

Financial and Business Performance Overview for the First Quarter of Fiscal Year ending March 2007 (consolidated)

August 24, 2006

Corporate Name: ARUZE Corporation

(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: No

2. Financial and business performance overview for the first quarter of Fiscal Year ending March 2007 (from April 1, 2006 to June 30, 2006)

(1) Progress of operating results (consolidated)

(Any amount less than one million yen is rounded off.)

	Sales revenue		Operating income		Ordinary income		Quarterly (1st quarter) net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Quarter of Fiscal Year ending March 2007	10,149	(-11.6)	176	(---)	-299	(---)	-401	(---)
First Quarter of Fiscal Year ending March 2006	11,478	(-10.9)	-1,890	(---)	-3,026	(---)	-2,448	(---)
(Reference) Fiscal Year ending March 2006	48,506		-5,310		-8,578		-12,713	

(Note) Percentages shown indicate increase/decrease ratio from the same quarter of the previous year.

	Quarterly net profit (1st quarter) per share		Quarterly net profit (1st quarter) per share after adjusting residual securities	
	Yen	Sen	Yen	Sen
First Quarter of Fiscal Year ending March 2007	-5	02	---	---
First Quarter of Fiscal Year ending March 2006	-30	64	---	---
(Reference) Fiscal Year ending March 2006	-159	11	---	---

[Qualitative Information Concerning Progress of Operating Results (Consolidated)]

During the 1st Quarter of the current fiscal year, Aruze installed two new Pachislot units in parlors, "Rock You Queen" and "Chura-Hime Sun." These demonstrated combined sales of approximately 18,000 units for the Quarter. No sales of Pachinko machines were conducted during the Quarter.

For non-consolidated business results, Aruze posted 9,232 million JPY in net sales, 354 million JPY in operating profit and 235 million JPY in ordinary profit, resulting in a positive net profit figure of 217 million JPY.

With regards to consolidated profit-and-loss, costs preceding the opening of the Wynn Macau this September and heightened interest resulted in investment losses of 330 million JPY accounted for by the equity method.

Consequently, Aruze posted net sales of 10,149 million JPY for the Quarter, with 176 million JPY in operating profit, -299 million JPY in ordinary profit and -401 million JPY in net profit for the same period.

(2) Changes in financial condition (consolidated)

(Any amount less than one million yen is rounded off.)

	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 2007	167,141	106,047	63.3	1,322	37
First Quarter for Fiscal Year ending March 2006	186,479	113,832	61.0	1,424	62
(Reference) Fiscal Year ending March 2006	167,990	108,020	64.3	1,351	89

- Attachment
- (Summary) Quarterly consolidated balance sheet
 - (Summary) Quarterly consolidated profit and loss statement
 - (Summary) Quarterly consolidated statement of changes in stockholder's equity and other equities
 - Fundamental Items for Preparation of Quarterly Financial Information

(Reference)

3. Forecast on business performance for Fiscal Year ending March 2007

(1) (from April 1, 2006 to March 31, 2007)

<Consolidated>

	Sales Revenue	Ordinary Income	Net Profit for the term
	million yen	million yen	million yen
Midterm Fiscal Year	34,300	2,100	800
Full Fiscal Year	88,100	8,800	4,600

(Reference) Estimated net profit or loss (for Full Fiscal Year) par share is to be 57.56Yen

[Qualitative Information Concerning Business Performance Forecast]

Our business performance in the area of Pachislot for the 1st Quarter of the fiscal year ending March 2007 fell below target figures established in our forecast issued for that fiscal year. This is due to the ongoing presence of a market based primarily on the Type 4 standard, which continues to impede the individual sales growth of Type 5 machines. Nonetheless, with Pachislot manufacturer releases of new machines based on the previous Type 4 standard to virtually end by the 2nd Quarter, it is anticipated that the 2nd Half of the fiscal year and beyond will witness a strengthening of market demand for the new Type 5-standard machines.

In July and August, Aruze respectively initiated distribution of the Pachislot titles “Dengeki Franken” and “Cranky Condor X.” The latter represents the official successor to “Cranky Condor,” the classic Aruze release that left an indelible mark on Pachislot history. “Cranky Condor” dominated the market upon its debut approximately ten years ago with its unique character, unprecedented high bonus probability and highly-varied “reach chances” (bonus chance combinations). With the successor to this legendary machine and the continuous introduction of other titles for which the company has already obtained approval to the market, Aruze intends to expand its sales of Type 5 machines. Furthermore, renewed sales of Pachinko machines are also scheduled for the 2nd Half of the fiscal year.

With regards to overseas casino gaming, this July, Aruze was granted approval of a casino gaming machine manufacturing license for the American state of Nevada, one capable of being renewed on an unlimited basis. This will facilitate the company’s coming plans to actively submit applications to testing authorities for its gaming machines targeting the Las Vegas and Nevada market. With testing procedures for such machines typically taking between six to eight months, Aruze anticipates that it will receive regulatory approvals next year, after which it will commence the manufacturing and sales of said products.

In September of this year, Wynn Resorts, Limited (listed as WYNN on the NASDAQ), in which Aruze owns an approximate 24.5% stake, will open the second in its series of casino resort hotels with the Wynn Macau. Aruze is slated to provide two sets of its large-scale, multiplayer “Dealer’s Angels Theater Baccarat” products (each featuring a 150” monitor and 24 play stations) as well as slot machines for operation on the Wynn Macau’s casino floor. With the demand for baccarat, poker and other table games high in Macau, Aruze intends to continue aggressively marketing its flagship “Theater Baccarat” product

as well as other games to the region. (Note: Aruze holds 24,549,222 shares in Wynn Resorts through its American subsidiary, Aruze USA, Inc. The book value of those shares is approximately 46,000 million JPY. At the close of August 22, the stock was valued at approximately US\$74 per share, giving Aruze's holdings a market value of approximately 210,000 million JPY as of the same date.)

To reiterate our immediate goals as discussed above, Aruze will continue to strengthen its sales efforts for "Cranky Condor X" and its other Type 5 Pachislot machines between the months of August and September in order to reach its established target figures. Consequently, no change in the company's business forecast for the fiscal year as publicly issued on May 24, 2006 will be made at this time.

*Note: The above forecasts were made based on information available as of the date of the disclosure of this data and factors in assumptions made concerning uncertain elements that may affect future performance. Actual business results may differ significantly from said forecasts due to various factors that may arise in the future.

1. (Summary) Quarterly Consolidated Balance Sheet

(Unit: million yen, %)

Item	Concerned Quarter (FY 3/07 End of 1 st Quarter)	Previous 1 st Quarter (FY 3/06 End of 1 st Quarter)	Increase / Decrease		(Reference) FY 3/06
	Amount	Amount	Amount	Ratio	Amount
(Assets)					
I Current assets					
1. Cash and deposits	30,210	47,787	-17,576	-36.8	37,439
2. Notes receivable & accounts receivable	16,304	6,559	9,745	148.6	11,578
3. Inventories	24,382	27,450	-3,067	-11.2	23,377
4. Deferred tax assets	3,024	5,382	-2,357	-43.8	2,919
5. Accrued corporate income taxes	0	142	-142	-100.0	70
6. Others	8,244	5,323	2,920	54.9	7,916
7. Allowance for bad debts	-69	-45	-24	---	-71
Total current assets	82,097	92,599	-10,501	-11.3	83,230
II Fixed assets					
(1) Tangible fixed assets					
1. Buildings & structures	6,586	9,582	-2,995	-31.3	6,707
2. Machinery & delivery equipment	2,047	2,701	-653	-24.2	2,131
3. Rental assets	---	188	-188	---	---
4. Assets for lease	3,833	---	3,833	---	3,302
5. Amusement facility equipment	---	3,015	-3,015	---	---
6. Land	14,942	17,189	-2,246	-13.1	15,050
7. Others	2,725	3,635	-910	-25.0	2,635
Total tangible fixed assets	30,136	36,312	-6,176	-17.0	29,826
(2) Intangible fixed assets					
1. Consolidation adjustments	463	652	-189	-29.0	489
2. Others	993	1,759	-765	-43.5	1,069
Total intangible fixed assets	1,456	2,412	-955	-39.6	1,558
(3) Investments & other assets					
1. Investment securities	49,336	43,634	5,702	13.1	49,876
2. Long-term loans receivable	454	280	174	62.2	443
3. Lease deposits & security deposit	810	8,315	-7,504	-90.2	806
4. Deferred tax assets	81	537	-455	-84.8	81
5. Claims in bankruptcy and reorganization	3,274	4,161	-886	-21.3	3,284
6. Others	3,121	2,657	464	17.5	2,491
7. Allowance for bad debts	-3,711	-4,586	874	---	-3,710

Item	Concerned Quarter (F/Y 3/07 End of 1st Quarter)	Previous 1 st Quarter (F/Y 3/06 End of 1 st Quarter)	Increase / Decrease		(Reference) F/Y 3/06
	Amount	Amount	Amount	Ratio	Amount
Total investments & other assets	53,368	54,999	-1,631	-3.0	53,273
Total fixed assets	84,961	93,724	-8,763	-9.3	84,658
III Deferred assets					
1. Cost of New stock issuance	3	---	3	---	4
2. Cost of Bond issuance	78	155	-76	-49.5	97
Total deferred assets	81	155	-73	-47.2	101
Total assets	167,141	186,479	-19,338	-10.4	167,990

Item	Concerned Quarter (F/Y 3/07 End of 1 st Quarter)	Previous 1 st Quarter (F/Y 3/06 End of 1 st Quarter)	Increase / Decrease		(Reference) F/Y 3/06
	Amount	Amount	Amount	Ratio	Amount
(Liabilities)					
I Current liabilities					
1. Notes payable & accounts payable	7,362	9,622	-2,260	-23.5	7,936
2. Short-term borrowings payable	14,501	22,760	-8,259	-36.3	16,850
3. Long-term borrowings payable within one year	1,021	1,983	-961	-48.5	1,509
4. Bonds redeemable within one year	2,700	1,950	750	38.5	2,800
5. Accrued amount payable	1,666	1,469	197	13.4	1,162
6. Accrued corporate income taxes	172	340	-168	-49.3	78
7. Accrued consumption taxes	105	49	55	113.2	87
8. Allowances for bonuses	421	663	-242	-36.5	212
9. Advances by customers	4,288	224	4,064	---	2,355
10. Deferred income	6,358	0	6,358	---	3,868
11. Others	857	1,517	-660	-43.5	725
Total current assets	39,455	40,581	-1,126	-2.8	37,586
II Fixed liabilities					
1. Corporate bonds	8,400	11,390	-2,990	-26.3	8,450
2. Long-term loans payable	10,214	13,535	-3,321	-24.5	11,160
3. Others	3,024	2,283	741	32.5	2,467
Total fixed liabilities	21,638	27,208	-5,569	-20.5	22,077
Total liabilities	61,093	67,789	-6,696	-9.9	59,664
(Minority interests)					
Minority interests	---	4,857	-4,857	---	306
(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	-106,999	---	96,775
IV Other appraisal balance of securities	---	23	-23	---	42
V Cumulative translation adjustments	---	-2,303	2,303	---	2,090
VI Treasury stock	---	-1,836	1,836	---	-1,837
Total shareholders' equity	---	113,832	-113,832	---	108,020
Total liabilities, minority interests and shareholders' equity	---	186,479	-186,479	---	167,990

Item	Concerned Quarter (F/Y 3/07 End of 1st Quarter)	Previous 1 st Quarter (F/Y 3/06 End of 1 st Quarter)	Increase / Decrease		(Reference) F/Y 3/06
	Amount	Amount	Amount	Ratio	Amount
(Equities)					
I Shareholders' equities					
1. Capital stock	3,446	---	3,446	---	---
2. Capital surplus	7,503	---	7,503	---	---
3. Retained earnings	94,776	---	94,776	---	---
4. Treasury stock	-1,837	---	-1,837	---	---
Total shareholders' equities	103,888	---	103,888	---	---
II Translation gain or loss, Appraisal balance etc.					
1. Appraisal balance of securities.	35	---	35	---	---
2. Cumulative translation adjustments	1,823	---	1,823	---	---
Total Translation gain or loss, Appraisal balance etc.	1,858	---	1,858	---	---
III Minority interests	299	---	299	---	---
Total equities	106,047	---	106,047	---	---
Total liabilities and equities	167,141	---	167,141	---	---

2. (Summary) Quarterly Consolidated Profit and Loss Statement

(Unit: million yen, %)

Item	Concerned Quarter (F/Y 3/07 End of 1 st Quarter)	Previous 1 st Quarter F/Y 3/06 End of 1 st Quarter)	Increase / Decrease		(Reference) F/Y 3/06
	Amount	Amount	Amount	Ratio	Amount
I Sales revenue	10,149	11,478	-1,329	-11.6	48,506
II Cost of sales	4,697	7,921	-3,223	-40.7	31,099
Gross profit	5,451	3,557	1,894	53.3	17,406
III Selling, general and administrative expenses	5,275	5,447	-172	-3.2	22,717
Operating income or operating loss (-)	176	-1,890	2,066	---	-5,310
IV Non-operating income	38	167	-129	-77.2	720
V Non-operating expenses	513	1,303	-789	-60.6	3,989
Ordinary loss (-)	299	3,026	-2,726	---	8,578
VI Extraordinary income	46	76	-29	-38.9	2,921
VII Extraordinary loss	11	98	-87	-88.1	5,779
Net loss (-) before taxes and adjustments for the (concerned) quarter	264	3,048	-2,784	---	11,436
Tax expenses	189	-523	713	---	1,902
Minority shareholders' loss (-)	53	76	-23	---	625
Net loss (-) for the quarter	401	2,448	-2,047	---	12,713

3. (Summary) Quarterly consolidated statement of changes in stockholder's equity and other equities

(Unit: million yen, %)

	Stockholder's equity					Translation gain or loss, Appraisal balance etc.	Minority interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity			
Balance as of Mar. 31, 2006	3,446	7,503	96,775	-1,837	105,887	2,132	306	108,326
Movement in the quarter								
Dividend of surplus	---	---	-1,598	---	-1,598	---	---	-1,598
Quarterly net profit	---	---	-401	---	-401	---	---	-401
Net movement for other than shareholders' equity in the quarter	---	---	---	---	---	-273	-6	-279
Total movement in the quarter	---	---	-1,999	---	-1,999	-273	-6	-2,278
Balance as of Jun. 30, 2006	3,446	7,503	94,776	-1,837	103,888	1,858	299	106,047

Fundamental Items for Preparation of Quarterly Financial Information

Aruze, in addition to adhering to basic standards for the preparation of consolidated financial statements, adopts the following set of simplified accounting procedures to the extent that the judgment of investors and other interested parties is not significantly affected.

[Nature of Simplified Accounting Procedures]

1. Physical inventory is omitted under the condition that perpetual inventory records are maintained.
2. With regard to calculation standards for the allowance for bad debt, the performance ratio for bad debt is determined according to the actual results for the end of the previous consolidated fiscal year.
3. Depreciation is calculated in terms of the monthly amount of estimated annual depreciation. In the event of selling or disposal during the fiscal year, any depreciation corresponding to the time period leading up to the act of selling or disposal is generally factored in determining depreciation for that fiscal year. This rule also applies to the depreciation of software, goodwill and long-term prepaid expenses.
4. With regard to calculation standards for corporate tax etc., said items are calculated according to the legal effective tax rate. Tax effects are as a general rule not reviewed following the close of the previous consolidated fiscal year, with consolidated adjustment items being the exception.
5. With regards to the allowance for bonuses, the estimated reversal for said item at the end of the current consolidated fiscal year is calculated in monthly increments.
6. With regard to the handling of expired and unexpired accounts, as said items consist entirely of those that largely fall under the same accounting period and demonstrate low variability overall, said items are carried forward as is from the close of the previous consolidated fiscal year.