

Date: October 26, 2007

Notice of Revisions to Consolidated Business Forecasts (First Half and Full Year) and Projected Dividends for the Fiscal Year Ending March 2008

KEL Corporation made revisions to its consolidated business forecasts and projected dividends for the fiscal year ending March 2008 (April 1, 2007 to March 31, 2008). The new forecasts replace the forecasts that were announced in the "Summary of Business Results for FY March 2007" released on May 8, 2007. Details are as follows.

1. Revisions to consolidated business forecasts
 - (1) Revisions to first half consolidated business forecasts (April 1, 2007 to September 30, 2007)

(Unit: Million yen)

	Net sales	Operating income	Ordinary income	Net income
Previous forecast (A)	4,700	459	461	253
Revised forecast (B)	4,370	306	312	167
Increase/decrease (B-A)	-330	-152	-149	-85
Percentage change (%)	-7.0	-33.3	-32.2	-33.7
Previous results (FY Sept. 2006 interim)	4,502	553	564	280

- (2) Revisions to full year consolidated business forecasts (April 1, 2007 to March 31, 2008)

(Unit: Million yen)

	Net sales	Operating income	Ordinary income	Net income
Previous forecast (A)	9,600	964	963	530
Revised forecast (B)	8,600	460	458	242
Increase/decrease (B-A)	-1,000	-504	-505	-288
Percentage change (%)	-10.4	-52.3	-52.4	-54.3
Previous result (FY Mar. 2007)	9,229	1,066	1,071	546

2. Reasons for revisions to business forecasts

(1) Reasons for revisions to first half consolidated business forecasts

KEL revised its net sales to ¥ 4,370 million (decrease of ¥ 330 million from the initial forecast). This is because KEL expects the sales for amusement equipment market to fall below the initial forecast as replacement demand for new models are growing at a sluggish pace due to tighter regulations on amusement equipment.

Regarding profit, in addition to decrease in net sales, operating income, ordinary income and net income are expected to fall below the previous forecast respectively due to an increase in production costs affected by such as larger-than-expected rise in material prices.

(2) Reasons for revisions to full year consolidated business forecasts

KEL revised its net sales to ¥ 8.6 billion (decrease of ¥ 1 billion from the initial forecast).

This is because KEL expects the sales for amusement equipment market to fall below the initial forecast as replacement demand for new models are still growing at a sluggish pace from the first half due to tighter regulations on amusement equipment, and also because it is likely to require some time to gain full-fledged orders of car equipment products.

Regarding profit, KEL will make efforts such as to cut expenses, reduce production costs and review capital investment to make up for the decrease in the first half. However, in addition to decrease in net sales, operating income, ordinary income and net income are expected to fall below the previous forecast respectively such as due to an increase in production costs.

3. Revisions to projected dividends

(1) Reason for revisions

KEL's basic policy regarding dividends is to place priority on distribution of earnings to shareholders and maintain stable dividend to distribute earnings in line with business performance. The amount of dividends will be determined based on a dividend payout ratio of 40%.

However, taking into consideration our severe financial outlook for the current first half and full year, unfortunately we have revised our projected dividends for the current fiscal year as follows.

(2) Details of revisions

Record date	Dividends per share		
	End of interim	Year-end	Annual
Previous forecast	¥ 5	¥ 9	¥ 14
Revised forecast	¥ 4	¥ 4	¥ 8
Previous results (FY Mar. 2007)	¥ 7	¥ 21	¥ 28

(Note) KEL conducted a 2-for-1 stock split as of April 1, 2007. The amount of dividends per share for the previous forecasts and revised forecasts are the amount following the stock split and the amount of dividends per share for the previous results (FY March 2007) are the amount before the stock split.

The above forecasts regarding future performance are based on information available at the time this report was prepared. Therefore, actual results may differ from the forecasts due to various factors.