

JASDAQ

August 13, 2004

Company Name: Aruze Corp.

(URL: <http://www.aruze.com>)

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(Registered Share Name Code Number: 6425)

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**Fiscal Year Ending March 2005: General Status of 1st Quarter Performance and
Revision of Interim Performance Forecast (Consolidated/Individual)**

1. Matters related to preparation of quarterly financial information

Difference in the account processing method as compared to recent fiscal years in consolidated accounting: Difference exists (See the attached for detail)

Status of change of the applicable scope of consolidation and equity methods:
None

2. General status of 1st Quarter of Fiscal Year ending March 2005 (From April 1, 2004 to June 30, 2005)

(1) Progress of Operating Results (Consolidated) Unit: Million Yen and % in brackets

	Sales	Operating Profit	Ordinary Income	Quarterly Net Income (Current Period)
1st Quarter of FY ending March 2005	12,883 (- 63.5)	- 866 (-)	- 1,397 (-)	- 1,546 (-)
1st Quarter of FY ending March 2004	35,310 (69.6)	- (-)	- (-)	- (-)
(For Reference) FY ending March 2004	101,077	10,065	8,399	156

Unit: Yen

	Quarterly (Current Period) Net Income per Share	Quarterly (Current Period) Net Income per Share after adjustment of Residual Securities
1st Quarter of FY ending March 2005	- 19.35	-
1st Quarter of FY ending March 2004	-	-
(For Reference) FY ending March 2004	1.96	-

- Note: 1. The amounts mentioned are truncated to the digit of million.
2. Percentages indicate the rate of change in comparison with the same quarter in the previous fiscal year.
3. Since figures other than sales are disclosed as from the 1st quarter of this fiscal year, the performance and rate of change of the 1st quarter of the previous fiscal year is not mentioned.
4. These operating results are not subjected to the audit by Certified Public Accountant.

[Qualitative Information etc. regarding the progress of operating performance (consolidated)]

Delivery of the full-liquid-crystal-display-surfaced pachinko machine, "CR Mah-jong Emperor Club", which will be the first release in the industry and was planned to be introduced with a great expectation in the current first quarter, will be postponed to the second quarter due to some supplying troubles of main components such as liquid crystal parts in the manufacturing process. Also our company did not dare to introduce any new types of pachislot machines for some sales strategic reasons, and was only focused on continuing the sales activities of old types of machines such as pachislot machine "Sindbad" etc., which had been sold from the previous period.

Consequently, the sales performance in the first quarter resulted in extremely poor, as the numbers of pachislot machines and pachinko machines sold in the quarter were 15,199 and 1,292, respectively.

Change of Financial Status (Consolidated)

	Total Assets (In Million Yen)	Capital Stock (In Million Yen)	Capital Stock Ratio	Capital Stock per share (Unit: Yen)
1st Quarter of FY ending March 2005	187,352	113,938	60.8%	1,425.94
1st Quarter of FY ending March 2004	-	-	-	-
(For Reference) FY ending March 2004	185,472	118,293	63.8%	1,480.45

Note: The amounts mentioned are truncated to the digit of million.

3. Performance Forecast in Consolidated Accounting in the Fiscal Year ending March 2005

(1) Interim (From April 1, 2004 to September 30, 2004)

(Unit: Million Yen)

	Sales	Ordinary Income	Interim Net Income
Forecast released this time (A)	57,400	5,800	1,800
Forecast released previous time (B) (Released on May 25, 2004)	78,900	11,100	5,500
Increase/decrease of Amount (A minus B)	- 21,500	- 5,300	- 3,700
Rate of Change	- 27.2%	- 47.7%	- 67.3%

(2) Full Fiscal Year (From April 1, 2004 to March 31, 2005) (Unit: Million Yen)

	Sales	Ordinary Income	Net Income of current year
Forecast released this time (A)	191,500	46,000	23,100
Forecast released previous time (B) (Released on May 25, 2004)	191,500	46,000	23,100
Increase/decrease of Amount (A minus B)	0	0	0
Rate of Change	0.0%	0.0%	0.0%

For Reference: Expected net income of the current period per share (Full fiscal year): 286.53 yen

[Qualitative information etc. about business performance forecast]

Due to delay in the delivery of "CR Mah-jong Emperor Club", the business performance of our company in the first quarter in which no new machines were introduced fell temporarily below the figures originally planned, but the sales of the said machine is expected to be added to the sales in the second quarter. As the sales of "CR Mah-jong Emperor Club" and other new pachinko and pachislot machines released subsequently are expected to increase hereafter, the slight delay in the plan at this point of time is fully expected to be overcome by the end of the current period. As for pachislot machines of which we currently dare to suspend the sales, the product values are considered to increase in the future due to the influence of the revision of the rules enforced as of July 1, 2004, thus we assume that we will be able to further increase the sales volume per machine type than ever before. In September, we are planning to introduce new types of machines of both pachislot and pachinko machines. We have also prepared to continuously introduce new types of machines in and after the third quarter.

As a result of rearrangement of the sales schedule of the products in the future while taking the above-mentioned conditions into consideration, we hereby correct the interim performance forecast as above, but the performance forecast for the full fiscal year remains unchanged.

Note: The above-mentioned forecast was prepared based on the information available on the day that this material is released, and the actual performance may differ from the expected figures due to various factors arising in the future.

Fiscal Year ending March 2005: General Status of 1st Quarter Performance and Revision of Interim Performance Forecast (Individual)

1. Progress of Operating Results (Individual) (From April 1, 2004 to June 30, 2004)

Unit: Million Yen and % in brackets

	Sales	Operating Profit	Ordinary Income	Quarterly Net Income (Current Period)
1st Quarter of FY ending March 2005	7,024 (-76.8)	-1,234 (-)	-653 (-)	-352 (-)
1st Quarter of FY ending March 2004	30,321 (81.4)	12,077 (143.2)	13,325 (114.6)	- (-)
(For Reference) FY ending March 2004	79,491	8,189	9,738	1,723

Unit: Yen

	Quarterly (Current Period) Net Income per Share	Quarterly (Current Period) Net Income per Share after adjustment of Residual Securities
1st Quarter of FY ending March 2005	-4.41	-
1st Quarter of FY ending March 2004	-	-
(For Reference) FY ending March 2004	21.56	-

Note: 1. The amounts mentioned are truncated to the digit of million.

2. Percentages indicate the rate of change in comparison with the same quarter in the previous fiscal year.

3. This operating results are not subjected to the audit by Certified Public Accountant.

2. Change of Financial Status (Individual)

	Total Assets (In Million Yen)	Capital Stock (In Million Yen)	Capital Stock Ratio	Capital Stock per share (In Yen)
1st Quarter of FY ending March 2005	175,181	141,500	80.8%	1,770.89
1st Quarter of FY ending March 2004	-	-	-	-
(For Reference) FY ending March 2004	173,342	144,250	83.2%	1,805.30

Note: The amounts mentioned are truncated to the digit of million.

3. Performance Forecast of the Fiscal Year ending March 2005 (Individual)

(1) Interim (From April 1, 2004 to September 30, 2004)

(Unit: Million Yen)

	Sales	Ordinary Income	Interim Net Income
Forecast released this time (A)	42,600	4,500	2,000
Forecast released previous time (B) (Released on May 25, 2004)	64,100	9,000	4,900
Increase/decrease of Amount (A minus B)	- 21,500	- 4,500	- 2,900
Rate of Change	- 33.5%	- 50.0%	- 59.2%

(2) Full Fiscal Year (From April 1, 2004 to March 31, 2005) (Unit: Million Yen)

	Sales	Ordinary Income	Net Income of the current period
Forecast released this time (A)	160,800	41,900	22,900
Forecast released previous time (B) (Released on May 25, 2004)	160,800	41,900	22,900
Increase/decrease of Amount (A minus B)	0	0	0
Rate of Change	0.0%	0.0%	0.0%

For Reference: Expected net income of the current period per share (Full fiscal year): 284.03 yen

Note: The above-mentioned forecast was prepared based on the information available on the day that this material is released, and the actual performance may differ from the expected figures due to various factors arising in the future.

Quarterly Consolidated Balance Sheets

Note: The amounts are truncated to the digit of million.

Item	Period	Current Quarter (June 30, 2004)		For Reference: Fiscal Year ending March 2004 (March 31, 2004)	
		Amount	Percentage Distribution	Amount	Percentage Distribution
	(Assets)	In Million Yen	%	In Million Yen	%
	I Current assets				
1.	Cash, Time deposits, Trade receivables	29,816		32,598	
2.	Notes, Accounts	14,596		19,100	
3.	Inventories	29,646		20,294	
4.	Differed tax assets	2,701		2,327	
5.	Corporate tax receivable etc.	9,292		9,292	
6.	Others	13,113		13,157	
7.	Loss allowance for doubtful receivables	- 153		- 68	
	Total current assets	99,014	52.8	96,702	52.1
	II Fixed assets				
	(1) Tangible fixed assets				
1.	Building and structures	10,098		10,209	
2.	Machinery, equipment and vehicles	3,185		3,051	
3.	Rental assets	1,171		1,272	
4.	Equipment of amusement facilities	3,089		2,900	
5.	Land	20,698		20,698	
6.	Others	3,914		3,265	
	Total tangible fixed assets	42,157	22.5	41,398	22.3
	(2) Intangible fixed assets				
1.	Consolidation adjustments account	837		1,019	
2.	Others	2,412		2,082	
	Total fixed assets	3,249	1.7	3,101	1.7

(3) Investments and other assets				
1. Investments in securities	32,144		33,027	
2. Long-term loans receivable	480		500	
3. Lease deposits	8,339		8,626	
4. Bankruptcy reorganization claim etc.	3,364		3,340	
5. Others	2,306		2,412	
6. Allowance for doubtful debts	- 3,705		- 3,638	
Total investments and other assets	42,930	22.9	44,269	23.9
Total fixed assets	88,338	47.2	88,769	47.9
Total assets	187,352	100.0	185,472	100.0

Note: The amounts are truncated to the digit of million.

Item	Period	Current Quarter (June 30, 2004)		For Reference: Fiscal Year ending March 2004 (March 31, 2004)	
		Amount	Percentage Distribution	Amount	Percentage Distribution
		In Million Yen	%	In Million Yen	%
(Liabilities)					
I Current liabilities					
1. Notes payable and Accounts payable-trade		14,111		12,157	
2. Short-term loans payable		33,634		35,013	
3. Long-term loans payable to be paid within 1 year		1,995		3,107	
4. Accrued amount payable		1,606		2,188	
5. Advances received		7,683		-	
6. Corporate tax etc. payable		266		1,218	
7. Consumption tax etc. payable		96		105	
8. Advance rental fees received		736		953	
9. Allowance for bonus payable		611		397	
10. Others		1,244		635	
Total current liabilities		61,986	33.1	55,778	30.1
II Fixed liabilities					
1. Long-term loans payable		2,714		2,624	
2. Deferred tax liability		59		48	
3. Others		2,584		2,584	
Total fixed liabilities		5,358	2.9	5,257	2.8
Total liabilities		67,345	36.0	61,036	32.9
(Minority equity)					
Minority equity		6,069	3.2	6,142	3.3
(Shareholders' equity)					
I Capital stock		3,446	1.8	3,446	1.9
II Capital surplus		7,503	4.0	7,503	4.0
III Earned surplus		107,510	57.4	111,426	60.1

IV Other variance of the estimate of securities	23	0.0	23	0.0
V Exchange conversion adjustment account	- 2,709	- 1.4	- 2,270	- 1.2
VI Treasury stock	- 1,835	- 1.0	- 1,835	- 1.0
Total shareholders' equity	113,938	60.8	118,293	63.8
Total liabilities, minority equity and shareholders' equity	187,352	100.0	185,472	100.0

Quarterly Consolidated Profit and Loss Statement

Note: The amounts are truncated to the digit of million.

Item	Period	Current Quarter (From April 1, 2004 to June 30, 2004)		For Reference: Fiscal Year ending March, 2004 (From April 1, 2003 to March 31, 2004)	
		Amount	Percentage Distribution	Amount	Percentage Distribution
		In Million Yen	%	In Million Yen	%
I	Sales	12,883	100.0	101,077	100.0
II	Cost of Sales	7,920	61.5	62,523	61.9
	Gross Profit	4,962	38.5	38,554	38.1
III	Selling, General and Administrative Expenses	5,829	45.2	28,488	28.1
	Operating Profit (or Loss)	- 866	- 6.7	10,065	10.0
IV	Non-operating Income	192	1.5	868	0.8
V	Non-operating Expenses	723	5.6	2,534	2.5
	Ordinary Income (or Loss)	- 1,397	- 10.8	8,399	8.3
VI	Extraordinary Income	3	0.0	948	0.9
VII	Extraordinary Loss	251	2.0	5,821	5.7
	Quarterly Net Loss before adjustment by tax etc. or Net Income before adjustment by tax etc. of the current period	- 1,645	- 12.8	3,526	3.5
	Tax Expense	- 65	- 0.5	2,785	2.7
	Minority Stockholder Income	- 34	- 0.3	584	0.6
	Quarterly Net Loss or Net Income of current period	- 1,546	- 12.0	156	0.2

Quarterly Consolidated Earned Surplus Statement

Note: Amounts are truncated to the digit of million.

Item	Period	Current Quarter (From April 1, 2004 to June 30, 2004)		(For Reference: Fiscal Year ending March 2004) (From April 1, 2003 to March 31, 2004)	
		Amount		Amount	
		In Million Yen		In Million Yen	
(Capital Surplus)					
I	Balance of capital surplus at beginning of the period		7,503		7,503
II	Balance of capital surplus at end of the quarter (End of period)		7,503		7,503
(Earned surplus)					
I	Balance of earned surplus at beginning of the period		111,426		116,258
II	Amount of increase of earned surplus				
	1. Net Income for the current period	-		156	
	2. Amount of increase of earned surplus due to merger of consolidated subsidiaries	27		-	
	3. Amount of increase of earned surplus due to exclusion of consolidated subsidiaries	-	27	1	157
III	Amount of decrease in earned surplus				
	1. Quarterly Net Loss	1,546		-	
	2. Dividends	2,397		4,399	
	3. Bonus to directors	-		206	
	(Bonus to auditing officer which is included in the above)	(-)		(5)	
	4. Amount of decrease in surplus due to increase of consolidated subsidiaries	-	3,943	383	4,989
IV	Earned surplus at end of the quarter		107,510		111,426

(End of the period)			

Fundamental matters for the preparation of the quarterly financial information

Our company adopts a certain concise procedure within an allowable range that can prevent interested parties such as investors from making any serious mistakes in their judgments while using the criteria of preparation of consolidated financial statements as a base. The details are as follows:

[Details of the concise procedure]

1. Physical inventory check is skipped on condition that the perpetual records have been in order.
2. Cost variance is adjusted by the whole company, and it is not apportioned to inventory assets but is included in the cost of sales.
3. As for the criteria for appropriation of loss allowance for doubtful receivables, loan loss ratio is calculated according to the result of the end of the previous consolidated fiscal year.
4. As for depreciation expenses, monthly allotment of planned annual depreciation amount is amortized. As for depreciation expenses of items to be sold or retired during the period, appropriate depreciation during the period before sale or retirement is usually conducted. Depreciation of software, goodwill and long-term prepaid expense is conducted in the same manner.
5. The recording criteria of corporate tax etc. are calculated based on the statutory effective tax rate. As for tax effect, as a general rule, we have not conducted review from the end of the previous consolidated fiscal year except for items of consolidation adjustments.
6. As for bonus reserve, monthly allotment of expected provision for bonuses at the end of the previous consolidated fiscal year is appropriated.
7. As for the processing of deferred/accrued accounts and prepaid/unearned accounts, most of such accounts do not largely fluctuate, for instance calculation period generally remains the same, thus they have been brought forward from the end of the previous consolidated fiscal year.

End of Report