

Financial and Business Performance Overview for the First Quarter of Fiscal Year ending March 2006,
and Revised Forecast on Business Performance (consolidated and non-consolidated)

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Corporate Name: ARUZE Corp.

(JASDAQ Code: 6425)

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

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1. Matters concerning preparation of quarterly financial information

- ① Adoption of simplified technique in accounting method (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: Yes
- Consolidated (new) 0 affiliates, (Excluded) 2 affiliates,
Equity Method (new) 0 affiliates, (Excluded) 0 affiliates
- ④ The figures of quarterly accounting performance are not audited by the auditing firm.

2. Financial and business performance overview for the first quarter of Fiscal Year ending March 2006
(from April 1, 2005 to June 30, 2005)

(1) Progress of operating results (consolidated)

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

	Sales amount		Operating income		Ordinary income		Quarterly (current term) net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Quarter of Fiscal Year ending March 2006	11,478	(-10.9)	-1,890	(---)	-3,026	(---)	-2,448	(---)
First Quarter of Fiscal Year ending March 2005	12,883	(-63.5)	-866	(---)	-1,397	(---)	-1,546	(---)
(Reference) Fiscal Year ending March 2005	72,458		5,467		2,083		1,022	

	Quarterly net profit (current term) per share		Quarterly net profit (current term) per share after adjusted residual securities	
	Yen	Sen	Yen	Sen
First Quarter of Fiscal Year ending March 2006	-30	64	---	---
First Quarter of Fiscal Year ending March 2005	-19	35	---	---
(Reference) Fiscal Year ending March 20045	12	79	---	---

(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 increase/decrease ratio for the first quarter of the previous year because such items have been disclosed since the first quarter of the previous fiscal year.

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

In the current first quarter as for the sales of Pachinko machines, a model with new industrial requirements, "CR Power Get Game" was introduced into the market, however, the sales was commenced in June due to delay in obtaining the approval. As a result, the sales went significantly lower than the plan for the current quarter.

As for Pachislot machines, we were unable to obtain approvals under the new industrial requirements. As a result, we sold only a model with the old industrial requirements, "Gold XR".

Consequently, the sales performance for the first quarter showed 14,674 Pachinko machines and 5,360 Pachislot machines.

(2) Changes in financial condition (consolidated)

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

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity	Shareholders' Equity per Share	
	million yen	million yen	%	yen	sen
First Quarter for Fiscal Year ending March 2006	186,497	113,832	61.0	1,424	62
First Quarter for Fiscal Year ending March 2005	187,352	113,938	60.8	1,425	94
(Reference) Fiscal Year ending March 2005	193,332	117,358	60.7	1,468	75

- 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

3. Forecast on business performance for Fiscal Year ending March 2006

(1) Midterm Fiscal Year (from April 1, 2005 to September 30, 2005)

<Consolidated>

	Sales Amount	Ordinary Income	Net Profit for the Current Term
	million yen	million yen	million yen
Previous forecast (A)	58,900	6,300	200
Current revision (B)	23,400	-7,200	-9,300
Increase/decrease amount (B-A)	-35,500	-13,500	-9,500
Ratio of increase/decrease	-60.3 %	--- %	--- %

<Non-consolidated>

	Sales Amount	Ordinary Income	Net Profit for the Current Term
	million yen	million yen	million yen
Previous forecast (A)	46,600	5,100	600
Current revision (B)	12,000	-5,700	-7,500
Increase/decrease amount (B-A)	-34,600	-10,800	-8,100
Ratio of increase/decrease	-74.2 %	--- %	--- %

(2) Full Fiscal Year (from April 1, 2005 to March 31, 2006)

<Consolidated>

	Sales Amount	Ordinary Income	Net Profit for the Current Term
	million yen	million yen	million yen
Previous forecast (A)	122,200	19,100	6,700
Current revision (B)	100,500	7,500	100
Increase/decrease amount (B-A)	-21,700	-11,600	-6,600
Ratio of increase/decrease	-17.8 %	-60.7 %	-98.5 %

<Non-consolidated>

	Sales Amount	Ordinary Income	Net Profit for the Current Term
	million yen	million yen	million yen
Previous forecast (A)	96,600	15,000	5,500
Current revision (B)	75,300	7,000	200
Increase/decrease amount (B-A)	-21,300	-8,000	-5,300
Ratio of increase/decrease	-22.0 %	-53.3 %	-96.4 %

[Qualitative information concerning forecast on business performance]

① Non-consolidated overview

In the segment of Pachinko machines, we are almost smoothly obtaining approvals for models under the new industrial requirements, and we are ready to introduce new models including “CR Cutie Honey” into the market in a sequential manner in the second quarter and thereafter. However, the number of sold “CR Power Get Game”, which we commenced the sales in June, showed significantly lower than the initial plan. As a result, the plan needs to be reviewed for the midterm and full fiscal year.

In the segment of Pachislot machines of our main business, one year has elapsed since the laws controlling pachislot and pachinko machines were revised in July of last year. During such a time, we anticipated that we could obtain approvals before the end of June since we had applied for a number of Pachislot machines under the new industrial requirements. In spite of such anticipation, none of the applications has obtained approvals even at the present point in time. In the test procedure of requirements for acceptance, we made efforts in applying for all the tests as early as in May. As a result, the final tests were completed in documents, structure and software design specified by the testing organizations. In addition, we completed modification of all the models in progress for application up to that point in time to conform to the requirements for acceptance. We have worked continuously to the present on the models being applied for which reached the requirements for acceptance from early June to the end of June, and five models of such Pachislot machines were already accepted for application. All these models are believed to conform to the requirements for acceptance specified by the testing organizations. With forecast of a possibility that the models will not meet acceptance criterion in the figures in the test for actual playing of the machines due to the random feature of the machines, we took extra measures by filing 4 to 5 different versions of application for one model to enhance the probability to pass the test for actual playing of the machines. Although it seems almost affirmative to pass the test with such measures, we anticipate to obtain approvals on our Pachislot machines definitely any time from the end of August to the end of September since the testing organizations take approximately 90 days in average for the test. However, this is significantly lagged behind the initially targeted schedule and the sales plan for Pachislot machines needs to be significantly revised for the midterm and full fiscal year.

Taking such circumstances into account, we revised the forecast on business performance for the midterm and full fiscal year as indicated above as a result of readjustment of the future sales schedule of our products.

In the segment of rental business of Pachislot machines, the prerequisite of the business to start is to secure approvals on a multiple number of models. For this reason, we will proceed with our plan after making sensible estimation on when the approvals will be granted in the future.

② Consolidated overview

In addition to the above revision of the non-consolidated business performance, because SETA Corp., which is our listed subsidiary, predicted both sales and profit going below the initial forecast, the

impact was reflected in the forecast on the consolidated business performance.

Taking these matters into consideration, we revised the forecast on the business performance for the midterm and full fiscal year, which was released in our "Summarized Financial Statement" dated May 16, 2005 and "Summary of Non-consolidated Financial Statement" dated May 16, 2005.

1. (Summary) Quarterly Consolidated Balance Sheet

(Unit: million yen, %)

Item	Current Quarter (F/Y 3/06 End of 1 st Quarter)	Previous 1 st Quarter (F/Y 3/05 End of 1 st Quarter)	Increase / Decrease		(Reference) F/Y 3/05
	Amount	Amount	Amount	Ratio	Amount
(Assets)					
I Current assets					
1. Cash and deposits	47,787	29,816	17,970	60.3	55,152
2. Notes receivable & accounts receivable	6,559	14,596	-8,036	-55.1	8,380
3. Inventories	27,450	29,646	-2,196	-7.4	25,941
4. Deferred tax assets	5,382	2,701	2,680	99.2	4,661
5. Accrued corporate income taxes	142	9,292	-9,150	-98.5	33
6. Others	5,323	13,113	-7,789	-59.4	5,248
7. Allowance for bad debts	-45	-153	108	---	-115
Total current assets	92,599	99,014	-6,414	-6.5	99,302
II Fixed assets					
(1) Tangible fixed assets					
1. Buildings & structures	9,582	10,098	-516	-5.1	9,700
2. Machinery & delivery equipment	2,701	3,185	-484	-15.2	2,815
3. Rental assets	188	1,171	-982	-83.9	173
4. Amusement facility equipment	3,015	3,089	-74	-2.4	3,090
5. Land	17,189	20,698	-3,509	-17.0	17,173
6. Others	3,635	3,914	-278	-7.1	3,621
Total tangible fixed assets	36,312	42,157	-5,845	-13.9	36,574
(2) Intangible fixed assets					
1. Consolidation adjustments	652	837	-184	-22.0	696
2. Others	1,759	2,412	-653	-27.1	1,870
Total intangible fixed assets	2,412	3,249	-837	-25.8	2,566
(3) Investments & other assets					
1. Investment securities	43,634	32,144	11,489	35.7	43,359
2. Long-term loans receivable	280	480	-199	-41.6	81
3. Lease deposits & security deposit	8,315	8,339	-24	-0.3	8,383
4. Deferred tax assets	537	---	537	---	507
5. Claims in bankruptcy and reorganization	4,161	3,364	796	23.7	4,336
6. Others	2,657	2,306	350	15.2	2,737
7. Allowance for bad debts	-4,586	-3,705	-880	---	-4,667

Item	Current Quarter (F/Y 3/'06 End of 1st Quarter)	Previous 1 st Quarter (F/Y 3/'05 End of 1 st Quarter)	Increase / Decrease		(Reference) F/Y 3/'05
	Amount	Amount	Amount	Ratio	Amount
Total investments & other assets	54,999	42,930	12,069	28.1	54,738
Total fixed assets	93,724	88,338	5,386	6.1	93,879
III Deferred assets					
1. Bond issue costs	155	---	155	---	149
Total deferred assets	155	---	155	---	149
Total assets	186,479	187,352	-873	-0.5	193,332

(Unit: million yen, %)

Item	Current Quarter	Previous 1 st Quarter	Increase /		(Reference)
	(F/Y 3/06)	(F/Y 3/05)	Decrease		F/Y 3/05
	End of 1 st Quarter)	End of 1 st Quarter)	Amount	Ratio	Amount
(Liabilities)					
I Current liabilities					
1. Notes payable & accounts payable	9,622	14,111	-4,488	-31.8	10,302
2. Short-term borrowings payable	22,760	33,634	-10,874	-32.3	26,336
3. Long-term borrowings payable within one year	1,983	1,995	-11	-0.6	2,799
4. Bonds redeemable within one year	1,950	---	1,950	---	1,900
5. Accrued amount payable	1,469	1,606	-136	-8.5	2,322
6. Accrued corporate income taxes	340	266	74	27.9	295
7. Accrued consumption taxes	49	96	-47	-48.9	221
8. Allowances for bonuses	663	611	51	8.4	392
9. Others	1,742	9,664	-7,921	-82.0	1,130
Total current assets	40,581	61,986	-21,404	-34.5	45,702
II Fixed liabilities					
1. Corporate bonds	11,390	---	11,390	---	9,540
2. Long-term loans payable	13,535	2,714	10,820	398.6	13,522
3. Deferred tax liabilities	---	59	-59	---	---
4. Others	2,283	2,584	-301	-11.7	2,357
Total fixed liabilities	27,208	5,358	21,849	407.7	25,419
Total liabilities	67,789	67,345	444	0.7	71,122
(Minority interests)					
Minority interests	4,857	6,069	-1,211	-20.0	4,851
(Shareholders' equity)					
I Capital stock	3,446	3,446	---	---	3,446
II Capital surplus	7,503	7,503	---	---	7,503
III Retained earnings	106,999	107,510	-510	-0.5	111,823
IV Other appraisal balance of securities	23	23	0	-2.1	22
V Cumulative translation adjustments	-2,303	-2,709	406	---	-3,600
VI Treasury stock	-1,836	-1,835	-1	---	-1,836
Total shareholders' equity	113,832	113,938	-106	-0.1	117,358
Total liabilities, minority interests and shareholders' equity	186,479	187,352	-873	-0.5	193,332

2. (Summary) Quarterly Consolidated Profit and Loss Statement

(Unit: million yen, %)

Item	Current Quarter (F/Y 3/06 End of 1 st Quarter)	Previous 1 st Quarter F/Y 3/05 End of 1 st Quarter)	Increase / Decrease		(Reference) F/Y 3/05
	Amount	Amount	Amount	Ratio	Amount
I Net sales	11,478	12,883	-1,404	-10.9	72,458
II Cost of sales	7,921	7,920	0	0.0	44,902
Gross profit	3,557	4,962	-1,405	-28.3	27,556
III Selling, general and administrative expenses	5,447	5,829	-381	-6.5	22,088
Operating income or operating loss (-)	-1,890	-866	-1,023	---	5,467
IV Non-operating income	167	192	-25	-13.0	780
V Non-operating expenses	1,303	723	579	80.1	4,164
Ordinary income or ordinary loss (-)	-3,026	-1,397	-1,628	---	2,083
VI Extraordinary income	76	3	73	2,234.4	16,729
VII Extraordinary loss	98	251	-152	-60.6	21,364
Net loss before taxes and adjustments for the (current) quarter (-)	-3,048	-1,645	-1,403	---	-2,551
Tax expenses	-523	-65	-458	---	-2,839
Minority shareholders' loss (-)	-76	-34	-42	---	-733
Net loss (-) or net profit for the quarter	-2,448	-1,546	-902	---	1,022

3. Quarterly Consolidated Statement of Surplus

(Unit: million yen, %)

	Current Quarter		Previous 1 st Quarter		(Reference)	
	(F/Y 3/'06		(F/Y 3/'05		F/Y 3/'05	
	End of 1st Quarter)		End of 1st Quarter)			
	Amount		Amount		Amount	
(Capital Surplus)						
I Capital surplus at the beginning of the fiscal year		7,503		7,503		7,503
II Capital surplus at the end of the quarter (end of the fiscal year)		7,503		7,503		7,503
(Retained Earnings)						
I Retained earnings at the beginning of the fiscal year		111,823		111,426		111,426
II Increase in retained earnings						
1. Net profit		---		---		1,022
2. Surplus on equity fluctuation of consolidated subsidiaries		---		---		1,745
3. Surplus on merger of consolidated subsidiaries		---		27		27
4. Surplus on exclusion of consolidated subsidiaries	21	21	---	27	---	2,794
III Decrease in retained earnings						
1. Net loss for the quarter	2,448		1,546		---	
2. Dividends	2,397	4,845	2,397	3,943	2,397	2,397
IV Retained earnings at the end of the quarter (end of the fiscal year)		106,999		107,510		111,823

Fundamental Items for Preparation of Quarterly Financial Information

We adopt a certain simplified accounting method to the extent that the interested parties such as investors would not be significantly affected when they make decisions.

[Simplified accounting method]

1. Physical inventory taking is omitted subject to perpetual inventory record to be maintained.
2. Performance ratio of bad debts in the posting standard of allowance for bad debts is calculated according to the actual results from the end of the previous consolidated fiscal year.
3. The monthly amount of estimated annual depreciation is posted for the depreciation. In the event for selling or scrapping during the fiscal year, any depreciation allowable for the time period of selling or scrapping is normally posted for the depreciation. This also applies to depreciation of the software, goodwill and long-term prepaid expenses.
4. Corporate income taxes, etc. are calculated according to the legal effective tax rate. Tax consequence has not been basically reviewed since the end of the previous consolidated fiscal year, except for the consolidated adjustments.
5. The monthly amount of estimated provision at the end of the current consolidated fiscal year is posted for the allowances for bonuses.
6. The deferred and accrued accounts and prepaid accounts are carried forward as is from the end of the previous consolidated fiscal year because they are mostly in the same accounting period which does not significantly vary.
7. Accounting for impaired loss is not applicable to the fixed assets.