

Disclaimer:

This financial report is solely a translation of the “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending June 30, 2019
(Three Months Ended September 30, 2018)

[Japanese GAAP]

November 14, 2018

Company name: MarketEnterprise Co., Ltd.

Listing: Tokyo Stock Exchange (Mothers)

Securities code: 3135

URL: <http://www.marketenterprise.co.jp/>

Representative: Yasushi Kobayashi, President, CEO

Contact: Kenichi Imamura, Director, CFO

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Scheduled date of filing of Quarterly Report:

November 14, 2018

Scheduled date of payment of dividend:

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Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting:

None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending June 30, 2019

(July 1, 2018 to September 30, 2018)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended Sep. 30, 2018	1,731	25.5	21	-	21	-	(1)	-
Three months ended Sep. 30, 2017	1,380	-	1	-	(8)	-	(7)	-

Note: Comprehensive income (millions of yen) Three months ended Sep. 30, 2018: 11 (-%)

Three months ended Sep. 30, 2017: (9) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Sep. 30, 2018	(0.20)	-
Three months ended Sep. 30, 2017	(1.41)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2018	1,875	988	50.4
As of Jun. 30, 2018	1,829	976	51.7

Reference: Shareholders' equity (millions of yen) As of Sep. 30, 2018: 945 As of Jun. 30, 2018: 945

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jun. 30, 2018	-	0.00	-	0.00	0.00
Fiscal year ending Jun. 30, 2019	-				
Fiscal year ending Jun. 30, 2019 (forecasts)		0.00	-	0.00	0.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending June 30, 2019 (July 1, 2018 to June 30, 2019)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	7,700	21.6	160	65.8	162	70.5	80	150.4	15.69

Note: Revisions to the most recently announced earnings forecast: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding as of the end of the period (including treasury shares)

As of Sep. 30, 2018:	5,103,600 shares	As of Jun. 30, 2018:	5,098,600 shares
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2) Number of treasury shares as of the end of the period

As of Sep. 30, 2018:	220 shares	As of Jun. 30, 2018:	220 shares
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3) Average number of shares outstanding during the period

Three months ended Sep. 30, 2018:	5,101,140 shares	Three months ended Sep. 30, 2017:	5,080,034 shares
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* This summary report is not subject to quarterly review by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecast, and other special items

Cautionary statement with respect to forecasts

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to MarketEnterprise's management at the time these materials were prepared, but are not promises by MarketEnterprise regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons.

Contents of Attachments

1. Quarterly Consolidated Financial Statements and Notes	2
(1) Quarterly Consolidated Balance Sheet	2
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	3
(3) Notes to Quarterly Consolidated Financial Statements	5
Going Concern Assumption	5
Significant Changes in Shareholders' Equity	5

1. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

(Thousands of yen)

	FY6/18 (As of Jun. 30, 2018)	First quarter of FY6/19 (As of Sep. 30, 2018)
Assets		
Current assets		
Cash and deposits	938,736	814,318
Accounts receivable-trade	223,191	305,357
Merchandise	217,742	291,214
Other	92,033	85,556
Total current assets	1,471,704	1,496,446
Non-current assets		
Property, plant and equipment	132,402	144,032
Intangible assets	22,156	23,228
Investments and other assets	202,822	211,362
Total non-current assets	357,381	378,623
Total assets	1,829,085	1,875,070
Liabilities		
Current liabilities		
Accounts payable-trade	57,294	90,338
Current portion of long-term loans payable	158,873	175,404
Accounts payable-other	156,420	156,036
Lease obligations	7,046	10,230
Income taxes payable	47,976	17,994
Provision for bonuses	-	9,138
Provision for loss on order received	13,490	10,958
Other	156,986	120,058
Total current liabilities	598,087	590,158
Non-current liabilities		
Long-term loans payable	228,711	260,089
Lease obligations	25,579	36,033
Total non-current liabilities	254,290	296,122
Total liabilities	852,377	886,281
Net assets		
Shareholders' equity		
Capital stock	305,353	305,771
Capital surplus	284,993	285,411
Retained earnings	355,514	354,469
Treasury shares	(256)	(256)
Total shareholders' equity	945,604	945,394
Share acquisition rights	1,440	1,440
Non-controlling interests	29,663	41,954
Total net assets	976,707	988,788
Total liabilities and net assets	1,829,085	1,875,070

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income
(For the Three-month Period)**

(Thousands of yen)

	First three months of FY6/18 (Jul. 1, 2017 – Sep. 30, 2017)	First three months of FY6/19 (Jul. 1, 2018 – Sep. 30, 2018)
Net sales	1,380,098	1,731,408
Cost of sales	788,976	1,020,059
Gross profit	591,121	711,348
Selling, general and administrative expenses	589,423	689,507
Operating profit	1,697	21,841
Non-operating income		
Foreign exchange gains	251	606
Other	590	594
Total non-operating income	841	1,200
Non-operating expenses		
Interest expenses	421	712
Issuance cost of share acquisition rights	10,149	-
Compensation expenses	112	383
Cancellation penalty	-	455
Other	44	135
Total non-operating expenses	10,727	1,686
Ordinary profit (loss)	(8,187)	21,355
Profit (loss) before income taxes	(8,187)	21,355
Income taxes-current	957	14,680
Income taxes-deferred	444	(4,570)
Total income taxes	1,402	10,110
Profit (loss)	(9,590)	11,245
Profit (loss) attributable to non-controlling interests	(2,413)	12,290
Loss attributable to owners of parent	(7,176)	(1,045)

Quarterly Consolidated Statement of Comprehensive Income
(For the Three-month Period)

(Thousands of yen)

	First three months of FY6/18 (Jul. 1, 2017 – Sep. 30, 2017)	First three months of FY6/19 (Jul. 1, 2018 – Sep. 30, 2018)
Profit (loss)	(9,590)	11,245
Comprehensive income	(9,590)	11,245
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	(7,176)	(1,045)
Comprehensive income attributable to non-controlling interests	(2,413)	12,290

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.