

Date: October 31, 2007

Notice Concerning Non-consolidated Business Results (First Half and Full Year) for the Fiscal Year ending March 2008

KEL Corporation announces as follows that it is expecting differences between non-consolidated forecasts for the fiscal year ending March 2008 (April 1, 2007 to March 31, 2008) and the actual non-consolidated business results for the fiscal year ended March 2007 (April 1, 2006 to March 31, 2007).

1. Non-consolidated business forecasts

(1) First half business forecasts (April 1, 2007 to September 30, 2007)

(Unit: Million yen)

	Net sales	Operating income	Ordinary income	Net income
Previous forecast (A) (FY Sept. 2006)	4,476	552	564	279
Revised forecast (B)	4,354	312	318	173
Increase/decrease (B-A)	-122	-240	-246	-106
Percentage change (%)	-2.7	-43.5	-43.6	-38.0

(2) Full year business forecasts (April 1, 2007 to March 31, 2008)

(Unit: Million yen)

	Net sales	Operating income	Ordinary income	Net income
Previous forecast (A) (FY Mar. 2007)	9,188	1,075	1,082	556
Revised forecast (B)	8,553	458	456	239
Increase/decrease (B-A)	-635	-617	-626	-317
Percentage change (%)	-6.9	-57.4	-57.8	-56.9

2. Reasons for differences between the current business forecasts and previous results

(1) Reasons for difference in the first half

KEL expects ¥ 4,354 million (decrease of ¥ 122 million from the previous first half result) in net sales. This is because sales for amusement equipment market are expected to fall below the initial plan 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 first half results respectively due to an increase in production costs affected by such as larger-than-expected rise in material prices.

(2) Reasons for difference in the full fiscal year

KEL expects ¥ 8,553 million (decrease of ¥ 635 million from the previous result) in net sales. This is because sales for amusement equipment market are expected to fall below the initial plan 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 results respectively such as due to an increase in larger-than-expected production costs.

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.