

New Era of Type - 5 Pachislot Machines!

Presentation

Mid-Term Company Achievement for FY ending 03/2006

November 2005

Aruze Corp.

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[I] Summary of the Mid-term of FY 2006

(1) Non-Consolidated P/L Summary for the Mid-Term of Fiscal Year 2006

(million yen)

	F/Y ending 9/05(Interim)	Previously Projected	F/Y ending 9/04	Change from Projection	Change from F/Y ending 9/04	year-on-year
Net Sales	11,273	12,000	24,170	▲ 727	▲ 12,896	46.6%
Cost of Sales	7,246		15,557		▲ 8,310	46.6%
Gross Profit	4,026		8,613		▲ 4,586	46.8%
Selling, general and administrative expenses	8,918		8,768		+ 150	101.7%
Operating income	▲ 4,891	-	▲ 155	-	▲ 4,737	3155.8%
Other income	172		775		▲ 607	21.7%
Other expenses	250		516		▲ 270	47.7%
Ordinary income	▲ 4,969	▲ 5,700	104	+ 731	▲ 5,073	-
Extraordinary income	17		30		▲ 12	
Extraordinary loss	4,418		13,843		▲ 9,424	
Net income	▲ 9,370		▲ 13,709		+ 4,338	68.4%
Corporate tax, etc	▲ 216		▲ 6,160		+ 5,943	
Net income after tax	▲ 9,153	▲ 7,500	▲ 7,548	▲ 1,653	▲ 1,605	121.3%

Sales Breakdown

Pachislot	9,618units	2,821million yen
Pachinko	26,628units	5,277 million yen
Amusement and others		3,175 million yen
Total		11,273 million yen

Extraordinary Loss Breakdown

Appraisal loss on inventories	1,914 million yen
Settlement of Business consignment expenses	1,364 million yen
Impairment loss	826 million yen
Other loss	314 million yen
Total	4,418 million yen

(2) Consolidated P/L Summary for the Mid-Term of Fiscal Year 2006

(million yen)

	F/Y ending 9/05(Interim)	Previously Projected	F/Y ending 9/04	Change from Projection	Change from F/Y ending 9/04	year-on-year
Net Sales	21,770	23,400	36,023	▲ 1,630	▲ 14,253	60.4%
Cost of Sales	15,594		24,052		▲ 8,458	64.8%
Gross Profit	6,176		11,971		▲ 5,795	51.6%
Selling, general and	10,801		11,953		▲ 1,151	90.4%
Operating income	▲ 4,625	-	18	-	▲ 4,643	▲25,694.4%
Other income	661		505		+ 155	130.9%
Other expenses	2,714		1,833		+ 881	148.1%
Ordinary income	▲ 6,678	▲ 7,200	▲ 1,309	+ 522	▲ 5,369	510.2%
Extraordinary income	92		4,782		▲ 4,690	1.9%
Extraordinary loss	3,655		15,516		▲ 11,861	23.6%
Net income	▲ 10,241		▲ 12,043		+ 1,802	85.0%
Corporate tax, etc	▲ 1,828		▲ 5,319		+ 3,491	34.4%
Net income after tax	▲ 8,413	▲ 9,300	▲ 6,724	+ 887	▲ 1,689	125.1%

Extraordinary Loss Breakdown

Appraisal loss on inventories	2,018 million yen
Impairment loss	1,228 million yen
Other loss	409 million yen
Total	3,655 million yen

3) Consolidated Balance Sheet Summary for the Mid-Term of FY 2006

① Asset

Items	Ended 9/04	Ended 3/05	Ended 9/05	Remarks
Total Current Asset	96,702	99,302	83,068	Cash & Bank Deposits ▲10,915
Total Long Term Asset	88,769	93,879	91,842	
Property, plant and equipment	41,398	36,574	34,629	Land value ▲814
Goodwill and others	3,101	2,566	2,185	
Investments and other assets	44,269	54,738	55,027	Investment securities +658
Total Assets	185,472	193,332	175,045	

② Liability & Capital

Items	Ended 9/04	Ended 3/05	Ended 9/05	Remarks
Total Current Liabilities	55,778	45,702	35,710	Notes and accounts payable ▲4,772
Total Long Term Liabilities	5,257	25,419	25,439	Long Term Debt ▲334
Minority interests	6,142	4,851	4,651	
Shareholders' equity	118,293	117,358	109,243	Retained earnings ▲10,748
Total Liabilities and shareholders' equity	185,472	193,332	175,045	

4) Consolidated Cash Flow Summary for the Mid-Term of FY 2006

[Million Yen]

Cash Flow Statement

Items	Ended 9/04	Ended 9/05	Remarks
C/F from operating activities	13,303	▲3,438	Notes and Accounts payable ▲4,402
C/F from investing activities	▲2,688	▲1,359	Purchase of property, plant and equipment ▲2,033
C/F from financing activities	9,849	▲5,708	Cash dividends paid ▲2,397
* Others	161	▲336	
Net increase (decrease) in cash and cash equivalents	20,464	▲10,524	
Cash and cash equivalents at end of year	53,191	44,237	

* Others include adjustments from currency exchange and others.

5) P/L Summary of Aruze Corp and consolidated companies for the Mid-Term of FY 2006

[Million Yen]

	Sales			Ordinary Income			Net income after tax		
	Ended 3/05	Ended 9/05	Ending 3/06 (Projection)	Ended 3/05	Ended 9/05	Ending 3/06 (Projection)	Ended 3/05	Ended 9/05	Ending 3/06 (Projection)
Aruze	49,526	11,273	75,300	3,313	▲4,969	7,000	▲7,019	▲9,153	200
Adores	18,911	9,398	20,200	607	705	1,600	▲909	164	520
Seta	2,917	794	4,513	229	▲444	251	45	▲980	▲343
* Others	1,104	305	487	▲2,066	▲1,970	▲1,351	8,905	1,555	▲277
Total consolidated	72,458	21,770	100,500	2,083	▲6,678	7,500	1,022	▲8,413	100

6) Products base analysis for Aruze Corp

* Others include adjustments from account consolidation and others.

Sales		Ended 9/05		Ending 3/06 (Projection)		FY Ending 3/06 (Projection)	
Pachislot	Sales	2,820		52,565		55,385	
	Units	9,618	Gold XR 7,373	180,000	Sakura War: First Shipment end October		190,000
			Toshin-Raiden 1,398		Devil Man: First Shipment early November		
			Others 847		Zan		
				Others			
Pachinko	Sales	5,277		7,424		12,701	
	Units	26,628	Get Game 18,680	40,000	Toshin-Raiden		70,000
			Cuyy Hanny 7,948		Yume-shibai		
				Others			
Amusement Machines (AM) & Gaming Machines		AM	785	AM	1,850	AM	2,635
		Gaming	961	Gaming	1,188	Gaming	2,149
Others		1,430		1,000		2,430	
Total		11,273		64,027		75,300	

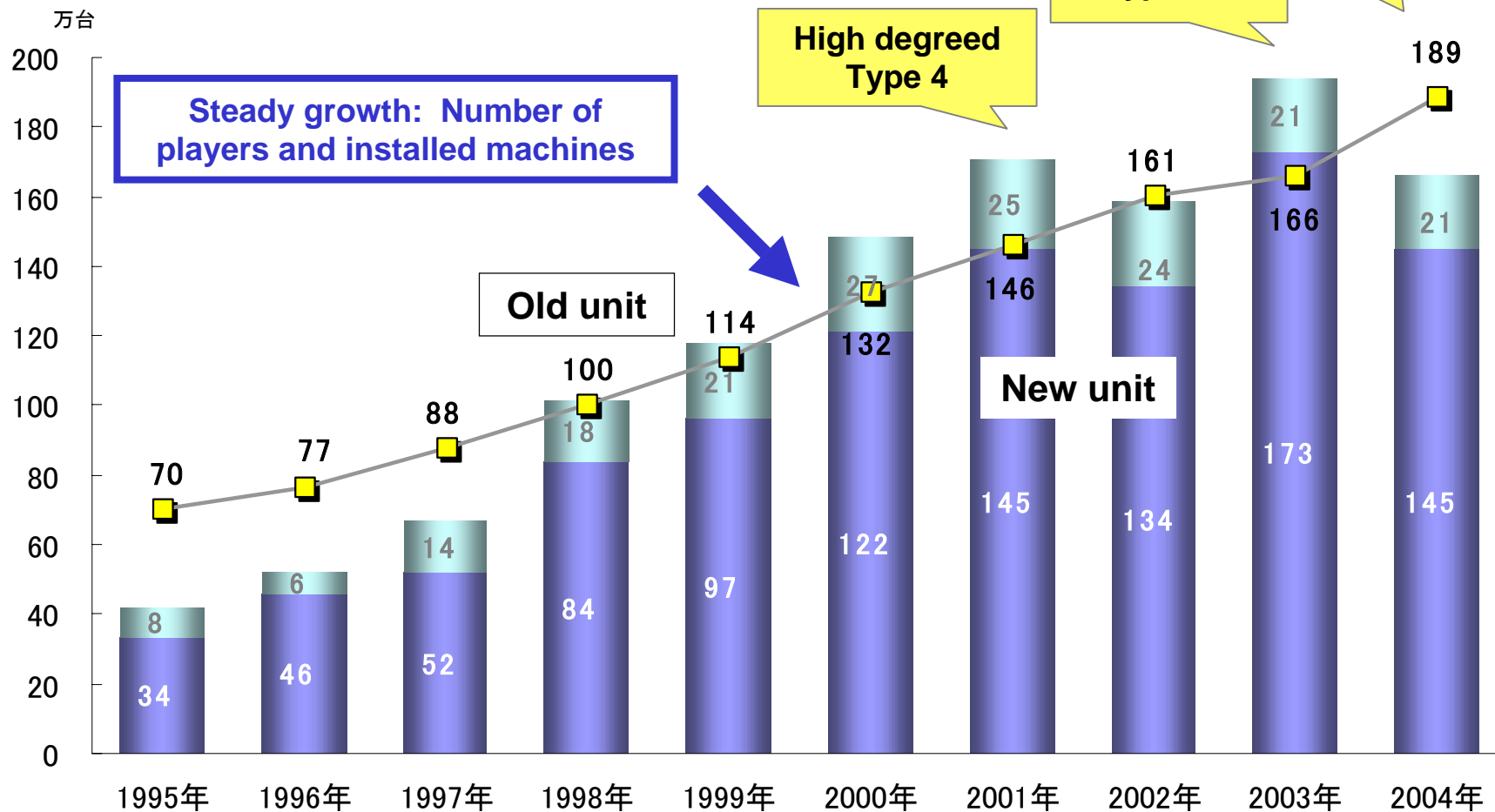
【II】 Business Environment surrounding Pachislot Machines / New Era of Type 5 Pachislot Machines by Aruze / Uniqueness of Aruze's New Type-5 Pachislot Machines

- **Creation of New Market where a broader range of players consisting of light to heavy users can enjoy ⇒ Made possible by a sound market growth through promotion of reasonable play fee (Return to the era when the average play fee was JP Yen 10,000)**
- **Attract new users to the market**
- **Change the market spirit from sheer Gambling to Gambling + Game Entertainment**
- **Opening of a new era of high-definition images formed by the video game generations**
- **Dynamic conversion from Type-4 Pachislot machines to Type 5 ⇒ In 2006, Type-5 machines will dominate the market.**

Number of Installed Pachislot Machines

Year 1995 to 2003: 20% annual growth

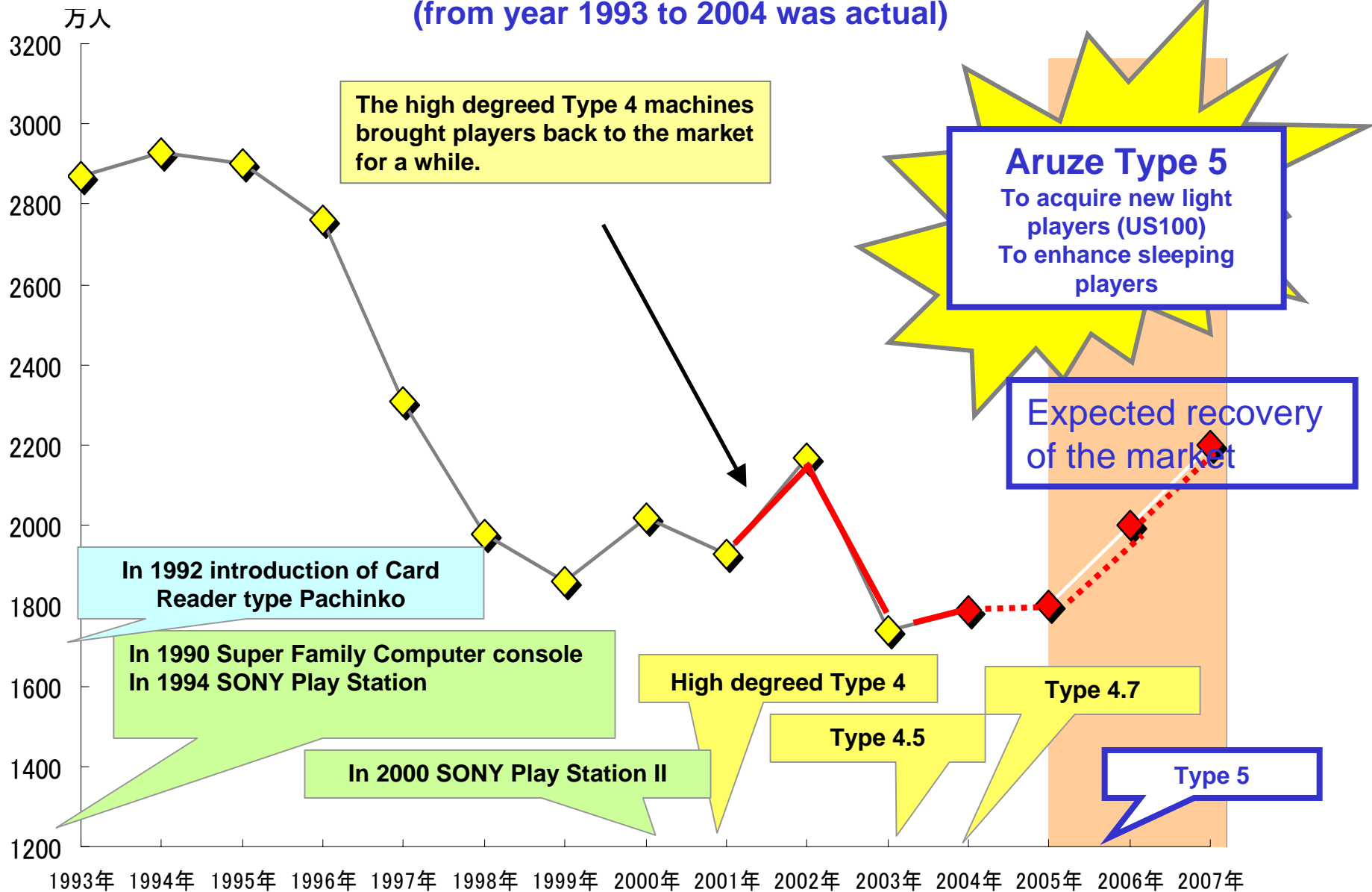
Year 2004 and onward: In spite of introduction of Type 4.7, new units sales dropped significantly



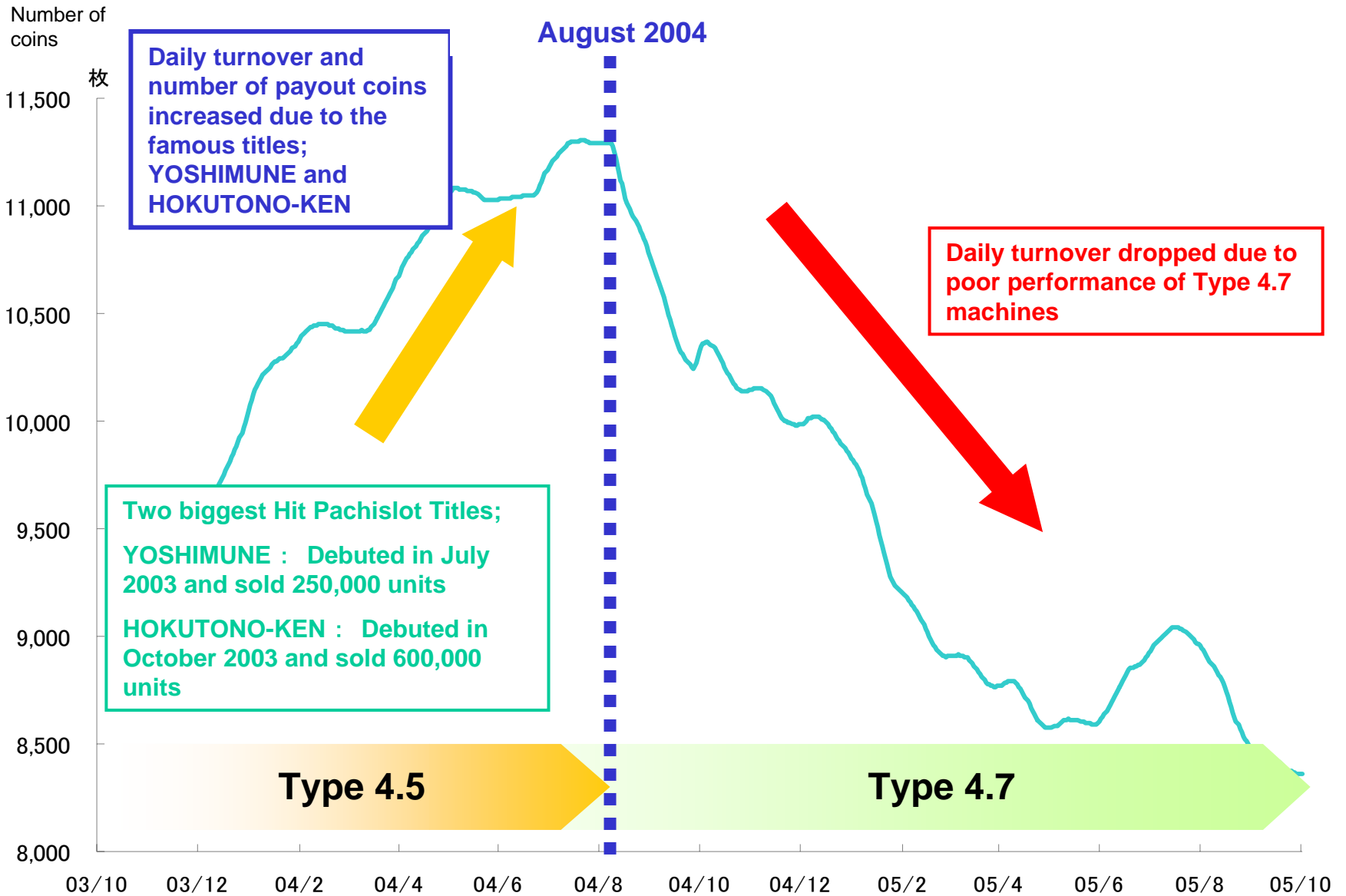
Source: Police Bureau and others

Number of Players for Pachinko/Pachislot

(from year 1993 to 2004 was actual)



Average daily turnover and number of payout coins on Pachislot

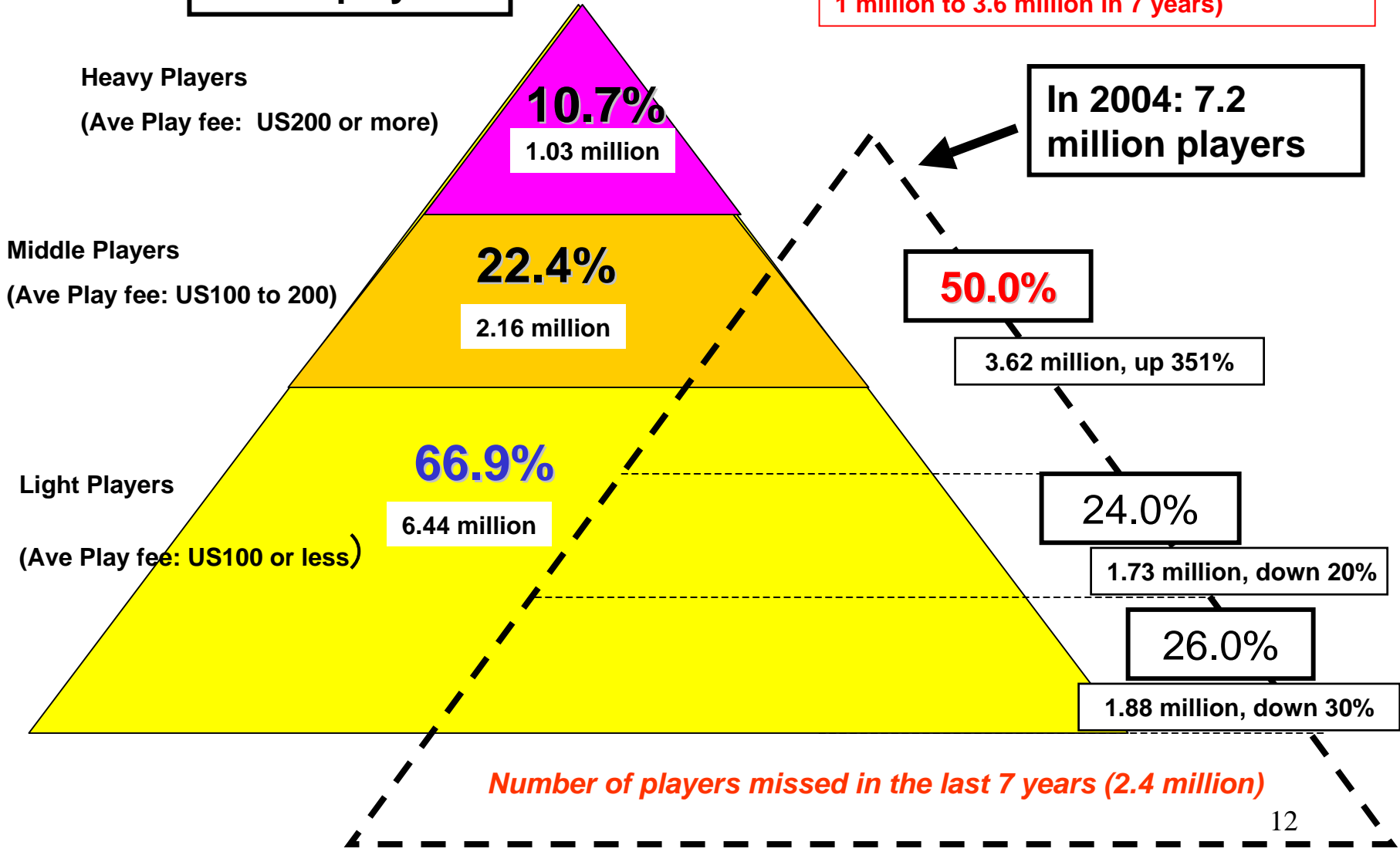


Demography of Pachislot players by the amount of money spent on single day

In 1997: 9.6 million players

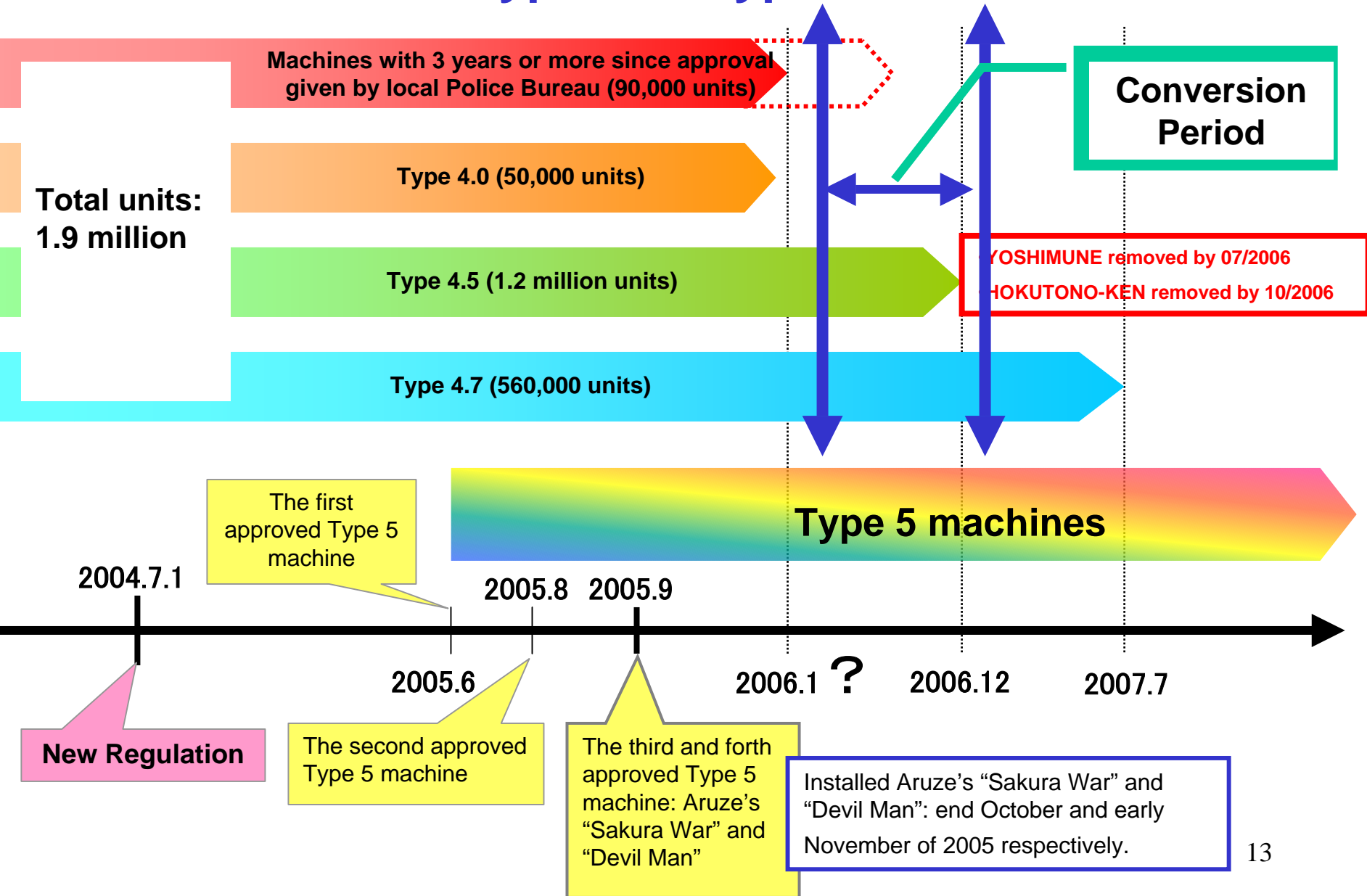


- Players population decreased by 25%
- Significant portion of Heavy players (from 1 million to 3.6 million in 7 years)



Number of players missed in the last 7 years (2.4 million)

Occurrence of Dynamic Conversion from Type 4 to Type 5 in 2006



Uniqueness of Aruze Type-5 Machines

- High resolution image on 15-inch LCD screen panel
- Energy saving by the use of unit with fixed power of 90W
- Thorough prevention of fraud such as Electro magnetic wave fraud, coin credits fraud, programming fraud and hopper fraud. 24-Hour monitoring unit attached to the opening panel.
- Safe performance
- Cost Reduction
- Data of performance by installed machines

Aruze 5 commitments

- High Quality Standard
- Safety Guard
- Environment Friendly
- Energy Saving Devices
- Competitive Pricing

【III】 Business Plan for the Second Half of FY2006

Pachislot:

Planned release of 5 models with shipment of 180,000 units

Basis for the plan: 5 models including “Sakura Taisen (SakuraWars)”, “DEVILMAN” and “Zan” have been already approved. Both “Sakura Taisen” and “DEVILMAN” are in progress of sales.

Pachinko:

Planned release of 5 models with shipment of 40,000 units

Basis for the plan: 4 models including “Toshin-Raiden” and “Yume-Shibai” have been already approved. Both are in progress of sales.

- **Domestic Amusement Sales Activities**
Focus on Pachislot machines converted for Amusement facilities.

- **Overseas Gaming Equipment Sales Activities**
Sales expansion of Multi Terminal Machines such as Roulette King, Baccarat. Streamlining of applications and acquisitions of licenses for the machines we develop for the gaming markets. Returning to U.S. market in FY2007.

- **Casino management in partnership with Wynn Resorts**
Stock Price soars from \$40 level to \$50 level following report on the 3rd quarter, 2005.
<Topics>
Las Vegas: Grand Opening with 2,700 rooms in late April, 2005
Macau: Opening with 600 rooms scheduled for September, 2006