

This is an English translation of the official announcement in Japanese that was released on August 9, 2016. 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 March 31, 2017 (JP GAAP, Consolidated)

August 9, 2016

Listed Exchange: Tokyo Stock Exchange

Company Name: Universal Entertainment Corporation

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

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Scheduled Submission Date of Quarterly Report: August 9, 2016

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 Fiscal Year Ending March 31, 2017

(Period from April 1, 2016 to June 30, 2016)

(1) Consolidated Operating Results

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
1st Quarter of Fiscal Year Ending March 31, 2017	20,377	67.1	2,493	-	9,742	-	6,892	-
1st Quarter of Fiscal Year Ended March 31, 2016	12,197	(29.0)	(791)	-	(1,259)	-	161	(77.6)

(Note) Comprehensive income

1st Quarter of Fiscal Year Ending March 31, 2017: (3,692) million yen (-%)

1st Quarter of Fiscal Year Ended March 31, 2016: (3,832) million yen (-%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
1st Quarter of Fiscal Year Ending March 31, 2017	93.92	93.92
1st Quarter of Fiscal Year Ended March 31, 2016	2.20	-

(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, 2016	364,578	225,390	61.6	3,058.96
As of March 31, 2016	369,580	229,072	61.7	3,108.92

(Reference) Shareholders' equity

As of June 30, 2016: 224,477 million yen

As of March 31, 2016: 228,143 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
Fiscal Year Ended March 31, 2016	-	0.00	-	0.00	0.00
Fiscal Year Ending March 31, 2017	-				
Fiscal Year Ending March 31, 2017 (Forecast)		-	-	-	-

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

The dividend forecast for the fiscal year ending March 31, 2017 is to be determined.

3. Consolidated Business Results Forecast for the Fiscal Year Ending March 31, 2017
(Period from April 1, 2016 to March 31, 2017)

(Percentages refer to changes from the previous corresponding period)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
First Half Year	36,000	(20.3)	1,100	(86.5)	1,100	(78.6)	1,000	(73.5)	13.63
Full Fiscal Year	110,000	19.9	16,800	(0.6)	16,800	(24.8)	9,200	(41.3)	125.37

(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
Newly added: None
Excluded: 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, 2016: 80,195,000 shares
As of March 31, 2016: 80,195,000 shares
2) Number of treasury shares at end of fiscal period
As of June 30, 2016: 6,811,232 shares
As of March 31, 2016: 6,811,232 shares
3) Average number of shares during fiscal period
1st Quarter of Fiscal Year Ending March 31, 2017: 73,383,768 shares
1st Quarter of Fiscal Year Ended March 31, 2016: 73,383,846 shares

* Information Regarding the Implementation of Quarterly Review Procedures

This Summary of Financial Data and Business Results is exempt from the quarterly review procedures under the Financial Instruments and Exchange Act of Japan. At time of disclosure of this Summary of Financial Data and Business Results, the quarterly review procedures for the quarterly financial statements have been completed.

*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

(Million yen)

First quarter of fiscal year ending March 31, 2017	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
Non-consolidated	20,350	3,652	6,796	4,688
Consolidated	20,377	2,493	9,742	6,892

In the first quarter of the current consolidated fiscal year, Universal Entertainment (the “Company”) posted net sales of 20,377 million yen (a 67.1% increase year on year), operating income of 2,493 million yen (compared with an operating loss of 791 million yen in the same period of the previous consolidated fiscal year), ordinary income of 9,742 million yen (compared with an ordinary loss of 1,259 million yen), and net income attributable to owners of the parent of 6,892 million yen (a 4,170.5% increase year on year).

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

(i) Pachislot and Pachinko Business

The number of Pachislot and Pachinko machines installed during the first quarter amounted to approximately 40,000 units. The Pachislot and Pachinko Business posted net sales of 19,606 million yen (an increase of 74.3% year on year) and operating income of 6,881 million yen (an increase of 163.3% year on year).

Universal Entertainment launched only two Pachislot titles in the first quarter, “Azteca -Taiyo no Monsho-” and “Oki-Doki! Paradise” as there was a period of about one month around the Iseshima G7 Summit held on May 26 and 27, 2016 when companies refrained from introducing new models.

The Pachislot title “Azteca -Taiyo no Monsho-” replaces the conventional LCD with projection mapping in order to generate vivid images. The model uses a newly developed ultra-high-speed broadband image processing module capable of supporting both high-performance micro-projectors and 3D imaging engines. Using this technology allows combining real objects with virtual images despite the relative small size of a Pachislot machine. This technology breakthrough is expected to be used in security products and for cutting costs and raising recycling rates.

(ii) Other

Other Business posted net sales of 774 million yen (a decrease of 18.3% year on year) and an operating loss of 1,237 million yen (compared with an operating loss of 1,181 million yen in the same period of the previous consolidated fiscal year.)

In the Media Content Business, Universal Entertainment distributed simulator applications of Pachislot title “Azteca -Taiyo no Monsho-” on App Store, Google Play and the members-only mobile website “Univa Kingdom.” This title has maintained its high rankings at App Store and Google Play and earned a good reputation.

In addition, Universal Entertainment started distributing the simulator application of Pachislot title “Million God: Kamigami No Gaisen” on Docomo Sugotoku and au Smart Pass.

In the Broadcasting Business, Japan Amusement Broadcasting operates “Pachinko★Pachislot TV!,” the Japan’s largest channel specializing in the Pachislot and Pachinko field. In the first quarter, sales were nearly in line with the targeted figures mainly because of an increase in the number of J:COM subscribers and sales associated with the “Pachite! NET Premium” websites, while there was a decline in the number of SKY PerfecTV! subscribers which negatively affected sales. In the Content Distribution Business, sales were also nearly in line with the targeted figures because of a growth in sales of content which was started distributing in the previous consolidated fiscal year.

(2) Explanation of Financial Status

(Assets)

Current assets at the end of the first quarter of the current consolidated fiscal year were 100,449 million yen, a decrease of 19,193 million yen over the end of the previous consolidated fiscal year. This was mainly due to a 7,027 million yen decrease in notes and accounts receivable-trade. Non-current assets were 262,307 million yen, an increase of 14,303 million yen over the end of the previous consolidated fiscal year. This was mainly due to a 17,703 million yen increase in property, plant and equipment.

As a result, total assets amounted to 364,578 million yen, a decrease of 5,001 million yen over the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of the first quarter of the current consolidated fiscal year were 47,134 million yen, a decrease of 14,552 million yen over the end of the previous consolidated fiscal year. This was mainly due to a 5,640 million yen decrease in income taxes payable. Non-current liabilities were 92,053 million yen, an increase of 13,232 million yen over the end of the previous consolidated fiscal year. This was mainly due to a 17,272 million yen increase in long-term loans payable.

As a result, total liabilities amounted to 139,187 million yen, a decrease of 1,320 million yen over the end of the previous consolidated fiscal year.

(Net Assets)

Net assets at the end of the first quarter of the current consolidated fiscal year totaled 225,390 million yen, a decrease of 3,681 million yen over the end of the previous consolidated fiscal year. This was mainly due to a decrease of 10,533 million yen in foreign currency translation adjustment and an increase of 6,892 million yen in retained earnings.

As a result, the ratio of shareholders' equity was 61.6% compared with 61.7% at the end of the previous consolidated fiscal year.

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

(i) Pachislot and Pachinko Business

In the second quarter, Universal Entertainment introduced Pachislot "Versus," the sixth title of the A PROJECT under the "Revival" theme in July and plans to introduce "SLOT DEAD OR ALIVE5" a tie-up model of "DEAD OR ALIVE 5," a highly popular martial arts game in August.

In addition, Universal Entertainment is selling "SLOT Maho Shoji Madoka☆Magika 2," the successor model of "SLOT Maho Shoji Madoka☆Magika," which has earned excellent reputation among users as well as pachinko hall operators since its launch in December 2013.

In the Pachinko category, Universal Entertainment sells "CR Etotama," a tie-up title of "Etotama," an original animated TV show based on "Shirogumi," acclaimed as the standard-bearer of Japan's CG and VFX sector.

Universal Entertainment plans to maintain consistent sales of new Pachinko titles just as in the Pachislot category.

(ii) Other

In the Media Content Business, Universal Entertainment is continuing to perform R&D activities with the aim of supplying high-quality simulator applications to users. The goal for "Univa Kingdom," a members-only mobile website, is to consistently add more apps and functions in order to make this a place where people stay a long time to enjoy games.

Japan Amusement Broadcasting operates “Pachinko★Pachislot TV!,” the Japan’s largest channel specializing in the Pachislot and Pachinko field. On July 1, a video distribution site “Pachitele! Net Premium” was renewed to revise and newly add its service plans in order to increase viewer numbers. The framework for the existing broadcast and content distribution business will be strengthened as well in order to produce programs that offer more enjoyable content.

The casino resort being developed in the Philippines by the Universal Entertainment Group has been officially named OKADA MANILA®.

Construction is progressing smoothly. Most work on the exterior has been completed and interior work is underway. In addition to a world-class casino, OKADA MANILA® will boast a luxurious hotel, one of the world’s largest fountains, high-end restaurants, a shopping mall and many other facilities. The facility will overturn the conventional concept of a casino. We are confident that guests will be able to spend quality time at OKADA MANILA®, a casino resort that will rank among the best in the world. Grand opening is scheduled for late November 2016.

(iii) Regarding business results’ forecast

Depending upon the fluctuation of foreign currency rate and situation of actual sales, as soon as the forecast is determined to be revised, the revised forecast will be announced.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	Previous Consolidated Fiscal Year (March 31, 2016)	The 1st Quarter of the Current Consolidated Fiscal Year (June 30, 2016)
Assets		
Current assets		
Cash and deposits	52,280	45,076
Notes and accounts receivable-trade	13,842	6,814
Securities	14	13
Merchandise and finished goods	4,994	2,619
Work in process	15,141	15,798
Raw materials and supplies	23,926	22,008
Other	9,450	8,124
Allowance for doubtful accounts	(7)	(5)
Total current assets	119,643	100,449
Non-current assets		
Property, plant and equipment		
Land	7,330	7,252
Construction in progress	117,158	134,828
Other	21,047	21,159
Total property, plant and equipment	145,536	163,240
Intangible assets		
Other	1,965	1,984
Total intangible assets	1,965	1,984
Investments and other assets		
Investment securities	61,376	58,351
Long-term deposits	6,999	6,698
Long-term deposits for affiliates	30,034	28,408
Other	4,932	6,364
Allowance for doubtful accounts	(2,840)	(2,739)
Total investments and other assets	100,502	97,081
Total non-current assets	248,004	262,307
Deferred assets	1,932	1,821
Total assets	369,580	364,578

(Million yen)

	Previous Consolidated Fiscal Year (March 31, 2016)	The 1st Quarter of the Current Consolidated Fiscal Year (June 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	22,566	10,549
Accounts payable-other	13,854	16,262
Short-term loans payable	14,274	13,863
Income taxes payable	6,020	380
Provision for bonuses	270	465
Other	4,699	5,611
Total current liabilities	61,686	47,134
Non-current liabilities		
Bonds payable	70,588	64,609
Long-term loans payable	-	17,272
Other	8,233	10,172
Total non-current liabilities	78,821	92,053
Total liabilities	140,507	139,187
Net assets		
Shareholders' equity		
Capital stock	98	98
Capital surplus	10,852	10,852
Retained earnings	217,673	224,565
Treasury shares	(14,296)	(14,296)
Total shareholders' equity	214,326	221,218
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(577)	(602)
Foreign currency translation adjustment	14,395	3,861
Total accumulated other comprehensive income	13,817	3,259
Subscription rights to shares	73	83
Non-controlling interests	854	828
Total net assets	229,072	225,390
Total liabilities and net assets	369,580	364,578

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

(Million yen)

	The Cumulative 1st Quarter of the Previous Consolidated Fiscal Year (April 1 to June 30, 2015)	The Cumulative 1st Quarter of the Current Consolidated Fiscal Year (April 1 to June 30, 2016)
Net sales	12,197	20,377
Cost of sales	4,864	9,514
Gross profit	7,333	10,863
Selling, general and administrative expenses	8,124	8,369
Operating income (loss)	(791)	2,493
Non-operating income		
Interest income	16	27
Dividend income	221	6
Foreign exchange gains	43	7,225
Equity in earnings of affiliates	-	145
Other	13	51
Total non-operating income	293	7,456
Non-operating expenses		
Interest expenses	253	83
Commission fee	0	53
Equity in losses of affiliates	447	-
Sales discounts	9	21
Other	50	48
Total non-operating expenses	762	206
Ordinary income (loss)	(1,259)	9,742
Extraordinary income		
Gain on sales of non-current assets	-	0
Gain on liquidation of subsidiaries	1,775	-
Other	9	-
Total extraordinary income	1,784	0
Extraordinary losses		
Loss on retirement of non-current assets	6	-
Total extraordinary losses	6	-
Income before income taxes and others	517	9,743
Income taxes-current	(33)	(111)
Income taxes-deferred	466	2,988
Total income taxes	433	2,877
Net income	84	6,866
Net income (loss) attributable to non-controlling interests	(76)	(26)
Net income attributable to owners of the parent	161	6,892

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

(Million yen)

	The Cumulative 1st Quarter of the Previous Consolidated Fiscal Year (April 1 to June 30, 2015)	The Cumulative 1st Quarter of the Current Consolidated Fiscal Year (April 1 to June 30, 2016)
Net income	84	6,866
Other comprehensive income		
Valuation difference on available-for-sale securities	(11)	(24)
Foreign currency translation adjustment	(3,905)	(10,533)
Total other comprehensive income	(3,917)	(10,558)
Comprehensive income	(3,832)	(3,692)
(Breakdown)		
Comprehensive income attributable to owners of the parent	(3,755)	(3,665)
Comprehensive income attributable to non-controlling interests	(76)	(26)

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Pertaining to Going Concern)

There is no applicable information.

(Changes in Accounting Policies)

(Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)

Following the revised Corporation Tax Law, the Company has adopted the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 32, June 17, 2016) from the first quarter of the current consolidated fiscal year, and changed the method for the depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

The effect of this change is insignificant.

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

There is no applicable information.

(4) Additional Information

(Litigation)

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. The trial is currently scheduled to begin in February 2017. 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 four years (38,728,852.63 U.S. dollars each year) have been paid to the clerk of the court for deposit in the court trust account. However, since the Company believes the interest payments do not belong to the 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 with an interest payment.

In February 2015, the Company, with Aruze USA Inc. and others, filed a lawsuit in the Court of First Instance of the Macau Special Administrative Region against Wynn Resorts (Macau) S.A. and four of its directors, including Steve Wynn. The pending suit asks for the dissolution of Wynn Resorts (Macau) S.A., payment of damages totaling about 8 billion Macau patacas and other actions.

(Borrowing Costs into the Acquisition cost)

Finance from loans and corporate bonds/debentures (private placement bonds) has formed part of the construction funds required by the Casino Resort Business for its long-term projects. Given the significance of these amounts, we have included borrowing costs that are funding ongoing construction periods into our calculation of the acquisition cost.

(Application of the Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company has adopted the “Implementation Guidance on Recoverability of Deferred Tax Assets”(ASBJ Guidance No. 26, March 28, 2016) from the first quarter of the current consolidated fiscal year.