

This is an English translation of the official announcement in Japanese that was released on May 11, 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 First Quarter of the Fiscal Year Ending December 31, 2018
(JP GAAP, Consolidated)**

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: May 14, 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 First Quarter of 2018 (Period from January 1, 2018 to March 31, 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	%
1st Quarter of 2018	19,545	-	(4,369)	-	75,729	-	181,402	-
1st Quarter of 2017	10,987	(46.1)	(9,828)	-	(9,805)	-	(6,787)	-

(Note) Comprehensive income

1st Quarter of 2018: 155,526 million yen (-%)

1st Quarter of 2017: (5,102) million yen (-%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
1st Quarter of 2018	2,298.20	2,291.10
1st Quarter of 2017	(86.04)	-

(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 first quarter of 2018 (January 1 to March 31, 2018) differs from the first quarter of the previous fiscal period (April 1 to June 30, 2017).

2. "Diluted net income per share" for the first quarter 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 March 31, 2018	751,053	386,482	51.6	4,906.08
As of December 31, 2017	543,747	230,945	42.6	2,931.97

(Reference) Shareholders' equity

As of March 31, 2018: 387,267 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	-	-	-	-	-
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: Yes

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 March 31, 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 March 31, 2018:	1,258,811 shares
As of December 31, 2017:	1,264,733 shares
 - 3) Average number of shares during fiscal period

1st Quarter of 2018:	78,932,372 shares
1st 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, (3) Explanation of Consolidated Business Results Forecast and Other Forward-looking Statements" on page 3 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 quarter of 2018 (January 1 to March 31, 2018) differs from the first quarter of the previous fiscal period (April 1 to June 30, 2017).

(Million yen)

First quarter of 2018	Net sales	Operating profit (loss)	Ordinary profit (loss)	Net income (loss) attributable to owners of parent
Non-consolidated	10,027	(2,674)	1,962	(2,398)
Consolidated	19,545	(4,369)	75,729	181,402

In the first quarter of 2018, Universal Entertainment posted net sales of 19,545 million yen, operating loss of 4,369 million yen, ordinary profit of 75,729 million yen, and net income attributable to owners of parent of 181,402 million yen.

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

(i) Pachislot and Pachinko Business

The Pachislot and Pachinko Business posted net sales of 10,175 million yen and operating loss of 872 million yen.

As part of measures against gambling addiction in Japan, 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.

As a result, during a three-year transitional period, pachinko halls must replace all machines based on the previous rules with new models that comply with the new rules. Pachinko hall operators have adopted a cautious stance about purchasing new machines due to the uncertain outlook for the business climate.

Universal Entertainment continued to develop and sell Pachislot and Pachinko titles based on its policy of helping pachinko halls attract customers.

In the Pachinko category, there were measures to bolster development and sales activities. Knowledge acquired from many years of experience in this business was used to build a sound framework for developing new models. There were also actions involving production lines and inspection systems. In January, Universal Entertainment launched the Pachislot title "CR Yu-Gi-Sei Million Arthur," which is a popular series of games created by Square Enix Co., Ltd. In March, we also launched "CR Basilisk: The Koga Ninpocho –Gennosuke Chapter," which is a Pachinko title based on the Basilisk series that are still extremely popular in the current Pachislot market. Both use major licenses to popular game and anime characters and generated a strong response among pachinko halls.

In the Pachislot category, sales have also started for "Continental Zero," a series of full-notification type machines that are designed for the greatest possible playability, understandability, confidence and comfort.

(ii) Casino Resort Business

The Casino Resort Business posted net sales of 8,898 million yen and an operating loss of 1,409 million yen. Compared with the fourth quarter of 2017 (October 1 to December 31), sales increased 1,736 million yen and the operating loss decreased 550 million yen.

Total sales at Okada Manila, led by the casino business, continue to increase and this casino and resort has already become profitable in terms of its monthly EBITDA. Furthermore, there is steady growth in casino sales from the general public. This is because we have more facilities in operation which attracts more visitors by making Okada Manila an even more appealing destination. The hotel occupancy rate was extremely high at 97% during the first quarter of 2018.

Suncity and Tak Chun, two major casino junket firms, started offering Okada Manila junkets late in the first quarter of 2018, which was later than initially planned. These junkets have started contributing to growth in VIP casino sales.

Okada Manila has one of the world's largest multi-color fountains as well as Cove Manila, an all-weather dome that has Southeast Asia's largest night club and beach club. To add to the appeal of this casino and resort, a facility for children called Play opened in February 2018.

(iii) Other

Other Business posted net sales of 431 million yen and an operating profit of 202 million yen.

In the Media Content Business, distribution of two simulator applications started on the App Store and Google Play. One is "Continental Archives," which adds the prior "Continental I/ II/ III" titles to "Continental Zero," a new Pachislot title. The other is the "CR Basilisk: The Koga Ninpocho–Gennosuke Chapter" Pachinko app.

The "Universal Slot Street" social game centered on video slot play started distribution of "Biomessiah," "Alex" and "NJ," 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 first quarter of 2018 were 374,023 million yen, an increase of 283,010 million yen compared with the end of 2017. This was mainly due to a 279,341 million yen increase in cash and deposits.

Non-current assets were 375,097 million yen, a decrease of 75,529 million yen. This was mainly due to decreases of 52,291 million yen in investment securities and 19,727 million yen in property, plant and equipment.

As a result, total assets amounted to 751,053 million yen, an increase of 207,305 million yen compared with the end of 2017.

(Liabilities)

Current liabilities at the end of the first quarter of 2018 were 140,886 million yen, an increase of 67,296 million yen compared with the end of 2017. This was mainly due to increases of 48,444 million yen in income taxes payable and 17,146 million yen in short-term loans payable. Non-current liabilities were 223,683 million yen, a decrease of 15,527 million yen. This was mainly due to decreases of 9,700 million yen in long-term loans payable and 8,497 million yen in bonds payable.

As a result, total liabilities amounted to 364,570 million yen, an increase of 51,768 million yen compared with the end of 2017.

(Net Assets)

Net assets at the end of the first quarter of 2018 totaled 386,482 million yen, an increase of 155,536 million yen compared with the end of 2017. This was mainly due to an increase of 181,402 million yen in retained earnings and a decrease of 25,461 million yen in foreign currency translation adjustment.

As a result, the shareholders' equity ratio was 51.6%.

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

(i) Pachislot and Pachinko Business

In April 2018, Universal Entertainment started selling "SLOT Packman," the first Pachislot title resulting from the Family Slot collaboration with BANDAI NAMCO Entertainment Inc., a major producer of games. Family Slot brings together

the famous and timeless BANDAI NAMCO games of the past and Universal Entertainment's Pachislot title development expertise. This project will continue to introduce more titles centered on the concept of combining nostalgia with game playing enjoyment.

In the Pachinko category, Universal Entertainment started selling "CR Million God Descent," the latest title in the extremely popular God series of Pachinko titles. The new title is designed to attract a broad range of user segments by outputting a volume of pachinko balls that will satisfy everyone.

Universal Entertainment remains dedicated to adapting with flexibility and speed to changes in the market and development environment due to the enactment of new rules with the goal of creating Pachislot and Pachinko titles that will help pachinko halls attract more customers.

(ii) Casino Resort Business

At Okada Manila in the Manila Bay region of the Philippines, we will continue to expand attractions and amenities with the highest priority.

In the second quarter of 2018, Okada Manila will start operating the Maharlika Club, an area of the casino exclusively for high-end guests from local area, and a spa. Plans also include more hotel guest rooms and an expansion of the shopping area.

In addition, due to the full-scale start of operations with major junkets, this business expects growth in casino sales in the VIP category.

Due to these activities, more growth in EBITDA is expected in the Casino Resort Business as sales growth covers fixed expenses.

Okada Manila is located in the Entertainment City special economic zone of the Philippines. The casino market of this zone was 28% larger in 2017 than it was in 2016 and this market is expected to continue growing for many more years. Okada Manila is increasing its share of this casino market by setting itself apart from competitors in terms of the volume of facilities and the quality of services. Activities are continuing at this casino and resort in order to enhance its reputation as one of the world's leading entertainment resorts with amenities capable of meeting the needs of a broad spectrum of guests.

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 about two years 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 mobile website "Univa Kingdom" and other platforms.

New titles and more functions are planned for the "Universal Slot Street" social game in order to attract more registered users and raise the retention rate. There are also many activities involving the new game business. All activities are aimed at providing services that can continue to meet the expectations of users.

(4) 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 1st Quarter of 2018 (March 31, 2018)
Assets		
Current assets		
Cash and deposits	35,809	315,150
Notes and accounts receivable-trade	9,237	13,159
Securities	13	14
Merchandise and finished goods	2,049	1,494
Work in process	12,263	11,653
Raw materials and supplies	20,829	22,059
Other	11,327	10,950
Allowance for doubtful accounts	(516)	(459)
Total current assets	91,013	374,023
Non-current assets		
Property, plant and equipment		
Land	7,251	7,161
Construction in progress	293,375	274,823
Other	43,394	42,308
Total property, plant and equipment	344,020	324,293
Intangible assets		
Other	2,608	2,473
Total intangible assets	2,608	2,473
Investments and other assets		
Investment securities	59,329	7,037
Long-term deposits	7,017	6,527
Long-term deposits for affiliates	27,523	25,635
Other	10,894	9,834
Allowance for doubtful accounts	(767)	(704)
Total investments and other assets	103,997	48,330
Total non-current assets	450,627	375,097
Deferred assets	2,107	1,931
Total assets	543,747	751,053

(Million yen)

	2017 (December 31, 2017)	The 1st Quarter of 2018 (March 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	6,245	8,079
Short-term loans payable	17,456	34,603
Current portion of long-term loans payable	1,607	1,908
Accounts payable-other	20,299	16,934
Income taxes payable	190	48,634
Provision for bonuses	80	286
Other	27,709	30,440
Total current liabilities	73,590	140,886
Non-current liabilities		
Bonds payable	149,125	140,627
Long-term loans payable	84,120	74,419
Net defined benefit liability	94	99
Other	5,870	8,536
Total non-current liabilities	239,211	223,683
Total liabilities	312,801	364,570
Net assets		
Shareholders' equity		
Capital stock	98	98
Capital surplus	20,087	20,090
Retained earnings	216,255	397,658
Treasury shares	(2,654)	(2,642)
Total shareholders' equity	233,786	415,204
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(581)	(691)
Foreign currency translation adjustment	(1,789)	(27,250)
Remeasurements of defined benefit plans	5	5
Total accumulated other comprehensive income	(2,365)	(27,936)
Subscription rights to shares	107	103
Non-controlling interests	(582)	(887)
Total net assets	230,945	386,482
Total liabilities and net assets	543,747	751,053

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

(Million yen)

	The Cumulative 1st Quarter of 2017 (April 1 to June 30, 2017)	The Cumulative 1st Quarter of 2018 (January 1 to March 31, 2018)
Net sales	10,987	19,545
Cost of sales	7,556	11,731
Gross profit	3,431	7,813
Selling, general and administrative expenses	13,259	12,183
Operating loss	(9,828)	(4,369)
Non-operating income		
Interest income	65	74,508
Dividend income	8	3
Foreign exchange gains	-	6,826
Equity in earnings of affiliates	237	-
Other	33	138
Total non-operating income	344	81,476
Non-operating expenses		
Interest expenses	68	182
Interest on bonds	-	352
Foreign exchange losses	198	-
Commission fee	51	548
Equity in losses of affiliates	-	275
Other	3	18
Total non-operating expenses	322	1,377
Ordinary profit (loss)	(9,805)	75,729
Extraordinary income		
Gain on redemption of stock due to the settlement	-	158,796
Other	0	-
Total extraordinary income	0	158,796
Extraordinary losses		
Loss on sales and retirement of non-current assets	-	5
Loss on litigation	-	1,214
Total extraordinary losses	-	1,219
Income (loss) before income taxes and others	(9,805)	233,306
Income taxes-current	361	49,077
Income taxes-deferred	(3,336)	3,131
Total income taxes	(2,974)	52,208
Net income (loss)	(6,831)	181,097
Net loss attributable to non-controlling interests	(43)	(305)
Net income (loss) attributable to owners of the parent	(6,787)	181,402

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

(Million yen)

	The Cumulative 1st Quarter of 2017 (April 1 to June 30, 2017)	The Cumulative 1st Quarter of 2018 (January 1 to March 31, 2018)
Net income (loss)	(6,831)	181,097
Other comprehensive income		
Valuation difference on available-for-sale securities	(126)	(109)
Foreign currency translation adjustment	1,855	(25,461)
Total other comprehensive income	1,728	(25,571)
Comprehensive income	(5,102)	155,526
(Breakdown)		
Comprehensive income attributable to owners of the parent	(5,058)	155,831
Comprehensive income attributable to non-controlling interests	(43)	(305)

(3) Notes to 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.

(4) 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 only 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 because it is financial income.

Universal Entertainment has recognized loss of litigation of 1,217 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.

(5) Material Subsequent Events

(Early Redemption of Bonds)

At a meeting of its Board of Directors held on April 1, 2018, Universal Entertainment resolved the early redemption of Universal Entertainment Corporation Foreign-registered Private Placement Bond (issued on August 24, 2015) and Universal Entertainment Corporation 2nd Foreign-registered Private Placement Bond (issued on October 14, 2016 and December 1, 2016).

1. Issue for early redemption

Universal Entertainment Corporation Foreign-registered Private Placement Bond and Universal Entertainment Corporation 2nd Foreign-registered Private Placement Bond

2. Date of early redemption

May 14, 2018

3. Total proceed amount of early redemption

1,200 million U.S. dollars

4. Redemption price

102% of face value