

## Consolidated Balance Sheets

Kenwood Corporation and Consolidated Subsidiaries  
As of March 31, 2005 and 2004

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1(a))
	2005	2004	2005
<b>Current Assets:</b>			
Cash and cash equivalents .....	¥ 15,876	¥ 33,698	\$ 148,374
Time deposits .....	66	3,689	617
Receivables —			
Trade notes and accounts receivable .....	31,502	30,715	294,411
Trade notes and accounts receivable from unconsolidated subsidiaries and associated companies .....	-	194	-
Less: Allowance for doubtful receivables .....	(785)	(861)	(7,336)
Inventories —			
Finished goods .....	15,004	15,009	140,224
Work in process and raw materials .....	10,253	9,631	95,823
Deferred tax assets (Note 9) .....	692	867	6,467
Prepaid expenses and other .....	5,012	5,337	46,841
Total current assets .....	<u>77,620</u>	<u>98,279</u>	<u>725,421</u>
<b>Property, Plant and Equipment, at Cost (Notes 3 and 5):</b>			
Land (Note 4) .....	10,797	11,882	100,906
Buildings and structures .....	18,091	19,519	169,075
Machinery and equipment .....	17,054	16,549	159,383
Tools, furniture and fixtures .....	12,781	10,672	119,449
Construction in progress .....	148	7	1,383
	<u>58,871</u>	<u>58,629</u>	<u>550,196</u>
Less: Accumulated depreciation .....	<u>(35,316)</u>	<u>(33,413)</u>	<u>(330,056)</u>
Net property, plant and equipment .....	<u>23,555</u>	<u>25,216</u>	<u>220,140</u>
<b>Investments and Other Assets:</b>			
Investment securities (Notes 2 and 5) .....	3,847	3,697	35,953
Investments in and advances to unconsolidated subsidiaries and associated companies .....	83	97	776
Goodwill .....	448	198	4,187
Software .....	7,124	6,735	66,580
Deferred tax assets (Note 9) .....	900	712	8,411
Other .....	2,643	2,566	24,701
Less: Allowance for doubtful accounts .....	(83)	(1,737)	(776)
Total investments and other assets .....	<u>14,962</u>	<u>12,268</u>	<u>139,832</u>
Total .....	<u>¥ 116,137</u>	<u>¥ 135,763</u>	<u>\$ 1,085,393</u>

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S. dollars (Note 1(a))
	2005	2004	2005
<b>Current Liabilities:</b>			
Short-term borrowings (Note 5) .....	¥ 29,954	¥ 50,833	\$ 279,944
Current portion of long-term debt (Note 5) .....	1,134	11,199	10,598
Trade notes and accounts payable .....	27,047	25,247	252,776
Income taxes payable (Note 9) .....	452	624	4,224
Accrued expenses .....	6,669	6,714	62,327
Deferred tax liabilities (Note 9) .....	8	39	75
Other .....	1,471	1,386	13,748
Total current liabilities .....	<u>66,735</u>	<u>96,042</u>	<u>623,692</u>
<b>Long-term Liabilities:</b>			
Long-term debt (Note 5) .....	0	5,241	0
Liability for employees' retirement benefits (Note 6) .....	13,492	11,768	126,094
Deferred tax liabilities (Note 9) .....	2,739	2,451	25,598
Other .....	38	94	355
Total long-term liabilities .....	<u>16,269</u>	<u>19,554</u>	<u>152,047</u>
Minority Interests .....	-	6	-
<b>Commitments and Contingent Liabilities (Notes 3, 11 and 12)</b>			
<b>Shareholders' Equity (Notes 7 and 14):</b>			
Common stock, authorized - 672,500,000 shares			
issued - 307,524,995 shares in 2005 and 210,455,995 shares in 2004 .....	8,697	26,969	81,280
Preferred stock, authorized - 31,250,000 shares in 2005 and 62,500,000 shares in 2004			
issued - 31,250,000 shares in 2005 and 62,500,000 shares in 2004 .....	6,250	12,500	58,411
Capital Surplus .....	13,374	-	124,991
Retained earnings (accumulated deficit) .....	13,199	(9,778)	123,355
Land revaluation surplus (Note 4) .....	3,167	3,167	29,598
Net unrealized gain on available-for-sale securities .....	619	254	5,785
Foreign currency translation adjustments .....	(12,109)	(12,901)	(113,168)
Total .....	<u>33,197</u>	<u>20,211</u>	<u>310,252</u>
Less: Treasury stock, at cost; Common Stock, 391,729 shares in 2005 and 326,987 shares in 2004 .....	(64)	(50)	(598)
Total shareholders' equity .....	<u>33,133</u>	<u>20,161</u>	<u>309,654</u>
Total .....	<u>¥ 116,137</u>	<u>¥ 135,763</u>	<u>\$ 1,085,393</u>