

Financial Information as of March 31, 2015

(This is an English translation of the “Yukashouken-Houkokusho”
for the year ended March 2015)

UNIVERSAL ENTERTAINMENT CORPORATION

Ariake Frontier Building Tower A,
7-26, Ariake 3-chome, Koto-ku, Tokyo

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Cover

Submitted document	Securities Registration Report
Statutory basis	Paragraph 1, Article 24 of the Financial Instruments and Exchange Act of Japan
Agency receiving submission	Director-General of the Kanto Local Finance Bureau
Submission date	June 29, 2015
Fiscal year	42nd period (from April 1, 2014 through March 31, 2015)
Corporate name	Kabushiki-gaisha Universal Entertainment
Name in English	Universal Entertainment Corporation
Name and position of representative	Jun Fujimoto, Representative Director and President
Location of headquarters	Ariake Frontier Building Tower A, 7-26, Ariake 3-chome, Koto-ku, Tokyo
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Phone	+81-3-5530-3055
Name of contact person	Yoshinao Negishi, Director
Place available for public inspection	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

Part I. Company Information

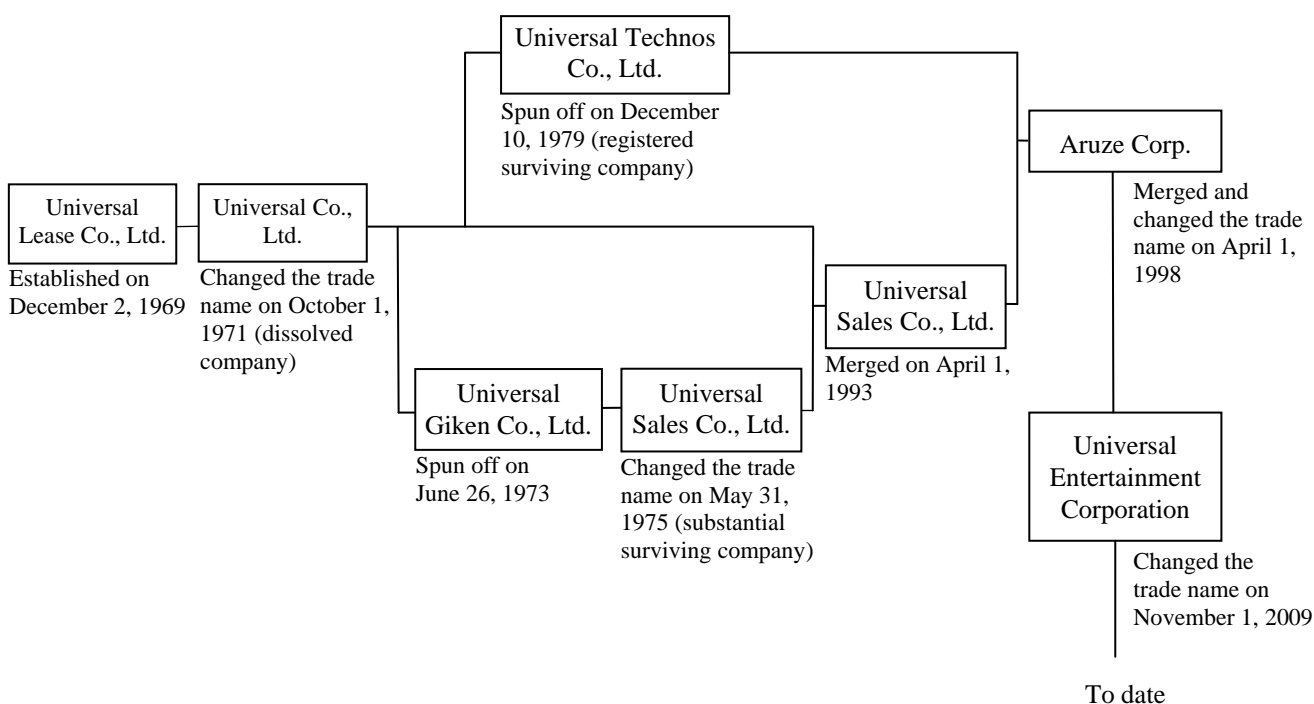
Section 1. Overview of the Company

(Introduction)

Effective April 1, 1998, the company submitting this report (the former Universal Technos Co., Ltd., hereinafter “the Company”) absorbed in a merger the former Universal Sales Co., Ltd., and changed its trade name to Aruze Corp. The purpose of the merger was to change the face value per share of the former Universal Sales Co., Ltd., from 500 yen to 50 yen. In addition, the change of trade name represented the Company’s prospects for further growth in anticipation of the future expansion of its businesses.

Before the merger, the Company’s sole business was the leasing of the real estate properties it owned to the former Universal Sales Co., Ltd. In addition, the size of the business of the Company before the merger was modest in comparison to that of the former Universal Sales Co., Ltd. As a result, the post-merger status of the Company was such that the former Universal Sales Co., Ltd., continued to operate its businesses in the same manner as before the merger. Therefore, unless otherwise noted, the following sections in this report discuss matters that relate to the substantial surviving company.

The following illustrates changes in the status of the Company since its establishment to date:



1. Transition of Significant Business Indicators, etc.

(1) Consolidated Business Indicators, etc.

Term		38th Period	39th Period	40th Period	41st Period	42nd Period
Fiscal year ended		March 2011	March 2012	March 2013	March 2014	March 2015
Net sales	(Million yen)	45,019	74,858	99,182	86,760	88,085
Ordinary income (loss)	(Million yen)	6,643	33,368	44,873	23,626	22,055
Net income (loss)	(Million yen)	4,468	31,380	27,449	9,409	10,173
Comprehensive income	(Million yen)	(5,494)	27,569	37,336	32,231	26,256
Net assets	(Million yen)	120,922	131,336	163,393	194,314	220,020
Total assets	(Million yen)	139,946	151,813	218,197	248,833	288,120
Net assets per share	(Yen)	1,524.23	1,756.25	2,216.09	2,629.13	2,979.73
Net income (loss) per share	(Yen)	56.16	401.79	372.84	128.23	138.64
Diluted net income per share	(Yen)	-	401.73	-	128.15	-
Ratio of shareholders' equity	(%)	86.4	86.0	74.5	77.5	75.9
Ratio of net income to shareholders' equity	(%)	3.6	25.0	18.7	5.3	4.9
Price-earnings ratio	(Times)	43.5	4.6	5.0	14.7	14.1
Net cash from operating activities	(Million yen)	26,159	38,999	28,088	2,990	1,508
Net cash from investing activities	(Million yen)	(1,768)	(6,321)	(22,060)	(26,984)	(11,804)
Net cash from financing activities	(Million yen)	(92)	(14,480)	(3,213)	(3,860)	17,515
Cash and cash equivalents at the end of fiscal year	(Million yen)	29,432	46,408	52,778	28,743	39,356
Number of employees [Average number of additional temporary workers]	(Persons)	866 [89]	839 [94]	1,002 [87]	1,097 [94]	1,118 [97]

Notes:

1. Net sales do not include consumption taxes, etc.

2. For the 38th, 40th and 42nd periods, the values of "Diluted net income per share" are not presented because there were no latent shares with a dilution effect.

(2) Non-consolidated Business Indicators, etc., of the Company

Term		38th Period	39th Period	40th Period	41st Period	42nd Period
Fiscal year ended		March 2011	March 2012	March 2013	March 2014	March 2015
Net sales	(Million yen)	43,582	73,597	98,243	85,984	87,808
Ordinary income (loss)	(Million yen)	5,562	25,622	37,889	26,348	26,600
Net income (loss)	(Million yen)	5,635	27,036	22,453	14,576	14,066
Capital stock	(Million yen)	3,446	98	98	98	98
Number of issued shares	(Shares)	80,195,000	80,195,000	80,195,000	80,195,000	80,195,000
Net assets	(Million yen)	96,132	105,236	121,718	134,861	147,089
Total assets	(Million yen)	114,742	124,617	167,836	173,714	207,982
Net assets per share	(Yen)	1,211.58	1,415.90	1,658.35	1,837.44	2,003.94
Dividend per share [Interim dividend per share]	(Yen)	30 [-]	100 [70]	50 [30]	25 [-]	45 [-]
Net income (loss) per share	(Yen)	70.84	346.17	304.99	198.64	191.68
Diluted net income per share	(Yen)	-	346.11	-	198.52	-
Ratio of shareholders' equity	(%)	83.7	84.4	72.5	77.6	70.7
Ratio of net income to shareholders' equity	(%)	6.0	26.9	19.8	11.4	10.0
Price-earnings ratio	(Times)	34.5	5.4	6.1	9.5	10.2
Dividend payout ratio	(%)	42.3	28.9	16.4	12.6	23.5
Number of employees [Average number of additional temporary workers]	(Persons)	744 [39]	759 [48]	794 [45]	838 [56]	872 [61]

Notes:

1. Net sales do not include consumption taxes, etc.

2. For the 38th, 40th and 42nd periods, the values of "Diluted net income per share" are not presented because there were no latent shares with a dilution effect.

2. The Company's History

Month & Year	Events	
	Universal Entertainment Corporation Former company name: Aruze Corp. (Universal Sales Co., Ltd., and Universal Technos Co., Ltd.)	Universal Co., Ltd.
December 1969		Established Universal Lease Co., Ltd., for the purpose of leasing jukeboxes at 2515, Mamada, Oyama, Tochigi Prefecture.
July 1970		Established a factory at the same place and started producing amusement machines.
October 1971		Changed trade name to Universal Co., Ltd.
June 1972		Purchased land adjacent to the factory and built a new factory.
June 1973	Spun off Sales Division of Universal Co., Ltd. from the company and established Universal Giken Co., Ltd., as an independent company and began its operation.	
May 1975	Relocated the Head Office of Universal Giken Co., Ltd., to 11-1, Ueno 5-chome, Taito-ku, Tokyo, and changed the trade name to Universal Sales Co., Ltd.	
September 1975	Established the Osaka Sales Office in Suita, Osaka Prefecture.	Built a new factory in Oyama, Tochigi Prefecture. Hereafter, this factory began full-scale production of various game machines as a base.
November 1976	Established the Nagoya Sales Office in Naka-ku, Nagoya, Aichi Prefecture.	
April 1978	Built the Universal Building in Nihombashi Horidomecho, Chuo-ku, Tokyo, and relocated the Head Office of Universal Sales Co., Ltd.	
December 1979	Spun off the Development Division of Universal Co., Ltd. from the company and established Universal Technos Co., Ltd., as an independent company, and began its operation.	
March 1980		Constructed a new factory located in the third industrial park in Oyama, Tochigi Prefecture (Oyama Second Factory) and moved there. Expanded from production of game machines into pachislot machines for the entertainment and amusement industry.
January 1981	Established the Fukuoka Sales Office in Hakata-ku, Fukuoka, Fukuoka Prefecture.	
May 1982	Established the Hokkaido Sales Office in Shiroishi-ku, Sapporo, Hokkaido.	
February 1983	Established the Sendai and Kagoshima Sales Offices in Sendai, Miyagi Prefecture, and Kagoshima, Kagoshima Prefecture.	
August 1983	Established the Niigata Sales Office in Niigata, Niigata Prefecture.	
June 1985	Established the Aomori, Shikoku and Kobe Sales Offices in Aomori, Aomori Prefecture, Takamatsu, Kagawa Prefecture, and Chuo-ku, Kobe, Hyogo Prefecture.	
July 1985	Established the Hiroshima Sales Office in Naka-ku, Hiroshima, Hiroshima Prefecture, and the Okayama Sub-Branch in Okayama, Okayama Prefecture.	
October 1985	Established the Kitakanto Sales Office in Utsunomiya, Tochigi Prefecture.	
July 1986	Procured the head office building of Universal Technos Co., Ltd. in Nihombashi Hamacho, Chuo-ku, Tokyo, and moved there.	
April 1988	Constructed head office building of Universal Sales, Co., Ltd. in Takanawa, Minato-ku, Tokyo.	Procured a factory in Yonago, Tottori Prefecture, as a new manufacturing base and started production of amusement machines.
May 1988	Established the Shizuoka Sales Office in Shizuoka, Shizuoka Prefecture.	
September 1988	Established the Oita Sub-Branch in Oita, Oita Prefecture.	

Month & Year	Events	
	Universal Entertainment Corporation Former company name: Aruze Corp. (Universal Sales Co., Ltd., and Universal Technos Co., Ltd.)	Universal Co., Ltd.
July 1990	Established the Kanazawa Sub-Branch in Kanazawa, Ishikawa Prefecture.	
September 1990	Established the Koriyama Sub-Branch in Koriyama, Fukushima Prefecture.	
April 1992	Established the Kumamoto Sub-Branch in Kumamoto, Kumamoto Prefecture.	
July 1992	Established the Saitama, Kanagawa and Chiba Sales Offices in Omiya, Saitama Prefecture, Kohoku-ku, Yokohama, Kanagawa Prefecture, and Chuo-ku, Chiba, Chiba Prefecture.	
August 1992	Established the Kyoto Sales Office in Shimogyo-ku, Kyoto, Kyoto Prefecture.	
April 1993	Universal Sales, Co., Ltd. absorbed Universal Co., Ltd. in a merger.	Dissolved as a result of a merger with Universal Sales Co., Ltd.
July 1993	Moved the Head Office to the head office building of Universal Co., Ltd. in Takanawa, Minato-ku, Tokyo.	
April 1994	Established the Mito Sales Office in Mito, Ibaraki Prefecture.	
April 1998	Universal Technos Co., Ltd. absorbed Universal Sales Co., Ltd. in a merger and changed the trade name to Aruze Corp. Moved the Head Office to Ariake, Koto-ku, Tokyo.	
September 1998	Registered its shares on the over-the-counter market of the Japan Securities Dealers Association.	
October 2000	Acquired shares of Aruze USA, Inc. (currently a consolidated subsidiary).	
October 2000	Aruze USA, Inc. invested in Valvino Lamore, LLC.	
November 2000	Acquired shares of Japan Amusement Broadcasting Co., Ltd. (currently a consolidated subsidiary).	
February 2001	Established Yotsukaido Techno Center in Yotsukaido, Chiba Prefecture.	
September 2002	All capital holdings of Valvino Lamore, LLC, were invested in kind to Wynn Resorts, Limited.	
November 2002	Acquired shares of Nautilus Inc. (trade name was changed to Aruze Global Trading Corporation).	
October 2003	Established Beijing Aruze Development Co., Ltd. (currently a non-consolidated subsidiary).	
June 2004	Obtained a gaming machine manufacturer's license and an approval for stock acquisition of Universal Distributing of Nevada, Inc. (currently Aruze Gaming America, Inc.), in the State of Nevada, U.S.A.	
December 2004	Cancelled over-the-counter registration with the Japan Securities Dealers Association and listed the Company's shares on Jasdac Securities Exchange, Inc.	
December 2004	Obtained a gaming machine manufacturer's license and an approval for stock acquisition of Universal Distributing of Nevada, Inc., in the State of Mississippi, U.S.A.	
January 2005	Acquired shares of Universal Distributing of Nevada, Inc., which had subsidiaries in Australia and South Africa, and made the three companies consolidated subsidiaries.	
March 2005	Wynn Resorts, Limited and its subsidiary obtained a license for casino operations in the State of Nevada, U.S.A.	
May 2006	Established Aruze Preparatory Corporation.	
July 2006	Obtained a gaming machine manufacturer's license, which is renewable without limitation, in the State of Nevada, U.S.A.	
April 2007	Transferred gaming machine business for overseas casinos to Aruze Gaming America, Inc. Established ARUZE MEDIA NET CORP. for mobile Web site operation business through a company split.	
September 2007	Acquired shares of Japan Rental Service, Ltd. (trade name was changed to Aruze Rental Service Corporation).	
October 2007	Transferred the Sales Division of the Pachislot/Pachinko Business to Aruze Marketing Japan Corporation (formerly known as System Staff Co., Ltd.) and the Development Division thereof to Seven Works Corporation (formerly known as Aruze Preparatory Corporation) through company splits.	
February 2008	Established Aruze Investment Co., Ltd. (currently a consolidated subsidiary).	
June 2008	Transitioned to a company with committees.	
August 2008	Acquired a provisional license to operate a casino resort in the Philippines. Aruze Gaming America, Inc. implemented an allocation of new shares to a third party and the shares of Aruze Gaming America owned by the Company were partially transferred.	
February 2009	Aruze Global Trading Corporation, Aruze Rental Service Corporation and Seven Works Corporation were merged to Aruze Marketing Japan Corporation by an absorption-type merger with Aruze Marketing Japan to act as the surviving company.	
March 2009	Transferred all the shares of Aruze Gaming America, Inc. owned by the Company.	

Month & Year	Events
	Universal Entertainment Corporation Former company name: Aruze Corp. (Universal Sales Co., Ltd., and Universal Technos Co., Ltd.)
June 2009	The Company merged Aruze Marketing Japan Corporation in an absorption-type merger with the Company to act as the surviving company.
November 2009	Changed the trade name to Universal Entertainment Corporation.
March 2010	A casino project of the Company group (Manila Bay Resorts) obtained the designation as a special economic zone and the foreign capital restrictions for casino businesses were removed in the Philippines.
April 2010	The Company's stock was listed on the Jasdaq market of the Osaka Securities Exchange, in accordance with the merger of the Jasdaq Securities Exchange and the Osaka Securities Exchange.
June 2010	Transitioned to a company with a board of auditors.
October 2011	The Company merged ARUZE MEDIA NET CORP. in an absorption-type merger with the Company to act as the surviving company.
July 2013	The Company's stock was listed on the Jasdaq (standard) market of the Tokyo Stock Exchange, in accordance with the integration of the Tokyo Stock Exchange and the Osaka Securities Exchange.

3. Description of Businesses

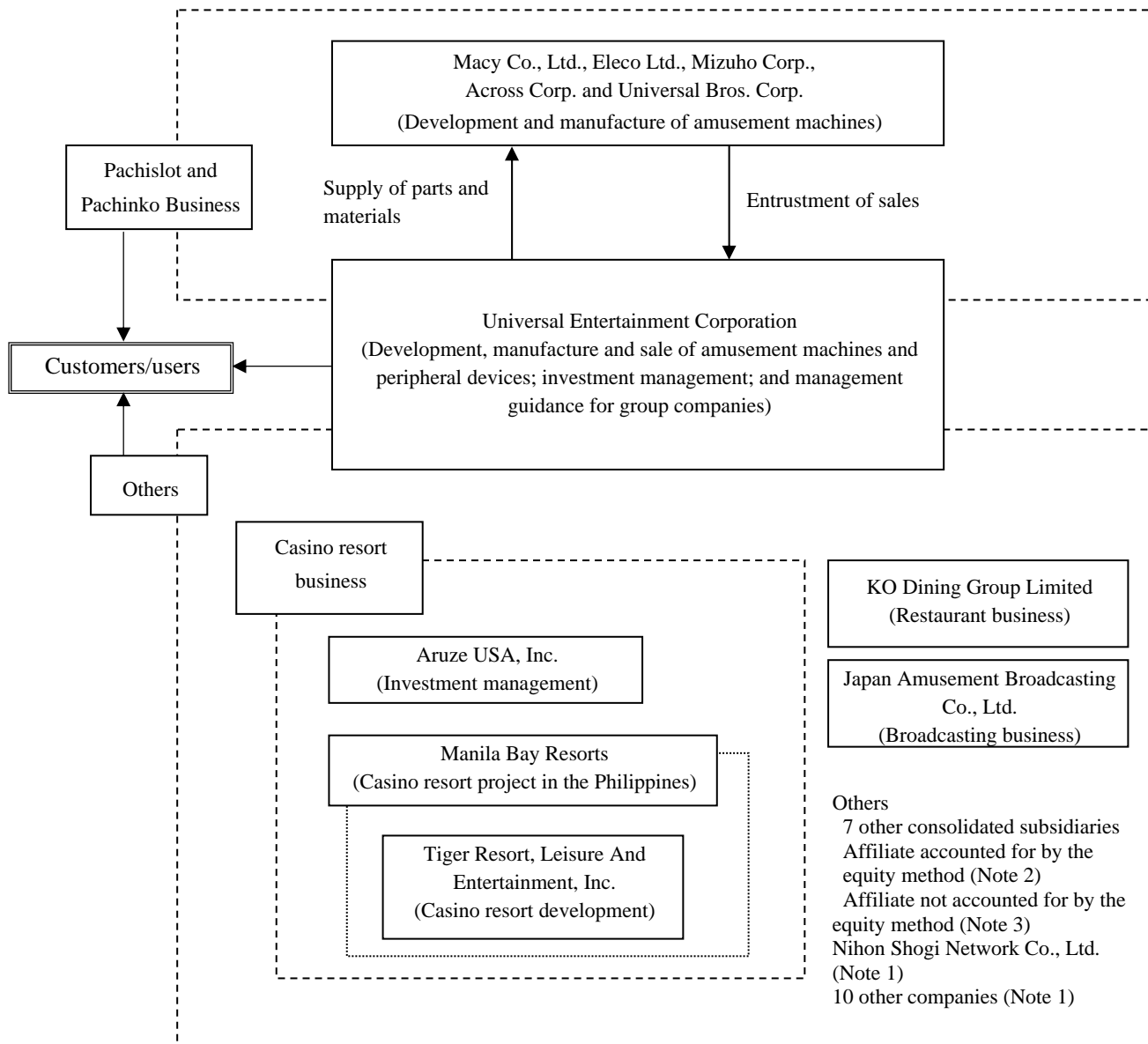
The corporate group of the Company is composed of the Company, 27 subsidiaries and two affiliates. The main businesses are the development, manufacture and sales of pachislot and pachinko machines and other game machines and peripheral equipment thereof, as well as the media business and the broadcasting business, etc.

Indicated below are the businesses of the Company's corporate group, the Company and each company's relative position in the business and the relationship with the segments (as of March 31, 2015).

Name of Segment	Main Business		Company Name
Pachislot and Pachinko Business	Development and manufacture of pachislot and pachinko machines		The Company, Macy Co., Ltd., Eleco Ltd., Mizuho Corp., Across Corp. and Universal Bros Corp.
	Sale of pachislot and pachinko machines; development, manufacture and sale of peripheral equipment; procurement of units consisting of parts and materials		Universal Entertainment Corporation
Others	Casino resort business	Investment management	Aruze USA, Inc.
		Casino resort development	Tiger Resort, Leisure And Entertainment, Inc.
	Media business		Universal Entertainment Corporation
	Broadcasting business		Japan Amusement Broadcasting Co., Ltd.
	Operation and management of online Shogi games		Nihon Shogi Network Co., Ltd.
	Restaurant business		KO Dining Group Limited

*In addition to the companies listed above, there are seven consolidated subsidiaries, ten non-consolidated subsidiaries not accounted for by the equity method, one affiliate accounted for by the equity method, and one affiliate not accounted for by the equity method.

The business linkage of the above status is shown in the diagram below (as of March 31, 2015):



No symbol: Consolidated subsidiaries: 16
 Note 1: Non-consolidated subsidiaries: 11
 Note 2: Affiliate accounted for by the equity method: 1
 Note 3: Affiliate not accounted for by the equity method: 1

4. Affiliated Companies

Name of Company	Location	Capital Stock (Million yen)	Main Line of Business	Holding/Held Ratio of Voting Rights (%)	Relationship
(Parent Company) Okada Holdings Limited (Note 2)	Hong Kong, China	[HK\$1,000] 9,362,968	Investments in securities, etc.	Held 74.2	
(Consolidated subsidiary) Aruze USA, Inc. (Note 3)	State of Nevada, USA	[US\$] 10	Others	100.0	A director's position is held by one of the Company's directors.
15 other companies (Note 4)					

Notes:

- In the "Main line of business," the name of the segment is stated (excluding the parent companies).
- Okada Holdings Limited, which was previously the indirect parent company of the Company, became the parent company following the sale by Okada Holdings GK, which was previously the direct parent company, of 54,452,500 shares of Company stock (74.21% of all voting rights) on June 24, 2014.
- Aruze USA, Inc. is a specified subsidiary.
- Macy Co., Ltd., Eleco Ltd., Mizuho Corp., Japan Amusement Broadcasting Co., Ltd., UNIVERSAL BROS. CORP., Pananio Limited, Brontia Limited, Tiger Resort Asia Limited, Universal Entertainment Korea co., Ltd., and Tiger Resort, Leisure And Entertainment, Inc., which are included in the 15 other consolidated companies, are specified subsidiaries.

5. Employees

(1) Employees on a Consolidated Basis

As of March 31, 2015

Name of Segment	Number of Employees	
Pachislot and Pachinko Business	748	(77)
Reportable segment total	748	(77)
Others	176	(2)
Corporate (unallocated)	194	(18)
Total	1,118	(97)

Notes:

1. The number of employees represents the number of full-time employees, and the average annual number of temporary workers other than the full-time employees is indicated in parentheses.
2. The number of employees in the "Corporate (unallocated)" segment represents those employees employed by the administrative division.

(2) Employees of the Company

As of March 31, 2015

Number of Employees	Average Age	Average Number of Years Employed	Average Annual Salary (Yen)
872	38 years and 7 months	7 years and 8 months	6,822,629

Name of Segment	Number of Employees	
Pachislot and Pachinko Business	629	(41)
Reportable segment total	629	(41)
Others	49	(2)
Corporate (unallocated)	194	(18)
Total	872	(61)

Notes:

1. The number of employees represents the number of full-time employees, and the average annual number of temporary workers other than the full-time employees is indicated in parentheses.
2. Average annual salary includes bonuses and surplus wages.
3. The number of employees in the "Corporate (unallocated)" segment represents those employees employed by the administrative division.

(3) Labor Union

Although a labor union has not been formed, the Company has maintained sound labor-management relations.

Section 2. Business

1. Overview of Operating Results, etc.

(1) Operating Results

(Million yen)

Fiscal year ended March 31, 2015	Net sales	Operating income	Ordinary income	Net income
Non-consolidated	87,808	21,665	26,600	14,066
Consolidated	88,085	21,047	22,055	10,173

In the current consolidated fiscal year, the Company posted net sales of 88,085 million yen (1.5% increase year-on-year,) operating income 21,047 million yen (14.6% decrease year-on-year,) ordinary income 22,055 million yen (6.6% decrease year-on-year) and net income 10,173 million yen (8.1% increase year-on-year).

Discussed below are the business results for each business segment. The figures represent amounts prior to adjustments for inter-segment sales or transfers.

(i) Pachislot and Pachinko Business

In the fourth quarter, the Company launched two titles in January. The first was “CR Batman: Shakunetsu No Gotham City,” which was the first new Pachinko release by the Company group in a lapse of four years. The second was “Super Jackpot,” a Pachislot title produced through a collaboration between ACROSS CORP., a member of the Company group, and OKAZAKI SANGYO CO., LTD., a Pachislot manufacturer with many years of experience.

In late February, the Company launched the Pachislot title “Hanabi.” This is the third title of “A PROJECT,” which has the goal of developing “revival” titles that return to the basics of Pachislot. This includes reissued classic titles as well as player technique intervention titles. In addition, sales activities were started for the Pachislot title “Million God: Kamigami No Gaisen,” the latest edition extremely successful Million God series. Deliveries have started in March.

The Company launched eight Pachislot titles and one Pachinko title during the fiscal year and the number of Pachislot and Pachinko installed amounted to approximately 210,000 units. Net sales and operating income in the Pachislot and Pachinko Business were 84,731 million yen (year-on-year increase of 1.5%) and 35,882 million yen (year-on-year increase of 1.3%), respectively.

(ii) Other

In the Media Content Business, the Company distributed simulator applications of Pachislot title “Ok!-Doki” on App Store, Google Play and the members-only mobile website “Univa Kingdom.” “Ok!-Doki” has maintained its high rankings and earned a good reputation.

Furthermore, the Company started distributing specialized Yunimemo (an Internet service linked to Pachislot and Pachinko titles) applications over App Store and Google Play. Renewed design, simple login function, and a specialized QR code reader assure an enhanced “Yunimemo” experience.

Japan Amusement Broadcasting operates “Pachinko★Pachislot TV!,” Japan’s largest channel specializing in the Pachislot and Pachinko field. In its Broadcasting Business, sales remained strong as the number of J-COM subscribers increased. In the Content Distribution Business, sales were down slightly because of the falling market share of feature phones. However, content remained popular among users. As a result, “Arashi Umeya no Slotter☆Journey” ranked first in annual sales in the Pachinko and Pachislot category on the Gyao Store for the third consecutive year. Operating income at Japan Amusement Broadcasting increased approximately 36% year-on-year.

As a result, under other businesses for the current consolidated fiscal year, the Company posted net sales of 3,365 million yen (year-on-year increase of 0.4%) and an operating loss of 3,108 million yen (compared with an operating loss of 2,385 million yen in the previous consolidated fiscal year).

(2) Cash Flow

As of the end of the current consolidated fiscal year, the balance of cash and cash equivalents totaled 39,356 million yen. The status of each cash flow and the primary reasons for increases/decreases as of the end of the current consolidated fiscal year are as follows:

<Net Cash from Operating Activities>

Net cash provided by operating activities amounted to 1,508 million yen (compared with 2,990 million yen provided in the previous consolidated fiscal year), mainly due to booking of income before income taxes and others of 21,481 million yen (compared with 20,442 million yen a year earlier), a 6,701 million yen increase in notes and accounts receivable-trade, a 3,652 million yen increase in inventories, and income taxes paid of 11,300 million yen.

<Net Cash from Investing Activities>

Net cash used in investing activities amounted to 11,804 million yen (compared with 26,984 million yen used a year earlier), mainly due to purchase of property, plant and equipment of 17,889 million yen.

<Net Cash from Financing Activities>

Net cash provided by financing activities amounted to 17,515 million yen (compared with 3,860 million yen used a year earlier), mainly due to an 11,491 million yen net increase in short-term loans payable and an 8,885 million yen decrease in pledged deposit.

2. Production, Order Entry and Sales

(1) Production

Production performance in each segment in the current consolidated fiscal year is as follows:

Name of Segment	Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)	Year-on-Year Comparison (%)
Pachislot and Pachinko Business (Million yen)	84,465	102.2
Others (Million yen)	3,209	99.7
Total (Million yen)	87,674	102.1

Notes:

- The amounts are based on sales price.
- Consumption taxes, etc., are not included in the above amounts.

(2) Orders Received

The status of orders received in each segment in the current consolidated fiscal year is as follows:

Name of Segment	Amount of Orders Received (Million yen)	Year-on-Year Comparison (%)	Balance of Orders Received (Million yen)	Year-on-Year Comparison (%)
Pachislot and Pachinko Business	86,363	103.3	1,789	1,135.1
Others	3,354	101.2	-	-
Total	89,718	103.3	1,789	1,135.1

Notes:

- The amounts are based on sales price.
- Consumption taxes, etc., are not included in the above amounts.

(3) Sales Performance

The sales performance in each segment in the current consolidated fiscal year is as follows:

Name of Segment	Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)	Year-on-Year Comparison (%)
Pachislot and Pachinko Business (Million yen)	84,731	101.5
Others (Million yen)	3,354	101.2
Total (Million yen)	88,085	101.5

Notes:

- Transactions between segments are eliminated by offsets.
- The following table indicates sales amounts to major customers and their ratios to total sales amount for the two most recent fiscal years.

	Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)		Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)	
	Amount (Million yen)	%	Amount (Million yen)	%
ORIX Corporation	5,991	6.9	9,707	11.0

- Consumption taxes, etc., are not included in the above amounts.

3. Issues to Be Addressed

(1) Pachislot and Pachinko Business

The 2014 revision to the pachislot machine testing method and tighter voluntary restrictions on pachislot and pachinko machines may have an effect on this business. The Company group will continue to supply machines that can make a significant contribution to the operations of pachinko halls by developing machines with captivating content and features that utilize the traditional appeal of these machines.

(2) Patent Strategy

The Company group has long been aware of the importance of creating and protecting intellectual property, and has worked towards the establishment of a system that enables it to acquire patent rights for superior inventions through standardization of patent applications. Also, the Company group worked to improve the quality of its patent applications and improve the ratio of patent registrations to submitted applications, by establishing a structure whereby individual inventions are categorized into different technical fields and applications for patents are filed for a group of inventions in each technical field.

The technologies which the Company has acquired or applied for patents are considerably more effective and commercially viable than those of its competitors. The Company intends to fully apply these technologies in the development of its products to improve the value of said products, thereby differentiating them from the competition in terms of technology. The Company believes this will enable it to achieve a competitive advantage. Also, in order to secure license income from its patents, the Company will move forward vigorously with strategies for both patent utilization and the protection of its patent rights when said rights are violated.

(3) Casino Resort Business

The Company group seeks growing opportunity in the area of Asia and is currently working on a casino resort development project in the Philippines which promotes tourism nationwide. The Company group will continue to promote this project steadily and make it a new income source of the Company group in the future.

4. Business and Other Risks

Of the items relating to the status of business and the status of financial condition, as stated in the Securities Registration Report, factors that might affect investor decisions are described below. The Company group recognizes the possibility that these risks might emerge, and will work to avoid such risks, or deal with them appropriately if they arise. However, the factors listed below do not cover all risks related to the business of the Company group.

(1) Pachislot and Pachinko Business

According to the “Act Concerning Regulation and Proper Operation of Businesses Affecting Public Morals,” Pachislot and Pachinko machines need to meet the “technical standards” defined in the National Public Safety Commission’s rules (Regulations Concerning Authorization and Model Approval for Amusement Machines). Each type of machine must pass the model test conducted by the designated testing organization (Security Communications Association) and the model inspection conducted by the Public Safety Commission of the applicable prefecture. In case these laws or standards are amended or abolished, the Company group will analyze industry trends and the application status of other companies, and make new applications for new machines in a structured and strategic fashion. However, if major changes need to be made due to administrative direction or voluntary restriction by the industry, the business results of the Company group would be materially impacted.

There is also the possibility that profitability would be adversely affected by changing preferences in the market, as well as economic trends in Japan that include income levels.

(2) Casino Resort Business

Since this business is conducted overseas, changes in the local business environment and other factors may impact the value of the Company group’s facilities and/or business performance.

(3) Foreign Exchange Risks

In preparing consolidated financial statements, foreign currency-denominated gains/losses and assets/liabilities of each overseas subsidiary of the Company group are incorporated into the consolidated financial statements after they are translated into Japanese yen. As a result, business results of the Company group may be adversely affected by fluctuations in currency exchange rates.

(4) Litigation

The Company group has several pending lawsuits, and their outcomes may have an impact on the business results of the Company group. Although the Company group continues to make every effort to eliminate litigation risk, there is always a possibility that third parties may file new cases against the Company group, with the rulings in these cases having the potential to affect future business results.

(5) Litigation with Wynn Resorts, Limited

Litigation between the Company group and Wynn Resorts (NASDAQ: WYNN) is currently under way. Depending on the outcome of this dispute and facts that are confirmed in the future, there may be an effect on the Company group's financial position and results of operations.

5. Important Contracts, etc., in Operations

There is no applicable information.

6. Research-and-Development Activities

The amount spent for research and development of the whole group for the current consolidated fiscal year totaled 4,561 million yen.

The status of the research-and-development activities of the Company group is as follows:

(1) Pachislot and Pachinko Business

In the Pachislot and Pachinko Business, the Company is striving to offer machines with attractive capabilities as to the joy of games and payout performance that will be acceptable in the market within the scope of current laws, regulations and standards.

The research-and-development expenses for the Pachislot and Pachinko Business amounted to 4,199 million yen.

(2) Others

Research-and-development expenses for others amounted to 361 million yen.

7. Analyses of Financial Status, Operating Results and Cash Flow

The following analyses of financial status and operating results regarding the Company group are based on the data presented in the consolidated financial statements, in principle. The matters relating to the future contained in the following paragraphs have been judged by the Company group as of the submission date of this report.

(1) Significant Accounting Policies and Estimates

The Company group's consolidated financial statements are prepared based on generally accepted accounting standards in Japan. Estimation that was considered necessary in preparation of these consolidated financial statements has been conducted in accordance with reasonable standards.

Details are as described in "Section 5. Accounting, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Significant Items Serving as a Basis for Preparation of the Consolidated Financial Statements."

(2) Analysis of Financial Status at the End of the Current Consolidated Fiscal Year

i. Assets

The amount of total assets at the end of the current consolidated fiscal year amounted to 288,120 million yen, an increase of 39,287 million yen over the end of the previous consolidated fiscal year. This was mainly due to increases of 6,701 million yen in notes and accounts receivable-trade, 21,857 million yen in construction in progress, 9,198 million yen in investment securities and 28,964 million yen in long-term deposits for affiliates, while there were decreases of 7,626 million yen in cash and deposits, and 32,069 million yen in land.

ii. Liabilities

The amount of liabilities at the end of the current consolidated fiscal year amounted to 68,100 million yen, an increase of 13,582 million yen over the end of the previous consolidated fiscal year. This was mainly due to a 12,731 million yen increase in short-term loans payable, while there was a 2,884 million yen decrease in notes and accounts payable-trade, and a 1,140 million yen decrease in current portion of bonds.

iii. Net assets

The amount of net assets at the end of the current consolidated fiscal year amounted to 220,020 million yen, an increase of 25,705 million yen over the end of the previous consolidated fiscal year. This was mainly due to a 9,612 million yen increase in retained earnings, and a 16,116 million yen increase in accumulated other comprehensive income accrued from fluctuations in share prices and exchange rates.

(3) Analysis of Operating Results for the Current Consolidated Fiscal Year

i. Net sales

For the current consolidated fiscal year, net sales for the Pachislot and Pachinko Business, which is the main business of the Company, increased 1.5% from the previous consolidated fiscal year to 84,731 million yen.

Resulting in installments of approximately 210,000 units (approximately 215,000 units for the previous consolidated fiscal year), and total net sales amounted to 88,085 million yen, an increase of 1.5% from the previous consolidated fiscal year.

ii. Cost of sales

Due to the increase of net sales, the total cost of sales increased 0.2% from the previous consolidated fiscal year to 38,994 million yen, and the cost of sales ratio was 44.3%, a decrease of 0.5 percentage points from the previous consolidated fiscal year.

iii. Selling, general and administrative expenses

The total amount of selling, general and administrative expenses increased 20.8% from the previous consolidated fiscal year to 28,044 million yen.

iv. Non-operating income and expenses

Non-operating income increased by 1,485 million yen from the previous consolidated fiscal year to 1,964 million yen, mainly due to the foreign exchange gains.

Non-operating expenses decreased by 546 million yen from the previous consolidated fiscal year to 956 million yen, mainly due to the disappearance of foreign exchange losses.

v. Net income

Extraordinary income amounted to 1,344 million yen. This was primarily due to a gain on sales of shares of subsidiaries and associates' stock of 1,314 million yen.

The extraordinary loss amounted to 1,918 million yen. This was primarily due to a loss on business of subsidiaries and associates of 1,256 million yen.

As a result of the above, net income increased 8.1% from the previous consolidated fiscal year to 10,173 million yen, net income per share increased 8.1% to 138.64 yen and the ratio of current net income to shareholders' equity was 4.9% (compared with 5.3% for the previous consolidated fiscal year).

(4) Factors that Could Have a Material Impact on Operating Results

As stated in "4. Business and Other Risks."

(5) Current Situation and Outlook of Business Strategy

i. Pachislot and Pachinko Business

For the fiscal year ending on March 31, 2016, the Company plans to increase production and sales of popular Pachislot titles introduced during the fiscal year ended on March 31, 2015, that are in very strong demand from halls because of their high utilization rates. In addition to introducing new Pachislot titles, plans call for launching new Pachinko titles as the Company has re-entered the Pachinko market in the fiscal year that ended on March 31, 2015 after a lapse of four years. The Company will also continue to market peripheral equipment with large LCD screens as a means of creating a feeling of live performance and pulling in more customers.

The Pachislot and Pachinko industry is concerned about the effects of stronger self-regulation of Pachislot and Pachinko machines that have been in effect since last year. In this environment, the Company group plans to work as partner of Pachislot and Pachinko halls by focusing on total proposal type of marketing strategy for amusement machines and peripheral equipment for raising the utilization rate of Pachislot corners.

For the fiscal year ending on March 31, 2016, the Company plans to introduce 191,000 units of Pachislot titles and 70,000 units of Pachinko titles to the market during the full fiscal year.

ii. Others

In the Media Content Business, the Company is continuing to perform R&D activities with the aim of supplying high-quality simulator applications to users. As for the members-only mobile website "Univa Kingdom," the Company plans to upgrade this website and constantly increase the number of applications. The Company is determined to build on the ability of "Univa Kingdom" to earn the support of a large number of users.

Japan Amusement Broadcasting operates "Pachinko★Pachislot TV!," Japan's largest channel specializing in the Pachislot and Pachinko field. From April, this company started the "Pachite! Net Premium" service which allows subscribers to view programs on smartphones and personal computers. By strengthening its program production organization, including organizational restructuring and other initiatives, Japan Amusement Broadcasting is reinforcing program production to win greater audience support.

Construction is well underway at Manila Bay Resorts, the Company group's casino resort project in the Philippines. The highest framework construction on the hotel towers has progressed to at this point is the 14th floor. Foundation work is also underway on the fountain facilities and the shopping zone.

(6) Analyses of Sources of Capital and Liquidity of Funds

i. Status of cash flow

The status of cash flow is stated in “Section 2. Business, 1. Overview of Operating Results, etc., (2) Cash Flow.” Trends of cash flow-related indicators are as follows:

ii. Trends of cash flow-related indicators

	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013	Fiscal Year Ended March 31, 2014	Fiscal Year Ended March 31, 2015
Ratio of shareholders' equity (%)	86.0	74.5	77.5	75.9
Ratio of shareholders' equity on market value basis (%)	90.8	62.7	55.6	49.9
Ratio of interest-bearing liabilities to cash flow (Years)	0.2	0.7	6.2	19.4
Interest coverage ratio (Times)	322.3	187.3	6.4	3.9

Ratio of shareholders' equity = Shareholders' equity/Total assets

Ratio of shareholders' equity on market value basis = Total market value of shares/Total assets

Ratio of interest-bearing liabilities to cash flow = Interest-bearing liabilities/Cash flow

Interest coverage ratio = Cash flow/Interest paid

Notes:

1. All figures are calculated based on consolidated financial values.
2. The total market value of shares is calculated based on the number of issued shares minus treasury shares.
3. Cash flow is represented by operating cash flow.
4. Interest-bearing liabilities include all liabilities accounted for on the consolidated balance sheet for which interest is paid.

(7) Management's Awareness on Issues and Their Policy for Future Business

As stated in “3. Issues to Be Addressed.”

Section 3. Facilities and Equipment

1. Overview of Capital Investments

The amount of capital investment in the current consolidated fiscal year consists principally of 365 million yen of acquisition of metal molds, etc., relative to the Pachislot and Pachinko Business, 144 million yen of payments for engineering works, etc., of the art museum, and 15,692 million yen of disbursements at an overseas subsidiary.

2. Major Facilities and Equipment

The major facilities and equipment of the Company group are as follows:

(1) The Company

As of March 31, 2015

Name of Business Place (Location)	Name of Segment	Purpose of Facility and Equipment	Book Value (Million yen)						Number of Employees (Persons)
			Buildings and Structures	Machinery, Equipment and Vehicles	Land (Square meters)	Assets for Lease	Others	Total	
Head Office (Koto-ku, Tokyo)	Pachislot and Pachinko Business, Others	Development and overall management	299	94	-	0	-	393	636
Yotsukaido Factory (Yotsukaido, Chiba)	Pachislot and Pachinko Business, Others	Manufacturing	2,110	1,305	5,168 (74,373)	-	2,230	10,814	74
Oyama Factory (Oyama, Tochigi)	Pachislot and Pachinko Business	Manufacturing	101	-	361 (9,520)	-	-	462	-
Tokyo Branch and 19 other branches	Pachislot and Pachinko Business	Sales	165	2	256 (604)	-	10	434	144
Hakone Art Museum (Hakone-machi, Ashigarashimo-gun, Kanagawa)	Others	Art museum	6,285	0	-	-	545	6,830	18

Notes:

- “Others” under “Book value” represents tools, furniture and fixtures. It does not include “construction in progress.” The amount does not include consumption tax, etc.
- Major rental and lease facilities and equipment other than those mentioned above are as follows:

As of March 31, 2015

Name of Business Place (Location)	Name of Segment	Purpose of Facility and Equipment	Number of Employees (Persons)	Square Measure of Land	Annual Rent and Lease Payment (Million yen)
Head Office (Koto-ku, Tokyo)	Pachislot and Pachinko Business, Others	Development and overall business management (leased)	636	-	431

(2) Domestic Subsidiary

There is no applicable information.

(3) Overseas Subsidiary

There is no applicable information.

3. Plans for Construction and Retirement, etc., of Facilities

The Company group determines capital investments considering the business forecast, the trends of the industry, and investment efficiency in total. In addition, preparation of system infrastructure is being promoted to improve the efficiency of business management. In principle, investment proposals are evaluated by each of the consolidated companies, but in such processes, the Company mainly exercises coordination at Group conferences.

The new major facilities investment plans as of the end of the current consolidated fiscal year are as follows:

Construction of New Major Facilities

Name of Company or Business Place	Location	Name of Segment	Purpose of Facility and Equipment	Planned Investment		Funding Measures	Planned Timing of Launch and Completion		Increased Capacity on Completion
				Total (Million yen)	Paid in (Million yen)		Launch	Completion	
Yotsukaido Factory of the Company	Yotsukaido, Chiba	Pachislot and Pachinko Business	Metal molds for manufacture, etc.	4,703	-	Own funds and borrowings	April 2015	March 2016	-

Notes:

1. The facilities investment plans of the consolidated group are aggregated in each area at the above business place.
2. A description of "Increased capacity on completion" is omitted as a reasonable calculation of the relevant figure is difficult.

Section 4. Situation of the Company

1. Details of Stock, etc.

(1) Total Number of Shares, etc.

i. Total Number of Shares

Classification of Stock	Total Number of Authorized Shares
Common stock	324,820,000 shares
Total	324,820,000 shares

ii. Number of Issued Shares

Classification	Number of Issued Shares as of the End of Fiscal Year (March 31, 2015)	Number of Issued Shares as of the Submission Date of This Report (June 29, 2015)	Name of Listed Financial Instruments Exchange Market or Authorized Financial Instruments Firms Association	Remarks
Common stock	80,195,000 shares	80,195,000 shares	Tokyo Stock Exchange, Jasdaq (standard)	Number of shares for one unit: 100
Total	80,195,000 shares	80,195,000 shares	-	-

Note: The shares issued upon the exercise of subscription rights to shares from June 1, 2015 through the day of submission of this Securities Registration Report are not included in "Number of Issued Shares as of the Submission Date of This Report."

(2) Subscription Rights to Shares

The following subscription rights to shares have been issued in accordance with the Companies Act:

As per resolution by the Board of Directors on June 26, 2014

	As of the End of the Current Fiscal Year (March 31, 2015)	As of the End of the Month Preceding the Submission Date of this Report (May 31, 2015)
Number of subscription rights to shares (Units)	7,000 (Note 1)	7,000 (Note 1)
Number of own subscription rights to shares among all subscription rights to shares (Units)	-	-
Class of stock subject to subscription rights to shares	Common stock	Same as on the left
Number of shares subject to subscription rights to shares (Shares)	7,000 (Note 2)	7,000 (Note 2)
Amount to be paid upon the exercise of subscription rights to shares (Yen)	2,637 (Note 3)	Same as on the left
Exercise period of subscription rights to shares	From July 1, 2016 to June 30, 2018	Same as on the left
Issue price of stock due to exercise of subscription rights to shares and amount to be incorporated into capital stock (Yen)	Issue price: 5,237 Amount to be incorporated into capital stock: 2,619	Same as on the left
Conditions for exercising subscription rights to shares	(Note 4)	(Note 4)
Matters pertaining to transfer of subscription rights to shares	The approval of the Board of Directors is required when transferring subscription rights to shares.	Same as on the left
Matters pertaining to substitute payment	-	-
Matters pertaining to issuance of subscription rights to shares resulting from Corporate Reorganization	(Note 5)	(Note 5)

Notes:

1. The subscription rights to shares were issued at 2,600 yen per unit.

2. Number of shares subject to subscription rights to shares

The number of shares subject to the subscription rights to shares (hereinafter the "Number of Shares Granted") shall be 100 shares for each right. In addition, the Number of Shares Granted will be adjusted using the following formula if, after the allotment date of the subscription rights to shares, the Company conducts a stock split (including gratis allocations of Company common stock, same hereafter) or stock consolidation. However, this adjustment will be performed only for shares subject to the subscription rights to shares that have not been exercised at the time of the split or consolidation. Furthermore, any fraction of less than one share resulting from the adjustment is discarded.

Number of Shares Granted after adjustment = Number of Shares Granted before adjustment x Ratio of stock split or stock consolidation

In addition, if there is a need to adjust the Number of Shares Granted due to a merger, divestiture or similar event after the allotment date of the subscription rights to shares, the Company may adjust the Number of Shares Granted in an appropriate manner.

3. Amount to be paid upon the exercise of subscription rights to shares

The value of assets to be contributed upon the exercise of the subscription rights to share is calculated by multiplying the amount to be paid per share (hereafter the "Exercise Price"), which is determined as follows, by the Number of Shares Granted.

Exercise Price shall be 2,637 yen.

In case that the Company conducts a stock split or a stock consolidation for the Company's stock after the allotment date of the subscription rights to shares, the Exercise Price shall be adjusted by applying the following formula and fractions less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of stock split/stock consolidation}}$$

In case that the Company issues new shares of common stock or disposes of its treasury shares at prices less than the then-current market price after the allotment date of the subscription rights to shares (excluding the cases of the issuance of new shares and disposition of treasury shares pursuant to an exercise of the subscription rights to shares, as well as the transfer of treasury shares through a share exchange), the Exercise Price shall be adjusted in accordance with the following formula and fractions of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\frac{\text{Number of issued shares} + \frac{\text{Number of newly issued shares} \times \text{Amount to be paid per share}}{\text{Per share market price before new issuance}}}{\text{Number of issued shares} + \text{Number of newly issued shares}}}$$

In the above formula, “Number of issued shares” shall mean the number to be obtained by deducting the number of treasury shares relative to the Company’s common stock from the total number of issued shares relative to the Company’s common stock. In case that the Company disposes of its treasury shares relative to the Company’s common stock, “Number of newly issued shares” shall be read, in turn, as “Number of treasury shares to be disposed of.”

Furthermore, in case that the Company merges with another company or conducts a company split or if the Exercise Price needs to be adjusted owing to unavoidable circumstances according to the aforementioned cases after the allotment date of the subscription rights to shares, the Company shall be allowed to appropriately conduct an adjustment of the Exercise Price to a reasonable extent.

4. Conditions for exercising subscription rights to shares

- (1) The subscription rights to shares can be exercised only when ordinary income in the Company’s audited consolidated or non-consolidated statements of income for the fiscal years ending on March 31, 2015 and 2016 meets both of the following requirements. In case any significant change to the concept of ordinary income to be referenced occurs from the application of IFRS, etc., the Board of Directors shall separately determine a substitute indicator to be referenced.
 - (a) Ordinary income for the fiscal year ending March 31, 2015 must exceed 20.0 billion yen.
 - (b) Ordinary income for the fiscal year ending March 31, 2016 must exceed 22.0 billion yen.
- (2) In addition to the requirements of the preceding item (1), the subscription rights to shares can be exercised only when the closing price of the Company’s common stock is at least 1.3 times the Exercise Price (which may have been adjusted as necessary by the Board of Directors as explained in item 3 above) on at least once in ordinary transactions from the allotment date of the subscription rights to shares to the last day of the exercise period.
- (3) At the time of exercising the subscription rights to shares, each holder shall have the position of director, auditor or employee of the Company or any of its affiliates (defined in Article 8 of “Regulations Concerning Terminology, Format, and Preparation Methods for Financial Statements). Provided, however, that this clause shall not apply to cases where the Board of Directors finds a justifiable reason for leaving the Company before exercising the subscription rights to shares, such as retirement from office due to expiry of tenure and mandatory age-limit retirement.
- (4) The subscription rights to shares may not be exercised by an heir to a holder thereof.
- (5) If the total number of issued shares would exceed the number of then-authorized shares by the exercise of subscription rights to shares at the time of exercise thereof, said subscription rights to shares cannot be exercised at that time.
- (6) The partial exercise of a single subscription right to shares is not allowed.

5. Matters pertaining to issuance of subscription rights to shares resulting from Corporate Reorganization

At mergers (limited to cases where the Company comes to be extinct as a result of the merger), absorption-type company splits, incorporation-type company splits, share exchanges or share transfers of the Company’s stock (hereinafter collectively the “Corporate Reorganization”), the subscription rights to shares of each business corporation specified in Article 236, Paragraph 1, Item 8, Nos. (1) to (5), of the Companies Act (hereinafter the “Reorganized Corporations”) will be granted, respectively, to the holders of the subscription rights to shares on the effective date of the Corporate Reorganization in accordance with the following conditions. Provided, however, that this shall be limited to the cases in which absorption-type merger agreements, incorporation-type merger agreements, absorption-type company split agreements, incorporation-type company split plans, share exchange contracts or share transfer plans stipulate that the subscription rights to shares of Reorganized Corporations will be issued under the following terms and conditions.

- (1) Number of the subscription rights to shares of Reorganized Corporations to be granted:
The same number as the subscription rights to shares held by each holder shall be granted.
- (2) Type of shares of Reorganized Corporations to be issued under the subscription rights to shares:
Common stock of the Reorganized Corporations shall be issued.
- (3) Number of shares of Reorganized Corporations to be issued under the subscription rights to shares:
This shall be determined in the same manner as said item 2 by taking into consideration the terms and conditions of the Corporate Reorganization.
- (4) Value of assets to be contributed upon the exercise of the subscription rights to shares:
The value of assets to be contributed upon the exercise of the subscription rights to shares shall be the amount obtained by multiplying the amount to be paid in after the Corporate Reorganization through adjustment of the Exercise Price as prescribed in said item 2 by the number of the subscription rights to shares of Reorganized Corporations in accordance with said item 5. (3), considering the terms and conditions of the Corporate Reorganization.
- (5) Period during which the subscription rights to shares can be exercised:
The period shall be from the later date of either the first day of the exercise period of the subscription rights to shares or the effective date of the Corporate Reorganization to the last day of the exercise period of the subscription rights to shares.
- (6) Matters relating to increments of capital stock and legal capital surplus that would increase stock issuance by the exercise of the subscription rights to shares:
The matters relating to increments of capital stock and legal capital surplus that would increase stock issuance by the exercise of the subscription rights to shares shall be determined in the same manner as subscription rights to shares.
- (7) Restrictions on the acquisition of subscription rights to shares through transfer:
The acquisition of subscription rights to shares through transfer shall require the approval of the Board of Directors of the Reorganized Corporation.
- (8) Other conditions for exercising subscription rights to shares:
Shall be determined in the same manner as the subscription rights to shares.
- (9) Reasons and conditions to acquire subscription rights to shares:
Shall be determined in the same manner as the subscription rights to shares.
- (10) Other conditions shall be determined in the same manner as those for the Reorganized Corporation.

Resolution adopted by the Ordinary Shareholders' Meeting on June 26, 2014 and by the Board of Directors on October 31, 2014

	As of the End of the Current Fiscal Year (March 31, 2015)	As of the End of the Month Preceding the Submission Date of this Report (May 31, 2015)
Number of subscription rights to shares (Units)	1,240	1,240
Number of own subscription rights to shares among all subscription rights to shares (Units)	-	-
Class of stock subject to subscription rights to shares	Common stock	Same as on the left
Number of shares subject to subscription rights to shares (Shares)	124,000 (Note 1)	124,000 (Note 1)
Amount to be paid upon the exercise of subscription rights to shares (Yen)	1,813 (Note 2)	Same as on the left
Exercise period of subscription rights to shares	From December 23, 2016 to October 30, 2024	Same as on the left
Issue price of stock due to exercise of subscription rights to shares and amount to be incorporated into capital stock (Yen)	Issue price: 2,524 Amount to be incorporated into capital stock: 1,262	Same as on the left
Conditions for exercising subscription rights to shares	(Note 3)	(Note 3)
Matters pertaining to transfer of subscription rights to shares	The approval of the Board of Directors is required when transferring subscription rights to shares.	Same as on the left
Matters pertaining to substitute payment	-	-
Matters pertaining to issuance of subscription rights to shares resulting from Corporate Reorganization	(Note 4)	(Note 4)

Notes:

- The number of shares subject to the subscription rights to shares (hereinafter the "Number of Shares Granted") shall be 100 shares for each right. In addition, the Number of Shares Granted will be adjusted using the following formula if, after the allotment date of the subscription rights to shares, the Company conducts a stock split (including gratis allocations of Company common stock, same hereafter) or stock consolidation. However, this adjustment will be performed only for shares subject to the subscription rights to shares that have not been exercised at the time of the split or consolidation. Furthermore, any fraction of less than one share resulting from the adjustment is discarded.

Number of Shares Granted after adjustment = Number of Shares Granted before adjustment x Ratio of stock split or stock consolidation

In addition, if there is a need to adjust the Number of Shares Granted due to a merger, divestiture or similar event after the allotment date of the subscription rights to shares, the Company may adjust the Number of Shares Granted in an appropriate manner.

- The value of assets to be contributed upon the exercise of the subscription rights to share is calculated by multiplying the amount to be paid per share (hereafter the "Exercise Price"), which is determined as follows, by the Number of Shares Granted.

Exercise Price shall be 1,813 yen.

In case that the Company conducts a stock split or a stock consolidation for the Company's stock after the allotment date of the subscription rights to shares, the Exercise Price shall be adjusted by applying the following formula and fractions less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of stock split/stock consolidation}}$$

In case that the Company issues new shares of common stock or disposes of its treasury shares at prices less than the then-current market price after the allotment date of the subscription rights to shares (excluding the cases of the issuance of new

shares and disposition of treasury shares pursuant to an exercise of the subscription rights to shares, as well as the transfer of treasury shares through a share exchange), the Exercise Price shall be adjusted in accordance with the following formula and fractions of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of issued shares} + \frac{\text{Number of newly issued shares} \times \text{Amount to be paid per share}}{\text{Per share market price before new issuance}}}{\text{Number of issued shares} + \text{Number of newly issued shares}}$$

In the above formula, “Number of issued shares” shall mean the number to be obtained by deducting the number of treasury shares relative to the Company’s common stock from the total number of issued shares relative to the Company’s common stock. In case that the Company disposes of its treasury shares relative to the Company’s common stock, “Number of newly issued shares” shall be read, in turn, as “Number of treasury shares to be disposed of.”

Furthermore, in case that the Company merges with another company or conducts a company split or if the Exercise Price needs to be adjusted owing to unavoidable circumstances according to the aforementioned cases after the allotment date of the subscription rights to shares, the Company shall be allowed to appropriately conduct an adjustment of the Exercise Price to a reasonable extent.

3. Conditions for exercising subscription rights to shares

- (1) At the time of exercising the subscription rights to shares, each holder shall have the position of director, auditor or employee of the Company or any of its affiliates (defined in Article 8 of “Regulations Concerning Terminology, Format, and Preparation Methods for Financial Statements). Provided, however, that this clause shall not apply to cases where the Board of Directors finds a justifiable reason for leaving the Company before exercising the subscription rights to shares, such as retirement from office due to expiry of tenure and mandatory age-limit retirement.
- (2) The subscription rights to shares may not be exercised by an heir to a holder thereof.
- (3) If the total number of issued shares would exceed the number of then-authorized shares by the exercise of subscription rights to shares at the time of exercise thereof, said subscription rights to shares cannot be exercised at that time.
- (4) The partial exercise of a single subscription right to shares is not allowed.

4. At mergers (limited to cases where the Company comes to be extinct as a result of the merger), absorption-type company splits, incorporation-type company splits, share exchanges or share transfers of the Company’s stock (hereinafter collectively the “Corporate Reorganization”), the subscription rights to shares of each business corporation specified in Article 236, Paragraph 1, Item 8, Nos. (1) to (5), of the Companies Act (hereinafter the “Reorganized Corporations”) will be granted, respectively, to the holders of the subscription rights to shares on the effective date of the Corporate Reorganization in accordance with the following conditions. Provided, however, that this shall be limited to the cases in which absorption-type merger agreements, incorporation-type merger agreements, absorption-type company split agreements, incorporation-type company split plans, share exchange contracts or share transfer plans stipulate that the subscription rights to shares of Reorganized Corporations will be issued under the following terms and conditions:

- (1) Number of the subscription rights to shares of Reorganized Corporations to be granted:
 The same number as the subscription rights to shares held by each holder shall be granted.
- (2) Type of shares of Reorganized Corporations to be issued under the subscription rights to shares:
 Common stock of the Reorganized Corporations shall be issued.
- (3) Number of shares of Reorganized Corporations to be issued under the subscription rights to shares:
 This shall be determined in the same manner as said item 1 by taking into consideration the terms and conditions of the Corporate Reorganization.
- (4) Value of assets to be contributed upon the exercise of the subscription rights to shares:
 The value of assets to be contributed upon the exercise of the subscription rights to shares shall be the amount obtained by multiplying the amount to be paid in after the Corporate Reorganization through adjustment of the Exercise Price as prescribed in said item 2 by the number of the subscription rights to shares of Reorganized Corporations in accordance with said item 4. (3), considering the terms and conditions of the Corporate Reorganization.
- (5) Period during which the subscription rights to shares can be exercised:
 The period shall be from the later date of either the first day of the exercise period of the subscription rights to shares or the effective date of the Corporate Reorganization to the last day of the exercise period of the subscription rights to shares.

(6) Matters relating to increments of capital stock and legal capital surplus that would increase stock issuance by the exercise of the subscription rights to shares:

The matters relating to increments of capital stock and legal capital surplus that would increase stock issuance by the exercise of the subscription rights to shares shall be determined in the same manner as subscription rights to shares.

(7) Restrictions on the acquisition of subscription rights to shares through transfer:

The acquisition of subscription rights to shares through transfer shall require the approval of the Board of Directors of the Reorganized Corporation.

(3) Exercise Status, etc., of Bonds with Subscription Rights to Shares with a Clause to Revise the Exercise Price
 There is no applicable information.

(4) Rights Plan
 There is no applicable information.

(5) Transition of Total Number of Issued Shares and Amount of Capital Stock

Date	Change in Total Number of Issued Shares (Shares)	Balance of Total Number of Issued Shares (Shares)	Change in Capital Stock (Million yen)	Balance of Capital Stock (Million yen)	Change in Legal Capital Surplus (Million yen)	Balance of Legal Capital Surplus (Million yen)
July 23, 2011 (Note)	-	80,195,000	(3,348)	98	-	7,503

Note: Pursuant to the resolution adopted by the Ordinary Shareholders' Meeting held on June 21, 2011, the Company's capital stock was reduced by 3,348 million yen to 98 million yen through a capital reduction without compensation (ratio of capital reduction: 97.1%) as of July 23, 2011. Said 3,348 million yen was transferred to other capital surplus.

(6) Shareholders by Category

As of March 31, 2015

Category	Details of Shareholders (one unit share represents 100 shares)								Number of Shares Less Than One Unit Share (Shares)
	Government Agencies and Public Institutions	Financial Institutions	Financial Instruments Traders	Other Entities	Foreign Entities, etc.		Individuals and Others	Total	
					Other Than Individuals	Individuals			
Number of shareholders (Persons)	-	15	32	99	149	26	10,944	11,265	-
Number of shares held (Units)	-	14,324	9,115	3,172	614,976	206	160,106	801,899	5,100
Shareholding percentage (%)	-	1.78	1.13	0.39	76.68	0.02	19.96	100.00	-

Notes:

1. Treasury shares of 6,811,154 shares are included in “Individuals and others” and “Number of shares less than one unit share” in terms of 68,111 units and 54 shares, respectively.
2. Four units of shares under the name of Japan Securities Depository Center, Inc., are included in “Other entities.”

(7) Major Shareholders

As of March 31, 2015

Name	Address	Number of Shares Held (Shares)	Ratio of Shares Held (%)
Okada Holdings Limited (Standing Proxy: Okada Holdings GK)	1401 Hutchison House, 10 Harcourt Road, Hong Kong (Ariake Frontier Building Tower A, 7-26, Ariake 3-chome, Koto-ku, Tokyo)	54,452,500	67.90
Universal Entertainment Corporation	Ariake Frontier Building Tower A, 7-26, Ariake 3-chome, Koto-ku, Tokyo	6,811,154	8.49
Hiroko Yokotsuka	Shinagawa-ku, Tokyo	2,390,000	2.98
GOLDMAN, SACHS & CO.REG (Standing Proxy: Goldman Sachs Japan Co. Ltd.)	200 WEST STREET NEW YORK, NY, USA (10-1, 6-chome, Roppongi, Minato-ku, Tokyo)	1,202,751	1.50
BBH (LUX) FOR FIDELITY FUNDS PACIFIC FUND (Standing Proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	2A RUE ALBERT BORSCHETTE LUXEMBOURG L-1246 (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo)	729,300	0.91
SBI SECURITIES Co., Ltd.	1-6-1 Roppongi, Minato-ku, Tokyo	625,900	0.78
MSCO CUSTOMER SECURITIES (Standing Proxy: Morgan Stanley MUFG Securities Co., Ltd.)	1585 BROADWAY NEW YORK, NY 10036, USA (1-9-7 Otemachi, Chiyoda-ku Tokyo)	558,104	0.70
Jun Fujimoto	Setagaya-ku, Tokyo	458,000	0.57
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing Proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	PETERBOROUGH COURT 133 FLEET STREET LONDON EC4A 2BB UNITED KINGDOM (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo)	444,133	0.55
Universal Entertainment Employees' Stock Ownership Plan	7-26, Ariake 3-chome, Koto-ku, Tokyo	362,415	0.45
Total	-	68,034,257	84.84

(8) Voting Rights

i. Issued Shares

As of March 31, 2015

Classification of Shares	Number of Shares (Shares)	Number of Voting Rights (Units)	Remarks
Shares without voting rights	-	-	-
Shares with limited voting rights (treasury shares, etc.)	-	-	-
Shares with limited voting rights (others)	-	-	-
Shares with full voting rights (treasury shares, etc.)	Common stock 6,811,100	-	-
Shares with full voting rights (others)	Common stock 73,378,800	733,788	-
Shares less than one unit share	Common stock 5,100	-	-
Total number of issued shares	80,195,000	-	-
Voting rights of total shareholders	-	733,788	-

Note: The common stock indicated in “Shares with full voting rights (others)” includes 400 shares of unknown holders’ stock registered under the name of Japan Securities Depository Center, Inc. The “Number of voting rights” includes four units of voting rights related to such shares with full voting rights under the name of Japan Securities Depository Center, Inc.

ii. Treasury Shares, etc.

As of March 31, 2015

Owner’s Name or Title	Owner’s Address	Number of Treasury Shares in Own Name (Shares)	Number of Treasury Shares in the Names of Others (Shares)	Total Number of Shares Owned (Shares)	Holding Ratio to Total Number of Issued Shares (%)
Universal Entertainment Corporation	Ariake Frontier Building Tower A, 7-26, Ariake 3-chome, Koto-ku, Tokyo	6,811,100	-	6,811,100	8.49
Total	-	6,811,100	-	6,811,100	8.49

(9) Stock Options

The Company has adopted an employee stock option plan. This stock option system employs a method of issuing subscription rights to shares in accordance with the Companies Act.

The details of the plan are as follows:

(Resolution adopted by the Board of Directors on June 26, 2014)

It was resolved at the Board of Directors meeting held on June 26, 2014, to grant subscription rights to shares to the directors of the Company pursuant to the provisions of Articles 236, 238 and 240 of the Companies Act.

Date of resolution	June 26, 2014
Category and number of eligible persons to whom subscription rights to shares are granted	4 directors of the Company
Class of stock subject to subscription rights to shares	Common stock
Number of shares subject to subscription rights to shares	Up to 700,000 shares (Note 1)
Amount to be paid upon the exercise of subscription rights to shares	(Note 2)
Exercise period of subscription rights to shares	From July 1, 2016 to June 30, 2018
Conditions for the exercise of subscription rights to shares	(Note 3)
Matters pertaining to transfer of subscription rights to shares	The approval of the Board of Directors is required when acquiring subscription rights to shares through transfer.
Matters pertaining to substitute payment	-
Matters pertaining to issuance of subscription rights to shares resulting from Corporate Reorganization	(Note 4)

Notes:

- The number of shares subject to the subscription rights to shares (hereinafter the "Number of Shares Granted") shall be 100 shares for each right. In addition, the Number of Shares Granted will be adjusted using the following formula if, after the allotment date of the subscription rights to shares, the Company conducts a stock split (including gratis allocations of Company common stock, same hereafter) or stock consolidation. However, this adjustment will be performed only for shares applicable to the subscription rights to shares that have not been exercised at the time of the split or consolidation. Furthermore, any fraction of less than one share resulting from the adjustment is discarded.

$$\text{Number of Shares Granted after adjustment} = \text{Number of Shares Granted before adjustment} \times \text{Ratio of stock split or stock consolidation}$$

In addition, if there is a need to adjust the Number of Shares Granted due to a merger, divestiture or similar event after the allotment date of the subscription rights to shares, the Company may adjust the Number of Shares Granted in an appropriate manner.

- The value of assets to be contributed upon the exercise of the subscription rights to share is calculated by multiplying the amount to be paid per share (hereafter the "Exercise Price"), which is determined as follows, by the Number of Shares Granted. Exercise Price shall be 2,637 yen.

In case that the Company conducts a stock split or a stock consolidation for the Company's stock after the allotment date of the subscription rights to shares, the Exercise Price shall be adjusted by applying the following formula and fractions less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of stock split/stock consolidation}}$$

In case that the Company issues new shares of common stock or disposes of its treasury shares at prices less than the then-current market price after the allotment date of the subscription rights to shares (excluding the cases of the issuance of new shares and disposition of treasury shares pursuant to an exercise of the subscription rights to shares, as well as the transfer of treasury shares through a share exchange), the Exercise Price shall be adjusted in accordance with the following formula and

fractions of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of issued shares} + \frac{\text{Number of newly issued shares} \times \text{Amount to be paid per share}}{\text{Per share market price before new issuance}}}{\text{Number of issued shares} + \text{Number of newly issued shares}}$$

In the above formula, “Number of issued shares” shall mean the number to be obtained by deducting the number of treasury shares relative to the Company’s common stock from the total number of issued shares relative to the Company’s common stock. In case that the Company disposes of its treasury shares relative to the Company’s common stock, “Number of newly issued shares” shall be read, in turn, as “Number of treasury shares to be disposed of.”

Furthermore, in case that the Company merges with another company or conducts a company split or if the Exercise Price needs to be adjusted owing to unavoidable circumstances according to the aforementioned cases after the allotment date of the subscription rights to shares, the Company shall be allowed to appropriately conduct an adjustment of the Exercise Price to a reasonable extent.

3. Conditions for exercising subscription rights to shares

- (1) The subscription rights to shares can be exercised only when ordinary income in the Company’s audited consolidated or non-consolidated statements of income for the fiscal years ending on March 31, 2015 and 2016 meets both of the following requirements. In case any significant change to the concept of ordinary income to be referenced occurs from the application of IFRS, etc., the Board of Directors shall separately determine a substitute indicator to be referenced.
 - (a) Ordinary income for the fiscal year ending March 31, 2015 must exceed 20.0 billion yen.
 - (b) Ordinary income for the fiscal year ending March 31, 2016 must exceed 22.0 billion yen.
- (2) In addition to the requirements of the preceding item (1), the subscription rights to shares can be exercised only when the closing price of the Company’s common stock is at least 1.3 times the Exercise Price (which may have been adjusted as necessary by the Board of Directors as explained in item 2 above) on at least once in ordinary transactions after the allotment date of the subscription rights to shares.
- (3) At the time of exercising the subscription rights to shares, each holder shall have the position of director, auditor or employee of the Company or any of its affiliates (defined in Article 8 of “Regulations Concerning Terminology, Format, and Preparation Methods for Financial Statements”). Provided, however, that this clause shall not apply to cases where the Board of Directors finds a justifiable reason for leaving the Company before exercising the subscription rights to shares, such as retirement from office due to expiry of tenure and mandatory age-limit retirement.
- (4) The subscription rights to shares may not be exercised by an heir to a holder thereof.
- (5) If the total number of issued shares would exceed the number of then-authorized shares by the exercise of subscription rights to shares at the time of exercise thereof, said subscription rights to shares cannot be exercised at that time.
- (6) The partial exercise of a single subscription right to shares is not allowed.

4. At mergers (limited to cases where the Company comes to be extinct as a result of the merger), absorption-type company splits, incorporation-type company splits, share exchanges or share transfers of the Company (hereinafter collectively the “Corporate Reorganization”), the subscription rights to shares specified in Article 236, Paragraph 1, Item 8, Nos. (1) to (5), of the Companies Act (hereinafter the “Reorganized Corporations”) will be granted, respectively, to the holders of the subscription rights to shares on the effective date of the Corporate Reorganization in accordance with the following conditions. Provided, however, that this shall be limited to the cases in which absorption-type merger agreements, incorporation-type merger agreements, absorption-type company split agreements, incorporation-type company split plans, share exchange contracts or share transfer plans stipulate that the subscription rights to shares of Reorganized Corporations will be issued under the following terms and conditions:

- (1) Number of the subscription rights to shares of Reorganized Corporations to be granted:
 The same number as the subscription rights to shares held by each holder shall be granted.
- (2) Type of shares of Reorganized Corporations to be issued under the subscription rights to shares:
 Common stock of the Reorganized Corporations shall be issued.
- (3) Number of shares of Reorganized Corporations to be issued under the subscription rights to shares:
 This shall be determined in the same manner as said item 1 by taking into consideration the terms and conditions of the Corporate Reorganization.

(4) Value of assets to be contributed upon the exercise of the subscription rights to shares:

The value of assets to be contributed upon the exercise of the subscription rights to shares shall be the amount obtained by multiplying the amount to be paid in after the Corporate Reorganization through adjustment of the Exercise Price as prescribed in said item 2 by the number of the subscription rights to shares of Reorganized Corporations in accordance with said item 4. (3), considering the terms and conditions of the Corporate Reorganization.

(5) Period during which the subscription rights to shares can be exercised:

The period shall be from the later date of either the first day of the exercise period of the subscription rights to shares or the effective date of the Corporate Reorganization to the last day of the exercise period of the subscription rights to shares.

(6) Matters relating to increments of capital stock and legal capital surplus that would increase stock issuance by the exercise of the subscription rights to shares:

The matters relating to increments of capital stock and legal capital surplus that would increase stock issuance by the exercise of the subscription rights to shares shall be determined in the same manner as subscription rights to shares.

(7) Restrictions on the acquisition of subscription rights to shares through transfer:

The acquisition of subscription rights to shares through transfer shall require the approval of the Board of Directors of the Reorganized Corporation.

(8) Other conditions for exercising subscription rights to shares:

Shall be determined in the same manner as subscription rights to shares.

(9) Reasons and conditions to acquire subscription rights to shares:

Shall be determined in the same manner as reasons and conditions.

(10) Other conditions shall be determined in the same manner as those for the Reorganized Corporation.

(Resolution adopted by the Ordinary Shareholders' Meeting on June 26, 2014)

It was resolved at the 41st Ordinary Shareholders' Meeting held on June 26, 2014, to grant stock options via subscription rights to shares without compensation to the employees of the Company pursuant to the provisions of Articles 236, 238 and 239 of the Companies Act, and to delegate decision-making authority to the Board of Directors regarding solicitation conditions for these options.

Date of resolution	June 26, 2014 (Ordinary Shareholders' Meeting) and October 31, 2014 (Board of Directors)
Category and number of eligible persons to whom subscription rights to shares are granted	The Company's employees: 43
Class of stock subject to subscription rights to shares	Common stock
Number of shares subject to subscription rights to shares	Up to 150,000 shares (Note 1)
Amount to be paid upon the exercise of subscription rights to shares	(Note 2)
Exercise period of subscription rights to shares	The period shall be within eight years from the date when two years have passed from the day following the allotment day of subscription rights to shares.
Conditions for the exercise of subscription rights to shares	(Note 3)
Matters pertaining to transfer of subscription rights to shares	The approval of the Board of Directors is required when acquiring subscription rights to shares through transfer.
Matters pertaining to substitute payment	-
Matters pertaining to issuance of subscription rights to shares resulting from Corporate Reorganization	(Note 4)

Notes:

1. The number of shares underlying the subscription rights to shares (hereinafter the "Number of Shares Granted") shall be 100 shares for each right. In addition, the Number of Shares Granted will be adjusted using the following formula if, after the allotment date of the subscription rights to shares, the Company conducts a stock split (including gratis allocations of Company common stock, same hereafter) or stock consolidation. However, this adjustment will be performed only for

shares applicable to the subscription rights to shares that have not been exercised at the time of the split or consolidation. Furthermore, any fraction of less than one share resulting from the adjustment is discarded.

Number of Shares Granted after adjustment = Number of Shares Granted before adjustment × Ratio of stock split or stock consolidation

In addition, if there is a need to adjust the Number of Shares Granted due to a merger, divestiture or similar event after the allotment date, the Company may adjust the Number of Shares Granted in an appropriate manner.

2. The value of assets to be contributed upon the exercise of the subscription rights to shares is calculated by multiplying the amount to be paid per share (hereinafter the “Exercise Price”), which is determined as follows, by the Number of Shares Granted.

The Exercise Price is calculated by multiplying by 1.05 the average closing price of the Company’s common stock on the Tokyo Stock Exchange in each day (except days when there was no trading of Company stock) of the month preceding the month in which the subscription rights were granted. Any fraction of less than one yen is rounded up. However, if the resulting Exercise Price is less than the closing price on the allotment date of the subscription rights to shares (or the nearest prior closing price if there is no trading of Company stock on the allotment date), this closing price will instead be the Exercise Price.

In case that the Company conducts a stock split or a stock consolidation for the Company’s stock after the allotment date of the subscription rights to shares, the Exercise Price shall be adjusted by applying the following formula and fractions less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of stock split/stock consolidation}}$$

In case that the Company issues new shares of common stock or disposes of its treasury shares at prices less than the then-current market price after the allotment date of the subscription rights to shares (excluding the cases of the issuance of new shares and disposition of treasury shares pursuant to an exercise of the subscription rights to shares, as well as the transfer of treasury shares through a share exchange), the Exercise Price shall be adjusted in accordance with the following formula and fractions of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of issued shares} + \frac{\text{Number of newly issued shares} \times \text{Amount to be paid per share}}{\text{Per share market price before new issuance}}}{\text{Number of issued shares} + \text{Number of newly issued shares}}$$

In the above formula, “Number of issued shares” shall mean the number to be obtained by deducting the number of treasury shares relative to the Company’s common stock from the total number of issued shares relative to the Company’s common stock. In case that the Company disposes of its treasury shares relative to the Company’s common stock, “Number of newly issued shares” shall be read, in turn, as “Number of treasury shares to be disposed of.”

Furthermore, in case that the Company merges with another company or conducts a company split or if the Exercise Price needs to be adjusted owing to unavoidable circumstances according to the aforementioned cases after the allotment of the subscription rights to shares, the Company shall be allowed to appropriately conduct an adjustment of the Exercise Price to a reasonable extent.

3. Conditions for exercising subscription rights to shares

- (1) At the time of exercising the subscription rights to shares, each holder shall have the position of director, auditor or employee of the Company or any of its affiliates (defined in Article 8 of “Regulations Concerning Terminology, Format, and Preparation Methods for Financial Statements). Provided, however, that this clause shall not apply to cases where the Board of Directors finds a justifiable reason for leaving the Company before exercising the subscription rights to shares, such as retirement from office due to expiry of tenure and mandatory age-limit retirement.
- (2) The subscription rights to shares may not be exercised by an heir to a holder thereof.
- (3) If the total number of issued shares would exceed the number of then-authorized shares by the exercise of subscription rights to shares at the time of exercise thereof, said subscription rights to shares cannot be exercised at that time.
- (4) The partial exercise of a single subscription right to shares is not allowed.

4. At mergers (limited to cases where the Company comes to be extinct as a result of the merger), absorption-type company splits, incorporation-type company splits, share exchanges or share transfers of the Company's stock (hereinafter collectively the "Corporate Reorganization"), the subscription rights to shares of each business corporation specified in Article 236, Paragraph 1, Item 8, Nos. (1) to (5), of the Companies Act (hereinafter the "Reorganized Corporations") will be granted, respectively, to the holders of the subscription rights to shares on the effective date of the Corporate Reorganization in accordance with the following conditions. Provided, however, that this shall be limited to the cases in which absorption-type merger agreements, incorporation-type merger agreements, absorption-type company split agreements, incorporation-type company split plans, share exchange contracts or share transfer plans stipulate that the subscription rights to shares of Reorganized Corporations will be issued under the following terms and conditions:
- (1) Number of the subscription rights to shares of Reorganized Corporations to be granted:
The same number as the subscription rights to shares held by each holder shall be granted.
 - (2) Type of shares of Reorganized Corporations to be issued under the subscription rights to shares:
Common stock of the Reorganized Corporations shall be issued.
 - (3) Number of shares of Reorganized Corporations to be issued under the subscription rights to shares:
This shall be determined in the same manner as said item 1 by taking into consideration the terms and conditions of the Corporate Reorganization.
 - (4) Value of assets to be contributed upon the exercise of the subscription rights to shares:
The value of assets to be contributed upon the exercise of the subscription rights to shares shall be the amount obtained by multiplying the amount to be paid in after the Corporate Reorganization through adjustment of the Exercise Price as prescribed in said item 2 by the number of the subscription rights to shares of Reorganized Corporations in accordance with said item 4. (3), considering the terms and conditions of the Corporate Reorganization.
 - (5) Period during which the subscription rights to shares can be exercised:
The period shall be from the later date of either the first day of the exercise period of the subscription rights to shares or the effective date of the Corporate Reorganization to the last day of the exercise period of the subscription rights to shares.
 - (6) Matters relating to increments of capital stock and legal capital surplus that would increase stock issuance by the exercise of the subscription rights to shares:
The matters relating to increments of capital stock and legal capital surplus that would increase stock issuance by the exercise of the subscription rights to shares shall be determined in the same manner as subscription rights to shares.
 - (7) Restrictions on the acquisition of subscription rights to shares through transfer:
The acquisition of subscription rights to shares through transfer shall require the approval of the Board of Directors of the Reorganized Corporation.
 - (8) Other conditions for exercising subscription rights to shares:
Shall be determined in the same manner as the subscription rights to shares.
 - (9) Reasons and conditions to acquire subscription rights to shares:
Shall be determined in the same manner as the subscription rights to shares.
 - (10) Other conditions shall be determined in the same manner as those for the Reorganized Corporation.

2. Acquisition, etc., of Treasury Shares

[Class of Stock, etc.]

There is no applicable information.

(1) Status of Acquisitions of Treasury Shares Based on Resolutions at Shareholders' Meetings

There is no applicable information.

(2) Status of Acquisitions of Treasury Shares Based on Resolutions at the Board of Directors Meetings

There is no applicable information.

(3) Details of Acquisitions of Treasury Shares Not Based on Resolutions at Shareholders' Meetings or the Board of Directors Meetings

There is no applicable information.

(4) Status of Disposal and Holding of Treasury Shares

Classification of shares	Current Fiscal Year		Period for Acquisition	
	Number of Shares (Shares)	Total Amount of Disposition (Yen)	Number of Shares (Shares)	Total Amount of Disposition (Yen)
Treasury shares offered for acquisition	-	-	-	-
Treasury shares canceled for disposition	-	-	-	-
Transferred treasury shares in connection with merger, share exchange or corporate split	-	-	-	-
Others	-	-	-	-
Number of treasury shares held	6,811,154	-	6,811,154	-

Notes:

- The treasury shares disposed of during the "period for acquisition," do not include additional purchases of less than one unit share or shares by the exercise of subscription rights to shares from June 1, 2015, to the submission date of this Securities Registration Report.
- The number of treasury shares held during the "period for acquisition," does not include shares resulting from purchases, additional purchases of less than one unit share or shares by the exercise of subscription rights to shares from June 1, 2015, to the submission date of this Securities Registration Report.

3. Dividend Policy

The Company group views the return of profits to its shareholders as one of its foremost management priorities. To this end, the Company group is endeavoring to establish a highly profitable corporate structure and to improve the ratio of profit to shareholder's equity continuously. It also adopts a basic policy of maintaining a stable level of dividends that reflects its business performance.

Also, to return its profit to the shareholders quickly, based on a resolution by the Board of Directors, the Company stipulated that "the Company may pay dividends from surplus to shareholders and/or registered share pledgees who are registered or recorded on the latest register of shareholders as of March 31 and September 30 every year" and "the Company may pay dividends from surplus by specifying the record date" in its Articles of Incorporation.

It is the Company group's basic policy to maintain the internal reserve at appropriate levels to ensure a healthy financial base and to strengthen the management foundation of the Company group in order to invest necessary funds efficiently in promising businesses.

Regarding dividends for the fiscal year ended March 31, 2015, based on comprehensive consideration of business performance for the current consolidated fiscal year and the situation of the Company, a special dividend of 30 yen per share with a record date of March 5, 2015 and a year-end dividend of 15 yen per share will be paid. The dividends for the fiscal year ending March 31, 2016 are undecided at this point, and will be determined after carefully considering future performance and capital demand.

The dividends from surplus for the current fiscal year are as follows:

Date of Resolution	Total Amount of Dividends (Million yen)	Dividend per Share (Yen)
Resolution passed at the Board of Directors meeting held on February 13, 2015	2,201	30
Resolution passed at the Board of Directors meeting held on May 8, 2015	1,100	15

4. Transition of Share Price

(1) Highest and Lowest Share Prices for Each Fiscal Year in the Five Most Recent Years

Term	38th Period	39th Period	40th Period	41st Period	42nd Period
Fiscal year-end	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
Highest (Yen)	2,780	3,125	2,010	2,580	2,081
Lowest (Yen)	1,280	1,353	1,224	1,666	1,536

Note: The highest and lowest share prices were at the Jasdaq market of the Osaka Securities Exchange from April 1, 2010 to October 11, 2010, at the Jasdaq (standard) market of the Osaka Securities Exchange from October 12, 2010 to July 15, 2013, and at the Jasdaq (standard) market of the Tokyo Stock Exchange since July 16, 2013.

(2) Monthly Highest and Lowest Share Prices in the Six Most Recent Months

Month	October 2014	November	December	January 2015	February	March
Highest (Yen)	1,797	1,764	1,860	2,010	2,056	2,081
Lowest (Yen)	1,620	1,671	1,755	1,840	1,941	1,950

Note: The highest and lowest share prices were at the Jasdaq (standard) market of the Tokyo Stock Exchange.

5. Directors and Auditors

10 males, 1 female (Pct. of female officers: 9.0%)

Official Title	Position Title	Name	Date of Birth	Brief Career History	Term of Office	Number of the Company Shares Held (Thousands)
Chairman of the Board of Directors		Kazuo Okada	Oct. 3, 1942	Dec. 1969 Established Universal Lease Co., Ltd., as Representative Director and President Jun. 1973 Established Universal Giken Co., Ltd. (currently Universal Entertainment Corporation), as Representative Director and President Sep. 2004 Chairman of the Board of Directors of the Company Jan. 2006 Representative Director, Chairman and President of the Company Jun. 2006 Chairman of the Board of Directors of the Company (current)	Note 3	-
Representative Director and President		Jun Fujimoto	Mar. 29, 1958	Oct. 1985 Established Seta Corp. as Representative Director and President Jun. 2001 Managing Director of the Company Jun. 2004 Director, Vice President and Senior General Manager of R&D Division of the Company Jun. 2006 Representative Director, President and General Manager of R&D Division of the Company Jun. 2009 Representative Executive Officer of the Company Jun. 2010 Representative Director and Vice Chairman of the Company Jun. 2011 Representative Director and President of the Company (current)	Note 3	458
Director		Hajime Tokuda	Aug. 3, 1958	Apr. 1981 Joined The Sumitomo Bank, Limited Jan. 2007 Executive Officer and General Manager of Management Planning Office of the Company Jun. 2007 Director of the Company Jun. 2008 Representative Executive Officer of the Company Jun. 2010 Director and President of the Company Jun. 2011 Senior Advisor of the Company Jun. 2012 Director of the Company Jan. 2014 Representative Director and President of Ariake Computer Center (current) Jun. 2014 Director of the Company (current) Dec. 2014 Director of Ariake Computer Center (current)	Note 3	107
Director		Takako Okada	Aug. 18, 1973	May 2000 Representative Director of Spring Coat Co., Ltd. (current Okada Holdings GK) Jun. 2015 Director of the Company (current)	Note 3	-

Official Title	Position Title	Name	Date of Birth	Brief Career History	Term of Office	Number of the Company Shares Held (Thousands)
Director		Yoshinao Negishi	Mar. 5, 1961	<p>Nov. 1997 Joined Innotech Corporation as Section Chief of Management Planning Office</p> <p>Apr. 2000 General Manager of Management Planning Office of Innotech Corporation</p> <p>Apr. 2002 Trustee of Administration Division of Innotech Corporation</p> <p>Jun. 2003 Director in charge of Administration Division of Innotech Corporation</p> <p>Dec. 2003 Joined Vertex Standard Co., Ltd., General Manager of Management Planning Office</p> <p>Jun. 2004 Director in charge of Accounting and Finance of Vertex Standard Co., Ltd.</p> <p>Mar. 2008 Executive Officer in charge of Accounting and Finance of Vertex Standard Co., Ltd.</p> <p>Jan. 2012 Transferred to Vertex Standard LMR, Inc. as Managing Partner</p> <p>Jun. 2012 Managing Partner of Vertex Standard LMR, Inc., Director of Motorola Solutions, Inc., Controller of Motorola Solutions Korea, Inc.</p> <p>Aug. 2014 Joined the Company, Foreign Affairs Division</p> <p>Mar. 2015 Deputy General Manager of Administrative Division of the Company (current)</p> <p>Jun. 2015 Director of the Company (current)</p>	Note 3	-
Director		Seisui Kamigaki	Jul. 1, 1945	<p>Apr. 1973 Public Prosecutor of the Tokyo District Public Prosecutor's Office</p> <p>Oct. 2000 Chief Public Prosecutor of the Naha District Public Prosecutor's Office</p> <p>Sep. 2003 General Affairs Department of Supreme Public Prosecutors Office</p> <p>Dec. 2004 Chief Public Prosecutor of the Chiba District Public Prosecutor's Office</p> <p>Aug. 2005 Chief Public Prosecutor of the Yokohama District Public Prosecutor's Office</p> <p>Jul. 2007 Commissioner of the Japan Fair Trade Commission</p> <p>Jul. 2012 Attorney of Hibiya Sogo Law Office (current)</p> <p>Jun. 2013 Outside Auditor of Mitsubishi Shokuhin Co., Ltd. (current)</p> <p>Jun. 2013 Outside Auditor of Alfresa Holdings Corporation (current)</p> <p>Jun. 2014 Commissioner of The Bellmark Foundation (current)</p> <p>Apr. 2015 Visiting Professor of the Faculty of Law, Setsunan University (current)</p> <p>May 2015 Outside Director and Member of the Audit & Supervisory Committees of Yondoshi Holdings Inc. (current)</p> <p>Jun. 2015 Director of the Company (current)</p>	Note 3	-

Official Title	Position Title	Name	Date of Birth	Brief Career History	Term of Office	Number of the Company Shares Held (Thousands)
Director		Yoshio Otani	Jul. 7, 1945	Apr. 1973 Clerk of the Osaka District Court Jul. 1977 Clerk of the Hiroshima District Court Aug. 1980 Personnel Affairs Bureau, General Secretariat of the Supreme Court of Japan Aug. 1982 Clerk of the Tokyo District Court Apr. 1983 Head of Ishigaki and Taira Branchs of the Naha District and Family Court Apr. 1984 Judge of the Tokyo District Court Jan. 1985 Civil Affairs Bureau of the Ministry of Justice of Japan Oct. 1986 Director of the Civil Affairs Bureau, Ministry of Justice of Japan Apr. 1992 Judge of the Tokyo High Court Apr. 1994 Presiding Judge of the Nagoya District Court Apr. 1998 Presiding Judge of the Tokyo District Court Dec. 1998 Deputy Director-General of the Financial Reconstruction Commission Jan. 2001 Presiding Judge of the Tokyo District Court (Civil Division Number 8) Mar. 2005 Chief Judge of the Otsu District and Family Court Dec. 2006 Presiding Judge of the Tokyo High Court (Civil Division Number 7) Oct. 2010 Registered as an attorney Oct. 2010 Attorney at Momo-o, Matsuo & Namba (current) Apr. 2011 Professor of Law at Surugadai University Law School Sep. 2011 Chairman of the General Management Committee of the Dispute Resolution Center for Nuclear Damages (current) Apr. 2012 Dean of Surugadai University Law School (current) Jun. 2015 Director of the Company (current)	Note 3	-
Director		Kazumasa Otsuka	Jan. 18, 1971	Apr. 1999 Registered as an attorney Jun. 2005 Auditor of The Nohgaku Performers' Association (current) Jul. 2011 Established Nijubashi Partners as Representative Partner (current) Jun. 2013 Outside Auditor of CDG Co., Ltd. (current) Jun. 2015 Director of the Company (current)	Note 3	-
Full-time Auditor		Toji Takeuchi	Nov. 14, 1958	Jul. 2008 Joined KPMG AZSA LLC Oct. 2009 Joined the Company Nov. 2009 General Manager of Internal Control Promotion Team, Internal Control Group, General Internal Control Office of the Company Jun. 2010 Executive Officer and General Manager of General Internal Control Office of the Company Jul. 2010 Executive Officer and General Manager of Management Planning Office of the Company Nov. 2011 Executive Officer and General Manager of Executive Office of the Company Dec. 2011 Director of Japan Amusement Broadcasting Co., Ltd. Jun. 2012 General Manager of Executive Office of the Company Jun. 2013 General Manager of Foreign Affairs Division of the Company Jun. 2014 Full-time Auditor of the Company (current)	Note 4	-

Official Title	Position Title	Name	Date of Birth	Brief Career History	Term of Office	Number of the Company Shares Held (Thousands)
Auditor		Nobuyoshi Ichikura	Mar. 8, 1952	Feb. 1981 Registered as a certified tax accountant Feb. 1981 Established Ichikura Tax Accountant Office as President (current) Apr. 2006 Receive MBA in Technology Management May 2009 The 30th Member of Japan Industrial Management Association Jul. 2010 Receive a doctoral degree (engineering) May 2010 Experts Committee Member of Arakawa Ward (current) Apr. 2011 Part-time teacher at The University of Electro-Communications Apr. 2011 Part-time teacher at Aoyama Gakuin University (current) Jun. 2015 Auditor of the Company (current)	Note 5	-
Auditor		Makoto Suzuki	Apr. 21, 1966	Oct. 1991 Registered as a junior accountant Oct. 1991 Joined Showa Ota & Co. (current Ernst & Young ShinNihon LLC) Aug. 1995 Registered as a certified public accountant Nov. 2003 Registered as a certified tax accountant Mar. 2004 Established Suzuki Makoto CPA and Tax Accounting Firm as President (current) Apr. 2005 Representative Director of Max Accounting Co., Ltd. (current) Sep. 2007 Member of the Tax Policy Steering Committee for the Japanese Institute of Certified Public Accountants (current) Jun. 2015 Auditor of the Company (current)	Note 5	-
Total						565

Notes:

1. Directors Seisui Kamigaki, Yoshio Otani and Kazumasa Otsuka are Outside Directors.
2. Auditors Nobuyoshi Ichikura and Makoto Suzuki are Outside Auditors.
3. The term of office shall continue until the conclusion of the Ordinary General Shareholders' Meeting for the last fiscal year that ends within one year from the time of their election.
4. The term of office shall continue until the conclusion of the Ordinary General Shareholders' Meeting for the last fiscal year that ends within four years from the time of their election.
5. The term of office shall continue until the conclusion of the Ordinary General Shareholders' Meeting for the last fiscal year that ends within three years from the time of their election.
6. Director Takako Okada is the spouse of Kazuo Okada, the Chairman of the Board of Directors.

6. Corporate Governance, etc.

(1) Corporate Governance

i. Corporate Structure

1. Outline of Corporate Governance Structure

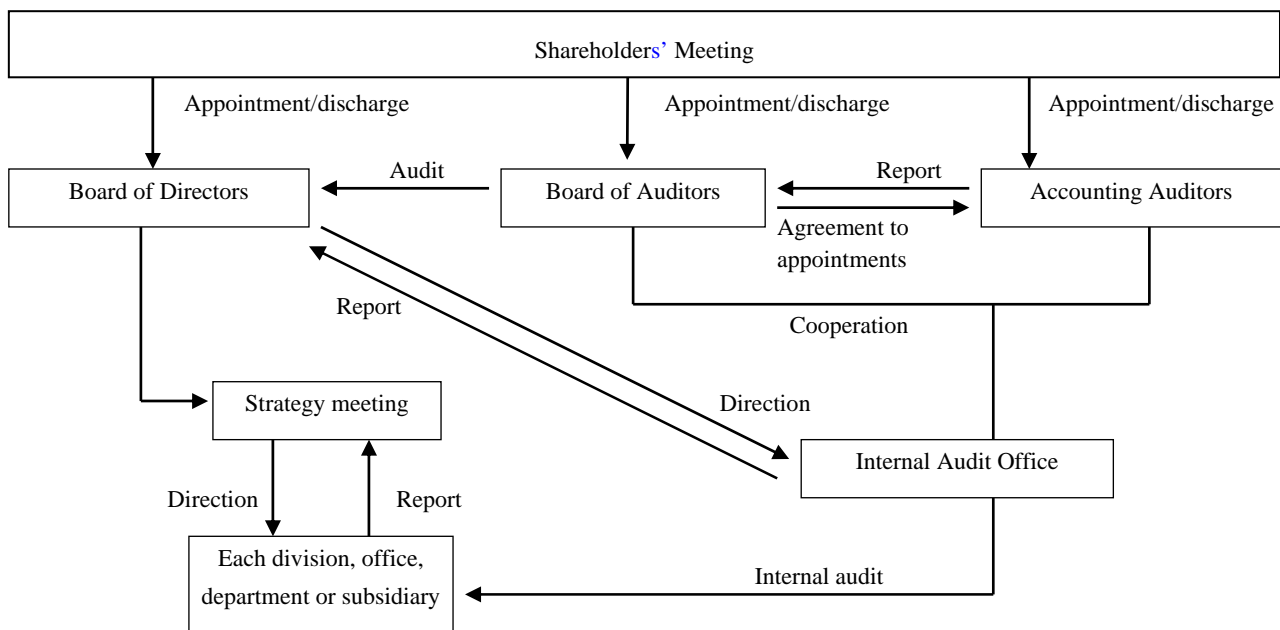
Because the Company recognizes that the transparency of its entire business management and the reinforcement of its monitoring system on management operations are critical to continuously enhance the corporate value, it strives for improvements of corporate governance functions.

The Board of Directors of the Company is composed of eight Directors (including three Outside Directors) and three Auditors (including two Outside Auditors) and holds regular Board of Directors meetings and extraordinary Board of Directors meetings as necessary to report and determine important matters concerning management. Other than the Board of Directors meetings, strategy meetings composed of the majority of Directors are held as necessary to determine basic policies and strategies concerning management.

Auditors conduct appropriate and lawful audits in cooperation with the Accounting Auditors and the Internal Audit Office.

In addition, the Company has been judged to be a qualified investor in Wynn Resorts through a consolidated subsidiary Aruze USA Inc., by the gaming authorities of the State of Nevada, USA, and stringent gaming compliance is compulsory.

Indicated below is a diagram of the corporate governance structure of the Company.



2. Reason for the Adoption of the Above Corporate Governance Structure

The Company is a company with a Board of Auditors. The main reason for the adoption of this system is to respond to changes in the business environment and the Company's businesses and to enable prompt decision making by Directors in order to respond to a rapidly changing market.

Through prompt decision making by the Board of Directors, which is mainly composed of full-time Directors, and flexible business operations, the Company will establish a framework to correspond to market changes immediately. The Company has established a fair audit framework with Outside Auditors, which are the majority of the Board of Auditors, and a Full-time Auditor.

3. Status of Maintenance of the Internal Control System

The Company has stipulated a basic policy for the establishment of an internal control system and maintains and operates the system based on that policy.

<Basic Policy for the Establishment of an Internal Control System>

The Company shall maintain a framework for the internal control system to ensure the appropriateness of business operations of the Company in accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act as follows:

1. Framework to Ensure that the Execution of the Duties of Directors and Employees Complies with Laws and the Articles of Incorporation

- (1) The Company shall establish the Code of Ethics to serve as a standard of conduct for executives and employees of the Company and its group companies in order to have them comply with laws and the Articles of Incorporation.
 - (2) The Company shall establish the Gaming Compliance Plan responding to strict demands on compliance by gaming control authorities in the United States and conduct management complying with said plan.
 - (3) If a director finds any material violation of laws or ordinances of the Company or any other material facts concerning compliance, the director shall immediately report it to the Auditors, as well as to the Board of Directors, without delay.
 - (4) Auditors shall audit whether the appropriateness in operations conducted by the directors, etc., is ensured from an independent viewpoint.
 - (5) The Company shall establish an Internal Audit Office that is completely independent from its operating sectors.
2. Framework Concerning Storage and Control of Information Related to the Execution of Duties by Directors
Handling of storage control and information security control for information related to the execution of duties by directors shall be stipulated in the Document Control Rules and the Information Control Rules.
3. Regulations Concerning Risk Management of Loss and Other Rules
- (1) The Company shall establish organizations responsible for administration, which will recognize, comprehend and control various risks associated with its business operations and deal with each risk.
 - (2) The Company shall develop Risk Management Rules as a basis for its risk management framework and establish a management framework to deal with respective risks continuously with an emphasis on risk prevention in order to minimize losses resulted therefrom.
4. Framework to Ensure the Effective Execution of Duties by Directors
- (1) The Board of Directors shall promote the prompt and effective treatment of business operations based on the decision making of the Board of Directors by clarifying the responsibility structure and operational processes in business execution through the establishment of the Rules of the Board of Directors, the Executive Officers Rules, the Rules on Administrative Authorities, the Rules on Division of Responsibilities, the Rules of the Internal Approval System, etc.
 - (2) As a framework to ensure the effective execution of duties by directors, the Company shall hold, as needed, strategy meetings composed of a majority of members of the Board of Directors to determine basic policies and strategies in addition to monthly Board of Directors meetings.
5. Framework to Ensure the Appropriateness of Businesses in the Corporate Group Composed of the Company and its Subsidiaries
- (1) The Company and its group companies shall accept audits by Auditors and the Internal Audit Division of the Company to establish internal control. Each group company will formulate a profit plan, periodically review its progress status and reflect the review results in the improvement of corporate management.
 - (2) The Company and its group companies shall make active personnel exchanges to exchange information among themselves and to establish a cooperative framework.
6. Matters Related to the Framework for Employees to Support Auditors' Duties and the Independence of Such Employees from Directors
- (1) The Company shall establish the Board of Auditors Secretariat in order to support the duties of the Auditors and assign employees in charge of performing services for the secretariat ("Supportive Employees").
 - (2) Personnel changes and treatment of the Supportive Employees shall be implemented with the Board of Auditors' approval.
7. Framework for Reporting from Directors or Employees to Auditors and for Other Reporting to Auditors
- (1) Auditors shall attend and receive reports at Board of Directors meetings and at meetings for other important deliberations and resolutions including General Managers' meetings.
 - (2) When an employee finds a breach of any law or the Articles of Incorporation, extremely inappropriate business operation or any matters equivalent thereto, the employee shall immediately report it to the Auditors. When the Auditors request reports, the employee must follow such instruction.
8. Other Frameworks to Ensure the Effective Operation of Audits by the Auditors
- (1) Auditors may utilize outside specialists as necessary at the Company's expense (within the range of the amount allowed by law).
 - (2) Directors, managers-in-charge and other employees must cooperate with the Auditors on their audits.

9. Framework for Elimination of Antisocial Forces

- (1) The Company group shall stipulate in its action policy to emphatically confront antisocial forces or groups that threaten the order and security of civil society from the perspectives of social responsibility and corporate protection.
- (2) In case the Company receives any unfair requests, etc., from an antisocial force, the Company shall consult with its legal counsel in each case.

10. Framework to Ensure the Credibility of Its Financial Reports

The Company shall maintain and operate a framework of internal control for financial reporting in order to ensure the credibility of such financial reporting in accordance with the Financial Instruments and Exchange Act and related laws and regulations.

4. Establishment of a Risk Management System

All types of contracts and other legal matters are reviewed by the Legal Affairs Office at the Company. The opinion of its legal counsel is sought in regard to particularly important contracts and documents, etc., and the Company strives to avoid unforeseeable risks to the extent possible.

As to newly arising risks, the Company shall promptly appoint a person in charge of handling such risks appropriately.

Our basic policy for the establishment of an internal control system stipulates the following “Regulations Concerning the Management of Risks of Losses and Other Rules.”

- (1) The Company shall recognize various risks accompanying its business activities and maintain an administrative structure to detect, manage and cope with each risk.
- (2) The Company shall stipulate the Risk Management Rules as a basis of the risk management system and establish a management system that can respond to each risk continuously with an emphasis on risk prevention so that we can minimize the losses therefrom.

ii. Internal Audit and Auditors’ Audits

Our Internal Audit Office conducts internal audits for overall operations of each headquarters’ divisions and subsidiaries based on the internal audit plan prepared for each fiscal year. Results of the internal audits are reported in writing to the Board of Directors, etc., with recommendations for improvement given to the audited divisions. We try to raise the effectiveness of internal audits by making the audited divisions prepare and report their improvement plans immediately after the audit.

Audits by the Board of Auditors are conducted by three people including two Outside Auditors. Each Auditor attends the monthly Board of Directors meeting to audit the appropriateness of the execution of operations by Directors. Also, the full-time Auditor actively attends important internal meetings to conduct audits with an emphasis on whether there are any facts violating laws and regulations or infringing any shareholders’ interests. Each Auditor gathers and shares information with the Internal Audit Office and the Accounting Auditors through frequent communications therewith.

Toji Takeuchi, a Full-time Auditor, has worked at a major bank and a major accounting office. He has experience involving finance and accounting and considerable knowledge concerning finance and accounting. At the Company, Mr. Takeuchi has served as Executive Officer and General Manager of the Management Planning Office. As a result, he is very knowledgeable about the Company’s operations. Outside Auditor Nobuyoshi Ichikura has many years of experience as a tax accountant and has considerable knowledge concerning finance and accounting. Outside Auditor Makoto Suzuki has many years of experience as a certified public accountant and a tax accountant and has considerable knowledge concerning finance and accounting.

iii. Outside Director and Outside Auditors

The Company has three Outside Directors and two Outside Auditors.

The Company has no special interests between Outside Directors and Outside Auditors.

For the selection of Outside Directors and Outside Auditors, the Company does not have standards or policies involving independence. The selection process takes into account the requirements of the Companies Act for independence as well as the need for professional knowledge and objectivity and the ability to perform duties as an Outside Director or Outside Auditor properly from a fair perspective.

The Board of Auditors, of which a majority is composed of Outside Auditors, intends to share information with the Board of Auditors Secretariat and to reinforce corporate governance through close cooperation with the Internal Audit Office, the Accounting Auditors, etc.

iv. Compensation for Executives

1. Total amount of compensation by executive category, total amount by compensation category and number of eligible executives

Executive Category	Total Amount of Compensation, etc. (Million yen)	Total Amount of Compensation, etc., by Category (Million yen)			Number of Eligible Executives (Persons)
		Basic Compensation	Stock Options	Bonuses	
Directors (excluding Outside Directors)	808	808	-	-	4
Auditors (excluding Outside Auditors)	13	13	-	-	2
Outside executives	19	19	-	-	6
Total	841	841	-	-	12

2. Total amount of compensation, etc., for those whose compensation, etc., exceeds 100 million yen in total

Name	Executive Category	Company Category	Total Amount of Consolidated Compensation, etc., by Category (Million yen)				Total Amount of Consolidated Compensation, etc. (Million yen)
			Basic Compensation	Stock Options	Bonuses	Retirement Benefit	
Kazuo Okada	Director	Consolidated subsidiary	954	-	-	-	954
Jun Fujimoto	Representative Director	The Company	626	-	-	-	626

3. Significant employee salaries for employees concurrently serving as executives

There is no applicable information.

4. Details and the determination method of the policy concerning determination of the amount or calculation method of compensation, etc., of executives

The Company has not particularly stipulated any specific policy concerning the amounts or calculation method of compensation, etc., for executives of the Company at this point. However, compensation for Directors and Auditors has been determined for Directors at the Board of Directors and for Auditors at the Board of Auditors within the scope of the resolution at the Shareholders' Meeting and by comprehensively taking into consideration his/her contribution to the Company.

The Company has not provided for a scheme of retirement benefits for executives.

v. Shareholding Status

1. Number of stock brands and total amount posted in the balance sheet of the investment stocks of which the purpose of holding is other than pure investment purposes

Number of stock brands: 6
Total amount indicated in the balance sheet: 134 million yen

2. Category of holding, stock brand, number of shares, amount posted in the balance sheet and purpose of holding of the investment stocks of which the purpose of holding is other than pure investment purposes

Previous Fiscal Year

Specified Investment Stocks

Stock Brand	Number of Shares (Shares)	Amount Posted in the Balance Sheet (Million yen)	Purpose of Holding
Dynam Japan Holdings Co., Ltd.	284,006	87	Maintenance of transaction relationship

Current Fiscal Year

Specified Investment Stocks

Stock Brand	Number of Shares (Shares)	Amount Posted in the Balance Sheet (Million yen)	Purpose of Holding
Dynam Japan Holdings Co., Ltd.	317,936	74	Maintenance of transaction relationship

3. Total amounts posted in the balance sheets for the previous and current fiscal years, as well as the total amounts of dividend income, sales gain/loss and valuation gain/loss for the current fiscal year, of the investment stocks of which the purpose of holding is pure investment

Category	Previous Fiscal Year (Million yen)	Current Fiscal Year (Million yen)			
	Total Amount Posted in the Balance Sheet	Total Amount Posted in the Balance Sheet	Total Amount of Dividend Income	Total Amount of Sales Gain/Loss	Total Amount of Valuation Gain/Loss
Non-listed shares	0	0	-	-	-
Shares other than the above	-	-	-	-	-

vi. Accounting Audit

The Company entrusted its accounting audit to UHY Tokyo & Co. (Designated and engagement partner/CPA: Mr. Nobuyuki Hara, Designated and engagement partner/CPA: Mr. Shuichi Tanida, and Designated and engagement partner/CPA: Mr. Tatsuya Kanome) for the fiscal year ended March 31, 2015. A total of eight certified public accountants and nine junior accountants, etc., assist the auditing of the Company.

vii. Number and Qualification of Directors, if Provided for in the Articles of Incorporation

The number of Directors of the Company shall be 10 or less.

viii. Required Conditions for Extraordinary Resolutions regarding Selection and Dismissal of Directors, if Different from the Provisions in the Companies Act

Resolutions for the election of Directors shall be made by a majority or more of the votes of shareholders present at the Shareholders' Meeting where the shareholders holding one-third or more of the voting rights of shareholders entitled to exercise their votes at such meeting are present. No cumulative voting shall be adopted for the resolution to elect Directors.

ix. Items and Reasons for Resolutions, if the Resolutions to Be Adopted in the Shareholders' Meetings Become Possible to Be Made by the Board of Directors

1. Acquisition of treasury shares

The Company may acquire its treasury shares following a resolution by the Board of Directors pursuant to the provision of Article 165, Paragraph 2 of the Companies Act.

The purpose of this provision is to allow the Company to take flexible actions to acquire its treasury shares.

2. Organ to determine the payment of dividends from surplus, etc.

The Company stipulates in its Articles of Incorporation that the Board of Directors may determine the matters provided in each item of Article 459, Paragraph 1 of the Companies Act, such as the payment of dividends from surplus, etc., by a resolution of the Board of Directors, not a resolution of the Shareholders' Meeting, unless it is particularly otherwise stipulated by any applicable laws and regulations. The purpose of this provision is to return profits to our shareholders in a prompt manner by authorizing the Board of Directors to determine the payment of dividends from surplus, etc.

3. Exemption of liabilities of Directors

Pursuant to the provision of Article 426, Paragraph 1 of the Companies Act, the Company stipulates in its Articles of Incorporation to exempt the liabilities of Directors (including persons who were previously Directors) provided in Article 423, Paragraph 1, of the same act by a resolution of the Board of Directors within the scope legally allowed by applicable laws and regulations. The purpose of this provision is to establish an environment in which Directors are allowed to fully demonstrate their abilities and accomplish their expected roles in executing their duties.

In addition, pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, the Company concludes with Outside Directors agreements to limit their liability, which is provided in Article 423, Paragraph 1, of the same act. The maximum amount of the liability based on said agreements shall be the higher amount of either one million yen or the amount stipulated in applicable laws and regulations.

However, such limitation of liabilities is applicable only when the Outside Directors conduct, without knowledge and gross negligence, the duties that have caused their liabilities.

4. Exemption of liabilities of Auditors

Pursuant to the provision of Article 426, Paragraph 1 of the Companies Act, the Company stipulates in its Articles of Incorporation to exempt the liabilities of the Auditors (including persons who were previously Auditors) provided in Article 423, Paragraph 1 of the same act by a resolution of the Board of Directors within the scope legally allowed by applicable laws and regulations. The purpose of this provision is to

establish an environment in which Auditors can fully demonstrate their abilities and accomplish their expected roles in the execution of their duties.

In addition, pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, the Company concludes with Outside Auditors agreements to limit their liability, which is provided in Article 423, Paragraph 1 of the same act. The maximum amount of the liability based on said agreements shall be the higher amount of either one million yen or the amount stipulated in applicable laws and regulations.

However, such limitation of liabilities is applicable only when the Outside Auditors conduct, without knowledge and gross negligence, the duties that have caused their liabilities.

x. Items and Reasons for the Extraordinary Resolutions at Shareholders' Meetings, if the Conditions Therefor Are Changed

The resolutions provided in Article 309, Paragraph 2 of the Companies Act shall be made by two-thirds or more of the votes of shareholders present at the Shareholders' Meeting where the shareholders holding one-third or more of the voting rights of shareholders entitled to exercise their votes at such meeting are present.

The purpose of this provision is to run Shareholders' Meetings smoothly, by relaxing the quorum requirement for extraordinary resolutions at the Shareholders' Meetings.

(2) Compensation for Audit, etc.

i. Compensation for Certified Public Accountants, etc., Conducting Audits

(Million yen)

Classification of Payers	Previous Consolidated Fiscal Year		Current Consolidated Fiscal Year	
	Compensation Based on Audit Certification Work	Compensation Based on Non-Audit Work	Compensation Based on Audit Certification Work	Compensation Based on Non-Audit Work
The Company	86	-	85	-
Consolidated subsidiaries	-	-	-	-
Total	86	-	85	-

ii. Other Material Compensation

There is no applicable information.

iii. Non-Audit Work for the Company by Certified Public Accountants, etc., Conducting Audits

There is no applicable information.

iv. Policy to Determine Audit Compensation

The Company has not particularly stipulated a policy concerning the determination of compensation for the auditing certified public accountants and other staff conducting audits. However, we review the appropriateness of compensation every fiscal year in consideration of the scale of the Company and the number of days spent for audits, etc.

Section 5. Accounting

1. Basis for Preparation of Consolidated and Non-consolidated Financial Statements

- (1) The consolidated financial statements of the Company are prepared in accordance with the “Regulations Concerning the Terminology, Form, and Method of Preparing Consolidated Financial Statements” (Ministry of Finance Ordinance No. 28, 1976) (herein after the “Regulations for Consolidated Financial Statements”).
- (2) The non-consolidated financial statements of the Company are prepared in accordance with the “Regulations Concerning the Terminology, Form, and Method of Preparing Financial Statements” (Ministry of Finance Ordinance No. 59, 1963) (herein after the “Regulations for Non-consolidated Financial Statements”).
The Company is subject to prepare the financial statements in accordance with special provision pursuant to Article 127 of the Regulations for Non-consolidated Financial Statements.

2. Audit Certificate

Pursuant to the provision of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the consolidated financial statements for the consolidated fiscal year from April 1, 2014 to March 31, 2015, and the non-consolidated financial statements for the non-consolidated fiscal year from April 1, 2014 to March 31, 2015, have been audited by UHY Tokyo & Co.

3. Special Approaches to Secure the Appropriateness of the Consolidated Financial Statements, etc.

The Company takes special approaches to secure the appropriateness of its consolidated financial statements, etc. Specifically, we are a member of the Financial Accounting Standards Foundation, attend seminars and subscribe to specialized accounting periodicals to appropriately comprehend accounting standards, etc., and maintain an appropriate system for preparing financial statements.

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

i. Consolidated Balance Sheet

(Million yen)

	Previous Consolidated Fiscal Year (March 31, 2014)	Current Consolidated Fiscal Year (March 31, 2015)
Assets		
Current assets		
Cash and deposits	*1 46,781	*1,*6 39,155
Notes and accounts receivable-trade	19,869	26,571
Securities	138	505
Merchandise and finished goods	688	1,272
Work in process	7,795	11,226
Raw materials and supplies	17,501	17,175
Deferred tax assets	990	825
Other	4,170	6,505
Allowance for doubtful accounts	(23)	(41)
Total current assets	97,913	103,196
Non-current assets		
Property, plant and equipment		
Buildings and structures	*1 14,990	*1,*7 15,803
Accumulated depreciation	(5,707)	(6,457)
Buildings and structures (net amount)	9,282	9,345
Machinery, equipment and vehicles	3,372	*7 4,419
Accumulated depreciation	(2,543)	(2,831)
Machinery, equipment and vehicles (net amount)	828	1,587
Aircraft	5,976	5,976
Accumulated depreciation	-	(747)
Aircraft (net amount)	5,976	5,229
Assets for rent	1,006	643
Accumulated depreciation	(1,003)	(643)
Assets for rent (net amount)	3	0
Land	*1,*5 39,834	*1,*5 7,764
Construction in progress	30,378	52,235
Other	11,345	*7 12,442
Accumulated depreciation	(7,827)	(8,841)
Other (net amount)	3,517	3,600
Total property, plant and equipment	89,822	79,763
Intangible assets		
Other	1,515	1,653
Total intangible assets	1,515	1,653
Investments and other assets		
Investment securities	*2,*4 49,131	*2,*4 58,330
Long-term loans receivable	135	130
Lease and guarantee deposits	1,841	1,430
Claims provable in bankruptcy, claims provable in rehabilitation and other	1,812	2,437
Long-term accounts receivable-other	1,447	1,544
Long-term deposits	*1 5,268	*1,*6 13,096
Long-term deposits for affiliates	-	28,964
Other	3,065	744
Allowance for doubtful accounts	*5 (3,119)	(3,171)
Total investments and other assets	59,582	103,506
Total non-current assets	150,920	184,923
Total assets	248,833	288,120

(Million yen)

	Previous Consolidated Fiscal Year (March 31, 2014)	Current Consolidated Fiscal Year (March 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	18,128	15,243
Short-term loans payable	*1 16,051	*1 28,782
Current portion of long-term loans payable	344	-
Current portion of bonds	*1 1,640	*1 500
Accounts payable-other	4,228	*7 6,904
Income taxes payable	7,793	7,082
Accrued consumption taxes	243	1,745
Provision for bonuses	233	246
Deferred tax liabilities	436	10
Other	3,424	5,037
Total current liabilities	52,524	65,554
Non-current liabilities		
Bonds payable	*1 500	-
Asset retirement obligations	371	377
Deferred tax liabilities	593	1,635
Other	529	533
Total non-current liabilities	1,994	2,545
Total liabilities	54,518	68,100
Net assets		
Shareholders' equity		
Capital stock	98	98
Capital surplus	10,852	10,852
Retained earnings	195,701	205,314
Treasury shares	(14,296)	(14,296)
Total shareholders' equity	192,355	201,967
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51	30
Foreign currency translation adjustment	528	16,665
Total accumulated other comprehensive income	580	16,696
Subscription rights to shares	22	32
Minority interests	1,356	1,323
Total net assets	194,314	220,020
Total liabilities and net assets	248,833	288,120

ii. Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
 (Consolidated Statement of Income)

	(Million yen)	
	Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)
Net sales	86,760	88,085
Cost of sales	38,900	38,994
Gross profit	47,860	49,091
Selling, general and administrative expenses	*1,*2 23,210	*1,*2 28,044
Operating income	24,650	21,047
Non-operating income		
Interest income	313	87
Dividend income	77	9
Foreign exchange gains	-	1,695
Other	88	173
Total non-operating income	479	1,964
Non-operating expenses		
Interest expenses	471	466
Commission fee	217	234
Foreign exchange losses	740	-
Sales discounts	0	233
Other	72	22
Total non-operating expenses	1,503	956
Ordinary income	23,626	22,055
Extraordinary income		
Gain on sales of investment securities	635	-
Gain on sales of shares of subsidiaries and associates' stock	36	1,314
Gain on reversal of subscription rights to shares	0	22
Other	6	6
Total extraordinary income	677	1,344
Extraordinary losses		
Loss on valuation of investment securities	562	-
Loss on disposal of inventories	2,976	-
Impairment loss	-	*3 86
Loss on business of subsidiaries and associates	-	1,256
Loss on business o subsidiaries and associates	-	574
Other	322	1
Total extraordinary losses	3,861	1,918
Income before income taxes and others	20,442	21,481
Income taxes-current	9,128	10,559
Income taxes-deferred	1,307	782
Total income taxes	10,435	11,341
Income before minority interests	10,006	10,140
Minority interests in income (loss)	597	(33)
Net income	9,409	10,173

(Consolidated Statement of Comprehensive Income)

(Million yen)

	Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)
Income before minority interests	10,006	10,140
Other comprehensive income		
Valuation difference on available-for-sale securities	102	(20)
Foreign currency translation adjustment	22,121	16,136
Total other comprehensive income	* 22,224	* 16,116
Comprehensive income	32,231	26,256
(Breakdown)		
Comprehensive income attributable to owners of the parent	31,634	26,290
Comprehensive income attributable to minority interests	597	(33)

iii. Consolidated Statements of Changes in net assets

Previous consolidated fiscal year (April 1, 2013 to March 31, 2014)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	98	10,852	187,616	(14,296)	184,269
Changes of items during period					
Dividends of surplus			(1,467)		(1,467)
Net income			9,409		9,409
Change of scope of consolidation			143		143
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	8,085	-	8,085
Balance at end of current period	98	10,852	195,701	(14,296)	192,355

	Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	(51)	(21,593)	(21,644)	22	745	163,393
Changes of items during period						
Dividends of surplus						(1,467)
Net income						9,409
Change of scope of consolidation						143
Net changes of items other than shareholders' equity	102	22,121	22,224	(0)	610	22,835
Total changes of items during period	102	22,121	22,224	(0)	610	30,921
Balance at end of current period	51	528	580	22	1,356	194,314

Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	98	10,852	195,701	(14,296)	192,355
Changes of items during period					
Dividends of surplus			(1,834)		(1,834)
Net income			10,173		10,173
Change of scope of consolidation			1,273		1,273
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	9,612	-	9,612
Balance at end of current period	98	10,852	205,314	(14,296)	201,967

	Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	51	528	580	22	1,356	194,314
Changes of items during period						
Dividends of surplus						(1,834)
Net income						10,173
Change of scope of consolidation						1,273
Net changes of items other than shareholders' equity	(20)	16,136	16,116	10	(33)	16,092
Total changes of items during period	(20)	16,136	16,116	10	(33)	25,705
Balance at end of current period	30	16,665	16,696	32	1,323	220,020

iv. Consolidated Statement of Cash Flows

	(Million yen)	
	Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)
Cash flows from operating activities		
Income before income taxes and others	20,442	21,481
Depreciation	2,044	3,244
Impairment loss	-	86
Loss (gain) on sales of investment securities	(635)	-
Loss (gain) on sales of shares of subsidiaries and associates' stock	(36)	(1,314)
Loss (gain) on valuation of investment securities	562	-
Loss on business of subsidiaries and associates	-	1,256
Loss on business of other affiliates	-	574
Increase (decrease) in provision for bonuses	17	13
Increase (decrease) in allowance for doubtful accounts	(110)	363
Interest and dividend income	(390)	(96)
Interest expenses	471	466
Foreign exchange losses (gains)	(502)	(4,030)
Decrease (increase) in notes and accounts receivable-trade	(8,659)	(6,701)
Decrease (increase) in inventories	(1,401)	(3,652)
Decrease (increase) in accounts receivable-other	(172)	126
Increase (decrease) in accrued consumption taxes	(931)	2,458
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	4	(625)
Increase (decrease) in notes and accounts payable-trade	4,249	(2,889)
Increase (decrease) in accounts payable-other	637	(204)
Increase (decrease) in advances received	39	999
Decrease (increase) in other current assets	354	(923)
Increase (decrease) in other current liabilities	3,077	544
Decrease (increase) in other non-current assets	261	1,862
Increase (decrease) in other non-current liabilities	(4)	4
Other	338	50
Subtotal	19,657	13,095
Interest and dividend income received	390	96
Interest expenses paid	(471)	(382)
Income taxes paid	(16,586)	(11,300)
Net cash provided by (used in) operating activities	2,990	1,508

	(Million yen)	
	Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)
Cash flows from investing activities		
Decrease (increase) in time deposits	(7,556)	8,719
Purchase of property, plant and equipment	(26,007)	(17,889)
Proceeds from sales of property, plant and equipment	27	15
Purchase of intangible assets	(560)	(770)
Proceeds from sales of intangible assets	40	-
Purchase of investment securities	(9)	(9)
Proceeds from sales of investment securities	2,591	-
Purchase of shares of subsidiaries	(273)	(316)
Proceeds from sales of shares of subsidiaries	50	-
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-	*2 313
Payments for lease and guarantee deposits	(24)	(1,919)
Proceeds from collection of lease and guarantee deposits	47	15
Decrease (increase) in deposits paid	4,737	(4)
Other	(46)	41
Net cash provided by (used in) investing activities	(26,984)	(11,804)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	5,885	11,491
Repayments of long-term loans payable	(5,781)	(344)
Redemption of bonds	(2,060)	(1,640)
Cash dividends paid	(1,467)	(1,834)
Decrease (increase) in pledged deposit	(471)	8,885
Proceeds from sales and redemption by installment payment	-	1,232
Payment for sales and redemption by installment payment	-	(186)
Other	34	(88)
Net cash provided by (used in) financing activities	(3,860)	17,515
Effect of exchange rate change on cash and cash equivalents	3,821	3,392
Net increase (decrease) in cash and cash equivalents	(24,033)	10,612
Cash and cash equivalents at beginning of consolidated fiscal year	52,778	28,743
Increase in cash and cash equivalents from newly consolidated subsidiary	-	5
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(1)	(4)
Cash and cash equivalents at end of consolidated fiscal year	*1 28,743	*1 39,356

[Notes]

Significant Items Serving as a Basis for Preparation of the Consolidated Financial Statements

1. Matters relating to the scope of consolidation

(1) Number of consolidated subsidiaries: 16

The major consolidated subsidiaries are stated in “4. Affiliated Companies” under “Section 1. Overview of the Company” and are therefore omitted here.

(2) Changes in consolidated subsidiaries

Universal Bros Corp. was included in the scope of consolidation in the current consolidated fiscal year, because it was newly established. WonderGraph CORP. was also included in the scope of consolidation in the current consolidated fiscal year due to its increased importance.

P to PA, Inc., a consolidated subsidiary in prior years, was excluded from the scope of consolidation in the current consolidated fiscal year, because of the completion of its liquidation. EAGLE II HOLDCO, INC., a consolidated subsidiary in prior years, was excluded from the scope of consolidation because of the sale of all shares of this company. In addition, EAGLE I LANDHOLDINGS, INC. has been reclassified from a consolidated subsidiary to an equity-method affiliate due to the exclusion of EAGLE II HOLDCO, INC., which is an EAGLE I LANDHOLDINGS, INC. shareholder, from the scope of consolidation. One more company has been excluded from the scope of consolidation in the current consolidated fiscal year because it was determined that this company is not a subsidiary.

(3) Names, etc., of major non-consolidated subsidiaries

Principal non-consolidated subsidiaries:

Y’s Tech. Co., Ltd.
Nihon Shogi Network Co., Ltd.,
and 9 other companies

(Reason for exclusion from the scope of consolidation)

Non-consolidated subsidiaries are small in size, and their combined total assets, net sales, net income or loss (the amount corresponding to the Company’s equity holding) and retained earnings (the amount corresponding to the Company’s equity holding) have no material impact on the Company’s consolidated financial statements.

2. Matters relating to application of the equity method

(1) Number of affiliated companies accounted for by the equity method: 1

The major company: EAGLE I LANDHOLDINGS, INC.

(2) Non-consolidated subsidiaries and affiliates not accounted for by the equity method

Because Y’s Tech. Co., Ltd., a non-consolidated subsidiary, Nihon Shogi Network Co., Ltd., 9 other companies, and Ariake Computer Center, an affiliated company, have only a negligible effect on the Company’s consolidated net income or loss, retained earnings, etc., and are not considered to possess any significance as a whole, they have been excluded from the scope of the equity method in the current consolidated fiscal year.

(3) Changes in equity-method affiliate

EAGLE I LANDHOLDINGS, INC. has been reclassified from a consolidated subsidiary to an equity-method affiliate due to the exclusion of EAGLE II HOLDCO, INC., which is an EAGLE I LANDHOLDINGS, INC. shareholder, from the scope of consolidation.

3. Matters regarding the fiscal year, etc., of consolidated subsidiaries

The fiscal years of nine overseas subsidiaries, all of which are consolidated subsidiaries, end on December 31.

In preparing the consolidated financial statements, the financial statements of these consolidated subsidiaries as of December 31 were used, provided, however, that the necessary consolidation adjustments have been made for all significant transactions that occurred between January 1, 2015 and the end of the consolidated fiscal year on March 31, 2015.

4. Matters regarding standards for accounting procedures

(1) Valuation criteria and methods for significant assets

(a) Securities

Available-for-sale securities

Securities having market value:

Market value method based on market prices, etc., as of the closing date of the fiscal year. (Valuation differences are treated by the total direct capitalization method and the cost of securities sold is determined by the moving average method.)

Securities without market value:

Cost method based on the moving average method.

(b) Derivatives

Market value method.

(c) Inventories

Inventories held for regular sales purpose

Merchandise, finished goods, raw materials:

Cost method primarily based on the weighted average costing method. (The amount stated in the balance sheet was calculated by the book value write-down method based on a reduction in profitability.)

Work in process:

Cost method primarily based on the weighted average costing method. (The amount stated in the balance sheet was calculated by the book value write-down method based on a reduction in profitability.) For work in process concerning the production of content, etc., the specific costing method is applied.

- Supplies:
Last purchase cost method.
- (2) Depreciation and amortization methods for significant depreciable and amortizing assets
- (a) Property, plant and equipment (excluding lease assets)
- i. The Company and its domestic consolidated subsidiaries
Declining-balance method.
Buildings (excluding structures attached to buildings) acquired on or after April 1, 1998, are depreciated using the straight-line method. Rental assets are depreciated evenly over the number of years that equals the contract period.
Approximate useful lives:
Buildings and structures: 8 to 50 years
Aircraft: 8 years
Machinery, equipment and vehicles: 6 to 15 years
- ii. Overseas consolidated subsidiaries
The straight-line method is adopted.
- (b) Intangible assets (excluding lease assets)
- i. The Company and its domestic consolidated subsidiaries
Software intended for sale in the market is amortized using the larger of the amortized amounts calculated based on the estimated sales volume or the equally allocated amounts over the remaining useful life of the assets (three years or less). Software intended for internal use is amortized using the straight-line method based on an estimated period of internal use (five years). Other intangible assets are amortized using the straight-line method.
- ii. Overseas consolidated subsidiaries
The straight-line method is principally adopted.
- (c) Lease assets
Lease assets relating to finance lease transactions without transfer of ownership:
The straight-line method is applied whereby the lease period is deemed the durable life and the remaining value is deemed zero.
Finance lease transactions without transfer of ownership for which the lease transaction commenced on or before March 31, 2008, are accounted for in accordance with the method applicable to regular lease transactions.
- (3) Reporting basis for significant allowances
- (a) Allowance for doubtful accounts
In the provision for possible losses on receivables caused by bad debts, an estimated uncollectible amount is reported based on their historical losses as to ordinary receivables and based on the consideration of feasibly recoverable amounts in individual cases of specific receivables for which collectability is a great concern.
- (b) Provision for bonuses
In the provision for the future payment of employee bonuses, an anticipated amount of total bonus payments attributable to the current consolidated fiscal year is reported.
- (4) Reporting basis for significant income and expenses
Reporting basis for income pertaining to finance lease transactions:
A method to report net sales and cost of sales upon the receipt of lease fees is used.
- (5) Translation standard of significant foreign currency-denominated assets or liabilities into yen
Monetary debts and credits denominated in foreign currencies are translated into yen at the spot exchange rates on the fiscal year-end date, with the differences resulting from such translations recorded as losses or profits. It should be noted that the assets and liabilities of overseas subsidiaries, etc. are translated into yen at the spot exchange rates prevailing on the fiscal year-end date, and their income and expenses are translated into yen at the average exchange rate prevailing over the period, with the differences arising from any translation included in the foreign currency translation adjustment in net assets.
- (6) Definition of cash and cash equivalents in the consolidated statement of cash flows.
Funds (cash and cash equivalents) booked in the consolidated statement of cash flows refer to cash on hand, bank deposits that can be withdrawn from time to time or short-term investments that may be easily converted to cash with maturities of no more than three months from the acquisition date that carry a minimal risk of fluctuation in value.
- (7) Other significant matters for preparation of the consolidated financial statements
Accounting procedure for consumption taxes
Consumption taxes are accounted by the tax-exclusion method.

Accounting Standards, Others that Have Not Yet Been Applied

- “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013)
- “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013)
- “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013)
- “Accounting Standard for Earnings Per Share” (ASBJ Statement No. 2, September 13, 2013)
- “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, September 13, 2013)
- “Guidance on Accounting Standard for Earnings Per Share” (ASBJ Guidance No. 4, September 13, 2013)

(1) Overview

There are revisions to a number of items involving additional equity investments in subsidiaries. For example, the Company revised the accounting methods for the change in parent company ownership of subsidiaries when control is maintained, the expenses associated with purchase of the stock of subsidiaries, the presentation of net income, the change from minority shareholder to non-controlling shareholder ownership, and the confirmation of provisional accounting methods.

(2) Effective date

Applied from the beginning of the fiscal year ending March 31, 2016.

The revision for the treatment of confirmations of provisional accounting methods will be applied starting with business combinations in the fiscal year ending March 31, 2016.

(3) Effects of the application of the above accounting standards

Impact of the revision of the “Accounting Standard for Business Combinations” and other standards on the Company's consolidated financial statements has not been determined at this time.

Changes in Description

(Consolidated Balance Sheet)

“Deferred tax liabilities” which was included in “Other” under non-current liabilities in the previous consolidated fiscal year, has been separately stated in the current consolidated fiscal year due to the increased significance of the amount. “Deferred tax liabilities” in the previous fiscal year totaled 593 million yen.

Additional Information

The lawsuit involving Wynn Resorts, Limited (NASDAQ: WYNN) is currently in the stage of disclosure of evidence including discovery and recording of testimony. Next will be a trial with witness examinations and other activities that will result in a verdict. Consequently, taking into account the difficulty of estimating with certainty the effects that could potentially arise from the results of filing this countersuit on the financial status, operating results, and cash flow status of the corporate group consisting of the Company and its consolidated subsidiaries, etc. in a particular period of time, the Wynn Resorts stock has been valued at the acquisition cost since the end of March 2013.

Interest payments for the long-term note issued by Wynn Resorts for the past three years (38,728,852.63 U.S. dollars each year) have been made to the clerk of the court for deposit in the court trust account. However, since the Company believes the interest payment does not belong to the Company group based on the principle of the right to claim, the Company has concluded that it is very likely that there will be no need to recognize the interest paid by this check as interest received for either accounting or tax purposes. Consequently, the Company's consolidated financial statements do not reflect the issuance of this check for an interest payment.

(Consolidated Balance Sheet)

*1. Assets pledged as collateral and secured liabilities
Assets pledged as collateral are as follows.

	(Million yen)	
	Previous Consolidated Fiscal Year (Ended March 31, 2014)	Current Consolidated Fiscal Year (Ended March 31, 2015)
Cash and deposits	9,721	270
Buildings	1,360	1,309
Land	5,168	5,168
Long-term deposits	5,268	6,028

Secured liabilities are as follows.

	(Million yen)	
	Previous Consolidated Fiscal Year (Ended March 31, 2014)	Current Consolidated Fiscal Year (Ended March 31, 2015)
Short-term loans payable	14,751	6,028
Current portion of bonds	1,440	500
Bonds payable	500	-

*2. Investment securities for non-consolidated subsidiaries and affiliates are as follows.

	(Million yen)	
	Previous Consolidated Fiscal Year (Ended March 31, 2014)	Current Consolidated Fiscal Year (Ended March 31, 2015)
Investment securities (stocks)	1,265	3,617

3. Contingent liabilities

Guaranteed debt

Standby letters of credit issued to companies other than consolidated companies are as follows.

	(Million yen)	
	Previous Consolidated Fiscal Year (Ended March 31, 2014)	Current Consolidated Fiscal Year (Ended March 31, 2015)
Philippine Amusement and Gaming Corporation	238 (100 Million Philippine Peso)	270 (100 Million Philippine Peso)

TIGER RESORT, LEISURE AND ENTERTAINMENT, INC., which is a consolidated subsidiary of the Company, has issued a standby letter of credit to Philippine Amusement and Gaming Corporation by submitting a request to BDO UNIBANK, INC. The issuance of this letter of credit is stipulated in the contract concerning the Company's casino resort project in the Philippines. The Company's consolidated subsidiary pledged the following assets as collateral when this standby letter of credit was issued.

	(Million yen)	
	Previous Consolidated Fiscal Year (Ended March 31, 2014)	Current Consolidated Fiscal Year (Ended March 31, 2015)
Cash and deposits	238 (100 Million Philippine Peso)	270 (100 Million Philippine Peso)

*4. The equity method is not used for Wynn Resorts stock held by the Company because this investment does not have a significant effect on the consolidated financial statements. The details are stated in "(Additional Information)."

*5. Provision for loss on overseas operations deducted directly from land

	(Million yen)	
	Previous Consolidated Fiscal Year (Ended March 31, 2014)	Current Consolidated Fiscal Year (Ended March 31, 2015)
Land	2,787	-

*6. Cash and deposits amounting to 34 million yen and long-term deposits of 6,028 million yen can be used only to fund the Company group's ongoing casino resort project. These funds are held under an escrow agreement that will end when this project is completed. In addition, long-term deposits are shown separately because the minimum balance of the escrow account is US\$50 million.

*7. Assets purchased for sale-leaseback transactions where the seller retains ownership

The 1,045 million yen classified as accounts payable-other represents sale-leaseback transactions. This is the sum of the following assets where the seller retains ownership: machinery and equipment, 1,095 million yen; structures attached to buildings 2 million yen; and tools, furniture and fixtures, 71 million yen.

(Consolidated Statement of Income)

*1. Major items of selling, general and administrative expenses

	(Million yen)	
	Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)
Research and development expenses	3,406	4,561
Salaries and allowances	4,127	4,651
Provision for bonuses	83	78
Provision of allowance for doubtful accounts	(84)	187
Commission fee	2,899	6,734

*2. Total amount of research and development expenses included in general and administrative expenses, and manufacturing expenses

	(Million yen)	
	Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)
	3,406	4,561

3. Impairment loss

Previous consolidated fiscal year (April 1, 2013 to March 31, 2014)

There is no applicable information.

Current consolidated fiscal year (April 1, 2014 to March 31, 2015)

This information is not disclosed due to the lack of its significance.

(Consolidated Statement of Comprehensive Income)

* Reclassification adjustments and tax effects pertaining to other comprehensive income are as follows.

(Million yen)

	Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)
Valuation difference on available-for-sale securities:		
Amount recognized during the current consolidated fiscal year	747	(29)
Re-classification adjustments	(635)	-
Before tax effect adjustment	112	(29)
Tax effects	(9)	8
Valuation difference on available-for-sale securities	102	(20)
Foreign currency translation adjustment:		
Amount recognized during the current consolidated fiscal year	22,121	16,300
Re-classification adjustments	-	(163)
Before tax effect adjustment	-	16,136
Tax effects	-	-
Foreign currency translation adjustment	22,121	16,136
Total other comprehensive income	22,224	16,116

(Consolidated Statement of Changes in Equity)

Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)

1. Matters regarding the class and number of issued shares and treasury shares

(Shares)

	As of April 1, 2013	Increase	Decrease	As of March 31, 2014
Issued shares				
Common stock	80,195,000	-	-	80,195,000
Total	80,195,000	-	-	80,195,000
Treasury shares				
Common stock	6,811,154	-	-	6,811,154
Total	6,811,154	-	-	6,811,154

2. Matters regarding subscription rights to shares and subscription rights to own shares

Classification	Classification of Subscription Rights to Shares	Type of Shares Subject to Subscription Rights to Shares	Number of Shares Subject to Subscription Rights to Shares (Shares)				Balance as of March 31, 2014 (Million yen)
			As of April 1, 2013	Increase	Decrease	As of March 31, 2014	
The Company (Parent company)	Subscription rights to shares as stock options	-	-	-	-	-	22
Total		-	-	-	-	-	22

Note: Regarding the above subscription rights to shares as stock options, the exercisable period of rights has not yet arrived.

3. Matters regarding dividends

(1) Amount paid as dividends

(Resolution)	Class of Share	Total Amount of Dividends (Million yen)	Dividend Resource	Dividend per Share (Yen)	Record Date	Effective Date
Board of Directors' meeting held on May 20, 2013	Common stock	1,467	Retained earnings	20	March 31, 2013	June 28, 2013

(2) Dividends for which the record date belongs to the current consolidated fiscal year and the effective date is in the following consolidated fiscal year

(Resolution)	Class of Share	Total Amount of Dividends (Million yen)	Dividend Resource	Dividend per Share (Yen)	Record Date	Effective Date
Board of Directors' meeting held on May 1, 2014	Common stock	1,834	Retained earnings	25	March 31, 2014	June 27, 2014

Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)

1. Matters regarding the class and number of issued shares and treasury shares

(Shares)

	As of April 1, 2014	Increase	Decrease	As of March 31, 2015
Issued shares				
Common stock	80,195,000	-	-	80,195,000
Total	80,195,000	-	-	80,195,000
Treasury shares				
Common stock	6,811,154	-	-	6,811,154
Total	6,811,154	-	-	6,811,154

2. Matters regarding subscription rights to shares and subscription rights to own shares

Classification	Classification of Subscription Rights to Shares	Type of Shares Subject to Subscription Rights to Shares	Number of Shares Subject to Subscription Rights to Shares (Shares)				Balance as of March 31, 2015 (Million yen)
			As of April 1, 2014	Increase	Decrease	As of March 31, 2015	
The Company (Parent company)	Subscription rights to shares as stock options	-	-	-	-	-	32
Total		-	-	-	-	-	32

Note: Regarding the above subscription rights to shares as stock options, the exercisable period of rights has not yet arrived.

3. Matters regarding dividends

(1) Amount paid as dividends

(Resolution)	Class of Share	Total Amount of Dividends (Million yen)	Dividend Resource	Dividend per Share (Yen)	Record Date	Effective Date
Board of Directors' meeting held on May 1, 2014	Common stock	1,834	Retained earnings	25	March 31, 2014	June 27, 2014

(2) Dividends for which the record date belongs to the current consolidated fiscal year and the effective date is in the following consolidated fiscal year

(Resolution)	Class of Share	Total Amount of Dividends (Million yen)	Dividend Resource	Dividend per Share (Yen)	Record Date	Effective Date
Board of Directors' meeting held on Feb. 13, 2015	Common stock	2,201	Retained earnings	30	Mar. 5, 2015	May 8, 2015
Board of Directors' meeting held on May 8, 2015	Common stock	1,100	Retained earnings	15	Mar. 31, 2015	June 29, 2015

Note: The dividend payment approved by the Board of Directors on February 13, 2015 is for the special dividend with a record date of March 5, 2015.

(Consolidated Statement of Cash Flows)

*1. The relationship between the balance of cash and cash equivalents at the end of the consolidated fiscal year and the amount of items posted in the consolidated balance sheet is as follows.

	(Million yen)	
	Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)
Cash and deposit account	46,781	39,155
Securities account	138	505
Deposit in time-deposit account over 3 months	(8,429)	-
Deposits pledged as collateral	(9,721)	(270)
Payment for escrow account deposit	(25)	(34)
Cash and cash equivalents	28,743	39,356

*2. Assets and liabilities of a subsidiary excluded from the consolidation due to sale of its stock

The breakdown of assets and liabilities of EAGLE II HOLDCO, INC. at the time of exclusion from the consolidation due to the sale of its stock, as well as the sales price of EAGLE II HOLDCO's stock and net proceeds from the sales are as follows.

	(Million yen)
Current assets	9
Non-current assets	7,084
Current liabilities	(7,099)
Foreign currency translation adjustment	382
Decrease of consolidated subsidiaries - retained earnings	(379)
Gain on sales of shares	322
Sales price of shares	320
Cash and cash equivalents	(6)
Net proceeds from the sales	313

(Lease Transactions)

This information is not disclosed due to its lack of significance.

(Financial Instruments)

1. Matters pertaining to the status of financial instruments

(1) Policy to deal with financial instruments

The Company group secures necessary funds mainly through borrowings from banks, issuance of bonds or group finances based on an appropriate business plan. Temporary surplus funds are managed in a capital-safe type large amount deposit, etc., on the basis of safety and liquidity. Derivative instruments are used for risk aversion and not for speculative purposes.

(2) Details and risks of financial instruments

Notes receivable-trade and accounts receivable-trade are operating receivables that accrue in the course of sales activities from receipts of orders to collections of payments and are exposed to the credit risks of customers.

Securities and investment securities are mainly composed of investment trusts managed by overseas subsidiaries, shares of companies that have business relationships with the Company and are exposed to the risk of fluctuations in market prices and currency exchange risks.

Notes payable-trade and accounts payable-trade are mostly due within four months and composed of operating liabilities that mainly accrue in the course of purchasing parts, etc., and clearing liabilities.

Loans payable and bonds payable are mainly for clearing the liabilities accrued by research and development, purchases of parts and investments in facilities. Some of these payables are exposed to the risk of interest rate fluctuations.

(3) Risk management framework pertaining to financial instruments

The Company manages the risks of financial instruments as follows, in addition to having deliberations at General Managers Meetings as the need arises.

i. Management of credit risks (risks of a customer's default of contracts)

As to notes receivable-trade, accounts receivable-trade and other operating receivables, the Receivables Administration Section of the Company conducts surveys and information gathering on customers' credit status in accordance with the Credit Administration Rules. The Finance and Accounting Department also conducts quarterly confirmations of the balance of accounts receivable-trade and notes receivable-trade.

Furthermore, as to loans receivable, the Company conducts surveys on the financial status and business performance of the borrower prior to transactions in order to secure the rights of the Company.

ii. Management of market risks (risks of fluctuations in currency exchanges, interest rates, etc.)

To hedge against the risks of fluctuations in interest rates on loans and bonds payable, the Company ensures that disadvantageous clauses are excluded from the terms and conditions of the borrowings and bond issuances executed by the Company.

With respect to securities, the Company manages safe and secure investment trusts with minute risk for loss of principal. For investment securities, the Company periodically confirms the market prices and financial status, etc., of issuers (client companies), while annually investigating the financial statements of client companies to continuously review its own shareholding status.

Derivative instruments are executed and managed by the department in charge with the approval of the responsible persons.

iii. Liquidity risks for funding (risks of default by due dates)

The Company executes borrowings after careful reviews mainly on movements in long- and short-term fund costs in consideration of the liquidity of funds and borrowing periods. The borrowed funds are managed under a cash management plan, which is prepared and updated by the department in charge in a timely manner.

2. Matters pertaining to the market prices, etc., of financial instruments

Amounts posted in the consolidated balance sheets, market prices and the difference thereof are as follows. Items of which market prices seems to be extremely difficult to measure are not included herein. (See Note 2)

Previous Consolidated Fiscal Year (March 31, 2014)

(Million yen)

	Amount Posted in the Consolidated Balance Sheets	Market Price	Difference
(1) Cash and deposits	46,781	46,781	-
(2) Notes and accounts receivable-trade	19,869	19,869	-
(3) Securities and investment securities			
Securities	138	138	-
Available-for-sale securities	124	124	-
(4) Long-term loans receivable	135	-	-
Allowance for doubtful accounts ²	(108)	-	-
	27	27	-
(5) Lease and guarantee deposits	1,841	1,841	-
(6) Long-term accounts receivable-other	1,447	-	-
Allowance for doubtful accounts ²	(963)	-	-
	483	483	-
(7) Claims provable in bankruptcy, claims provable in rehabilitation	1,812	-	-
Allowance for doubtful accounts ²	(1,520)	-	-
	291	291	-
Total assets	69,558	69,558	-
(1) Notes and accounts payable-trade	[18,128]	[18,128]	-
(2) Short-term loans payable	[16,051]	[16,051]	-
(3) Current portion of long-term loans payable	[344]	[344]	-
(4) Current portion of bonds	[1,640]	[1,640]	-
(5) Accounts payable-other	[4,228]	[4,228]	-
(6) Bonds payable	[500]	[500]	-
Total liabilities	[40,892]	[40,892]	-

Notes:

1. Items that are included in liabilities are indicated in brackets.
2. The allowance for doubtful accounts that is posted separately is deducted.

Current Consolidated Fiscal Year (March 31, 2015)

(Million yen)

	Amount Posted in the Consolidated Balance Sheets	Market Price	Difference
(1) Cash and deposits	39,155	39,155	-
(2) Notes and accounts receivable-trade	26,571	26,571	-
(3) Securities and investment securities			
Securities	505	505	-
Available-for-sale securities	97	97	-
(4) Long-term loans receivable	130	-	-
Allowance for doubtful accounts ²	(108)	-	-
	21	21	-
(5) Lease and guarantee deposits	1,430	1,430	-
(6) Long-term accounts receivable-other	1,544	-	-
Allowance for doubtful accounts ²	(963)	-	-
	581	581	-
(7) Claims provable in bankruptcy, claims provable in rehabilitation	2,437	-	-
Allowance for doubtful accounts ²	(1,496)	-	-
	941	941	-
Total assets	69,305	69,305	-
(1) Notes and accounts payable-trade	[15,243]	[15,243]	-
(2) Short-term loans payable	[28,782]	[28,782]	-
(3) Current portion of bonds	[500]	[500]	-
(4) Accounts payable-other	[6,904]	[6,904]	-
Total liabilities	[51,431]	[51,431]	-

Notes:

- Items that are included in liabilities are indicated in brackets.
- The allowance for doubtful accounts that is posted separately is deducted.

(Note 1) Calculation method of market prices of financial instruments and matters pertaining to securities and derivative transactions

Assets

- Cash and deposits and (2) Notes and accounts receivable-trade
Because these items are settled in a short period and their market prices are nearly equal to their book values, the market prices of these items are based on their book value.
- Securities and investment securities
Market prices of these items are based on prices at listed securities exchanges. Market prices of investment trusts are based on book values because such prices are nearly equal to their book values.
- Long-term loans receivable
Because it is difficult to confirm the credit risk of each borrower, estimated bad debts are calculated based on a reasonable historical bad debt ratio. The market price of long-term loans receivable is close to the amount determined by deducting the estimated bad debts from the balance sheet amount of long-term loans receivable on the consolidated settlement date, and therefore such amount is used as the market price of long-term loans receivable.
- Lease and guarantee deposits
Book values are used as market prices for this item because it is difficult to individually confirm redemption periods and the market prices are nearly equal to book values.
- Long-term accounts receivable-other, (7) Claims provable in bankruptcy, claims provable in rehabilitation
For long-term accounts receivable-other, since it is difficult to confirm the credit risk for each counterparty, estimated bad debts are calculated based on a reasonable historical bad debt ratio. Estimated bad debts are calculated based on estimated collectable amounts through collateral and guarantees. The market prices of these assets are close to the amount gained by deducting the currently estimated bad debts from the balance sheet amount of these assets on the settlement date, and therefore such amount is used as the market price of these assets.

Liabilities

- (1) Notes and accounts payable-trade, (2) Short-term loans payable and (4) Accounts payable-other

Because these items are settled in a short period and their market prices are nearly equal to their book values, the market prices of these items are based on their book value.

- (3) Current portion of bonds

Because the current portion of bonds is redeemed within a short time and not exposed to the risk of interest rate fluctuations, the market price is close to its book value. Therefore, the market price of the current portion of bonds is based on the book value.

Derivative Transactions

See “Derivative Transactions” under the Notes section.

2. Financial instruments of which market prices seem to be extremely difficult to measure

(Million yen)

Category	Previous Consolidated Fiscal Year (March 31, 2014)	Current Consolidated Fiscal Year (March 31, 2015)
Non-listed shares	1,327	3,679
Available-for-sale securities	47,679	54,553
Long-term deposits	5,268	13,096
Long-term deposits for affiliates	-	28,964

For non-listed shares, there are no market prices, and for available-for-sale securities, sales, etc. are difficult even though this is stock with current fair values that are held by consolidated subsidiaries, and it is deemed extremely difficult to measure their current fair values. As a result, these are not included in “(3) Securities and investment securities.”

For long-term deposits and long-term deposits for affiliates, they are not possible to estimate future cash flows and it is deemed extremely difficult to measure their current fair values. As a result, long-term deposits are not evaluated at the fair value.

3. Scheduled redemption of monetary receivables and securities with maturity after the consolidated accounts settlement date

Previous Consolidated Fiscal Year (March 31, 2014)

(Million yen)

	Within one year	More than one year but within five years	More than five years but within 10 years	More than 10 years
Cash and deposits	46,781	-	-	-
Notes and accounts receivable-trade	19,869	-	-	-
Securities	138	-	-	-
Long-term loans receivable	-	22	4	108
Total	66,790	22	4	108

Note: Monetary receivables in this table do not include long-term accounts receivable-other, etc. without a specified period for collection.

Current Consolidated Fiscal Year (March 31, 2015)

(Million yen)

	Within one year	More than one year but within five years	More than five years but within 10 years	More than 10 years
Cash and deposits	39,155	-	-	-
Notes and accounts receivable-trade	26,571	-	-	-
Securities	505	-	-	-
Long-term loans receivable	-	19	2	108
Total	66,232	19	2	108

Note: Monetary receivables in this table do not include long-term accounts receivable-other, etc. without a specified period for collection.

4. Scheduled repayment of short-term loans payable, bonds and long-term loans payable after the consolidated accounts settlement date

Previous Consolidated Fiscal Year (March 31, 2014)

(Million yen)

	Within one year	More than one year but within two years	More than two years but within three years	More than three years but within four years	More than four years but within five years	More than five years
Short-term loans payable	16,051	-	-	-	-	-
Bonds payable	1,640	500	-	-	-	-
Long-term loans payable	344	-	-	-	-	-
Total	18,035	500	-	-	-	-

Current Consolidated Fiscal Year (March 31, 2015)

(Million yen)

	Within one year	More than one year but within two years	More than two years but within three years	More than three years but within four years	More than four years but within five years	More than five years
Short-term loans payable	28,782	-	-	-	-	-
Bonds payable	500	-	-	-	-	-
Total	29,282	-	-	-	-	-

(Marketable Securities)

1. Available-for-sale securities

Previous Consolidated Fiscal Year (March 31, 2014)

(Million yen)

	Type	Amount in Consolidated Balance Sheet	Cost of Acquisition	Difference
Securities for which the value posted on the consolidated B/S exceeds their acquisition cost	(1) Stocks	124	53	70
	(2) Bonds			
	1) National/local government bonds, etc.	-	-	-
	2) Corporate bonds	-	-	-
	3) Other bonds	-	-	-
	(3) Others	-	-	-
	Subtotal	124	53	70
Securities for which the value posted on the consolidated B/S does not exceed their acquisition cost	(1) Stocks	-	-	-
	(2) Bonds			
	1) National/local government bonds, etc.	-	-	-
	2) Corporate bonds	-	-	-
	3) Other bonds	-	-	-
	(3) Others	-	-	-
	Subtotal	-	-	-
Total		124	53	70

For non-listed shares, etc. (amount in the consolidated balance sheet of 1,327 million yen), there are no market prices and it is not possible to estimate future cash flows, and for available-for-sale securities (amount in the consolidated balance sheet of 47,679 million yen), sales, etc. are difficult even though this is stock with current fair values that are held by consolidated subsidiaries, and it is deemed extremely difficult to measure their current fair values. As a result, these are not included in this table.

Current Consolidated Fiscal Year (March 31, 2015)

(Million yen)

	Type	Amount in Consolidated Balance Sheet	Cost of Acquisition	Difference
Securities for which the value posted on the consolidated B/S exceeds their acquisition cost	(1) Stocks	97	57	39
	(2) Bonds			
	1) National/local government bonds, etc.	-	-	-
	2) Corporate bonds	-	-	-
	3) Other bonds	-	-	-
	(3) Others	-	-	-
	Subtotal	97	57	39
Securities for which the value posted on the consolidated B/S does not exceed their acquisition cost	(1) Stocks	-	-	-
	(2) Bonds			
	1) National/local government bonds, etc.	-	-	-
	2) Corporate bonds	-	-	-
	3) Other bonds	-	-	-
	(3) Others	-	-	-
	Subtotal	-	-	-
Total		97	57	39

For non-listed shares, etc. (amount in the consolidated balance sheet of 3,679 million yen), there are no market prices and it is not possible to estimate future cash flows, and for available-for-sale securities (amount in the consolidated balance sheet of 54,553 million yen), sales, etc. are difficult even though this is stock with current fair values that are held by consolidated subsidiaries, and it is deemed extremely difficult to measure their current fair values. As a result, these are not included in this table.

2. Available-for-sale securities sold

Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)

(Million yen)			
Type of Securities	Sales Proceeds	Total Gain	Total Loss
(1) Stocks	2,591	635	-
(2) Bonds			
1) National/local government bonds, etc.	-	-	-
2) Corporate bonds	-	-	-
3) Other bonds	-	-	-
(3) Others	-	-	-
Total	2,591	635	-

Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)

There is no applicable information.

3. Marketable securities written down for impairment

Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)

Available-for-sale securities of 562 million yen were written down in the current consolidated fiscal year.

For the impairment of non-listed shares for which it is extremely difficult to determine a current fair value, there is a write-down for impairment in principle if the issuing company's financial condition worsens and net assets per share fall to 50% or less of the acquisition cost. However, the final decision about whether or not to write down these shares is based on the prospects for a recovery in the value of each holding.

Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)

Stocks of subsidiaries and affiliates of 411 million yen as loss on business of subsidiaries and associates were written down in the current consolidated fiscal year.

For the impairment of non-listed shares for which it is extremely difficult to determine a current fair value, there is a write-down for impairment in principle if the issuing company's financial condition worsens and net assets per share fall to 50% or less of the acquisition cost. However, the final decision about whether or not to write down these shares is based on the prospects for a recovery in the value of each holding.

(Derivative Transactions)

1. Derivative transactions without application of hedge accounting

(1) Currencies

Previous Consolidated Fiscal Year (March 31, 2014)

There is no applicable information.

Current Consolidated Fiscal Year (March 31, 2015)

There is no applicable information.

(2) Interest rates

Previous Consolidated Fiscal Year (March 31, 2014)

There is no applicable information.

Current Consolidated Fiscal Year (March 31, 2015)

There is no applicable information.

(Retirement Benefits)

There is no applicable information.

(Stock Options, etc.)

1. Stock option expenses and items

(Million yen)

	Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)
Stock remuneration expenses in selling, general and administrative expenses	-	14

2. Amount posted as income from the expiration of stock options due to the non-exercise of the right

(Million yen)

	Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)
Gain on reversal of subscription rights to shares	0	22

3. Description, size and change of stock options

(1) Description of stock options

	Stock Options in 2011	Stock Options in 2014 (Resolution adopted by the Board of Directors' meeting held on June 26, 2014)	Stock Options in 2014 (Resolution adopted by the Ordinary Shareholders' Meeting on June 26, 2014 and the Board of Directors' meeting held on October 31, 2014)
Classification and number of people to whom stock options were granted	Directors of the Company 3 Employees, etc. of the Company 52 Total 55	Directors of the Company 4	Employees, etc. of the Company 43
Number of stock options by class of shares (Note)	Common stock: 847,000 shares	Common stock: 700,000 shares	Common stock: 124,000 shares
Date of grant	December 19, 2011	July 17, 2014	December 22, 2014
Vesting conditions	<p>1) At the time of exercising the subscription rights to shares, each holder shall have the position of director, auditor or employee of the Company or any of its affiliates. Provided, however, that this clause shall not apply to cases where the Board of Directors finds a justifiable reason for leaving the Company before exercising the stock options, such as retirement from office due to expiry of tenure or mandatory age-limit retirement.</p> <p>2) The holders of the subscription rights to shares may exercise their subscription rights to shares only if all the conditions set forth in the following (i), (ii) and (iii) are satisfied.</p> <p>(i) Ordinary income exceeds 21.3 billion yen in the Company's audited consolidated statement of income (or non-consolidated statement of income, if consolidated financial statements are not prepared) for the fiscal year ended March 31, 2013. In case any significant change to the concept of the ordinary</p>	<p>1) The subscription rights to shares can be exercised only when ordinary income in the Company's audited consolidated or non-consolidated statements of income for the fiscal years ending on March 31, 2015 and 2016 meets both of the following requirements. In case any significant change to the concept of ordinary income to be referenced occurs from the application of IFRS, etc., the Board of Directors shall separately determine a substitute indicator to be referenced.</p> <p>(a) Ordinary income for the fiscal year ending March 31, 2015 must exceed 20.0 billion yen.</p> <p>(b) Ordinary income for the fiscal year ending March 31, 2016 must exceed 22.0 billion yen.</p> <p>2) In addition to the requirements of the preceding item 1), the subscription rights to shares can be exercised only when the closing price of the Company's common stock is at least 1.3 times the Exercise Price on at least once in</p>	<p>At the time of exercising the subscription rights to shares, each holder shall have the position of director, or employee of the Company or any of its affiliates (defined in Article 8 of "Regulations Concerning Terminology, Format, and Preparation Methods for Financial Statements). Provided, however, that this clause shall not apply to cases where the Board of Directors finds a justifiable reason for leaving the Company before exercising the subscription rights to shares, such as retirement from office due to expiry of tenure and mandatory age-limit retirement.</p>

	<p>income to be referenced occurs from the application of the International Financial Reporting Standards (IFRS), etc., the Board of Directors shall separately determine a substitute indicator to be referenced;</p> <p>(ii) Ordinary income exceeds 25.0 billion yen in the Company's audited consolidated statement of income (or non-consolidated statement of income, if consolidated financial statements are not prepared) for the fiscal year ending March 31, 2014. In case any significant change to the concept of the ordinary income to be referenced occurs from the application of IFRS, etc., the Board of Directors shall separately determine a substitute indicator to be referenced; and</p> <p>(iii) The closing price of the Company's shares of common stock exceeds the amount of 2,399 yen, which represents a value 1.3 times the exercise price of the subscription rights to shares, at least once in ordinary transactions at the relevant financial instruments exchange after the allotment date of the subscription rights to shares.</p>	<p>ordinary transactions from the allotment date of the subscription rights to shares to the last day of the exercise period.</p> <p>3) At the time of exercising the subscription rights to shares, each holder shall have the position of director, auditor or employee of the Company or any of its affiliates (defined in Article 8 of "Regulations Concerning Terminology, Format, and Preparation Methods for Financial Statements). Provided, however, that this clause shall not apply to cases where the Board of Directors finds a justifiable reason for leaving the Company before exercising the subscription rights to shares, such as retirement from office due to expiry of tenure and mandatory age-limit retirement.</p>	
Subject period of employment	From December 19, 2011 to December 28, 2011	-	-
Exercise period	From July 1, 2014 to June 30, 2019	From July 1, 2016 to June 30, 2018	From December 23, 2016 to October 30, 2024

Note: The number of stock options is translated into the number of shares.

(2) Size and changes of stock options

The following describes the size and changes of stock options that existed during the fiscal year ended March 31, 2015. The number of stock options is translated into the number of shares.

i. Number of stock options

		(Shares)	
	Stock Options in 2011	Stock Options in 2014 (Resolution adopted by the Board of Directors' meeting held on June 26, 2014)	Stock Options in 2014 (Resolution adopted by the Ordinary Shareholders' Meeting on June 26, 2014 and the Board of Directors' meeting held on October 31, 2014)
Stock options not yet vested			
As of the end of the previous consolidated fiscal year	841,000	-	-
Granted	-	700,000	124,000
Forfeited	841,000	-	-
Vested	-	-	-
Balance of options not vested	-	700,000	124,000
Stock options already vested			
As of the end of the previous consolidated fiscal year	-	-	-
Vested	-	-	-
Exercised	-	-	-
Forfeited	-	-	-
Balance of options not exercised	-	-	-

ii. Per share prices

		(Yen)	
	Stock Options in 2011	Stock Options in 2014 (Resolution adopted by the Board of Directors' meeting held on June 26, 2014)	Stock Options in 2014 (Resolution adopted by the Ordinary Shareholders' Meeting on June 26, 2014 and the Board of Directors' meeting held on Oct. 31, 2014)
Exercise price	1,845	2,637	1,813
Average share price on exercise	-	-	-
Fairly evaluated price as of the grant date (Note)	27	2,600	711

Note: This represents the fair value per share as of the grant date.

3. Method of calculating the fair value of stock options

The following method was used to estimate the fair value of stock options granted during the fiscal year ended March 31, 2015 (based on a resolution approved by the Board of Directors on June 26, 2014).

i. Valuation method used: Monte Carlo Simulation

ii. Basic values and estimation method

	Stock Options in 2014 (Resolution adopted by the Board of Directors' meeting held on June 26, 2014)
Volatility (Note 1)	39.17%
Maturities (Note 2)	3.96 years
Estimated dividend (Note 3)	25 yen per share
Risk-free rate (Note 4)	0.131%

Notes: 1. Calculated by using the stock price in the most recent fiscal year and based on the time remaining until maturity.
 2. Distribution date: July 17, 2014 Exercise period: July 1, 2016 to June 30, 2018.
 3. Uses the dividend paid for the fiscal year ended March 31, 2014.
 4. Japanese government bond yield for the time remaining until maturity.

The following method was used to estimate the fair value of stock options granted during the fiscal year ended March 31, 2015 (based on a resolution approved at the Ordinary Shareholders' Meeting on June 26, 2014 and the Board of Directors' meeting held on October 31, 2014).

i. Valuation method used: Black-Scholes Model

ii. Basic values and estimation method

	Stock Options in 2014 (Resolution adopted by the Ordinary Shareholders' Meeting on June 26, 2014 and the Board of Directors' meeting held on October 31, 2014)
Volatility (Note 1)	48.72%
Expected remaining period (Note 2)	5.94 years
Estimated dividend (Note 3)	25 yen per share
Risk-free rate (Note 4)	0.056%

Notes: 1. Calculated by using the stock price from January 16, 2009 to December 22, 2014.
 2. A reasonable estimate is not possible due to the insufficient amount of data. Consequently, the estimate assumes that options will be exercised at the midpoint of the exercise period.
 3. Uses the dividend paid for the fiscal year ended March 31, 2014.
 4. Japanese government bond yield for the expected remaining period.

4. Estimation method for the number of vested stock options

Because it is basically difficult to reasonably estimate the number of stock options that will expire in future, the number of vested stock options reflects only the number of stock options that have actually forfeited.

(Tax-Effect Accounting)

1. Details of the causes for deferred tax assets and deferred tax liabilities

	(Million yen)	
	Previous Consolidated Fiscal Year (March 31, 2014)	Current Consolidated Fiscal Year (March 31, 2015)
Deferred tax assets (current)		
Accrued enterprise taxes	634	569
Inventories	754	753
Loss on valuation of in-process development of peripheral equipment	137	304
Provision for bonuses	86	87
Allowance for doubtful accounts	7	14
Deferred loss	350	183
Foreign exchange losses (gains)	427	56
Other	172	114
Subtotal	2,569	2,082
Valuation allowance	(1,579)	(1,256)
Net	990	825
Offset with deferred tax liabilities	-	-
Net deferred tax assets (current)	990	825
Deferred tax liabilities (current)		
Foreign exchange losses (gains)	(436)	(10)
Subtotal	(436)	(10)
Offset with deferred tax assets	-	-
Net deferred tax liabilities (current)	(436)	(10)
Deferred tax assets (non-current)		
Allowance for doubtful accounts	364	476
Amount in excess of depreciation	233	237
Loss on investment	154	146
Impairment loss	179	171
Investment securities, stocks of subsidiaries and affiliates	290	896
Alternate minimum tax carried forward	976	1,115
Deferred loss	1,137	1,012
Interest equivalent for long-term advances paid	275	605
Reduction entry of dividend asset	16,102	15,347
Long-term prepaid expenses	-	692
Other	17	22
Subtotal	19,731	20,723
Valuation allowance	(19,631)	(20,583)
Total deferred tax assets (non-current)	100	140
Offset with deferred tax liabilities (non-current)	(100)	(140)
Net deferred tax assets (non-current)	-	-
Deferred tax liabilities (non-current)		
Valuation difference on available-for-sale securities	(19)	(10)
Gain on valuation of non-current assets	(14)	(56)
Foreign exchange losses (gains)	(659)	(1,708)
Total deferred tax liabilities (non-current)	(693)	(1,775)
Offset with deferred tax assets (non-current)	100	140
Net deferred tax liabilities (non-current)	(593)	(1,635)

2. Details of major items causing the significant difference between the statutory effective tax rate and the actual effective tax rate after the application of tax-effect accounting

	Previous Consolidated Fiscal Year (March 31, 2014)	Current Consolidated Fiscal Year (March 31, 2015)
Statutory effective tax rate	39.40%	37.10%
(Adjustments)		
Valuation allowance	78.74%	11.98%
Dividend income and other items excluded from gross revenue	(70.72)%	0.29%
Tax rate difference of consolidated subsidiaries	0.75%	3.55%
Other	2.87%	(0.13)%
Actual effective tax rate after the application of tax-effect accounting	51.05%	52.80%

3. Revised amount of deferred tax assets and deferred tax liabilities following the change in the corporate tax rate, etc.

Following the promulgation on March 31, 2015 of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 9 of 2015), and the “Act for Partial Revision of the Local Tax Act, etc.” (Act No. 2 of 2015), corporate tax rate, etc. have been revised for the consolidated fiscal years beginning on or after April 1, 2015. Consequently, the statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities is lowered from 37.10% to 35.36% for temporary differences expected to be covered for the consolidated fiscal year beginning from April 1, 2015.

The impact of recalculation of deferred tax assets and deferred tax liabilities based on the temporary differences as of the end of current consolidated fiscal year resulting from the change in the statutory effective tax rate will not be significant.

(Business Combinations)

Sale of all shares of consolidated subsidiary EAGLE II HOLDCO, INC.

1. Business divesture

(1) Name of buyer

ALL SEASONS HOTELS & RESORTS CORPORATION

(2) Description of business

Investment in land holding company

(3) Major reason for divesture

EAGLE II HOLDCO, INC. is involved with the Company Group’s casino and resort development project in the Philippines. The decision was made to sell all EAGLE II HOLDCO, INC. shares owned by the Company Group (40% of all shares issued) to ALL SEASONS HOTELS & RESORTS CORPORATION, which is located in the Philippines, for the purpose of conducting this project more efficiently by strengthening ties with partners in the Philippines.

(4) Sales and profits/losses of the divested business in the consolidated financial statements for the consolidated fiscal year ended March 31, 2015

Net sales: – million yen
 Operating loss: 49 million yen

(5) Continuing involvement

As of March 31, 2015, EAGLE II HOLDCO, INC. held long-term deposits of the Company totaling 7,068 million yen.

(Asset Retirement Obligations)

Asset retirement obligations recorded in the consolidated balance sheet

(a) Outline of the asset retirement obligations

Lease contracts include an obligation to restore buildings and land to the original condition.

(b) Method for calculating the amount of asset retirement obligations

Asset retirement obligations are calculated by using an estimated expected period of use of eight years for the head office, 50 years for the art museum and 47 years for the annex and a discount rate of 1.04% for the head office and 1.71% for the art museum and the annex.

(c) Changes in the total amount of asset retirement obligations

	(Million yen)	
	Previous Consolidated Fiscal year (April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)
Balance at the beginning of the period	185	371
Increase due to acquisition of property, plant and equipment	182	-
Adjustment with elapse of time	3	5
Decrease due to fulfillment of asset retirement obligations	-	-
Other increase (decrease)	-	-
Balance at the end of the period	371	377

(Investment and Rental Property)

There is no applicable information.

(Segments of an Enterprise and Related Information)

[Segment Information]

1. Outline of reportable segments

The reportable segments of the Company are the units constituting the Company, of which segregated financial information is available and which are subject to periodical reviews by the Board of Directors so as to determine allocations of management resources and to evaluate business performance.

The Company has established business divisions classified by products and services at the headquarters and each business division devises comprehensive strategies for domestic or overseas products and services and deploys its business activities. Accordingly, the Company is composed of segments classified by products or services based on the business divisions and specifies "Pachislot and Pachinko Business" as its reportable segment.

"Pachislot and Pachinko Business" includes development, manufacture and sales of Pachislot and Pachinko machines.

2. Calculation method of net sales, income/loss, assets, liabilities and other items in each reportable segment

Accounting method applied to reportable segments is identical to that of the consolidated financial statements.

Values in segment income/loss are based on operating income.

Inter-segment internal income and transfer amounts are based on actual market prices.

3. Information pertaining to amounts of net sales, income/loss, assets, liabilities and other items in each reportable segment
 Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)

(Million yen)

	Reportable Segment	Others (Note)	Total
	Pachislot/Pachinko Business		
Net sales			
Sales to external customers	83,444	3,316	86,760
Inter-segment sales or transfers	-	36	36
Total	83,444	3,352	86,797
Segment income (loss)	35,418	(2,385)	33,033
Segment assets	84,430	18,154	102,584
Other items			
Depreciation	919	704	1,623
Increase in property, plant and equipment and intangible assets	2,911	2,085	4,997

Note: "Others" classification consists of business segments not included in any reportable segment and is inclusive of the Broadcasting Business, Media Business and others.

Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)

(Million yen)

	Reportable Segment	Others (Note)	Total
	Pachislot/Pachinko Business		
Net sales			
Sales to external customers	84,731	3,354	88,085
Inter-segment sales or transfers	-	10	10
Total	84,731	3,365	88,096
Segment income (loss)	35,882	(3,108)	32,774
Segment assets	84,949	12,353	97,303
Other items			
Depreciation	1,268	1,028	2,296
Increase in property, plant and equipment and intangible assets	2,438	595	3,034

Note: "Others" classification consists of business segments not included in any reportable segment and is inclusive of the Broadcasting Business, Media Business and others.

4. Difference between total amount in reportable segment and amount recorded in consolidated financial statements and primary items of such difference (matters pertaining to difference adjustments)

(Million yen)

Net Sales	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total of reportable segments	83,444	84,731
Net sales in "Others" classification	3,352	3,365
Eliminated inter-segment transactions	(36)	(10)
Net sales in consolidated financial statements	86,760	88,085

(Million yen)

Income	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total of reportable segments	35,418	35,882
Loss in "Others" classification	(2,385)	(3,108)
Eliminated inter-segment transactions	(55)	113
Unallocated expenses (Note)	(8,327)	(11,840)
Operating income in consolidated financial statements	24,650	21,047

Note: Unallocated expenses are mainly composed of selling, general and administrative expenses not attributed to a reportable segment.

(Million yen)

Assets	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total of reportable segments	84,430	84,949
Assets in "Others" classification	18,154	12,353
Unallocated assets (Note)	146,248	190,817
Total assets in consolidated financial statements	248,833	288,120

Note: Unallocated assets are mainly composed of investments in affiliates, the surplus operating fund (cash and deposits and securities) and land that are not attributable to the reportable segment.

(Million yen)

Other Items	Total of Reportable Segments		Others		Adjusted Amounts		Amounts in Consolidated Financial Statements	
	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Depreciation	919	1,268	704	1,028	420	953	2,044	3,249
Increase in property, plant and equipment and intangible assets	2,911	2,438	2,085	595	23,314	15,625	28,311	18,659

Note: The adjusted amounts in increase in property, plant and equipment and intangible assets are unallocated investment amounts.

[Related Information]

Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)

1. Information of each product and service

Description of this item is omitted because same information is indicated in Segment Information.

2. Geographical information

(1) Net sales

Description of this item is omitted because sales to external customers in Japan accounted for more than 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

(Million yen)

Japan	Philippines	Other overseas countries	Total
26,188	60,636	2,996	89,822

3. Information of specific major customer

(Million yen)

Name	Sales	Related segments
Fields Corporation	17,142	Pachislot/Pachinko Business

Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)

1. Information of each product and service

Description of this item is omitted because same information is indicated in Segment Information.

2. Geographical information

(1) Net sales

Description of this item is omitted because sales to external customers in Japan accounted for more than 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

(Million yen)

Japan	Philippines	Other overseas countries	Total
25,984	50,867	2,911	79,763

3. Information of specific major customer

(Million yen)

Name	Sales	Related segments
ORIX Corporation	9,707	Pachislot/Pachinko Business

[Impairment Loss of Non-current Assets by Each Reportable Segment]

Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)

There is no applicable information.

Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)

This information is not disclosed due to the lack of its significance.

[Amortization of Goodwill and Unamortized Balance by Each Reportable Segment]

Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)

There is no applicable information.

Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)

There is no applicable information.

[Gain on Bargain Purchase by Each Reportable Segment]

Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)

There is no applicable information.

Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)

There is no applicable information.

[Information on Related Parties]

1. Transactions with related parties

(1) Transactions between the Company and related parties

i. Parent company and major institutional shareholders, etc. of the Company

Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)

Category	Name	Location	Capital or Investments (Million yen)	Description of Business or Occupation	Holding or Held Ratio of Voting Rights
Parent company	Okada Holdings GK	Koto-ku, Tokyo	10	Lease of real property, etc.	74.2% directly held

Relationship with the Related Party	Description of Transactions	Transaction Amount (Million yen)	Account Item	Year-end Balance (Million yen)
Rental of real property	-	-	Lease and guarantee deposits	141
	Payment of rents, etc. (Note 2)	141	Prepaid expenses	12

Notes:

- The transaction amount does not include consumption taxes, etc., whereas the year-end balance includes consumption taxes, etc.
- Details on the payment of rents are determined by consultation between both parties in consideration of the business description.

Current consolidated fiscal year (April 1, 2014 to March 31, 2015)

Category	Name	Location	Capital or Investments (Million yen)	Description of Business or Occupation	Holding or Held Ratio of Voting Rights
Parent company	Okada Holdings Limited	China (Hong Kong)	9,362 million HK\$	Investments in securities, etc.	74.2% directly held

Relationship with the Related Party	Description of Transactions	Transaction Amount (Million yen)	Account Item	Year-end Balance (Million yen)
Provision of collateral	Receipt of collateral (Note)	-	-	-

Note: Company stock (54,452 thousand shares) has been submitted as collateral for loans received from some financial institutions. There are no loan guarantee payments.

ii. Executives and major individual shareholders, etc. of the Company

Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)

Category	Name	Location	Capital or Investments (Million yen)	Description of Business or Occupation	Holding or Held Ratio of Voting Rights
(Note 2)	Trans Orbit Co., Ltd.	Minato-ku, Tokyo	472	Travel agency	None (Note 2)
(Note 4)	Aruze Gaming America, Inc.	Nevada, USA	8 thousand US\$	Gaming machine business	None (Note 4)
(Note 7)	Aruze Software K.K.	Koto-ku, Tokyo	10	Gaming machine business	None (Note 6)

Relationship with the Related Party	Description of Transactions	Transaction Amount (Million yen)	Account Item	Year-end Balance (Million yen)
Vendor of flight tickets, etc.	Travel expenses (Note 3)	35	Accounts payable-other	5
Sales of gaming materials	Sales of components (Note 5)	16	Accounts receivable-trade	8
	Storage fees for materials	11	Long-term accounts receivable-other	482
Subleasing of office	Receipt of rents, etc., from subleasing of office (Note 7)	117	Accounts receivable-other	1

Notes:

1. The transaction amount does not include consumption taxes, etc., whereas the year-end balance includes consumption taxes, etc.
2. Trans Orbit Co., Ltd., is included in “Executives and major individual shareholders” of the Company because 98.7% of its voting rights are directly held by Kazuo Okada, Director of the Company.
3. Travel expenses are determined in the same fashion as regular transaction conditions taking market prices into consideration.
4. Aruze Gaming America, Inc., is included in “Executives and major individual shareholders” of the Company because 100% of its voting rights are directly held by Kazuo Okada, Director of the Company.
5. Sales and purchases of products and components are determined in the same fashion as regular transaction conditions taking market prices into consideration.
6. Aruze Software K.K. is included in “Executives and major individual shareholders” of the Company because 100% of its voting rights are indirectly held by Kazuo Okada, Director of the Company.
7. Rents are determined in the same fashion as regular transaction conditions taking market prices into consideration.

Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)

Category	Name	Location	Capital or Investments (Million yen)	Description of Business or Occupation	Holding or Held Ratio of Voting Rights
Company, etc. with majority voting rights owned by director or his close relatives	Okada Holdings GK (Note 2)	Koto-ku, Tokyo	10	Lease of real property, etc.	None
	Trans Orbit Co., Ltd. (Note 4)	Minato-ku, Tokyo	472	Travel agency	None
	Aruze Gaming America, Inc. (Note 6)	Nevada, USA	8 thousand US\$	Gaming machine business	None
	Aruze Software K.K. (Note 8)	Koto-ku, Tokyo	10	Gaming machine business	None
	Well Investments Limited (Note 10)	British Virgin Islands	3.00 US\$	Advisory business, etc.	None
	Book Field Capital Co., Ltd. (Note 10)	Minato-ku, Tokyo	50	Financial Instruments (investment management, investment advisory, and agency operations businesses)	None
Directors	Kazuo Okada	-	-	Chairman of the Board of Directors of the Company	74.2% indirectly held (Note 13)

Relationship with the Related Party	Description of Transactions	Transaction Amount (Million yen)	Account Item	Year-end Balance (Million yen)
Rental of real property	Provision of guarantees	-	Guarantee deposits	141
	Payment of rents, etc. (Note 3)	141	Prepaid expenses	12
Vendor of flight tickets, etc.	Travel expenses (Note 5)	34	Accounts payable-other	2
Sales of gaming materials	Sales of products and components (Note 7)	18	Accounts receivable-trade	10
			Long-term accounts receivable-other	580
Purchases of components	Storage fees for materials (Note 7)	13	Accounts payable-trade	0
	Purchases of components (Note 7)	49		
Subleasing of office	Receipt of rents, etc., from subleasing of office (Note 9)	117	Accounts receivable-other	1
Payment of consulting fees, etc.	Payment of consulting fees, etc. (Note 11)	138	Deposits	100
Payment of consulting fees, etc.	Payment of consulting fees, etc. (Note 11)	12	-	-
Payment of attorney fees	Payment of attorney fees (Note 12)	86	-	-
Payment of rents, etc.	Payment of rents, etc. (Note 3)	11	Accrued expenses	11

Notes:

1. The transaction amount does not include consumption taxes, etc., whereas the year-end balance includes consumption taxes, etc.
2. 99.9% of its voting rights are indirectly held by Kazuo Okada, Director of the Company and close relatives.
3. Details on the payment of rents are determined by consultation between both parties in consideration of the business description.
4. 98.7% of its voting rights are directly held by Kazuo Okada, Director of the Company.
5. Travel expenses are determined in the same fashion as regular transaction conditions taking market prices into consideration.
6. 100% of its voting rights are directly held by Kazuo Okada, Director of the Company.
7. Sales and purchases of products and components and storage fees for materials are determined in the same fashion as regular transaction conditions taking market prices into consideration.
8. 100% of its voting rights are indirectly held by Kazuo Okada, Director of the Company.
9. Rents are determined in the same fashion as regular transaction conditions taking market prices into consideration.
10. Yuki Arai, Director of the Company, and close relatives hold the majority of voting rights.
11. Consulting fees are determined by contracts with terms to which both parties agree.
12. Compensation for attorneys is based on generally accepted attorney fees.
13. Ownership of the Company's parent company, where Kazuo Okada, Director of the Company, and close relatives directly hold 100% of the voting rights.

(2) Transactions between consolidated subsidiaries of the Company and related parties

i. Executives and major individual shareholders of the Company, etc.

Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)

Category	Name	Location	Capital or Investments (Million yen)	Description of Business or Occupation	Holding or Held Ratio of Voting Rights
(Note 2)	Trans Orbit Co., Ltd.	Minato-ku, Tokyo	472	Travel agency	None (Note 2)
(Note 4)	Aruze Gaming America, Inc.	Nevada, USA	8 thousand US\$	Gaming machine business	None (Note 4)
(Note 4)	Aruze Gaming Hong Kong Limited	China (Hong Kong)	10 HK\$	Gaming machine business	None (Note 4)

Relationship with the Related Party	Description of Transactions	Transaction Amount (Million yen)	Account Item	Year-end Balance (Million yen)
Vendor of flight tickets, etc.	Travel expenses (Note 3)	31	-	-
Sales of gaming materials	Receipt and repayment of deposits received	1,273	-	-
	Payment and collection of advances paid	293	-	-
Rental of buildings	Payment of rents, etc. (Note 5)	26	Accounts payable-other	8

Notes:

- The transaction amount does not include consumption taxes, etc., whereas the year-end balance includes consumption taxes, etc.
- Trans Orbit Co., Ltd., is included in “Executives and major individual shareholders” of the Company because 98.7% of its voting rights are directly held by Kazuo Okada, Director of the Company.
- Travel expenses are determined in the same fashion as regular transaction conditions taking market prices into consideration.
- Aruze Gaming America, Inc. and Aruze Gaming Hong Kong Limited are included in “Executives and major individual shareholders” of the Company because 100% of their voting rights are directly held by Kazuo Okada, Director of the Company.
- Rents are determined in the same fashion as regular transaction conditions taking market prices into consideration.

Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)

Category	Name	Location	Capital or Investments (Million yen)	Description of Business or Occupation	Holding or Held Ratio of Voting Rights
Company, etc. with majority voting rights owned by director or his close relatives	Aruze Gaming Macau Limited (Note 2)	China (Macau)	12 US\$	Gaming machine business	None

Relationship with the Related Party	Description of Transactions	Transaction Amount (Million yen)	Account Item	Year-end Balance (Million yen)
Receipt of employees on temporary assignments, shared directors, etc.	Payment of salaries of individuals on temporary assignments (Note 3)	17	-	-

Notes:

- The transaction amount does not include consumption taxes, etc., whereas the year-end balance includes consumption taxes, etc.
- 100% of its voting rights are directly held by Kazuo Okada, Director of the Company.
- Payments of personnel expenses for individuals on temporary assignments based on the memorandum for these assignments.

2. Notes regarding the parent companies and important affiliates

Information on the parent companies

Okada Holdings Limited (not listed)

(Per Share Information)

Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)		Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)	
Net assets per share (Yen)	2,629.13	Net assets per share (Yen)	2,979.73
Net income per share (Yen)	128.23	Net income per share (Yen)	138.64
Diluted net income per share(Yen)	128.15		-

Notes: 1. "Diluted net income per share" for the current consolidated fiscal year is not stated, because dilutive shares do not exist.

2. The calculation bases for net income per share and diluted net income per share are as follows:

	Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)
Net income per share		
Net income (Million yen)	9,409	10,173
Amount not attributed to common shareholders (Million yen)	-	-
Net income applicable to common stock (Million yen)	9,409	10,173
Average number of shares during the fiscal year (Thousand shares)	73,383	73,383
Diluted net income per share		
Adjusted net income (Million yen)	-	-
Increase in the number of common stock (Thousand shares)	43	-
[Of which, subscription rights to shares (Thousand shares)]	[43]	[-]
Description of the potential shares not included in the calculation of diluted net income per share due to their non-dilutive effect	-	Stock option approved at the Board of Directors meeting held on Jun. 26, 2014: Common stock (700,000 shares) (Subscription rights to shares (7,000 units)) Stock option approved at the Ordinary Shareholders' Meeting on June 26, 2014 and the Board of Directors' meeting held on October 31, 2014: Common stock (124,000 shares) (Subscription rights to shares (1,240 units))

(Significant Subsequent Events)

There is no applicable information.

v. Consolidated Supplementary Schedules
[Detailed Statements of Bonds]

Company Name	Stock Brand	Issue Date	Current Year Beginning Balance (Million yen)	Current Year Ending Balance (Million yen)	Interest Rate (%)	Collateral	Redemption Date
Universal Entertainment Corporation	1st unsecured corporate bond with right of redemption before maturity	December 30, 2004	200 [200]	-	Whichever is the higher rate between the short-term prime rate – 1.00 or the 6-month yen TIBOR + 0.10	None	December 30, 2014
	7th unsecured corporate bond	June 30, 2011	300 [300]	-	0.57	Yes	June 30, 2014
	8th unsecured corporate bond	December 30, 2011	1,000 [500]	500 [500]	0.57	Yes	December 30, 2015
	9th unsecured corporate bond	December 30, 2011	640 [640]	-	0.55	Yes	December 30, 2014
Total	-	-	2,140 [1,640]	500 [500]	-	-	-

Notes:

- The figures in parentheses under “Current Year Ending Balance” represent the bond amounts scheduled to be redeemed within one year.
- The bond amounts scheduled to be redeemed within five years after the closing date of the consolidated fiscal year are as follows:

(Million yen)

Within one year	More than one year but within two years	More than two years but within three years	More than three years but within four years	More than four years but within five years
500	-	-	-	-

[Detailed statements of Borrowings]

Category	Current Year Beginning Balance (Million yen)	Current Year Ending Balance (Million yen)	Average Interest Rate (%)	Due Date
Short-term loans payable	16,051	28,782	2.695	-
Current portion of long-term loans payable	344	-	-	-
Current portion of lease obligations	-	-	-	-
Long-term loans payable (excluding those repayable within one year)	-	-	-	-
Lease obligations (excluding those repayable within one year)	-	-	-	-
Other interest-bearing liabilities Accounts payable-other (sale-lease back transactions due within one year)	-	1,045	1.619	-
Total	16,395	29,828	-	-

Note: The weighted average interest rate on the balance of borrowings at the end of fiscal year is stated as the average interest rate.

[Detailed Statements of Asset Retirement Obligations]

This information is omitted here because it is provided in the form of notes to the consolidated financial statements as prescribed in Article 15-23 of the Regulations for Consolidated Financial Statements.

(2) Others

i. Quarterly information for the current consolidated fiscal year

Cumulative period	Three months ended June 30, 2014	Six months ended September 30, 2014	Nine months ended December 31, 2014	Fiscal year ended March 31, 2015
Net sales (Million yen)	17,179	38,428	47,028	88,085
Income before income taxes and others (Million yen)	2,093	8,985	6,852	21,481
Net income (Million yen)	720	4,327	1,844	10,173
Net income per share (Yen)	9.82	58.97	25.14	138.64

Each quarter	1st Quarter April 1, 2014 to June 30, 2014	2nd Quarter July 1, 2014 to September 30, 2014	3rd Quarter October 1, 2014 to December 31, 2014	4th Quarter January 1, 2015 to March 31, 2015
Net income (loss) per share (Yen)	9.82	49.15	(33.83)	113.50

ii. Situation after the account closing day

There are no matters to report.

iii. Litigation

As explained in the section (Litigation) under “Additional Information.”

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

i. Non-consolidated Balance Sheet

	(Million yen)	
	Previous Fiscal Year (March 31, 2014)	Current Fiscal Year (March 31, 2015)
Assets		
Current assets		
Cash and deposits	19,404	11,833
Notes receivable-trade	3,376	1,690
Accounts receivable-trade	*1 16,365	*1 24,865
Merchandise and finished products	228	884
Work in process	6,951	8,827
Raw materials and supplies	17,427	17,014
Advance payments-trade	1,087	1,744
Prepaid expenses	*1 246	*1 261
Deferred tax assets	700	620
Accrued consumption taxes	749	-
Suspense payments	*1 775	*1 661
Other	*1 334	*1 854
Allowance for doubtful accounts	(56)	(55)
Total current assets	67,591	69,201
Non-current assets		
Property, plant and equipment		
Buildings	*2 8,120	*2 8,481
Structures	818	774
Machinery and equipment	563	1,380
Aircraft	5,976	5,229
Tools, furniture and fixtures	3,328	3,475
Assets for rent	3	0
Land	*2 6,370	*2 6,361
Construction in progress	766	71
Other	29	26
Total property, plant and equipment	25,978	25,800
Intangible assets		
Software	361	633
Software in progress	1,066	963
Other	27	27
Total intangible assets	1,455	1,624
Investments and other assets		
Investment securities	147	134
Stocks of subsidiaries and affiliates	38,800	38,473
Long-term loans receivable from subsidiaries and affiliates	159	108
Long-term advances paid to subsidiaries and affiliates	35,909	53,065
Claims in bankruptcy, rehabilitation and other	*1 1,812	*1 2,128
Long-term prepaid expenses	2,111	1
Long-term accounts receivable-other	1,447	1,544
Lease and guarantee deposits	*1 766	800
Long-term deposits	-	3,440
Long-term deposits for affiliates	-	14,368
Other	377	352
Allowance for doubtful accounts	(2,643)	(2,863)
Allowance for investment loss	(200)	(200)
Total investments and other assets	78,689	111,355
Total non-current assets	106,123	138,780
Total assets	173,714	207,982

(Million yen)

	Previous Fiscal Year (March 31, 2014)	Current Fiscal Year (March 31, 2015)
Liabilities		
Current liabilities		
Notes payable-trade	12,991	6,368
Accounts payable-trade	*1 6,854	*1 11,519
Short-term loans payable	749	22,009
Current portion of long-term loans payable	344	-
Current portion of bonds	*2 1,640	*2 500
Accounts payable-other	*1 2,155	*1 3,610
Accrued expenses	*1 2,380	*1 1,905
Accrued income taxes	7,100	6,030
Accrued consumption taxes	-	1,517
Deposits received	*1 1,215	*1 1,376
Provision for bonuses	204	215
Other	*1 1,213	*1 2,198
Total current liabilities	36,848	57,251
Non-current liabilities		
Bonds payable	*2 500	-
Long-term guarantee deposits received	*1 549	*1 553
Deferred tax liabilities	583	2,710
Asset retirement obligations	371	377
Total non-current liabilities	2,004	3,641
Total liabilities	38,853	60,892
Net assets		
Shareholders' equity		
Capital stock	98	98
Capital surplus		
Legal capital surplus	7,503	7,503
Other capital surplus	3,348	3,348
Total capital surplus	10,852	10,852
Retained earnings		
Legal retained earnings	861	861
Other retained earnings		
General reserve	90,000	90,000
Retained earnings brought forward	47,289	59,521
Total retained earnings	138,151	150,383
Treasury shares	(14,296)	(14,296)
Total shareholders' equity	134,805	147,036
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	33	19
Total valuation and translation adjustments	33	19
Subscription rights to shares	22	32
Total net assets	134,861	147,089
Total liabilities and net assets	173,714	207,982

ii. Non-consolidated Statement of Income

(Million yen)

	Previous Fiscal Year (April 1, 2013 to March 31, 2014)	Current Fiscal Year (April 1, 2014 to March 31, 2015)
Net sales	85,984	87,808
Cost of sales	41,704	42,058
Gross profit	44,279	45,750
Selling, general and administrative expenses	* 19,024	* 24,084
Operating income	25,255	21,665
Non-operating income		
Interest income	4	0
Dividend income	5	7
Foreign exchange gains	1,283	5,403
Other	61	82
Total non-operating income	1,355	5,494
Non-operating expenses		
Interest expense	51	110
Interest on bonds	17	6
Commission fee	189	199
Sales discounts	1	233
Other	2	9
Total non-operating expenses	261	560
Ordinary income	26,348	26,600
Extraordinary income		
Gain on sales of investment securities	140	-
Gain on sales of stocks of subsidiaries and affiliates	49	-
Gain on reversal of subscription rights to shares	0	22
Other	3	6
Total extraordinary income	194	29
Extraordinary loss		
Loss on valuation of investment securities	562	-
Loss on retirement of non-current assets	109	1
Loss on disposal of inventories	2,976	-
Loss on business of subsidiaries and associates	-	884
Other	176	-
Total extraordinary losses	3,824	886
Income before income taxes	22,718	25,743
Income taxes-current	6,851	9,461
Income taxes-deferred	1,290	2,216
Total income taxes	8,141	11,677
Net income	14,576	14,066

iii. Non-consolidated Statement of Changes in ~~Equity~~ net assets
 Previous Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)

(Million yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of current period	98	7,503	3,348	10,852	861	90,000	34,180	125,042
Changes of items during period								
Dividends of surplus							(1,467)	(1,467)
Net income							14,576	14,576
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	-	-	-	-	13,109	13,109
Balance at end of current period	98	7,503	3,348	10,852	861	90,000	47,289	138,151

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	(14,296)	121,695	0	0	22	121,718
Changes of items during period						
Dividends of surplus		(1,467)				(1,467)
Net income		14,576				14,576
Net changes of items other than shareholders' equity			33	33	(0)	33
Total changes of items during period	-	13,109	33	33	(0)	13,142
Balance at end of current period	(14,296)	134,805	33	33	22	134,861

Current Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)

(Million yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at beginning of current period	98	7,503	3,348	10,852	861	90,000	47,289	138,151
Changes of items during period								
Dividends of surplus							(1,834)	(1,834)
Net income							14,066	14,066
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	-	-	-	-	12,231	12,231
Balance at end of current period	98	7,503	3,348	10,852	861	90,000	59,521	150,383

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	(14,296)	134,805	33	33	22	134,861
Changes of items during period						
Dividends of surplus		(1,834)				(1,834)
Net income		14,006				14,066
Net changes of items other than shareholders' equity			(13)	(13)	10	(3)
Total changes of items during period	-	12,231	(13)	(13)	10	12,228
Balance at end of current period	(14,296)	147,036	19	19	32	147,089

[Notes]

Significant Accounting Policies

1. Valuation criteria and methods for assets

(1) Valuation criteria and methods for marketable securities

1) Shares of subsidiaries and affiliates

Cost method based on the moving average method.

2) Available-for-sale securities

Securities having market value:

Market value method based on market prices, etc., as of the closing date of the fiscal year. (Valuation differences are treated by the total direct capitalization method and the cost of securities sold is determined by the moving average method.)

Securities without market value:

Cost method based on the moving average method.

(2) Valuation criteria and methods for derivatives

Derivatives

Market value method.

(3) Valuation criteria and methods for inventories

1) Finished goods, raw materials and work in process

Cost method based on the weighted average costing method. (The amount stated in the balance sheet was calculated by the book value write-down method based on a reduction in profitability.) For work in process concerning the production of content, etc., the specific costing method is applied.

2) Supplies

Last purchase cost method.

2. Depreciation and amortization methods for non-current assets

(1) Property, plant and equipment (excluding lease assets)

The declining-balance method.

Buildings (excluding structures attached to buildings) acquired on or after April 1, 1998, are depreciated using the straight-line method. Rental assets are depreciated evenly over the number of years that equals the contract period.

Approximate useful lives:

Buildings: 8 to 50 years

Aircraft: 8 years

Machinery and equipment: 7 to 15 years

Tools, furniture and fixtures: 2 to 15 years

(2) Intangible assets (excluding lease assets)

The straight-line method

Software intended for internal use is amortized using the straight-line method based on an estimated period of internal use (five years).

(3) Lease assets

The straight-line method is applied whereby the lease period is deemed the durable life and the remaining value is deemed zero.

Finance lease transactions without transfer of ownership for which the lease transaction commenced on or before March 31, 2008, are accounted for in accordance with the method applicable to regular lease transactions.

3. Translation standard of foreign currency-denominated assets or liabilities into yen

Monetary debts and credits denominated in foreign currencies are translated into yen at the spot exchange rates on the fiscal year-end date, with the differences resulting from such translations recorded as losses or profits.

4. Reporting basis for allowances

(1) Allowance for doubtful accounts

In the provision for possible losses on receivables caused by bad debts, an estimated uncollectible amount is reported based on their historical losses as to ordinary receivables and based on the consideration of feasibly recoverable amounts in individual cases of specific receivables for which collectability is a great concern.

(2) Provision for bonuses

In the provision for the future payment of employee bonuses, the anticipated amount of future bonus payments is reported.

(3) Allowance for investment loss

In the provision for possible investment loss pertaining to the affiliated companies, an estimated uncollectible amount is reported in consideration of their asset qualities, etc.

5. Reporting basis for income and expenses

Reporting basis for income pertaining to finance lease transactions:

A method to report net sales and cost of sales upon the receipt of lease fees is used.

6. Other significant matters for preparation of the financial statement

Accounting procedure for consumption taxes

Consumption taxes are accounted by the tax-exclusion method.

(Non-consolidated Balance Sheet)

*1. Assets and liabilities relating to affiliated companies (excluding separately presented on the balance sheets)

	(Million yen)	
	Previous Fiscal Year (March 31, 2014)	Current Fiscal Year (March 31, 2015)
Short-term monetary claims	354	513
Long-term monetary claims	173	40
Short-term monetary liabilities	4,794	5,748
Long-term monetary liabilities	20	20

*2. Assets pledged as collateral and secured liabilities

Assets pledged as collateral

	(Million yen)	
	Previous Fiscal Year (March 31, 2014)	Current Fiscal Year (March 31, 2015)
Buildings	1,360	1,309
Land	5,168	5,168

Secured liabilities

	(Million yen)	
	Previous Fiscal Year (March 31, 2014)	Current Fiscal Year (March 31, 2015)
Current portion of bonds	1,440	500
Bonds payable	500	-

(Non-consolidated Statement of Income)

Selling expenses accounted for about 10% and 6% of selling, general and administrative (SG&A) expenses for the previous and current fiscal years, respectively. General and administrative expenses accounted for about 90% and 94% of the SG&A expenses for the previous and current fiscal years, respectively.

Major components and their amounts of the selling, general and administrative expenses are as follows.

	(Million yen)	
	Previous Fiscal Year (April 1, 2013 to March 31, 2014)	Current Fiscal Year (April 1, 2014 to March 31, 2015)
Research and development expenses	2,928	4,205
Salary and allowance	2,417	2,484
Commission fee	2,666	6,521
Sales commission	989	1,011
Depreciation	1,072	2,374
Provision for bonuses	77	72
Provision of allowance for doubtful accounts	(139)	300

(Marketable Securities)

Detailed information on the shares of subsidiaries and affiliates (the amounts recorded on the non-consolidated balance sheet for the current and previous fiscal years are 38,473 million yen and 38,800 million yen, respectively) is not provided because there are no market prices for these shares, and therefore it is extremely difficult to measure their current market value.

(Tax-Effect Accounting)

1. Details of the causes for deferred tax assets and deferred tax liabilities

	(Million yen)	
	Previous fiscal Year (March 31, 2014)	Current Fiscal Year (March 31, 2015)
Deferred tax assets (current)		
Amount in excess of provision for bonuses	75	76
Amount in excess of provision of allowance for doubtful accounts	20	19
Accrued enterprise taxes	583	478
Loss on valuation of inventories	754	753
Loss on valuation of in-process development of peripheral equipment	137	304
Other	153	68
Subtotal of deferred tax assets (current)	1,724	1,700
Valuation allowance	(1,024)	(1,080)
Total deferred tax assets (current)	700	620
Net deferred tax assets (current)	700	620
Deferred tax assets (non-current)		
Loss on valuation of subsidiaries' stocks	514	795
Amount in excess of provision of allowance for doubtful accounts	277	476
Loss on valuation of investments in capital	153	146
Amount in excess of depreciation	222	230
Impairment loss	179	171
Interest equivalent for long-term advances paid	275	605
Reduction entry of dividend asset	16,102	15,347
Amortization of long-term prepaid expenses	-	692
Stocks of subsidiaries and affiliates	73	252
Other	24	28
Subtotal of deferred tax assets (non-current)	17,823	18,746
Valuation allowance	(17,723)	(18,606)
Total deferred tax assets (non-current)	100	140
Offset with deferred tax liabilities (non-current)	(100)	(140)
Net deferred tax liabilities (non-current)	-	-
Deferred tax liabilities (non-current)		
Valuation difference on available-for-sale securities	(19)	(10)
Gain on valuation of non-current assets	(14)	(56)
Foreign exchange losses (gains)	(649)	(2,783)
Total deferred tax liabilities (non-current)	(683)	(2,850)
Offset with deferred tax assets (non-current)	100	140
Net deferred tax liabilities (non-current)	(583)	(2,710)

2. Details of major items causing the significant difference between the statutory effective tax rate and the actual effective tax rate after the application of tax-effect accounting

	Previous Fiscal Year (March 31, 2014)	Current Fiscal Year (March 31, 2015)
Statutory effective tax rate	39.40%	37.10%
(Adjustments)		
Valuation allowance	73.44%	7.55%
Par capita residential tax	0.01%	0.01%
Dividend income and other items excluded from gross revenue	(76.20)%	0.24%
Other	(0.80)%	0.46%
Actual effective tax rate after the application of tax-effect accounting	35.84%	45.36%

3. Revised amount of deferred tax assets and deferred tax liabilities following the change in the corporate tax rate, etc.

Following the promulgation on March 31, 2015 of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 9 of 2015), and the “Act for Partial Revision of the Local Tax Act, etc.” (Act No. 2 of 2015), corporate tax rate, etc. have been revised for the fiscal years beginning on or after April 1, 2015. Consequently, the statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities is lowered from 37.10% to 35.36% for temporary differences expected to be covered for the fiscal year beginning from April 1, 2015.

The impact of recalculation of deferred tax assets and deferred tax liabilities based on the temporary differences as of the end of current fiscal year resulting from the change in the statutory effective tax rate will not be significant.

(Business Combinations)

Business divestiture

Notes on business combinations are stated in “Business Combination” section of the “Notes to Consolidated Financial Statements” and are therefore omitted here.

(Significant Subsequent Events)

There is no applicable information.

iv. Non-consolidated Supplementary Schedules
(Detailed Statement of Property, Plant and Equipment, etc.)

(Million yen)

Category	Category of Assets	Balance as of April 1, 2014	Increase	Decrease	Depreciation or Amortization at Year-end	Balance as of March 31, 2015	Accumulated Depreciation or Amortization
Property, plant and equipment	Buildings	13,104	745	29	375	13,820	5,338
	Structures	1,135	42	-	86	1,177	403
	Machinery and equipment	2,079	1,075	-	258	3,154	1,773
	Aircraft	5,976	-	-	747	5,976	747
	Tools, furniture and fixtures	11,535	1,188	80	1,041	12,645	9,170
	Assets for rent	1,006	-	363	3	643	643
	Land	6,370	-	8	-	6,361	-
	Construction in progress	766	1,314	2,009	-	71	-
	Other	253	12	74	15	191	165
	Total property, plant and equipment	42,222	4,377	2,565	2,527	44,043	18,242
Intangible assets	Software	3,565	635	5	357	4,195	3,561
	Software in progress	1,066	784	887	-	963	-
	Other	27	-	-	-	27	-
		Total intangible assets	4,659	1,419	892	357	5,185

Notes:

1. The major increases and decreases in the current fiscal year are as follows:

Tools, furniture and fixtures	Increase (Million yen)	Factory metal molds, jigs etc.	1,188
	Decrease (Million yen)	Sale / Retirement	79
Buildings	Increase (Million yen)	Test towers	552
	Decrease (Million yen)	Retirement	29
Machinery and equipment	Increase (Million yen)	PC lines	1,016
Construction in progress	Increase (Million yen)	Test towers	681
	Increase (Million yen)	PC lines	499
Assets for rent	Decrease (Million yen)	Sale / Retirement	363
Land	Decrease (Million yen)	Sale	8

2. Amounts for the beginning and end of the fiscal year are based on acquisition cost.

(Detailed Statement of Allowances)

(Million yen)

Category	Balance as of April 1, 2014	Increase	Decrease	Balance as of March 31, 2015
Allowance for doubtful accounts	2,699	317	97	2,918
Provision for bonuses	204	215	204	215
Allowance for investment loss	200	-	-	200

(2) Major Assets and Liabilities

Omitted because the Company prepares consolidated financial statements.

(3) Others

i. Status after the account closing date

There are no matters to report.

ii. Litigation

There is no applicable information.

Section 6. Outline of Stock-Related Matters of the Company

Business year	From April 1 to March 31
Ordinary Shareholders' Meeting	In June
Record date	March 31
Record date of dividend from surplus	September 30 and March 31
Number of shares in one share unit	100 shares
Purchase and additional sale of shares less than one unit Administration office Administrator of the shareholder registry Agents Purchasing and additional purchase fee	(Special Account) Sumitomo Mitsui Trust Bank, Limited Securities Agency Division 1-4-1, Marunouchi, Chiyoda-ku, Tokyo (Special Account) Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo - The amount prescribed separately as the one equivalent to the commission fees for entrustment of sales and purchase of shares
Method of public notice	Public notice of the Company is done by electronic public notice. However, in case that the Company is not able to issue electronic public notices due to accidents or any other inevitable reasons, such notices shall be published in the <i>Nihon Keizai Shimbun</i> newspaper. URL for public notices: http://www.universal-777.com
Special benefit for shareholders	None

Notes: In the Articles of Incorporation of the Company, the rights pertaining to shares less than one unit are limited to the following:

The Company's shareholders cannot exercise the rights other than those stated below with respect to shares less than one unit in their possession.

- (1) Rights stipulated in each item of Paragraph 2, Article 189 of the Companies Act
- (2) Right to demand stipulated in Paragraph 1, Article 166 of the Companies Act
- (3) Right to receive allocations of shares solicited or subscription of share purchase warrants in accordance with the number of shares in each shareholder's possession
- (4) Pursuant to the provision stipulated in the Shareholder Handling Rule, the right to demand that the Company sell numbers of shares that form one unit combined with shares less than one unit owned by the stockholder

Section 7. Referential Information of the Company

1. Information Pertaining to the Parent Companies, etc., of the Company

Okada Holdings Limited is the parent company of the Company provided for in Paragraph 1, Article 24-7 of the Financial Instruments and Exchange Act.

2. Other Referential Information

The Company has submitted the following documents during the period from the beginning date of the current fiscal year to the date of submission of this Securities Registration Report.

(1) Securities Registration Report, Attachments and Written Confirmation

For the 40th period (from April 1, 2013 to March 31, 2014): Submitted to the Director-General of the Kanto Local Finance Bureau on June 27, 2014.

(2) Internal Control Report and Attachments

Submitted to the Director-General of the Kanto Local Finance Bureau on June 27, 2014.

(3) Quarterly Reports and Written Confirmation

1st Quarter of the 42nd period (from April 1, 2014 to June 30, 2014):

Submitted to the Director-General of the Kanto Local Finance Bureau on August 8, 2014.

2nd Quarter of the 42nd period (from July 1, 2014 to September 30, 2014):

Submitted to the Director-General of the Kanto Local Finance Bureau on November 7, 2014.

3rd Quarter of the 42nd period (from October 1, 2014 to December 31, 2014):

Submitted to the Director-General of the Kanto Local Finance Bureau on February 13, 2015.

(4) Extraordinary Reports

Submitted to the Director-General of the Kanto Local Finance Bureau on July 4, 2014.

The extraordinary report was filed pursuant to Item 9-2, Paragraph 2, Article 19 (Result of exercise of voting rights at a Shareholders' Meeting) of the "Cabinet Office Ordinance Regarding Disclosure of Corporate Information."

Submitted to the Director-General of the Kanto Local Finance Bureau on July 4, 2014.

The extraordinary report was filed pursuant to Item 2-2, Paragraph 2, Article 19 (Issuance of subscription rights to shares for the Company's directors) of the "Cabinet Office Ordinance Regarding Disclosure of Corporate Affairs, etc."

Submitted to the Director-General of the Kanto Local Finance Bureau on July 4, 2014.

The extraordinary report was filed pursuant to Items 3 and 4, Paragraph 2, Article 19 (Change in the Company's parent company and major shareholders) of the "Cabinet Office Ordinance Regarding Disclosure of Corporate Information."

Submitted to the Director-General of the Kanto Local Finance Bureau on November 7, 2014.

The extraordinary report was filed pursuant to Item 2-2, Paragraph 2, Article 19 (Issuance of subscription rights to shares for the Company's employees as a stock option) of the "Cabinet Office Ordinance Regarding Disclosure of Corporate Information."

Submitted to the Director-General of the Kanto Local Finance Bureau on December 25, 2014.

Amendment Report to the above-mentioned Extraordinary Reports (Issuance of subscription rights to shares for the Company's employees as a stock option) submitted on November 7, 2014.

Submitted to the Director-General of the Kanto Local Finance Bureau on February 20, 2015.

The extraordinary report was filed pursuant to Item 12, Paragraph 2, Article 19 (Occurrence of events that have a marked impact on financial position, results of operations or cash flows) of the "Cabinet Office Ordinance Regarding Disclosure of Corporate Information."

Submitted to the Director-General of the Kanto Local Finance Bureau on April 23, 2015.

The extraordinary report was filed pursuant to Item 3, Paragraph 2, Article 19 (Changes in specified subsidiaries) of the "Cabinet Office Ordinance Regarding Disclosure of Corporate Information."

Part II. Information on Guarantee Companies, etc., for the Company

There is no applicable information.

Audit Report and Internal Control Audit Report by Independent Auditor

June 29, 2015

Board of Directors
Universal Entertainment Corporation

UHY Tokyo & Co.

Nobuyuki Hara, CPA, Designated Partner and Managing Partner
Shuichi Tanida, CPA, Designated Partner and Managing Partner
Tatsuya Kanome, CPA, Designated Partner and Managing Partner

<Audit on Financial Statements>

To make audit certification pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, UHY Tokyo & Co. (the "Audit Firm") audited the consolidated financial statements of Universal Entertainment Corporation (the "Company") included in the "Accounting" section of the Securities Registration Report for the consolidated fiscal year that commenced on April 1, 2014, and ended on March 31, 2015, which consisted of consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, significant items serving as the basis for the preparation of the consolidated financial statements and other notes to consolidated financial statements and consolidated supplementary schedules.

Management's responsibility for the consolidated financial statements

The Company's management is responsible for the preparation and fair disclosure of the aforementioned consolidated financial statements in accordance with the corporate accounting standards generally accepted as fair and appropriate in Japan. This includes the establishment and operation of internal control systems that are regarded as necessary by management to ensure the preparation and fair disclosure of the consolidated financial statements without material misstatement due to fraudulence or errors.

Auditor's responsibility

The Audit Firm is responsible for expressing its opinions regarding the aforementioned consolidated financial statements from an independent standpoint, based on the audit it conducted. The Audit Firm performed the audit in accordance with the auditing standards generally accepted as fair and appropriate in Japan. These auditing standards require the Audit Firm to plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement.

During the audit, auditing procedures are executed to obtain audit evidence supporting the amounts and disclosures of the consolidated financial statements. The auditing procedures are selected and applied at the discretion of the Audit Firm based on the assessment of risks on material misstatements in the consolidated financial statements due to fraudulence or errors. Although the audit on financial statements is not intended to express opinions as to the effectiveness of internal controls, the Audit Firm examines internal controls concerning the preparation and fair disclosure of consolidated financial statements when it conducts the aforementioned risk assessment to draw up appropriate auditing procedures according to the situation. The audit also includes a review of the overall presentation of the consolidated financial statements, including the assessment of the accounting principles and methods of application thereof adopted by management, as well as significant estimates made by management.

The Audit Firm believes that it obtained sufficient and appropriate audit evidence that forms the basis for expressing its opinions.

Auditor's opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material aspects, the financial position of Universal Entertainment Corporation and its consolidated subsidiaries as of March 31, 2015, and their operating results and cash flows for the consolidated fiscal year ended on the same day, in accordance with the corporate accounting standards generally accepted as fair and appropriate in Japan.

Highlighted information

As was explained in "Notes to Consolidated Balance Sheet" and "Additional Information," the lawsuit involving Wynn Resorts, Limited is currently underway. Taking into account the difficulty of estimating with certainty the effects that could potentially arise from the results of filing this countersuit, the Company values the Wynn Resorts stock at the acquisition cost since the end of March 2013.

This event has no effect on the opinions of the Audit Firm.

<Internal Control Audit>

To make audit certification in accordance with the provision of Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act, the Audit Firm audited the internal control report of Universal Entertainment Corporation as of March 31, 2015.

Management's responsibility for the internal control report

The Company's management is responsible for streamlining and operating its internal control concerning its financial reporting and preparing and fairly disclosing an internal control report in accordance with the evaluation standards for internal controls relating to financial reporting generally accepted as fair and appropriate in Japan.

There is a possibility that misstatements in financial reporting are not completely prevented or detected by the internal control systems concerning financial reporting.

Auditor's responsibility

The Audit Firm is responsible for expressing its opinions regarding the internal control report from an independent standpoint, based on the internal control audit it conducted. The Audit Firm performed the internal control audit in accordance with the auditing standards for internal controls concerning financial reporting that are generally accepted as fair and appropriate in Japan. These standards require the Audit Firm to plan and perform the internal control audit to obtain reasonable assurance as to whether the internal control report is free of material misstatement.

During the internal control audit, auditing procedures are executed to obtain audit evidence supporting the results of evaluation of the internal control systems relating to financial reporting in the internal control report. The internal control auditing procedures are selected and applied at the discretion of the Audit Firm based on the importance of the internal control's effects on the reliability of financial reports. The internal control audit also includes a review of the overall presentation of the internal control report, including the statements made by management on the scope, procedures and results of evaluation on the internal controls relating to financial reporting.

The Audit Firm believes that it obtained sufficient and appropriate audit evidence that forms the basis for expressing its opinions.

Auditor's opinion

In our opinion, the internal control report referred to above, in which Universal Entertainment Corporation indicated that the internal controls concerning financial reporting as of March 31, 2015, were effective, presents fairly, in all material aspects, the results of evaluation on the internal controls concerning financial reporting, in accordance with the evaluation standards for internal controls concerning financial reporting generally accepted as fair and appropriate in Japan.

Vested interests

The Audit Firm and its Managing Partners have no vested interests in the Company that should be disclosed in accordance with the provisions of the Certified Public Accountants Act.

End

Notes: 1. The above is the digitized form of the matters described in the original audit report, and the original copy is in the custody of the Company.

2. The scope of the audit does not include the XBRL data.

Independent Auditors' Report

June 29, 2015

Board of Directors
Universal Entertainment Corporation

UHY Tokyo & Co.

Nobuyuki Hara, CPA, Designated Partner and Managing Partner

Shuichi Tanida, CPA, Designated Partner and Managing Partner

Tatsuya Kanome, CPA, Designated Partner and Managing Partner

To make certification pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, UHY Tokyo & Co. (the "Audit Firm") audited the non-consolidated financial statements of Universal Entertainment Corporation (the "Company") included in the "Accounting" section of the Securities Registration Report for the 42nd business year that commenced on April 1, 2014, and ended on March 31, 2015, which consisted of non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, significant accounting policies and other notes to non-consolidated financial statements and non-consolidated supplementary schedules.

Management's responsibility for non-consolidated financial statements

The Company's management is responsible for the preparation and fair disclosure of the aforementioned non-consolidated financial statements in accordance with the corporate accounting standards generally accepted as fair and appropriate in Japan. This includes the establishment and operation of internal control systems that are regarded as necessary by the management to ensure the preparation and fair disclosure of the non-consolidated financial statements without material misstatement due to fraudulence or errors.

Auditor's responsibility

The Audit Firm is responsible for expressing its opinions regarding the aforementioned non-consolidated financial statements from an independent standpoint, based on the audit it conducted. The Audit Firm performed the audit in accordance with the auditing standards generally accepted as fair and appropriate in Japan. These auditing standards require the Audit Firm to plan and perform the audit to obtain reasonable assurance as to whether the non-consolidated financial statements are free of material misstatement.

During the audit, auditing procedures are executed to obtain audit evidence supporting the amounts and disclosures of the non-consolidated financial statements. The auditing procedures are selected and applied at the discretion of the Audit Firm based on the assessment of risks on material misstatements in the financial statements due to fraudulence or errors. Although the audit on the non-consolidated financial statements is not intended to express opinions as to the effectiveness of internal controls, the Audit Firm examines internal controls concerning the preparation and fair disclosure of the non-consolidated financial statements when it conducts the aforementioned risk assessment to draw up appropriate auditing procedures according to the situation. The audit also includes a review of the overall presentation of the non-consolidated financial statements, including the assessment of the accounting principles and methods of application thereof adopted by management, as well as significant estimates made by management.

The Audit Firm believes that it obtained sufficient and appropriate audit evidence that forms the basis for expressing its opinions.

Auditor's opinion

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material aspects, the financial position of Universal Entertainment Corporation as of March 31, 2015, and its operating results for the fiscal year ended on the same day, in accordance with the corporate accounting standards generally accepted as fair and appropriate in Japan.

Vested interests

The Audit Firm and its Managing Partners have no vested interests in the Company that should be disclosed in accordance with the provisions of the Certified Public Accountants Act.

End

Notes: 1. The above is the digitized form of the matters described in the original audit report, and the original copy is in the custody of the Company.

2. The scope of the audit does not include the XBRL data.