

**For Immediate Release**

**D&M Holdings Inc. Buys Assets of Escient®, Developer of Digital Home  
Entertainment Devices including Music Manager FireBall™**

*--Escient assets will be merged into digital development group with ReplayTV and Rio brands--*

TOKYO – April 24, 2003 -- D&M Holdings Inc. (TSE II: 6735), parent company of Denon, Ltd. and Marantz Japan, Inc., announced today that it has made another acquisition that will enhance its global digital strategy. One week after announcing that it was the high bidder for the ReplayTV (digital video recorder) and Rio (MP3) business units of the bankrupt SONICblue Incorporated, D&M Holdings purchased the assets of U.S.-based OpenGlobe, Inc. and Escient Convergence Corp., subsidiaries of Escient Technologies, LLC, a leading developer of digital home entertainment devices including the award-winning FireBall™ digital music managers.

Terms of the acquisition were not disclosed. These assets will form the new Escient Division within Digital Networks North America, Inc. (DNNA), the new platform established by D&M to further the development of core technologies in the emerging entertainment-based home networking market.

Escient's flagship product is FireBall, an all-in-one digital audio jukebox that finds and plays both physical discs and digital music files while also displaying album cover art, album and song titles and artist information through an onscreen interface. FireBall supports up to five managers for distribution of music around the home, receives weekly software updates through the Internet and plays music from both Internet radio stations and higher-speed satellite radio stations. FireBall was named Best of CES for the Home Audio Category in 2002.

D&M Holdings also announced the senior management leadership team for DNNA. Michael Seedman, a director of D&M Holdings, becomes chairman of DNNA and Bernie Sepaniak, current Escient president and chief executive officer, will remain as president of the Escient Division of DNNA. D&M Holdings anticipates that most of Escient's employees, including its accomplished technical team, will join DNNA.

“Our goal is to provide access to entertainment anytime and anywhere throughout the home. This acquisition furthers that strategy,” said Tatsuo Kabumoto, president and chief executive officer of D&M Holdings. “We welcome Bernie Sepaniak and the Escient team of digital technology experts to DNNA, our new platform for launching innovative home entertainment devices,” he said.

D&M Holdings expects this transaction to have a minimal effect on operational earnings per share. It is expected to be slightly dilutive in fiscal year 2003 and accretive thereafter. In addition, the company is currently evaluating whether as a result of this transaction a one-time in-process research and development charge to earnings may be required.

Today's announcement represents the company's fourth investment in technology to create entertainment-based digital home networking solutions. In addition to its pending acquisitions of ReplayTV and Rio, D&M Holdings also made an investment in 2002 in Mediabolic, a San Francisco-based company that provides an embedded software platform for entertainment devices. Denon will use the Mediabolic platform in new products that will be launched later this year.

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### **About D&M Holdings Inc.**

D&M Holdings Inc. (TSE II: 6735) is based in Tokyo and is the parent company of wholly owned subsidiaries Denon Ltd. and Marantz Japan, Inc. Denon and Marantz are global industry leaders in the specialist home theater, audio/video consumer electronics and professional audio markets, with a strong and long-standing heritage of manufacturing and marketing high-performance audio and video components. Additional information is available at [www.dm-holdings.com](http://www.dm-holdings.com).

### **About Escient Technologies, LLC**

Escient Technologies, LLC, is a high technology management company channeling promising new technologies into strategic positions in the marketplace through its subsidiary companies. Escient is a pioneering leader in the design, development, manufacture, marketing, sales, distribution and support of a groundbreaking new category of audio / video products that meld Internet power seamlessly with intuitive home-entertainment devices. These products and

technologies enhance the entertainment experience by providing breakthrough ways to access music, movies and related content throughout the home. Escient Convergence Corp. and OpenGlobe Inc. possess a deep portfolio of designs that are brought to market under the Escient brand and in partnership with other leading global consumer electronics brands.

*Statements in this news release regarding D&M Holdings Inc. that are not statements of historical fact may include forward looking statements regarding future events or the future financial performance of the company. We wish to caution you that such statements are just predictions and that actual events or results may differ materially. Forward looking statements involve a number of risks and uncertainties surrounding the bankruptcy proceedings of SONICblue and the ability of the parties to complete a transaction, the ability of D&M Holdings Inc. to successfully integrate the ReplayTV, Rio, Escient Convergence Corp. and Open Globe, Inc. businesses into its global operations, the ability of D&M Holdings Inc. and Digital Networks North America, Inc. to execute their digital networks strategy and other factors related to the company's businesses.*

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