



PRESS RELEASE

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AXELL CORPORATION

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Notice of Revision of Earnings Forecast

Please be informed that AXELL CORPORATION (“the Company”) has decided at the Board of Directors meeting held on September 14, 2011, to revise its earnings forecast for the first half of the fiscal year ending March 31, 2012, disclosed on April 26, 2011, in consideration of recent trends in its business performance and other factors.

1. Revision of the Consolidated Earnings Forecast for First Half of FY 2011 (April 1, 2011 to September 30, 2011)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	millions of yen 3,700	millions of yen 300	millions of yen 300	millions of yen 180	yen 14.51
Revised forecast (B)	3,930	580	600	350	28.22
Amount of change (B-A)	230	280	300	170	—
Rate of change (%)	6.2	93.3	100.0	94.4	—
(Reference) Consolidated results for first half of FY 2010 (actual)	—	—	—	—	—

*Consolidated results for first half of the previous fiscal year are not stated as the Company has only commenced the preparation of consolidated financial statements from the first quarter of the fiscal year ending March 31, 2012.

2. Revision of the Non-consolidated Earnings Forecast for First Half of FY 2011 (April 1, 2011 to September 30, 2011)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	millions of yen 3,700	millions of yen 500	millions of yen 500	millions of yen 340	yen 27.41
Revised forecast (B)	3,930	760	780	530	42.73
Amount of change (B-A)	230	260	280	190	—
Rate of change (%)	6.2	52.0	56.0	55.9	—
(Reference) Non-consolidated results for first half of FY 2010 (actual)	3,950	655	662	428	34.56

3. Reasons for Revision

[Consolidated]

During the first half of the current fiscal year, the effects of the Great East Japan Earthquake were of particular concern in the amusement device market, which is the key market of the Company's products. However, encouraging signs such as restored willingness on the part of amusement facilities to introduce new units of amusement devices have led the Company to conclude that the effects of the Earthquake will have only limited impact on the amusement device market.

Given the aforementioned market environment, the Company, in consideration of sales performance to date and trends in demand in the first half of the fiscal year, estimates that sales of its mainstay products, namely Graphics LSI targeted at the amusement device market, will more or less be within the forecasted range despite falling slightly short of the initial plan. Meanwhile, sales of LED driver LSI targeted at the same market are expected to substantially exceed the initial plan, due to robust demand by certain customers. As a result, the Company has revised its forecast of net sales for the first half of the current fiscal year to 3,930 million yen, an increase of 230 million yen (up 6.2%) from the initial plan.

With this sales plan revision, the forecast of gross profit will also be revised to 2,060 million yen, an increase of 60 million yen from the initial plan (up 3.0%). Gross profit margin is expected to decline by 1.6 points from the initial plan to 52.4% due to changes in the product lineup.

The Company has revised its forecast of selling, general, and administrative expenses downward by 220 million yen from the initial plan to 1,480 million yen (down 12.9%). This is mainly due to the fact that the reporting of prototype development expenses has been postponed to the third quarter or later, and a portion of development expenses for next season's products is now expected to be less than initially planned.

As a result, the Company has revised its forecasts of operating income to 580 million yen (up 93.3% compared to the initial plan), ordinary income to 600 million yen (up 100.0% compared to the initial plan) and net income to 350 million yen (up 94.4% compared to the initial plan).

[Non-consolidated]

The Company has also revised its non-consolidated earnings forecast from the initial plan for reasons similar to the reasons for revising its consolidated earnings forecast.

4. Others

Due to the uncertainty of future social and economic trends and the trends in the amusement device market, which is the key market of the Company's products, the Company, at the present time, will not revise its full-year earnings forecast for the fiscal year ending March 31, 2012. However, if in light of future trends, it becomes necessary to make changes to the earnings forecast, an announcement will be made immediately.

Although the Company has revised its earnings forecast for the first half of the fiscal year ending March 31, 2012, the full-year earnings forecast remains unchanged. Consequently, the annual dividend for the fiscal year ending March 31, 2012 (interim dividend of 30 yen per share and year-end dividend of 30 yen per share, for a total annual dividend of 60 yen per share) will remain unchanged.

(Note) The above forecasts are based on information available to the Company as at the time of publication of this document. Actual results may vary from the forecasts due to a wide range of factors.