

This is an English translation of the official announcement in Japanese that was released on February 14, 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 Fiscal Year Ended December 31, 2017  
(JP GAAP, Consolidated)**

February 14, 2018  
Listed Exchange: Tokyo Stock Exchange

Company Name: Universal Entertainment Corporation  
Code No.: 6425 URL: <http://www.universal-777.com>  
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Scheduled Date of Ordinary Shareholders' Meeting: March 29, 2018  
Scheduled Submission Date of Securities Registration Report: March 30, 2018  
Scheduled Commencement Date of Dividend Payment: -  
Supplementary Briefing Materials for Settlement of Accounts: None available  
Briefing on Settlement of Accounts: None scheduled

(Amounts rounded down to nearest million yen)

1. Consolidated Business Results for the Fiscal Year Ended December 31, 2017  
(Period from April 1, 2017 to December 31, 2017)

(1) Consolidated Operating Results

(Percentages refer to changes from 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	%
Fiscal Year Ended December 31, 2017	68,546	-	(9,807)	-	(12,829)	-	(13,426)	-
Fiscal Year Ended March 31, 2017	111,187	21.2	28,609	69.3	27,036	21.0	18,629	19.0

(Note) Comprehensive income

Fiscal Year Ended December 31, 2017: (7,427) million yen (-%)  
Fiscal Year Ended March 31, 2017: 9,588 million yen (down 22.1%)

	Net Income per Share	Diluted Net Income per Share	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Profit to Total Assets	Ratio of Operating Profit to Net Sales
	Yen	Yen	%	%	%
Fiscal Year Ended December 31, 2017	(170.18)	-	(5.5)	(2.3)	(14.3)
Fiscal Year Ended March 31, 2017	252.66	252.27	7.6	5.8	25.7

(Reference) Equity in earnings/losses of affiliates

Fiscal Year Ended December 31, 2017: 640 million yen

Fiscal Year Ended March 31, 2017: (366) million yen

- (Notes) 1. The fiscal period that ended on December 31, 2017 is a transitional nine-month period due to a change in the fiscal year end. As a result, there are no comparisons with the previous fiscal year.  
2. "Diluted net income per share" for the fiscal year ended December 31, 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 December 31, 2017	543,747	230,945	42.6	2,931.97
As of March 31, 2017	568,635	259,990	45.6	3,287.46

(Reference) Shareholders' equity

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

As of March 31, 2017: 259,350 million yen

### (3) Consolidated Cash Flow Position

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Balance of Cash and Cash Equivalents at the End of Period
	Million Yen	Million Yen	Million Yen	Million Yen
Fiscal Year Ended December 31, 2017	(2,177)	(59,903)	4,352	35,594
Fiscal Year Ended March 31, 2017	23,780	(120,584)	166,804	119,038

### 2. Status of Dividends

	Annual Dividends					Total Dividends (Annual)	Dividend Payout Ratio (Consolidated)	Ratio of Dividend to Net Assets (Consolidated)
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of Fiscal Year	Total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
Fiscal Year Ended March 31, 2017	-	0.00	-	40.00	40.00	3,155	15.8	1.3
Fiscal Year Ended December 31, 2017	-	0.00	-	0.00	0.00	-	-	-
Fiscal Year Ending December 31, 2018 (Forecast)	-	-	-	-	-		-	

(Note) The dividend forecast for the fiscal year ending December 31, 2018 is to be determined.

### 3. Consolidated Business Results Forecast for the Fiscal Year Ending December 31, 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	-	16,400	-	15,900	-	201.44

The fiscal period that ended on December 31, 2017 is a transitional period due to a change in the fiscal year end. As a result, there are no comparisons for the forecast for the fiscal year ending December 31, 2018.

As for the Pachislot and Pachinko Business in the fiscal year ending December 31, 2018, Japan has officially announced 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. These rules are to become effective in February 2018. As a result, the operating environment for this industry is expected to remain challenging. Under the circumstances, such a title as "CR Yu-Gi-Sei Million Arthur," was launched as the first introduction of a new Pachinko machine, and another "CR Basilisk: The Koga Ninpocho – Gennosuke Chapter," which is a Pachinko machine based on the "Basilisk" series that are still extremely popular in the current Pachislot market is also introduced.

In Casino Resort business, the company will pursue revenue increase and profitability improvement through the business of Cove Manila, an all-weather dome which opened in December 2017, the full-scale operation of VIP casino rooms, the promotion of various entertainment facilities as well as the urgent completion of the hotel construction that is at the final stage.

\* Matters of Note

- (1) Changes in material subsidiaries during the period (Changes in specified subsidiaries accompanying changes in scope of consolidation) : Yes  
 Newly added : None, Excluded 1: (Japan Amusement Broadcasting Co., Ltd.)
- (2) 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
- (3) Number of outstanding shares (common stock)
- 1) Shares issued at end of fiscal period (including treasury shares)
- |                          |                   |
|--------------------------|-------------------|
| As of December 31, 2017: | 80,195,000 shares |
| As of March 31, 2017:    | 80,195,000 shares |
- 2) Number of treasury shares at end of fiscal period
- |                          |                  |
|--------------------------|------------------|
| As of December 31, 2017: | 1,264,733 shares |
| As of March 31, 2017:    | 1,304,232 shares |
- 3) Average number of shares during fiscal period
- |                                      |                   |
|--------------------------------------|-------------------|
| Fiscal Year Ended December 31, 2017: | 78,894,400 shares |
| Fiscal Year Ended March 31, 2017:    | 73,731,206 shares |

(Reference) Summary of the Non-consolidated Business Results

1. Non-consolidated Business Results for the Fiscal Year Ended December 31, 2017  
 (Period from April 1, 2017 to December 31, 2017)

(1) Non-consolidated Operating Results

(Percentages refer to changes from previous fiscal year)

	Net Sales		Operating Profit		Ordinary Profit		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Fiscal Year Ended December 31, 2017	53,317	-	558	-	(14,450)	-	(15,557)	-
Fiscal Year Ended March 31, 2017	114,751	24.7	36,418	91.0	25,072	79.2	16,842	139.7

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Fiscal Year Ended December 31, 2017	(197.19)	-
Fiscal Year Ended March 31, 2017	228.43	228.08

- (Notes) 1. The fiscal period that ended on December 31, 2017 is a transitional nine-month period due to a change in the fiscal year end. As a result, there are no comparisons with the previous fiscal year.  
 2. "Diluted net income per share" for the fiscal year ended December 31, 2017 is not stated, because net loss was posted despite the existence of latent shares with a dilution effect.

(2) Non-consolidated Financial Status

	Total Assets	Net Assets	Ratio of Shareholders' Equity	Net Assets Per Share
	Million Yen	Million Yen	%	Yen
As of December 31, 2017	346,926	169,880	48.9	2,150.93
As of March 31, 2017	363,674	188,495	51.8	2,388.05

(Reference) Shareholders' equity

- As of December 31, 2017: 169,773 million yen  
 As of March 31, 2017: 188,395 million yen

\* The current financial report is not subject to audit procedures.

\* 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. Overview of Results of Operations, etc., (1) Overview of Operating Results for the Fiscal Year Under Review" on page 2 of the Attached Materials.

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## 1. Overview of Results of Operations, etc.

### (1) Overview of Operating Results for the Fiscal Year Under Review

At the 44th Ordinary Shareholders' Meeting held on June 29, 2017, shareholders approved an amendment to the Articles of Incorporation that changed the end of the fiscal year from March 31 to December 31. The purposes of this change are to facilitate comparisons of financial data with the performance of companies in other countries and to increase the transparency of management of Universal Entertainment Corporation (the "Company"). The consolidated statement of income for the previous consolidated fiscal year includes the period from April 1, 2016 to March 31, 2017 for companies with a March 31 fiscal year end and the period from January 1 to December 31, 2016 for companies with a December 31 fiscal year end. However, the consolidated statement of income for the current nine-month transitional consolidated fiscal period (the "current consolidated fiscal year") uses the period from April 1 to December 31, 2017 for all companies included in the consolidated financial statements. In addition, retained earnings in shareholders' equity on the consolidated balance sheet as of December 31, 2017 have been adjusted to reflect the profit and loss of companies with a December 31 fiscal year end for the period from January 1 to March 31, 2017. Furthermore, changes in cash and cash equivalents at overseas consolidated subsidiaries during the current consolidated fiscal year are shown as "decrease in cash and cash equivalents resulting from change in accounting period" in the consolidated statement of cash flows.

Due to the current consolidated fiscal year, there are no comparisons with the previous fiscal year.

(Million yen)

Fiscal year ended December 31, 2017	Net sales	Operating profit (loss)	Ordinary profit (loss)	Net income (loss) attributable to owners of parent
Non-consolidated	53,317	558	(14,450)	(15,557)
Consolidated	68,546	(9,807)	(12,829)	(13,426)

In the current consolidated fiscal year, the Company posted net sales of 68,546 million yen, operating loss of 9,807 million yen, ordinary loss of 12,829 million yen, and net loss attributable to owners of parent of 13,426 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 Company launched 10 Pachislot titles and three Pachinko titles during the current consolidated fiscal year. The Pachislot and Pachinko Business posted net sales of 50,346 million yen and operating profit of 9,343 million yen.

Japan's Pachinko and Pachislot industry shifted to 5.9 machine regulations in October 2017 in conjunction with the industry's voluntary restrictions. In February 2018, the industry will enter a period of significant changes due to the enactment of revised rules. As a result, there is very little activity in the industry due to uncertainty about the outlook for the Pachinko and Pachislot markets and a reluctance of hall operators to purchase new titles.

In response to this challenging environment, the Company uses its skill in developing new titles in order to conduct sales activities centered on contributing to the success of pachinko hall operators by supplying titles that match current market conditions.

In the Pachislot category, one contributor to sales was "SLOT Maho Shojō Madoka☆Magika A," the latest title in the "Maho Shojō Madoka☆Magika" series of pachislot titles that utilizes a major license and are currently very popular among regular users. Sales also include "SLOT Guilty Crown," which is based on an anime that is still very popular mainly among young people, and "Tarot Emperor," the eighth title of the A PROJECT.

In the Pachinko category, sales included "CR Another God Hades Advent," which is part of the Another God series of highly successful pachislot titles.

(ii) Casino Resort Business

Sales in this business increased to 16,051 million yen but there was an operating loss of 9,024 million yen because of fixed expenses.

The Casino Resort Business operates Okada Manila, a casino and resort in the Manila Bay region of the Philippines. Now, the focus is heavily on the final stage of construction, which includes completing more hotel rooms, in preparation for full opening of Okada Manila.

In December 2017, Okada Manila started operating Cove Manila, an all-weather dome that has Southeast Asia's largest night club and beach club. The clubs immediately became a popular destination for guests. The dome is a key symbol of this casino and resort along with The Fountain, a multi-color fountain that is one of the world's largest. Construction of the fine dining section with high-end restaurants and shopping mall is also nearing completion and some tenants are expanding operations. There will be costs toward full-scale business expansion in the current consolidated fiscal year. However, total sales at Okada Manila, led by the casino business, are growing as visitor numbers to the casino resort rise.

(iii) Other

Other Business posted net sales of 1,918 million yen and an operating profit of 331 million yen.

In the Media Content Business, five simulator applications for Pachislot titles, including "Another God Poseidon – Kaio no Sansen" and "CR Another God Hades Advent," were distributed on App Store, Google Play and the members-only mobile website "Univa Kingdom."

To add a new type of activity, this business began distributing "Universal Slot Street," a new social game that is centered on video slot play.

In the Broadcasting Business, Japan Amusement Broadcasting operates "Pachinko★Pachislot TV!," the Japan's largest channel specializing in the Pachislot and Pachinko field. Sales are declining because of the significant decrease in the number of SKY PerfecTV! subscribers. However, operating profit was generally on target because of sales of "Pachite! Net Premium" subscriptions and the efficient use of production expenses and selling, general and administrative expenses. In addition, three new programs were added in October and there were special programs in December, including a program created jointly with an Internet video streaming site. The goals of these activities are attracting new users and increasing the satisfaction of current users.

(Future Outlook)

(i) Pachislot and Pachinko Business

Japan has officially announced 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. These rules are to become effective in February 2018. As a result, the operating environment for this industry is expected to remain challenging.

The Universal Entertainment Group (the "Group") regards changes taking place in the Pachislot and Pachinko Business as an opportunity. The Group plans to conduct business activities as a partner with Pachinko halls by becoming a source of comprehensive proposals. The aim is to supply machines and peripheral equipment that can assist hall operators to attract more customers.

One title, "CR Yu-Gi-Sei Million Arthur," was launched as the first introduction of a new Pachinko machine in this business in the fiscal year ending December 31, 2018.

“Million Arthur” is a popular series of games created by Square Enix Co., Ltd. Since the distribution of these games for smartphones started in 2012, there have been total of more than 35 million downloads worldwide. “Million Arthur” is designed to allow a broad spectrum of serious game players and others to enjoy this series of games.

Another new title is “CR Basilisk: The Koga Ninpocho – Gennosuke Chapter,” which is a Pachinko machine based on the “Basilisk” series that are still extremely popular in the current Pachislot market. Sales have also started for “Continental Zero,” the first in a series of full-notification type machines that are designed for the greatest possible ease of playing, understanding, confidence and comfort.

By creating a diverse array of Pachislot and Pachinko titles by introducing new technologies and using technologies in new ways, the Company is determined to contribute to progress of the entire industry.

#### (ii) Casino Resort Business

Okada Manila started operating Cove Manila, an all-weather dome, in December 2017, the second symbol of this casino and resort along with The Fountain. Opening this dome has produced synergies that significantly increased the number of visitors. Depreciation expenses increased along with the higher percentage of facilities at OKADA MANILA® that have been completed. However, the start of full-scale operations of a VIP casino is expected to make a big contribution to sales. Consequently, the outlook is for the Casino Resort Business to grow to become the second core business alongside the Pachislot and Pachinko Business in 2018, resulting in a substantial change in the composition of consolidated sales.

Okada Manila is located in the Entertainment City special economic zone of the Philippines, which is positioned as a hub for the entire Asian region. This casino and resort, which is one of the largest in the world, benefits from a favorable business environment that includes reduced casino and other taxes. The Company believes this property can attract large numbers of people and generate substantial sales and earnings. Everyone involved with this project has a strong commitment to ensuring that guests have the best possible experience as expressed by the Okada Manila motto “Discover Extraordinary.”

#### (iii) Other

In the Media Content Business, the distribution of high-quality simulator applications will continue on App Store, Google Play and the members-only mobile website “Univa Kingdom.”

There are also many activities involving new game business with the goal of continuing to offer services that meet the expectations of users.

#### (2) Overview of Financial Status for the Fiscal Year Under Review

The amount of total assets at the end of the current consolidated fiscal year amounted to 543,747 million yen, a decrease of 24,888 million yen over the end of the previous consolidated fiscal year. This was mainly due to a decrease of 83,487 million yen in cash and deposits and an increase of 52,981 million yen in construction in progress.

The amount of liabilities at the end of the current consolidated fiscal year amounted to 312,801 million yen, an increase of 4,155 million yen over the end of the previous consolidated fiscal year. This was mainly due to an increase of 8,592 million yen in bonds payable and a decrease of 5,650 million yen in income taxes payable.

The amount of net assets at the end of the current consolidated fiscal year amounted to 230,945 million yen, a decrease of 29,044 million yen over the end of the previous consolidated fiscal year. This was mainly due to decreases of 20,571 million yen in retained earnings and 7,457 million yen in total accumulated other comprehensive income due to fluctuations in share prices and exchange rates.

#### (3) Overview of Cash Flows for the Fiscal Year Under Review

As of the end of the current consolidated fiscal year, the balance of cash and cash equivalents totaled 35,594 million yen. The status of each cash flow and the primary reasons for increases/decreases as of the end of the current consolidated fiscal year are as follows:

<Cash Flows from Operating Activities>

Net cash used in operating activities amounted to 2,177 million yen, mainly due to booking of loss before income taxes and others of 12,810 million yen, 6,507 million yen in depreciation, and 4,821 million yen increase in other current liabilities.

<Cash Flows from Investing Activities>

Net cash used in investing activities amounted to 59,903 million yen, mainly due to purchase of property, plant and equipment of 57,186 million yen.

<Cash Flows from Financing Activities>

Net cash provided by financing activities amounted to 4,352 million yen, mainly due to a net increase in short-term loans payable of 7,387 million yen and 3,155 million yen of cash dividends paid.

(Reference) Transition of Cash Flow-related Indicators

	Mar. 2014 Fiscal Year	Mar. 2015 Fiscal Year	Mar. 2016 Fiscal Year	Mar. 2017 Fiscal Year	Dec. 2017 Fiscal Year
Ratio of shareholders' equity (%)	77.5	75.9	61.7	45.6	42.6
Ratio of shareholders' equity on market value basis (%)	55.6	49.9	37.1	49.4	60.2
Ratio of interest-bearing liabilities to cash flows (years)	6.2	19.4	4.4	10.1	-
Interest coverage ratio (x)	6.4	3.9	45.4	81.4	-

Ratio of shareholders' equity = shareholders' equity / total assets

Ratio of shareholders' equity on market value basis = total market value of shares / total assets

Ratio of interest-bearing liabilities to cash flows = interest bearing liabilities / cash flows

Interest coverage ratio = cash flows / interests paid

\*Note 1: All figures are calculated based on consolidated financial values.

\*Note 2: The total market value of shares is calculated based on the number of issued shares minus treasury shares.

\*Note 3: Cash flows are represented by operating cash flows.

\*Note 4: Interest-bearing liabilities include all liabilities accounted for on the consolidated balance sheet for which interests are paid.

\*Note 5: For Fiscal Year Ended December 31, 2017 Ratio of interest-bearing liabilities to cash flows and Interest coverage ratio are not stated because operating cash flow loss is posted.

(4) Basic Policy Regarding Distribution of Profits and Dividends for the Current and Next Fiscal Years

The Group views the return of profits to its shareholders as one of its foremost management priorities. To this end, the Group is endeavoring to establish a highly profitable corporate structure and to improve the ratio of profit to shareholder's equity continuously. It also adopts a basic policy of maintaining a stable level of dividends that reflects its business performance.

It is the Group's basic policy to maintain the internal reserve at appropriate levels to ensure a healthy financial base and to strengthen the management foundation of the Group in order to invest necessary funds efficiently in promising businesses.

At OKADA MANILA®, additional investments for construction and the start-up of operations are anticipated as this facility moves closer to its grand opening. There are now needs to reexamine designs of structures to reflect conditions in this location and reconstruct a safety system in order to secure the safety of guests and reinforce security management. Due to these investments and results of operations in the current consolidated fiscal year that ended in December 2017, the Company does not plan to pay a dividend for this period.

(5) Businesses Risks



Of the items relating to the status of business and the status of financial condition, as stated in this Summary of Financial Data and Business Results, factors that might affect investor decisions are described below. The Group recognizes the possibility that these risks might emerge, and will work to avoid such risks, or deal with them appropriately if they arise. However, the factors listed below do not cover all risks related to the business of the Group.

(i) Pachislot and Pachinko Business

According to the "Act Concerning Regulation and Proper Operation of Businesses Affecting Public Morals," Pachislot and Pachinko machines need to meet the "technical standards" defined in the National Public Safety Commission's rules (Regulations Concerning Authorization and Model Approval for Amusement Machines). Each type of machine must pass the model test conducted by the designated testing organization (Security Communications Association) and the model inspection conducted by the Public Safety Commission of the applicable prefecture. In case these laws or standards are amended or abolished, the Group will analyze industry trends and the application status of other companies, and make new applications for new machines in a structured and strategic fashion. However, if major changes need to be made due to administrative direction or voluntary restriction by the industry, the business results of the Group would be materially impacted.

There is also the possibility that profitability would be adversely affected by changing preferences in the market, as well as economic trends in Japan that include income levels.

(ii) Foreign Exchange Risks

In preparing consolidated financial statements, foreign currency-denominated profits/losses and assets/liabilities of each overseas subsidiary of the Group are incorporated into the consolidated financial statements after they are translated into Japanese yen. As a result, business results of the Group may be adversely affected by fluctuations in currency exchange rates.

(iii) Litigation

The Group has several pending lawsuits, and their outcomes may have an impact on the business results of the Group. Although the Group continues to make every effort to eliminate litigation risk, there is always a possibility that third parties may file new cases against the Group, with the rulings in these cases having the potential to affect future business results.

(iv) Litigation with Wynn Resorts, Limited

Litigation between the Group and Wynn Resorts (NASDAQ: WYNN) is currently under way. Depending on the outcome of this dispute and facts that are confirmed in the future, there may be an effect on the Group's financial position and results of operations.

(v) Casino Resort Business

The Group operates Okada Manila, a casino and resort in the Philippines. Changes in the economic environment of the Philippines and other countries, movements in foreign exchange rates and other economic factors, and changes in the business environment, including revisions to regulations of the Philippine Amusement and Gaming Corporation and tax revisions by the Philippine government, may affect the Group's business results.

## 2. Basic Approach to the Selection of Accounting Standards

To prepare for the application of International Financial Reporting Standards (IFRS), the Company is preparing internal manuals, guidelines and other items and examining schedule for the application of IFRS.

## 3. Consolidated Financial Statements and Notes

## (1) Consolidated Balance Sheet

(Million yen)

	Previous Consolidated Fiscal Year (March 31, 2017)	Current Consolidated Fiscal Year (December 31, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	119,296	35,809
Notes and accounts receivable-trade	11,983	9,237
Securities	13	13
Merchandise and finished goods	3,100	2,049
Work in process	16,264	12,263
Raw materials and supplies	23,310	20,829
Deferred tax assets	1,785	2
Other	16,999	11,325
Allowance for doubtful accounts	(20)	(516)
Total current assets	192,734	91,013
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,293	25,666
Accumulated depreciation	(6,323)	(6,619)
Buildings and structures (net amount)	9,969	19,046
Machinery, equipment and vehicles	6,801	21,278
Accumulated depreciation	(3,601)	(6,774)
Machinery, equipment and vehicles (net amount)	3,200	14,504
Lease assets	6,243	6,934
Accumulated depreciation	(1,618)	(2,445)
Lease assets (net amount)	4,624	4,488
Land	7,298	7,251
Construction in progress	240,393	293,375
Other	17,395	17,212
Accumulated depreciation	(11,361)	(11,858)
Other (net amount)	6,034	5,353
Total property, plant and equipment	271,521	344,020
Intangible assets		
Other	1,826	2,608
Total intangible assets	1,826	2,608
Investments and other assets		
Investment securities	60,323	59,329
Long-term deposits	6,866	7,017
Long-term deposits for affiliates	27,897	27,523
Deferred tax assets	1,562	1,681
Other	4,334	9,213
Allowance for doubtful accounts	(1,064)	(767)
Total investments and other assets	99,920	103,997
Total non-current assets	373,268	450,627
Deferred assets	2,632	2,107
Total assets	568,635	543,747

(Million yen)

	Previous Consolidated Fiscal Year (March 31, 2017)	Current Consolidated Fiscal Year (December 31, 2017)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	14,461	6,245
Short-term loans payable	10,110	17,456
Current portion of long-term loans payable	-	1,607
Accounts payable-other	26,807	20,299
Accrued expenses	11,006	19,588
Income taxes payable	5,840	190
Provision for bonuses	273	80
Other	4,026	8,121
<b>Total current liabilities</b>	<b>72,527</b>	<b>73,590</b>
Non-current liabilities		
Bonds payable	140,532	149,125
Long-term loans payable	88,736	84,120
Net defined benefit liability	64	94
Deferred tax liabilities	1,433	614
Other	5,351	5,256
<b>Total non-current liabilities</b>	<b>236,118</b>	<b>239,211</b>
<b>Total liabilities</b>	<b>308,645</b>	<b>312,801</b>
Net assets		
Shareholders' equity		
Capital stock	98	98
Capital surplus	20,070	20,087
Retained earnings	236,827	216,255
Treasury shares	(2,737)	(2,654)
<b>Total shareholders' equity</b>	<b>254,258</b>	<b>233,786</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(152)	(581)
Foreign currency translation adjustment	5,285	(1,789)
Remeasurements of defined benefit plans	(41)	5
<b>Total accumulated other comprehensive income</b>	<b>5,091</b>	<b>(2,365)</b>
Subscription rights to shares	99	107
Non-controlling interests	539	(582)
<b>Total net assets</b>	<b>259,990</b>	<b>230,945</b>
<b>Total liabilities and net assets</b>	<b>568,635</b>	<b>543,747</b>

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income  
 (Consolidated Statement of Income)

(Million yen)

	Previous Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)	Current Consolidated Fiscal Year (April 1 to December 31, 2017)
Net sales	111,187	68,546
Cost of sales	46,837	35,276
Gross profit	64,350	33,269
Selling, general and administrative expenses	35,740	43,077
Operating profit (loss)	28,609	(9,807)
Non-operating income		
Interest income	143	327
Dividend income	21	9
Equity in earnings of affiliates	-	640
Other	102	87
Total non-operating income	267	1,066
Non-operating expenses		
Interest expenses	292	401
Interest on bonds	-	188
Equity in losses of affiliates	366	-
Foreign exchange losses	801	2,864
Commission fee	170	127
Sales discounts	21	-
Provision of allowance for doubtful accounts	-	483
Other	188	22
Total non-operating expenses	1,841	4,088
Ordinary profit (loss)	27,036	(12,829)
Extraordinary income		
Gain on sales of non-current assets	6	-
Gain on sales of shares of subsidiaries and associates	-	26
Other	-	0
Total extraordinary income	6	26
Extraordinary losses		
Loss on sales and retirement of non-current assets	126	6
Loss on liquidation of business	2,489	-
Loss on business of subsidiaries and associates	269	-
Other	0	0
Total extraordinary losses	2,885	6
Income (loss) before income taxes and others	24,157	(12,810)
Income taxes-current	8,942	560
Income taxes-deferred	(3,098)	797
Total income taxes	5,843	1,357
Net income (loss)	18,314	(14,167)
Net loss attributable to non-controlling interests	(314)	(741)
Net income (loss) attributable to owners of the parent	18,629	(13,426)

## (Consolidated Statement of Comprehensive Income)

(Million yen)

	Previous Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)	Current Consolidated Fiscal Year (April 1 to December 31, 2017)
Net income (loss)	18,314	(14,167)
Other comprehensive income		
Valuation difference on available-for-sale securities	425	(478)
Foreign currency translation adjustment	(9,109)	7,172
Remeasurements of defined benefit plans, net of tax	(41)	47
Total other comprehensive income	(8,725)	6,740
Comprehensive income	9,588	(7,427)
(Breakdown)		
Comprehensive income attributable to owners of the parent	9,903	(6,686)
Comprehensive income attributable to non-controlling interests	(314)	(741)

## (3) Consolidated Statement of Changes in Equity

Previous Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	98	10,852	217,673	(14,296)	214,326
Changes of items during period					
Net income (loss) attributable to owners of the parent			18,629		18,629
Disposal of treasury shares		9,218		11,559	20,777
Change in scope of consolidation			525		525
Net changes of items other than shareholders' equity					
Total changes of items during period	-	9,218	19,154	11,559	39,932
Balance at end of current period	98	20,070	236,827	(2,737)	254,258

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	(577)	14,395	-	13,817	73	854	229,072
Changes of items during period							
Net income (loss) attributable to owners of the parent							18,629
Disposal of treasury shares							20,777
Change in scope of consolidation							525
Net changes of items other than shareholders' equity	425	(9,109)	(41)	(8,725)	26	(314)	(9,014)
Total changes of items during period	425	(9,109)	(41)	(8,725)	26	(314)	30,918
Balance at end of current period	(152)	5,285	(41)	5,091	99	539	259,990

Current Consolidated Fiscal Year (April 1, 2017 to December 31, 2017)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	98	20,070	236,827	(2,737)	254,258
Changes of items during period					
Dividends of surplus			(3,155)		(3,155)
Net income (loss) attributable to owners of the parent			(13,426)		(13,426)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		16		82	99
Change in scope of consolidation			116		116
Decrease in retained earnings resulting from change in accounting period			(4,106)		(4,106)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	16	(20,571)	82	(20,472)
Balance at end of current period	98	20,087	216,255	(2,654)	233,786

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	(152)	5,285	(41)	5,091	99	539	259,990
Changes of items during period							
Dividends of surplus							(3,155)
Net income (loss) attributable to owners of the parent							(13,426)
Purchase of treasury shares							(0)
Disposal of treasury shares							99
Change in scope of consolidation							116
Decrease in retained earnings resulting from change in accounting period							(4,106)
Net changes of items other than shareholders' equity	(428)	(7,075)	47	(7,457)	7	(1,122)	(8,572)
Total changes of items during period	(428)	(7,075)	47	(7,457)	7	(1,122)	(29,044)
Balance at end of current period	(581)	(1,789)	5	(2,365)	107	(582)	230,945

## (4) Consolidated Statement of Cash Flows

(Million yen)

	Previous Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)	Current Consolidated Fiscal Year (April 1 to December 31, 2017)
<b>Cash flows from operating activities</b>		
Income (loss) before income taxes and others	24,157	(12,810)
Depreciation	4,430	6,507
Loss (gain) on sales and retirement of non-current assets	119	6
Loss (gain) on sales of shares of subsidiaries and affiliates' stock	-	(26)
Equity in (earnings) losses of affiliates	366	(640)
Loss on business of subsidiaries and affiliates	269	-
Increase (decrease) in provision for bonuses	3	(192)
Increase (decrease) in allowance for doubtful accounts	(6)	484
Increase (decrease) in net defined benefit liability	20	78
Interest and dividend income	(164)	(337)
Interest expenses	292	401
Interest on bonds	-	188
Foreign exchange losses (gains)	3,264	2,893
Decrease (increase) in notes and accounts receivable-trade	1,858	3,198
Decrease (increase) in inventories	2,048	7,506
Decrease (increase) in accounts receivable-other	(187)	43
Increase (decrease) in accrued consumption taxes	3,292	(1,487)
Increase (decrease) in notes and accounts payable-trade	(8,962)	(8,690)
Increase (decrease) in accounts payable-other	3,046	2,366
Decrease (increase) in other current assets	(8,304)	(393)
Increase (decrease) in other current liabilities	7,455	4,821
Increase (decrease) in other non-current liabilities	(11)	58
Other	57	209
<b>Subtotal</b>	<b>33,046</b>	<b>4,186</b>
Interest and dividend income received	163	337
Interest expenses paid	(292)	(526)
Income taxes paid	(9,136)	(6,175)
<b>Net cash provided by (used in) operating activities</b>	<b>23,780</b>	<b>(2,177)</b>



(Million yen)

	Previous Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)	Current Consolidated Fiscal Year (April 1 to December 31, 2017)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(118,291)	(57,186)
Proceeds from sales of property, plant and equipment	6	(0)
Purchase of intangible assets	(1,003)	(1,236)
Purchase of investment securities	(18)	(6)
Payments of short term-loans receivable	-	(1,114)
Payments for lease and guarantee deposits	(248)	(46)
Payments of long-term loans receivable	(1,625)	(452)
Payments from sales of shares of subsidiaries resulting in change in scope of consolidation	-	(606)
Other	596	747
<b>Net cash provided by (used in) investing activities</b>	<b>(120,584)</b>	<b>(59,903)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(4,026)	7,387
Proceeds from issuance of bonds	61,618	-
Proceeds from long-term loans payable	88,693	-
Proceeds from sales of treasury shares	20,772	-
Cash dividends paid	-	(3,155)
Decrease (increase) in pledged deposit	428	33
Proceeds from sales and leasebacks	-	535
Payment for sales and leasebacks	(688)	(552)
Other	5	103
<b>Net cash provided by (used in) financing activities</b>	<b>166,804</b>	<b>4,352</b>
Effect of exchange rate change on cash and cash equivalents	(2,455)	403
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>67,545</b>	<b>(57,325)</b>
<b>Cash and cash equivalents at beginning of consolidated fiscal year</b>	<b>51,518</b>	<b>119,038</b>
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(25)	(5)
Decrease in cash and cash equivalents resulting from change in accounting period	-	(26,113)
<b>Cash and cash equivalents at end of consolidated fiscal year</b>	<b>119,038</b>	<b>35,594</b>

(5) Notes to Consolidated Financial Statements

(Notes Pertaining to Going Concern)

There is no applicable information.

(Changes in Significant Accounting Policies for the Preparation of Consolidated Financial Statements)

(Changes in consolidated fiscal year end)

At the 44th Ordinary Shareholders' Meeting held on June 29, 2017, shareholders approved an amendment to the Articles of Incorporation that changed the end of the fiscal year from March 31 to December 31. The purposes of this change are to facilitate comparisons of financial data with the performance of companies in other countries and to increase the transparency of the Company's management. Accordingly, the current consolidated fiscal year includes a period from April 1 to December 31, 2017. In addition, retained earnings in shareholders' equity on the consolidated balance sheet as of December 31, 2017 have been adjusted to reflect the profit and loss of companies with a December 31 fiscal year end for the period from January 1 to March 31, 2017. Furthermore, changes in cash and cash equivalents at overseas consolidated subsidiaries during the current consolidated fiscal year are shown as "decrease in cash and cash equivalents resulting from change in accounting period" in the consolidated statement of cash flows.

(Changes in the Scope of Consolidation or Application of the Equity Method)

WonderGraph CORP., a consolidated subsidiary, was excluded from the scope of consolidation in the current consolidated fiscal year, because its materiality has been reduced. In addition, Japan Amusement Broadcasting Corp., a consolidated subsidiary, was excluded from the scope of consolidation because of the sale of some stock of this company and has been reclassified from a consolidated subsidiary to an equity-method affiliate.

(Changes in Accounting Policies)

There is no applicable information.

(Changes in Description)

"Machinery, equipment and vehicles" that was included in "Others" under tangible fixed assets included in previous year is described separately for the current consolidated fiscal year because it constitutes more than 1/100 of the amount of total assets. In order to reflect changes in this presentation method, the consolidated financial statements for the previous consolidated fiscal year have been restated.

As a result in the previous fiscal year, "Others" under tangible fixed assets of 24,197 million yen has been restated to "Machinery, equipment and vehicles" of 6,801 million yen and "Others" of 17,395 million yen respectively. Accumulated depreciation "Others" of  $\Delta$ 14,962 million yen has been restated to accumulated depreciation "Machinery, equipment and vehicles" of  $\Delta$ 3,601 million yen and accumulated depreciation "Others" of  $\Delta$ 11,361 million yen respectively. "Others" (net) of 9,234 million yen has been restated to "Machinery, equipment and vehicles" (net) of 3,200 million yen and "Others" (net) of 6,034 million yen respectively.

"Accrued expense" which was included in "Other" under current liabilities in the previous consolidated fiscal year, has been separately stated in the current consolidated fiscal year due to the increased significance of the amount. In order to reflect changes in this presentation method, the consolidated financial statements for the previous consolidated fiscal year have been restated.

In the previous consolidated fiscal year "Others" under current liabilities totaled 15,032 million yen has been restated to "Accrued expense" of 11,006 million yen and "Other" of 4,026 million yen respectively.

(Additional Information)

(Litigation)

The lawsuit involving Wynn Resorts, Limited (NASDAQ: WYNN) completed the process 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. 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 five 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, Aruze USA Inc. and others filed a lawsuit in the Court of First Instance of the Macau Special Administrative District of the People's Republic of China against Wynn Resorts (Macau) S.A. and four of its directors, including Steve Wynn. The suit asked for the dissolution of Wynn Resorts (Macau), the payment of damages totaling 8 billion Macau patacas and other actions. On July 11, 2017, the court reached a verdict that rejected all of the Company's demands. The Company on July 27, 2017, filed an appeal for redress against the court's decision and submitted a statement of reasons on October 16, 2017.

(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, the Company has included borrowing costs that are funding ongoing construction periods into its calculation of the acquisition cost.

(Consolidated Balance Sheet)

1. Assets pledged as collateral and secured liabilities

Assets pledged as collateral are as follows.

(Million yen)

	Previous Consolidated Fiscal Year (March 31, 2017)	Current Consolidated Fiscal Year (December 31, 2017)
Cash and deposits	271	228

Secured liabilities are as follows.

(Million yen)

	Previous Consolidated Fiscal Year (March 31, 2017)	Current Consolidated Fiscal Year (December 31, 2017)
Short-term loans payable	5,873	-

In addition to these short-term loans payable, there are current portion of long-term loans payable of 1,607 million yen and long-term loans payable of 84,120 million yen secured by real estate and other property associated with the Casino Resort Business.

2. Investment securities for non-consolidated subsidiaries and affiliates are as follows.

(Million yen)

	Previous Consolidated Fiscal Year (March 31, 2017)	Current Consolidated Fiscal Year (December 31, 2017)
Investment securities (stocks)	5,730	7,061

3. Contingent liabilities

Guaranteed debt

Standby letters of credit issued to companies other than consolidated companies are as follows.

(Million yen)

	Previous Consolidated Fiscal Year (March 31, 2017)	Current Consolidated Fiscal Year (December 31, 2017)
KONE PTE LTD	35	-
	(0.3 million US dollars)	-

Tiger Resort, Leisure and Entertainment, Inc., which is a consolidated subsidiary of the Company, has issued an import letter of credit to KONE PTE LTD by submitting a request to BDO UNIBANK, INC. The Company's consolidated subsidiary pledged the following assets as collateral when this import letter of credit was issued.

(Million yen)

	Previous Consolidated Fiscal Year (March 31, 2017)	Current Consolidated Fiscal Year (December 31, 2017)
Cash and deposits	35 (0.3 million US dollars)	- -

Standby letters of credit issued to companies other than consolidated companies are as follows.

(Million yen)

	Previous Consolidated Fiscal Year (March 31, 2017)	Current Consolidated Fiscal Year (December 31, 2017)
Philippine Amusement and Gaming Corporation	236 (100 million Philippine Peso)	228 (100 million Philippine Peso)

Tiger Resort, Leisure and Entertainment, Inc., which is a consolidated subsidiary of the Company, has issued a standby letter of credit to Philippine Amusement and Gaming Corporation by submitting a request to BDO UNIBANK, INC. The issuance of this letter of credit is stipulated in the contract concerning the Group's casino resort project in the Philippines. The Company's consolidated subsidiary pledged the following assets as collateral when this standby letter of credit was issued.

(Million yen)

	Previous Consolidated Fiscal Year (March 31, 2017)	Current Consolidated Fiscal Year (December 31, 2017)
Cash and deposits	236 (100 million Philippine Peso)	228 (100 million Philippine Peso)

#### 4. Notes at the end of the consolidated fiscal year and electronic recorded receivable and payable

With respect to accounting for notes matured at the end of the consolidated fiscal year and electric recorded receivable and payable, though the current consolidated fiscal year-end fell on a holiday for financial institutions, they were treated as though they were settled on the maturity date.

The amount of notes at the end of the consolidated fiscal year and electric recorded receivable and payable are as follows.

(Million yen)

	Previous Consolidated Fiscal Year (March 31, 2017)	Current Consolidated Fiscal Year (December 31, 2017)
Notes receivable	-	454
Electronic recorded receivable	-	341
Notes payable	-	3,279
Electronic recoded payable	-	13

#### 5. The equity method is not used for Wynn Resorts stock held by the Company because this investment does not have a significant effect on the consolidated financial statements. The details are stated in (Additional Information).

(Consolidated Statement of Income)

#### 1. Major items of selling, general and administrative expenses

(Million yen)

	Previous Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)	Current Consolidated Fiscal Year (April 1 to December 31, 2017)
Research and development expenses	6,128	4,131
Salaries and allowances	8,453	12,944
Commission fee	5,082	6,464
Depreciation	3,727	5,931

#### 2. Total amount of research and development expenses included in general and administrative expenses, and manufacturing expenses

(Million yen)

	Previous Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)	Current Consolidated Fiscal Year (April 1 to December 31, 2017)
	6,128	4,131

3. The ending inventory is the amount written down to reflect the effect of lower profit margins. The following provision for valuation of inventories is included in cost of sales.

(Million yen)

Previous Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)	Current Consolidated Fiscal Year (April 1 to December 31, 2017)
1,278	(349)

(Consolidated Statement of Changes in Equity)

Previous Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)

1. Matters regarding the class and number of issued shares and treasury shares

(Shares)

	As of Apr. 1, 2016	Increase	Decrease	As of Mar. 31, 2017
Issued shares				
Common stock	80,195,000	-	-	80,195,000
Total	80,195,000	-	-	80,195,000
Treasury shares				
Common stock (Note)	6,811,232	-	5,507,000	1,304,232
Total	6,811,232	-	5,507,000	1,304,232

(Note) The decrease of 5,507,000 treasury shares was the result of the sale of 5,500,000 treasury shares outside Japan and the use of 7,000 treasury shares to provide stock to individuals who exercised stock options.

2. Matters regarding subscription rights to shares and subscription rights to own shares

Classification	Classification of subscription rights to shares	Type of shares subject to subscription rights to shares	Number of shares subject to subscription rights to shares				Balance as of Mar. 31, 2017 (Million yen)
			As of Apr. 1, 2016	Increase	Decrease	As of Mar. 31, 2017	
The Company (parent company)	Subscription rights to shares as stock options	-	-	-	-	-	94
	Subscription rights 8th (Issued March 27, 2017)	Common stock	-	500,000	-	500,000	5
Total		-	-	500,000	-	500,000	99

(Note) Increase of Subscription rights 8th is the issuance of Subscription rights

3. Matters regarding dividends

(1) Amount paid as dividends

There is no applicable information.

(2) Dividends for which the record date belongs to the current consolidated fiscal year and the effective date is in the following consolidated fiscal year

(Resolution)	Class of share	Total amount of dividends (Million yen)	Dividend resource	Dividend per share (yen)	Record date	Effective date
Board of Directors' meeting held on May 12, 2017	Common stock	3,155	Retained earnings	40	Mar. 31, 2017	June 30, 2017

Current Consolidated Fiscal Year (April 1 to December 31, 2017)

1. Matters regarding the class and number of issued shares and treasury shares

(Shares)

	As of Apr. 1, 2017	Increase	Decrease	As of Dec. 31, 2017
Issued shares				
Common stock	80,195,000	-	-	80,195,000
Total	80,195,000	-	-	80,195,000
Treasury shares				
Common stock (Notes 1 and 2)	1,304,232	1	39,500	1,264,733
Total	1,304,232	1	39,500	1,264,733

(Notes) 1. The increase of one treasury share was the result of the purchase of shares less than one unit.

2. The decrease of 39,500 treasury shares was the result of the use of 39,500 treasury shares to provide

stock to individuals who exercised stock options.

## 2. Matters regarding subscription rights to shares and subscription rights to own shares

Classification	Classification of subscription rights to shares	Type of shares subject to subscription rights to shares	Number of shares subject to subscription rights to shares				Balance as of Dec. 31, 2017 (Million yen)
			As of Apr. 1, 2017	Increase	Decrease	As of Dec. 31, 2017	
The Company (parent company)	Subscription rights to shares as stock options	-	-	-	-	-	75
	Subscription rights 8th (Issued March 27, 2017)	Common stock	500,000	-	-	500,000	32
Total		-	500,000	-	-	500,000	107

## 3. Matters regarding dividends

### (1) Amount paid as dividends

(Resolution)	Class of share	Total amount of dividends (Million yen)	Dividend resource	Dividend per share (yen)	Record date	Effective date
Board of Directors' meeting held on May 12, 2017	Common stock	3,155	Retained earnings	40	Mar. 31, 2017	June 30, 2017

(2) Dividends for which the record date belongs to the current consolidated fiscal year and the effective date is in the following consolidated fiscal year

There is no applicable information.

### (Consolidated Statement of Cash Flows)

1. The relationship between the balance of cash and cash equivalents at the end of the consolidated fiscal year and the amount of items posted in the consolidated balance sheet is as follows.

(Million yen)

	Previous Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)	Current Consolidated Fiscal Year (April 1 to December 31, 2017)
Cash and deposit account	119,296	35,809
Securities account	13	13
Deposits pledged as collateral	(271)	(228)
Cash and cash equivalents	119,038	35,594

## 2. Assets and liabilities of a subsidiary excluded from the consolidation due to sale of its stock

The breakdown of assets and liabilities of Japan Amusement Broadcasting Corp. at the time of exclusion from the consolidation due to the sale of its stock, as well as the sales price of Japan Amusement Broadcasting's stock and net payments from the sales are as follows.

(Million yen)

Current assets	808
Non-current assets	52
Current liabilities	(98)
Non-controlling interests	(381)
Investment accounts after the sales	(297)
Gain on sales of shares	26
Sales price of shares	110
Cash and cash equivalents	(716)
Net payments from the sales	(606)

3. Significant non-cash transactions

Interest of bonds into principal of bonds and borrowing costs into the acquisition cost

(Million yen)

	Previous Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)	Current Consolidated Fiscal Year (April 1 to December 31, 2017)
Interest of bonds into principal of bonds	5,214	5,048
Borrowing costs into the acquisition cost	5,214	4,962

(Segment Information)

Segment information

1. Outline of reportable segments

The segments reported herein by the Company are the units constituting the Company, of which segregated financial information is available and which are subject to periodical reviews by the Board of Directors so as to determine allocations of management resources and to evaluate business performance.

The Company has established business divisions classified by products and services at the headquarters and each business division devises comprehensive strategies for domestic or overseas products and services and deploys its business activities.

Accordingly, the Company is composed of segments classified by products or services based on the business divisions and there are two reportable segments: "Pachislot and Pachinko Business" and "Casino Resort Business."

"Pachislot and Pachinko Business" includes development, manufacture and sales of Pachislot and Pachinko machines.

"Casino Resort Business" operates a casino resort in the Philippines.

Beginning with the current consolidated fiscal year, the casino resort business, which was previously included in other, is a separate reportable segment due to the increasing importance of the casino resort business activities based on the level of sales. Segment information for the previous fiscal year has been restated to reflect this change.

2. Calculation method of net sales, income/loss, assets, liabilities and other items in each reportable segment

Accounting method applied to reportable segments is identical to that of the consolidated financial statements.

Values in segment income/loss are based on operating income.

Inter-segment sales or transfer amounts are based on actual market prices.

## 3. Information pertaining to amounts of net sales, income/loss, assets, liabilities and other items in each reportable segment

Previous Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)

(Million yen)

	Reportable Segment		Others (Note)	Total
	Pachislot and Pachinko Business	Casino Resort Business		
Net sales				
Sales to external customers	108,041	5	3,140	111,187
Inter-segment sales or transfers	-	-	4,057	4,057
Total	108,041	5	7,198	115,245
Segment profit (loss)	46,462	(8,375)	970	39,057
Segment assets	125,066	307,900	12,809	445,776
Other items				
Depreciation	2,437	441	491	3,370
Increase in property, plant and equipment and intangible assets	3,185	131,983	667	135,836

(Note) "Others" classification consists of business segments not included in the reportable segment and is inclusive of the Overseas business and others.

Current Consolidated Fiscal Year (April 1 to December 31, 2017)

(Million yen)

	Reportable Segment		Others (Note)	Total
	Pachislot and Pachinko Business	Casino Resort Business		
Net sales				
Sales to external customers	50,346	16,051	1,918	68,316
Inter-segment sales or transfers	0	-	241	241
Total	50,347	16,051	2,159	68,557
Segment profit (loss)	9,343	(9,024)	331	650
Segment assets	75,015	325,545	6,185	406,745
Other items				
Depreciation	1,806	3,479	229	5,515
Increase in property, plant and equipment and intangible assets	1,417	73,349	456	75,222

(Note) "Others" classification consists of business segments not included in the reportable segment and is inclusive of the Overseas business and others.

## 4. Difference between the total amounts in reportable segment and the amounts recorded in consolidated financial statements and primary items of such difference (matters pertaining to difference adjustments)

(Million yen)

Net Sales	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total of reportable segment	108,046	66,398
Net sales in "Others" classification	7,198	2,159
Eliminated inter-segment transactions	(4,057)	(241)
Corporate revenue	-	229
Net sales in consolidated financial statements	111,187	68,546



(Million yen)

Profit	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total of reportable segment	38,086	318
Loss in "Others" classification	970	331
Eliminated inter-segment transactions	(756)	63
Corporate revenue (Note 1)	-	229
Unallocated expenses (Note 2)	(9,691)	(10,751)
Operating income in consolidated financial statements	28,609	(9,807)

(Notes) 1. Corporate revenue is mainly composed of art museum not attributed to the reportable segment.

2. Unallocated expenses are mainly composed of selling, general and administrative expenses not attributed to the reportable segment.

(Million yen)

Assets	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total of reportable segment	432,966	400,560
Assets in "Others" classification	12,809	6,185
Unallocated assets (Note)	122,859	137,001
Total assets in consolidated financial statements	568,635	543,747

(Note) Unallocated assets are mainly composed of investments in affiliates, excess funds in working capital (cash and deposits and securities), land, etc. not attributed to the reportable segment.

(Million yen)

Other Items	Total of Reportable Segment		Others		Adjusted Amounts		Amounts Recorded in Consolidated Financial Statements	
	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Depreciation	2,878	5,286	491	229	1,059	991	4,430	6,507
Increase in property, plant and equipment and intangible assets	135,169	74,766	667	456	471	274	136,307	75,497

(Note) The adjusted amounts in increase in property, plant and equipment and intangible assets are allocated investment amounts.

#### Related information

Previous Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)

##### 1. Information by product and service

Description of this item is omitted because the same information is indicated in Segment information.

##### 2. Geographical information

###### (1) Net sales

Description of this item is omitted because Japanese sales to external customers accounted for more than 90% of net sales in the consolidated statement of income.

###### (2) Property, plant and equipment

(Million yen)

Japan	Philippines	Other Overseas Countries	Total
26,082	242,232	3,206	271,521

##### 3. Information by specific major customer

Description of this item is omitted because there is no specific external customer whose sales exceed 10% or more of net sales in the consolidated statement of income.

Current Consolidated Fiscal Year (April 1 to December 31, 2017)

##### 1. Information by product and service

Description of this item is omitted because the same information is indicated in Segment information.

##### 2. Geographical information

###### (1) Net sales

(Million yen)

Japan	Philippines	Other Overseas Countries	Total
52,494	16,051	0	68,546

###### (2) Property, plant and equipment

(Million yen)

Japan	Philippines	Other Overseas Countries	Total
24,340	316,848	2,831	344,020

##### 3. Information by specific major customer

Description of this item is omitted because there is no specific external customer whose sales exceed 10% or more of net sales in the consolidated statement of income.

Information pertaining to impairment loss of non-current assets in each reportable segment

Previous Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)

There is no applicable information.

Current Consolidated Fiscal Year (April 1 to December 31, 2017)

There is no applicable information.

Information pertaining to amortization and unamortized balance of goodwill in each reportable segment

Previous Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)

There is no applicable information.

Current Consolidated Fiscal Year (April 1 to December 31, 2017)

There is no applicable information.

Information regarding gain on negative goodwill in each reportable segment

Previous Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)

There is no applicable information.

Current Consolidated Fiscal Year (April 1 to December 31, 2017)

There is no applicable information.

## (Per Share Information)

(Yen)

Previous Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)		Current Consolidated Fiscal Year (April 1 to December 31, 2017)	
Net assets per share	3,287.46	Net assets per share	2,931.97
Net income per share	252.66	Net loss per share	(170.18)
Diluted net income per share	252.27	Diluted net income per share	-

(Notes) 1. "Diluted net income per share" for the consolidated fiscal year ended December 31, 2017 is not stated, because net loss was posted despite the existence of latent shares with a dilution effect.

2. The calculation bases for net income per share and diluted net income per share are as follows:

	Previous Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)	Current Consolidated Fiscal Year (April 1 to December 31, 2017)
Net income (loss) per share		
Net income (loss) attributable to owners of the parent (million yen)	18,629	(13,426)
Amount not attributed to common shareholders (million yen)	-	-
Net income (loss) attributable to owners of the parent applicable to common stock (million yen)	18,629	(13,426)
Average number of shares during the year (thousand shares)	73,731	78,894
Diluted net income per share		
Adjusted net income attributable to owners of the parent (million yen)	-	-
Increase in the number of common stock (thousand shares)	115	-
(Of which, subscription rights to shares (thousand shares))	( 115)	( - )
Description of the potential shares not included in the calculation of diluted net income per share due to their non-dilutive effect	Subscription rights to shares through a third-party allotment approved at the Board of Directors' meeting held on March 9, 2017: Common stock of 500,000 shares (Subscription rights to shares of 5,000 units)	-

## (Significant Subsequent Events)

## (Significant loan)

The company's consolidated subsidiaries; Tiger Resort Asia Limited executed loan and related agreement on February 13, 2018 as follows:

## (1) Use of loans

Construction costs for Okada Manila

## (2) Lender

Baraja Investors Ltd. 、 Mangkon Road Limited

## (3) Amount borrowed

33 billion Japanese yen

## (4) Tenor

One year (possible to extend six months)

## (5) Collateral

51% shares of Tiger Resort Asia Limited

## (6) Interest rate

5 %