

[TRANSLATION]

November 11,2004

(April 1, 2004 through September 30, 2004)

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)
English translation from the original Japanese-language document

D&M Holdings Inc.

Code Number: 6735
(URL <http://www.dm-holdings.com/>)
Stock Exchange Listed: Tokyo Stock Exchanges
Location of Principal: Kanagawa
Representatives: Tatsuo Kabumoto, Representative executive officer and CEO
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Forecast revision for the First half of FY2004

We hereby inform you that D&M Holdings revises the business result forecast for the first half of FY2004 based upon recent business trends.

Description

1 . Consolidated business results forecast (April 1, 2004 – September 30, 2004)

	Sales	Operating profit	Ordinary profit	Net income(loss)
Previous forecast (A) (announced on August 25, 2004)	41,700	(650)	(900)	(550)
Revised forecast (B)	41,000	(790)	(960)	(260)
Increase (decrease) (B - A)	(700)	(140)	(60)	290
%	(1.7%)	(21.5%)	(6.7%)	52.7%

(Unit: million yen)

Reasons for consolidated forecast revisions

Based on the company's current outlook for the first half of the fiscal year ending March 31, 2005, D&M Holdings is revising its forecast for consolidated revenue, operating profit and net income for the first half ending September 30, 2004. For the same period, the company forecasts consolidated revenue of JPY41.0 billion, an operating loss of JPY 790 million and a net loss of JPY 260 million.

There are no material discrepancies from the previous forecast regarding revenue, operating loss and ordinary loss.

The net loss is smaller than previously forecast as the result of a non-cash extraordinary gain from an increase in value of a Denon leasehold due to a redevelopment project in the Shinjuku area.

Revenue for the premium A/V business and the digital network segment remained strong during the first

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half, with expected results only slightly less than what was forecast in August. In addition, revenue from both segments are forecast to be higher in the second quarter compared to the first quarter due to ongoing improvement from the new regional organization.

As previously reported, operating results in the first half were hurt by manufacturing cost pressures and higher operating expenses in both segments of the business.

2 . Non-consolidated business results forecast (April 1, 2004 – September 30, 2004)

	Sales	Ordinary profit	Net income
Previous forecast (A) (announced on August 25, 2004)	6,000	700	600
Revised forecast (B)	6,650	740	630
Increase (decrease) (B - A)	650	40	30
%	10.8%	5.7%	5.0%

(Unit: million yen)

Reasons for forecast revisions

D&M Holdings is revising its sales, ordinary profit and net income based upon the progress of digital network business in Japan region.