

# Deloitte

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of  
Kenwood Corporation:

We have audited the accompanying consolidated balance sheets of Kenwood Corporation and consolidated subsidiaries as of March 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Kenwood Corporation and consolidated subsidiaries as of March 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As discussed in Note 13 to the consolidated financial statements, the Company changed its business segmentation, effective April 1, 2003.

And as discussed in Note 14 to the consolidated financial statements, the Company's new shares issuance was approved at the board of directors meetings held on May 21, 2004 and June 7, 2004. In addition, a reduction in shareholders' stated capital without a reduction in the number of shares outstanding was approved at the annual general shareholders meeting held on June 29, 2004. And a reduction in the stated capital through the redemption of the Class A preferred stock was approved at the annual general shareholders meeting and the Class A preferred stock shareholders meeting, held on June 29, 2004.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.



June 29, 2004

Member of  
Deloitte Touche Tohmatsu