Financial and Business Performance Overview (consolidated) for the third Quarter of Fiscal Year ending March 2005, and Revised Forecast on Business Performance (consolidated and non-consolidated)

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1. Matters concerning preparation of quarterly financial information

① Adoption of simplified accounting procedure (Details as attached): Yes

② Change in accounting method from the most recent consolidated fiscal year: No

③ Change in scope applicable to consolidation and equity method: No

2. Financial and business performance overview for the third quarter of Fiscal Year ending March 2005 (from April 1, 2004 to December 31, 2004)

(1) Progress of operating results (consolidated)

(Any amount less than one million yen is omitted in the amounts shown below.)

	Sales Amount		Operating income		Ordinary income		Quarterly (current term) net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Third Quarter of Fiscal Year ending March 2005	61,067	(-37.2)	6,022	(---)	3,768	(---)	-4,924	(---)
Third Quarter of Fiscal Year ending March 2004	97,165	(6.1)	---	(---)	---	(---)	---	(---)
(Reference) Fiscal Year ending March 2004	101,077		10,065		8,399		156	

	Quarterly net profit (current term) per share		Quarterly net profit (current term) per share after adjusted residual securities	
	Yen	Sen	Yen	Sen
Third Quarter of Fiscal Year ending March 2005	-61	63	---	---
Third Quarter of Fiscal Year ending March 2004	---	---	---	---
(Reference) Fiscal Year ending March 2004	1	96	---	---

(Note) 1. Percentage shown indicates increase/decrease ratio from the same quarter of the previous year.

2. The above items except the sales amount do not show the actual results and increase/decrease ratio for the third quarter of the previous year because such results and ratio have been disclosed since the first quarter of the current fiscal year.

[Qualitative information concerning progress of operating results (consolidated)]

In the current third quarter as for the segment of Pachislot machines, a machine named "It's Guts!! Mori no Ishimatsu" was introduced to the market, and earned high recognition from the market on account of the rendition richly incorporating with the unique character of a former world boxing champion and a famous entertainer, Mr. Guts Ishimatsu on the 15 inch-liquid crystal screen and the prominent gaming features. This model made a great contribution to the sales for the third quarter. As for the segment of Pachinko machines, we sold only the products with old standards. As a result, the sales performance for the third quarter showed approximately 50,000 Pachislot machines and approximately 11,000 Pachinko machines. The segment of Pachinko and Pachislot machines showed 41,736 million yen in the cumulative sales amount for the current term.

In the segment of amusement operation, four sites were newly opened so far before the end of the third quarter. The fourth floor of Adores Shibuya Arcade* was remodeled and the floor was newly opened as the first arcade limited to the members' cardholders (exclusively for high rollers). We will continue to apply such operation style to the other main arcades in the future. As a result, the cumulative sales amount showed 12,271 million yen for the current term.

"Adores" is a name of our subsidiary and an amusement operator. They have currently 67 arcades throughout Japan.

(2) Changes in Financial Condition(Consolidated)

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity	Shareholders' Equity per Share (yen)	(sen)
	million yen	million yen	%	yen	sen
Third Quarter for Fiscal Year ending March 2005	192,659	113,052	58.7	1,414	87
Third Quarter for Fiscal Year ending March 2004	---	---	---	---	---
(Reference) Fiscal Year ending March 2004	185,472	118,293	63.8	1,480	45

(Note) 1. Any amount less than one million yen is omitted in the amounts shown above.

2. Because quarterly financial condition has been disclosed since the current first quarter, the actual results for the third quarter of the previous fiscal year are not shown.

3. Forecast on business performance for Fiscal Year ending March 2005 (from April 1, 2004 to March 31, 2005)

<Consolidated>

	Sales Amount	Ordinary Income	Net Profit for the Current Term
	million yen	million yen	million yen
Previous forecast (A)	104,000	13,200	400
Current revision (B)	79,700	6,600	460
Increase/decrease amount (B-A)	-24,300	-6,600	60
Ratio of increase/decrease	-23.4%	-50.0%	15.0%

<Non-consolidated>

	Sales Amount	Ordinary Income	Net Profit for the Current Term
	million yen	million yen	million yen
Previous forecast (A)	81,600	14,500	300
Current revision (B)	56,700	7,100	-4,600
Increase/decrease amount (B-A)	-24,900	-7,400	-4,900
Ratio of increase/decrease	-30.5%	-51.0%	---%

[Reasons for revised forecast on business performance]

① Non-consolidated

In the third quarter, a Pachislot machine called “It’s Guts!! Mori no Ishimatsu” contributed in sales resulting in such business performance almost as projected. In the fourth quarter, the sales amount was foreseen to go below the previous forecast because approvals on both Pachinko and Pachislot machines with new standards would be delayed.

Specifically, we introduced a model with new standards loaded with innovative full face LCD (Air-Vision) to the Pachinko market, and we made a plan to achieve the sales of 100,000 Pachinko machines by showing the full face LCD technology in January, February and March. By doing so, we have been proceeding with preparation to achieve a foothold for a leap into the following term. We planned to sell about 60,000 machines in approximately 15 billion yen before the end of the fourth quarter.

Further with Pachislot machines, we planned to sell around 40,000 machines in approximately 5 billion yen before the end of the current term by launching the new rental plan. However, it was foreseen that the sales would be delayed until March and after due to the delay in approvals. “Mighty Fighter Raiden”, a Pachislot machine with old standards, which commenced to accept orders in February, currently shows the order of approximately 10,000 machines, at a level of 20% of what we originally planned.

In spite of our continuous efforts in compressing the selling and administrative expenses, etc., we were unable to cover the reduced sales caused by time lag in sales periods. As a result, both the ordinary income and the net profit for the current term were foreseen to go below the previous forecast.

② Consolidated

In addition to the above revision of the non-consolidated business performance, because both Adores, Inc. and SETA Corp., which are listed subsidiaries, predicted both sales and profit going below the initial forecast, their impact was reflected in the forecast on the consolidated business performance.

Wynn Resorts, Limited, which is our equity method affiliate, increased its capital, and the shareholding ratio of our group declined from approximately 27.1% to 24.8%. As a result, it is foreseen to show extraordinary profit of approximately 7 billion yen for profit from deemed sales by adopting the equity method. However, because Wynn Resorts, Limited proceeded with early redemption of the second mortgage notes, it is foreseen to show extraordinary loss of approximately 2 billion yen in investment loss by the equity method against the redemption costs.

Taking these matters into consideration, we revised the forecast on the business performance for the full fiscal year, which was released in our " Summarized Financial Statement (consolidated)” dated November 9, 2004 and “Summary of Non-consolidated Interim Financial Statement” dated November 9, 2004.

(Note) The above forecast was prepared according to the available information as of the day this document is released. The actual business performance may vary from the forecasted figures due to the various future factors.

4. Year-end dividends

The year-end dividends would be 30 yen per share as initially forecasted.

5. Major efforts in the future

As described above, we predicted that the current term would have tight operating results. However, we are taking counter measures so that early recovery of business performance can be expected for the new fiscal year as described below.

① Expansion of sales of Pachinko machines loaded with 20” LCD (Air-Vision)

We commenced the sales of “Air-Vision” series with 20”LCD type of Pachinko machines in July of last year. And we completed the lineup of titles which can be sold in the new fiscal year and after. By providing the users with dynamic visual renditions that any Pachinko machines never had before, we are able to provide products that the users can fully enjoy the refreshed exhilaration We will apply for 16 models in the new fiscal year and aim at the sales of 240,000 Pachinko machines in an effort to establish the position of our group in the Pachinko market.

② Introduction of new rental system of Pachislot machines and early penetration into the market

We will commence establishing the new rental system of our own which has fundamentally modified the way to provide the Pachislot machines with transparent LCD equipped with single electric power supply early in the new fiscal year. We plan to reinforce the marketing ability and newly hire approximately 200 women as ARUZE partner ladies exclusively for the purpose to visit parlors throughout Japan to explain our own unique rental system. We will start the training sessions simultaneously when we obtain the approvals in March. We plan to achieve the monthly goal of numbers of rental units from April of the new fiscal year, and ultimately introduce 400,000 Pachislot machines into the market. This rental system will reduce the parlors' operating cost of a conventional cabinet to half, and cabinet will have the durability of two years and more. Under such setting, we will initiate working on efforts aiming at contents software business. We will apply for more than 16 models with high level contents in aspects of both visual technology and renditions of the Pachislot contents, and proceed with such development focusing on both the quality and quantity.

We have pushed through development of resource saving products further by taking utmost consideration of the environmental protection to become the best partner for our customers. In this way, we will realize the expansion of our sales in early phase of the new fiscal year.

③ Cost reduction of products and response to the environment issues

We will thoroughly reuse and recycle the parts and components to encourage the cost reduction. Concurrently, we will reduce wastes and provide environment-friendly products. We are continuously developing products aiming at resource saving for more than 80% against the market average.

④ Launch in full-scale to sell casino devices for overseas

We have worked fully on the development of products for overseas in the new fiscal year, and completed the improved organization to revitalize the sales of products for the worldwide casino market such as US market and Asia market. The casino market has a possibility to grow tremendously in the future. And we believe that we can make a great leap with the new fundamentally organized structure.

○ Attachment

- (Summary) Quarterly consolidated balance sheet
- (Summary) Quarterly consolidated profit and loss statement
- Quarterly consolidated statement of surplus
- Fundamental items for preparation of quarterly financial information

【Attachment】

(Summary) Quarterly Consolidated Balance Sheet

(Any amount less than one million yen is omitted.)

Item \ Term	Current Quarter (December 31, 2004)		Reference: F/Y March 2004 (March 31, 2004)	
(Assets)	Amount	Ratio	Amount	Ratio
I Current assets	Million yen	%	Million yen	%
1. Cash and deposits	54,281		32,598	
2. Notes receivable & accounts receivable	14,434		19,100	
3. Inventories	23,114		20,294	
4. Deferred tax assets	5,778		2,327	
5. Income tax refundable	---		9,292	
6. Others	4,997		13,157	
7. Allowance for bad debts	-629		-68	
Total current assets	101,976	52.9	96,702	52.1
II Fixed assets				
(1) Tangible fixed assets				
1. Buildings & structures	10,071		10,209	
2. Machinery & delivery equipment	2,928		3,051	
3. Rental assets	655		1,272	
4. Amusement facility equipment	3,094		2,900	
5. Land	18,769		20,698	
6. Others	3,384		3,265	
Total tangible fixed assets	38,904	20.2	41,398	22.3
(2) Intangible fixed assets				
1. Consolidation adjustments	283		1,019	
2. Others	2,278		2,082	
Total intangible fixed assets	2,562	1.4	3,101	1.7
(3) Investments & other assets				
1. Investment securities	37,402		33,027	
2. Long-term loans receivable	---		500	
3. Lease deposits & security deposit	8,419		8,626	
4. Claims in bankruptcy, reorganization, etc.	3,762		3,340	
5. Deferred tax assets	1,344		---	
6. Others	2,827		2,412	
7. Allowance for bad debts	-4,601		-3,638	
Total investments & other assets	49,155	25.5	44,269	23.9

Item / Term	Current Quarter (December 31, 2004)		Reference: F/Y March 2004 (March 31, 2004)	
	Amount	Ratio	Amount	Ratio
	Million yen	%	Million yen	%
Total fixed assets	90,623	47.1	88,769	47.9
III Deferred assets	60	0.0	---	0.0
Total assets	192,659	100.0	185,472	100.0

(Any amount less than one million yen is omitted.)

Item / Term	Current Quarter (December 31, 2004)		Reference: F/Y March 2004 (March 31, 2004)	
	Amount	Ratio	Amount	Ratio
(Liabilities)	Million yen	%	Million yen	%
I Current liabilities				
1. Notes payable & accounts payable	12,791		12,157	
2. Short-term loans payable	45,773		35,013	
3. Current portion of long-term debt	1,463		3,107	
4. Accrued amount payable	1,616		2,188	
5. Accrued corporate income taxes	2,369		1,218	
6. Accrued consumption taxes	146		105	
7. Advance rental fees received	65		953	
8. Allowances for bonuses	235		397	
9. Others	1,021		635	
Total current liabilities	65,484	34.0	55,778	30.1
II Fixed liabilities				
1. Corporate bonds	3,200		---	
2. long-term loans payable	2,692		2,624	
3. Deferred tax liabilities	---		48	
4. Others	2,388		2,584	
Total fixed liabilities	8,281	4.3	5,257	2.8
Total liabilities	73,765	38.3	61,036	32.9
(Minority Interests)				
Minority interests	5,841	3.0	6,142	3.3
(Shareholders' Equity)				
I Capital stock	3,446	1.8	3,446	1.9
II Capital surplus	7,503	3.9	7,503	4.0
III Retained earnings	104,940	54.5	111,426	60.1
IV Appraisal balance of securities	17	0.0	23	0.0
V Cumulative translation adjustments	-1,019	-0.5	-2,270	-1.2
VI Treasury stock	-1,836	-1.0	-1,835	-1.0
Total shareholders' Equity	113,052	58.7	118,293	63.8
Total of Liabilities, Minority Interests and Shareholders' Equity	192,659	100.0	185,472	100.0

(Summary) Quarterly Consolidated Profit and Loss Statement

(Any amount less than one million yen is omitted.)

Term / Item	Current Quarter [From April 1, 2004] [To December 31, 2004]		Reference: F/Y March 2004 [From April 1, 2003] [March 31, 2004]	
	Amount	Ratio	Amount	Ratio
	Million yen	%	Million yen	%
I Net sales	61,067	100.0	101,077	100.0
II Cost of sales	37,298	61.1	62,523	61.9
Gross profit	23,769	38.9	38,554	38.1
III Selling, general and administrative expenses	17,747	29.1	28,488	28.1
Operating income	6,022	9.8	10,065	10.0
IV Non-operating income	604	1.0	868	0.8
V Non-operating expenses	2,857	4.7	2,534	2.5
Ordinary income	3,768	6.1	8,399	8.3
VI Extraordinary income	4,816	7.9	948	0.9
VII Extraordinary loss	16,117	26.4	5,821	5.7
Net loss before taxes and adjustments for the quarter (-) Or net profit before taxes and adjustments for the quarter	-7,531	-12.4	3,526	3.5
Tax expenses	-2,355	-3.9	2,785	2.7
Minority shareholders' earnings	-251	-0.4	584	0.6
Net loss (-) or net profit for the quarter	-4,924	-8.1	156	0.2

Quarterly Consolidated Statement of Surplus

(Any amount less than one million yen is omitted.)

Item / Term	Current Quarter [From April 1, 2004] [To December 31, 2004] Amount		Reference: F/Y March 2004 [From April 1, 2003] [March 31, 2004] Amount	
	million yen		million yen	
(Capital Surplus)				
I Capital surplus at the beginning of the fiscal year		7,503		7,503
II Capital surplus at the end of the quarter (end of the fiscal year)		7,503		7,503
(Earnings Surplus)				
I Earnings surplus at the beginning of the fiscal year		111,426		116,258
II Increase in earnings surplus				
1. Net profit	---		156	
2. Surplus on equity fluctuation of consolidated subsidiaries	808			
3. Surplus on merger of consolidated subsidiaries	27		---	
4. Surplus on exclusion of consolidated subsidiaries	---	836	1	157
III Appropriations				
1. Net loss for the quarter	4,924		---	
2. Dividends	2,397		4,399	
3. Directors' bonuses	---		206	
(Corporate auditors' bonuses)	(---)		(5)	
4. Effect of earnings on increase of consolidated subsidiaries	---	7,321	383	4,989
IV Retained earnings at the end of the quarter (end of the fiscal year)		104,940		111,426

Basis of Presentation on Quarterly Financial Informations

As permitted, the Group has adopted certain simplified accounting procedures within the limits that the disclosures herein are adequate to make the informations presented not misleading.

[Simplified accounting procedures]

1. Physical inventory taking is not performed because the Group maintains continuous records of the movements of inventories.
2. Cost variances are processed on a company-wide basis, and all the variances are charged to the cost of sales, without being allocated to inventories.
3. Allowance for bad debts on ‘normal receivables’ is provided on the historical rate of losses on receivables, which was calculated at the end of the previous year.
4. Depreciation of tangible fixed assets for the quarterly period is calculated by month based on the estimated depreciation expense for the year. When a certain asset is sold or disposed, depreciation expense up to the month is recognized.
   Amortizations of software, goodwill and long-term prepaid expenses are calculated by the same method as above.
5. Income taxes are calculated based on the statutory tax rate. Deferred tax assets and liabilities are carried forward from the previous year-end without being recalculated, except for the recognized in the consolidation process.
6. Provision for bonus payment is calculated by month based on the amount recognized at the end of the previous year.
7. Deferred accounts and accrued accounts are carried forward from the end of the previous year without being recalculated, because most of them cover the same durations as those of the year-end and the fluctuations from them will be minimal