

# Financial and Business Results for the First Quarter of the Fiscal Year Ending March 31, 2007 (Consolidated)

Date: July 31, 2006

C o m p a n y	<b>KEL Corporation</b>	Registered on the JASDAQ
Stock Code	6919	
U R L	http://www.kel.jp/	
Representative	Kazuyoshi Takahashi	
C o n t a c t	Title of Executive Director and Administration Manager	
	Name Akio Yagasaki	T E L 042-374-5810

## 1. Matters Concerning Preparation of Quarterly Results

- (1) Adoption of simplified accounting method: Yes
- (2) Change in accounting principles applied: None
- (3) Changes in the scope of consolidation and the application of the equity method: None

## 2. Results of operations for the first quarter of the fiscal year ending March 2007 (April 1, 2006 - June 30, 2006)

### (1) Net Sales

( Note: Rounded down to ¥ Million )

	Net Sales		Operating Income		Ordinary Income	
	¥ Million	%	¥ Million	%	¥ Million	%
FY2007 1 <sup>st</sup> Quarter	2,141	(29.6)	227	(149.3)	236	(130.4)
FY2006 1 <sup>st</sup> Quarter	1,651	( )	91	( )	102	( )
March 2006	7,670		559		572	

	Net Income		Net Income Per share	Diluted Net Income per share
	¥ Millio n	%	¥	¥
FY2007 1 <sup>st</sup> Quarter	114	(93.0)	15.49	15.48
FY2006 1 <sup>st</sup> Quarter	59	( )	8.02	8.02
March 2006	323		40.50	40.37

(Note) The percentages shown for net sales, operating income, ordinary income and net income represent changes from the same period in the previous fiscal year.

### 【First quarter consolidated results of operations】

In the first quarter of the fiscal year, although oil prices soared and seasonal spending slowed down due to the effect of unseasonable weather, Japan's economy made a steady recovery through underlying strength of private capital investment, export and consumer spending reflecting the World Cup season.

Under such circumstances, KEL Group's products for amusement equipment and industrial equipment markets were strong and as a result, first quarter net sales were ¥2,141 million, ordinary income was ¥236 million and net income was ¥114 million.

### (2) Financial Position

( Note: Rounded down to ¥ Million )

	Total Assets	Shareholders' Equity	Shareholders' equity to total assets	Shareholders' equity per share
	¥ Million	¥ Million	%	¥
FY2007 1 <sup>st</sup> Quarter	11,314	8,230	72.7	1,109.91
FY2006 1 <sup>st</sup> Quarter	10,047	7,871	78.3	1,060.95
March 2006	11,176	8,252	73.8	1,109.68

**【Consolidated financial condition】**

Total assets as of the end of the first quarter were ¥11,314 million, an increase of ¥138 million from the previous fiscal year. This is mainly attributed to a ¥221 million increase in accounts receivable, a ¥150 million increase in inventory assets, a ¥163 million decrease in cash on hand and in banks due to payment of taxes, employment bonuses and dividends, and a ¥134 million decrease in tangible fixed assets.

**(Supplementary information)****【Qualitative information on earnings forecast】**

We have revised our business forecasts for the consolidated business results announced in the Summary of Business Results for the fiscal year ending March 2007, released on May 10, 2006. For more details, please refer to the Revisions to Forecasts for the Fiscal Year Ending March 2007, released on July 26, 2006.

*Cautions regarding forward looking statements:*

Above forecasts include future performance, assumption based on plans and forecasts. Actual results may differ significantly from the forecasts for a number of factors.