



## Notice on the Revision of the Interim Performance Forecast for the Fiscal Year Ending March 2007

October 13, 2006

Company Name: Kenwood Corporation (Code: No. 6765, Stock Exchange: Tokyo Section1)  
 URL: <http://www.kenwood.co.jp/en/>  
 Representative: Haruo Kawahara, President and CEO  
 Inquiries: Hiroyuki Taki, Executive Vice President & Executive Officer, CFO  
 (TEL: +81-42-646-6724)

Kenwood Corporation (hereinafter referred to as the Company) has revised its performance forecast as indicated below based on its timely disclosure rules because it anticipates that the non-consolidated ordinary income and net income for the interim term (April 1 to September 30, 2006) of the fiscal year ending March 2007 will exceed by 30% or more the forecast figures announced on May 19 (Friday).

As the Company is now scrutinizing some necessary adjustments for consolidated financial statements and it anticipates some additional changes, it will announce the interim performance result on November 10 (Friday). The Company will announce the annual performance forecast together with the said interim performance result.

### 1. Interim performance forecast revision for the fiscal year ending March 31, 2007 (April 1, to September 30, 2006)

#### (1) Revision of the non-consolidated performance forecast

(JPY in Million)

	Net sales	Ordinary income	Net income
Previously announced forecast (A) (announced on May 19, 2006)	60,000	900	1,000
Revised forecast (B)	60,000	1,200	1,400
Amount of change (B – A)	—	+300	+400
Rate of change (%)	—	+33.3%	+40.0%
Previous term result (interim term for the fiscal year ended March 31, 2006)	66,860	1,012	3,524

## TRANSLATION - FOR REFERENCE ONLY -

### (2) Revision of consolidated performance forecast

	(JPY in Million)		
	Net sales	Ordinary income	Net income
Previously announced forecast (A) (announced on May 19, 2006)	85,000	2,000	1,500
Revised forecast (B)	82,000	2,000	1,600
Amount of change (B – A)	-3,000	—	+100
Rate of change (%)	-3.5%	—	+6.7%
Previous term result (interim term for the fiscal year ended March 31, 2006)	90,069	1,529	2,897

- \* Kenwood Corporation estimates that its consolidated operating profit for the interim term will be about 15% higher than the previous forecast of JPY2.8 billion, figure that was presented for reference.

## 2. Revision reasons

### (1) Reasons for the revision of the non-consolidated performance forecast

The Company expects non-consolidated ordinary income to exceed its previous forecast because dividends from subsidiaries are likely to be higher than the original projection, owing to improvement in the performance of some overseas subsidiaries.

The Company also estimates that net income will surpass its previous forecast because the gain on reversal of allowance for investment losses on subsidiaries posted in prior years was larger than expected, will be above its forecast, also owing to improvement in the performance of some overseas subsidiaries.

The Company will record above dividends and gain only as non-consolidated performance results, which will not affect the consolidated performance results.

### (2) Reason for the revision of the consolidated performance forecast

The Company expects consolidated net sales to be slightly lower than its previous forecast because sales of the Car Electronics business may be below its forecast owing to the intensifying competition in the Consumer sector and the effects of the weak trends in auto sales on the OEM sector.

Nonetheless, the Company estimates that operating profit will rise to more or less JPY3.2 billion, which is about 15% higher than its previous forecast of JPY2.8 billion, figure that the Company expected. This robustness is attributable to a further performance improvement in the OEM sector of the Car Electronics business and the Home Electronics business, as well as the continued strong performance of the Communications Equipment business, despite the adverse impact of fierce competition on the Consumer sector of the Car Electronics business.

The Company will keep ordinary income unchanged from its previous forecast. This is

**TRANSLATION - FOR REFERENCE ONLY -**

because the Company expects the effects of exchange rates on some overseas subsidiaries and patent fees for the past years to exceed its previous forecast, and this will offset the increase in operating profit.

The Company thinks that net income may be slightly higher than its previous forecast, owing to unexpected extraordinary profit such as gains on sales of securities, despite the above factor in relation to ordinary income.

**Note**

The above performance forecast is based on the company's judgment made using information available now, and the actual performance may differ significantly from the forecast owing to a variety of factors. For this reason, Kenwood Corporation recommends to avoid judgments based only on this forecast.