

Consolidated Balance Sheets

Kenwood Corporation and Consolidated Subsidiaries
As of March 31, 2007 and 2006

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1(a))
	2007	2006	2007
Current Assets:			
Cash and cash equivalents	¥ 16,934	¥ 14,009	\$ 143,511
Time deposits	38	39	320
Receivables —			
Trade notes and accounts receivable (Note 8)	29,892	29,231	253,318
Less: Allowance for doubtful receivables	(752)	(733)	(6,372)
Inventories —			
Finished goods	19,109	17,736	161,939
Work in process, raw materials and supplies	7,295	8,151	61,826
Deferred tax assets (Note 13)	453	690	3,836
Prepaid expenses and other	4,595	4,152	38,943
Total current assets	<u>77,564</u>	<u>73,275</u>	<u>657,321</u>
Property, Plant and Equipment, at Cost (Notes 4 and 6):			
Land (Note 5)	9,443	9,216	80,027
Buildings and structures	17,042	17,310	144,422
Machinery and equipment	20,284	19,039	171,901
Tools, furniture and fixtures	14,228	13,602	120,576
Construction in progress	4	-	31
	<u>61,001</u>	<u>59,167</u>	<u>516,957</u>
Less: Accumulated depreciation	(39,931)	(37,252)	(338,398)
Net property, plant and equipment	<u>21,070</u>	<u>21,915</u>	<u>178,559</u>
Investments and Other Assets:			
Investment securities (Note 2)	3,931	5,640	33,315
Investments in and advances to unconsolidated subsidiaries and associated companies	20	19	171
Goodwill (Note 3)	201	326	1,704
Software	5,943	5,525	50,362
Deferred tax assets (Note 13)	675	744	5,724
Other	1,902	2,196	16,115
Less: Allowance for doubtful accounts	(85)	(86)	(724)
Total investments and other assets	<u>12,587</u>	<u>14,364</u>	<u>106,667</u>
Total	<u>¥ 111,221</u>	<u>¥ 109,554</u>	<u>\$ 942,547</u>

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen		Thousands of U.S. dollars (Note 1(a))
	2007	2006	2007
Current Liabilities:			
Short-term borrowings (Note 7)	¥ 3,755	¥ 26,263	\$ 31,822
Current portion of long-term debt	-	0	-
Trade notes and accounts payable (Note 8)	26,736	24,092	226,577
Income taxes payable	529	536	4,484
Accrued expenses	7,106	6,982	60,222
Deferred tax liabilities (Note 13)	2	15	19
Other	1,206	1,131	10,217
Total current liabilities	<u>39,334</u>	<u>59,019</u>	<u>333,341</u>
Long-term Liabilities:			
Long-term debt (Note 7)	20,000	-	169,492
Liability for retirement benefits (Note 9)	9,609	9,364	81,434
Deferred tax liabilities (Note 13)	2,882	3,482	24,420
Other (Note 11)	330	202	2,794
Total long-term liabilities	<u>32,821</u>	<u>13,048</u>	<u>278,140</u>
Commitments and Contingent Liabilities (Notes 4, 15 and 16)			
Equity (Note 10):			
Common stock, authorized - 672,500,000 shares issued - 367,524,995 shares in 2007 and 2006	11,059	11,059	93,722
Capital Surplus	13,374	13,374	113,338
Retained earnings	19,096	18,317	161,832
Net unrealized gain on available-for-sale securities	1,097	1,890	9,294
Deferred gain on derivatives under hedge accounting	71	-	603
Land revaluation surplus (Note 5)	2,954	2,954	25,037
Foreign currency translation adjustments	(8,480)	(10,021)	(71,868)
Total	<u>39,171</u>	<u>37,573</u>	<u>331,958</u>
Less: Treasury stock, at cost; Common Stock, 576,494 shares in 2007 and 487,127 shares in 2006	(105)	(86)	(892)
Total equity	<u>39,066</u>	<u>37,487</u>	<u>331,066</u>
Total	¥ <u>111,221</u>	¥ <u>109,554</u>	\$ <u>942,547</u>