

# [TRANSLATION]

November 15, 2006

(April 1, 2006 through September 30, 2006)

(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: Kawasaki  
Representatives: Eric C. Evans, Representative executive officer and Co-CEO and  
Tatsuo Kabumoto, Representative executive officer and Co-CEO  
Contact: Zenichiro Ishibashi, Executive officer and CFO TEL 044 670 1111

### **Forecast revision for the First half of FY2006 and FY2006**

We hereby inform you that D&M Holdings revises the business result forecast for the first half of FY2006 and for the full FY2006 based upon recent business trends.

#### Description

#### 1. Forecast revision for the consolidated business results

(1) FY2006 first half forecast ( April 1, 2006 – September 30, 2006 )

(Unit: million yen)

|   | Sales  | Operating profit | Ordinary profit | Net income(loss) |
|---|--------|------------------|-----------------|------------------|
| Previous forecast ( A )<br>(announced on July 28, 2006) | 41,100 | 400              | 200             | 0                |
| Revised forecast ( B )                                  | 41,700 | 1,100            | 950             | 380              |
| Increase (decrease) ( B - A )                           | 600    | 700              | 750             | 380              |
| % Change  | 1.5%   | 175%             | 375%            | NA               |
| Prior year results                                      | 38,991 | (207)            | ( 400 )         | 1,677*           |

\*Included extraordinary gain of JPY3.23 billion.

#### Reasons for consolidated forecast revisions

For the first half ended September 30, 2006, the company now forecasts consolidated revenue of JPY41.7 billion (Premium AV JPY40.6 billion and Digital Network JPY1.1 billion), operating profit of JPY1.1 billion (Premium AV profit of JPY1.02 billion, and Digital Network profit of JPY85.0 million), ordinary profit of JPY950 million and net income of JPY380 million. This compares to previously forecasted consolidated revenue of JPY41.1 billion, operating profit of JPY400 million, ordinary profit of JPY200 million and net income of zero.

## [TRANSLATION]

The improvement of operating profit is the result of better than expected sales in North America and Europe and improved gross margins due to a favorable product mix and operational performance. Sales strength in North America was largely due to the company's new business partnership with Circuit City. In Europe, the company experienced better than expected demand in the countries of Eastern Europe and Russia and had favorable currency impact.

(2) FY2006 forecast ( April 1, 2006 – March 31, 2007 )

(Unit: million yen)

|   | Sales  | Operating profit | Ordinary profit | Net income(loss) |
|---|--------|------------------|-----------------|------------------|
| Previous forecast ( A )<br>(announced on July 28, 2006) | 91,700 | 4,600            | 4,100           | 2,280            |
| Revised forecast ( B )                                  | 93,000 | 5,000            | 4,500           | 2,300            |
| Increase (decrease) ( B - A )                           | 1,300  | 400              | 400             | 20               |
| % Change  | 1.4%   | 8.7%             | 9.7%            | 1.0%             |
| Prior year results                                      | 89,312 | 3,606            | 3,106           | 2,397 *          |

\*Included extraordinary gain of JPY0.95 billion.

### 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, 2007. For the period, the company now forecasts consolidated revenue of JPY93.0 billion and operating income of JPY5.0 billion. For the same period, the company now forecasts net income of JPY2.3 billion or 25.3 yen per share.

The company is raising the forecast for operating profit for the full fiscal year due to an increase in sales and better operational performance. The company anticipates greater market acceptance of new products and expanded distribution channels throughout the world.