

# ***Briefing Materials for FY2009 Settlement of Accounts***

***June 16, 2009***



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

# 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 as such may contain potential risk and uncertainties.

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

# Table of Contents

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## **【I】 Summary of Consolidated Business**

### **Results for FY2009**

- ① Consolidated P/L Statement (Summary) — 5
- ② Consolidated B/S (Summary) — 6

## **【II】 Results for FY2009**

- ① Pachislot and Pachinko Business — 8
- ② Casino Resort Operation Business — 9

## **【Ⅲ】 Future Forecast for FY2010**

- ① Restructure of Business Framework — 12
- ② Pachislot and Pachinko Business — 13
- ③ Casino Resort Business — 17
- ④ Business Performance Forecast for FY2010 — 18

## **【IV】 Reference**

- Company Profile — 21

# [I] Summary of Consolidated Business Results for FY2009

# ① Consolidated P/L Statement (Summary)

(Unit : Million JPY)

Item	FY2009 (Full Year)	FY2008 (Full Year)	Comparison w/Previous FY		
			Difference	Ratio of Increase/ Decrease	Primary Reason for Increase/Decrease
Net Sales	19,993	72,133	(52,140)	(72.3%)	Decrease in sales of Pachislot machines
Cost of Sales	11,338	31,671	(20,333)	(64.2%)	Increase in cost rate due to the loss on valuation of inventories
Gross Profit	8,654	40,462	(31,808)	(78.6%)	
Selling, General & Administrative Expenses	20,260	24,374	(4,114)	(16.9%)	
Operating Income (or Operating Loss)	(11,605)	16,088	(27,693)	(172.1%)	
Non-Operating Income	3,052	7,778	(4,726)	(60.8%)	Decrease in equity in earnings of Wynn Resorts
Non-Operating Expenses	4,671	555	4,116	741.6%	Foreign exchange loss
Ordinary Income (or Ordinary Loss)	(13,224)	23,311	(36,535)	(156.7%)	
Extraordinary Income	6,702	20,394	(13,692)	(67.1%)	Decrease in gain on change in equity of Wynn Resorts
Extraordinary Loss	5,655	2,795	2,860	102.3%	Loss on valuation of inventories
Net Income (or Net Loss) before Income Taxes	(12,177)	40,910	(53,087)	(129.8%)	
Tax Expenses	1,460	2,932	(1,472)	(50.2%)	
Minority Interests in Income (or Loss)	1,170	(107)	1,277	1,193.5%	Increase in minority interests in income regarding AGA group
Net Income (or Net Loss)	(14,808)	38,086	(52,894)	(138.9%)	
Net Income (or Net Loss) per Share [JPY]	(185.26)	476.52	(662)	(138.9%)	

## ② Consolidated B/S (Summary)

### Assets

(Unit : Million JPY)

Item	End of FY 2009	End of FY 2008	Comparison w/Previous FY		
			Difference	Ratio of Increase/ Decrease	Primary Reason for Increase/Decrease
Current Assets	52,305	108,543	(56,238)	(51.8%)	
Cash and Deposits	14,448	32,613	(18,165)	(55.7%)	Payments of dividends and corporate consumption tax
Short-Term Investment Securities	132	23,391	(23,259)	(99.4%)	Liquidation to cash
Non-Current Assets	93,456	76,267	17,189	22.5%	
Property, Plant and Equipment	41,548	19,764	21,784	110.2%	Purchase of land for the casino resort in the Philippines
Investments and Other Assets	51,141	55,443	(4,302)	(7.8%)	
<b>Total Assets</b>	<b>145,761</b>	<b>184,826</b>	<b>(39,065)</b>	<b>(21.1%)</b>	

### Liabilities and Net Assets

(Unit : Million JPY)

Item	End of FY 2009	End of FY 2008	Comparison w/Previous FY		
			Difference	Ratio of Increase/ Decrease	Primary Reason for Increase/Decrease
Current Liabilities	28,949	27,849	1,100	3.9%	
Short-term interest-bearing liabilities	22,046	3,222	18,824	584.2%	Borrowings
Non-Current Liabilities	3,974	9,650	(5,676)	(58.8%)	
Long-term interest-bearing liabilities	2,000	5,069	(3,069)	(60.5%)	Reimbursement of corporate bonds
<b>Total Liabilities</b>	<b>32,923</b>	<b>37,499</b>	<b>(4,576)</b>	<b>(12.2%)</b>	
Shareholders' Equity	127,512	147,584	(20,072)	(13.6%)	
Valuation and Translation Adjustments, Subscription Rights to Shares and Minority Interests	(18,628)	(389)	(18,239)	(4,688.7%)	Foreign currency translation adjustment
<b>Total Net Assets</b>	<b>112,838</b>	<b>147,327</b>	<b>(34,489)</b>	<b>(23.4%)</b>	
<b>Total Liabilities and Net Assets</b>	<b>145,761</b>	<b>184,826</b>	<b>(39,065)</b>	<b>(21.1%)</b>	

## [II] Results for FY2009

# ① Pachislot and Pachinko Business

- Buying motivation in parlors has shrunk due to funding difficulties triggered by the financial crisis.
- Structure under which mutual cooperation can be achieved among Sales Division, Development Division and Manufacturing Division has been re-established.
- Product planning and development structure has been re-established.
- Sales framework (allocation of sales force, reporting line, etc.) has been restructured.



The business performance remained weak due to shrinkage of buying motivation in the market and the time required for the above-mentioned organizational restructure.

Major released Pachislot titles

Shadow Hearts II



Dotou No Tsurugi



## Pachislot machines released in FY2009

- Arex 7R
- King Gappa
- Ultimate Break Kobushi
- Getter Robo
- Bachihebi Nocchi
- Dotou No Tsurugi
- Slot Emblem Take 2
- Shadow Hearts II
- Super Real Mahjong
- Taco Slot 7R

\*Machines for location tests only are excluded.

### Installation results

(Including machines which had been sold previously)

- 10 titles were introduced in total.
- Approx. 58,000 machines were installed.

Getter Robo



Bachihebi Nocchi



## ② Casino Resort Operation Business (Wynn Resorts)

### Las Vegas



#### Highlights for Full Fiscal Year 2008

- Wynn Las Vegas recorded US\$1,098,889,000 of non-consolidated sales (15.2% decrease over the previous year) and US\$58,350,000 of operating loss due to the posting of pre-opening costs for Encore at Wynn Las Vegas.
- Wynn Macau maintained a good performance with US\$1,888,435,000 of non-consolidated sales (35.6% increase over the previous fiscal year) and US\$298,463,000 of operating income (62.1% increase over the previous fiscal year).

➡ Profit in Wynn Macau compensated for the loss in Wynn Las Vegas. Net income of US\$210,206,000 was recorded in spite of severe recession.

2,174 million yen of profit on equity investment was recorded due to the amount corresponding to the equity ratio based on the share holding ratio and the acquisition of treasury stocks by Wynn Resorts.

### Macau



- Wynn Resorts, Limited conducted a capital increase in the 4th Quarter

➡ Since the difference of Aruze's share holding ratios in Wynn Resorts before/after the implementation of the capital increase as the sale of the Wynn Resorts shares is regarded to sales of corresponding shares, 4,796 million yen of gain on change in equity is recorded.

- “Encore at Wynn Las Vegas” opened on December 22, 2008
- “Encore at Wynn Macau” is scheduled to open in May 2010

➡ Future contribution in profit is expected.

# ② Casino Resort Operation Business (Wynn Resorts)

• Average daily rates and occupancy rates of previous year

		Jan - Dec 2008		
		Average Daily Rate	Occupancy rates	
Las Vegas	Wynn Resorts, Limited. (incl. Wynn Las Vegas and Encore)		\$288	91.8%
	Las Vegas Sands	Venetian Las Vegas	\$232	91.4%
		Palazzo	\$233	91.1%
	MGM Mirage (Average of its hotels on Las Vegas Strip)		\$147	92.5%
	[Reference] Market average		\$119.19	86.0%
Macau	Wynn Resorts, Limited (Wynn Macau)		\$275	87.3%
	Las Vegas Sands	Sands Macau	\$266	98.4%
		Venetian Macau	\$226	85.3%
	Melco Crown Entertainment (Altira Macau: former Crown Macau)		\$236	94.0%
	[Reference] Market average		\$104	77.5%

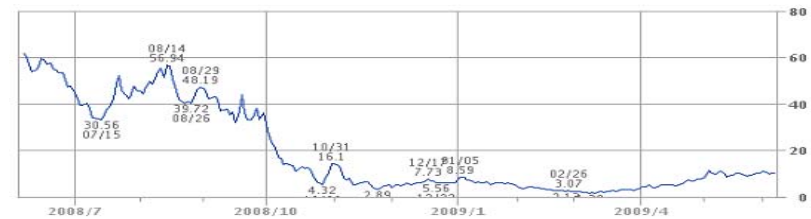
Exchange rate: 1 USD = 8 Macau patacas

• Transition of stock prices for the last 1 year

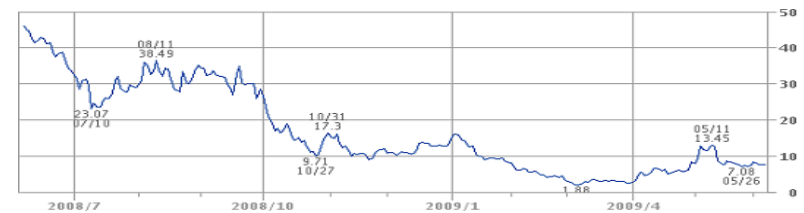
• Wynn Resorts



• Las Vegas Sands



• MGM Mirage



## [Ⅲ] Future Forecast for FY2010

# ① Restructure of Business Framework

## 1. Pachislot and Pachinko Business

### ● Merger of four core subsidiaries in Pachislot and Pachinko Business

- ✓ By enhancing the cooperation between Development Division and Sales Division, products meeting further demands from the market will be introduced.
- ✓ Cost-competitiveness will be strengthened through improvement of work efficiencies and effective utilization of managerial resources.

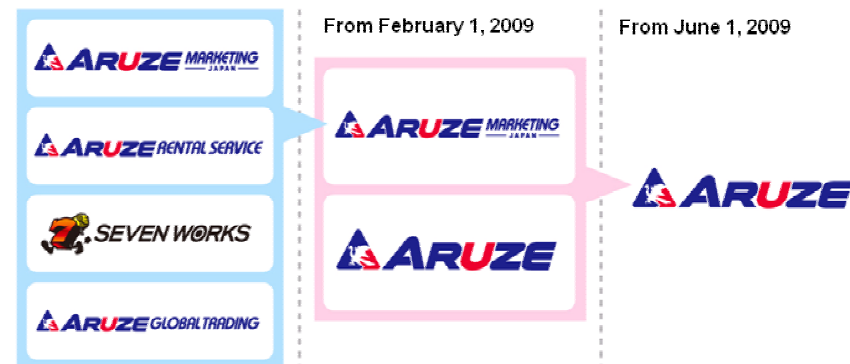
### ● Absorption-type merger of Aruze Marketing Japan Corporation (AMJ) by Aruze

- ✓ Administrative functions over Pachinko and Pachislot business will be reinforced.
- ✓ Integration in business operations will be achieved.

## 2. Overseas Casino Gaming Machine Business

### ● Transfer of Aruze Gaming America, Inc. (AGA) shares

- ✓ Prices of gaming machines has collapsed due to recent financial crisis.
- ✓ Financial and managerial burdens will be reduced by the share transfer.  
\*¥4,000,000,000 of annual cost and expenses will be reduced.



# ② Pachislot and Pachinko Business

## Future Outlook

- Product planning and development scheme will be restructured so that Market information can be reflected. Information will be gathered by conducting location tests.
- In order to motivate parlors to introduce new machines, machine offering plans will be implemented in accordance with the market demands.
- Nation-wide allocations of sales offices and sales forces will be reviewed.
- Re-entry to Pachinko market will be implemented.



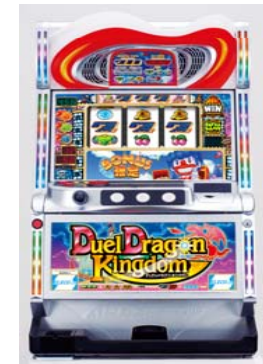
Sales of 180,000 Pachislot machines and 50,000 Pachinko machines are planned for the current period. "Midori-Don," a Pachislot machine, has received high recognition since its introduction (sales commenced at the end of May) and its orders reached to approximately 30,000.

Latest Pachislot titles released in the market

**MIDORI DON**



**DUEL DRAGON KINGDOM**



### Released Pachislot titles

- Duel Dragon Kingdom
- Midori-Don
- Others

### Time of release

- April 2009
- May 2009

### Installment target

(incl. titles previously released)

180,000 machines for full fiscal year (incl. machines continuously sold from previous period)

### Pachinko titles to be released

Developments and applications in process

### Time of release

Second half of the current period

### Installment target

50,000 machines

## ② Pachislot and Pachinko Business

### the Potential of Type 5 Pachislot Machines Enhanced from "Midori-Don"

#### ◎ "A + ART type machine" (\*Note) offering new feeling with fun of "bonus" and "ART"

- ART function, which is gaining more popularity in the recent market, is installed without spoiling joy of games achieved by A-type machines, which is one of the features of Aruze's most renowned "Don-Chan series."
- "Midori-Don" captivates both existing and new Pachislot players with the combination of pay-outs increases by bonuses which is intrinsic fun of Pachislot and the thrill of expectation from ART type games.

\*Note     A-type: The one increasing pay-outs mainly by "bonus" function.  
          ART type: The one increasing coins by means other than "bonus" function.

#### ◎ Realization of pay-out surges which satisfy both parlors and players

- "Midori-Don" features iteration of proper coin-ins and coin-outs and occasional big surges of pay-outs. "Midori-Don" has such pay-out capability differentiated from conventional Type 5 machines and attracts nation-wide Pachislot players.
- While "revenue contribution per coin"\* was approximately 2.25 yen for conventional Type 5 machines, "Midori-Don" achieved the result of approximately 2.70 yen and, in combination with longer actual operation time of the machines caused by the pay-out capability, contributed to revenue increase at the parlors.
- Aruze has been in successful in developing a machine with a capability which other competitors has not achieved and will gain big supports from Pachislot market from now on.

\*Revenue contribution per coin: An indicator which shows contribution of each coin inserted into a machine to revenue of the machine. It is calculated by dividing the total revenue of the machine by the number of inserted coins.



# ② Pachislot and Pachinko Business

Magazines featured articles on "Midori-Don"

Date of Issue	Magazine Name	Publisher	No. of Pages
After Apr. 1			
Apr. 14	"Pachislot Hissho Guide Max"	Byakuya-Shobo	5
	"Pachislot Kiwame"	Tatsumi Publishing	1
Apr. 21	"Pachislot Hissho Guide Neo"	Byakuya-Shobo	8
	"Pachislot Hisshobon"	Tatsumi Publishing	3
	"Pachislot Koryaku Magazine Dragon"	Plantopia	6
Apr. 26	"Bessatsu Pachislot Panic 7"	Byakuya-Shobo	1
	"Pachislot 7"	Tatsumi Publishing	3
Apr. 29	"Pachislot Hissho Guide"	Byakuya-Shobo	6
	"Pachislot Original Koryakuho"	Tatsumi Publishing	6
Apr. 30	"Dechau"	Triple A Co., Ltd.	4
May 7	"Pachislot Hisshobon DX"	Tatsumi Publishing	5
	"Pachislot Koryaku Magazine"	Plantopia	8
	"Pachislot Panic 7"	Byakuya-Shobo	5 + a cartoon
May 9	"Pachislot 7 Jr."	Tatsumi Publishing	3 + a cartoon
May 14	"Pachislot Hissho Guide Max"	Byakuya-Shobo	10
	"Pachislot Kiwame"	Tatsumi Publishing	6
May 17	"Pachislot Panic 7 Gold"	Byakuya-Shobo	4
May 21	"Pachislot Hissho Guide Neo"	Byakuya-Shobo	22
	"Pachislot Hisshobon"	Tatsumi Publishing	10
	"Pachislot Koryaku Magazine Dragon"	Plantopia	14
May 26	"Bessatsu Pachislot Panic 7"	Byakuya-Shobo	11 + a cartoon
	"Pachislot 7"	Tatsumi Publishing	3 + a cartoon
May 29	"Pachislot Hissho Guide"	Byakuya-Shobo	11
May 30	"Dechau"	Triple A Co., Ltd.	8
Jun. 6	"Pachislot Hissho Guide 7"	Byakuya-Shobo	22
	"Pachislot Koryaku Magazine" (Special feature in closed pages for magazine-purchasers only)	Plantopia	12
	"Pachislot Hisshobon DX "	Tatsumi Publishing	12
	"Pachislot Panic 7"	Byakuya-Shobo	a cartoon + 4

Date of Issue	Magazine Name	Publisher	No. of Pages
Jun. 10	"Pachislot 7 Jr."	Tatsumi Publishing	a cartoon
Jun. 13	"Pachislot Hissho Guide Max"	Byakuya-Shobo	11
Jun. 17	"Pachislot Panic 7 Gold"	Byakuya-Shobo	6+a cartoon
Jun. 20	"Pachislot Hissho Guide Neo" Supplement feature	Byakuya-Shobo	a cartoon
	"Pachislot Koryaku Magazine Dragon" (Special feature in closed pages for magazine-purchasers only)	Plantopia	12
	"Pachislot Hisshobon"	Tatsumi Publishing	10
Jun. 26	"Bessatsu Pachislot Panic 7"	Byakuya-Shobo	
	"Pachislot 7"	Tatsumi Publishing	
Jun. 29	"Pachislot Hissho Guide"	Byakuya-Shobo	
Jun. 30	"Dechau"	Triple A Co., Ltd.	

<Examples>

Left: Cover of "Pachislot Hissho Guide Neo" (May 21 issue), "Midori-Don" was featured on the cover and first 22 pages

Right: "Pachislot Koryaku Magazine" (May 6 issue), special feature in closed pages for magazine-purchasers only, 12 pages



## ② Pachislot and Pachinko Business

Business Policy:

**Revitalization of the market and the industry through offerings of attractive machines**

### Strategies for the sales structure reinforcement

- 1 Sales Structure (Sales Ability)**

Sales forces will be allocated in accordance with the market size. Sales structure will be reinforced through the improvement of information gathering ability.
- 2 Location tests at actual sites (Mechanical ability)**

Location tests at actual sites in the market will be implemented prior to the sales. Releases will be limited to the machines which obtained certain evaluations in the market.
- 3 Cooperation between development and sales (Development ability)**

Marketing Office was established. Sales Dept will share the obtained information with Development Dept to strengthen the development ability.
- 4 Penetration of product information (Sales promotion ability)**

The capability to appeal to players utilizing various media will be improved. New activities including information distribution through TV programs and blogs are ongoing.
- 5 Pachinko (New entry to the market)**

Full introduction of Pachinko machines is scheduled for the current period. Improvement of sales framework and infusion of human resources are scheduled.

# ③ Casino Resort Business (the Philippines)

## Casino Project in the Philippines

### ◆ Overview of the casino project in the Philippines

(1) Main facilities

A hotel with 2,000 guest rooms, a casino of 20,000m<sup>2</sup> floor space (world's largest class), ballrooms of 3,000m<sup>2</sup> floor space (largest class in Manila district), an aquarium (largest class in Asia), an art museum, a Ferris wheel, a shopping area, etc.

(2) Planned budget

Approximately 250 billion yen in total (55 to 60% investment by Aruze and 40 to 45% investment by a local company in good condition are planned.)

(3) Land acquired

Lands adjacent to "Bagong Nayong Pilipino Manila Bay Tourism City"

(4) Land space

Approximately 40 hectare

(5) Schedule

April 2008	Commencement of concept design
July 2008	Acquisition of land
August 2008	Acquisition of provisional license Commencement of detailed design
Summer 2010	Finalization of cost estimates for construction Commencement of construction (scheduled)
Summer 2013	Open of casino resort (scheduled)

\* The schedule has been postponed due to economic depression caused by recent financial crisis and delay of improvements of local infrastructure.



Rendering (model)



Rendering (night scene)

## ④ Business Performance Forecast for FY2010

Consolidated

(Unit: Million yen)

	Second Quarter	Full Year
Net Sales	22,000	58,000
Operating Income	2,000	12,000
Ordinary Income	2,000	12,000
Net Income	1,500	7,000

### • Pachislot machines

Recovery of the market share beginning with sprint start by "Midori-Don," an acclaimed series of Aruze

➡ Installations of 180,000 machines in the market are planned for the full year

### • Pachinko machines

Long awaited re-entry to the Pachinko market which has been planned for some time

➡ Following the releases of revolutionary new models, installations of 50,000 machines in the market are planned for the full year.

## ④ Breakdown of Business Performance Forecast for FY2010

Unit: billion yen

	Pachislot and Pachinko Business	Casino Resort Business (The Philippines)	Casino Resort Business (Investments in Wynn Resorts)	Total
Net sales	58.0			58.0
Cost	27.5			27.5
Gross profit	30.5			30.5
Selling, general and administrative expenses	15.0	3.5		18.5
Operating income	15.5	-3.5		12.0
Non-operating income or loss			0	0
Ordinary income				12.0
Net income				7.0

\* Pachislot and Pachinko business includes a part of figures posted in other businesses.

- ◆ Costs for casino resort business in the Philippines can be basically converted into assets as organization expenses, however, such costs are assumed to be treated as expenses herein.
- ◆ In consideration of the uncertainty in the economic depression triggered by recent financial crisis, 0 yen of equity in earnings of affiliates is estimated for the investments in Wynn Resorts, Limited.

# [IV] Reference

# Company Profile (As of March 31, 2009)

<b>Headquarters:</b>	Ariake Frontier Bldg., 3-1-25 Ariake, Koto-ku, Tokyo, 135-0063 Japan		
<b>Incorporation:</b>	June 1973		
<b>Number of employees:</b>	1,057 (consolidated), 862 (non-consolidated) (As of June 1, 2009)		
<b>Total number of outstanding shares:</b>	80,195,000 shares		
<b>Number of shareholders:</b>	7,098		
<b>Major shareholders:</b>	<b>Name</b>	<b>Number of shares held</b>	<b>Holding ratio</b>
	Kazuo Okada	25,228,300	31.5%
	Tomohiro Okada	23,615,600	29.5%
	Goldman Sachs & Co. Reg	7,264,721	9.1%
	Hiromi Okada	5,325,000	6.6%
	Hiroko Yokotsuka	2,390,000	3.0%
	Morgan Stanley & Co. Inc.	1,097,832	1.4%
	State Street Bank and Trust Company	920,300	1.2%
<b>JASDAQ Code:</b>	6425		
<b>URL:</b>	<a href="http://www.aruze.com">http://www.aruze.com</a>		
<b>Contact:</b>	Telephone: 03-5530-3055 (switchboard) E-mail: <a href="mailto:ir@aruze.com">ir@aruze.com</a>		