	(647)
8	Total cost of goods sold	(56,704)	(197)	(845)	(17,088)	0	(74,834)
9	Gross profit (3+8)	20,422	46	(318)	7,960	0	28,110
10	Other income	6	0	17	179	0	202
11	Cost of services	(5,834)	(60)	(99)	(5,131)	(144)	(11,268)
12	Rent and leasing	(424)	0	(20)	(271)	(1)	(716)
13	Payroll costs	(4,626)	0	(153)	(4,179)	(925)	(9,883)
14	Other operating expenses	(1,218)	(5)	(12)	(471)	(209)	(1,915)
15	Total operating expenses	(12,102)	(65)	(284)	(10,052)	(1,279)	(23,782)
16	EBITDA (9+10+15)	8,326	(19)	(585)	(1,913)	(1,279)	4,530
17	Depreciation and amortization	(402)	0	(33)	(119)	(61)	(615)
18	Provisions	0	0	0	0	0	0
19	Asset impairment charge	0	0	0	0	0	0
20	Impairment reversal	0	0	190	0	0	190
21	Total depreciation, amortization and impairment	(402)	0	157	(119)	(61)	(425)
22	EBIT (16+21)	7,924	(19)	(428)	(2,032)	(1,340)	4,105

DIGITAL BROS S.P.A. - BALANCE SHEET AT 31 MARCH 2010

	EUR/000	31 March 2010	30 June 2009	Changes	
	Non-current assets				
1	Property, plant and equipment	3,657	3,218	439	13.6%
2	Investment property	455	455	0	0.1%
3	Intangible assets	567	646	(79)	-12.2%
4	Equity investments	2,240	2,240	0	0.0%
5	Non-current receivables and other assets	640	641	(1)	-0.2%
6	Deferred tax assets	776	817	(41)	-5.0%
	Total non-current assets	8,335	8,017	318	4.0%
	Non-current liabilities				
7	Employee benefits	(478)	(475)	(3)	0.7%
8	Non-current provisions	(315)	(284)	(31)	11.1%
9	Other non-current payables and liabilities	0	0	0	0.0%
	Total non-current liabilities	(793)	(759)	(34)	4.4%
	Net working capital				
10	Inventories	34,318	32,118	2,200	6.9%
11	Trade receivables	17,549	18,715	(1,166)	-6.2%
12	Due from subsidiaries	23,232	22,458	774	3.4%
13	Tax credits	341	987	(646)	-65.5%
14	Other current assets	3,325	3,496	(171)	-4.9%
15	Trade payables	(6,890)	(3,833)	(3,057)	79.8%
16	Due to subsidiaries	(3,043)	(150)	(2,893)	n.s.
17	Taxes payable	(1,766)	(1,138)	(628)	55.2%
18	Current provisions	(94)	(1,719)	1,625	0.0%
19	Other current liabilities	(1,379)	(1,516)	137	-9.1%
	Total net working capital	65,593	69,418	(3,825)	-5.5%
	Capital and reserves				
20	Share capital	(5,644)	(5,644)	0	0.0%
21	Reserves	(17,962)	(17,962)	0	0.0%
22	Treasury shares	1,489	1,489	0	0.0%
23	Profit (losses) carried forward	(7,884)	(5,440)	(2,444)	44.9%
	Total capital and reserves	(30,001)	(27,557)	(2,444)	8.9%
	Total net assets	43,134	49,119	(5,985)	-12.2%
	Current net debt				
24	Cash and cash equivalents	3,452	3,491	(39)	-1.1%
25	Short-term payables to banks	(43,154)	(48,098)	4,944	-10.3%
26	Other current financial liabilities	(1,669)	(1,953)	284	-14.5%
	Current net debt	(41,371)	(46,560)	5,189	-11.1%
	Non-current net debt				
27	Non-current financial assets	0	0	0	0.0%
28	Non-current payables to banks	(43)	(998)	955	-95.7%
29	Other non-current financial liabilities	(1,720)	(1,561)	(159)	10.2%
	Non-current net debt	(1,763)	(2,559)	796	-31.1%
	Total net debt	(43,134)	(49,119)	5,985	-12.2%

DIGITAL BROS S.P.A. - INCOME STATEMENT AT 31 MARCH 2010

	EUR/000	31 March 2010		31 March 2009		Changes	
1	Gross revenues	83,726	112.3%	94,369	112.3%	(10,643)	-11.3%
2	Revenue adjustments	(9,187)	-12.3%	(10,325)	-12.3%	1,138	-11.0%
3	Total net revenues	74,539	100.0%	84,044	100.0%	(9,505)	-11.3%
4	Purchase of goods for resale	(56,005)	-75.1%	(60,747)	-72.3%	4,742	-7.8%
5	Purchase of services for resale	0	0.0%	0	0.0%	0	0.0%
6	Royalties	(241)	-0.3%	(171)	-0.2%	(70)	41.1%
7	Change in inventories of finished products	2,200	3.0%	1,306	1.6%	894	68.4%
8	Total cost of goods sold	(54,046)	-72.5%	(59,612)	-70.9%	5,566	-9.3%
9	Gross profit (3+8)	20,493	27.5%	24,432	29.1%	(3,939)	-16.1%
10	Other income	488	0.7%	1,130	1.3%	(642)	-56.8%
11	Cost of services	(5,794)	-7.8%	(8,919)	-10.6%	3,125	-35.0%
12	Rent and leasing	(424)	-0.6%	(226)	-0.3%	(198)	87.8%
13	Payroll costs	(5,746)	-7.7%	(6,349)	-7.6%	603	-9.5%
14	Other operating expenses	(1,421)	-1.9%	(1,719)	-2.0%	298	-17.3%
15	Total operating expenses	(13,385)	-18.0%	(17,213)	-20.5%	3,828	-22.2%
16	EBITDA (9+10+15)	7,596	10.2%	8,349	9.9%	(753)	-9.0%
17	Depreciation and amortization	(456)	-0.6%	(431)	-0.5%	(25)	5.8%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(645)	-0.9%	(1,386)	-1.6%	741	-53.5%
20	Impairment reversal	0	0.0%	1,100	1.3%	(1,100)	0.0%
21	Total depreciation, amortization and impairment	(1,101)	-1.5%	(717)	-0.9%	(384)	53.5%
22	EBIT (16+21)	6,495	8.7%	7,632	9.1%	(1,137)	-14.9%
23	Interest income	71	0.1%	166	0.2%	(95)	-57.3%
24	Interest expense	(1,966)	-2.6%	(3,235)	-3.8%	1,269	-39.2%
25	Net interest income (expense)	(1,895)	-2.5%	(3,069)	-3.7%	1,174	-38.2%
26	Profit before taxes (22+25)	4,600	6.2%	4,563	5.4%	37	0.8%
27	Current taxes	(2,115)	-2.8%	(2,098)	-2.5%	(17)	0.8%
28	Deferred taxes	(41)	-0.1%	61	0.1%	(102)	0.0%
29	Total taxes	(2,156)	-2.9%	(2,037)	-2.4%	(119)	5.8%
30	Net profit (26+29)	2,444	3.3%	2,526	3.0%	(82)	-3.3%