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PRESS RELEASE

Bits Corp plc

Flotation on AIM and £4.1 million fundraising

Bits Corp plc ("Bits" or "the Company"), a leading developer of video games software for the major console platforms, announces its flotation on AIM. The company has raised £4.1 million via an institutional placing of 6,833,333 shares at 60p each and which gives the Company a market capitalisation on admission of £19 million.

Collins Stewart Limited is Nominated Advisor and Broker to the Company. First dealings in the Company's shares will commence on Thursday, 21st September 2000.

The Business

The Company has three key areas of business:

- the design and development of video games for the next generation games consoles and Nintendo Gameboy™ Color;
- the development of Amber, a 3D technology; and
- the design and development of sponsored games to be played across the Internet.

Bits designs and develops games software for the major console platforms and is a licensed developer for Sony Playstation 2, Nintendo GameCube™ and GameBoy™ Advance. In addition, Bits has now signed an agreement to develop a game intended for the Microsoft X-Box platform.

Video games development

Bits' core games business is focused on the creation, design and development of games software for the major console platforms. Bits has developed a number of successful games under both proprietary and licensed titles including R-Type DX (Nintendo Gameboy™) and the highly acclaimed Warlocked (Nintendo Gameboy™ Color).

Over the past two years, Bits has focused on software technology which will enable it to design and produce games for the next generation games consoles, whilst avoiding any dependence on a particular platform. In addition, a significant proportion of the Company's resources has been invested into the development of game software engines which allow Bits to create new products efficiently and reduce the lead time between conception and completion. The Company currently has a new game under development for the Nintendo Gameboy™ Color, along with "Thieves World" and a game to be released under the title (licensed by 20th Century Fox) of a well known film. These are intended to be released at, or close to, the launch of next generation games consoles.

Amber Technology

Bits is developing Amber, a proprietary technology and toolset that is intended to enable a browser to navigate through the Internet in 3D format. The Directors believe that, with the advent of the next generation games consoles, Internet users will increasingly access the web using joysticks rather than keyboards. Amber is intended to be a platform-agnostic technology, designed to be capable of operating across PCs, iMacs and all 3D capable next generation games consoles.

GML

Bits has developed a new generation of 3D games using Amber technology which are played through the

Internet. Virtual Athlete™, the first such game launched by the Company, requires players to collect and train characters and/or teams before entering them to compete against each other. The Company released Virtual Athlete™ on 11 August 2000 and the competition will coincide with the Sydney 2000 Games. The Company intends to release further games in synchronisation with live sport such as the World Cup 2002 and motor racing seasons.

Strategy

The Directors intend to implement the following strategy:

- to consolidate the Company's position as a console game developer for leading publishers such as Nintendo, Midway and Fox Interactive;
- to continue to enhance in-house software technologies that allow it to develop games for new console platforms;
- to apply its Amber technology and GML games and expertise to the Internet infrastructure and games markets; and
- to forge strategic alliances for the distribution and marketing of the Amber software and sponsorship of GML games.

Reasons for the flotation and use of proceeds

The Directors consider that the admission of the Company's shares to trading on AIM will be an important step in the development of the Company and will enhance its standing with games software distributors and publishers. It will also enable the Company to access equity finance which may be required to take advantage of opportunities in its chosen markets.

The flotation will also provide opportunities for the Company's employees to participate in its future success through the Share Option Schemes and should assist the Group in attracting and retaining high calibre staff.

The Company intends to apply the net proceeds of the Placing as follows:

- to recruit additional development teams to expand the Company's portfolio of games;
- to provide working capital to finance the expected growth of the Group;
- to finance the early stages of the development of games with a view to achieving increased royalty rates on those games;
- to fund the continuing development of the 3D Amber technology; and
- to increase the GML range of Internet games.

Commenting on the flotation and successful fundraising, Foo Katan, Chief Executive, said:

"We are delighted with the support that the City and our new shareholders have shown for the flotation, our games products and prospects.

"Bits has an exciting future and the funds provided by the flotation will enable us to continue our development as a producer of high quality, next generation video games. The start of the Olympics provides a timely opportunity for us to maximise the impact of Virtual Athlete and to commence life as a quoted company."

-Ends-

For further information, contact:

Bits Corp plc

Foo Katan Tel (home): 020 7433 1213

Chief Executive (mobile): 07770 477674

Merlin Financial
Paul Downes Tel (home): 01344 884953
(mobile): 0385 773313

Note: Picture desks have received bespoke photography via e-mail.