



PRESS RELEASE

The Board of Directors approves the Consolidated Report at 31st March 2005

Digital Bros Group: Q3 YTD revenues totalled EUR 80 million (+15% yoy) together with strong growth of profitability margins

Consolidated Results of Q3 of the fiscal year 2004-2005 (Euro Thousands)	31st March 2005	31st March 2004	%	As % of revenues (31.03.05)
Sales revenues	79.700	69.111	+ 15 %	-
Ebitda	10.707	5.545	+ 93%	13,4 %
Ebit	7.381	3.094	+ 139%	9,3 %
Ebt	4.286	(2.905)	-	5,3 %

In the first nine months of the fiscal year 2004/2005 the Group achieved higher profitability margins either for the significant growth in sales revenues and a better cost structure, the launch of International publishing activities and significant cost cutting policies adopted in the online gaming and Digital TV segments.

Based on Q3 actual results the Group has upgraded forecasts for the 2004/2005 fiscal year: Sales forecast are on a range of 92-94 millions Euro (vs. 87 previous forecast), EBITDA on a range of 11,5-12,5 millions Euro (vs. previous 7,4), EBIT on a range of 7-8 millions Euro (vs. previous 5,4) and EBT on a range of 4-5 millions Euro (vs. previous 3)

Milan, 11th May 2005 – The Digital Bros Board of Directors, a group operating in the digital entertainment market, listed on the TechSTARtm segment of the market organised by Borsa Italiana S.p.A., has approved today the Q3 results of the fiscal year 2004/2005.

In the first nine months of the fiscal year 2004/2005, Digital Bros consolidated revenues increased by 15% yoy together with a strong growth in profitability margins. Revenues growth has been generated by the positive trend of the group core business: distribution of videogames in Italy (95% of total revenues), the relaunch of International videogame publishing that has represented the 3,5% of total consolidated revenues at 31st March 2004 (2,7 Millions Euro). Revenues and profitability margins year to date at 31st March 2005 detailed per business segments are as follows:

Q3 2004/2005 YTD per business segments (Euro Thousands)	Distribution	Publishing	Online	Digital TV	Consolidated
Sales revenues	75.952	2.705	563	480	79.700
EBITDA	9.133	1.676	(96)	(6)	10.707
EBIT	7.019	669	(258)	(49)	7.381



The increased group performances in profitability margins has been achieved in line with:

- a better cost structure of the Italian distribution activities;
- the profitability margins higher than the other group segments realised in the relaunched International videogame publishing segment; EBITDA margin (62% of total segment revenues) and EBIT margin (25% of total segment revenues);
- cost cutting policies implemented in the loss generating segments Online Gaming and Digital TV.

Consolidated results for the period ended at 31st March 2005 compared with previous year results are as follows:

Q3 2004/2005 YTD consolidated results (Euro Thousands)	31.03.05	31.03.04	%	As % of revenues (31.03.05)
Sales revenues	79.700	69.111	+ 15 %	-
Ebitda	10.707	5.545	+ 93%	13,4 %
Ebit	7.381	3.094	+ 139%	9,3 %
Ebt	4.286	(2.905)	-	5,3 %

In Q3 2004/2005 the Holding company Digital Bros S.p.A. maintained its leadership in the videogame Italian market; the company posted revenues for 78,5 millions Euro compared to the 67,9 posted in the first nine month previous fiscal year.

Consolidated net financial debts at 31st March 2005 have been 17,6 Millions Euro, showing a significant decrease of 4,8 Millions Euro from 22,4 Millions Euro at 31st December 2004. The decrease from 18,1 Millions Euro at 31st March 2004 amounted at 0,5 Millions Euro.

Q3 performances and forecast for the total fiscal year 2004/2005

In Q3 (period January-March) Digital Bros has generated **consolidated revenues for 18,8 Millions Euro** (compared to the 20,3 Mililons Euro in the same period of the previous fiscal year) and an **EBT of 4,3 Millions Euro** (compared to an EBT loss of 2,9 Miilons Euro in the same period of the previous fiscal year).

Revenues decrease of 7% yoy are due to a different timing of videogame launches in the market, Revenues trend, despite the above, has been better than expected by the management and for this reason forecasts for the fiscal year 2004/2005 have been upgraded. The actual forecasts are: revenues on a range of 92 to 94 Millions Euro, EBITDA on a range of 11,5 to 12,5 Millions Euro, EBIT on a range of 7 to 8 Millions Euro, and EBT on a range of 4 to 5 Millions Euro. The management will provide forecast for the net income in the near future together with the budget for the next fiscal year in order to better evaluate the fiscal charges especially for the potential deferred tax assets recognition.



Significant events of the third Quarter:

January 2005: Digital Bros announced the creation of a new division—DTI, Distribution Trade Italy—completely dedicated to international publishers that operate directly in the domestic market through their own branches. Through DTI, Digital Bros will provide these publishers value-added services related to distribution, logistics and CRM, enhancing the effectiveness of their strategies in Italy.

February 2005: Digital Bros announced the formation of D3DB, a 50/50 joint venture with D3 Publisher, a Tokyo-based company world leader in the development and publishing of budget console videogames. D3DB's objective is to become a significant player in the budget videogames market through the distribution of D3 Publisher titles in Europe, the Middle East, Australia and New Zealand.

March 2005: On the day one in Italy, the new videogame Metal Gear Solid 3 “Snake Eater”, third chapter in the popular saga produced by Konami Corporation and distributed in the Italian market by Digital Bros, sold 150,000 copies, generating revenue of € 6.6 million.

Raphael Galante, CEO of Digital Bros commented: “The over expectations results for the period ended 31st March 2005 are explained by the strategic vision adopted by the management given its long experience in the market. The growing success encountered by Metal Gear Solid 3, launched at the beginning of March will be soon followed by other excellent products in line with the strategic partnerships recently realised. The above will enhance Group performances in the near future despite of the seasonality affecting the market in the summer period”.

Digital Bros

Listed on the Stock Exchange in October 2000 and on TechSTAR of the Nuovo Mercato in April 2004, the Digital Bros Group has been operating since 1989 in the videogames distribution sector. Today it is leader in such activity in the Italian market and among the top players in Europe.

In 1999, Digital Bros initiated a process to diversify its activities by forming three new businesses: videogames publishing, a thematic digital TV channel that broadcasts videogame-dedicated programming 24 hours a day, and online gaming activity.

Today the Group operates in four distinct business areas:

- Videogames distribution: Halifax, DTI (Distribution Trade Italia) and Game Service
- Publishing: 505 Game Street
- Digital television: Game Network TV (Sky channel 816)
- Pay-to-Play Online Gaming: Game Network Online.

For further information:

Digital Bros SpA
Stefano Salbe
CFO
Tel. 02/413031

Mirella Villa Comunicazione Srl
Tel. 02-4980162
Mirella Villa / Francesca Baldini
Cell. 335 7592701 / 335-7357147



Enclosure 1

Consolidated ratios :

Consolidated 9 months				
Euro Thousands	31 march 2005	31 march 2004	Difference	
Sales revenue	79.700	69.111	10.589	15%
(EBITDA)	10.707	5.545	5.162	93%
(EBIT)	7.381	3.094	4.287	139%
(EBT)	4.286	(2.905)	7.191	n.s.

Consolidated 3 months				
Euro Thousands	31 march 2005	31 march 2004	Difference	
Sales revenue	18.823	20.309	(1.486)	-7%
(EBITDA)	2.161	1.268	893	70%
(EBIT)	1.398	749	649	87%
(EBT)	536	13	523	n.s.

Digital Bros Spa ratios :

Digital Bros S.p.A. 9 months				
Euro Thousands	31 march 2005	31 march 2004	Difference	
Sales revenue	78.538	67.921	10.617	16%
(EBITDA)	11.296	6.170	5.126	83%
(EBIT)	8.213	3.474	4.739	136%
(EBT)	4.251	(10.929)	15.180	-139%

Digital Bros S.p.A. 3 months				
Euro Thousands	31 march 2005	31 march 2004	Difference	
Sales revenue	18.304	20.136	(1.832)	-9%
(EBITDA)	2.087	1.721	366	21%
(EBIT)	1.558	1.335	223	17%
(EBT)	509	(40)	549	n.s.



Annex 2

Digital Bros – Quarterly financial accounts at 31 March 2005			
Consolidated Nine-months Situation to 31 March 2005 (Amounts in Euro Thousands)			
	31 march 2005	31 march 2004	30 june 2004
Assets:			
Non-current Assets	5.213	4.213	3.784
Current Assets	57.036	51.786	53.318
<i>Including Cash, bank and on hand and short-term financial assets.</i>	2.968	5.156	5.105
Prepaid expenses and accrued income	451	503	402
Total assets	62.700	56.502	57.504
Liabilities and shareholders' equity			
Share Capital and reserves	21.493	20.235	20.235
Profit and Loss for the period	4.286	173	457
Total shareholders' equity	25.779	20.408	20.692
Provisions for risks	4.841	3.167	4.018
Employee severance indemnity reserve	628	545	589
Payables	30.114	31.660	31.451
<i>due with in a year</i>	28.169	29.490	29.281
<i>due after a year</i>	1.945	2.170	2.170
Accrued expenses and deferred income	1.338	722	754
Total liabilities	36.921	36.094	36.812
Total liabilities and shareholders' equity	62.700	56.502	57.504
Cash at bank and short-term financial assets	2.968	5.156	5.105
Short term financial liabilities	18.572	21.116	18.879
Financial liabilities due after more than a year	1.945	2.170	2.170
Net financial debts	(17.549)	(18.130)	(15.944)



Digital Bros - Quarterly financial accounts at 31 March 2005

Consolidated Income Statement – third quarter nine months of year 2004-2005

(Amounts in Euro Thousands)

	31 march 2005	31 march 2004	Difference
Sales revenues	79.700	69.111	10.589
Ch'ange in inventory	4.208	1.953	2.255
Other revenues	395	59	336
Value of production	84.303	71.123	13.180
Production Costs	(73.596)	(65.578)	(8.911)
Gross Margin (EBITDA)	10.707	5.545	4.269
Amortisation and depreciation	(3.326)	(2.451)	18
(EBIT)	7.381	3.094	4.287
Net financial charges	(2.250)	(2.054)	(196)
Write-offs	(4)	(3.636)	3.632
Extraordinary Items	(841)	(309)	(532)
(EBT)	4.286	(2.905)	7.191



Annex 3

Digital Bros - Quarterly financial accounts at 31 March 2005			
Consolidated Income Statement – third quarter three months of year 2004-2005			
(valori espressi in migliaia di Euro)			
	31 march 2005	31 march 2004	Difference
Sales revenues	18.823	20.309	(1.486)
Ch'ange in inventory	2.576	(410)	2.986
Other revenues	103	20	83
Value of production	21.502	19.919	1.583
Production Costs	(19.341)	(18.651)	(1.583)
Gross Margin (EBITDA)	2.161	1.268	0
Amortisation and depreciation	(763)	(519)	649
(EBIT)	1.398	749	649
Net financial charges	(703)	(739)	36
Write-offs	(4)	(1)	(3)
Extraordinary Items	(155)	4	(159)
(EBT)	536	13	523



Annex 4

Digital Bros - Quarterly financial accounts at 31 March 2005			
Digital Bros Spa Nine-months Situation to 31 March 2005 (Amounts in Euro Thousands)			
	31 march 2005	31 march 2004	30 june 2004
Assets:			
Non-current Assets	2.608	4.733	4.477
Current Assets	57.524	54.205	54.808
<i>Including Cash, bank and on hand and short-term financial assets.</i>	2.874	5.070	4.975
Prepaid expenses and accrued income	713	185	276
Total assets	60.845	59.123	59.561
Liabilities and shareholders' equity			
Share Capital and reserves	21.483	28.128	28.128
Profit and Loss for the period	4.251	(7.849)	(7.442)
Total shareholders' equity	25.734	20.279	20.686
Provisions for risks	5.738	5.010	6.198
Employee severance indemnity reserve	591	510	545
Payables	27.578	32.602	31.511
<i>due with in a year</i>	27.578	30.432	29.341
<i>due after a year</i>	-	2.170	2.170
Accrued expenses and deferred incombe	1.204	722	621
Total liabilities	35.111	38.844	38.875
Total liabilities and shareholders' equity	60.845	59.123	59.561
Cash at bank and short-term financial assets	2.874	5.070	4.975
Short term financial liabilities	18.513	21.114	18.874
Financial liabilities due after more than a year	0	2.170	2.170
Net financial debts	(15.639)	(18.214)	(16.069)



Digital Bros - Quarterly financial accounts at 31 March 2005

Digital Bros Spa Income Statement – third quarter nine months of year 2004-2005

(Amounts in Euro Thousands)

	31 march 2005	31 march 2004	Difference
Sales revenues	78.538	67.921	10.617
Change in inventory	4.168	1.973	2.195
Other revenues	885	721	164
Value of production	83.591	70.615	12.976
Production Costs	(72.295)	(64.445)	(8.743)
Gross Margin (EBITDA)	11.296	6.170	4.233
Amortisation and depreciation	(3.083)	(2.696)	506
(EBIT)	8.213	3.474	4.739
Net financial charges	(2.223)	(2.051)	(172)
Write-offs	(901)	(11.976)	11.075
Extraordinary Items	(838)	(376)	(462)
(EBT)	4.251	(10.929)	15.180



Digital Bros - Quarterly financial accounts at 31 March 2005

Digital Bros Spa Income Statement – third quarter three months of year 2004-2005

(Amounts in Euro Thousands)

	31 march 2005	31 march 2004	Difference
Sales revenues	18.304	20.136	(1.832)
Ch'ange in inventory	2.696	(410)	3.106
Other revenues	262	87	175
Value of production	21.262	19.813	1.449
Production Costs	(19.175)	(18.092)	(1.976)
Gross Margin (EBITDA)	2.087	1.721	(527)
Amortisation and depreciation	(529)	(386)	750
(EBIT)	1.558	1.335	223
Net financial charges	(679)	(738)	59
Write-offs	(201)	(574)	373
Extraordinary Items	(169)	(63)	(106)
(EBT)	509	(40)	549