JASDAQ

October 2, 2007

Company Name: ARUZE CORP.
Name and Title of Representative: Kunihiko Yogo
Representative Director and CEO
(JASDAQ Code: 6425)
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Announcement by ARUZE Subsidiary (Seta Corp.)

Seta Corp. ("Seta" below), a subsidiary of ARUZE CORP. ("the Company" below), announced today the results of the investigation performed concerning the matters disclosed in Seta's "Notification of Occurrence of Event that May Affect Past Business Results and Cause Postponement of Scheduled Date for Disclosure of Summary of Financial Data and Business Results for 1st Quarter of Fiscal Year Ending March 31, 2008" press release dated August 23, 2007. Please refer to the attached press release for details.

The effect of said matters on the Company's settlement of accounts for the fiscal year ending March 31, 2007 is anticipated to be the following. Careful calculations are currently being conducted, with further details to be announced as soon as they are finalized.

(Unit: Million yen)

	Company's Business Results for Fiscal Year Ending March 31, 2007 (Consolidated) (A)	Estimated Numerical Effect on Seta's Settlement of Accounts for Fiscal Year Ending March 31, 2007 (B)	Percentage (%) (B/A)
Net Sales	36,387	-800	2.2
Operating Profit	-2,791	-300	-
Ordinary Profit	-6,349	-300	-
Net Profit	9,453	-300	3.2

*Note: The percentage effect to be exerted on operating profit and ordinary profit has not been calculated due to the consolidated figures for these two items being a loss.

The necessity for correction of the Company's Securities Registration Report for the fiscal year ending March 31, 2007 is scheduled to be determined through deliberation with relevant institutions after a report has been obtained regarding the details of the nature of corrections made to Seta's Securities Registration Report for the same fiscal year. Developments will be announced once finalized.

Attachment

October 2, 2007

Company Name: Seta Corp.
Name and Title of Representative: Hisakazu Hirabayashi
Representative Director and President
(JASDAQ Code: 4670)
Contact: Satoshi Iwadate
General Manager, Corporate Planning Office
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Announcement Regarding Investigation Results for Handling of Sales for Fiscal Year Ending March 31, 2007

As announced in its "Notification of Occurrence of Event that May Affect Past Business Results and Cause Postponement of Scheduled Date for Disclosure of Summary of Financial Data and Business Results for 1st Quarter of Fiscal Year Ending March 31, 2008" press release dated August 23, 2007, Seta Corp. ("Seta" below) has conducted a detailed investigation while referring to the opinions of outside experts[*1], particularly those of the Internal Compliance Committee[*2]. The results of said investigation follow below.

Please note that said investigation was conducted for the settlement of accounts for the fiscal year ending March 31, 2007, and was carried out between August 24, 2007 and October 2, 2007.

[*1] Outside experts are represented by Attorney Akio Sato, Attorney Nobuo Nakamura and CPA Kosuke Taguchi, who have been providing advice and cooperation.

[*2] Established on July 23, 2007 for the purpose of investigating the internal status of legal compliance as it currently stands. Members consist of Seta Representative Director Hisakazu Hirabayashi, who serves as Committee Chairman, two outside directors, one employee from ARUZE CORP., the parent company of Seta, and one from another ARUZE GROUP company, and two employees from Seta's Administration Department.

Results of Investigation

The investigation revealed that an inappropriate handling of the settlement of accounts for the fiscal year ending March 31, 2007 had been conducted. Under the strict instructions of and orders from the former Executive Managing Director, and the actions of the former Representative Director who actively acknowledged those instructions and orders, transactions that should have been deemed unconfirmed orders were posted as net sales in March 2007. In order to present this as an appropriate posting of net sales, certain documents, including original vouchers, were either forged or doctored.

Out of the net sales posted for the fiscal year ending March 31, 2007, the amount that should have not been posted as such was originally estimated to be in the realm of 330 million yen. However, the investigation revealed that this amount totaled approximately 800 million yen. Currently, this figure is undergoing careful calculation, with the definite amount to be disclosed once it is available.

Additionally, a similar inappropriate posting of sales also took place during the interim period for the fiscal year ending March 31, 2007; however, it is believed that the effect on the settlement of accounts for said period is negligible, reason being that the processing of the transactions in question, including shipping/delivery and returns, had all been completed by March 2007, and the monetary impact estimated to be approximately several hundredths of a million yen.

Circumstances Behind Inappropriate Handling of Settlement of Accounts

The circumstances behind the inappropriate handling of the settlement of accounts as revealed by the investigation follow below.

(1) Premises: Outline of Work Procedures From Contract Negotiation Leading to Shipping/Delivery

The products that Seta handles are:

a. Ball./medal dispensers for Pachinko and Pachislot machines (typically referred to as "sands" due to being "sandwiched," or installed, between Pachinko and Pachislot machines at parlors)

b. Cash redemption machines for card amount balances

c. Computer servers for parlors

The actual work process from contract negotiation to shipping/delivery generally occurs in the following order.

After contract negotiation is conducted with a parlor or agent, authorization is obtained from the (former) Executive Managing Director, who has the right to approve the subject transaction. The contents of the contract are then communicated to the General Manager of Sales, the Deputy Chief of the Distribution Administration Section and other individuals. Simultaneously, the relevant "Transaction Application Form," "Contract" and "Delivery Request Form" are sent to the headquarters from the appropriate sales branch.

After a seal is affixed to the "Contract" at the headquarters, it is sent back to the sales branch. A request to ship the relevant products in warehouse storage is made to freight/storage service companies through the "Shipping Request Form." These service companies send the products to the parlor or agent, where they are provided with a "Certificate of Receipt." This is then sent by fax to Seta as proof of receipt.

Slightly before or after the product is sent, sales staff visit the relevant parlor or agent and receive the signature for the "Contract" and stamp for the "Certificate of Material Receipt."

(2) Circumstances Behind Shipping/Delivery for Fiscal Year Ending March 31, 2007

While the work procedure is as outlined above, following a hearing conducted on Seta's former Executive Managing Director, the General Manager of Sales, the Deputy Chief and Assistant Manager of the Distribution Administration Department and other individuals, as well as an examination of the original vouchers, it was determined that in actuality, actions resembling the following were conducted during the fiscal year ending March 31, 2007.

① Around early February 2007, the former Representative Director and former Executive Managing Director established a plan to post sales in March 2007 that should have been posted for the fiscal year ending March 31, 2008. This stemmed from the results of the sales plan for the fiscal year ending March 31, 2007, which had target sales units of "sands" for the 2nd Half of said fiscal year set at 15,000, not meeting desired expectations. Around February 6, 2007, the former Executive Managing Director communicated by telephone to the General Manager of Sales instructions to notify all branches to "get contracts during March in order to account for shipments to be scheduled between the months of April and June, the sales from which will be posted as those for the fiscal year ending March 31, 2007." The General Manager of Sales relayed by telephone those instructions to each of the Sales Branch Managers.

② From early through mid-March 2007, each of the Sales Branch Managers continuously submitted to the former Executive Managing Director requests for approval of transactions for which contracts could be formed during March, with these requests approved by the Senior General Manager of Sales. This is despite the shipping of the relevant products being scheduled to occur between April and June. For "Contracts" for which approval and authorization were received from the former Executive Managing Director, the Sales Branch Managers would submit a "report detailing that an agreement had been reached on the conditions, date of delivery, etc. as listed on the contract (called a "Contract Formation Report")" to the former Executive Managing Director and General Manager of Sales. However, with regard to the content of these Contract Formation Reports, the Executive Managing Director gave advance instructions to the General Manager of Sales and Branch Managers to set the date of delivery as March 30 or March 31.

③ Additionally, in early March 2007, the former Representative Director issued instructions at the headquarters to the Deputy Chief of the Distribution Administration Section to search for a separate warehouse to use for transporting products in storage that were scheduled to be shipped between April and June to the freight/storage service companies. Subsequently, the General Manager of Sales issued orders to the Deputy Chief of the Distribution Administration Section to verbally communicate, upon each receipt of a Contract Formation Report, whether or not products under that contract would be moved to the separate warehouse, and to relocate the products to be moved.

④ Around mid-March, under the instructions of the Deputy Chief of the Distribution Administration Section, the Assistant Manager of said section issued a request to the delivery managers of the freight/storage service companies for the provision of a warehouse to house the temporary relocation of a portion of the products in storage. Under the instructions of said

Assistant Manager, these service companies, after agreeing to supply a warehouse located near said service companies, conducted the temporary relocation of products not actually scheduled to be shipped during March to a separate warehouse. This process was conducted between March 26 and March 29, which preceded the inventory audit of the original warehouse by an audit corporation.

⑤ During that time, the sales branches brought “Contracts” and “Certificates of Material Receipt” bearing Seta’s seal to the relevant parlors and agents between the dates of March 20 and March 31. These branches told the managers of said parlors and agents something to the effect of, “If delivery [of the products you ordered] is scheduled in the near future, we want you to assist us with year-end sales. If you cooperate, a contract with special conditions only applying to the end of fiscal year will be possible.” For products not to be delivered during March, the name and seal was requested for both the “Contract” and “Certificate of Material Receipt.” The managers of the parlors and agents who received this request believed something to the effect of “Either way, the products will be installed,” and provided their name and seal on the relevant “Contract” and “Certificate of Material Receipt.”

⑥ At the same time, the Deputy Chief of the Distribution Administration Section, who had taken his orders from the General Manager of Sales, moved to give the illusion that products that were not actually shipped/delivered during March were delivered. To this end, said Deputy Chief issued a request to those in charge at the freight/storage service companies that “Certificates of Receipt” containing a blank “Stamp of Receipt” space be issued and sent by fax to the Assistant Manager of the Distribution Administration Section after entering April. Originally, the “Certificate of Receipt” had to have been stamped with the seal of the managers of the parlors and agents receiving delivery.

The freight/storage service companies who had received this request performed as instructed by Seta’s Deputy Chief of the Distribution Administration Section, faxing “Certificates of Receipt” containing a blank “Stamp of Receipt” space after entering April. The Assistant Manager of the same section who received these faxes, acting under the orders of the General Manager of Sales, made several Seta employees falsify the signatures of the parlor managers who had prepared the “Certificates of Receipt” in the blank “Stamp of Receipt” space. Afterwards, said Assistant Manager prepared copies of these using a copy machine and arranged the relevant documents to indicate that shipping had been conducted during March (The signed originals were destroyed by the Assistant Manager.).

⑦ Additionally, under the instructions of the former Representative Director and former Executive Managing Director, the General Manager of Sales instructed the Sales Branch Managers to issue a request that the “Account Balance Confirmation Request” forms (“Balance Confirmation Forms” below), which concern claims and debt existing upon the last day of March 2007, be affixed with a seal. Said forms were to be sent after April 2007 to each parlor and agent by the audit corporation. With the exception of a few locations, the parlors and agents receiving this request complied with it, providing their name and seal on the "Balance Confirmation Form" and sending it back to the audit corporation.

⑧ Due to circumstances in the likes of the above, despite the products scheduled to be shipped/delivered between April and June 2007 representing unconfirmed orders, said products were processed as confirmed orders, giving the illusion that they were shipped/delivered during March 2007.

However, with regards to contracts formed with parlors and agents, due to circumstances that include the delay of a parlor opening a new shop, products expected to be shipped after being finalized between April and June remained unconfirmed even after entering July, with shipping/delivery still not occurring at that stage. This resulted in the discovery of the relevant inappropriate processing of said products.

Future Prospects

Out of net sales for the fiscal year ending March 31, 2007, for the net sales amounting to approximately 800 million JPY that should have not been posted in March of said fiscal year, following deliberation with the audit corporation, careful calculations will be further conducted, with specific amounts to be provided immediately as soon as they become available.

Concurrently, a correction report for the Securities Registration Report for the Fiscal Year Ending March 31, 2007, as well as corrections to the Brief Report of Settlement of Accounts for Fiscal Year Ending March 31, 2007, are also scheduled.

Additionally, with regards to the Summary of Financial Data and Business Results for 1st Quarter of Fiscal Year Ending March 31, 2008, the release of which is currently being delayed, said results will be immediately disclosed following the finalization of relevant figures.