Financial Summary of First Quarter of Fiscal Year Ending July 2018
(Japanese GAAP) (Consolidated)

December 15, 2017

Name of listed company: Meiho Enterprise Co., Ltd. Listing exchange: Tokyo Stock Exchange
Code: 8927 URL: http://www.meiho-est.com/
Representative: (Name) Takahiro Umeki (Position) President & Representative Director
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Scheduled date for submission of quarterly report: December 15, 2017
Scheduled date for start of dividend payment: -
Supplementary explanatory materials created for accounts? Yes/No: No
Accounts briefing meeting held? Yes/No: No

(Amounts are rounded down to the nearest million yen)

1. Consolidated results for first quarter of fiscal year ending July 2018 (from August 1, 2017 to October 31, 2017)

(1) Consolidated operating results

(% figures show the rate of increase (decrease) compared with the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
First quarter of fiscal year ending July 2018	3,813	159.0	939	913.3	908	—	788	—
First quarter of fiscal year ended July 2017	1,472	219.6	92	—	66	—	37	—

Note: Comprehensive income
First quarter of fiscal year ending July 2018: 789 million yen [—%] First quarter of fiscal year ended July 2017: 37 million yen [—%]

	Basic earnings per share	Diluted earnings per share
	yen	yen
First quarter of fiscal year ending July 2018	31.98	—
First quarter of fiscal year ended July 2017	1.52	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
First quarter of fiscal year ending July 2018	8,493	3,745	44.0
Fiscal year ended July 2017	8,495	3,043	35.7

Reference: Equity
First quarter of fiscal year ending July 2018: 3,734 million yen Fiscal year ended July 2017: 3,032 million yen

2. Dividends

	Annual dividend				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended July 2017	—	0.00	—	0.00	0.00
Fiscal year ending July 2018	—				
Fiscal year ending July 2018 (Forecast)		0.00	—	5.00	5.00

(Note) Revisions to the most recent dividend forecast: None

3. Consolidated earnings forecast for fiscal year ending July 2018 (from August 1, 2017 to July 31, 2018)

(% figures for the full fiscal year show the rate of increase (decrease) compared with the previous fiscal year, and % figures for the first two quarters show the rate of increase (decrease) compared with the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First two quarters	6,000	82.4	1,000	244.8	900	309.1	800	323.3	32.4
Full year	15,000	100.1	2,170	221.5	2,000	273.1	1,800	141.0	73.0

(Note) Revisions to the most recent earnings forecast: None

* Explanatory notes

(1) Changes in significant subsidiaries during the first quarter (Changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly included: － companies (Company name) －

Excluded: － companies (Company name) －

(2) Application of accounting method specific to preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to amendment of accounting standards, etc.: None
2) Changes in accounting policies other than 1): None
3) Changes in accounting estimates: None
4) Restatement: None

(4) Number of shares issued and outstanding (common shares)

1) Number of shares issued and outstanding (including treasury shares) at end of period	First quarter of fiscal year ending July 2018	24,661,000 shares	Fiscal year ended July 2017	24,661,000 shares
2) Number of treasury shares at end of period	First quarter of fiscal year ending July 2018	359 shares	Fiscal year ended July 2017	359 shares
3) Average number of shares during period (quarterly cumulative)	First quarter of fiscal year ending July 2018	24,660,641 shares	First quarter of fiscal year ended July 2017	24,660,641 shares

* Quarterly Financial Summary is outside the scope of the quarterly review.

This quarterly financial summary is not subject to quarterly review process pursuant to the Financial Instruments and Exchange Act. However, review process for quarterly consolidated financial statements pursuant to the Financial Instruments and Exchange Act is completed as of the date of disclosure of this quarterly financial summary.

* Explanation regarding appropriate use of earnings forecasts, and other notes

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by the Company. Accordingly, actual business performance and other results may differ materially due to various reasons. For the conditions forming the assumptions on which earnings forecasts are based and explanatory notes for use of earnings forecasts, etc., please see “Attachment 1. Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information” on page 5.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

In the first quarter of the fiscal year ending July 2018, the Japanese economy has continued to see a recovery trend against the backdrop of buoyed individual consumption and strong corporate earnings amid ongoing improvement in the employment and income environment. On the other hand, overseas economic trends continue to be unpredictable requiring careful attention to the impact of uncertainties from economic and monetary policies.

In the real estate industry in which our Group is involved, while there were concerns over surging sales prices due to ongoing upward trends in land prices, the business environment is generally favorable as actual demand continues to be strong backed by the Bank of Japan's monetary easing policy.

Under these business circumstances, the Group has implemented what it believes are the best exit strategies and sales plans with regards to its owned properties and has actively advanced movements to purchase, develop and sell profitable real estate and lots for new business, etc. while working to stabilize the financial base in view of maintaining profitability and recovering early. In the first quarter of the fiscal year ending July 2018, we completed the transfer of 4 properties including MIJAS Nakano (Nakano Ward, Tokyo) and MIJAS Yoga (Setagaya Ward, Tokyo) in inner city neighborhoods. Furthermore, as a secondhand property renovation resale project we converted an apartment into an accommodation facility in Nakagyo-ku, Kyoto City, Kyoto Prefecture and completed its transfer.

As a result of the above, in the first quarter of the fiscal year ending July 2018, the Group recorded net sales of 3,813 million yen (up 159.0% year-on-year), operating income of 939 million yen (up 913.3% year-on-year), ordinary income of 908 million yen (66 million yen in the same period of the previous fiscal year) and profit attributable to owners of parent of 788 million yen (37 million yen in the same period of the previous fiscal year).

The performance of the segments is as follows.

[Real estate sales business]

In the real estate sales business, we sold 4 properties of MIJAS series, the apartment development project, and transferred 1 property as a secondhand property renovation resale project. As a result, net sales totaled 3,295 million yen (up 255.9% year-on-year) and segment income totaled 958 million yen (69 million yen in the same period of the previous fiscal year).

[Real estate leasing business]

In the real estate leasing business, due to property management fees and such, net sales totaled 481 million yen (up 4.9% year-on-year) and segment income totaled 37 million yen (down 4.9% year-on-year).

[Real estate brokerage business]

In the first quarter of the fiscal year ending July 2018, there were no brokerage fees and such arising in the real estate brokerage business.

[Contracting business]

Regarding the contracting business, due to the execution of construction contracts as well as reform work and such, net sales totaled 39 million yen (down 22.4% year-on-year) and segment income totaled 0 million yen (3 million yen of segment loss in the same period of the previous fiscal year).

[Other]

This section refers to business segments not included in the segments to be reported. The main contribution was insurance agency operations, etc., and net sales totaled 8 million yen (up 19.7% year-on-year) and segment income totaled 5 million yen (down 9.1% year-on-year).

(2) Explanation of Financial Position

Total assets at the end of the first quarter of the fiscal year ending July 2018 decreased by 1 million yen compared to the end of the previous fiscal year to 8,493 million yen.

Moreover, liabilities decreased by 703 million yen from the end of the previous fiscal year to 4,748 million yen. Contributing to this is the net decrease of 853 million yen in short-term loans payable (including current portion of long-term loans payable) due to repayments alongside the sale of properties despite the increase of 109 million yen in long-term loans payable as funds to acquire new development business lots, etc.

Net assets increased by 702 million yen compared to the end of the previous fiscal year to 3,745 million yen while the equity ratio increased by 8.3 points from the end of the previous fiscal year to 44.0%.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information

As to consolidated earnings forecasts for the fiscal year ending July 2018, there is no change from the full-year forecasts announced on September 14, 2017. In case any revision to the full-year forecasts is judged to be necessary due to factors such as changes in circumstances in the future, such shall be promptly announced.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: thousand yen)

	Fiscal year ended July 2017 (as of July 31, 2017)	First quarter of fiscal year ending July 2018 (as of October 31, 2017)
Assets		
Current assets		
Cash and deposits	1,558,814	1,208,813
Accounts receivable	40,502	42,746
Real estate for sale	1,008,169	1,089,611
Real estate for sale in process	4,536,114	4,361,922
Deferred tax assets	337,709	330,195
Other	125,448	576,631
Allowance for doubtful accounts	(644)	(669)
Total current assets	7,606,115	7,609,251
Non-current assets		
Property, plant and equipment	13,577	15,565
Intangible assets	3,434	3,102
Investments and other assets		
Investment securities	55,308	55,424
Long-term loans receivable	436,964	430,519
Long-term accrued revenue	422,800	421,650
Other	227,669	228,363
Allowance for doubtful accounts	(270,005)	(270,005)
Total investments and other assets	872,736	865,952
Total non-current assets	889,748	884,620
Total assets	8,495,863	8,493,871

(Unit: thousand yen)

	Fiscal year ended July 2017 (as of July 31, 2017)	First quarter of fiscal year ending July 2018 (as of October 31, 2017)
Liabilities		
Current liabilities		
Accounts payable	179,762	126,685
Short-term loans payable	2,779,200	1,770,000
Current portion of long-term loans payable	1,273,266	1,429,166
Current portion of bonds	20,000	20,000
Lease obligations	695	705
Income taxes payable	2,825	111,480
Provision for bonuses	34,270	11,747
Other	311,608	320,703
Total current liabilities	4,601,627	3,790,489
Non-current liabilities		
Long-term loans payable	552,912	662,808
Bonds payable	70,000	70,000
Lease obligations	180	-
Other	227,542	224,970
Total non-current liabilities	850,634	957,778
Total liabilities	5,452,262	4,748,267
Net assets		
Shareholders' equity		
Capital stock	100,000	100,000
Capital surplus	1,582,685	1,495,610
Retained earnings	1,333,492	2,122,187
Treasury shares	(485)	(485)
Total shareholders' equity	3,015,691	3,717,312
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,637	16,713
Total accumulated other comprehensive income	16,637	16,713
Non-controlling interests	11,271	11,578
Total net assets	3,043,600	3,745,603
Total liabilities and net assets	8,495,863	8,493,871

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

(Quarterly Consolidated Statement of Income)

(First quarter of fiscal year)

(Unit: thousand yen)

	First quarter of fiscal year ended July 2017 (August 1, 2016 to October 31, 2016)	First quarter of fiscal year ending July 2018 (August 1, 2017 to October 31, 2017)
Net sales	1,472,330	3,813,401
Cost of sales	1,160,601	2,648,080
Gross profit	311,729	1,165,320
Selling, general and administrative expenses	219,054	226,261
Operating income	92,674	939,058
Non-operating income		
Interest income	122	1,935
Penalty income	458	-
Other	576	612
Total non-operating income	1,157	2,547
Non-operating expenses		
Interest expenses	19,905	21,735
Commissions paid	7,138	11,350
Other	-	370
Total non-operating expenses	27,043	33,455
Ordinary income	66,788	908,149
Extraordinary losses		
Provision of allowance for doubtful accounts	6,750	-
Total extraordinary losses	6,750	-
Profit before income taxes	60,038	908,149
Income taxes - current	284	111,873
Income taxes - deferred	22,145	7,274
Total income taxes	22,430	119,148
Profit	37,607	789,001
Profit attributable to non-controlling interest	11	306
Profit attributable to owners of parent	37,596	788,695

(Quarterly Consolidated Statement of Comprehensive Income)

(First quarter of fiscal year)

(Unit: thousand yen)

	First quarter of fiscal year ended July 2017 (August 1, 2016 to October 31, 2016)	First quarter of fiscal year ending July 2018 (August 1, 2017 to October 31, 2017)
Profit	37,607	789,001
Other comprehensive income		
Valuation difference on available-for-sale securities	23	75
Total other comprehensive income	23	75
Comprehensive income	37,631	789,077
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	37,620	788,771
Comprehensive income attributable to non-controlling interests	11	306

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Related to Going Concern Assumption)
Not Applicable.

(Notes on Substantial Changes in Amount of Shareholders' Equity)
The Company resolved the purchase of 8,707 treasury shares at the Board of Directors meeting held on June 22, 2017 pursuant to Article 11-6 of the Company's Articles of Incorporation. As a result of the purchase, treasury shares increased by 87,074 thousand yen in the first quarter of the fiscal year ending July 2018.

In addition, the Company retired 8,707 treasury shares on August 1, 2017 pursuant to the resolution by the Board of Directors meeting held on June 22, 2017. As a result of the retirement, capital surplus and treasury shares each decreased by 87,074 thousand yen in the first quarter of the fiscal year ending July 2018.

As a result of the above, capital surplus decreased by 87,074 thousand yen in the first quarter of the fiscal year ending July 2018, and capital surplus at the end of the first quarter of the fiscal year ending July 2018 stands at 1,495,610 thousand yen.

(Application of Accounting Treatment Specific to Preparation of Quarterly Consolidated Financial Statements)
Not Applicable.

(Changes in Accounting Policies)
Not Applicable.

(Changes in Accounting Estimates)
Not Applicable.

(Segment Information, etc.)

(Segment Information)

I First Quarter of the Previous Fiscal Year (from August 1, 2016 to October 31, 2016)

1. Information on Net Sales and Income or Loss Amounts by Reporting Segment

(Unit: thousand yen)

	Reporting segment					Other (Note 3)	Total	Reconciliation (Note 1)	Amount recorded in quarterly consolidated statement of income (Note 2)
	Real estate sales business	Real estate leasing business	Real estate brokerage business	Contracting business	Total				
Net sales									
Net sales to external customers	925,909	456,254	32,375	50,962	1,465,500	6,830	1,472,330	—	1,472,330
Intersegment net sales or transfers	—	2,453	—	—	2,453	—	2,453	(2,453)	—
Total	925,909	458,707	32,375	50,962	1,467,954	6,830	1,474,784	(2,453)	1,472,330
Segment income (loss)	69,702	39,684	30,154	(3,475)	136,066	6,334	142,400	(49,725)	92,674

(Note 1) The reconciliation of segment income (loss) of -49,725 thousand yen is company expenses not distributed to the reporting segments. Company expenses are primarily general and administrative expenses that are not attributable to the reporting segments.

(Note 2) Segment income (loss) is adjusted to the operating income in quarterly consolidated statement of income.

(Note 3) The “Other” section represents business segments not included in the reporting segments and is primarily comprised of the insurance agency operations.

2. Information on Impairment Loss on Non-Current Assets or Goodwill by Reporting Segment

Not Applicable.

II First Quarter of the Fiscal Year Ending July 2018 (from August 1, 2017 to October 31, 2017)

1. Information on Net Sales and Income or Loss Amounts by Reporting Segment

(Unit: thousand yen)

	Reporting segment					Other (Note 3)	Total	Reconciliation (Note 1)	Amount recorded in quarterly consolidated statement of income (Note 2)
	Real estate sales business	Real estate leasing business	Real estate brokerage business	Contracting business	Total				
Net sales									
Net sales to external customers	3,295,743	474,636	—	34,843	3,805,222	8,178	3,813,401	—	3,813,401
Intersegment net sales or transfers	—	6,388	—	4,711	11,100	—	11,100	(11,100)	—
Total	3,295,743	481,024	—	39,555	3,816,322	8,178	3,824,501	(11,100)	3,813,401
Segment income	958,509	37,744	—	549	996,803	5,760	1,002,564	(63,506)	939,058

(Note 1) The reconciliation of segment income of 63,506 thousand yen is company expenses not distributed to the reporting segments. Company expenses are primarily general and administrative expenses that are not attributable to the reporting segments.

(Note 2) Segment income is adjusted to the operating income in quarterly consolidated statement of income.

(Note 3) The “Other” section represents business segments not included in the reporting segments and is primarily comprised of the insurance agency operations.

2. Information on Impairment Loss on Non-Current Assets or Goodwill by Reporting Segment

Not Applicable.