



Notice regarding loss on disposal of fixed assets

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Please be advised that Kenwood Corporation (President & CEO: Haruo Kawahara, Head Office: Hachioji, Tokyo) has reviewed the use of software and decided to dispose of intangible assets (software). The details and the accompanying loss on disposal of fixed assets are set out below. The Company believes that the aforementioned measures will significantly contribute to enhancing our profitability by allowing us to maintain the soundness of assets, as well as reducing the depreciation cost of intangible assets in the future.

1. Details of loss on disposal of fixed assets

(Millions of yen)

Details of fixed assets	Book value (as of the end of July 2005)
Software installed in consumer car navigation systems in the Car Electronics Business	1,494
Software installed in OEM products in the car electronics business	202
Software installed in the products of the home electronics business	12
Software installed in product development and design support systems	37
Total	1,745

2. Reasons for disposal loss of software

(1) Software installed in consumer car navigation systems in car electronics business

The Company has been promoting a growth strategy in the car multimedia business by full-scale development of in-house car navigation systems, and it introduced a new original car navigation system based on in-house technology in March this year. Given the circumstances, the Company decided to write-off software for old type products that are no longer produced.

(2) Software installed in OEM products in car electronics business, products in home electronics business and product development and design support system

The above-mentioned products were also written-off due to the end of production, as well as decrease in expected sales.

TRANSLATION - FOR REFERENCE ONLY -

3. Effect on the forecast for the fiscal year ending March 2006

The effect of extraordinary loss derived from above-mentioned disposal of fixed assets has been included in the forecast, which was disclosed on July 29, 2005. Therefore, there will be no revision to the existing profit forecast.