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D&M Holdings, Inc. Reports Post-Merger Financial Forecast For 2002 Fiscal Year Ending March 31, 2003

Top brands Denon and Marantz to lead the convergence of home-networking and premium home theater

TOKYO - June 18, 2002 - D&M Holdings, Inc. (TSE II :6735), a joint holding company formed from the merger of Denon Ltd. and Marantz Japan Inc., today filed with the Tokyo Stock Exchange a post-merger financial forecast for the 2002 fiscal year ending March 31, 2003. Denon and Marantz are established brands in the premium home theater, audio-video consumer electronics and professional audio markets.

D&M Holdings forecasted consolidated sales of JPY84 billion, EBITDA (earnings before interest, taxes, depreciation and amortization) of JPY5.1 billion and operating profit of JPY3.1 billion, for the fiscal year ending March 31, 2003. Net income is expected to be JPY1.4 billion and earnings per share are expected to be 18 yen for the same period. Due to the timing of the closing of the merger of Denon and Marantz, projections for the fiscal year ending March 31, 2003 include only 11 months from Marantz and 12 months from Denon.

Reviewing the future outlook, D&M Holdings President and Chief Executive Officer Tatsuo Kabumoto said: “Our financial forecasts reflect the strength in the premium A/V and home theater markets. We expect our future to be even brighter as we generate further synergies from the post merger integration of Denon and Marantz and penetrate the emerging home- networking market.”

Kabumoto outlined several key strategic decisions D&M Holdings made to position the company as the clear leader in the growing home-networking, premium A/V and home theater market. Those decisions include:

- Pursuing acquisitions of industry leading premium A/V brands and positioning them to be global market-share leaders
- Developing and acquiring core software and middleware technologies to lead in the home-networking revolution
- Creating a single industrial operation to achieve scale
- Continuing to make customer service a top priority
- Establishing a strong relationship with the specialty AV retailer and custom installer channels

- Improving financial strength for further investment by rationalizing non-core businesses

Regarding the ongoing post-merger integration strategy, management has identified a JPY2.4 billion operating income impact from potential synergies and cost improvements over the coming three years. Management expects to realize JPY400 million during the fiscal year ending March 31, 2003.

The main drivers of these benefits are to:

- Concentrate on core AV Business?divest non-core
- Rationalize manufacturing facilities
- Streamline logistics and purchasing

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About D&M Holdings, Inc.

D&M Holdings, Inc. (TSE II: 6735) is a joint holding company that was formed in March 2002 to merge the operations of Marantz Japan, Inc., a publicly traded company on the Tokyo Stock Exchange, and Denon Ltd., a company that was separated from Nippon Columbia in 2001. The merger of Denon and Marantz, both high-end consumer electronics brands, closed May 14, 2002. D&M Holdings succeeded Marantz as a publicly traded company on the TSE. Denon and Marantz are wholly owned subsidiaries of D&M Holdings. Denon and Marantz are industry leaders with strong brand recognition in the premium home theater, audio-video consumer electronics and professional audio markets.