



PRESS RELEASE

The BoD approves the consolidated six-month report at 31st December 2007
(first half of Fiscal Year 2007-2008, from 1st July 2007 to 30th June 2008)

H1 Digital Bros Group: +19.8% Revenues, +12.0% EBITDA Net profit stable (+0.4%)

CONSOLIDATED INCOME STATEMENT – RESULTS H1 FY 2007-2008

<i>Thousands of Euros</i>	31.12.07	31.12.06	Change	Increase%
Consolidated revenues	97,823	81,684	16,139	+19.8%
EBITDA	8,624	7,702	922	+12.0%
EBIT	7,820	7,035	785	+11.2%
EBT	6,027	5,894	133	+2.3%
Net profit	3,492	3,478	14	+0.4%

In the first half of FY 2007-2008 the Group registers a growth of the revenues (+ 19.8%) and of all profitability margins: +12% EBITDA (at 8,624 thousands of Euros), +11.2% EBIT (at 7,820 thousands of Euros), +2.3% EBT (at 6,027 thousands of Euros). Steady the Net profit (+0.4%) at 3,492 thousands of Euros.

Alberto Pianta has been nominated as new independent director replacing Sergio Treves

The management of the Group stated the entry in the Spanish market through the newly constituted DB Iberia

Sales' record for the videogame Cooking Mama 2 that since four weeks is at the top of the videogames sale charts in Italy

Milan, 27th March 2008 – The Board of Directors of the Digital Bros Group – listed on the Star segment of the Italian Stock Exchange and active in the "digital entertainment" field – has approved today the consolidated six-month report at 31st December 2007 (first half of FY 2007-2008, from the 1st July 2007 to the 30th June 2008).

Significant results of the Digital Bros Group regarding the Consolidated Income Statement at the 31st December 2007 and comparative figures for the same period of the previous fiscal year are listed below and point out the increase of revenues and of all profitability margins thank to the positive trend and continuous development of the International Publishing activity, confirming its strategic relevance for the Group. In detail:

- **Consolidated Revenues** at € 97.8 million, growing for 19.8% if compared to € 81.6 million yoy;
- **EBITDA** at 8,624 thousands of Euros, growing for 12% yoy (7,702 thousands of Euros);
- **EBIT** at 7,820 thousands of Euros, reflecting a growth of 11.2% yoy compared to 7,035 thousands of Euros. To remember is that the application of the new royalties' evaluation criteria adopted by the Group since the last quarter of FY 2006-2007 had an impact on the EBIT at 31st December 2006 for 6,415 thousands of Euros with an effective growth of the EBIT for 22%. To underline, that this EBIT value is, in any case, relevant considering the strong investments of the Group for the New Media activity;

- **EBT** at 6,027 thousands of Euros, with a growth of 2.3% compared to 5,894 thousands of Euros yoy, pointing out an increase less than proportional than the EBIT due to the impact of the financial expenses. To remember that the application of the new royalties' evaluation criteria influenced also the EBT yoy which would result at 5,274 thousands of Euros showing a growth of 14.2%;
- **Net profit** steady at 3,492 thousands of Euros registering an increase of 0.4% yoy (at 3,478 thousands of Euros). To remember that also the Net profit was influenced by the application of the new royalties' evaluation criteria.

RESULTS PER BUSINESS AREA

In the first half of FY 2007-2008 the Publishing activity has generated revenues for € 24.2 million with a growth for over 300% (compared to € 5.7 million yoy) with an impact of 25% on the consolidated revenues of the Group. The EBITDA of the International Publishing is at 4,211 thousands of Euros, reflecting a growth of 357% (compared to the 920 thousands of Euros yoy).

In the mentioned period the traditional videogames' distribution activity in Italy has registered revenues for € 72.4 million that, if compared with the € 74.1 million yoy, show a decrease of 2.3% only against a reduction of 13% on a yearly basis foreseen by the management at the beginning of the FY.

The contribution to the Revenues and to the Profitability Margins in the first six months of FY 2007-2008 of the different business areas of the Digital Bros Group is listed below:

Results at 31st December 2007 per business area

<i>Thousands of Euros</i>	Distribution	Newsstands	New media	Publishing	Holding	Total
Revenues	72,401	1,036	164	24,222	0	97,823
Net revenues	65,512	974	164	20,854	0	87,504
Ebitda	6,479	26	(1,206)	4,211	(886)	8,625
Ebit	6,081	24	(1,487)	4,173	(971)	7,820

At 31st December 2007, the **Total Net Debt** of the Digital Bros Group is negative at € 61.4 million, equivalent to an increase of € 18,6 Million compared to the € 42.8 million registered at September 30th 2007. The debt grows also of € 14.8 million yoy considering the higher value of the Net Circulating Capital in the same period for € 18.8 million. This increase has to be imputed principally to the larger investments in Net Circulating Capital effected by the Group to sustain the strong development of the International Publishing and the New media activity, in particular for the development and launch of the gaming portals *gametribes.com* and *fueps.com*.

In the first half of FY 2007-2008, the company Digital Bros S.p.A. registers revenues for € 72.9 million, with a slight decrease compared to € 74.9 million yoy, and an EBT for € 2.6 million.

SIGNIFICANT EVENTS AFTER 31st DECEMBER 2007

- In March, the management of the Group informed about the entry in the Spanish market through the constitution of a new subsidiary, the company **DB Iberia**, which will start its activity in July. DB Iberia strengthens the internalization's process begun by the Group in the last two years with the creation of the English subsidiary, 505 Games, and the French subsidiary, DB France, leading the Group to a direct presence in the four countries – Italy, England, France and Spain – which represent more than 70% of the European videogames' market. Digital Bros products are delivered in 20 different countries through a strong commercial network;
- During March, the management of the Group has informed to have registered a relevant performance for **Cooking Mama 2**, the videogame for console Nintendo DS™ distributed on the European market by the subsidiary 505 Games. After one month from the launch, Cooking Mama 2 is since 4 consecutive weeks at the first place in the Italian videogames' sale chart with roughly 25,000 units sold. Cooking Mama 2 is, furthermore, among the top 10 titles most sold in Europe and at the 4th place in the UK chart, confirming itself as the most sold title for console DS™ in Europe among those not directly delivered by Nintendo;
- Two new publishing projects for console Nintendo DS™ for the European market, "**Kira Kira Pop Princess**" and "**Stelle sul Ghiaccio**", developed by the subsidiary 505 Games, for which the management of the Group foresees to repeat the success registered for the title Cooking Mama.

OUTLOOK

The management confirms the positive forecasts review already stated to the market on last August for FY 2007-2008: Revenues from € 140.5 to € 150.5 million (+7.1%), EBIT from € 10.1 to € 11.1 million (+9.9%). Growing also the guidance value of the publishing activity foreseen for the FY 2007-2008: Revenues from € 41 to € 51 million (+24.4%) and EBIT from € 6.4 to € 7.5 million (+17.2%).

FURTHER RESOLUTIONS

The Board of Directors of Digital Bros has nominated Alberto Pianta as new independent director replacing Sergio Treves. 68 years old, born in Milan, a long career covering managerial roles in important companies like Lancia, Fiat Group, New Holland and Finmeccanica, Pianta enters upon the task of member of the Committee for the Internal Control. The curriculum vitae of Alberto Pianta is available on the site www.digital-bros.net.

ART. 154-BIS of T.U.F.

As foreseen by comma 2 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 that the accounting information contained in this press release corresponds to the accounting results, accounting books and entry books.

Digital Bros

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.

Pioneer 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 the 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 and France;
- **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).

www.digital-bros.net

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FINANCIAL STATEMENTS

Consolidated balance sheet at 31st December 2007

	EUR/000	31 December 2007	30 June 2007	Change	
Non-current assets					
1	Property, plant and equipment	3,402	3,378	24	0.7%
2	Investment property	455	455	0	0.0%
3	Intangible assets	590	517	73	14.1%
4	Equity investments	476	740	(264)	-35.7%
5	Non-current receivables and other assets	111	61	50	82.0%
6	Deferred tax assets	2,588	2,695	(107)	-4.0%
	Total non-current assets	7,622	7,846	(224)	-2.9%
Non-current liabilities					
7	Employee benefits	(609)	(663)	54	-8.1%
8	Non-current provisions	(234)	(206)	(28)	13.6%
9	Other non-current payables and liabilities	0	0	0	0.0%
	Total non-current liabilities	(843)	(869)	26	-3.0%
Net working capital					
10	Inventories	39,160	39,040	120	0.3%
11	Trade receivables	63,480	31,157	32,323	n.s.
12	Tax credits	1,785	2,538	(753)	-29.7%
13	Other current assets	10,721	8,412	2,309	27.4%
14	Trade payables	(18,851)	(15,570)	(3,281)	21.1%
15	Taxes payable	(4,706)	(3,533)	(1,173)	33.2%
16	Current provisions	0	0	0	0.0%
17	Other current liabilities	(2,206)	(2,689)	483	-18.0%
	Total net working capital	89,383	59,355	30,028	50.6%
Capital and reserves					
18	Share capital	(5,644)	(5,644)	0	0.0%
19	Reserves	(19,457)	(19,457)	0	0.0%
20	Treasury shares	266	204	62	30.4%
21	Profit (losses) carried forward	(9,842)	(7,493)	(2,349)	31.3%
	Total capital and reserves	(34,677)	(32,390)	(2,287)	7.1%
	Total net assets	61,485	33,942	27,543	81.1%
Current net debt					
22	Cash and cash equivalents	5,740	7,080	(1,340)	-18.9%
23	Short-term payables to banks	(48,268)	(32,676)	(15,592)	47.7%
24	Other current financial liabilities	(6,542)	(3,250)	(3,292)	n.s.
	Current net debt	(49,070)	(28,846)	(20,224)	70.1%
Non-current net debt					
25	Non-current financial assets	0	0	0	0.0%
26	Non-current payables to banks	(10,200)	(2,673)	(7,527)	281.6%
27	Other non-current financial liabilities	(2,215)	(2,423)	208	-8.6%
	Non-current net debt	(12,415)	(5,096)	(7,319)	143.6%
	Total net debt	(61,485)	(33,942)	(27,543)	81.1%

Consolidated income statement at 31 December 2007

	EUR/000	H1 2007-2008		H1 2006-2007		Change	
1	Gross revenues	97,823	111.8%	81,684	108.6%	16,139	19.8%
2	Revenue adjustments	(10,319)	-11.8%	(6,494)	-8.6%	(3,825)	58.9%
3	Total net revenues	87,504	100.0%	75,190	100.0%	12,314	16.4%
4	Purchase of goods for resale	(60,693)	-69.4%	(57,041)	-75.9%	(3,652)	6.4%
5	Purchase of services for resale	(126)	-0.1%	(665)	-0.9%	539	-81.0%
6	Royalties	(3,319)	-3.8%	(2,628)	-3.5%	(691)	26.3%
7	Change in inventories of finished products	120	0.1%	3,605	4.8%	(3,485)	-96.7%
8	Total cost of goods sold	(64,018)	-73.2%	(56,729)	-75.4%	(7,289)	12.8%
9	Gross profit (3+8)	23,486	26.8%	18,461	24.6%	5,025	27.2%
10	Other income	3	0.0%	11	0.0%	(8)	-72.7%
11	Cost of services	(7,875)	-9.0%	(4,652)	-6.2%	(3,223)	69.3%
12	Rent and leasing	(195)	-0.2%	(196)	-0.3%	1	-0.3%
13	Payroll costs	(5,565)	-6.4%	(4,680)	-6.2%	(885)	18.9%
14	Other operating expenses	(1,230)	-1.4%	(1,242)	-1.7%	12	-1.0%
15	Total operating expenses	(14,865)	-17.0%	(10,770)	-14.3%	(4,095)	38.0%
16	EBITDA (9+10+15)	8,624	9.9%	7,702	10.2%	922	12.0%
17	Depreciation and amortization	(290)	-0.3%	(570)	-0.8%	280	-49.1%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(514)	-0.6%	(97)	-0.1%	(417)	n.s.
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
21	Total depreciation, amortization and impairment	(804)	-0.9%	(667)	-0.9%	(137)	20.5%
22	EBIT (16+21)	7,820	8.9%	7,035	9.4%	785	11.2%
23	Interest income	61	0.1%	8	0.0%	53	n.s.
24	Interest expense	(1,854)	-2.1%	(1,149)	-1.5%	(705)	61.5%
25	Net interest income (expense)	(1,793)	-2.0%	(1,141)	-1.5%	(652)	57.3%
26	Profit before taxes (22+25)	6,027	6.9%	5,894	7.8%	133	2.3%
27	Current taxes	(2,477)	-2.8%	(2,416)	-3.2%	(61)	2.5%
28	Deferred taxes	(58)	-0.1%	0	0.0%	(58)	n.s.
29	Total taxes	(2,535)	-2.9%	(2,416)	-3.2%	(119)	4.9%
30	Net profit (26+29)	3,492	4.0%	3,478	4.6%	14	0.4%
	Earnings per share:						
31	Basic earnings per share (in EUR)	0,25		0,25		0,00	0.0%
32	Diluted earnings per share (in EUR)	0,25		0,25		0,00	0.0%

Consolidated cash flow statement for the half-year to 31 December 2007

EUR/000	1H 2007-2008	1H 2006-2007
A. Opening net debt	(33,942)	(20,741)
Cash flow from operating activities		
Group's share of net profit (loss) for the year	3,492	3,478
Depreciation, amortization and provisions:		
Amortization	113	440
Depreciation	178	130
Net change in other provisions	28	46
Net change in employee benefit provisions	(54)	134
B. TOTAL	3,757	4,228
Change in net working capital		
Inventories	(120)	(3,608)
Trade receivables	(32,323)	(30,341)
Tax credits	753	(568)
Other current assets	(2,309)	(4,896)
Trade payables	3,281	9,134
Taxes payable	1,173	1,511
Current provisions	0	
Other current liabilities	(483)	19
C. TOTAL	(30,028)	(28,751)
Cash flow from investing activities		
Investments in intangible assets	(185)	(216)
Investments in property, plant and equipment	(202)	(106)
Investments in financial fixed assets	320	0
D. TOTAL	(67)	(322)
Cash flow from financing activities		
Capital increases	0	0
E. TOTAL	0	0
Movements in consolidated capital and reserves		
Dividends paid	(1,128)	(1,117)
Change in treasury shares held	(62)	0
Increases (decreases) in other components of capital and reserves	(15)	(18)
F. TOTAL	(1,205)	(1,135)
G. Cash flow for the period (B+C+D+E+F)	(27,543)	(25,980)
H. Closing net debt (A+G)	(61,485)	(46,721)

Details of cash flow movements by maturity

EUR/000	1H 2007-2008	1H 2006-2007
Increase (decrease) in securities and cash & cash equivalents	(1,340)	1,376
Decrease (increase) in short-term payables to banks	(15,592)	(20,092)
Decrease (increase) in other current financial liabilities	(3,292)	(6,742)
Short-term cash flow for the period	(20,224)	(25,458)
Medium-term cash flow for the period	(7,319)	(522)
Cash flow for the period	(27,543)	(25,980)

Segment reporting - Consolidated income statement at 31st December 2007

	Consolidated figures in EUR/000	Distribution	Newsstands	New Media	Publishing	Holding	Total
1	Gross revenues	72,401	1,036	164	24,222	0	97,823
2	Revenue adjustments	(6,889)	(62)	0	(3,368)	0	(10,319)
3	Total net revenues	65,512	974	164	20,854	0	87,504
4	Purchase of goods for resale	(50,027)	(1,070)	(17)	(9,580)	(0)	(60,693)
5	Purchase of services for resale	0	(126)	0	0	0	(126)
6	Royalties	(189)	(294)	(20)	(2,816)	0	(3,319)
7	Change in inventories of finished products	(486)	946	0	(339)	0	120
8	Total cost of goods sold	(50,703)	(544)	(36)	(12,735)	(0)	(64,018)
9	Gross profit (3+8)	14,809	431	128	8,119	(0)	23,486
10	Other income	3	0	0	0	0	3
11	Cost of services	(3,925)	(403)	(662)	(2,837)	(49)	(7,875)
12	Rent and leasing	(140)	0	(12)	(40)	(4)	(195)
13	Payroll costs	(3,431)	0	(639)	(909)	(586)	(5,565)
14	Other operating expenses	(838)	(2)	(21)	(121)	(247)	(1,230)
15	Total operating expenses	(8,333)	(405)	(1,334)	(3,907)	(886)	(14,865)
16	EBITDA (9+10+15)	6,479	26	(1,206)	4,211	(886)	8,624
17	Depreciation and amortization	(149)	(2)	(17)	(38)	(85)	(290)
18	Provisions	0	0	0	0	0	0
19	Asset impairment charge	(250)	0	(264)	0	0	(514)
20	Impairment reversal	0	0	0	0	0	0
21	Total depreciation, amortization and impairment	(399)	(2)	(281)	(38)	(85)	(804)
22	EBIT (16+21)	6,081	24	(1,487)	4,173	(971)	7,820

Digital Bros S.p.A. - Balance sheet at 31 December 2007

	EUR/000	31 December 2007	30 June 2007	Change	
	Non-current assets				
1	Property, plant and equipment	3,260	3,253	7	0.2%
2	Investment property	455	456	(1)	-0.2%
3	Intangible assets	503	466	37	7.9%
4	Equity investments	2,104	1,355	749	55.3%
5	Non-current receivables and other assets	8	4	4	100.0%
6	Deferred tax assets	1,027	1,027	0	0.0%
	Total non-current assets	7,357	6,561	796	12.1%
	Non-current liabilities				
7	Employee benefits	(592)	(653)	61	-9.3%
8	Non-current provisions	(234)	(206)	(28)	13.6%
9	Other non-current payables and liabilities	0	0	0	0.0%
	Total non-current liabilities	(826)	(859)	33	-3.8%
	Net working capital				
10	Inventories	31,092	34,298	(3,206)	-9.3%
11	Trade receivables	40,770	18,758	22,012	117.3%
12	Due from subsidiaries	19,557	10,626	8,931	84.0%
13	Tax credits	350	1,694	(1,344)	-79.3%
14	Other current assets	2,376	3,558	(1,182)	-33.2%
15	Trade payables	(12,417)	(8,739)	(3,678)	42.1%
16	Due to subsidiaries	(570)	(1,801)	1,231	-68.4%
17	Taxes payable	(1,726)	(1,746)	20	-1.1%
18	Current provisions	0	0	0	0.0%
19	Other current liabilities	(1,972)	(2,180)	208	-9.5%
	Total net working capital	77,460	54,468	22,992	42.2%
	Capital and reserves				
20	Share capital	(5,644)	(5,644)	0	0.0%
21	Reserves	(17,965)	(17,965)	0	0.0%
22	Treasury shares	266	204	62	30.4%
23	Profit (losses) carried forward	(5,734)	(5,704)	(30)	0.5%
	Total capital and reserves	(29,077)	(29,109)	32	-0.1%
	Total net assets	54,914	31,061	23,853	76.8%
	Current net debt				
24	Cash and cash equivalents	4,010	6,739	(2,729)	-40.5%
25	Short-term payables to banks	(47,437)	(31,007)	(16,430)	53.0%
26	Other current financial liabilities	(5,037)	(3,250)	(1,787)	55.0%
	Current net debt	(48,464)	(27,518)	(20,946)	76.1%
	Non-current net debt				
27	Non-current financial assets	0	0	0	0.0%
28	Non-current payables to banks	(4,234)	(1,120)	(3,114)	n.s.
29	Other non-current financial liabilities	(2,216)	(2,423)	207	-8.5%
	Non-current net debt	(6,450)	(3,543)	(2,907)	82.0%
	Total net debt	(54,914)	(31,061)	(23,853)	76.8%

Digital Bros S.p.A. - Income statement for the period ended 31 December 2007 (second quarter of 2007-2008)

	EUR/000	H1 2007-2008		H1 2006-2007		Change	
1	Gross revenues	72,989	108.1%	74,990	107.3%	(2,001)	-2.7%
2	Revenue adjustments	(5,472)	-8.1%	(5,109)	-7.3%	(363)	7.1%
3	Total net revenues	67,517	100.0%	69,881	100.0%	(2,364)	-3.4%
4	Purchase of goods for resale	(50,275)	-74.5%	(54,076)	-77.4%	3,801	-7.0%
5	Purchase of services for resale	0	0.0%	0	0.0%	0	n.s.
6	Royalties	(340)	-0.5%	(1,781)	-2.5%	1,441	-80.9%
7	Change in inventories of finished products	(3,206)	-4.7%	1,886	2.7%	(5,092)	n.s.
8	Total cost of goods sold	(53,821)	-79.7%	(53,971)	-77.2%	150	-0.3%
9	Gross profit (3+8)	13,696	20.3%	15,910	22.8%	(2,214)	-13.9%
10	Other income	765	1.1%	1,826	2.6%	(1,061)	-58.1%
11	Cost of services	(4,266)	-6.3%	(5,281)	-7.6%	1,015	-19.2%
12	Rent and leasing	(144)	-0.2%	(172)	-0.2%	28	-16.3%
13	Payroll costs	(4,399)	-6.5%	(3,985)	-5.7%	(414)	10.4%
14	Other operating expenses	(1,086)	-1.6%	(1,083)	-1.5%	(3)	0.3%
15	Total operating expenses	(9,895)	-14.7%	(10,521)	-15.1%	626	-6.0%
16	EBITDA (9+10+15)	4,566	6.8%	7,215	10.3%	(2,649)	-36.7%
17	Depreciation and amortization	(228)	-0.3%	(543)	-0.8%	315	-58.0%
18	Provisions	0	0.0%	0	0.0%	0	0.0%
19	Asset impairment charge	(250)	-0.4%	(1,015)	-1.5%	765	-75.4%
20	Impairment reversal	0	0.0%	0	0.0%	0	0.0%
21	Total depreciation, amortization and impairment	(478)	-0.7%	(1,558)	-2.2%	1,080	-69.3%
22	EBIT (16+21)	4,088	6.1%	5,657	8.1%	(1,569)	-27.7%
23	Interest income	57	0.1%	8	0.0%	49	n.s.
24	Interest expense	(1,529)	-2.3%	(1,145)	-1.6%	(384)	33.5%
25	Net interest income (expense)	(1,472)	-2.2%	(1,137)	-1.6%	(335)	29.5%
26	Profit before taxes (22+25)	2,616	3.9%	4,520	6.5%	(1,904)	-42.1%
27	Current taxes	(1,457)	-2.2%	(1,800)	-2.6%	343	-19.1%
28	Deferred taxes	0	0.0%	0	0.0%	0	0.0%
29	Total taxes	(1,457)	-2.2%	(1,800)	-2.6%	343	-19.1%
30	Net profit (26+29)	1,159	1.7%	2,720	3.9%	(1,561)	-57.4%