



Consolidated Financial Results Summary [Japanese Accounting Standards]
for the Fiscal Year ended December 31, 2015

February 12 ,2016

Company name MarkLines Co., Ltd.

Listed on

The Tokyo Stock Exchange
(JASDAQ Standard)

Code Number 3901

URL <http://www.marklines.com>

Representative Makoto Sakai, President

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Scheduled date of general shareholder's meeting: March 30, 2016

Scheduled date of annual security report filing: March 30 , 2016

Schedule date of commencement of dividend payment: March 31, 2016

Supplementary documents for annual results : No

Financial results briefing : Yes (For institutional investors and analysts)

(Amounts of less than one million yen are rounded down)

1. Consolidated financial results for the fiscal year ended December 31, 2015 (January 1, 2015 – December 31, 2015)

(1) Consolidated results of operation

(Percentage figures compare current results with those of the same period of the previous year)

	Net Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 31, 2015	1,232	17.0	416	25.0	423	23.0	283	28.8
Fiscal year ended December 31, 2014	1,053	23.6	333	53.3	344	42.3	220	43.5

(Note) Comprehensive income: 276million yen(19.2%) for the fiscal year ended December 31, 2015

231million yen(39.9%) for the fiscal year ended December 31, 2014

	Basic income per share	Diluted income per share	Rate of return on equity	Rate of ordinary income on total assets	Operating margin
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2015	89.79	86.33	26.4	25.9	33.8
Fiscal year ended December 31, 2014	75.51	75.35	32.3	30.3	31.6

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2015	1,775	1,178	66.4	370.47
As of December 31, 2014	1,492	971	65.1	309.62

(Reference) Shareholder's Equity: As of December 31, 2015 1,178Million yen As of December 31, 2014 971Million yen

(3) Consolidated cash flow

	Net cash provided by operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at year-end
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended December 31, 2015	364	(182)	(68)	1,359
Fiscal year ended December 31, 2014	335	96	348	1,250

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended December 31, 2014	-	0.00	-	28.00	28.00	87	37.1	12.6
Fiscal year ended December 31, 2015	-	0.00	-	35.00	35.00	111	39.0	10.3
Year ending December 31, 2016 (forecast)	-	0.00	-	42.00	42.00		39.8	

3. Consolidated forecasts for the fiscal year ending December 31, 2016 (January 1,2016-December 31,2016)

(Percentage figures compare current results with those of the same period of the previous year)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending June 30,2016	706	18.0	219	17.9	222	14.5	148	16.7	46.71
Year ending December 31,2016	1,454	18.0	500	20.1	509	20.3	340	20.0	105.50

* Note

(1) Change of material subsidiaries during the period : None

(2) Changes in accounting policies, changes in accounting estimates and restatements

(a) Changes in accounting policies in accordance with changes in accounting standards, etc. : None

(b) Voluntary changes in accounting policies : None

(c) Changes in accounting estimates : None

(d) Restatement : None

(3) Number of issued shares (common stock)

(a) Number of issued shares (including treasury shares):

As of December 31,2015	3,181,800shares	As of December 31,2014	3,136,800shares
As of December 31,2015	27shares	As of December 31,2014	- shares
Fiscal year ended December 31,2015	3,159,047shares	Fiscal year ended December 31,2014	2,916,744shares

(b) Number of treasury shares

(c) Average outstanding shares

(Reference) Summary of financial information on a non-consolidated basis

1. Non-consolidated financial results (January 1, 2015 – December 31, 2015)

(1) Results of operation

(Percentage figures compare current results with those of the same period of the previous year)

	Net Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 31, 2015	1,152	18.9	383	27.6	413	31.7	279	40.1
Fiscal year ended December 31, 2014	969	21.3	300	46.3	313	31.9	199	31.5

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended December 31, 2015	88.56	85.15
Fiscal year ended December 31, 2014	68.47	68.32

(2) Financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2015	1,655	1,124	67.9	353.44
As of December 31, 2014	1,380	918	66.6	292.96

(Reference) Shareholder's Equity: As of December 31, 2015 1,124 Million yen As of December 31, 2014 918 Million yen

*Implementation status of audit procedure

This report are outside the scope of audit procedures based on the Financial Instruments and Exchange Law, and audit procedure for consolidated financial statements and financial statements has not been completed as of the date of disclosure of this report.

*Explanation regarding the appropriate use of forecasts, and other special note

The earnings forecasts are based on certain assumptions that the Company deemed reasonable by the information currently available. Actual results may differ significantly due to a wide range of factors.

This report is an English translation of a statement written initially in Japanese for reference purpose only.

In the event of any discrepancy between English version and the Japanese original, the original shall prevail.

1 【Consolidated financial statements】

(1) 【Consolidated balance sheet】

(Unit : thousand yen)

	FY2014 As of Dec.31, 2014	FY2015 As of Dec.31, 2015
Assets		
Current asset		
Cash and deposits	1,250,263	1,359,336
Accounts receivable-trade	21,223	25,670
Work in process	-	3,275
Prepaid expenses	9,492	11,136
Deferred tax assets	8,749	8,471
Other	1,890	2,349
Allowance for doubtful accounts	(684)	(621)
Total current assets	1,290,935	1,409,619
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	40,856	40,725
Accumulated depreciation	(9,015)	(11,205)
Buildings and structures, net	31,841	29,519
Land	5,634	5,634
Other	20,284	21,887
Accumulated depreciation	(15,184)	(17,340)
Other, net	5,099	4,547
Total property, plant and equipment	42,575	39,701
Intangible assets		
Software	13,148	4,294
Software in progress	-	35,532
Total intangible asset	13,148	39,826
Investments and other assets		
Investment securities	113,065	253,290
Lease deposits	32,565	32,799
Claims provable in bankruptcy, claims provable in rehabilitation and other	703	1,183
Long-term prepaid expenses	455	87
Allowance for doubtful accounts	(703)	(1,183)
Investments and other assets total	146,086	286,177
Total noncurrent assets	201,810	365,705
Total assets	1,492,745	1,775,325

(Unit : thousand yen)

	FY2014 As of Dec.31, 2014	FY2015 As of Dec.31, 2015
Liabilities		
Current liabilities		
Accounts payable-trade	-	2,017
Accounts payable-other	28,875	13,604
Accrued expenses	20,345	22,499
Income taxes payable	79,436	78,225
Accrued consumption taxes	14,129	24,205
Advances received	355,405	428,670
Deposits received	6,646	8,720
Provision for bonuses	6,108	6,853
Accounts payable-facilities	4,337	9,720
Total current liabilities	515,286	594,516
Noncurrent liabilities		
Deferred tax liabilities	6,240	2,042
Total noncurrent liabilities	6,240	2,042
Total liabilities	521,526	596,559
Net assets		
Shareholders' equity		
Capital stock	314,301	323,864
Capital surplus	232,108	241,670
Retained earnings	402,530	598,343
Treasury shares	-	(74)
Total shareholders' equity	948,940	1,163,804
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,428	3,039
Foreign currency translation adjustment	13,849	11,921
Total accumulated other comprehensive income	22,278	14,961
Total net assets	971,219	1,178,766
Total liabilities and net assets	1,492,745	1,775,325

(2) Consolidated statement of income and consolidated statement of comprehensive income

【 Consolidated statement of income 】

For the fiscal year ended December 31, 2014 and 2015

(Unit : thousand yen)

	Fiscal year ended December 31, 2014 From Jan.1 to Dec. 31,2014	Fiscal year ended December 31, 2015 From Jan.1 to Dec. 31,2015
Net sales	1,053,781	1,232,449
Cost of sales	317,657	346,518
Gross profit	736,123	885,930
Selling, general and administrative expenses		
Promotion expenses	4,108	6,321
Sales commission	17,058	17,162
Advertising expenses	7,150	8,700
Directors' compensations	40,943	40,935
Salaries and allowances	178,328	213,754
Provision for bonuses	2,874	3,451
Retirement benefit expenses	2,932	3,091
Legal welfare expenses	32,091	37,338
Depreciation	4,909	5,088
Provision of allowance for doubtful accounts	1,034	594
Rent expenses	33,205	37,531
Other	78,128	95,346
Total selling, general and administrative expenses	402,765	469,316
Operating income	333,357	416,613
Non-operating income		
Interest income	1,311	1,404
Dividend income	2,416	7,730
Foreign exchange gains	29,346	-
Other	185	1,029
Total non-operating income	33,259	10,164
Non-operating expenses		
Share issuance cost	4,528	-
Going public expenses	17,507	-
Foreign exchange losses	-	3,037
Other	60	-
Total non-operating expenses	22,096	3,037
Ordinary income	344,521	423,740
Income before income taxes	344,521	423,740
Income taxes - current	125,717	140,796
Income taxes - deferred	(1,448)	(699)
Total income taxes	124,269	140,097
Income before minority interests	220,251	283,643
Net income	220,251	283,643

【Consolidated statement of comprehensive income】
 For the fiscal year ended December 31, 2014 and 2015

(Unit : thousand yen)

	For the fiscal year ended December 31,2014 From Jan. 1 to Dec. 31, 2014	For the fiscal year ended December 31,2015 From Jan. 1 to Dec. 31, 2015
Income before minority interests	220,251	283,643
Other comprehensive income		
Valuation difference on available-for-sale securities	5,302	(5,389)
Foreign currency translation adjustment	6,342	(1,927)
Total other comprehensive income	11,644	(7,316)
Total comprehensive income	231,896	276,326
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	231,896	276,326
Comprehensive income attributable to minority interests	-	-

(3) Consolidated statement of change in equity

For the fiscal year ended December 31, 2014 and 2015

The previous fiscal year (From January 1 to December 31, 2014)

(unit : thousand yen)

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity total	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	105,000	22,806	252,047	-	379,853	3,126	7,507	10,633	390,486
changes of items during period									
Issuance of new shares	209,301	209,301			418,603				418,603
Dividends of surplus			(69,768)		(69,768)				(69,768)
Net income			220,251		220,251				220,251
Purchase of treasury shares					-				-
Net changes of items other than shareholders' equity						5,302	6,342	11,644	11,644
Total changes of items during period	209,301	209,301	150,483	-	569,087	5,302	6,342	11,644	580,732
Balance at end of current period	314,301	232,108	402,530	-	948,940	8,428	13,849	22,278	971,219

The current fiscal year (From January 1 to December 31, 2015)

(unit : thousand yen)

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity total	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	314,301	232,108	402,530	-	948,940	8,428	13,849	22,278	971,219
changes of items during period									
Issuance of new shares	9,562	9,562			19,125				19,125
Dividends of surplus			(87,830)		(87,830)				(87,830)
Net income			283,643		283,643				283,643
Purchase of treasury shares				(74)	(74)				(74)
Net changes of items other than shareholders' equity						(5,389)	(1,927)	(7,316)	(7,316)
Total changes of items during period	9,562	9,562	195,812	(74)	214,863	(5,389)	(1,927)	(7,316)	207,547
Balance at end of current period	323,864	241,670	598,343	(74)	1,163,804	3,039	11,921	14,961	1,178,766

(4) Consolidated statement of cash flows

【Consolidated statement of cash flows】

For the fiscal year ended December 31, 2014 and 2015

(Unit : thousand yen)

	Fiscal year ended December 31, 2014 From Jan.1 to Dec. 31,2014	Fiscal year ended December 31, 2015 From Jan.1 to Dec. 31,2015
Cash flows from operating activities		
Income before income taxes	344,521	423,740
Depreciation	13,437	13,382
Increase (decrease) in allowance for doubtful accounts	704	416
Increase (decrease) in provision for bonuses	643	744
Interest and dividend income	(3,727)	(9,134)
Foreign exchange losses (gains)	(3,553)	1,663
Decrease (increase) in notes and accounts receivable - trade	(7,762)	(4,844)
Increase (decrease) in accounts payable - other	20,171	(15,670)
Increase (decrease) in accrued consumption taxes	7,406	10,064
Increase (decrease) in advances received	53,161	75,291
Other, net	(524)	2,826
Subtotal	424,476	498,480
Interest and dividend income received	3,728	7,621
Income taxes paid	(92,238)	(141,246)
Net cash provided by (used in) operating activities	335,965	364,855
Cash flows from investing activities		
Payments into time deposits	-	(100,000)
Proceeds from withdrawal of time deposits	100,000	100,000
Purchase of property, plant and equipment	(1,188)	(6,276)
Purchase of intangible assets	(973)	(25,845)
Purchase of long-term investment securities	-	(148,833)
Payments for lease deposits	(1,507)	(1,395)
Collection of lease deposits	-	63
Net cash provided by (used in) investing activities	96,330	(182,287)
Cash flows from financing activities		
Proceeds from issuance of common shares	418,603	19,125
Purchase of treasury shares	-	(74)
Cash dividends paid	(69,768)	(87,422)
Net cash provided by (used in) financing activities	348,835	(68,371)
Effect of exchange rate change on cash and cash equivalents	13,759	(5,123)
Net increase (decrease) in cash and cash equivalents	794,891	109,072
Cash and cash equivalents at the beginning of the year	455,372	1,250,263
Cash and cash equivalents at the end of the year	1,250,263	1,359,336