

This is an English translation of the official announcement in Japanese that was released on August 9, 2018. The translation is prepared for the readers' convenience only. All readers are strongly recommended to refer to the original Japanese version for complete and accurate information. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.



**Summary of Financial Data and Business Results for  
the Second Quarter of the Fiscal Year Ending December 31, 2018  
(JP GAAP, Consolidated)**

August 9, 2018  
Listed Exchange: Tokyo Stock Exchange

Company Name: Universal Entertainment Corporation

Code No.: 6425 URL: <http://www.universal-777.com>

Representative: (Name) Jun Fujimoto (Title) Representative Director and President

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Scheduled Submission Date of Quarterly Report: August 9, 2018

Scheduled Commencement Date of Dividend Payment: -

Supplementary Briefing Materials for Quarterly Settlement of Accounts: None available

Briefing on Quarterly Settlement of Accounts: None scheduled

(Amounts rounded down to nearest million yen)

1. Consolidated Business Results for the Second Quarter of 2018 (Period from January 1, 2018 to June 30, 2018)

(1) Consolidated Operating Results

(Percentages refer to changes from the same quarter in the previous fiscal year)

	Net Sales		Operating Profit		Ordinary Profit		Net Income Attributable to Owners of Parent	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
2nd Quarter of 2018	46,541	-	(6,930)	-	71,050	-	172,543	-
2nd Quarter of 2017	43,385	(23.3)	(10,301)	-	(10,876)	-	(6,615)	-

(Note) Comprehensive income

2nd Quarter of 2018: 154,267 million yen (-%)

2nd Quarter of 2017: (6,865) million yen (-%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
2nd Quarter of 2018	2,185.35	2,178.62
2nd Quarter of 2017	(83.86)	-

(Notes) 1. In 2017, Universal Entertainment Corporation changed its fiscal year end to December 31. There are no comparisons with the previous fiscal period because the 2nd Quarter of 2018 (January 1 to June 30, 2018) differs from the 2nd Quarter of 2017 (April 1 to September 30, 2017).

2. "Diluted net income per share" for the first half of 2017 is not stated, because net loss was posted despite the existence of latent shares with a dilution effect.

(2) Consolidated Financial Status

	Total Assets	Net Assets	Ratio of Shareholders' Equity	Net Assets per Share
	Million Yen	Million Yen	%	Yen
As of June 30, 2018	511,802	386,008	75.6	4,882.24
As of December 31, 2017	543,747	230,945	42.6	2,931.97

(Reference) Shareholders' equity

As of June 30, 2018: 386,860 million yen

As of December 31, 2017: 231,421 million yen

2. Status of Dividends

	Annual Dividends				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of Fiscal Year	Total
	Yen	Yen	Yen	Yen	Yen
2017	-	0.00	-	0.00	0.00
2018	-	0.00			
2018 (Forecast)			-	-	-

(Note) Revision from the dividend forecast most recently announced: None  
The dividend forecast for 2018 is to be determined.

### 3. Consolidated Business Results Forecast for 2018 (Period from January 1, 2018 to December 31, 2018)

(Percentages refer to changes from the previous fiscal year)

	Net Sales		Operating Profit		Ordinary Profit		Net Income Attributable to Owners of Parent		Net Income per Share	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen	
Full Fiscal Year	149,000	-	6,200	-	90,000	-	194,600	-	2,466.59	

(Note) Revision from the business forecasts most recently announced: None

The previous fiscal year was a transitional period due to a change in the fiscal year end. As a result, there are no comparisons for the forecast for 2018.

#### \* Matters of Note

- (1) Changes in material subsidiaries during the period (Changes in specified subsidiaries accompanying changes in scope of consolidation) : None
- (2) Application of accounting procedures specific to the preparation of quarterly consolidated financial statements : None
- (3) Changes in accounting policies, changes in accounting estimates and/or restatements
  - 1) Changes in accounting policies accompanying revision of accounting standards, etc. : None
  - 2) Changes in accounting policies other than 1) : None
  - 3) Changes in accounting estimates : None
  - 4) Restatements : None
- (4) Number of outstanding shares (common stock)
  - 1) Shares issued at end of fiscal period (including treasury shares)
 

As of June 30, 2018:	80,195,000 shares
As of December 31, 2017:	80,195,000 shares
  - 2) Number of treasury shares at end of fiscal period
 

As of June 30, 2018:	956,816 shares
As of December 31, 2017:	1,264,733 shares
  - 3) Average number of shares during fiscal period
 

2nd Quarter of 2018:	78,954,450 shares
2nd Quarter of 2017:	78,890,768 shares

\* The current financial report is not subject to quarterly review by certified public accountants or auditing firms.

#### \* Explanation on Proper Usage of Business Results Forecast and Other Noteworthy Items

The forward-looking statements regarding business results, etc. as featured herein are based on information that is currently available and certain assumptions that are determined to be reasonable, but are not promises by the Company regarding future performance. Actual business results may vary significantly due to a number of factors. For preconditions for business forecasts, notes on the usage of business forecasts and so forth, please see "1. Qualitative Information Pertaining to Quarterly Settlement of Accounts, (4) Explanation of Consolidated Business Results Forecast and Other Forward-looking Statements" on page 4 of the Attached Materials.

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## 1. Qualitative Information Pertaining to Quarterly Settlement of Accounts

## (1) Explanation of Operating Results

In 2017, Universal Entertainment Corporation changed its fiscal year end to December 31. There are no comparisons with the previous fiscal period because the first half of 2018 (January 1 to June 30, 2018) differs from the first half of the previous fiscal period (April 1 to September 30, 2017).

(Million yen)

First six months of 2018	Net sales	Operating loss	Ordinary profit	Net income attributable to owners of parent
Non-consolidated	24,628	(3,789)	231,395	223,705
Consolidated	46,541	(6,930)	71,050	172,543

In the first half of 2018, Universal Entertainment posted net sales of 46,541 million yen, an operating loss of 6,930 million yen, an ordinary profit of 71,050 million yen, and net income attributable to owners of parent of 172,543 million yen.

## (i) Pachislot and Pachinko Business

The Pachislot and Pachinko Business posted net sales of 23,928 million yen and an operating profit of 1,018 million yen in the first half of 2018.

Enforcement Rules for the Act Concerning Regulation and Proper Operation of Businesses Affecting Public Morals and Rules for the Partial Revisions to Regulations concerning Authorization and Model Approval for Amusement Machines became effective on February 1, 2018.

To conform to these rules, the Nihon Dendo-shiki Yugiki Kogyo Kyodo Kumiai (Nichidenkyo) and Nihon Yugiki Kogyo Kumiai (Nikkoso) revised their internal rules (voluntary restrictions). At this time, manufacturers have not started full-scale launches of machines that comply with the new rules. Furthermore, pachinko hall operators have adopted a cautious stance about purchasing new machines due to the uncertain outlook for the business climate because of the enactment of the new rules.

In this difficult environment, Universal Entertainment started full-scale Pachinko machine sales activities in 2018 centered on core titles that are popular across a broad range of users. In May, sales started for "CR Million God Descent," the latest addition to the God series of machines that is still extremely popular.

In the Pachislot category, sales of three new titles started during the second quarter of 2018. In April, Universal Entertainment launched "SLOT Packman," the first Pachislot title resulting from the Family Slot collaboration with BANDAI NAMCO Entertainment Inc., a major producer of games. In May, sales started for "Yurusepone," the first spin-off of the God series. In June, "Oki-Doki! Vacation," the latest member of the Oki-Doki! series, was launched.

## (ii) Casino Resort Business

The Casino Resort Business posted net sales of 21,640 million yen and an operating loss of 3,020 million yen in the first half of 2018. Compared with the first quarter of 2018 (January 1 to March 31), sales increased 3,843 million yen to 12,741 million yen in the second quarter. The operating loss increased 202 million yen to 1,611 million yen in the second quarter mainly due to an increase of depreciation.

Total sales at Okada Manila, led by the gaming business in the Manila Bay region of the Philippines, continue to increase and this casino and resort has already become profitable in terms of its quarterly EBITDA.

Sales in this business surpassed the initial forecast with gaming operations for the mass market and for VIPs which are the primary source of the company's sales growth. The volume of the mass market has been climbing steadily and the official opening of junkets promoters have started contributing to growth in VIP gaming sales. In addition, the hotel

occupancy rate was extremely high at 98% in the second quarter of 2018.

More components of Okada Manila have started operating. This resort already features the world's largest multi-color fountains and Cove Manila, an all-weather dome that has Southeast Asia's largest nightclub and beach club. Now, the resort has added the Maharlika Club which is a gaming area exclusively for premium Filipino players, a high-end resort spa called The Spa Retreat and an outdoor swimming pool that overlooks Manila Bay. These additions reinforce Okada Manila's position as the only fully integrated resort in Asia.

### (iii) Other

Other Business posted net sales of 886 million yen and an operating profit of 471 million yen in the first half of 2018.

In the Media Content Business, distribution of two simulator applications started: "CR Basilisk: The Koga Ninpocho—Gennosuke Chapter" on the members-only website with a fixed monthly fee "Univa Kingdom" and "Versus (2016)" on Docomo Sugotoku.

The "Slots Street" social game centered on video slot play started distribution of "Eve" and "Delsol," which incorporate motifs based on titles of prior years. Events held simultaneously within games earned a good reputation from users.

## (2) Explanation of Financial Status

### (Assets)

Current assets at the end of the second quarter of 2018 were 120,265 million yen, an increase of 29,251 million yen compared with the end of 2017. This was mainly due to a 30,695 million yen increase in cash and deposits.

Non-current assets were 391,537 million yen, a decrease of 59,089 million yen. This was mainly due to decreases of 52,143 million yen in investment securities and 3,577 million yen in property, plant and equipment.

As a result, total assets amounted to 511,802 million yen, a decrease of 31,944 million yen compared with the end of 2017.

### (Liabilities)

Current liabilities at the end of the second quarter of 2018 were 120,249 million yen, an increase of 46,659 million yen compared with the end of 2017. This was mainly due to increases of 25,482 million yen in income taxes payable and 18,702 million yen in short-term loans payable. Non-current liabilities were 5,545 million yen, a decrease of 233,666 million yen. This was mainly due to decreases of 84,120 million yen in long-term loans payable and 149,125 million yen in bonds payable.

As a result, total liabilities amounted to 125,794 million yen, a decrease of 187,006 million yen compared with the end of 2017.

### (Net Assets)

Net assets at the end of the second quarter of 2018 totaled 386,008 million yen, an increase of 155,062 million yen compared with the end of 2017. This was mainly due to an increase of 172,543 million yen in retained earnings and a decrease of 17,833 million yen in foreign currency translation adjustment.

As a result, the shareholders' equity ratio was 75.6%.

## (3) Status of Cash Flows

As of the end of the first half of 2018, the balance of cash and cash equivalents totaled 66,725 million yen. The status of each cash flow and the primary reasons for increases/decreases in the first half of the current consolidated fiscal year are as follows:

<Cash Flows from Operating Activities>

Net cash provided by operating activities amounted to 53,515 million yen, mainly due to booking of income before income taxes and others of 222,323 million yen and gain on redemption of stock due to the settlement of 158,796 million yen.

<Cash Flows from Investing Activities>

Net cash provided by investing activities amounted to 182,765 million yen, mainly due to purchase of property, plant and equipment of 23,414 million yen and proceeds from redemption of stock due to the settlement of 207,218 million yen.

<Cash Flows from Financing Activities>

Net cash used in financing activities amounted to 207,611 million yen, mainly due to a net increase in short-term loans payable of 18,762 million yen, repayments of long-term loans payable of 78,208 million yen, and redemption of bonds of 148,575 million yen.

(4) Explanation of Consolidated Business Results Forecast and Other Forward-looking Statements

(i) Pachislot and Pachinko Business

In July, Universal Entertainment started selling “SLOT HIGH SCHOOL FLEET,” which uses very popular anime content produced by Aniplex Inc., the company that created “Maho Shoyo Madoka☆Magika.” “HIGH SCHOOL FLEET” is an anime that was televised in 2016 and has retained a large number of loyal fans since then. The decision has been made to produce a movie version of this story.

Sales of two new Pachinko titles have started: “CR Tengen Toppa Gurren Lagann” in July and “CR Devil May Cry 4” in August. “CR Tengen Toppa Gurren Lagann” uses rights to popular anime content to allow people to enjoy pachinko machines that are easy to play. “CR Devil May Cry 4” is a tie-up with an action game produced by CAPCOM CO., LTD. By combining a sense of “speed” and “expectations,” this new title appeals to a broad spectrum of users.

These activities demonstrate how Universal Entertainment is taking on the challenge of responding to changes in the business climate with new measures and original ideas. The aim is to adapt with flexibility and speed to changes in the market and development environment due to the enactment of the new rules. The ultimate objective is to create Pachislot and Pachinko titles that will help pachinko halls attract more customers.

(ii) Casino Resort Business

At Okada Manila, we will continue to expand attractions and amenities with the highest priority.

In the third quarter, operations will begin at a Chinese restaurant called Yu Lei, which has a restaurant in Hong Kong that received a Michelin star. In addition, work will continue on the expansion of hotel guest rooms and the shopping area.

To increase earnings from the mass market, there will be more non-gaming facilities and services that match customers' needs. In the VIP casino, operations are benefiting from the full-scale operations of current junkets. In addition, Okada Manila plans to start initiatives to attract an even larger number of VIPs from other countries. Plans include strengthening the international marketing, opening sales offices in strategic countries, and adding and enhancing amenities that position Okada Manila as an integrated resort.

In Okada Manila's hotel, the opening of all rooms in tower A is now in sight. This will better position the resort to host tour groups from other countries and expand banquet package plans for corporate events, conferences and weddings. These activities are expected to lead to higher earnings for non-gaming business.

Taking these actions will more clearly differentiate Okada Manila in terms of the scale of facilities and the quality of services. Activities will continue in order to make this resort more competitive as one of the world's leading

entertainment resorts with amenities capable of meeting the needs of a diverse array of guests. Okada Manila has a strong commitment to providing guests from around the world with hospitality and entertainment of the highest quality.

The Universal Entertainment Group is preparing to take public Tiger Resort, Leisure and Entertainment, Inc., the core company in the Group's Casino Resort Business, in 2019 to accelerate its growth and raise its name recognition. Details will be disclosed as soon as they are finalized.

(iii) Other

In the Media Content Business, the distribution of high-quality simulator applications will continue on App Store, Google Play, the members-only website with a fixed monthly fee "Univa Kingdom" and other platforms.

New titles and more functions are planned for the "Slots Street" social game in order to increase the number of registered users and raise the retention rate. Also, the plan is to distribute this social game worldwide with the distribution of an overseas Facebook version, chiefly in North America, as the first step.

Studies regarding the launch of new game businesses will continue as the Universal Entertainment Group takes actions aimed at providing services that meet the expectations of users.

(5) Forecast of Consolidated Business Results

An announcement will be made promptly if there is a need to revise the forecast to reflect foreign exchange movements, changes in sales or other events.

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheet

(Million yen)

	2017 (December 31, 2017)	The 2nd Quarter of 2018 (June 30, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	35,809	66,504
Notes and accounts receivable-trade	9,237	8,695
Securities	13	427
Merchandise and finished goods	2,049	1,535
Work in process	12,263	11,050
Raw materials and supplies	20,829	20,585
Other	11,327	11,934
Allowance for doubtful accounts	(516)	(468)
<b>Total current assets</b>	<b>91,013</b>	<b>120,265</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,046	181,828
Land	7,251	7,207
Construction in progress	293,375	129,118
Other	24,347	22,289
<b>Total property, plant and equipment</b>	<b>344,020</b>	<b>340,443</b>
Intangible assets		
Other	2,608	2,538
<b>Total intangible assets</b>	<b>2,608</b>	<b>2,538</b>
Investments and other assets		
Investment securities	59,329	7,186
Long-term deposits	7,017	6,766
Long-term deposits for affiliates	27,523	26,593
Other	10,894	8,731
Allowance for doubtful accounts	(767)	(721)
<b>Total investments and other assets</b>	<b>103,997</b>	<b>48,556</b>
<b>Total non-current assets</b>	<b>450,627</b>	<b>391,537</b>
Deferred assets	2,107	-
<b>Total assets</b>	<b>543,747</b>	<b>511,802</b>



(Million yen)

	2017 (December 31, 2017)	The 2nd Quarter of 2018 (June 30, 2018)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	6,245	8,514
Short-term loans payable	17,456	36,158
Current portion of long-term loans payable	1,607	-
Accounts payable-other	20,299	17,706
Income taxes payable	190	25,673
Provision for bonuses	80	489
Other	27,709	31,707
<b>Total current liabilities</b>	<b>73,590</b>	<b>120,249</b>
<b>Non-current liabilities</b>		
Bonds payable	149,125	-
Long-term loans payable	84,120	-
Net defined benefit liability	94	117
Other	5,870	5,428
<b>Total non-current liabilities</b>	<b>239,211</b>	<b>5,545</b>
<b>Total liabilities</b>	<b>312,801</b>	<b>125,794</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	98	98
Capital surplus	20,087	20,260
Retained earnings	216,255	388,799
Treasury shares	(2,654)	(2,008)
<b>Total shareholders' equity</b>	<b>233,786</b>	<b>407,148</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(581)	(672)
Foreign currency translation adjustment	(1,789)	(19,623)
Remeasurements of defined benefit plans	5	7
<b>Total accumulated other comprehensive income</b>	<b>(2,365)</b>	<b>(20,288)</b>
Subscription rights to shares	107	83
<b>Non-controlling interests</b>	<b>(582)</b>	<b>(935)</b>
<b>Total net assets</b>	<b>230,945</b>	<b>386,008</b>
<b>Total liabilities and net assets</b>	<b>543,747</b>	<b>511,802</b>

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income  
 (Quarterly Consolidated Statement of Income)  
 (The Cumulative Second Quarter)

(Million yen)

	The Cumulative 2nd Quarter of 2017 (April 1 to September 30, 2017)	The Cumulative 2nd Quarter of 2018 (January 1 to June 30, 2018)
Net sales	43,385	46,541
Cost of sales	26,483	27,283
Gross profit	16,901	19,257
Selling, general and administrative expenses	27,202	26,187
Operating loss	(10,301)	(6,930)
Non-operating income		
Interest income	272	74,623
Dividend income	9	10
Foreign exchange gains	-	5,124
Equity in earnings of affiliates	364	-
Other	65	180
Total non-operating income	713	79,939
Non-operating expenses		
Interest expenses	139	426
Interest on bonds	-	520
Foreign exchange losses	1,047	-
Commission fee	96	615
Equity in losses of affiliates	-	346
Other	4	51
Total non-operating expenses	1,288	1,959
Ordinary profit (loss)	(10,876)	71,050
Extraordinary income		
Gain on redemption of stock due to the settlement	-	158,796
Other	0	21
Total extraordinary income	0	158,817
Extraordinary losses		
Loss on bond retirement	-	4,693
Loss on litigation	-	2,836
Other	0	14
Total extraordinary losses	0	7,544
Income (loss) before income taxes and others	(10,876)	222,323
Income taxes-current	554	49,985
Income taxes-deferred	(4,122)	147
Total income taxes	(3,568)	50,133
Net income (loss)	(7,308)	172,190
Net loss attributable to non-controlling interests	(692)	(352)
Net income (loss) attributable to owners of the parent	(6,615)	172,543

## (Quarterly Consolidated Statement of Comprehensive Income)

(The Cumulative Second Quarter)

(Million yen)

	The Cumulative 2nd Quarter of 2017 (April 1 to September 30, 2017)	The Cumulative 2nd Quarter of 2018 (January 1 to June 30, 2018)
Net income (loss)	(7,308)	172,190
Other comprehensive income		
Valuation difference on available-for-sale securities	(266)	(91)
Foreign currency translation adjustment	709	(17,833)
Remeasurements of defined benefit plans, net of tax	-	1
Total other comprehensive income	442	(17,923)
Comprehensive income	(6,865)	154,267
(Breakdown)		
Comprehensive income attributable to owners of the parent	(6,173)	154,620
Comprehensive income attributable to non-controlling interests	(692)	(352)

## (3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	The Cumulative 2nd Quarter of 2017 (April 1 to September 30, 2017)	The Cumulative 2nd Quarter of 2018 (January 1 to June 30, 2018)
<b>Cash flows from operating activities</b>		
Income (loss) before income taxes and others	(10,876)	222,323
Depreciation	3,987	4,988
Equity in (earnings) losses of affiliates	(364)	346
Increase (decrease) in provision for bonuses	12	408
Increase (decrease) in allowance for doubtful accounts	(22)	(31)
Increase (decrease) in net defined benefit liability	47	32
Interest and dividend income	(282)	(74,634)
Interest expenses	139	426
Interest on bonds	-	520
Loss on redemption of bonds	-	4,693
Gain on redemption of stock due to the settlement	-	(158,796)
Loss on litigation	-	2,836
Foreign exchange losses (gains)	1,185	(4,481)
Decrease (increase) in notes and accounts receivable-trade	1,395	166
Decrease (increase) in inventories	6,336	1,877
Decrease (increase) in accounts receivable-other	38	59
Increase (decrease) in notes and accounts payable-trade	(6,338)	2,621
Increase (decrease) in accrued consumption taxes	(1,601)	(963)
Increase (decrease) in accounts payable-other	685	(808)
Decrease (increase) in other current assets	(209)	(2,849)
Increase (decrease) in other current liabilities	4,619	8,968
Increase (decrease) in other non-current liabilities	55	50
Other	231	495
<b>Subtotal</b>	<b>(961)</b>	<b>8,249</b>
Interest and dividend income received	282	74,636
Interest expenses paid	(94)	(1,351)
Payments for loss on litigation	-	(2,778)
Income taxes (paid) refund	(6,070)	(25,240)
<b>Net cash provided by (used in) operating activities</b>	<b>(6,842)</b>	<b>53,515</b>

(Million yen)

	The Cumulative 2nd Quarter of 2017 (April 1 to September 30, 2017)	The Cumulative 2nd Quarter of 2018 (January 1 to June 30, 2018)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(41,534)	(23,414)
Purchase of intangible assets	(467)	(503)
Purchase of investment securities	(5)	(5)
Proceeds from redemption of stock due to the settlement	-	207,218
Payments of short term-loans receivable	(451)	(870)
Payments of long-term loans receivable	-	(402)
Payments for lease and guarantee deposits	(3)	(27)
Proceeds from collection of lease and guarantee deposits	13	155
Other	483	613
<b>Net cash provided by (used in) investing activities</b>	<b>(41,965)</b>	<b>182,765</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	6,069	18,762
Repayments of long-term loans payable	-	(78,208)
Redemption of bonds	-	(148,575)
Cash dividends paid	(3,155)	-
Decrease (increase) in pledged deposit	32	-
Proceeds from disposal of treasury shares from exercise of subscription rights to shares	-	805
Proceeds from sales and leasebacks	535	-
Payment for sales and leasebacks	(347)	(396)
Other	(0)	(0)
<b>Net cash provided by (used in) financing activities</b>	<b>3,133</b>	<b>(207,611)</b>
Effect of exchange rate change on cash and cash equivalents	(106)	2,462
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(45,780)</b>	<b>31,130</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>119,038</b>	<b>35,594</b>
Decrease in cash and cash equivalents resulting from change in accounting period	(26,113)	-
<b>Cash and cash equivalents at end of period</b>	<b>47,144</b>	<b>66,725</b>

(4) Notes to Quarterly Consolidated Financial Statements

(Notes Pertaining to Going Concern)

There is no applicable information.

(Changes in Accounting Policies)

There is no applicable information.

(Notes in Event of Significant Fluctuation in Amount of Shareholders' Equity)

There is no applicable information.

(5) Additional Information

(Accounting Procedure for the Settlement with Wynn Resorts)

Regarding the lawsuit involving Wynn Resorts, Limited (NASDAQ: WYNN), the Wynn Resorts stock had been valued at the acquisition cost since the end of March 2013 due to 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 Universal Entertainment and its consolidated subsidiaries, etc. in a particular period of time. Interest income for the long-term note issued by Wynn Resorts for the past six years had been paid to the clerk of the court for deposit in the court trust account. However, based on the principle of the right to claim, Universal Entertainment's consolidated financial statements do not reflect the issuance of this check with an interest payment.

On March 8, 2018 (U.S. time), Universal Entertainment and subsidiary Aruze USA Inc. signed an agreement with Wynn Resorts to settle this lawsuit. As a result, the decision was made to recognize the difference of 158,796 million yen between the cash income for the face value of a long-term note issued by Wynn Resorts and the acquisition cost of Wynn Resorts stock that is classified as investment securities as extraordinary income on the consolidated statement of income, resulting from a gain on the redemption of stock due to the settlement.

In addition, Universal Entertainment has recognized interest income of 74,471 million yen, which is the difference between the six years of interest on the long-term note issued by Wynn Resorts that was paid to the clerk of the court for deposit in the court trust account and the interest income on this note based on market interest rates that Universal Entertainment had stated that it was actually owed, as non-operating income on the consolidated statement of income.

Universal Entertainment has recognized loss of litigation of 2,836 million yen as extraordinary loss on the consolidated statement of income.

(Borrowing Costs into the Acquisition Cost)

Loans and bonds/debentures (private placement bonds) have been used to procure part of the funds required by the Casino Resort Business for its long-term projects. Given the significance of these amounts, Universal Entertainment has included borrowing costs that are funding ongoing construction periods into its calculation of the acquisition cost.

(6) Material Subsequent Events

There is no applicable information.