

Consolidated Statements of Changes in Equity

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
Common Stock (Note 10) :			
Beginning balance	¥ 11,059	¥ 8,697	\$ 93,722
Capital increase upon issuance of 60,000,000 shares of common stock on June 30, 2005	-	11,112	-
Capital reduction of 31,250,000 shares of preferred stock on August 8, 2005	-	(8,750)	-
Ending balance	¥ <u>11,059</u>	¥ <u>11,059</u>	\$ <u>93,722</u>
Preferred Stock (Note 10) :			
Beginning balance	¥ -	¥ 6,250	\$ -
Capital reduction of 31,250,000 shares of preferred stock on August 8, 2005	-	(6,250)	-
Ending balance	¥ <u>-</u>	¥ <u>-</u>	\$ <u>-</u>
Capital Surplus (Note 10) :			
Beginning balance	¥ 13,374	¥ 13,374	\$ 113,338
Ending balance	¥ <u>13,374</u>	¥ <u>13,374</u>	\$ <u>113,338</u>
Retained Earnings (Note 10) :			
Beginning balance	¥ 18,317	¥ 13,199	\$ 155,225
Net income	1,586	6,104	13,443
Cash dividends paid	(734)	(1,148)	(6,221)
Transfer to employee welfare fund	(13)	(5)	(110)
Bonuses paid to directors and corporate auditors	(60)	(46)	(505)
Reversal of land revaluation surplus due to impairment of land	-	168	-
Reversal of land revaluation surplus due to sale of land	-	45	-
Ending balance	¥ <u>19,096</u>	¥ <u>18,317</u>	\$ <u>161,832</u>
Net Unrealized Gain on Available-for-sale Securities:			
Beginning balance	¥ 1,890	¥ 619	\$ 16,015
Net increase of unrealized gain of available-for-sale securities	(793)	1,271	(6,721)
Ending balance	¥ <u>1,097</u>	¥ <u>1,890</u>	\$ <u>9,294</u>
Deferred gain on derivatives under hedge accounting :			
Beginning balance	¥ -	¥ -	\$ -
Net increase of gain on deferred hedge	71	-	603
Ending balance	¥ <u>71</u>	¥ <u>-</u>	\$ <u>603</u>
Land Revaluation Surplus (Note 5):			
Beginning balance	¥ 2,954	¥ 3,167	\$ 25,037
Reversal of land revaluation due to impairment of land	-	(168)	-
Reversal of land revaluation due to sale of land	-	(45)	-
Ending balance	¥ <u>2,954</u>	¥ <u>2,954</u>	\$ <u>25,037</u>
Foreign Currency Translation Adjustments:			
Beginning balance	¥ (10,021)	¥ (12,109)	\$ (84,924)
Net increase of foreign currency translation adjustments	1,541	2,088	13,056
Ending balance	¥ <u>(8,480)</u>	¥ <u>(10,021)</u>	\$ <u>(71,868)</u>
Treasury Stock, at cost, Common Stock:			
Beginning balance	¥ (86)	¥ (64)	\$ (731)
Repurchase of treasury stock	(19)	(22)	(161)
Ending balance	¥ <u>(105)</u>	¥ <u>(86)</u>	\$ <u>(892)</u>
Total Equity	¥ <u>39,066</u>	¥ <u>37,487</u>	\$ <u>331,066</u>
	Thousands of shares		
Number of Outstanding Shares:			
Beginning balance	367,038	338,383	
Issuance of common stock	-	60,000	
Reduction of preferred stock	-	(31,250)	
Repurchase of treasury stock	(89)	(95)	
Ending balance	<u>366,949</u>	<u>367,038</u>	

See notes to consolidated financial statements.