

Consolidated Balance Sheets

Kenwood Corporation and Consolidated Subsidiaries
As of March 31, 2004 and 2003

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2004	2003	2004
Current Assets:			
Cash and cash equivalents (Note 5).....	¥ 33,698	¥ 27,064	\$ 317,906
Time deposits (Note 5).....	3,689	3,704	34,802
Receivables (Note 5) —			
Trade notes and accounts receivable	30,715	34,465	289,764
Trade notes and accounts receivable from unconsolidated subsidiaries and associated companies	194	119	1,830
Less: Allowance for doubtful receivables.....	(861)	(1,129)	(8,122)
Inventories (Note 5) —			
Finished goods	15,009	20,902	141,594
Work in process and raw materials.....	9,631	11,389	90,858
Deferred tax assets (Note 9).....	867	859	8,179
Prepaid expenses and other	5,337	6,017	50,349
Total current assets.....	<u>98,279</u>	<u>103,390</u>	<u>927,160</u>
Property, Plant and Equipment, at Cost (Notes 3 and 5):			
Land (Note 4).....	11,882	12,217	112,094
Buildings and structures.....	19,519	21,623	184,142
Machinery and equipment	16,549	17,613	156,123
Tools, furniture and fixtures	10,672	9,782	100,679
Construction in progress	7	48	66
	<u>58,629</u>	<u>61,283</u>	<u>553,104</u>
Less: Accumulated depreciation.....	<u>(33,413)</u>	<u>(33,909)</u>	<u>(315,217)</u>
Net property, plant and equipment.....	<u>25,216</u>	<u>27,374</u>	<u>237,887</u>
Investments and Other Assets:			
Investment securities (Notes 2 and 5).....	3,697	2,858	34,877
Investments in and advances to unconsolidated subsidiaries and associated companies	82	170	774
Goodwill.....	198	-	1,868
Software	6,735	5,596	63,538
Deferred tax assets (Note 9).....	712	895	6,717
Lease deposits and other	2,581	3,580	24,349
Less: Allowance for doubtful accounts (Note 2).....	<u>(1,737)</u>	<u>(1,739)</u>	<u>(16,387)</u>
Total investments and other assets	<u>12,268</u>	<u>11,360</u>	<u>115,736</u>
Total.....	¥ <u>135,763</u>	¥ <u>142,124</u>	\$ <u>1,280,783</u>

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S. dollars (Note 1)
	2004	2003	2004
Current Liabilities:			
Short-term borrowings (Note 5)	¥ 50,833	¥ 55,315	\$ 479,557
Current portion of long-term debt (Note 5).....	11,199	12,972	105,651
Bonds due within one year (Note 5)	-	5,000	-
Trade notes and accounts payable.....	25,247	24,705	238,179
Income taxes payable (Note 9)	624	631	5,887
Accrued expenses	6,714	7,863	63,340
Deferred tax liabilities (Note 9).....	39	55	368
Other.....	1,386	1,900	13,075
Total current liabilities	96,042	108,441	906,057
Long-term Liabilities:			
Long-term debt (Note 5)	5,241	7,565	49,443
Liability for employees' retirement benefits (Note 6).....	11,768	9,225	111,019
Deferred tax liabilities (Note 9).....	2,451	2,324	23,123
Other.....	94	503	887
Total long-term liabilities	19,554	19,617	184,472
Minority Interests	6	362	56
Commitments and Contingent Liabilities (Notes 3, 11 and 12)			
Shareholders' Equity (Notes 7 and 14):			
Common stock, authorized - 735,000,000 shares			
issued - 210,455,995 shares	26,969	26,969	254,425
Preferred stock, authorized - 62,500,000 shares			
issued - 62,500,000 shares.....	12,500	12,500	117,925
Capital Surplus	-	17,087	-
Accumulated deficit	(9,778)	(34,238)	(92,245)
Land revaluation surplus (Note 4)	3,167	3,235	29,877
Net unrealized gain (loss) on available-for-sale securities	254	(269)	2,396
Foreign currency translation adjustments	(12,901)	(11,548)	(121,708)
Total	20,211	13,736	190,670
Less: Treasury stock, at cost; Common Stock, 326,987 shares in 2004 and 268,167 shares in 2003	(50)	(32)	(472)
Total shareholders' equity	20,161	13,704	190,198
Total.....	¥ 135,763	¥ 142,124	\$ 1,280,783