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

June 14, 2018

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	
Contact for inquiries:	(Name)	Shunji Yasuda	(Position)	Director and Executive Officer, Management Dept.	TEL: 03 (5434) 7653
Scheduled date for submission of quarterly report:				June 14, 2018	
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 the first three quarters of fiscal year ending July 2018 (from August 1, 2017 to April 30, 2018)

(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 three quarters of fiscal year ending July 2018	11,531	129.4	2,537	460.5	2,448	599.8	1,998	539.6
First three quarters of fiscal year ended July 2017	5,027	21.0	452	25.8	349	7.9	312	43.9

Note: Comprehensive income
First three quarters of fiscal year ending July 2018: 2,003 million yen [529.0%]
First three quarters of fiscal year ended July 2017: 318 million yen [46.6%]

	Basic earnings per share	Diluted earnings per share
	yen	yen
First three quarters of fiscal year ending July 2018	82.73	—
First three quarters of fiscal year ended July 2017	12.67	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
First three quarters of fiscal year ending July 2018	10,652	4,579	42.9
Fiscal year ended July 2017	8,495	3,043	35.7

Reference: Equity
First three quarters of fiscal year ending July 2018: 4,566 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	—	0.00	—		
Fiscal year ending July 2018 (Forecast)				8.00	8.00

(Note) Revisions to the most recent dividend forecast: Yes

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

(% figures show the rate of increase (decrease) compared with the previous fiscal 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
Full year	15,100	101.4	2,470	266.0	2,300	329.1	1,850	147.7	77.02

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

* Explanatory notes

(1) Changes in significant subsidiaries during the first three quarters (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 three quarters 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 three quarters of fiscal year ending July 2018	1,047,160 shares	Fiscal year ended July 2017	359 shares
3) Average number of shares during period (quarterly cumulative)	First three quarters of fiscal year ending July 2018	24,158,330 shares	First three quarters of fiscal year ended July 2017	24,660,641 shares

* Quarterly Financial Summary is outside the scope of the quarterly review conducted by a certified public accountant or auditing firm.

* 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 three quarters 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 regard to its owned properties and has actively progressed 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 early recovery. In the first three quarters of the fiscal year ending July 2018, we completed the transfer of 8 properties, including the MIJAS series such as MIJAS SUGINAMI MIYAMAE (Suginami Ward, Tokyo), MIJAS HONANCHO (Suginami Ward, Tokyo), MIJAS HIGASHI-SHINJUKU (Shinjuku Ward, Tokyo), MIJAS ITABASHI-YAYOICHŌ (Itabashi Ward, Tokyo) and MIJAS SENDAGI (Bunkyo Ward, Tokyo), in inner-city neighborhoods.

As a result of the above, in the first three quarters of the fiscal year ending July 2018, the Group recorded net sales of 11,531 million yen (up 129.4% year-on-year), operating income of 2,537 million yen (up 460.5% year-on-year), ordinary income of 2,448 million yen (up 599.8% year-on-year) and profit attributable to owners of parent of 1,998 million yen (up 539.6% year-on-year).

The performance of the segments is as follows.

[Real estate sales business]

In the real estate sales business, we sold 7 properties of the MIJAS series, an apartment development project, the shared house project NERJA MINAMI-ASAGAYA (Suginami Ward, Tokyo), as well as Kyoto Nishi-Shichijo, Matsubara-dori Yumiyacho and Nishijin Senbon-dori in Kyoto City, which are business lots for accommodation facilities. As a result, net sales totaled 9,718 million yen (up 190.4% year-on-year) and segment income totaled 2,433 million yen (up 487.8% year-on-year).

[Real estate leasing business]

In the real estate leasing business, due to property management fees and such, net sales totaled 1,500 million yen (up 1.4% year-on-year) and segment income totaled 176 million yen (up 43.6% year-on-year).

[Real estate brokerage business]

In the real estate brokerage business, due to brokerage fees for BRANZ RIKUGIEN (Bunkyo Ward, Tokyo), net sales totaled 2 million yen (down 92.0% year-on-year) and segment income totaled 1 million yen (down 94.4% year-on-year).

[Contracting business]

Regarding the contracting business, due to the execution of construction contracts as well as reform work and such, net sales totaled 308 million yen (up 78.5% year-on-year) and segment income totaled 38 million yen (up 134.2% year-on-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 25 million yen (up 12.7% year-on-year) and segment income totaled 25 million yen (up 31.5% year-on-year).

(2) Explanation of Financial Position

(Assets)

Total assets at the end of the first three quarters of the fiscal year ending July 2018 increased by 2,156 million yen compared to the end of the previous fiscal year to 10,652 million yen. This is mainly due to real estate for sale and real estate for sale in process increasing by 171 million yen in total with the acquisition of new development business lots, etc. and business loans receivable from related companies increasing by 1,925 million yen.

(Liabilities)

Liabilities increased by 620 million yen from the end of the previous fiscal year to 6,072 million yen. Contributing to this is mainly the decrease of 1,307 million yen in short-term loans payable with repayments alongside the sale of properties, etc. as well as the increase in long-term loans payable (including current portion of long-term loans payable; the same follows hereafter) by 1,508 million yen for funds to acquire new development business lots, etc., and increase in income taxes payable by 264 million yen.

(Net assets)

Net assets increased by 1,536 million yen compared to the end of the previous fiscal year to 4,579 million yen while the equity ratio increased by 7.2 percentage points from the end of the previous fiscal year to 42.9%.

(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 “Notice Concerning Difference Between Earning Forecasts and Actual Results for First Two Quarters of Fiscal Year Ending July 2018; and Revision to Full-Year Earnings Forecasts” (Japanese only) announced on March 15, 2018. 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 three quarters of fiscal year ending July 2018 (as of April 30, 2018)
Assets		
Current assets		
Cash and deposits	1,558,814	1,711,550
Accounts receivable	40,502	64,936
Real estate for sale	1,008,169	2,978,221
Real estate for sale in process	4,536,114	2,737,365
Deferred tax assets	337,709	164,947
Other	125,448	168,646
Allowance for doubtful accounts	(644)	(1,272)
Total current assets	7,606,115	7,824,395
Non-current assets		
Property, plant and equipment	13,577	15,215
Intangible assets	3,434	2,728
Investments and other assets		
Investment securities	55,308	58,184
Long-term loans receivable	436,964	430,296
Long-term loans receivable from subsidiaries and associates	-	1,925,000
Long-term accrued revenue	422,800	421,350
Other	227,669	245,250
Allowance for doubtful accounts	(270,005)	(270,005)
Total investments and other assets	872,736	2,810,076
Total non-current assets	889,748	2,828,019
Total assets	8,495,863	10,652,415

(Unit: thousand yen)

	Fiscal year ended July 2017 (as of July 31, 2017)	First three quarters of fiscal year ending July 2018 (as of April 30, 2018)
Liabilities		
Current liabilities		
Accounts payable	179,762	244,718
Short-term loans payable	2,779,200	1,471,964
Current portion of long-term loans payable	1,273,266	1,661,184
Current portion of bonds	20,000	20,000
Lease obligations	695	357
Income taxes payable	2,825	266,863
Provision for bonuses	34,270	22,140
Other	311,608	434,172
Total current liabilities	4,601,627	4,121,400
Non-current liabilities		
Long-term loans payable	552,912	1,673,100
Bonds payable	70,000	60,000
Lease obligations	180	-
Other	227,542	218,209
Total non-current liabilities	850,634	1,951,309
Total liabilities	5,452,262	6,072,710
Net assets		
Shareholders' equity		
Capital stock	100,000	100,000
Capital surplus	1,582,685	1,495,610
Retained earnings	1,333,492	3,332,150
Treasury shares	(485)	(380,474)
Total shareholders' equity	3,015,691	4,547,286
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,637	19,359
Total accumulated other comprehensive income	16,637	19,359
Non-controlling interests	11,271	13,058
Total net assets	3,043,600	4,579,704
Total liabilities and net assets	8,495,863	10,652,415

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

(Quarterly Consolidated Statement of Income)

(First three quarters of fiscal year)

(Unit: thousand yen)

	First three quarters of fiscal year ended July 2017 (August 1, 2016 to April 30, 2017)	First three quarters of fiscal year ending July 2018 (August 1, 2017 to April 30, 2018)
Net sales	5,027,698	11,531,053
Cost of sales	3,914,278	8,267,109
Gross profit	1,113,419	3,263,943
Selling, general and administrative expenses	660,658	726,385
Operating income	452,761	2,537,557
Non-operating income		
Interest income	373	12,413
Penalty income	458	18,064
Reversal of provision for point card certificates	552	-
Other	2,932	3,979
Total non-operating income	4,316	34,457
Non-operating expenses		
Interest expenses	70,272	80,311
Commissions paid	32,718	42,330
Other	4,262	1,373
Total non-operating expenses	107,253	124,015
Ordinary income	349,823	2,448,000
Extraordinary losses		
Provision of allowance for doubtful accounts	6,750	-
Total extraordinary losses	6,750	-
Profit before income taxes	343,073	2,448,000
Income taxes - current	8,104	275,249
Income taxes - deferred	20,560	172,306
Total income taxes	28,664	447,555
Profit	314,409	2,000,445
Profit attributable to non-controlling interest	1,914	1,787
Profit attributable to owners of parent	312,494	1,998,658

(Quarterly Consolidated Statement of Comprehensive Income)

(First three quarters of fiscal year)

(Unit: thousand yen)

	First three quarters of fiscal year ended July 2017 (August 1, 2016 to April 30, 2017)	First three quarters of fiscal year ending July 2018 (August 1, 2017 to April 30, 2018)
Profit	314,409	2,000,445
Other comprehensive income		
Valuation difference on available-for-sale securities	4,082	2,722
Total other comprehensive income	4,082	2,722
Comprehensive income	318,492	2,003,167
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	316,577	2,001,380
Comprehensive income attributable to non-controlling interests	1,914	1,787

(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 purchased 8,707 treasury shares pursuant to the resolution made 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 three quarters 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 three quarters of the fiscal year ending July 2018.

Moreover, the Company purchased 1,046,800 treasury shares on December 18, 2017 pursuant to the resolution by the Board of Directors meeting held on December 15, 2017. As a result of the purchase, treasury shares increased by 379,988 thousand yen in the first three quarters of the fiscal year ending July 2018.

As a result of the above, capital surplus decreased by 87,074 thousand yen and treasury shares increased by 379,988 thousand yen in the first three quarters of the fiscal year ending July 2018, and capital surplus at the end of the first three quarters of the fiscal year ending July 2018 stands at 1,495,610 thousand yen and treasury shares at 380,474 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 Three Quarters of the Previous Fiscal Year (from August 1, 2016 to April 30, 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	3,346,675	1,469,552	36,333	152,372	5,004,934	22,763	5,027,698	—	5,027,698
Intersegment net sales or transfers	—	10,046	—	20,327	30,373	—	30,373	(30,373)	—
Total	3,346,675	1,479,598	36,333	172,699	5,035,308	22,763	5,058,071	(30,373)	5,027,698
Segment income	413,958	123,036	34,397	16,308	587,701	19,094	606,795	(154,034)	452,761

(Note 1) The reconciliation of segment income of -154,034 thousand yen is comprised of -7,370 thousand yen of elimination of inter-segment transactions and -146,663 thousand yen of company expenses not distributed to the reporting segments. Company expense 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, Etc.

Not Applicable.

II. First Three Quarters of the Fiscal Year Ending July 2018 (from August 1, 2017 to April 30, 2018)

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	9,718,498	1,500,592	2,910	283,395	11,505,396	25,656	11,531,053	—	11,531,053
Intersegment net sales or transfers	—	—	—	24,883	24,883	—	24,883	(24,883)	—
Total	9,718,498	1,500,592	2,910	308,279	11,530,279	25,656	11,555,936	(24,883)	11,531,053
Segment income	2,433,265	176,644	1,923	38,202	2,650,036	25,103	2,675,140	(137,582)	2,537,557

(Note 1) The reconciliation of segment income of -137,582 thousand yen is comprised of 15,285 thousand yen of elimination of inter-segment transactions and -152,867 thousand yen of 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, Etc.

Not Applicable.

3. Others

Important Matters Related to Going Concern Assumption

Not Applicable.