

This is an English translation of the official announcement in Japanese that was released on August 7, 2019. 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, 2019
(JP GAAP, Consolidated)**

August 7, 2019

Listed Exchange: Tokyo Stock Exchange

Company Name: Universal Entertainment Corporation

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

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

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Scheduled Submission Date of Quarterly Report: August 7, 2019

Scheduled Commencement Date of Dividend Payment: September 30, 2019

Supplementary Briefing Materials for Quarterly Settlement of Accounts: Yes

Briefing on Quarterly Settlement of Accounts: None scheduled

(Amounts rounded down to nearest million yen)

1. Consolidated Business Results for the Second Quarter of 2019 (Period from January 1, 2019 to June 30, 2019)

(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 2019	52,541	12.9	(3,850)	-	(9,363)	-	(9,039)	-
2nd Quarter of 2018	46,541	-	(6,930)	-	71,050	-	172,543	-

(Note) Comprehensive income

2nd Quarter of 2019: (4,073) million yen (-%)

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

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
2nd Quarter of 2019	(114.80)	-
2nd Quarter of 2018	2,185.35	2,178.62

(Notes) 1. In 2017, Universal Entertainment Corporation changed its fiscal year end to December 31. Comparisons with the previous fiscal year are not presented for the second quarter of 2018 since the periods are not comparative.

2. "Diluted net income per share" for the second quarter of 2019 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, 2019	538,345	366,193	68.0	4,673.79
As of December 31, 2018	510,677	375,063	73.4	4,746.18

(Reference) Shareholders' equity

As of June 30, 2019: 366,118 million yen

As of December 31, 2018: 374,987 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
2018	-	0.00	-	50.00	50.00
2019	-	50.00	-	-	-
2019 (Forecast)	-	-	-	-	-

(Note) Revision from the dividend forecast most recently announced: None

Breakdown of dividend for the end of 2nd Quarter of 2019: Special dividend for our 50th anniversary: 50.00 yen

The year-end dividend for 2019 (forecast) is to be determined.

3. Consolidated Business Results Forecast for 2019 (Period from January 1, 2019 to December 31, 2019)

(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	160,000	71.6	20,000	-	27,000	(59.7)	26,000	(83.9)	329.08

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

* 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. : Yes

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, 2019: 80,195,000 shares

As of December 31, 2018: 80,195,000 shares

2) Number of treasury shares at end of fiscal period

As of June 30, 2019: 1,860,716 shares

As of December 31, 2018: 1,186,716 shares

3) Average number of shares during fiscal period

2nd Quarter of 2019: 78,737,323 shares

2nd Quarter of 2018: 78,954,450 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

(Million yen)

First half of 2019	Net sales	Operating loss	Ordinary loss	Net loss attributable to owners of parent
Non-consolidated	21,587	(2,270)	(7,971)	(7,476)
Consolidated	52,541	(3,850)	(9,363)	(9,039)

In the first half of 2019, Universal Entertainment posted net sales of 52,541 million yen (an increase of 12.9% year on year), an operating loss of 3,850 million yen (compared with an operating loss of 6,930 million yen in the first half of 2018), an ordinary loss of 9,363 million yen (compared with an ordinary profit of 71,050 million yen in the first half of 2018), and net loss attributable to owners of parent of 9,039 million yen (compared with net income attributable to owners of parent of 172,543 million yen in the first half of 2018).

Business segment performance was as follows. Sales are prior to adjustments for inter-segment sales or transfers.

(i) Amusement Equipments Business

The Amusement Equipments Business posted net sales of 20,203 million yen (a decrease of 15.6% year on year) and an operating profit of 2,965 million yen (an increase of 191.1% year on year) in the first half of 2019.

In Japan's amusement machine industry, revised rules concerning Pachislot and Pachinko machines became effective on February 1, 2018 as part of measures to comply with the Basic Law on Measures against Gambling Addiction. Manufacturers in this industry have actively started the development of machines that comply with the revised rules, and new titles have been already launched. There are increasing expectations for some new titles to increase the vitality of the Pachislot and Pachinko market as they have earned reputation by offering new game-playing characteristics and other features. However, the low approval rate due to strict compliance testing for new machines is holding down the number of new titles that can be sold.

Universal Entertainment is responding to these changes by selling Pachislot and Pachinko titles, primarily major titles, that can earn the support of a broad range of users and energize Japan's Pachislot and Pachinko market.

In the Pachislot category, sales of "SLOT Galaga," the third title in the Family Slot series collaboration with BANDAI NAMCO Entertainment Inc., started in April and sales of "HANABI 2" started in May. "HANABI 2" has the same ease of use as its predecessor "HANABI" along with characteristics that will satisfy even highly experienced Pachislot fans.

In the Pachinko category, sales of "P Another God Hades Judgement," which is part of the very popular GOD series of Pachislot titles, started in June. This new title has innovations that people expect from the GOD series along with pachinko ball output that will meet the expectations of users.

(ii) Integrated Resort Business

The Integrated Resort Business posted net sales⁽¹⁾ of 31,415 million yen (an increase of 45.2% year on year) and an operating loss of 1,821 million yen in the first half of 2019 (compared with an operating loss of 3,036 million yen in the first half of 2018). Adjusted segment EBITDA⁽²⁾ in the Integrated Resort Business was 5,259 million yen in the first half of 2019, a significant increase of 4,969 million yen from 290 million yen in the first half of 2018.

At Okada Manila, an integrated casino resort owned and operated by the Universal Entertainment Group, the number of guests increased in the second quarter and there was growth in the volume of all segments. Growth included the VIP category as well as mass-market table games and machines. The result was a big increase in sales. The VIP rolling chip win rate was 2.68% for the quarter ended June 30, 2019 compared with 3.76% in the first quarter.

The hotel room occupancy rate remained extremely high throughout the quarter and average daily room rate was above PHP10,000. All rooms in the Hotel Tower A were opened in the fourth quarter of 2018.

Universal Entertainment plans to recognize revenues from several real estate businesses in 2019.

(1) Net sales are defined as gross revenues minus gaming taxes and jackpots.

(2) Adjusted segment EBITDA= Operating profit/loss + Depreciation and amortization + Other adjustments

(iii) Other

Other Business posted net sales of 791 million yen (a decrease of 10.7% year on year) and an operating profit of 120 million yen (a decrease of 75.3% year on year) in the first half of 2019.

In the Media Content Business, distribution of the simulator application “Don-chan 2 (2019)” started on the App Store and Google Play. Also, the “Slots Street” social casino game started distributing in Japan a video slot game using the design of “SEGA Net Marjong MJ” of SEGA Interactive Co., Ltd. and started distributing overseas the “Flipper”, “Tower of BABEL” and “AZTECA The Legend Returns” titles. All of these new titles have been very well received by users.

(2) Explanation of Financial Status

(Assets)

Current assets at the end of the second quarter of 2019 were 85,738 million yen, a decrease of 8,373 million yen compared with the end of 2018. This was mainly due to a decrease of 10,269 million yen in cash and deposits.

Non-current assets were 452,054 million yen, an increase of 36,153 million yen. This was mainly due to increases of 31,048 million yen in other property, plant and equipment.

As a result, total assets amounted to 538,345 million yen, an increase of 27,667 million yen compared with the end of 2018.

(Liabilities)

Current liabilities at the end of the second quarter of 2019 were 60,727 million yen, a decrease of 3,892 million yen compared with the end of 2018. This was mainly due to a decrease of 6,775 million yen in short-term loans payable and an increase of 3,832 million yen in other current liabilities. Non-current liabilities were 111,423 million yen, an increase of 40,430 million yen. This was mainly due to increases of 8,114 million yen in long-term loans payable and 33,018 million yen in other non-current liabilities.

As a result, total liabilities amounted to 172,151 million yen, an increase of 36,537 million yen compared with the end of 2018.

(Net Assets)

Net assets at the end of the second quarter of 2019 totaled 366,193 million yen, a decrease of 8,869 million yen compared with the end of 2018. This was mainly due to a decrease of 11,604 million yen in retained earnings.

As a result, the shareholders' equity ratio was 68.0%.

(3) Status of Cash Flows

As of the end of the first half of 2019, the balance of cash and cash equivalents totaled 35,597 million yen. The status of each cash flow and the primary reasons for increases/decreases in the first half of 2019 are as follows:

<Cash Flows from Operating Activities>

Net cash provided by operating activities amounted to 11,498 million yen, mainly due to booking of loss before income taxes and others of 9,368 million yen, depreciation of 8,595 million yen, 14,053 million yen increase in other current liabilities and interest expenses paid of 2,332 million yen.

<Cash Flows from Investing Activities>

Net cash used in investing activities amounted to 17,826 million yen, mainly due to purchase of property, plant and equipment of 14,288 million yen, payments of short-term loans receivable of 1,103 million yen and purchase of investments in non-consolidated subsidiary of 1,356 million yen.

<Cash Flows from Financing Activities>

Net cash used in financing activities amounted to 4,091 million yen, mainly due to net decrease in short-term loans payable of 6,690 million yen, proceeds from long-term loans payable of 8,183 million yen, purchase of treasury shares of 2,233 million yen and cash dividends paid of 2,950 million yen.

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

(i) Amusement Equipments Business

In the third quarter, sales of “P High School Fleet,” a Pachinko title using the anime content of Aniplex Inc., will start. The animated TV program “High School Fleet” was televised in 2016 and has retained a large number of loyal fans since then. A movie version of this program is planned.

Sales have started for “SLOT Puella Magi Madoka Magica: The Movie -Rebellion,” the latest Pachislot title in the “Maho Shoujo Madoka☆Magica” series that has an excellent reputation among users and Pachinko halls. Both titles have an excellent reputation among users and pachinko halls amid high expectations from the Pachislot market, and the number of machines ordered has exceeded the initial plan for sales.

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 revised rules. The ultimate objective is to create Pachislot and Pachinko titles that will help Pachinko halls attract more customers.

(Reference) Number of Pachislot and Pachinko machines sold in 2019

	1st quarter	2nd quarter	3rd quarter (orders received)	Total
No. of machines sold	10,978	36,074	45,540	92,592

(Note) See “Results of Operations for the Second Quarter of 2019”

(<https://www.universal-777.com/en/ir/library/result/>) for more details.

(ii) Integrated Resort Business

At Okada Manila, the highest priority is to continue adding attractions and amenities.

Work is continuing on Hotel Tower B to add more hotel rooms and some rooms in this tower became operational in July 2019. More rooms will help support continued growth in the Integrated Resort Business as well as better position the resort to host large group events and foreign tour groups. Adjusted segment EBITDA margin is expected to continue to expand during 2019 as sales growth lowers fixed cost as a percentage of sales.

VIP casino revenues are expected to continue growing driven by the addition of new junkets, and more demand from existing junkets⁽¹⁾. The expected win rate range of rolling chip volume⁽²⁾ is 2.7-3.0%. Mass market table and gaming machine revenue is expected to continue growing as the property continues to ramp up and new casino marketing initiatives continue to be implemented and improved. Increasing number of hotel rooms, retail outlets and other amenities are expected to drive additional visitation and mass market casino revenues.

In addition, other businesses (hotel, food and beverage, retail outlets and entertainment businesses) will start several new initiatives to generate more integrated resort revenues by leasing incremental retail space, upgrading quality of existing services, and continuing to build out a forward calendar of MICE⁽³⁾, to enhance the overall experience for casino customers.

The Universal Entertainment Group is preparing to take public Tiger Resort, Leisure and Entertainment, Inc., the core company in the Group's Integrated Resort Business, at an early stage to accelerate its growth. On February 4, 2019, Universal Entertainment announced the completion to acquire 66.6% share of Asiabest Group International Inc., which is listed on the Philippine Stock Exchange, to facilitate the listing of shares in the future. More details will be disclosed as soon as they are finalized.

- (1) Junkets are gaming promoters which bring certain VIP players or groups of VIPs to casino hotels. In exchange for it, the casino hotel provides VIP gaming rooms to junkets.
- (2) Rolling chip volume is the total volume in the quarter of the special chips for VIP wagered and lost by the rolling chip segment.
- (3) MICE stands for meetings, incentives, conferences and exhibitions which are types of tourism in large groups for large events.

(iii) Other

In the Media Content Business, the distribution of high-quality simulator applications will continue on App Store and Google Play. "Slots Street" has distributed 31 titles in Japan and 56 titles for overseas users. This game aims to attract more users and increase user satisfaction by adding more titles and functions.

The Universal Entertainment Group will continue to take actions aimed at providing services that meet the expectations of users.

(5) Forecast of Consolidated Business Results

As mentioned above, both the Amusement Equipments Business and the Integrated Resort Business are performing well and an announcement will be made promptly if there is a need to revise the forecast to reflect progress of earnings, foreign exchange movements or other events.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	2018 (December 31, 2018)	The 2nd Quarter of 2019 (June 30, 2019)
Assets		
Current assets		
Cash and deposits	46,076	35,807
Notes and accounts receivable-trade	10,381	9,899
Securities	2	422
Merchandise and finished goods	1,186	1,368
Work in process	8,361	10,910
Raw materials and supplies	13,628	13,624
Other	14,961	14,339
Allowance for doubtful accounts	(486)	(634)
Total current assets	94,111	85,738
Non-current assets		
Property, plant and equipment		
Buildings and structures	230,983	234,067
Construction in progress	82,757	82,418
Other	45,878	76,927
Total property, plant and equipment	359,619	393,413
Intangible assets		
Other	2,388	2,303
Total intangible assets	2,388	2,303
Investments and other assets		
Investment securities	10,979	13,660
Long-term deposits	6,801	6,660
Long-term deposits for affiliates	26,727	26,147
Other	10,108	10,586
Allowance for doubtful accounts	(723)	(715)
Total investments and other assets	53,893	56,338
Total non-current assets	415,901	452,054
Deferred assets	663	551
Total assets	510,677	538,345

(Million yen)

	2018 (December 31, 2018)	The 2nd Quarter of 2019 (June 30, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	6,653	7,600
Short-term loans payable	16,846	10,071
Accounts payable-other	12,781	10,413
Income taxes payable	119	199
Provision for bonuses	78	469
Other	28,140	31,973
Total current liabilities	64,620	60,727
Non-current liabilities		
Bonds payable	65,511	64,774
Long-term loans payable	-	8,114
Net defined benefit liability	116	151
Other	5,364	38,383
Total non-current liabilities	70,993	111,423
Total liabilities	135,613	172,151
Net assets		
Shareholders' equity		
Capital stock	98	98
Capital surplus	18,831	18,831
Retained earnings	377,424	365,820
Treasury shares	(2,764)	(4,995)
Total shareholders' equity	393,589	379,754
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(719)	(654)
Foreign currency translation adjustment	(17,928)	(13,027)
Remeasurements of defined benefit plans	45	46
Total accumulated other comprehensive income	(18,602)	(13,636)
Subscription rights to shares	76	75
Total net assets	375,063	366,193
Total liabilities and net assets	510,677	538,345

(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 2018 (January 1 to June 30, 2018)	The Cumulative 2nd Quarter of 2019 (January 1 to June 30, 2019)
Net sales	46,541	52,541
Cost of sales	27,283	25,619
Gross profit	19,257	26,921
Selling, general and administrative expenses	26,187	30,771
Operating loss	(6,930)	(3,850)
Non-operating income		
Interest income	74,623	87
Dividend income	10	16
Foreign exchange gains	5,124	-
Equity in earnings of affiliates	-	963
Other	180	63
Total non-operating income	79,939	1,131
Non-operating expenses		
Interest expenses	426	1,785
Interest on bonds	520	2,530
Foreign exchange losses	-	1,969
Commission fee	615	276
Equity in losses of affiliates	346	-
Other	51	83
Total non-operating expenses	1,959	6,644
Ordinary profit (loss)	71,050	(9,363)
Extraordinary income		
Gain on redemption of stock due to the settlement	158,796	-
Other	21	-
Total extraordinary income	158,817	-
Extraordinary losses		
Loss on redemption of bonds	4,693	-
Loss on litigation	2,836	-
Other	14	5
Total extraordinary losses	7,544	5
Income (loss) before income taxes and others	222,323	(9,368)
Income taxes-current	49,985	186
Income taxes-deferred	147	(516)
Total income taxes	50,133	(329)
Net income (loss)	172,190	(9,039)
Net loss attributable to non-controlling interests	(352)	-
Net income (loss) attributable to owners of parent	172,543	(9,039)

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

(Million yen)

	The Cumulative 2nd Quarter of 2018 (January 1 to June 30, 2018)	The Cumulative 2nd Quarter of 2019 (January 1 to June 30, 2019)
Net income (loss)	172,190	(9,039)
Other comprehensive income		
Valuation difference on available-for-sale securities	(91)	65
Foreign currency translation adjustment	(17,833)	4,900
Remeasurements of defined benefit plans, net of tax	1	0
Total other comprehensive income	(17,923)	4,965
Comprehensive income	154,267	(4,073)
(Breakdown)		
Comprehensive income attributable to owners of parent	154,620	(4,073)
Comprehensive income attributable to non-controlling interests	(352)	-

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	The Cumulative 2nd Quarter of 2018 (January 1 to June 30, 2018)	The Cumulative 2nd Quarter of 2019 (January 1 to June 30, 2019)
Cash flows from operating activities		
Income (loss) before income taxes and others	222,323	(9,368)
Depreciation	4,988	8,595
Equity in (earnings) losses of affiliates	346	(963)
Increase (decrease) in provision for bonuses	408	390
Increase (decrease) in allowance for doubtful accounts	(31)	146
Increase (decrease) in net defined benefit liability	32	33
Interest and dividend income	(74,634)	(104)
Interest expenses	426	1,785
Interest on bonds	520	2,530
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)	(4,481)	(998)
Decrease (increase) in notes and accounts receivable-trade	166	511
Decrease (increase) in inventories	1,877	(2,719)
Decrease (increase) in accounts receivable-other	59	599
Increase (decrease) in notes and accounts payable-trade	2,621	1,158
Increase (decrease) in accrued consumption taxes	(963)	377
Increase (decrease) in accounts payable-other	(808)	(508)
Decrease (increase) in other current assets	(2,849)	(525)
Increase (decrease) in other current liabilities	8,968	14,053
Increase (decrease) in other non-current liabilities	50	(1,183)
Other	495	54
Subtotal	8,249	13,865
Interest and dividend income received	74,636	103
Interest expenses paid	(1,351)	(2,332)
Payments for loss on litigation	(2,778)	-
Income taxes (paid) refund	(25,240)	(137)
Net cash provided by (used in) operating activities	53,515	11,498

(Million yen)

	The Cumulative 2nd Quarter of 2018 (January 1 to June 30, 2018)	The Cumulative 2nd Quarter of 2019 (January 1 to June 30, 2019)
Cash flows from investing activities		
Purchase of property, plant and equipment	(23,414)	(14,288)
Purchase of intangible assets	(503)	(340)
Purchase of investment securities	(5)	(5)
Proceeds from redemption of stock due to settlement	207,218	-
Payments of short term-loans receivable	(870)	(1,103)
Payments of long-term loans receivable	(402)	(295)
Payments for lease and guarantee deposits	(27)	(35)
Proceeds from collection of lease and guarantee deposits	155	0
Purchase of investments in non-consolidated subsidiary	-	(1,356)
Other	613	(402)
Net cash provided by (used in) investing activities	182,765	(17,826)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	18,762	(6,690)
Proceeds from long-term loans payable	-	8,183
Repayments of long-term loans payable	(78,208)	-
Redemption of bonds	(148,575)	-
Purchase of treasury shares	(0)	(2,233)
Cash dividends paid	-	(2,950)
Proceeds from disposal of treasury shares from exercise of share acquisition rights	805	1
Payment for sales and leasebacks	(396)	(401)
Net cash provided by (used in) financing activities	(207,611)	(4,091)
Effect of exchange rate change on cash and cash equivalents	2,462	145
Net increase (decrease) in cash and cash equivalents	31,130	(10,273)
Cash and cash equivalents at beginning of period	35,594	45,870
Cash and cash equivalents at end of period	66,725	35,597

(4) Notes to Quarterly Consolidated Financial Statements

(Notes Pertaining to Going Concern)

There is no applicable information.

(Changes in Accounting Policies)

(Application of IFRS 16 “Leases”)

Some foreign subsidiaries have applied IFRS 16 “Leases” in the first quarter of 2019. Accordingly, as a lessee, in principle, Universal Entertainment booked all leased assets and liabilities as assets and liabilities in the Balance Sheet. In respect to the application of this new standard pursuant to the provisional treatment stipulated in this standard, the cumulative effect was recognized at the beginning of the first quarter of 2019. As a result, retained earnings at the beginning of the first quarter of 2019 increased 1,385 million yen, other property, plant and equipment increased 33,467 million yen, and other non-current liabilities increased 33,416 million yen, and construction in progress decreased 7,674 million yen and other current liabilities decreased 9,196 million yen.

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

There is no applicable information.

(5) Additional Information

(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 Integrated 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.

(Application of the Partial Amendments to Accounting Standard for Tax Effect Accounting)

Universal Entertainment has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018), etc. at the beginning of the first quarter of 2019. Accordingly, deferred tax assets and deferred tax liabilities are reclassified and included in the investments and other assets section and the non-current liabilities section, respectively.

(6) Material Subsequent Events

There is no applicable information.