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# *Briefing Materials for FY2008Q1 Settlement of Accounts*

***August 31, 2007***

***ARUZE CORP.***

***(JASDAQ Code: 6425)***

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# **【I】 Summary of FY2008Q1 Business Results**

# ① Q1 Highlights

**○Net Sales:** 12,601 million JPY (24.2% increase over FY2007Q1)

Reason for Increase: Increase in replacement demand for  
Type 5 Pachislot machines

**○Operating Profit:** 1,141 million JPY (548.3% increase over FY2007Q1)

Reason for Increase: ① Decrease in cost of sales ratio (46.3%→45.3%)  
② Decrease in net sales to SG&A ratio resulting  
from change in accounting methods (posting  
of testing and research expenses as assets)  
(52.0%→45.7%)

**○Non-Operating Profit:** 1,878 million JPY

Investment profit on equity method (Wynn Resorts), etc.

**○Extraordinary Profit:** 3,513 million JPY

Profit on sale of fixed assets (land owned by subsidiary), etc.

## ② Consolidated P/L Statement (Simplified)

Unit: Million ¥, %

Item	FY2007 (1 yr)	FY2008Q1 (3 mths)	FY2007Q1 (3 mths)	Comparison w/Same Period in Previous FY		
				Difference	Ratio of Increase/ Decrease	Primary Reason for Increase/Decrease
Net Sales	36,387	12,601	10,149	2,452	24.2	Increase in special replacement demand for Type 5 machines
Cost of Sales	18,124	5,702	4,697	1,008	21.5	
Gross Profit	18,263	6,895	5,451	1,444	26.5	
Selling, General & Administrative Expenses	21,054	5,754	5,275	479	9.1	
Operating Profit or Operating Loss (-)	-2,791	1,141	176	965	548.3	
Non-Operating Profit	347	1,878	38	1,840	-	Investment profit on equity method from Wynn Resorts
Non-Operating Expenses	3,905	127	513	-386	-75.2	
Ordinary Profit or Ordinary Loss (-)	-6,349	2,892	-299	3,191	-	
Extraordinary Profit	22,965	3,513	46	3,467	-	Sale of fixed assets belonging to subsidiary
Extraordinary Loss	4,809	126	11	115	-	
Net Profit or Net Loss (-) before Taxes and Adjustments for Q1	11,805	6,279	-264	6,543	-	
Tax Expenses	2,466	1,506	189	1,317	696.8	Increase in profit
Minority Shareholders' Profit of Loss	114	0	53	-53	-	
Net Profit or Net Loss (-) for Q1	9,453	4,772	-401	5,173	-	
Ratio of Net Sales to Ordinary Profit (%)	-17.5	23.0	-3.0	25.9	-	
EPS (¥) for Q1	-118.32	59.73	-5.02	64.75	-	

# ③ Consolidated B/S (Simplified)

## ① Assets

Unit: Million ¥, %

Item	FY2007 (1 yr)	FY2008Q1 (3 mths)	FY2007Q1 (3 mths)	Comparison w/Same Period in Previous FY		
				Difference	Ratio of Increase/ Decrease	Primary Reason for Increase/Decrease
Total Current Assets	86,186	89,062	82,097	6,965	8.5	
Fixed Assets	85,832	80,545	84,961	-4,416	-5.2	
Total Tangible Fixed Assets	27,078	21,937	30,136	-8,199	-27.2	Sale of fixed assets belonging to subsidiary
Total Intangible Fixed Assets	1,004	915	1,456	-541	-37.2	
Investment and Other Assets	57,748	57,692	53,368	4,324	8.1	Increase in investment securities
<b>Total Assets</b>	<b>172,043</b>	<b>169,627</b>	<b>167,141</b>	<b>2,486</b>	<b>1.5</b>	

## ② Liabilities/Net Assets

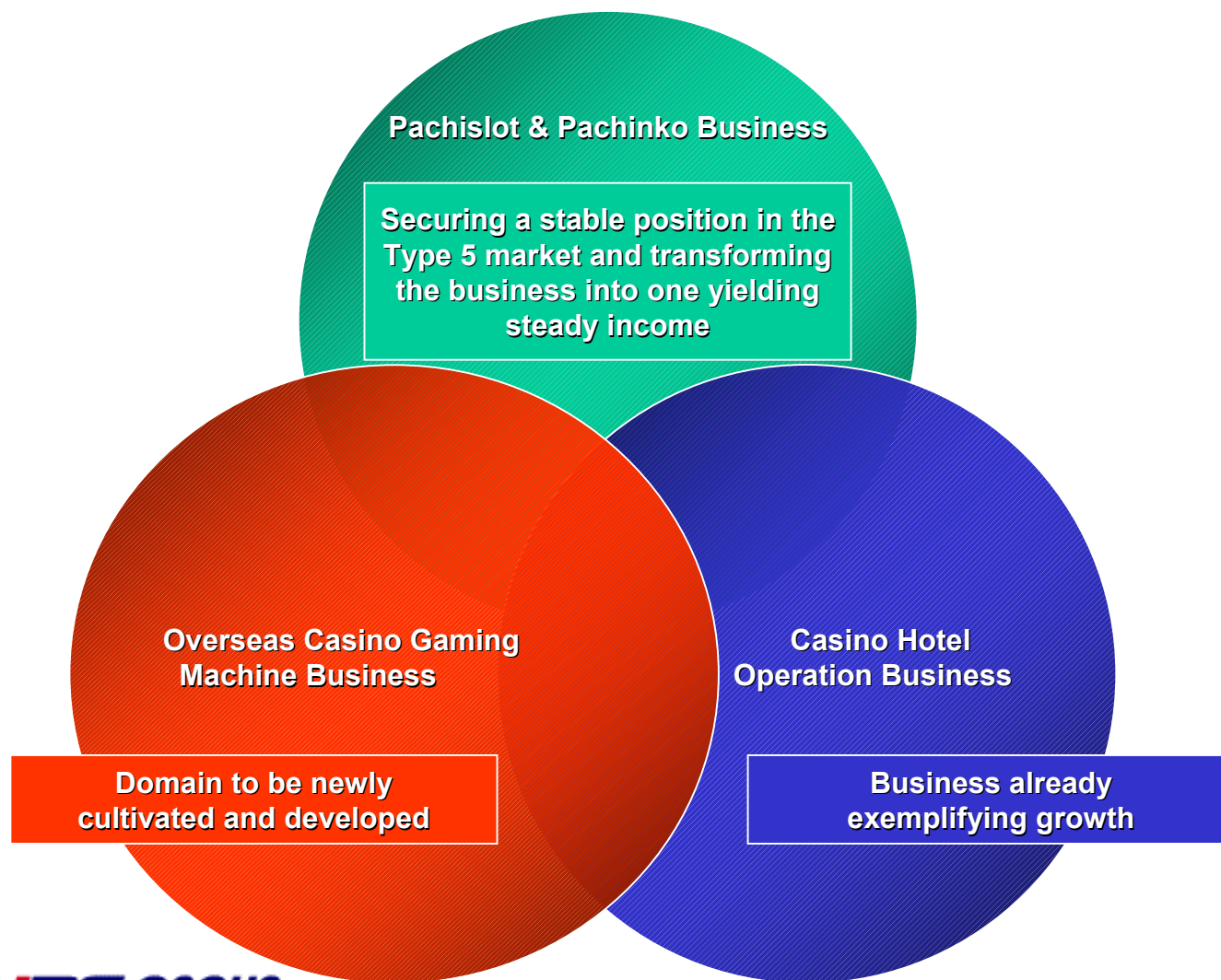
Unit: Million ¥, %

Item	FY2007 (1 yr)	FY2008Q1 (3 mths)	FY2007Q1 (3 mths)	Comparison w/Same Period in Previous FY		
				Difference	Ratio of Increase/ Decrease	Primary Reason for Increase/Decrease
Current Liabilities	44,486	40,437	39,455	982	2.5	
Fixed Liabilities	10,528	11,842	21,638	-9,796	-45.3	Decrease in long-term borrowings/bonds
<b>Total Liabilities</b>	<b>55,014</b>	<b>52,279</b>	<b>61,093</b>	<b>-8,814</b>	<b>-14.4</b>	
Shareholders' Equity	113,749	114,628	103,888	10,740	10.3	Increase in profit
Valuation and Translation Adjustments, Share Purchase Warrants and Minority Interests	3,278	2,719	2,158	560	26.0	
<b>Total Net Assets</b>	<b>117,028</b>	<b>117,347</b>	<b>106,047</b>	<b>11,300</b>	<b>10.7</b>	
<b>Total Liabilities and Net Assets</b>	<b>172,043</b>	<b>169,627</b>	<b>167,141</b>	<b>2,486</b>	<b>1.5</b>	

## **【II】 Current Status of Business**

# 【ARUZE'S Long Term Vision】

→ To become a global company



# ① Pachislot & Pachinko Business

## Titles Released

1. Battle Caesar XXX
2. Yappari Ii Ne!
3. Ao-Don
4. Super Cutey Honey
5. Lovely Cherry
6. Getter Mouse 7R
7. CR Thunder V SP
8. CR Thunder V 150
9. Choi Sugo!!
- Alibaba in Fantasia

## Release Date

- Mar. 2007
- Mar. 2007
- Jun. 2007
- Jun. 2007
- Jun. 2007
- Jul. 2007
- Jul. 2007
- Jul. 2007
- Sept. 2007 (tent.)



Q1

Units Sold/Installed: 44,000



Q2

**FY2008 Sales/Installation Target (Units): 200,000**

# ① Pachislot & Pachinko Business

## **Actively Facilitating the Adoption of Rental**

Under Type 5, achieving a high-volume, low-margin business through maintaining suitable coin return ratios will become necessary in order to attract and retain new fans.

ARUZE will continue to promote its rental plan in order to help facilitate the reduction of operational costs and alleviation of tax burden for parlors.

## **Rolling out the “Mix Plan”**

Under this new plan, three different types of Pachislot cabinets (DX, X and 7R) can be combined for rental purposes.

The monthly usage fee for the “Mix Plan” is between ¥19,500 and ¥21,000, with title replacement costs between ¥50,000 and ¥170,000 depending on the length of the usage period of the title to be replaced (No. of machines per “Mix Plan” contract begins at 40).

## ② Overseas Casino Gaming Machine Business

After improving the sales organization and systems of its overseas subsidiaries in the US, Australia and South Africa, ARUZE intends to convert the corporate structure of each subsidiary to one generating profit within the current year.

## ③ Casino Hotel Operation Business

Wynn Resorts continues to perform outstandingly.

Q1 Net Profit \$58,405,000 × 24.1% → Contribution to ARUZE Q1  
(Jan. 1, 2007 – Mar. 31, 2007)

Q2 Net Profit \$89,550,000 × 24.1% → Contribution to ARUZE Q2  
(Apr. 1, 2007 – Jun. 30, 2007)

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Total: \$147,955,000 × 24.1% → To be posted in interim period

**Specifics regarding the future direction of each business segment are scheduled to be announced this Fall.**

## ④ Topics for Q2 and Beyond

### ○Business Results Forecast for Interim and Full FY

The forecast figures disclosed by ARUZE do not factor in income generated by Wynn Resorts.

Forecasts for the interim and full fiscal year are scheduled to be announced as soon as prospects for those periods have been fully determined.

### ○Japan Seminar Featuring Wynn Resorts President Ronald J. Kramer

Theme: Development history and future prospects of casino entertainment business in Las Vegas and Macau, potential of Japanese market, etc.

Date: Tuesday, September 11, 2007

Location: Keidanren Kaikan (Japan Federation of Economic Organizations Hall)

## 【III】 Reference

# Company Outline

- Headquarters: Ariake Frontier Bldg., 3-1-25 Ariake, Koto-ku, Tokyo, 135-0063 Japan
- Date of Incorporation: June 1973
- Directors: Kunihiko Yogo, Representative Director and CEO  
Jun Fujimoto, Representative Director and President  
Kazuo Okada, Chairman of the Board of Directors  
Hajime Tokuda, Member of the Board of Directors  
Yoshito Hori, Member of the Board of Directors  
Hiroyuki Sawada, Member of the Board of Directors
  
- No. of Employees: 927 (\*Non-consolidated basis. Figure is as of March 31, 2007.)
- Offices: Headquarters, 26 domestic sales offices, 2 factories, 3 overseas offices
- Total No. of Shares Outstanding: 80,195,000 (As of March 31, 2007)
- No. of Shareholders: 7,146 (As of March 31, 2007)
- JASDAQ Code: 6425      URL: <http://www.aruze.com>
- Contact: IR Office  
TEL: +81-03-5530-3055 (Switchboard)      Email: [ir@aruze.com](mailto:ir@aruze.com)

# Disclaimer

Future plans, prospects, targets and forecast figures associated with the Company and its affiliated companies and other statements concerning the future as featured within these materials represent judgments and assumptions made based on information currently available, and may contain latent risk and uncertainties as such.

Consequently, please be aware that actual financial results for the future may differ significantly from the aforementioned statements due to the future business environment, economic circumstances, financial markets and other various factors.