

## Consolidated Statements of Income

Kenwood Corporation and Consolidated Subsidiaries  
For the Years ended March 31, 2005 and 2004

	Millions of yen		Thousands of U.S. dollars (Note 1(a))
	2005	2004	2005
<b>Net Sales</b> .....	¥ 181,112	¥ 178,731	\$ 1,692,636
<b>Cost of Sales (Notes 1(r) and 8)</b> .....	137,664	126,440	1,286,580
Gross profit .....	43,448	52,291	406,056
<b>Selling, General and Administrative Expenses (Notes 1(r) and 8)</b> .....	36,387	39,681	340,065
Operating income .....	7,061	12,610	65,991
<b>Other Income (Expenses):</b>			
Interest expense, net .....	(1,143)	(2,092)	(10,682)
Cash discount .....	(317)	(686)	(2,963)
Equity in earnings (losses) of unconsolidated subsidiaries and associated companies .....	45	(36)	421
Gain (loss) on sales of investment securities, net .....	599	(8)	5,598
Loss on impairment of investment securities .....	(13)	(23)	(122)
Loss on disposal of inventories .....	(1,102)	(1,631)	(10,299)
Loss on impairment of inventories .....	(204)	(42)	(1,906)
Loss on sales of property, plant and equipment, net .....	(17)	(182)	(159)
Gain (loss) on liquidation of consolidated subsidiaries, net .....	(155)	104	(1,448)
Retirement allowances paid to directors and corporate auditors .....	(13)	(25)	(122)
Gain on prior years patent fee .....	313	-	2,925
Other, net, .....	209	119	1,953
Total .....	(1,798)	(4,502)	(16,804)
<b>Income before Income Taxes and Minority Interests</b> .....	5,263	8,108	49,187
<b>Income Taxes (Note 9):</b>			
Current .....	404	870	3,776
Deferred .....	23	(82)	215
Total income taxes .....	427	788	3,991
<b>Minority Interests in Net Income</b> .....	-	2	-
<b>Net Income</b> .....	¥ 4,836	¥ 7,318	\$ 45,196

	Yen		U.S. dollars (Note 1(a))
	2005	2004	2005
<b>Per Share of Common Stock (Note 10):</b>			
Basic net income .....	¥ 16.79	¥ 33.99	\$ 0.16
Diluted net income .....	10.50	15.73	0.10
Cash dividends applicable to the year .....	3.00	-	0.03

See notes to consolidated financial statements.