

Consolidated Statements of Shareholders' Equity

Kenwood Corporation and Consolidated Subsidiaries
For the Years ended March 31, 2005 and 2004

Kenwood Corporation | Annual Report 2005

9

	Millions of yen		Thousands of U.S. dollars (Note 1(a))
	2005	2004	2005
Common Stock (Note7) :			
Beginning balance	¥ 26,969	¥ 26,969	\$ 252,047
Capital increase upon issuance of 92,000,000 shares of common stock on July 1, 2004	11,040	-	103,177
Capital reduction of common stock without compensation on August 6, 2004	(20,000)	-	(186,916)
Capital reduction of 31,250,000 shares of preferred stock on August 6, 2004	(9,850)	-	(92,056)
Capital increase upon issuance of 5,069,000 shares of common stock on March 18, 2005	538	-	5,028
Ending balance	<u>¥ 8,697</u>	<u>¥ 26,969</u>	<u>\$ 81,280</u>
Preferred Stock (Note7) :			
Beginning balance	¥ 12,500	¥ 12,500	\$ 116,822
Capital reduction of 31,250,000 shares of preferred stock on August 6, 2004	(6,250)	-	(58,411)
Ending balance	<u>¥ 6,250</u>	<u>¥ 12,500</u>	<u>\$ 58,411</u>
Capital Surplus (Note7) :			
Beginning balance	¥ -	¥ 17,087	\$ -
Transfer to accumulated deficit	-	(17,087)	-
Capital increase upon issuance of 92,000,000 shares of common stock on July 1, 2004	10,983	-	102,645
Capital reduction of common stock without compensation on August 6, 2004	1,859	-	17,374
Capital increase upon issuance of 5,069,000 shares of common stock on March 18, 2005	532	-	4,972
Ending balance	<u>¥ 13,374</u>	<u>¥ -</u>	<u>\$ 124,991</u>
Retained earnings (Accumulated Deficit) (Note7) :			
Beginning balance	¥ (9,778)	¥ (34,238)	\$ (91,383)
Net income	4,836	7,318	45,196
Transfer from capital surplus	-	17,087	-
Capital reduction of common stock without compensation on August 6, 2004	18,141	-	169,542
Reversal of land revaluation surplus due to sale of land	-	57	-
Adjustment to retained earnings fo dismiss of consolidated subsidiaries	-	(2)	-
Ending balance	<u>¥ 13,199</u>	<u>¥ (9,778)</u>	<u>\$ 123,355</u>
Land Revaluation Surplus (Note 4):			
Beginning balance	¥ 3,167	¥ 3,235	\$ 29,598
Change of enterprise tax rate	-	(11)	-
Reversal of land revaluation due to sale of land	-	(57)	-
Ending balance	<u>¥ 3,167</u>	<u>¥ 3,167</u>	<u>\$ 29,598</u>
Net Unrealized Gain (Loss) on Available-for-sale Securities:			
Beginning balance	¥ 254	¥ (269)	\$ 2,374
Net increase of unrealized gain of available-for-sale securities	365	523	3,411
Ending balance	<u>¥ 619</u>	<u>¥ 254</u>	<u>\$ 5,785</u>
Foreign Currency Translation Adjustments:			
Beginning balance	¥ (12,901)	¥ (11,548)	\$ (120,570)
Net increase (decrease) of foreign currency translation adjustments	792	(1,353)	7,402
Ending balance	<u>¥ (12,109)</u>	<u>¥ (12,901)</u>	<u>\$ (113,168)</u>
Treasury Stock, at cost, Common Stock:			
Beginning balance	¥ (50)	¥ (32)	\$ (467)
Repurchase of treasury stock	(14)	(18)	(131)
Ending balance	<u>¥ (64)</u>	<u>¥ (50)</u>	<u>\$ (598)</u>
Total Shareholders' Equity	<u>¥ 33,133</u>	<u>¥ 20,161</u>	<u>\$ 309,654</u>
Thousands of shares			
Number of Outstanding Shares			
Beginning balance	272,629	272,688	
Issuance of common stock	97,069	-	
Reduction of preferred stock	(31,250)	-	
Repurchase of treasury stock	(65)	(59)	
Ending balance	<u>338,383</u>	<u>272,629</u>	

See notes to consolidated financial statements.