

# Consolidated Statements of Income

Kenwood Corporation and Consolidated Subsidiaries  
For the Years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1(a))
	2007	2006	2007
<b>Net Sales</b> .....	¥ 169,194	¥ 183,616	\$ 1,433,850
<b>Cost of Sales (Note 12)</b> .....	127,797	139,441	1,083,024
Gross profit .....	41,397	44,175	350,826
<b>Selling, General and Administrative Expenses (Note 12)</b> .....	35,780	35,488	303,224
Operating income .....	5,617	8,687	47,602
<b>Other Income (Expenses):</b>			
Interest and dividend income .....	314	204	2,660
Interest expense .....	(526)	(625)	(4,459)
Cash discount .....	(988)	(850)	(8,377)
Gain on sales of investment securities .....	588	1,830	4,985
Loss on impairment of investment securities .....	(42)	(250)	(358)
Loss on disposal of inventories .....	(718)	(2,140)	(6,086)
Loss on impairment of inventories .....	(128)	(242)	(1,081)
Gain on sales of property, plant and equipment, net .....	84	192	711
Loss on disposal of property, plant and equipment .....	(98)	(2,854)	(833)
Loss on impairment of long-lived assets (Note 6) .....	-	(988)	-
Retirement benefits for directors and corporate auditors (Note 11) .....	(261)	(8)	(2,210)
Gain on transfer of the substitutional portion of the governmental pension program (Note 9) .....	-	4,850	-
Foreign exchange loss .....	(785)	(98)	(6,653)
Other, net .....	(540)	(654)	(4,574)
Total .....	(3,100)	(1,633)	(26,275)
<b>Income before Income Taxes</b> .....	2,517	7,054	21,327
<b>Income Taxes (Note 13):</b>			
Current .....	622	741	5,269
Prior year adjustment .....	-	130	-
Deferred .....	309	79	2,615
Total income taxes .....	931	950	7,884
<b>Net Income</b> .....	¥ 1,586	¥ 6,104	\$ 13,443

	Yen		U.S. dollars (Note 1(a))
<b>Per Share of Common Stock (Note 14):</b>			
Basic net income .....	¥ 4.32	¥ 17.16	\$ 0.04
Diluted net income .....	-	15.13	-
Cash dividends applicable to the year .....	2.00	2.00	0.02

See notes to consolidated financial statements.