

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

Date: January 30, 2007

C o m p a n y	KEL Corporation	Registered on the JASDAQ
S t o c k C o d e	6919	
U R L	http://www.kel.jp/	
R e p r e s e n t a t i v e	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) Changes in accounting treatment compared to the most recent fiscal year: None
- (3) Changes in the scope of consolidation and the application of the equity method: None

2. Results of operations for the third quarter of the fiscal year ending March 2007 (April 1, 2006 – December 31, 2006)

(1) Net Sales (Note: Rounded down to ¥ Million)

	Net sales		Operating income		Ordinary income	
	¥ Million	%	¥ Million	%	¥ Million	%
FY2007 3 rd Quarter	6,795	(24.1)	790	(126.2)	810	(114.4)
FY2006 3 rd Quarter	5,474	(-5.9)	349	(-24.3)	377	(-20.6)
March 2006	7,670		559		572	

	Net income		Net income per share	Diluted net income per share
	¥ Million	%	¥	¥
FY2007 3 rd Quarter	420	(94.1)	56.68	56.54
FY2006 3 rd Quarter	216	(-17.1)	29.19	29.16
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.

【Third quarter consolidated results of operations】

In the third quarter of the fiscal year (October 1, 2006 ~ December 31, 2006), Japan's economy showed a steady growth. Especially, the employment environment improved as a result of labor shortage in the companies and consumer spending was supported by the increase in the number of payrolls.

Under such circumstances, KEL Group's products for amusement equipment and industrial equipment markets were strong. Consequently, third quarter net sales were ¥6,795 million, ordinary income was ¥810 million and net income was ¥420 million.

(2) Financial Position (Note: Rounded down to ¥ Million)

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ Million	¥ Million	%	¥
FY2007 3 rd Quarter	11,697	8,379	71.6	1,130.35
FY2006 3 rd Quarter	10,694	8,051	75.3	1,085.57
March 2006	11,176	8,252	73.8	1,109.68

【Consolidated financial condition】

Total assets as of the end of the third quarter were ¥11,697 million, an increase of ¥219 million from the previous fiscal year. This is mainly attributed to a ¥296 million increase in account receivable, a ¥81 million increase in fixed assets and a ¥164 million decrease in cash on hand and in banks due to interim tax payments, interim dividend payment and others.

【Supplementary information】

【Qualitative information on earnings forecast】

There are no revisions to consolidated business forecasts announced in the *Summary of Interim Business Results for FY March 2007 (consolidated)*, released on November 1, 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.

Attached documents

Summary of Consolidated Balance Sheet, Summary of Consolidated Income Statement

【Attached document】

1. Summary of Consolidated Balance Sheet

(Rounded down to ¥ thousand)

Item	3Q of FY ended December 2006 (as of Dec. 31, 2006)		3Q of FY ended December 2005 (as of Dec. 31, 2005)		FY ended March 2006 (as of Mar. 31, 2006)	
	Amount (thousand)	Share (%)	Amount (thousand)	Share (%)	Amount (thousand)	Share (%)
(Assets)						
. Currents assets						
1. Cash on hand and in banks	719,149		847,682		894,523	
2. Trade notes and accounts receivable	3,541,173		2,834,284		2,824,555	
3. Inventory assets	841,918		642,071		593,184	
4. Others	308,102		275,824		284,437	
Total current assets	5,410,343	46.3	4,599,862	43.0	4,596,701	41.1
. Fixed assets						
1. Tangible fixed assets						
(1) Buildings and structures	1,286,284		1,378,631		1,343,996	
(2) Machinery and transport equipment	1,546,094		1,432,674		1,494,599	
(3) Tools, furniture and fixtures	673,858		696,085		703,526	
(4) Land	731,198		883,232		884,165	
(5) Allowance for funds used during construction			46,527			
Total tangible fixed assets	4,237,436	36.2	4,437,151	41.5	4,426,288	39.6
2. Intangible fixed assets	85,046	0.7	40,969	0.4	84,925	0.8
3. Investment and other assets						
(1) Investment securities	847,009		798,587		950,535	
(2) Others	1,116,897		817,396		1,117,795	
Total investment and other assets	1,963,907	16.8	1,615,983	15.1	2,068,331	18.5
Total fixed assets	6,286,391	53.7	6,094,104	57.0	6,579,545	58.9
. Deferred assets	436	0.0	597	0.0	582	0.0
Total assets	11,697,170	100.0	10,694,564	100.0	11,176,829	100.0

Item	3Q of FY ended December 2006 (as of Dec. 31, 2006)		3Q of FY ended December 2005 (as of Dec. 31, 2005)		FY ended March 2006 (as of Mar. 31, 2006)	
	Amount (thousand)	Share (%)	Amount (thousand)	Share (%)	Amount (thousand)	Share (%)
(Liabilities)						
. Current liabilities						
1. Trade notes and accounts payable	1,573,299		1,565,271		1,358,558	
2. Reserve for bonuses	101,091		75,982		164,752	
3. Others	1,414,943		779,996		1,152,335	
Total current liabilities	3,089,334	26.4	2,421,249	22.6	2,675,646	24.0
. Fixed liabilities						
1. Employees' retirement benefit	140,233		121,567		127,572	
2. Others	87,750		100,309		121,322	
Total fixed liabilities	227,984	2.0	221,876	2.1	248,894	2.2
Total liabilities	3,317,319	28.4	2,643,126	24.7	2,924,540	26.2
(Shareholders' equity)						
Total shareholders' equity			8,051,438	75.3	8,252,288	73.8
Total liabilities and shareholders' equity			10,694,564	100.0	11,176,829	100.0
(Net Assets)						
. Shareholders' equity						
1. Capital	1,617,000					
2. Capital surplus	1,440,058					
3. Retained earnings	5,385,978					
4. Treasury stock	-290,426					
Total shareholders' equity	8,152,610	69.7				
. Estimated exchange difference						
1. Net unrealized holding gains	218,910					
2. Foreign currency translation adjustment account	8,330					
Total estimated exchange difference	227,241	1.9				
Total net assets	8,379,851	71.6				
Total liabilities and net assets	11,697,170	100.0				

2. Summary Consolidated Income Statement

(Rounded down to ¥ thousand)

Item	3Q of FY ended December 2006 (Apr. 1, 2006 – Dec. 31, 2006)		3Q of FY ended December 2005 (Apr. 1, 2005 – Dec. 31, 2005)		FY ended March 2006 (Apr. 1, 2005 – Mar. 31, 2006)	
	Amount (thousand)	Share (%)	Amount (thousand)	Share (%)	Amount (thousand)	Share (%)
. Net sales	6,795,769	100.0	5,474,956	100.0	7,670,576	100.0
. Cost of sales	4,807,869	70.8	4,031,797	73.6	5,627,302	73.4
Gross profit	1,987,899	29.2	1,443,158	26.4	2,043,273	26.6
. SG&A expenses	1,196,987	17.6	1,093,483	20.0	1,483,877	19.3
Operating income	790,911	11.6	349,675	6.4	559,395	7.3
. Non-operating income	30,137	0.5	36,400	0.7	36,580	0.5
. Non-operating expenses	10,919	0.2	8,301	0.2	23,531	0.3
Ordinary income	810,128	11.9	377,773	6.9	572,445	7.5
. Extraordinary profit	72,749	1.1	93,365	1.7	94,999	1.2
. Extraordinary loss	161,438	2.4	99,133	1.8	118,117	1.5
Net income before income taxes	721,439	10.6	372,005	6.8	549,327	7.2
Corporate taxes	301,135	4.4	155,498	2.8	225,936	3.0
Quarterly net income	420,304	6.2	216,507	4.0	323,391	4.2

(Note) The corporate taxes include income taxes deferred.