

[TRANSLATION]

November 16, 2005

(April 1, 2005 through September 30, 2005)

(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
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Forecast revision for the First half of FY2005 and FY2005

We hereby inform you that D&M Holdings revises the business result forecast for the first half of FY2005 and FY2005 based upon recent business trends.

Description

1. Forecast revision for the consolidated business results

(1) FY2005 first half forecast (April 1, 2005 – September 30, 2005)

	Sales	Operating profit	Ordinary profit	Net income(loss)
Previous forecast (A) (announced on August 26, 2005)	39,200	(500)	(800)	880
Revised forecast (B)	39,000	(200)	(400)	1,700
Increase (decrease) (B - A)	(200)	300	400	820
%	(0.5%)	60%	50%	93.2%
Prior year results	40,934	(786)	(956)	(253)

(Unit: million yen)

Reasons for consolidated forecast revisions

For the first half ended Sept.30, 2005, the company now forecasts consolidated revenue JPY39.0 billion (Premium AV JPY34.7 billion, BOSA JPY0.8 billion and Digital Network JPY3.5 billion), operating loss of JPY200 million (Premium AV profit of JPY550 million, BOSA profit of JPY110 million and Digital Network loss of JPY860 million), ordinary loss of JPY400 million and net income of JPY1,700 million, compared to previously forecasted consolidated revenue JPY 39.2 billion (Premium AV JPY35.4 billion and Digital Network JPY3.8 billion), operating loss of JPY500 million (Premium AV profit of JPY300 million and Digital Network loss of JPY800 million), ordinary loss of JPY800 million and net income of JPY880 million.

[TRANSLATION]

The company finished the acquisition of Boston Acoustics Inc. on August 26, and it has been determined that the operating profit contribution from BOSA in the second quarter is expected to be JPY110 million. D&M's operating profit also improved from the August disclosure as a result of overall cost and expense control.

For the first half ended Sept. 30, 2005, the company forecasts net income of JPY1.68 billion or 18.8 yen per share against the company's forecast as of Aug. 26th, 2005 (@ JPY0.88 billion or 9.8 yen per share). This improvement is mainly due to the deferral of extra ordinary loss recognition of JPY0.72 billion to 2H, FY05 for Rio operation in the US. This change is to satisfy the US GAAP requirements.

(2) FY2005 forecast (April 1, 2005 – March 30, 2006)

	Sales	Operating profit	Ordinary profit	Net income(loss)
Previous forecast (A) (announced on August 25, 2004)	83,000	2,800	2,200	2,390
Revised forecast (B)	88,000	3,400	2,983	2,240
Increase (decrease) (B - A)	5,000	600	783	(150)
%	6.0%	21.4%	35.6%	(6.3%)
Prior year results	91,693	932	998	611

(Unit: million yen)

Reasons for consolidated forecast revisions

Based on the company's current outlook for the fiscal year ending March 31, 2006, D&M Holdings is raising its previous forecast for consolidated revenue and operating income for the full year ending March 31, 2006. For the period, the company now forecasts consolidated revenue of JPY88.0 billion (Premium AV excluding BOSA JPY78.5 billion, BOSA JPY4.9 billion and Digital Network JP4.6 billion) and operating income of JPY3.4 billion (Premium AV excluding BOSA Profit of JPY3.65 billion, BOSA Profit of JPY0.6 billion and Digital Network Loss of JPY0.85 billion).

The previous forecast anticipated consolidated revenue of JPY83.0 billion (Premium AV excluding BOSA JPY78.3 billion, BOSA not included and Digital Network JP4.7 billion) and operating income of JPY2.8 billion (Premium AV excluding BOSA Profit of JPY3.65 billion, BOSA not included and Digital Network Loss of JPY0.85 billion).

In the second half of the year, the company is anticipating additional positive revenue and operating impact from contributions from Boston Acoustics, including its audio OEM business.

For the period, the company now forecasts net income of JPY2.24 billion or 25.1 yen per share. The previous forecast as of August 26th anticipated net income of JPY2.63 billion or 29.5 yen per share.

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The company now anticipates an extraordinary gain of JPY0.81 billion for this fiscal year. The previous forecast as of August 26th anticipated an extraordinary gain of JPY1.78 billion for this fiscal year. JPY0.97 billion reduction of an extra ordinary gain from the original forecast as of August 26th is due to charges for the company's restructuring and relocation in 2H. These charges include one time cost for Japan and Europe regional restructuring which totals JPY 1.0 million. The details about Japan region restructuring is available on the company's separate press release.

2. Non-consolidated business results forecast (April 1, 2005 – September 30, 2005)

	Sales	Ordinary profit	Net income
Previous forecast (A) (announced on August 26, 2005)	29,000	0	4,700
Revised forecast (B)	28,000	(300)	4,600
Increase (decrease) (B - A)	(1,000)	(300)	(100)
%	(3.4%)	-%	(2.1%)
Prior year results	6,645	749	728

(Unit: million yen)

Reasons for forecast revisions

D&M Holdings is revising its sales, ordinary profit and net income based upon the progress of the Rio business shutdown. Following the announcement for the shutdown on August 26, the company continued to analyze the impact and the loss is now slightly higher than previously expected. The company forecast extraordinary loss from Rio business shutdown approximately JPY 1,400 million in the first half.