

**Consolidate financial results for the third quarter of Fiscal Year ended March 2006**

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 Code Number: 6425  
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**1. Matters concerning preparation of quarterly financial information**

- ① Adoption of simplified accounting procedure: Yes (Details is the other page)
- ② Change in accounting procedure from most recent consolidated fiscal year: None
- ③ Change in scope applicable to consolidation and equity method: Yes
- Consolidated (newly added): 2 companies, (removed) 1 company / Equity method: (newly added) 1 company, (removed) 1 company
- ④ An audit corporation does not audit the figures of quarterly accounting overview.

**2. Consolidated Results for the third quarter period of Fiscal Year 2005 ended March 2006 (April 1, 2005 to December 31, 2005)**
**(1) Consolidated Operating Results**

Note: Amounts shown below are rounded down to the nearest million yen

	Net sales		Operating income		Ordinary Income	
	Million yen	%	Million yen	%	Million yen	%
Third Quarter ended Mar.31, 2006	37,221	(-39.0)	-4,402	(-)	-7,112	(-)
Third Quarter ended Mar.31, 2005	61,067	(-37.2)	6,022	(-)	-3,768	(-)
(Reference) Fiscal Year ended March 31, 2005	72,458		5,467		2,083	

	Quarterly (Current term) Net Income		Quarterly (Current term) Net Income Per Share	Interim (Current term) Net Income Per Share After Adjustment of Residual Securities
	Million yen.	%	Yen	Yen
Third Quarter ended Mar.31, 2006	- 8,855	(-)	- 110.83	—
Third Quarter ended Mar.31, 2005	-4,924	(-)	61.63	—
(Reference) Fiscal Year ended March 31, 2005	1,022		12.79	—

**Notes:**

- ① Percentages displayed in the brackets refer to changes from the quarter period in the previous fiscal year
- ② Changes from the quarter period in the previous fiscal year, except for net sales, is not listed since all the data has been disclosed since the first quarter of previous fiscal year.

**Qualitative information concerning progress of operating results (consolidated)**

In Pachislot business, as announced in the “Consolidated Interim Financial Results for Fiscal Year Ending March 31, 2006” dated on November 15, 2005, we acquired the first approval for our machine under the Type No.5 standard at the end of last September. Since then, we continued to be successful in acquiring approvals, and as of today we have accumulated 10 titles in total, which becomes available for sales.

We launched “Sakura Wars,” our first Type No.5 model Pachislot machine in October, then “Devilman” in November respectively. Both of them are based on quite popular comic characters in Japan, and we tried hard to expand the sales of these titles. However, in spite of our efforts, it took more time than we anticipated until fair recognition towards the Type No.5 standard was established by industry, thus the sales results were well below our target figures.

Regarding Pachinko business, we have launched 3 titles, “CR Mighty Fighter Raiden,” “CR Yume Shibai,” and “CR Sindbad Adventure.” As a result, our sales figure for the third quarter is about 24,000 units of Pachislot machines and about 8,000 units of Pachinko machines.

As for amusement facility management business, launch of “winter thanks giving campaign” held during the busy period of year-end and new-year and the aggressive introduction of large-scale amusement machines led to the recovery of medal games business, and large-scale network card game continued to be very profitable. However, due to the continuous slump of prize game and the fierce competition among the locations, total sales dropped compared to the one in last year. We closed two locations with low profitability during the third quarter to achieve more efficient management.

In Pachinko / Pachislot peripheral equipment business, number of membership locations using the prepaid card system at the parlors increased from 58 at the end of last quarter to 130 at the end of December 2006, and the impact to introduce direct sales system has been prominent since the second quarter. However, due to the delay to introduce our main product, the card unit with stacker bill validator, we could not reach our target figure for sales.

(2) Consolidated Financial Condition

Note: Amounts shown below are rounded down to the nearest million yen

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets	Shareholders' Equity Per Share
	Million yen	Million yen	%	Yen
Third Quarter ended Mar.31, 2006	179,259	109,853	61.3	1,374.83
Third Quarter ended Mar.31, 2005	192,659	113,052	58.7	1,414.87
Fiscal Year ended March 31, 2005	193,332	117,358	60.7	1,468.75

End of Report

Attachments:

(Summary) Quarterly consolidated balance sheet  
 (Summary) Quarterly consolidated loss and profit  
 Quarterly consolidated surplus statement  
 Matters concerning preparation of quarterly financial information

[Attachment]

1. (Summary) Quarterly Consolidated Balance Sheet

(Unit : million yen, %)

Item	Current Quarter (FY 3/06 End of 3rd Quarter)	Previous 3rd Quarter (FY 3/05 End of 3rd Quarter)	Increase /Decrease		(Reference) FY 3/05
	Amount	Amount	Amount	Ratio	Amount
<b>(Assets)</b>					
<b>I Current Assets</b>					
1. Cash and deposits	43,553	54,281	-10,727	-19.8	55,152
2. Notes receivable and accounts receivable	7,435	14,434	-6,999	-48.5	8,380
3. Inventories	26,029	23,114	2,915	12.6	25,941
4. Deferred tax assets	6,505	5,778	726	12.6	4,661
5. Accrued corporate income tax	—	—	—	—	33
6. Others	4,058	4,997	-939	-18.8	5,248
7. Allowance for bad debts	-169	-629	460	—	-115
Total current assets	87,412	101,976	-14,564	-14.3	99,302
<b>II Fixed assets</b>					
(1) Tangible fixed assets					
1. Buildings & structures	9,120	10,071	-951	-9.4	9,700
2. Machinery & delivery equipment	2,380	2,928	-548	-18.7	2,815
3. Rental assets	491	655	-164	-25.0	173
4. Amusement facility equipment	2,836	3,094	-258	-8.3	3,090
5. Land	16,333	18,769	-2,436	-13.0	17,173
6. Others	3,399	3,384	15	0.5	3,621
Total tangible fixed assets	34,561	38,904	-4,343	-11.2	36,574
(2) Intangible fixed assets					
1. Consolidated adjustments	566	283	282	99.4	696
2. Others	1,498	2,278	-780	-34.2	1,870
Intangible fixed assets	2,064	2,562	-498	-19.4	2,566
(3) Investment & other assets					
1. Investment securities	44,127	37,402	6,725	18.0	43,359
2. Long-term loan receivable	367	—	367	—	81
3. Lease deposit & security deposit	8,220	8,419	-199	-2.4	8,383
4. Claim in bankruptcy and reorganization	3,834	3,762	71	1.9	4,336
5. Deferred tax assets	373	1,344	-970	-72.2	507
6. Others	2,445	2,827	-382	-13.5	2,737
7. Allowance for bad debts	-4,278	-4,601	323	—	-4,667
Total investment & other assets	55,091	49,155	5,936	12.1	54,738
Total fixed assets	91,717	90,623	1,094	1.2	93,879
<b>III Deferred assets</b>					
1. Bond issue costs	130	60	70	116.8	149
Total deferred assets	130	60	70	116.8	149
Total assets	179,259	192,659	-13,399	-7.0	193,332

(Unit : million yen, %)

Item	Current Quarter (F/Y 3/06 End of 3rd Quarter)	Previous 3rd Quarter (F/Y 3/05 End of 3rd Quarter)	Increase /Decrease		(Reference) F/Y 3/05
	Amount	Amount	Amount	Ratio	Amount
<b>(Liabilities)</b>					
<b>I Current liabilities</b>					
1. Notes payable and accounts payable	8,882	12,791	-3,909	-30.6	10,302
2. Short-term borrowings payable	21,017	45,773	-24,755	-54.1	26,336
3. Long-term borrowings payable within one year	1,314	1,463	-148	-10.2	2,799
4. Bonds redeemable within one year	1,200	—	1,200	—	1,900
5. Accrued amount payable	1,434	1,616	-182	-11.3	2,322
6. Accrued corporate income taxes	95	2,369	-2,273	-96.0	295
7. Accrued consumption taxes	113	146	-33	-22.7	221
8. Allowance for bonuses	211	235	-24	-10.3	392
9. Others	1,419	1,087	331	30.5	1,130
Total current liabilities	35,688	65,484	-29,795	-45.5	45,702
<b>II Fixed liabilities</b>					
1. Corporate bonds	12,990	3,200	9,790	305.9	9,540
2. Long-term loans payable	13,867	2,692	11,174	415.0	13,522
3. Others	2,253	2,388	-135	-5.7	2,357
Total fixed liabilities	29,110	8,281	20,829	251.5	25,419
Total liabilities	64,798	73,765	-8,966	-12.2	71,122
<b>(Minority interests)</b>					
Minority interests	4,607	5,841	-1,233	-21.1	4,851
<b>(Shareholder's equity)</b>					
I Capital stock	3,446	3,446	—	—	3,446
II Capital Surplus	7,503	7,503	—	—	7,503
III Retained profits	100,632	104,940	-4,307	-4.1	111,823
IV Other appraisal balance of securities	7	17	-10	-59.7	22
V Cumulative translation adjustments	100	-1,019	1,119	—	-3,600
VI Treasury stock	-1,837	-1,836	0	—	-1,836
Total shareholder's equity	109,853	113,052	-3,199	-2.8	117,358
Total liabilities, minority interests, and Shareholder's equity	179,259	192,659	-13,399	-7.0	193,332

2. (Summary) Quarterly Consolidate Profit and Loss Statement

(Unit : million yen, %)

Item	Current Quarter (F/Y 3/06 End of 3rd Quarter)	Previous 3rd Quarter (F/Y 3/05 End of 3rd Quarter)	Increase /Decrease		(Reference) F/Y 3/05
	Amount	Amount	Amount	Ratio	Amount
I Net sales	37,221	61,067	-23,846	-39.0	72,458
II Cost of sales	25,132	37,298	-12,165	-32.6	44,902
Gross profit	12,088	23,769	-11,680	-49.1	27,556
III Selling, general and administrative expenses	16,511	17,747	-1,236	-7.0	22,088
Operating income and operating loss (-)	-4,422	6,022	-10,444	—	5,467
IV Non-operating income	720	604	115	19.1	780
V Non-operating expenses	3,410	2,857	553	19.4	4,164
Ordinary income and ordinary loss (-)	-7,112	3,768	-10,881	—	2,083
VI Extraordinary income	91	4,816	-4,725	-98.1	16,729
VII Extraordinary loss	3,698	16,117	-12,419	-77.1	21,364
Net loss before taxes and adjustments for the (current) quarter	10,719	7,531	3,187	—	2,551
Tax expenses	-1,573	-2,355	782	—	-2,839
Minority shareholder's loss (-)	289	251	37	—	733
Net loss (-) or net profit for the (current) quarter	-8,855	-4,924	-3,931	—	1,022

### 3. Quarterly Consolidated Statement of Surplus

(Unit : million yen, %)

	Current Quarter (F/Y 3/06 End of 3rd Quarter)		Previous Quarter (F/Y 3/05 End of 3rd Quarter)		(Reference) F/Y 3/05	
	Amount		Amount		Amount	
<b>(Capital Surplus)</b>						
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	
<b>(Retained Earnings)</b>						
I	Retained earnings at the beginning of the fiscal year		111,823		111,426	
II	Increase in retained earnings					
1.	Net profit		—		1,022	
2.	Surplus on exclusion of consolidated subsidiaries		62		—	
3.	Surplus on equity fluctuation of consolidated subsidiaries		—		808	
4.	Surplus on merger of consolidated subsidiaries		—		27	
			62		836	
III	Decrease in retained earnings					
1.	Net loss for the quarter		8,855		—	
2.	Dividends		2,397		2,397	
			11,252		7,321	
IV	Retained earnings at the end of the quarter (at the end of the fiscal year)		100,632		104,940	
					111,823	

## Fundamental Items for Preparation of Quarterly Financial Information

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

### [Simplified accounting procedure]

- 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 current 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 allowance for bonuses.
- 6 . The deferred and accrued accounts and prepaid accounts are carried forward as is from the end of the pervious consolidated fiscal year because they are mostly in the same accounting period which do not significantly vary.