

**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.

**Non-consolidated Financial Results**  
**for the First Quarter of the Fiscal Year Ending June 30, 2016**  
**(Three Months Ended September 30, 2015)**

**[Japanese GAAP]**

November 13, 2015

Company name: MarketEnterprise Co., Ltd.

Listing: Tokyo Stock Exchange (Mothers)

Securities code: 3135

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

Representative: Yasushi Kobayashi, President, CEO

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Scheduled date of filing of Quarterly Report:

November 13, 2015

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. Non-consolidated Financial Results for the First Quarter of the Fiscal Year Ending June 30, 2016**  
**(July 1, 2015 to September 30, 2015)**

(1) Results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended Sep. 30, 2015	1,056	-	7	-	7	-	3	-
Three months ended Sep. 30, 2014	-	-	-	-	-	-	-	-

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Sep. 30, 2015	1.39	1.34
Three months ended Sep. 30, 2014	-	-

Note: The year-on-year changes and figures for the three months ended September 30, 2014 are not presented because the quarterly financial statements were not prepared in the three months ended September 30, 2014.

(2) Financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2015	1,203	886	73.6
As of Jun. 30, 2015	1,301	882	67.8

Reference: Shareholders' equity (millions of yen)

As of Sep. 30, 2015: 886

As of Jun. 30, 2015: 882

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jun. 30, 2015	-	-	-	0.00	0.00
Fiscal year ending Jun. 30, 2016	-	-	-	-	-
Fiscal year ending Jun. 30, 2016 (forecasts)	-	-	-	0.00	0.00

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

**3. Earnings Forecast for the Fiscal Year Ending June 30, 2016 (July 1, 2015 to June 30, 2016)**

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	5,250	31.6	320	34.6	321	41.3	200	46.3	78.91

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

**\* Notes**

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

(2) 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

(3) 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, 2015:	2,534,500 shares	As of Jun. 30, 2015:	2,534,500 shares
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2) Number of treasury shares as of the end of the period

As of Sep. 30, 2015:	- shares	As of Jun. 30, 2015:	- shares
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3) Average number of shares outstanding during the period

Three months ended Sep. 30, 2015:	2,534,500 shares	Three months ended Sep. 30, 2014:	- shares
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\* Information regarding the implementation of quarterly review procedures

This summary report is not subject to the quarterly review procedures based on the Financial Instruments and Exchange Act. At the time when this report was released, the review procedures for the quarterly financial statements have been completed.

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

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. Please refer to "1. (3) Explanation of Earnings Forecast and Other Forward-looking Statements" on page 3 for forecast assumptions and notes of caution for usage.

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## 1. Qualitative Information on Quarterly Financial Performance

### (1) Explanation of Results of Operations

In the first quarter of the fiscal year ending in June 2016 (July 1, 2015 to September 30, 2015), the Japanese economy recovered slowly as corporate earnings and the job market moderately improved with the support of economic stimulus measures by the Japanese government and monetary easing by the Bank of Japan. However, the outlook is still unclear due to stock price volatility linked to uncertainty about the global economy and other reasons.

Both the reuse market and e-commerce market in Japan, where MarketEnterprise operates, continue to grow steadily.

The reuse market has long been defined by the central themes of “low prices” and “smart consumption.” In addition, the number of people, mainly young people, who buy products with the intention of selling them when no longer needed is increasing as more consumers become aware of the benefits of the sharing economy. Increasing acceptance of the sharing economy is likely to contribute to the growth of Japan’s reuse market.

The e-commerce market is expanding as the use of the Internet increased among people of all ages, both men and women, along with growing number of tablets, smartphones, and other smart devices in use.

During the first quarter, there were many activities centered on the core MarketEnterprise strengths of content marketing, IT systems and operation systems.

Particularly, there were various marketing activities involving content marketing with the goal of increasing the number of items purchased. Most significant was the increasing use of data feed advertisements (ads for image and product services that match each individual’s preferences and are distributed using Internet media ad spots) and video advertisements. The result was an increase in the volume of purchases that was accompanied by an improvement in the efficiency of advertising for the purchase of reuse products.

In September, we launched the ReRe website (<https://www.rere.jp/>) as a platform for our e-commerce services with the concept of “reuse with more confidence.” Adding this website gives us a complete infrastructure that covers every process internally from the purchase of reuse items to the sale of those items to the next user.

Due to the nature of Japan’s reuse market, purchase requests and product sales are concentrated in the fourth quarter of every fiscal year (April to June) because this is the period when the number of people moving to a new residence is highest, resulting in substantial demand to replace items or purchase new ones. While profitability tends to be high in the fourth quarter, sales are usually low in the first quarter (July to September), which makes it difficult to be profitable.

In this fiscal year, first quarter sales and earnings increased to all-time highs for the quarter because of the numerous marketing initiatives outlined earlier. Net sales were 1,056 million yen, operating income was 7 million yen, ordinary income was 7 million yen and profit was 3 million yen.

For reference, quarterly sales and operating income in the previous fiscal year were as follows.

(Thousands of yen)

FY6/15	1Q	2Q	3Q	4Q	Full year
Net sales	833,468	961,258	1,004,195	1,189,766	3,988,688
Composition (%)	20.9	24.1	25.2	29.8	100.0
Operating income	(3,151)	50,625	76,689	113,519	237,683
Composition (%)	(1.3)	21.3	32.3	47.7	100.0

Note: The stock of MarketEnterprise was listed on the Tokyo Stock Exchange Mothers Market on June 17, 2015.

No quarterly reports have been submitted for the first, second and third quarters of the fiscal year that ended in June 2015. Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the financial statements for the first three quarters of the fiscal year that ended in June 2015 underwent a quarterly review by KPMG AZSA LLC.

## **(2) Explanation of Financial Position**

### Assets

Total assets at the end of the first quarter of the current fiscal year decreased 97 million yen from the end of the previous fiscal year to 1,203 million yen. There were increases of 96 million yen in merchandise due to the growth in purchases and 24 million yen in property, plant and equipment, which resulted in a 221 million yen decrease in cash and deposits.

### Liabilities

Total liabilities at the end of the first quarter decreased 100 million yen from the end of the previous fiscal year to 317 million yen. The main reasons were decreases of 63 million yen in income taxes payable as taxes were paid and 12 million yen in long-term loans payable due to repayments.

### Net assets

Net assets at the end of the first quarter increased 3 million yen from the end of the previous fiscal year to 886 million yen. This was mainly due to a 3 million yen increase in retained earnings due to the booking of profit.

## **(3) Explanation of Earnings Forecast and Other Forward-looking Statements**

There is no change in the full-year earnings forecast that was released on August 7, 2015. Results of operations for the first quarter trended generally in line with our plan.

## **2. Matters Related to Summary Information (Notes)**

### **(1) Application of Special Accounting Methods for Presenting Quarterly Financial Statements**

Not applicable.

### **(2) Changes in Accounting Policies and Accounting-based Estimates, and Restatements**

Not applicable.

**3. Quarterly Non-consolidated Financial Statements****(1) Quarterly Non-consolidated Balance Sheet**

(Thousands of yen)

	FY6/15 (As of Jun. 30, 2015)	First quarter of FY6/16 (As of Sep. 30, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	739,830	518,784
Accounts receivable-trade	103,251	90,066
Merchandise	309,274	405,881
Supplies	2,208	5,805
Other	27,180	32,025
Total current assets	1,181,744	1,052,563
Non-current assets		
Property, plant and equipment	31,250	55,924
Intangible assets	201	151
Investments and other assets	87,867	95,293
Total non-current assets	119,320	151,369
Total assets	1,301,065	1,203,932
<b>Liabilities</b>		
Current liabilities		
Current portion of long-term loans payable	50,004	50,004
Accounts payable-other	104,452	116,430
Income taxes payable	65,979	2,269
Other	116,386	79,951
Total current liabilities	336,822	248,656
Non-current liabilities		
Long-term loans payable	81,663	69,162
Total non-current liabilities	81,663	69,162
Total liabilities	418,485	317,818
<b>Net assets</b>		
Shareholders' equity		
Capital stock	304,865	304,865
Capital surplus	284,505	284,505
Retained earnings	293,210	296,744
Total shareholders' equity	882,580	886,114
Total net assets	882,580	886,114
Total liabilities and net assets	1,301,065	1,203,932

**(2) Quarterly Non-consolidated Statement of Income****(For the Three-month Period)**

	(Thousands of yen)
	First three months of FY6/16 (Jul. 1, 2015 – Sep. 30, 2015)
Net sales	1,056,675
Cost of sales	546,157
Gross profit	510,517
Selling, general and administrative expenses	502,558
Operating income	7,959
Non-operating income	
Vending machine income	339
Other	126
Total non-operating income	465
Non-operating expenses	
Interest expenses	306
Compensation expenses	567
Other	61
Total non-operating expenses	935
Ordinary income	7,488
Income before income taxes	7,488
Income taxes-current	569
Income taxes-deferred	3,385
Total income taxes	3,954
Profit	3,534

**(3) Notes to Quarterly Non-consolidated Financial Statements**

**Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Segment and Other Information**

Segment information is omitted since MarketEnterprise has only a single business segment, which is the e-commerce reuse business.