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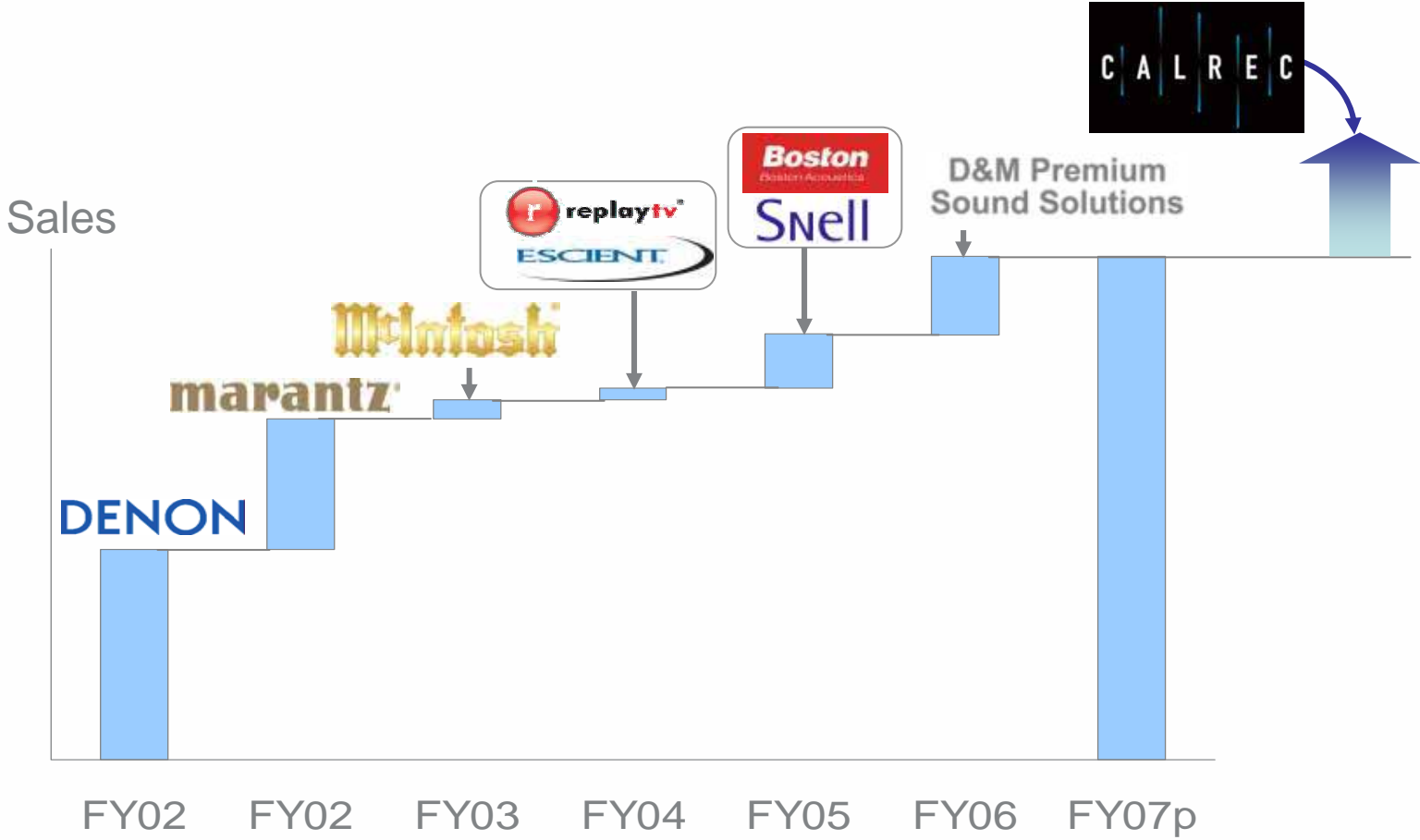
DENON DJ

D&M Premium  
Sound Solutions

## *Acquisition of Calrec Audio Limited*

21<sup>st</sup> August, 2007

# New D&M Acquisition: Calrec



Acquisition agreement complete and effective now



# Calrec Profile

## Company Description

- A leading global designer and manufacturer of audio production consoles and live-to-air consoles for the broadcast market.

## Location

- Hebden Bridge, U.K.

## Market Position

- Calrec is a major (Top3) provider of broadcast audio mixing boards and the leader in live broadcast audio.

## Technology

- Calrec has a proprietary High Density Processing System architecture called “Bluefin” which allows for 5.1 surround sound production for High Definition sound.

## Key Customers

- BBC, ITV, NBC, CBS, Fox, MBS and Asahi

## Employees

- 108



# Calrec Products

Calrec produces a range of digital mixing consoles for live production and on-air television broadcast. In addition to the Alpha, Sigma, Zeta and X2 mixing consoles, Calrec also sells the Hydra digital audio networking system and a range of analogue audio products and components.

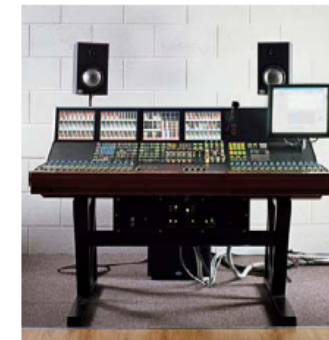
## Alpha

The Alpha is an all digital audio console for live production and on-air use. Bluefin High Density Signal Processing allows the Alpha to deal with large numbers of surround sources, and more than doubles the capacity of the largest traditional Alpha Digital console.



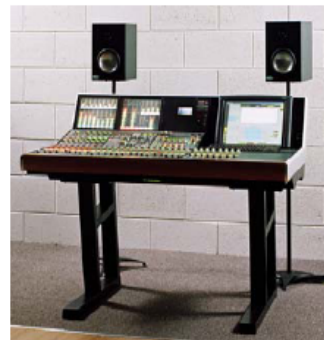
## Sigma

Sigma with Bluefin provides 320 channel processing paths enabling it to tackle many larger productions which would previously have required a more powerful console.



## Zeta

Retaining similar features as the Calrec Alpha and Sigma consoles, the Zeta's main selling point is efficient ergonomics and its compact size.



## X2

The Calrec X Series is an all-digital radio console designed for on-air operation. A simple control surface is employed to allow easy use by non-technical presenters whilst more complex functions are available to technical users.





## Calrec Acquisition is consistent with D&M Strategy

1. Build winning brands in premium AV arena.
  - Create products and solutions delight customers.
  - Provide a world-class business platform to support.
  - Drive market share and operational improvements.
2. Expand in three new market areas.
  - Branded Automotive AV
  - Branded Commercial AV
  - Emerging Markets
3. Be efficient and effective at completing and integrating acquisitions in our business domain.
4. Attract, develop, and retain strong employees.

# Strategic Rationale for Calrec Acquisition



- Expands D&M's branded commercial AV business
  - Area of strategic focus for D&M
- Establishes D&M in broadcast audio market
  - Segment where high performance audio and reliability are critically important
  - Consistent with D&M's position as a leader in premium audio businesses
- Marketing and sales synergies
  - D&M recorder/player products are attractive to Calrec customers
  - D&M marketing network can expand Calrec's global reach (Japan, Continental Europe)
- Acquisition of unique technology
  - Calrec's high performance DSP technology (i.e. Bluefin) potentially applicable in D&M system products



# Commercial AV Market Map



Current D&M Commercial AV Products



Mixing Console products added to D&M Solutions

## Additional Deal Details



- 100% acquisition
- Funded with bank borrowings
- Current Calrec management team to continue with D&M
- Financial terms not disclosed
- Accretive to earnings in FY2008
- Currently not included in D&M FY2007 forecast
  - Full year forecast will be updated when first half results are announced

# Acquisitions Drive D&M's Growth

