

Company Name	Universal Entertainment Corporation
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Notice on the Establishment of the Special Investigation Committee

Recently, it has been found out that there is a suspicion that certain directors of the Company illegally outflowed approximately 2 billion yen from one of the subsidiaries of the Company without going through proper internal decision-making process.

In response to this, the Company hereby announces that, having judged that a thorough investigation from a professional and objective point of view is necessary, it decided to establish a special investigation committee consisting of external experts. Details are as follows.

1. Background of the Establishment of the Special Investigation Committee

At the Company's Extraordinary Board Meeting held on May 23, 2017, a report, with an approval of the Board of Corporate Auditors, was made by Mr. Nobuyoshi Ichikura, a Full-time Corporate Auditor of the Company, in accordance with the Article 382 of the Companies Act. The report said that there was a possibility that fraudulent acts were carried out, including but not limited to skipping a proper internal approval process, in connection with the loan extended from Tiger Resort Asia Limited, a Hong Kong subsidiary of the Company (hereinafter referred to as "TRA") to a third party that was processed by Mr. Kazuo Okada, Chairman and Director of the Company (hereinafter referred to as "Chairman Okada") and Mr. Yoshinao Negishi, Director and General Manager of Administrative Division of the Company (hereinafter referred to as "Director Negishi") in March 20, 2015.

In response to this, the Company suspended all the rights and authorities previously held by Chairman Okada and Director Negishi with regard to the business execution and commanding in the Company, its subsidiaries and affiliated companies, established an in-house investigation team consisting of the Corporate Auditors, members of the Internal Audit Office and external experts who had no interests in the Company and proceeded with its investigation. As a result of this investigation, a serious violation of governance was discovered. Specifically, it was reported to the Company by the in-house investigation team that there was a suspicion that the loan amounting HK\$135 million (approximately 1.917 billion yen at current exchange rate) from TRA to a third party made by Chairman Okada and Director Negishi in March 2015 was made in violation of internal procedures of the Company and that, judging partly from the fact that HK\$130 million was subsequently transferred by a person affiliated with the third party to Okada Holdings Limited, a company where Chairman Okada held a position of director at that time, the purpose of the loan was to achieve personal benefit for Chairman Okada.

Following this, the Company has decided to establish a special investigation committee consisting of three external experts who have cooperated with the Company in conducting the investigation by the in-house investigation team as explained above. The aim of the special investigation committee is to conduct a thorough investigation from a professional and objective viewpoint on the present case including the presense or absence of other issues, to clarify the whole picture and to formulate measures to prevent reoccurrence.

2. Composition of the Special Investigation Committee

The Special Investigation Committee consists of the following members who have no interests in the Company.

Chairman	Michio Masaki	Attorney (CITY-YUWA PARTNERS). Former Prosecutor, Special Investigation Department, Tokyo District Public Prosecutors Office, Former Assistant District Attorney, Criminal Department, Tokyo District Court.
Member	Sotaro Matsuo	Attorney (CITY-YUWA PARTNERS)
Member	Miya Fukayama	Attorney (CITY-YUWA PARTNERS)

3. Future Response and Schedule

The Company will provide full cooperation for the investigation by the Special Investigation Committee.

The Special Investigation Committee is scheduled to submit an interim investigative report to the Company on or around June 30, 2017. The timing for the submission of the final investigative report will be informed to you as soon as it is decided.

Further, the Company will promptly notify you of the results of the investigation by the Special Investigation Committee as soon as the Company receives the investigative report.

4. Impact on Business Performance

The details of this case are still under investigation. However, the amount of funds that were outflowed from TRA, as it is known at the present, is approximately 2 billion yen and the Company already have prospects for collecting the funds. Therefore, even if it is concluded that this is an unauthorized outflow of funds, we believe that there will be no loss for the Company caused by an unlikely event of the Company being unable to collect the funds and that there will be no impact on the Company's business performance.

We sincerely apologize for having caused a great concern for our shareholders, investors, and business partners, as well as other players in the market.

The Company is committed to thoroughly conduct an investigation by the Special Investigation Committee and to clarify the whole picture concerning this issue. We sincerely ask for your continued support and cooperation in the future. Thank you.