



## PRESS RELEASE

The BoD approves the consolidated quarterly report at September 30<sup>th</sup> 2008  
(1<sup>o</sup> quarter Fiscal Year 2008-2009)

### **DIGITAL BROS GROUP: APPROVED THE RESULTS OF THE FIRST QUARTER OF FY 2008-2009**

- ✓ *Consolidated revenues at € 26.2 Million, growing yoy by 16.6% compared to the € 22.5 Million of the previous FY;*
- ✓ *EBITDA at € 49 Thousand, decreasing by € 1,054 Thousand regarding the same quarter of FY 2007-2008;*
- ✓ *EBIT decreasing by € 1.088 Thousand, from € 956 Thousand to an operative loss of € 132 Thousand;*
- ✓ *EBT and Net Profit negative respectively at € 1,300 and 968 Thousand;*
- ✓ *Financial Net Debt of the Group as at September 30<sup>th</sup> 2008 is € 55.1 Million, growing by € 6.9 Million compared to the € 48.2 Million registered on June 30<sup>th</sup> 2008;*
- ✓ *The Group revenues grow in the summer quarter, characterized historically by a low activity of the whole videogame field, thank also to the positive contribution of the International Publishing activity (+46% the revenues, at € 10.1 Million) and of the Distribution segment (+7% the revenues, at € 15.8 Million);*
- ✓ *The lower profitability levels of the Group registered during the first quarter 2008-2009 are due to the important investments done for the start-up of the activities in Spain (DB Iberia S.I.) and in the United States (505 Games U.S. Inc.), which had an impact of € 167 Thousand and € 403 Thousand respectively.*

Milan, November 11<sup>th</sup> 2008 – The Board of Directors of **Digital Bros**, Group listed on the Star segment of the Italian Stock Exchange and active in the “digital entertainment” sector, **has approved today the consolidated quarterly report at September 30<sup>th</sup> 2008** (Quarter I of the Fiscal Year from July 1<sup>st</sup> 2008 to June 30<sup>th</sup> 2009).

Significant results of the Digital Bros Group Consolidated Income Statement for the first quarter of FY 2008-2009 and comparative figures for the same period of the previous fiscal year are listed below. As highlighted, in the first quarter of FY 2008-2009, the Group has registered gross revenues at € 26.2 Million, growing yoy by 16.6%. The revenues' growth in the first quarter is due to the positive contribution of the International Publishing activity as well as to the good results of the videogames distribution segment in Italy. Regarding the profitability levels, the reductions recorded in the margins of the first quarter have to be put down principally to the important investments for the *start-up* of the activities in Spain and in the United States, which had an impact of € 167 Thousand and € 403 Thousand respectively. Thank to DB Iberia S.I. and 505 Games U.S. Inc., the Group will be able to achieve in FY 2008-2009 high growth rates continuing to reinforce itself in the internationalization process started two years ago. Furthermore, on the EBITDA have had an impact the higher advertising investments done by the Group to sustain the titles sales of the International Publishing segment and the New Media activities. The results achieved in the first quarter reflect also the seasonal nature typical for the videogame market, characterised by a low activity during the summer period. Traditionally, indeed, the most significant part of the Group revenues and profits are concentrated in the second quarter of the fiscal year, when the 40% and 50% of the annual total revenues have been achieved, due to the effect of the higher sales bound to the Christmas period as well as to the higher consumers' propensity to buy during the autumn period.

In detail, the Digital Bros Group has closed the first quarter of FY 2008-2009 with:

- ✓ **Consolidated revenues** at € 26.2 Million, with a growth yoy of 16.6% compared to the € 22.5 Million of the same period of the previous fiscal year;
- ✓ **EBITDA** at € 49 Thousand, with a decrease of € 1,054 Thousand compared to the value achieved in the first quarter of FY 2007-2008. This lower value of the EBITDA in this period is due specifically to the stronger advertising investments done by the Group to reinforce the International Publishing titles' sales, for the New Media activities and for the sustained costs for the start-up of the subsidiaries in Spain and in the United States, respectively DB Iberia S.I. (active as of July 2008) and 505 Games U.S. Inc. (active from the third quarter of FY

2008-2009), which had an impact for a value of € 167 Thousand and € 403 Thousand respectively. These activities will enable the Group to achieve high growth rates during the fiscal year 2008-2009;

- ✓ For the same reasons the **EBIT** is decreasing at € 1,088 Thousand, from € 956 Thousand to an operative loss of € 132 Thousand (equal to a drop of 113,8%);
- ✓ **EBT** negative at € 1,300 Thousand, against the € 224 Thousand registered in the same period of the previous fiscal year;
- ✓ **Net Profit** negative at € 968 Thousand, compared to the € 126 Thousand of the same quarter of FY 2007-2008.

#### RESULTS PER BUSINESS AREA

In the first quarter the International Publishing has generated revenues for roughly € 10.1 Million with a growth of roughly 46% compared to the € 6.9 Million achieved in the same period of the previous fiscal year and with an impact of 38.5% on the consolidated revenues of the Group. The relevant growth of the Publishing segment revenues comes from the strong acquisition activity of new international licenses done by the management and from the positive development of the distribution network on the international markets. The EBITDA of the International Publishing is at € 400 Thousand, with a decrease of € 871 Thousand compared to the same period of the previous fiscal year due to the start up costs already mentioned. Positive also the trend of the traditional videogame distribution activity in Italy, which at September 30<sup>th</sup> registered gross revenues of € 15.8 Million, with a growth yoy of 7% compared to the € 14.8 Million of the same period of FY 2007-2008 and with an impact of 60.4% on the consolidated gross revenues of the Group. The EBITDA of the Distribution segment is at € 835 Thousand, growing yoy by 40.3% compared to the € 595 Thousand of the same period of the previous FY. To note the lasting of the operative losses of the segment New Media, which have had a strong impact on the consolidated result. Quite a void impact of the Newsstand activity, which is aligned with the trend of the collateral newsstand products reflecting at this moment a market stagnation, still without relevant negative effects on the consolidated margins.

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

#### RESULTS 1° QUARTER FY 2008-2009 PER BUSINESS AREA

| <i>Thousands of Euros</i> | <b>Distribution</b> | <b>Newsstand</b> | <b>New media</b> | <b>Publishing</b> | <b>Holding</b> | <b>Total</b> |
|---------------------------|---------------------|------------------|------------------|-------------------|----------------|--------------|
| GROSS REVENUES            | 15,861              | 118              | 142              | 10,104            | 0              | 26,225       |
| NET REVENUES              | 14,349              | 114              | 142              | 6,741             | 0              | 21,346       |
| EBITDA                    | 835                 | (6)              | (762)            | 400               | (419)          | 49           |
| EBIT                      | 723                 | (6)              | (770)            | 363               | (442)          | (132)        |

#### FINANCIAL NET POSITION

The net debt of the Digital Bros Group as at September 30<sup>th</sup> 2008 is € 55.1 Million, growing yoy by € 6.9 Million compared to the € 48.2 Million recorded at June 30<sup>th</sup> 2008. The Financial Net Position highlights an increase of € 12.3 Million if compared to the € 42.8 Million registered at September 30<sup>th</sup> 2007. The growth of the debt is aligned with the seasonal nature of the videogame sector, in fact at September 30<sup>th</sup> the Group had already paid all the production expenses of the videogames of the Publishing segment coming into sale in the Christmas period.

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

At September 30<sup>th</sup> 2008 Digital Bros S.p.A. has registered revenues of roughly € 15.6 Million, falling yoy by 10.3% compared to the € 17.3 Million registered in the same quarter of the previous fiscal year. The Net Profit achieved by the company is negative at € 1.044 Million, improving yoy by € 1.1 Million compared to the € 2.1 Million net loss registered in the same quarter of the previous fiscal year.

#### BUY BACK

During the first quarter of Fiscal Year 2008-2009, Digital Bros S.p.A. has altogether bought 20,423 one's stocks (equal to roughly 0.15% of the share capital). This purchase, approved on October the 30<sup>th</sup> 2007 by the Shareholders' Meeting, has been targeted to different actions like the sale, the bestowal and the exchange of one's own stocks for the acquisition of participations and/or the signing of agreements with strategic partners, foreseen by the growth objectives of the company. As of September the 30<sup>th</sup> 2008, the company owns 174,686 one's stocks.

#### SIGNIFICANT EVENTS OF THE 1° QUARTER 2008-2009

- ✓ As of July 2008 the new Spanish subsidiary of the Group is active, DB Iberia S.L., managing the distribution and the publishing of the most popular titles for the Spanish market. Through DB Iberia, the Digital Bros Group aims to reinforce its own leadership globally by continuing the internationalization process began during the last two years with the creation on the English subsidiary, 505 Games Ltd., and the French one, DB France S.a.r.l.;
- ✓ On last September 2008 the Digital Bros Group has signed through its subsidiary 505 Games an agreement with the company Cooking Mama Ltd. for the acquisition of the rights and the publishing in Europe of the videogame Gardening Mama, that will release in June 2009. The launch of the new title will have an impact of roughly € 4 Million on the revenues of FY 2008-2009.

## OUTLOOK

During the FY 2008-2009, the management of the Group aims to continue investing in the development and distribution of videogames targeted to the market segments *female gaming* and *social gaming* for console Nintendo, which have contributed to the success of the International Publishing activity of the previous fiscal year. The Group will anyway point to the consolidation of its presence in the *classic* videogames segment, targeted to a more demanding consumer (like the war simulation games, strategic games for PC and for the platforms Microsoft Xbox 360™ and Sony PlayStation® 3). This balanced strategy, together with the development of the International distribution market, achieved thank to the opening of the Spanish subsidiary and of the subsidiary, which will manage the publishing activity and the international distribution in the United States, will enable the Group to gain high growth rates during the FY 2008-2009.

Regarding the videogame distribution activity in Italy, the management of the Group foresees a growth rate slightly negative, which won't have important effects on the profitability margins. This lower growth is due to the decision of the management to resize the DTI activities, which show lower profitability margins if compared to the activities of Halifax. This decision should have positive effects on the financial debt due to the reduction of the Net Circulating Capital.

## ART. 154-BIS OF T.U.F.

*The manager in charge of the preparation of the accounting documents of the Digital Bros Group, Stefano Salbe, declares, as provided by comma 2 art. 154-bis of T.U.F., that the accounting information contained in this press release corresponds to the accounting results and accounting books.*

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

Listed on the Milan Stock Exchange in October 2000 and on the STAR segment since April 2004, Digital Bros entered the videogames' distribution market in 1989. Today the Digital Bros Group is a Game Entertainment Company, the biggest Italian player in the domestic distribution of videogames and one of the leading distributors in the European market.

Pioneering in digital entertainment with a special eye for market trends, over the last few years the Digital Bros Group has undergone a diversification process of its activities resulting in the creation of three specific business areas:

- **Distribution of videogames in Italy:** through the divisions Halifax and DTI and the subsidiaries Game Service and Game Entertainment;
- **International publishing and distribution of videogames:** through the subsidiary 505 Games and foreign branches located in the UK, France and Spain;
- **New Media:** through the subsidiary Game Media Networks, active in the production and distribution of entertainment content for the new generation platforms (online gaming, mobile gaming, e-commerce, d-commerce and IP-TV).

## FOR FURTHER INFORMATION

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## FINANCIAL STATEMENTS

### DIGITAL BROS GROUP CONSOLIDATED BALANCE SHEET AT SEPTEMBER 30<sup>TH</sup> 2008- 1<sup>o</sup> QUARTER 2008/2009

|    | EUR/000                                    | 30 September 2008 | 30 June 2008    | Change         |               |
|----|--------------------------------------------|-------------------|-----------------|----------------|---------------|
|    | Non-current assets                         |                   |                 |                |               |
| 1  | Property, plant and equipment              | 3,750             | 3,753           | (3)            | -0.1%         |
| 2  | Investment property                        | 455               | 455             | 0              | 0.0%          |
| 3  | Intangible assets                          | 707               | 680             | 27             | 4.0%          |
| 4  | Equity investments                         | 740               | 740             | 0              | 0.0%          |
| 5  | Non-current receivables and other assets   | 123               | 132             | (9)            | -6.8%         |
| 6  | Deferred tax assets                        | 2,604             | 2,103           | 501            | 23.8%         |
|    | <b>Total non-current assets</b>            | <b>8,379</b>      | <b>7,863</b>    | <b>516</b>     | <b>6.6%</b>   |
|    | Non-current liabilities                    |                   |                 |                |               |
| 7  | Employee benefits                          | (539)             | (555)           | 16             | -2.9%         |
| 8  | Non-current provisions                     | (258)             | (249)           | (9)            | 3.6%          |
| 9  | Other non-current payables and liabilities | 0                 | 0               | 0              | 0.0%          |
|    | <b>Total non-current liabilities</b>       | <b>(797)</b>      | <b>(804)</b>    | <b>7</b>       | <b>-0.9%</b>  |
|    | Net working capital                        |                   |                 |                |               |
| 10 | Inventories                                | 44,762            | 39,553          | 5,209          | 13.2%         |
| 11 | Trade receivables                          | 36,388            | 42,110          | (5,722)        | -13.6%        |
| 12 | Tax credits                                | 1,570             | 1,440           | 130            | 9.0%          |
| 13 | Other current assets                       | 27,194            | 14,682          | 12,512         | 85.2%         |
| 14 | Trade payables                             | (22,783)          | (14,436)        | (8,347)        | 57.8%         |
| 15 | Taxes payable                              | (4,045)           | (5,202)         | 1,157          | -22.2%        |
| 16 | Current provisions                         | 0                 | 0               | 0              | 0.0%          |
| 17 | Other current liabilities                  | (2,074)           | (2,477)         | 403            | -16.3%        |
|    | <b>Total net working capital</b>           | <b>81,012</b>     | <b>75,670</b>   | <b>5,342</b>   | <b>7.1%</b>   |
|    | Capital and reserves                       |                   |                 |                |               |
| 18 | Share capital                              | (5,644)           | (5,644)         | 0              | 0.0%          |
| 19 | Reserves                                   | (19,462)          | (19,462)        | 0              | 0.0%          |
| 20 | Treasury shares                            | 806               | 717             | 89             | 12.4%         |
| 21 | Profit (losses) carried forward            | (9,145)           | (10,113)        | 968            | -9.6%         |
|    | <b>Total capital and reserves</b>          | <b>(33,445)</b>   | <b>(34,502)</b> | <b>1,057</b>   | <b>-3.1%</b>  |
|    | <b>Total net assets</b>                    | <b>55,149</b>     | <b>48,227</b>   | <b>6,922</b>   | <b>14.4%</b>  |
|    | Current net debt                           |                   |                 |                |               |
| 22 | Cash and cash equivalents                  | 6,798             | 11,279          | (4,481)        | -39.7%        |
| 23 | Short-term payables to banks               | (54,700)          | (49,730)        | (4,970)        | 10.0%         |
| 24 | Other current financial liabilities        | (1,818)           | (3,309)         | 1,491          | -45.1%        |
|    | <b>Current net debt</b>                    | <b>(49,720)</b>   | <b>(41,760)</b> | <b>(7,960)</b> | <b>19.1%</b>  |
|    | Non-current net debt                       |                   |                 |                |               |
| 25 | Non-current financial assets               | 0                 | 0               | 0              | 0.0%          |
| 26 | Non-current payables to banks              | (3,717)           | (4,679)         | 962            | -20.6%        |
| 27 | Other non-current financial liabilities    | (1,712)           | (1,788)         | 76             | -4.3%         |
|    | <b>Non-current net debt</b>                | <b>(5,429)</b>    | <b>(6,467)</b>  | <b>1,038</b>   | <b>-16.1%</b> |
|    | <b>Total net debt</b>                      | <b>(55,149)</b>   | <b>(48,227)</b> | <b>(6,922)</b> | <b>14.4%</b>  |

**DIGITAL BROS GROUP**  
**CONSOLIDATED INCOME STATEMENT AT SEPTEMBER 30<sup>TH</sup> 2008 - 1° QUARTER 2008/2009**

|           | EUR/000                                                | 30 September 2008 |               | 30 September 2007 |               | Change         |                |
|-----------|--------------------------------------------------------|-------------------|---------------|-------------------|---------------|----------------|----------------|
| 1         | Gross revenues                                         | 26,225            | 122.9%        | 22,486            | 109.7%        | 3,739          | 16.6%          |
| 2         | Revenue adjustments                                    | (4,879)           | -22.9%        | (1,982)           | -9.7%         | (2,897)        | 146.2%         |
| <b>3</b>  | <b>Total net revenues</b>                              | <b>21,346</b>     | <b>100.0%</b> | <b>20,504</b>     | <b>100.0%</b> | <b>842</b>     | <b>4.1%</b>    |
| 4         | Purchase of goods for resale                           | (15,878)          | -74.4%        | (14,110)          | -68.8%        | (1,768)        | 12.5%          |
| 5         | Purchase of services for resale                        | (535)             | -2.5%         | (348)             | -1.7%         | (187)          | 53.7%          |
| 6         | Royalties                                              | (2,671)           | -12.5%        | (1,259)           | -6.1%         | (1,412)        | 112.2%         |
| 7         | Change in inventories of finished products             | 5,390             | 25.3%         | 1,500             | 7.3%          | 3,890          | 259.3%         |
| <b>8</b>  | <b>Total cost of goods sold</b>                        | <b>(13,694)</b>   | <b>-64.2%</b> | <b>(14,217)</b>   | <b>-69.3%</b> | <b>523</b>     | <b>-3.7%</b>   |
| <b>9</b>  | <b>Gross profit (3+8)</b>                              | <b>7,652</b>      | <b>35.8%</b>  | <b>6,287</b>      | <b>30.7%</b>  | <b>1,365</b>   | <b>21.7%</b>   |
| 10        | Other income                                           | 39                | 0.2%          | 15                | 0.1%          | 24             | 160.0%         |
| 11        | Cost of services                                       | (3,651)           | -17.1%        | (2,331)           | -11.4%        | (1,320)        | 56.6%          |
| 12        | Rent and leasing                                       | (166)             | -0.8%         | (93)              | -0.5%         | (73)           | 78.5%          |
| 13        | Payroll costs                                          | (3,205)           | -15.0%        | (2,394)           | -11.7%        | (811)          | 33.9%          |
| 14        | Other operating expenses                               | (620)             | -2.9%         | (381)             | -1.9%         | (239)          | 62.7%          |
| <b>15</b> | <b>Total operating expenses</b>                        | <b>(7,642)</b>    | <b>-35.8%</b> | <b>(5,199)</b>    | <b>-25.4%</b> | <b>(2,443)</b> | <b>47.0%</b>   |
| <b>16</b> | <b>EBITDA (9+10+15)</b>                                | <b>49</b>         | <b>0.2%</b>   | <b>1,103</b>      | <b>5.4%</b>   | <b>(1,054)</b> | <b>-95.6%</b>  |
| 17        | Depreciation and amortization                          | (181)             | -0.8%         | (147)             | -0.7%         | (34)           | 23.1%          |
| 18        | Provisions                                             | 0                 | 0.0%          | 0                 | 0.0%          | 0              | 0.0%           |
| 19        | Asset impairment charge                                | 0                 | 0.0%          | 0                 | 0.0%          | 0              | 0.0%           |
| 20        | Impairment reversal                                    | 0                 | 0.0%          | 0                 | 0.0%          | 0              | 0.0%           |
| <b>21</b> | <b>Total depreciation, amortization and impairment</b> | <b>(181)</b>      | <b>-0.8%</b>  | <b>(147)</b>      | <b>-0.7%</b>  | <b>(34)</b>    | <b>23.1%</b>   |
| <b>22</b> | <b>EBIT (16+21)</b>                                    | <b>(132)</b>      | <b>-0.6%</b>  | <b>956</b>        | <b>4.7%</b>   | <b>(1,088)</b> | <b>-113.8%</b> |
| 23        | Interest income                                        | 62                | 0.3%          | 36                | 0.2%          | 26             | 72.2%          |
| 24        | Interest expense                                       | (1,230)           | -5.8%         | (768)             | -3.7%         | (462)          | 60.2%          |
| <b>25</b> | <b>Net interest income (expense)</b>                   | <b>(1,168)</b>    | <b>-5.5%</b>  | <b>(732)</b>      | <b>-3.6%</b>  | <b>(436)</b>   | <b>59.6%</b>   |
| <b>26</b> | <b>Profit before taxes (22+25)</b>                     | <b>(1,300)</b>    | <b>-6.1%</b>  | <b>224</b>        | <b>1.1%</b>   | <b>(1,524)</b> | <b>n.s.</b>    |
| 27        | Current taxes                                          | (169)             | -0.8%         | (98)              | -0.5%         | (71)           | 72.4%          |
| 28        | Deferred taxes                                         | 501               | 2.3%          | 0                 | 0.0%          | 501            | 0.0%           |
| <b>29</b> | <b>Total taxes</b>                                     | <b>332</b>        | <b>1.6%</b>   | <b>(98)</b>       | <b>-0.5%</b>  | <b>430</b>     | <b>n.s.</b>    |
| <b>30</b> | <b>Net profit (26+29)</b>                              | <b>(968)</b>      | <b>-4.5%</b>  | <b>126</b>        | <b>0.6%</b>   | <b>(1,094)</b> | <b>n.s.</b>    |
|           | <b>Earnings per share:</b>                             |                   |               |                   |               |                |                |
| <b>31</b> | <b>Basic earnings per share (in EUR)</b>               | <b>(0.07)</b>     |               | <b>0.01</b>       |               | <b>(0.08)</b>  |                |
| <b>32</b> | <b>Diluted earnings per share (in EUR)</b>             | <b>(0.07)</b>     |               | <b>0.01</b>       |               | <b>(0.08)</b>  |                |

**DIGITAL BROS GROUP**  
**CONSOLIDATED CASH FLOW STATEMENT AT SEPTEMBER 30<sup>TH</sup> 2008 - 1° QUARTER 2008/2009**

| EUR/000                                                           | 30 September 2008 | 30 September 2007 |
|-------------------------------------------------------------------|-------------------|-------------------|
| <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                   | (968)             | 126               |
| Depreciation, amortization and provisions:                        |                   |                   |
| Amortization                                                      | 72                | 48                |
| Depreciation                                                      | 109               | 98                |
| Net change in other provisions                                    | 9                 | 0                 |
| Net change in employee benefit provisions                         | (16)              | (60)              |
| <b>TOTAL</b>                                                      | <b>(794)</b>      | <b>212</b>        |
| <b>C. Change in net working capital</b>                           |                   |                   |
| Inventories                                                       | (5,209)           | (1,500)           |
| Trade receivables                                                 | 5,722             | (2,011)           |
| Tax credits                                                       | (130)             | (683)             |
| Other current assets                                              | (12,512)          | (3,205)           |
| Trade payables                                                    | 8,347             | (1,333)           |
| Taxes payable                                                     | (1,157)           | 270               |
| Current provisions                                                | 0                 | 0                 |
| Other current liabilities                                         | (403)             | (560)             |
| <b>TOTAL</b>                                                      | <b>(5,342)</b>    | <b>(9,023)</b>    |
| <b>D. Cash flow from investing activities</b>                     |                   |                   |
| Investments in intangible assets                                  | (99)              | (66)              |
| Investments in property, plant and equipment                      | (106)             | (25)              |
| Investments in financial fixed assets                             | (492)             | 7                 |
| <b>TOTAL</b>                                                      | <b>(697)</b>      | <b>(84)</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                                                    | 0                 | 0                 |
| Change in treasury shares held                                    | (89)              | (25)              |
| Increases (decreases) in other components of capital and reserves | 0                 | (2)               |
| <b>TOTAL</b>                                                      | <b>(89)</b>       | <b>(27)</b>       |
| <b>G. Cash flow for the period (B+C+D+E+F)</b>                    | <b>(6,922)</b>    | <b>(8,922)</b>    |

**DIGITAL BROS GROUP**  
**SEGMENT REPORTING**  
**CONSOLIDATED INCOME STATEMENT AT SEPTEMBER 30<sup>TH</sup> 2008 - I° QUARTER 2008/2009**

|           | Consolidated figures in EUR/000                        | Distribution    | Newsstands  | New Media    | Publishing     | Holding      | Total           |
|-----------|--------------------------------------------------------|-----------------|-------------|--------------|----------------|--------------|-----------------|
| 1         | Gross revenues                                         | 15,861          | 118         | 142          | 10,104         | 0            | 26,225          |
| 2         | Revenue adjustments                                    | (1,512)         | (4)         | 0            | (3,363)        | 0            | (4,879)         |
| <b>3</b>  | <b>Total net revenues</b>                              | <b>14,349</b>   | <b>114</b>  | <b>142</b>   | <b>6,741</b>   | <b>0</b>     | <b>21,346</b>   |
| 4         | Purchase of goods for resale                           | (11,937)        | 0           | (1)          | (3,940)        | 0            | (15,877)        |
| 5         | Purchase of services for resale                        | 0               | (57)        | (255)        | (223)          | 0            | (535)           |
| 6         | Royalties                                              | (34)            | (67)        | (55)         | (2,516)        | 0            | (2,671)         |
| 7         | Change in inventories of finished products             | 1,838           | 27          | 0            | 3,525          | 0            | 5,390           |
| <b>8</b>  | <b>Total cost of goods sold</b>                        | <b>(10,133)</b> | <b>(98)</b> | <b>(310)</b> | <b>(3,153)</b> | <b>0</b>     | <b>(13,694)</b> |
| <b>9</b>  | <b>Gross profit (3+8)</b>                              | <b>4,216</b>    | <b>17</b>   | <b>(168)</b> | <b>3,588</b>   | <b>0</b>     | <b>7,652</b>    |
| 10        | Other income                                           | 32              | 0           | 0            | 7              | 0            | 39              |
| 11        | Cost of services                                       | (1,569)         | (22)        | (227)        | (1,795)        | (37)         | (3,651)         |
| 12        | Rent and leasing                                       | (79)            | 0           | (17)         | (69)           | (0)          | (166)           |
| 13        | Payroll costs                                          | (1,430)         | 0           | (337)        | (1,145)        | (294)        | (3,205)         |
| 14        | Other operating expenses                               | (334)           | (1)         | (12)         | (186)          | (88)         | (620)           |
| <b>15</b> | <b>Total operating expenses</b>                        | <b>(3,412)</b>  | <b>(23)</b> | <b>(593)</b> | <b>(3,195)</b> | <b>(419)</b> | <b>(7,642)</b>  |
| <b>16</b> | <b>EBITDA (9+10+15)</b>                                | <b>835</b>      | <b>(6)</b>  | <b>(762)</b> | <b>400</b>     | <b>(419)</b> | <b>49</b>       |
| 17        | Depreciation and amortization                          | (112)           | (0)         | (9)          | (37)           | (24)         | (181)           |
| 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, amortization and impairment</b> | <b>(112)</b>    | <b>(0)</b>  | <b>(9)</b>   | <b>(37)</b>    | <b>(24)</b>  | <b>(181)</b>    |
| <b>22</b> | <b>EBIT (16+21)</b>                                    | <b>723</b>      | <b>(6)</b>  | <b>(770)</b> | <b>363</b>     | <b>(442)</b> | <b>(132)</b>    |

**DIGITAL BROS S.P.A.**  
**BALANCE SHEET AT SEPTEMBER 30<sup>TH</sup> 2008 - I° QUARTER 2008/2009**

|    | EUR/000                                    | 30 September 2008 | 30 June 2008    | Change         |               |
|----|--------------------------------------------|-------------------|-----------------|----------------|---------------|
|    | <b>Non-current assets</b>                  |                   |                 |                |               |
| 1  | Property, plant and equipment              | 3,244             | 3,261           | (17)           | -0.5%         |
| 2  | Investment property                        | 455               | 455             | 0              | 0.0%          |
| 3  | Intangible assets                          | 630               | 595             | 35             | 5.9%          |
| 4  | Equity investments                         | 2,204             | 2,204           | 0              | 0.0%          |
| 5  | Non-current receivables and other assets   | 4                 | 4               | 0              | 0.0%          |
| 6  | Deferred tax assets                        | 688               | 525             | 163            | 31.0%         |
|    | <b>Total non-current assets</b>            | <b>7,225</b>      | <b>7,044</b>    | <b>181</b>     | <b>2.6%</b>   |
|    |                                            |                   |                 |                |               |
|    | <b>Non-current liabilities</b>             |                   |                 |                |               |
| 7  | Employee benefits                          | (512)             | (531)           | 19             | -3.6%         |
| 8  | Non-current provisions                     | (258)             | (249)           | (9)            | 3.6%          |
| 9  | Other non-current payables and liabilities | 0                 | 0               | 0              | n.s.          |
|    | <b>Total non-current liabilities</b>       | <b>(770)</b>      | <b>(780)</b>    | <b>10</b>      | <b>-1.3%</b>  |
|    |                                            |                   |                 |                |               |
|    | <b>Net working capital</b>                 |                   |                 |                |               |
| 10 | Inventories                                | 33,527            | 31,401          | 2,126          | 6.8%          |
| 11 | Trade receivables                          | 18,733            | 26,888          | (8,155)        | -30.3%        |
| 12 | Due from subsidiaries                      | 20,802            | 13,131          | 7,671          | 58.4%         |
| 13 | Tax credits                                | 96                | 77              | 19             | 24.7%         |
| 14 | Other current assets                       | 7,776             | 6,441           | 1,335          | 20.7%         |
| 15 | Trade payables                             | (5,927)           | (6,129)         | 202            | -3.3%         |
| 16 | Due to subsidiaries                        | (1,517)           | (1,451)         | (66)           | 4.5%          |
| 17 | Taxes payable                              | (3,300)           | (4,190)         | 890            | -21.2%        |
| 18 | Current provisions                         | (2,756)           | (2,230)         | (526)          | 23.6%         |
| 19 | Other current liabilities                  | (1,762)           | (2,280)         | 518            | -22.7%        |
|    | <b>Total net working capital</b>           | <b>65,672</b>     | <b>61,658</b>   | <b>4,014</b>   | <b>6.5%</b>   |
|    |                                            |                   |                 |                |               |
|    | <b>Capital and reserves</b>                |                   |                 |                |               |
| 20 | Share capital                              | (5,644)           | (5,644)         | 0              | 0.0%          |
| 21 | Reserves                                   | (17,965)          | (17,965)        | 0              | 0.0%          |
| 22 | Treasury shares                            | 806               | 717             | 89             | 12.4%         |
| 23 | Profit (losses) carried forward            | (4,851)           | (5,895)         | 1,044          | -17.7%        |
|    | <b>Total capital and reserves</b>          | <b>(27,654)</b>   | <b>(28,787)</b> | <b>1,133</b>   | <b>-3.9%</b>  |
|    |                                            |                   |                 |                |               |
|    | <b>Total net assets</b>                    | <b>44,473</b>     | <b>39,135</b>   | <b>5,338</b>   | <b>13.6%</b>  |
|    |                                            |                   |                 |                |               |
| 24 | Cash and cash equivalents                  | 5,065             | 8,014           | (2,949)        | -36.8%        |
| 25 | Short-term payables to banks               | (43,550)          | (40,451)        | (3,099)        | 7.7%          |
| 26 | Other current financial liabilities        | (1,732)           | (1,803)         | 71             | -3.9%         |
|    | <b>Current net debt</b>                    | <b>(40,217)</b>   | <b>(34,240)</b> | <b>(5,977)</b> | <b>17.5%</b>  |
|    |                                            |                   |                 |                |               |
| 27 | Non-current financial assets               | 0                 | 0               | 0              | 0.0%          |
| 28 | Non-current payables to banks              | (2,544)           | (3,107)         | 563            | -18.1%        |
| 29 | Other non-current financial liabilities    | (1,712)           | (1,788)         | 76             | -4.3%         |
|    | <b>Non-current net debt</b>                | <b>(4,256)</b>    | <b>(4,895)</b>  | <b>639</b>     | <b>-13.1%</b> |
|    |                                            |                   |                 |                |               |
|    | <b>Total net debt</b>                      | <b>(44,473)</b>   | <b>(39,135)</b> | <b>(5,338)</b> | <b>13.6%</b>  |

## DIGITAL BROS S.P.A.

## INCOME STATEMENT AT SEPTEMBER 2008 - I° QUARTER 2008/2009

|           | EUR/000                                                | 30 September 2008 |               | 30 September 2007 |               | Change         |                |
|-----------|--------------------------------------------------------|-------------------|---------------|-------------------|---------------|----------------|----------------|
| 1         | Gross revenues                                         | 15,561            | 111.2%        | 17,345            | 105.6%        | (1,784)        | -10.3%         |
| 2         | Revenue adjustments                                    | (1,571)           | -11.2%        | (927)             | -5.6%         | (644)          | 69.5%          |
| <b>3</b>  | <b>Total net revenues</b>                              | <b>13,990</b>     | <b>100.0%</b> | <b>16,418</b>     | <b>100.0%</b> | <b>(2,428)</b> | <b>-14.8%</b>  |
| 4         | Purchase of goods for resale                           | (11,944)          | -85.4%        | (10,690)          | -65.1%        | (1,254)        | 11.7%          |
| 5         | Purchase of services for resale                        | 0                 | 0.0%          | 0                 | 0.0%          | 0              | 0.0%           |
| 6         | Royalties                                              | (41)              | -0.3%         | (263)             | -1.6%         | 222            | -84.4%         |
| 7         | Change in inventories of finished products             | 2,126             | 15.2%         | (3,106)           | -18.9%        | 5,232          | -168.4%        |
| <b>8</b>  | <b>Total cost of goods sold</b>                        | <b>(9,859)</b>    | <b>-70.5%</b> | <b>(14,059)</b>   | <b>-85.6%</b> | <b>4,200</b>   | <b>-29.9%</b>  |
| <b>9</b>  | <b>Gross profit (3+8)</b>                              | <b>4,131</b>      | <b>29.5%</b>  | <b>2,359</b>      | <b>14.4%</b>  | <b>1,772</b>   | <b>75.1%</b>   |
| 10        | Other income                                           | 518               | 3.7%          | 332               | 2.0%          | 186            | 56.0%          |
| 11        | Cost of services                                       | (1,730)           | -12.4%        | (1,200)           | -7.3%         | (530)          | 44.2%          |
| 12        | Rent and leasing                                       | (79)              | -0.6%         | (69)              | -0.4%         | (10)           | 14.5%          |
| 13        | Payroll costs                                          | (1,937)           | -13.8%        | (1,842)           | -11.2%        | (95)           | 5.2%           |
| 14        | Other operating expenses                               | (421)             | -3.0%         | (368)             | -2.2%         | (53)           | 14.4%          |
| <b>15</b> | <b>Total operating expenses</b>                        | <b>(4,167)</b>    | <b>-29.8%</b> | <b>(3,479)</b>    | <b>-21.2%</b> | <b>(688)</b>   | <b>19.8%</b>   |
| <b>16</b> | <b>EBITDA (9+10+15)</b>                                | <b>482</b>        | <b>3.4%</b>   | <b>(788)</b>      | <b>-4.8%</b>  | <b>1,270</b>   | <b>-161.2%</b> |
| 17        | Depreciation and amortization                          | (132)             | -0.9%         | (118)             | -0.7%         | (14)           | 11.9%          |
| 18        | Provisions                                             | 0                 | 0.0%          | 0                 | 0.0%          | 0              | 0.0%           |
| 19        | Asset impairment charge                                | (526)             | -3.8%         | (613)             | -3.7%         | 87             | -14.2%         |
| 20        | Impairment reversal                                    | 0                 | 0.0%          | 0                 | 0.0%          | 0              | 0.0%           |
| <b>21</b> | <b>Total depreciation, amortization and impairment</b> | <b>(658)</b>      | <b>-4.7%</b>  | <b>(731)</b>      | <b>-4.5%</b>  | <b>73</b>      | <b>-10.0%</b>  |
| <b>22</b> | <b>EBIT (16+21)</b>                                    | <b>(176)</b>      | <b>-1.3%</b>  | <b>(1,519)</b>    | <b>-9.3%</b>  | <b>1,343</b>   | <b>-88.4%</b>  |
| 23        | Interest income                                        | 61                | 0.4%          | 34                | 0.2%          | 27             | 0.0%           |
| 24        | Interest expense                                       | (1,002)           | -7.2%         | (650)             | -4.0%         | (352)          | 54.2%          |
| <b>25</b> | <b>Net interest income (expense)</b>                   | <b>(941)</b>      | <b>-6.7%</b>  | <b>(616)</b>      | <b>-3.8%</b>  | <b>(325)</b>   | <b>52.8%</b>   |
| <b>26</b> | <b>Profit before taxes (22+25)</b>                     | <b>(1,117)</b>    | <b>-8.0%</b>  | <b>(2,135)</b>    | <b>-13.0%</b> | <b>1,018</b>   | <b>-47.7%</b>  |
| 27        | Current taxes                                          | (89)              | -0.6%         | 0                 | 0.0%          | (89)           | 0.0%           |
| 28        | Deferred taxes                                         | 162               | 1.2%          | 0                 | 0.0%          | 162            | 0.0%           |
| <b>29</b> | <b>Total taxes</b>                                     | <b>73</b>         | <b>0.5%</b>   | <b>0</b>          | <b>0.0%</b>   | <b>73</b>      | <b>0.0%</b>    |
| <b>30</b> | <b>Net profit (26+29)</b>                              | <b>(1,044)</b>    | <b>-7.5%</b>  | <b>(2,135)</b>    | <b>-13.0%</b> | <b>1,091</b>   | <b>-51.1%</b>  |