

**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 Third Quarter of the Fiscal Year Ending June 30, 2016**  
**(Nine Months Ended March 31, 2016)**

**[Japanese GAAP]**

May 12, 2016

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:

May 13, 2016

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 Third Quarter of the Fiscal Year Ending June 30, 2016**  
**(July 1, 2015 to March 31, 2016)**

**(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	%
Nine months ended Mar. 31, 2016	3,566	27.4	105	(15.4)	104	(13.5)	62	(15.0)
Nine months ended Mar. 31, 2015	2,798	-	124	-	120	-	73	-

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended Mar. 31, 2016	12.33		11.90	
Nine months ended Mar. 31, 2015	16.71		-	

Notes: 1. MarketEnterprise conducted a 2-for-1 common stock split effective on January 1, 2016. Net income per share and diluted net income per share are calculated as if this stock split had taken place at the beginning of the previous fiscal year.

2. Diluted net income per share for the nine months ended March 31, 2015 is not shown. Although there were outstanding dilutive shares, it is not possible to determine an average stock price because the stock of MarketEnterprise was not listed.

**(2) Financial position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Mar. 31, 2016	1,501	944	62.9
As of Jun. 30, 2015	1,301	882	67.8

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2016: 944 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	4,940	23.9	151	(36.5)	150	(34.1)	80	(41.5)	15.78

Note: Revisions to the most recently announced earnings forecast: Yes

MarketEnterprise conducted a 2-for-1 common stock split effective on January 1, 2016. Net income per share forecast is calculated as if this stock split had taken place at the beginning of the current fiscal year.

Regarding revisions to the earnings forecast, please refer to the press release “Notice of Revisions to Forecast for the Fiscal Year Ending June 30, 2016” that was announced today (May 12, 2016).

**\* 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 Mar. 31, 2016:	5,069,000 shares	As of Jun. 30, 2015:	5,069,000 shares
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2) Number of treasury shares as of the end of the period

As of Mar. 31, 2016:	104 shares	As of Jun. 30, 2015:	- shares
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3) Average number of shares outstanding during the period

Nine months ended Mar. 31, 2016:	5,068,962 shares	Nine months ended Mar. 31, 2015:	- shares
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Note: MarketEnterprise conducted a 2-for-1 common stock split effective on January 1, 2016. Number of shares outstanding (common shares) is calculated as if this stock split had taken place at the beginning of the previous fiscal year.

\* 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 not 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 nine months of the fiscal year ending in June 2016 (July 1, 2015 to March 31, 2016), the Japanese economy recovered slowly as corporate earnings increased. There were signs of improvements involving capital expenditures and the job market due to economic stimulus measures by the Japanese government and monetary easing by the Bank of Japan. Although consumer spending is continuing to recover, the rebound in consumer sentiment is very slow mainly because of the sluggish pace of the growth of real wages. As a result, the outlook is still unclear.

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

In the reuse market, public awareness of “low prices” and “smart consumption” is continuing to increase. 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.

In the e-commerce market, the use of the Internet is increasing among people of all ages, both men and women, along with growing number of tablets, smartphones, and other smart devices in use. As a result, people become accustomed to using the Internet to purchases products and services. Furthermore, the cross-border e-commerce market spanning other Asian countries is showing signs of becoming very active. In Japan as well as other countries, the e-commerce market is continuing to grow.

MarketEnterprise has made substantial up-front investments in the first nine months to build an infrastructure that can maximize sales and earnings growth in the coming years as the reuse merchandise and e-commerce markets continue to expand. Expenditures were made to recruit people for developing new services and strengthening internal administrative and management operations. There have also been investments in equipment at existing business sites in order to handle a larger volume of merchandise and improve productivity.

In the first nine months, sales were 3,566 million yen, 27.4% higher than in the same period of the previous fiscal year, and gross profit was up 26.3% to 1,663 million yen. Selling, general and administrative expenses increased 30.7% to 1,558 million yen because of substantial up-front investments. Due to the resulting temporary increase in these expenses as a percentage of sales, operating income decreased 15.4% to 105 million yen, ordinary income decreased 13.5% to 104 million yen and profit decreased 15.0% to 62 million yen.

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

#### **Assets**

Total assets at the end of the third quarter of the current fiscal year increased 200 million yen from the end of the previous fiscal year to 1,501 million yen. This was mainly due to increases of 20 million yen in accounts receivable-trade associated with sales growth, 81 million yen in merchandise due to the growth in purchases and 38 million yen in property, plant and equipment due to opening of business sites.

#### **Liabilities**

Total liabilities increased 138 million yen from the end of the previous fiscal year to 557 million yen. The main reasons were a decrease of 64 million yen in income taxes payable as taxes were paid, and increases of 82 million yen in current portion of long-term loans payable and 111 million yen in long-term loans payable as a result of the drawdown of new loans.

#### **Net assets**

Net assets increased 62 million yen from the end of the previous fiscal year to 944 million yen. This was mainly due to a 62 million yen increase in retained earnings due to the booking of profit.

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

MarketEnterprise has revised its full-year earnings forecast for the fiscal year ending June 30, 2016 that was announced on August 7, 2015.

For details, please refer to the press release “Notice of Revisions to Forecast for the Fiscal Year Ending June 30, 2016” that was announced today (May 12, 2016).

**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)	Third quarter of FY6/16 (As of Mar. 31, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	739,830	747,783
Accounts receivable-trade	103,251	124,025
Merchandise	309,274	391,215
Supplies	2,208	5,653
Other	27,180	58,022
Total current assets	1,181,744	1,326,699
Non-current assets		
Property, plant and equipment	31,250	69,690
Intangible assets	201	1,357
Investments and other assets	87,867	104,244
Total non-current assets	119,320	175,292
Total assets	1,301,065	1,501,991
<b>Liabilities</b>		
Current liabilities		
Current portion of long-term loans payable	50,004	132,515
Accounts payable-other	104,452	124,708
Income taxes payable	65,979	1,277
Other	116,386	104,930
Total current liabilities	336,822	363,431
Non-current liabilities		
Long-term loans payable	81,663	193,589
Total non-current liabilities	81,663	193,589
Total liabilities	418,485	557,020
<b>Net assets</b>		
Shareholders' equity		
Capital stock	304,865	304,865
Capital surplus	284,505	284,505
Retained earnings	293,210	355,734
Treasury shares	-	(132)
Total shareholders' equity	882,580	944,971
Total net assets	882,580	944,971
Total liabilities and net assets	1,301,065	1,501,991

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

(Thousands of yen)

	First nine months of FY6/15 (Jul. 1, 2014 – Mar. 31, 2015)	First nine months of FY6/16 (Jul. 1, 2015 – Mar. 31, 2016)
Net sales	2,798,922	3,566,992
Cost of sales	1,482,186	1,903,352
Gross profit	1,316,736	1,663,639
Selling, general and administrative expenses	1,192,572	1,558,627
Operating income	124,163	105,012
Non-operating income		
Vending machine income	620	1,123
Other	452	650
Total non-operating income	1,073	1,773
Non-operating expenses		
Interest expenses	1,171	1,156
Listing expenses	2,146	-
Compensation expenses	874	1,071
Other	294	153
Total non-operating expenses	4,486	2,381
Ordinary income	120,750	104,404
Income before income taxes	120,750	104,404
Income taxes-current	41,799	37,385
Income taxes-deferred	5,349	4,494
Total income taxes	47,149	41,880
Profit	73,600	62,524

**(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 due to its immateriality since MarketEnterprise has only a single business segment, which is the e-commerce reuse business.