

Consolidated Financial Results Summary [Japanese Accounting Standards] for the Three Months Ended March 31, 2016(Q1 FY2016)

May 9, 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

Contact Person Masami Uchida, General Manager, Administration Dept. (TEL) +81-3-5785-1381 Filing date of quarterly report: May 13, 2016 Scheduled date of commencement of dividend payment: -

Supplementary documents for quarterly results: None

Quarterly results briefing : None

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

1. Consolidated financial results for the three months ended March 31, 2016(January 1, 2016 – March 31, 2016)

(1) Consolidated results of operation (Accumulated total)

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

	Net S	ales	Operating income		me Ordinary income		Profit attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2016	342	16.9	112	27.9	102	13.1	69	16.5
March 31, 2015	293	-	88	-	90	-	59	-

(Note) Comprehensive income:

58million yen(12.2%) for the three months ended March 31, 2016

66 million yen(- %) for the three months ended March 31, 2015

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2016	21.87	21.34
March 31, 2015	19.04	18.80

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of March 31, 2016	1,672	1,125	67.3
As of December 31, 2015	1,775	1,178	66.4

(Reference) Shareholder's Equity: As of March31,2016 1,125Million yen As of December31,2015 1,178 Million yen

2. Dividends

2. Dividends							
		Dividend per share					
	End of	End of	End of	Year end	Annual		
	first quarter	second quarter	third quarter	Tear end			
	Yen	Yen	Yen	Yen	Yen		
Year ended December 31, 2015	-	0.00	-	35.00	35.00		
Year ending December 31, 2016	-						
Year ending December 31, 2016 (forecast)		0.00	-	42.00	42.00		

(Note) Revisions to the latest dividend forecasts

:None

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 Sa	los	Opera	ting	Ordin	ary	Profit attribu	table to	Net income
	Net Sa	168	incor	ne	inco	me	owners of	parent	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) Revisions to the latest financial forecasts

: None

* Note

(1) Change of material subsidiaries during the period

: None

(2) Application of accounting treatments specific to quarterly financial statements : None

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

(a) Changes in accounting policies in accordance with changes in accounting standards, etc. : Yes
 (b) Voluntary changes in accounting policies : None
 (c) Changes in accounting estimates : None
 (d) Restatement : None

(4) Number of issued shares (common stock)

- (a) Number of issued shares at period-end (including treasury shares):
- (b) Number of treasury shares at Period-end:
- (c) Average outstanding shares (accumulated period):

As of March 31,2016	3,181,800 shares	As of December 31,2015	3,181,800 shares
As of March 31,2016	27 shares	As of December 31,2015	27 shares
Three months ended March 31,2016	3,181,773 shares	Three months ended March 31,2015	3,138,044 shares

* Implementation status of quarterly review procedure

This report is outside the scope of audit procedures based on the Financial Instruments and Exchange Act, and review procedure for quarterly consolidated 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 Marklines Co., Ltd. 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 【Quarterly consolidated financial statements】

(1) 【Quarterly consolidated balance sheet】

		(Unit: thousand yen)
	FY2015 As of Dec.31, 2015	FY2016 As of Mar. 31, 2016
Assets		
Current asset		
Cash and deposits	1,359,336	1,217,734
Accounts receivable-trade	25,670	24,927
Work in process	3,275	-
Prepaid expenses	11,136	10,913
Deferred tax assets	8,471	10,216
Other	2,349	1,114
Allowance for doubtful accounts	(621)	(595)
Total current assets	1,409,619	1,264,311
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	40,725	40,652
Accumulated depreciation	(11,205)	(11,652)
Buildings and structures, net	29,519	28,999
Land	5,634	5,634
Other	21,887	22,406
Accumulated depreciation	(17,340)	(17,573)
Other, net	4,547	4,832
Total property, plant and equipment	39,701	39,467
Intangible assets		
Software	4,294	2,125
Software in progress	35,532	67,932
Total intangible asset	39,826	70,057
Investments and other assets	· ·	
Investment securities	253,290	266,100
Lease deposits	32,799	32,093
Other	1,270	1,649
Allowance for doubtful accounts	(1,183)	(998)
Investments and other assets total	286,177	298,845
Total noncurrent assets	365,705	408,369
Total assets	1,775,325	1,672,680

(Unit: thousand yen)

		(Onit, thousand yen)		
	FY2015 As of Dec.31, 2015	FY2016 As of Mar. 31, 2016		
Liabilities				
Current liabilities				
Accounts payable-trade	2,017	971		
Accounts payable-other	13,196	20,088		
Accrued expenses	22,499	17,176		
Income taxes payable	78,225	35,255		
Accrued consumption taxes	24,205	13,236		
Advances received	428,670	423,742		
Deposits received	8,720	8,861		
Provision for bonuses	6,853	24,203		
Accounts payable-facilities	9,720	3,240		
Other	408	372		
Total current liabilities	594,516	547,148		
Noncurrent liabilities				
Deferred tax liabilities	2,042	-		
Total noncurrent liabilities	2,042	-		
Total liabilities	596,559	547,148		
Net assets				
Shareholders' equity				
Capital stock	323,864	323,864		
Capital surplus	241,670	241,670		
Retained earnings	598,343	556,576		
Treasury shares	(74)	(74)		
Total shareholders' equity	1,163,804	1,122,037		
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities	3,039	(2,637)		
Foreign currency translation adjustment	11,921	6,132		
Total accumulated other comprehensive income	14,961	3,494		
Total net assets	1,178,766	1,125,532		
Total liabilities and net assets	1,775,325	1,672,680		

(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income 【 Quarterly consolidated statement of income 】

Three months ended March 31

	FY2015 Three months ended March 31,2015	(Unit: thousand yen) FY2016 Three months ended March 31,2016
Net sales	293,375	342,877
Cost of sales	86,562	103,774
Gross profit	206,813	239,103
Selling, general and administrative expenses		
Promotion expenses	1,845	2,782
Sales commission	4,149	2,391
Advertising expenses	2,748	2,736
Directors' compensations	9,960	10,324
Salaries and allowances	47,834	48,526
Provision for bonuses	7,334	9,088
Retirement benefit expenses	726	918
Legal welfare expenses	9,699	8,275
Depreciation	1,229	1,193
Provision of allowance for doubtful accounts	-	19
Rent expenses	9,615	7,741
Other	23,365	32,159
Total selling, general and administrative expenses	118,510	126,156
Operating income	88,303	112,947
Non-operating income		
Interest income	380	303
Dividend income	1,238	1,210
Reversal of allowance for doubtful accounts	892	-
Other	148	232
Total non-operating income	2,660	1,746
Non-operating expenses		
Foreign exchange losses	405	12,306
Total non-operating expenses	405	12,306
Ordinary income	90,558	102,386
Income before income taxes	90,558	102,386
Income taxes - current	31,657	34,619
Income taxes - deferred	(843)	(1,826)
Total income taxes	30,814	32,792
Profit	59,743	69,594
Profit attribute to owners of parent	59,743	69,594

【 Quarterly consolidated statement of comprehensive income 】

Three months ended March 31

	(Unit: thousand yen)	
FY2015 Three months ended March 31,2015	FY2016 Three months ended March 31,2016	
59,743	69,594	
6,716	(5,677)	
(250)	(5,788)	
6,466	(11,466)	
66,209	58,128	
66,209	58,128	
	Three months ended March 31,2015 59,743 6,716 (250) 6,466 66,209	