



**For Immediate Release**

**D&M Holdings Inc. Reports Record Consolidated Sales and  
Operating Earnings for Fiscal Year 2007**

*Forecasts Double-digit Operating Profit Growth for FY2008*

Tokyo, Japan – May 23, 2008—D&M Holdings Inc. (TSE I: 6735) today filed with the Tokyo Stock Exchange results for the full fiscal year ending March 31, 2008 and its financial forecast for the 2008 fiscal year ending March 31, 2009. The company reported all-time high revenue, operating profits, and earnings before interest, taxes, depreciation and amortization (EBITDA). For fiscal year 2008, the company forecast operating earnings and EBITDA growth of 11% and 14% respectively.

**1. Results of the Fiscal Year 2007 (April 1, 2007 – March 31, 2008)**

**Consolidated Business Results**

The company's consolidated revenue for fiscal year 2007 ended March 31, 2008 totaled JPY 112 billion, up 12% from fiscal year 2006 and up 3% from the forecast. Revenue in the Consumer AV (audio/video) and Commercial AV segments were JPY 79 billion and JPY 33 billion, respectively.

For the year ended March 31, 2008, the company reported an operating profit of JPY 6.1 billion, a 6% increase over the same period last year. EBITDA were JPY 9.9 billion, a 21% increase over FY2006.

Reported net income for the year was JPY 1.6 billion, down 42% from the previous year. This was largely due to the negative impact of a one-time JPY 1.4 billion provision for taxes taken as a result of an informal tax opinion recently received from the Tokyo Regional Taxation Bureau (TRTB). The TRTB has indicated that certain prior year tax losses occurring in a subsidiary before the merger of Denon and Marantz could not be transferred to the parent company, D&M Holdings. This opinion is not supported by the Corporate Tax Law and D&M intends to oppose the decision if it becomes official. Ordinary profit was reported at JPY 5.1 billion, 9% down from FY2006, due to foreign exchange fluctuations in the fourth quarter.

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(Units: in millions of yen)

Consolidated business results for FY2007	Revenue	Operating profit	Ordinary profit	Net income	Fully Diluted EPS
March 31, 2008	112,124	6,127	5,146	1,669	17.4
March 31, 2007	100,039	5,782	5,687	2,918	31.9
Increase (decrease)	12,085	345	(541)	(1,249)	(14.5)
% Change	12.1	6.0	(9.5)	(42.8)	(45.4)

### **Business Segment Results**

#### **Consumer AV**

Revenue from the company's Consumer AV segment for the fiscal year ended March 31, 2008 totaled JPY 79 billion, down 3% from the year-ago period. The main reason for the decline in revenue from the prior year was the loss of standard DVD player sales prior to the release of the company's new high definition Blu-ray products in the fourth quarter. The company reported operating profit of JPY 3.9 billion for the Consumer AV segment compared to JPY 4.1 billion one year ago. With the introduction of new products, 2007 Consumer AV operating profits for the second half of fiscal year 2007 were up 12.3% over the same period last year.

(Units: in millions of yen)

Consumer AV results for FY2007 and FY2006 pro forma	Revenue	Operating profit (loss)
March 31, 2008	79,029	3,914
March 31, 2007	81,896	4,161
Increase (decrease)	(2,867)	(247)
% Change	(3.5)	(5.9)

#### **Commercial AV**

Revenue from the company's Commercial AV segment for the full 2007 fiscal year totaled JPY 33 billion, up 82% from the prior year. Segment operating profit was JPY 2.2 billion, up 36.5% from the year-ago period. Increases in both revenue and operating profit were primarily due to the inclusion of D&M Premium Sound Solutions for the entire year and Calrec Audio for the second half.

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(Units: in millions of yen)

Commercial AV results for FY2007 and FY2006 pro forma	Revenue	Operating profit
March 31, 2008	33,094	2,213
March 31, 2007	18,142	1,621
Increase (decrease)	14,952	592
% Change	82.4	36.5

## **2. Outlook for Fiscal Year 2008 (April 1, 2008—March 31, 2009)**

### **Forecast for Consolidated Business Results**

Based on the company's current outlook for full-year FY2008 ending March 31, 2009, D&M Holdings forecasts consolidated revenue of JPY 115.3 billion and operating profit of JPY 6.8 billion, up 11 percent. The company expects this increase despite operating results being negatively impacted by JPY 0.5 billion as a result of new policies in the Japanese Generally Accepted Accounting Principles (JGAAP) requiring the amortization of goodwill. For the same period, the company forecasts ordinary profit of JPY 6 billion, net income of JPY 3.1 billion and EPS of 32.5 yen. EBITDA is forecast to be JPY 11.3 billion, up 14 percent from FY 2007.

(Units: millions of yen)

Forecast of consolidated business results for FY2008	Revenue	Operating profit	Ordinary profit	Net income	Fully Diluted EPS
Forecast on May 23, 2008	115,300	6,800	6,050	3,120	32.5
March 31, 2008	112,124	6,127	5,146	1,669	17.4
Increase (decrease)	3,176	673	904	1,451	15.1
% Change (decrease)	2.8	11.0	17.6	86.9	86.8

### **Business Segment Forecast**

Based on the company's current outlook for the fiscal year ending March 31, 2009, D&M Holdings forecasts revenue of JPY 80.5 billion and operating profit of JPY 4.6 billion for Consumer AV. For the same period, the company forecasts revenue of JPY 34.8 billion and operating profit of JPY 2.2 billion for Commercial AV.

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(Units: in millions of yen)

Forecast for FY2008 and FY2007 Results by Business Segment	Consumer AV Revenue	Consumer AV Operating Profit	Commercial AV Revenue	Commercial AV Operating Profit
Forecast on May 23, 2008	80,500	4,600	34,800	2,200
March 31, 2008	79,029	3,914	33,094	2,213
Increase (decrease)	1,471	686	1,706	(13)
% Change (decrease)	1.9	17.5	5.2	(0.6)

### **3. Business Highlights from the Fourth Quarter and the Entire Fiscal Year 2007:**

Notable business developments in the fourth quarter included:

- D&M Holdings was selected by the Japanese Supreme Court to supply 1,000 Marantz Professional portable solid state recorders known as the PMD660. The Marantz Professional PMD660 is a digital recorder often used by news and court reporters and produces high quality recordings for broadcast.
- Continuing to expand into emerging markets, D&M has signed an agreement to open an office in Russia that will sell Denon consumer products to dealers.
- The NBC Olympics team is using eight Calrec Audio digital consoles at the Olympic Games in Beijing. The second of two Calrec Sigma consoles was shipped in January, and four of five Omegas were built by the end of March, nearly completing the order.

Notable business highlights from the fiscal year 2007:

- D&M acquired Calrec Audio Ltd., a leading designer and manufacturer of premium audio products and live-to-air consoles for the commercial broadcast market.
- The company established offices or direct sales in United Arab Emirates and Taiwan. The first Asia Pacific office to sell McIntosh was opened in Japan.
- Latin American sales increased 53% for all brands combined in fiscal year 2007 compared to fiscal year 2006. The first D&M Latin American and Caribbean dealer reception in January was well attended leading to new relationships in that market.
- D&M divested most of the assets of ReplayTV, streamlining the portfolio of brands and businesses to those that directly contribute to the growth strategy.

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- A new partnership was formed with Otsuka Kagu, Ltd., one of Japan's largest interior companies, to offer luxury designer furniture made especially for Denon and Marantz home theater products.
- McIntosh brand revenue grew 18% as the result of increased international marketing initiatives and strong U.S. sales.
- Boston Acoustics launched its new brand identity, titled *Play Smart*, with 50 new products.

"We are pleased to finish the year with increased revenue and operating profits despite some key product delays in our consumer business and current economic conditions," said Chairman and Chief Executive Officer Eric C. Evans. "We strongly disagree with the Japan tax authority's stated position on the tax loss transfer from a subsidiary to D&M at the time of the merger and intend to oppose their opinion to the maximum possible extent. But on the positive side, we made good progress in our commercial business with the addition of Calrec Audio to our portfolio and the continued smooth integration of D&M Premium Sound Solutions," continued Evans. "2008 looks to be another year of solid growth for D&M. We are excited about the recent new addition of British audio mixing console designer and manufacturer, Allen & Heath, to D&M. Overall, our fundamental business model for providing consumers and commercial customers some of the world's premier branded AV products continues to be proven successful in the marketplace."

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#### **About D&M Holdings Inc.**

D&M Holdings Inc. is a global operating company providing worldwide management and distribution platforms for premium consumer, automotive, commercial and professional audio and video businesses including Denon<sup>®</sup>, Marantz<sup>®</sup>, McIntosh<sup>®</sup> Laboratory, Boston Acoustics<sup>®</sup>, Snell Acoustics, Escient<sup>®</sup>, Calrec Audio, Denon DJ, Allen & Heath, D&M Professional and D&M Premium Sound Solutions. Our technologies improve the quality of any audio and visual experience. All product and brand names with a trademark symbol are trademarks or registered trademarks of D&M Holdings, Inc. or its subsidiaries. For more information visit [www.dm-holdings.com](http://www.dm-holdings.com).

#### **Forward Looking Statement**

Statements in this news release regarding D&M Holdings, Inc. that are not statements of historical fact may include forward looking statements regarding future events or the future financial performance of the company. We wish to caution you that such statements are just predictions and that actual events or results may differ materially. Forward looking statements involve a number of risks and uncertainties surrounding the integration of the company's acquisitions, competitive and industry conditions, targeted cost savings programs, market acceptance for the company's products, technological changes, developing industry standards and other factors related to the company's businesses.

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