



PRESS RELEASE

DIGITAL BROS: THE SHAREHOLDERS' MEETING APPROVES THE FY 2009 ANNUAL REPORT

- *The Digital Bros Group closes FY 2008-2009 with consolidated Revenues steady at € 176 million (-1.6% yoy if compared to € 178.8 million of previous FY);*
- *Profitability margins down affected by the worldwide fall of consumptions and by major start-up costs for the new international subsidiaries in the United States and Spain. More specifically, 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 negative 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;*
- *The BoD has been authorized for buy-back operations.*

Milan, 28 October 2009 – The Shareholders' Meeting of the Digital Bros Group – listed on the Star segment of the Italian Stock Exchange (IT0001469995) and active in the "digital entertainment" sector – held today in first convocation, has approved the consolidated annual report of FY 2008-2009 closed on June 30th 2009 (1° July 2008 - 30 June 2009).

CONSOLIDATED RESULTS AT JUNE 30th 2009

The Digital Bros Group closes FY 2008-2009 with consolidated Revenues steady at € 176 million, with a slight decrease yoy by 1.6% (value at € 178.8 million at the end of FY 2007-2008), due principally to the lower revenues of the business area of the Italian Distribution, as foreseen. The Fiscal Year 2008-2009 closed, furthermore, with 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.I., 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 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), with EBIT 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).

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.

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. The net profit of the parent company has been wholly assigned to new profits.

FURTHER RESOLUTIONS

Buy-back operations

The Shareholders' Meeting has renewed the authorization for the Board of Directors to execute, within the date of approval of the Annual Report at June 30th 2010, buy-back operations of owned shares till a maximum of one million ordinary shares representing not more than the 10% of the already existing share capital, as foreseen by art. 144 bis of the Issuer Rule Book 11971/99. Possible purchases, if authorized, have to be closed on the Regulated Market at a price between 10 Euros and 0.40 Euros per share, in compliance with current legislation and the rules of Borsa Italiana. The reasons underlying the authorization request are: company purposes, for example, the exchange in order to realize strategic partnerships; investment aims, for example, having the chance to close deals, coverage and arbitrage operations to face unusual market swings or liquidity investments; to serve probable stock option plans which could be decided in future.

Digital Bros S.p.A. owns 458,774 treasury shares (consisting in 3.25% of the share capital) at an average balance-sheet value of € 3.25.

Directors' remuneration for FY 2009-2010

The Shareholders' Meeting has furthermore convened to fix in € 1,000,000, till new resolution, the total amount for the remuneration of all the Directors for FY 2009-2010.

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 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, Germany, the Nordic Regions 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).

For further information:

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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.
	Total non-current assets	11,047	7,863	3,184	40.5%
	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%
	Total non-current liabilities	(785)	(804)	19	-2.4%
	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%
	Total net working capital	76,890	75,670	1,220	1.6%
	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.
	Total capital and reserves	(27,139)	(34,502)	7,363	-21.3%
	Total net assets	60,013	48,227	11,786	24.4%
	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%
	Current net debt	(54,643)	(41,760)	(12,883)	30.9%
	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%
	Non-current net debt	(5,370)	(6,467)	1,097	-17.0%
	Total net debt	(60,013)	(48,227)	(11,786)	24.4%

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%
3	Total net revenues	144,392	100.0%	156,762	100.0%	(12,370)	-7.9%
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.
8	Total cost of goods sold	(106,131)	-73.5%	(113,008)	-72.1%	6,877	-6.1%
9	Gross profit (3+8)	38,261	26.5%	43,754	27.9%	(5,493)	-12.6%
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%
15	Total operating expenses	(39,914)	-27.6%	(30,880)	-19.7%	(9,034)	29.3%
16	EBITDA (9+10+15)	(1,512)	-1.0%	12,991	8.3%	(14,503)	n.s.
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%
21	Total depreciation, amortization and impairment	(795)	-0.6%	(1,350)	-0.9%	555	-41.1%
22	EBIT (16+21)	(2,307)	-1.6%	11,641	7.4%	(13,948)	n.s.
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%
25	Net interest income (expense)	(4,500)	-3.1%	(3,613)	-2.3%	(887)	24.6%
26	Profit before taxes (22+25)	(6,807)	-4.7%	8,028	5.1%	(14,835)	n.s.
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.
29	Total taxes	1,429	1.0%	(4,280)	-2.7%	5,709	n.s.
30	Net profit (26+29)	(5,378)	-3.7%	3,748	2.4%	(9,126)	n.s.
Earnings per share:							
33	Basic earnings per share (in EUR)	(0.39)		0.27		(0.66)	
34	Diluted earnings per share (in EUR)	(0.39)		0.27		(0.66)	

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

	EUR/000	30 June 2009	30 June 2008
A. Opening net debt		(48,227)	(33,942)
B. Cash flow from operating activities			
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)
TOTAL		(4,602)	4,339
C. Change in net working capital			
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)
TOTAL		(1,220)	(16,315)
D. Cash flow from investing activities			
Investments in intangible assets		(341)	(474)
Investments in property, plant and equipment		(425)	(719)
Investments in financial fixed assets		(3,212)	520
TOTAL		(3,979)	(673)
E. Cash flow from financing activities			
Capital increases		0	0
TOTAL		0	0
F. Movements in consolidated capital and reserves			
Dividends paid		(1,103)	(1,128)
Change in treasury shares held		(772)	(513)
Increases (decreases) in other components of capital and reserves		(110)	5
TOTAL		(1,985)	(1,636)
G. Cash flow for the period (B+C+D+E+F)		(11,786)	(14,285)
H. Final financial net position (A+G)		(60,013)	(48,227)

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
	Non-current assets							
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
	Total non-current assets	1,809	4	1,062	619	3,168	4,386	11,047
	Non-current liabilities							
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
	Total non-current liabilities	(763)	0	(22)	0	0	0	(785)
	Net working capital							
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)
	Total net working capital	51,635	1,324	536	22,589	0	805	76,890
	Total	52,681	1,328	1,576	23,208	3,168	5,191	87,152

SEGMENT REPORTING - CONSOLIDATED INCOME STATEMENT AT 30 JUNE 2009

	Consolidated figures in EUR/000	Distribution Italy	Newsstand	New media	International 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)
3	Total net revenues	96,973	1,858	637	44,924	0	144,392
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 finished products	860	100	0	1,616	0	2,576
8	Total cost of goods sold	(69,353)	(1,229)	(1,624)	(33,925)	0	(106,131)
9	Gross profit (3+8)	27,620	629	(987)	10,999	0	38,261
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)
15	Total operating expenses	(19,295)	(366)	(1,698)	(16,892)	(1,663)	(39,914)
16	EBITDA (9+10+15)	8,367	263	(2,598)	(5,881)	(1,663)	(1,512)
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
21	Total depreciation, amortization and impairment	(512)	(2)	(35)	(152)	(94)	(795)
22	EBIT (16+21)	7,855	261	(2,633)	(6,033)	(1,757)	(2,307)

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

	EUR/000	30 June 2009	30 June 2008	Change	
Non-current assets					
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%
	Total non-current assets	8.017	7.044	973	13.8%
Non-current liabilities					
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%
	Total non-current liabilities	(759)	(780)	21	-2.7%
Net working capital					
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%
	Total net working capital	69,418	61,658	7,760	12.6%
Capital and reserves					
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%
	Total capital and reserves	(27,557)	(28,787)	1,230	-4.3%
	Total net assets	49,119	39,135	9,984	25.5%
Current net debt					
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%
	Current net debt	(46,560)	(34,240)	(12,320)	36.0%
Non-current net debt					
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%
	Non-current net debt	(2,559)	(4,895)	2,336	-47.7%
	Total net debt	(49,119)	(39,135)	(9,984)	25.5%

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%
3	Total net revenues	97,661	100.0%	113,754	100.0%	(16,093)	-14.1%
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.%
8	Total cost of goods sold	(70,172)	-71.9%	(86,414)	-76.0%	16,242	-18.8%
9	Gross profit (3+8)	27,489	28.1%	27,340	24.0%	149	0.5%
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%
15	Total operating expenses	(21,912)	-22.4%	(19,684)	-17.3%	(2,228)	11.3%
16	EBITDA (9+10+15)	6,998	7.2%	9,613	8.5%	(2,615)	-27.2%
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%
21	Total depreciation, amortization and impairment	(1,213)	-1.2%	(2,534)	-2.2%	1,321	-52.1%
22	EBIT (16+21)	5,785	5.9%	7,079	6.2%	(1,294)	-18.3%
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%
25	Net interest income (expense)	(3,700)	-3.8%	(2,925)	-2.6%	(775)	26.5%
26	Profit before taxes (22+25)	2,085	2.1%	4,154	3.7%	(2,069)	-49.8%
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.
29	Total taxes	(1,438)	-1.5%	(2,834)	-2.5%	1,396	-49.3%
30	Net profit (26+29)	648	0.7%	1,320	1.2%	(672)	-50.9%