



PRESS RELEASE

Digital Bros: consolidated revenues increased by 50% yoy in the first quarter of the 2004-2005 Fiscal Year.

The Group achieved in the first quarter of the fiscal year an EBT of € 386 thousands compared to a negative EBT of € 719 thousands in the same period of the of the previous year.

Game Service – Digital Bros Group subsidiary entered into a commercial agreement with Venex

Milan, November 11th 2004. The Board of Directors of Digital Bros, holding company operating in the digital entertainment market, listed on the TechSTAR™ segment* of the market organised by Borsa Italiana S.p.A., today approved the quarterly financial accounts as of 30 September 2004 (first quarter of Fiscal Year 2004 – 2005).

The Group achieved on a consolidated basis significant improvements, following the positive trend recorded in previous years:

- Consolidated revenues peaked at € 14,7 million, with a growth of € 4,9 million (+50%) compared to the 1st quarter 2003/2004;
- EBITDA grew to € 1,8 million, reaching 12,2% of revenues, with a € 1,3 million increase compared to € 0,5 million achieved at the end of the first quarter of FY 2003/2004;
- EBIT has registered a substantial growth of € 1,2 million, 8% of revenues;
- Pre-tax profit of € 0,4 million is positive, improving with respect to the negative value of € 0,7 million registered during the first quarter of the previous year.

Summer is not part of the busy season of the videogame business. In fact most of the revenues are achieved during the second and third quarter of the fiscal year, before and immediately after Christmas. The seasonality affects margins because a lower amount of revenues generates a lower total margin even if the margin percentage remains stable. Despite the above the Group has reach profitability during the first quarter of the fiscal year.

The holding company Digital Bros S.p.A., confirms its leadership of the Italian market and registers a 49% revenues increase, growing from € 9,6 million recorded during the first quarter 2003/2004 to € 14,3 million.

Digital Bros achieved significant improvements in relation to the other financial margins. EBITDA rose to € 2,1 million, equal to 14,7% of revenues, with a € 1,5 million growth compared to € 0,6 million recorded during the first quarter 2003/2004. EBIT amounts to € 1,5 million, 10,5% of revenues, and increased by € 1,3 million with respect to the same period of the previous year. Pre-tax result is positive at € 0,4 million, with a € 0,8 million yoy growth compared to negative value of € 0,4 million which was registered in the first quarter of the previous year.

* TechSTAR = high-standard segment of Italy's Nuovo Mercato (New Market) for companies featuring sustainable growth and meeting requirements in terms of stock liquidity, transparency and corporate governance.



This positive performance is also achieved thanks to Game Network SAT TV (Sky Channel 816). Game Network has established itself as one of the most effective and exclusive marketing tools in the successful promotion of the Group products.

The international publishing activity has generated, during the first quarter revenues for € 909.000, concerning the pan-European launch of titles such as Energy Airforce Aim Strike, Bujingai and the PlayStation™2 budget line series. These results will be confirmed in the following quarters thanks to the launch of a line up which will bring continuity in each quarter of the Fiscal Year.

Game Service, Digital Bros's subsidiary which operates in the acquisition and management of videogame departments in stores that are not involved in this specific business, has reinforced its efficiency and support to trade thanks to the first important contract stipulated with the Venex Group, network composed of a relevant number of points of sale.

Consolidated net financial debt is equal to € 16,2 million, with a € 0,5 million decrease with respect to 30 September 2003 and a minimal € 0,3 growth with respect to 30 June 2004, in line with the regular seasonal trend.

Current fiscal year consolidated expected results have been confirmed: consolidated revenue will amount to € 87,1 million, EBITDA at € 7,4 million, EBIT at € 5,3 million and an expected net profit of € 1,8 million.

“We are extremely satisfied by this first quarter positive results, – commented Raphael Galante, the Managing Director of Digital Bros S.p.A. – achieved with an effective synergy between the different activities of the Group”.

Digital Bros operates in the videogame distribution market nationwide since 1989 and is currently the market leader . In 1999 the core activity of the company diversified with the new businesses: videogame publishing, a digital TV channel which broadcasts 24 hours a day contents exclusively dedicated to videogames and the online gaming. Since October 2000 the Group is listed in the Nuovo Mercato Italian stock exchange and since April 2004 at the TechSTAR – Nuovo Mercato.



CONSOLIDATED
Amounts in million of Euros

<i>million of Euros</i>	30 September 2004	30 September 2003	Variation	
Total Revenues	14,7	9,8	4,9	50%
EBIDTA	1,8	0,5	1,3	260%
EBIT	1,2	0,0	1,2	n.s.
EBT	0,4	(0,7)	1,1	n.s.

DIGITAL BROS SPA
Amounts in million of Euros

<i>million of Euros</i>	30 September 2004	30 September 2003	Variation	
Total Revenues	14,3	9,6	4,7	49%
EBIDTA	2,1	0,6	1,5	250%
EBIT	1,5	0,2	1,3	n.s.
EBT	0,4	(0,4)	0,8	n.s.

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Milan, 11 November 2004



Quarterly report as at September 30, 2004		
Consolidated Balance Sheet at September 30, 2004		
(amounts in thousands of Euro)		
	30/09/2004	30/09/2003
Assets		
Non-current assets	3.862	6.428
Current assets	58.382	43.044
<i>including cash at bank and on hand and short-term financial assets</i>	5.234	4.868
Prepaid expenses and accrued income	675	347
Total assets	62.919	49.819
Liabilities and shareholders' equity		
Share capital and reserves	20.688	18.465
Loss for the period	386	(719)
Total shareholders' equity	21.074	17.746
Provisions for risks	4.025	107
Employee severance indemnity reserve	590	525
Payables	36.202	31.239
<i>due after less than a year</i>	34.032	27.299
<i>due after more than a year</i>	2.170	3.940
Accrued expenses and deferred income	1.028	202
Total liabilities	41.845	32.073
Total liabilities and shareholders' equity	62.919	49.819
Cash at bank and on hand short-term financial assets	5.234	4.868
Short term financial liabilities	19.271	17.672
Financial liabilities due after more than a year	2.170	3.940
Net financial debts	(16.207)	(16.744)



Quarterly report as at September 30, 2004		
Consolidated Income Statement – 1st quarter of year 2004/2005		
(amounts in thousands of Euro)		
	Q1 2004/2005	Q1 2003/2004
Sales revenues	14.725	9.822
Change in inventory	2.453	1.217
Other revenues	138	38
Value of production	17.316	11.077
Production costs	(15.480)	(10.586)
Gross margin (EBITDA)	1.836	491
Amortisation and depreciation	(617)	(530)
EBIT	1.219	(39)
Net financial charges	(582)	(503)
Extraordinary items	(251)	(177)
EBT	386	(719)



Quarterly report as at September 30, 2004		
Digital Bros. S.p.A. Balance Sheet at September 30, 2004		
(amounts in thousands of Euro)		
	30/09/2004	30/09/2003
Assets		
Non-current assets	4.639	9.319
Current assets	58.524	47.382
<i>including cash at bank and on hand and short-term financial assets</i>	5.158	4.786
Prepaid expenses and accrued income	326	114
Total assets	63.489	56.815
Liabilities and shareholders' equity		
Share capital and reserves	20.683	26.379
Loss for the period	387	(439)
Total shareholders' equity	21.070	25.940
Provisions for risks	6.533	107
Employee severance indemnity reserve	561	474
Payables	34.437	30.092
<i>due after less than a year</i>	32.267	26.152
<i>due after more than a year</i>	2.170	3.940
Accrued expenses and deferred income	888	202
Total liabilities	42.419	30.875
Total liabilities and shareholders' equity	63.489	56.815
Cash at bank and on hand short-term financial assets	5.158	4.786
Short term financial liabilities	19.265	17.672
Financial liabilities due after more than a year	2.170	3.940
Net financial debt	(16.277)	(16.826)



Quarterly report as at September 30, 2004		
Digital Bros S.p.A. Income Statement – 1 st quarter of year 2004/2005		
(amounts in thousands of Euro)		
	Q1 2004/2005	Q1 2003/2004
Sales revenues	14.341	9.643
Change in inventory	2.450	1.217
Other revenues	331	38
Value of production	17.122	10.898
Production costs	(15.061)	(10.252)
Gross margin (EBITDA)	2.061	646
Amortisation and depreciation	(532)	(405)
EBIT	1.529	241
Net financial charges	(581)	(503)
Write-offs	(328)	0
Extraordinary items	(233)	(177)
Earning before taxation (EBT)	387	(439)