



Consolidated Financial Results Summary [Japanese Accounting Standards]
for the Six Months Ended June 30, 2016(Q2 FY2016)

August 2, 2016

Company name MarkLines Co., Ltd.

Listed on The Tokyo Stock Exchange
(JASDAQ Standard)

Code Number 3901

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

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Filing date of quarterly report: August 9, 2016 Scheduled date of commencement of dividend payment: -

Supplementary documents for quarterly results : No

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

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

1. Consolidated financial results for the six months ended June 30, 2016(January 1, 2016 – June 30, 2016)

(1) Consolidated results of operation (Accumulated total)

(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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
June 30, 2016	678	13.4	233	25.4	205	5.8	139	9.7
June 30, 2015	598	-	186	-	193	-	127	-

(Note) Comprehensive income: 110million yen(18.4%) for the six months ended June 30, 2016
135million yen(- %) for the six months ended June 30, 2015

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2016	43.96	42.77
June 30, 2015	40.62	38.76

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of June 30, 2016	1,816	1,181	65.0
As of December 31, 2015	1,775	1,178	66.4

(Reference) Shareholder's Equity: As of June 30, 2016 1,181Million yen As of December31,2015 1,178 Million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2015	-	0.00	-	35.00	35.00
Year ending December 31, 2016	-	0.00			
Year ending December 31, 2016 (forecast)			-	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 Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
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):

As of June 30, 2016	3,188,800 shares	As of December 31, 2015	3,181,800 shares
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(b) Number of treasury shares at Period-end:

As of June 30, 2016	27 shares	As of December 31, 2015	27 shares
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(c) Average outstanding shares (accumulated period):

Six months ended June 30, 2016	3,182,734 shares	Six months ended June 30, 2015	3,138,424 shares
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* 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 June.30, 2016
Assets		
Current asset		
Cash and deposits	1,359,336	1,370,252
Accounts receivable-trade	25,670	27,459
Work in process	3,275	-
Prepaid expenses	11,136	8,960
Deferred tax assets	8,471	6,817
Other	2,349	3,502
Allowance for doubtful accounts	(621)	(714)
Total current assets	1,409,619	1,416,278
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	40,725	40,577
Accumulated depreciation	(11,205)	(12,091)
Buildings and structures, net	29,519	28,485
Land	5,634	5,634
Other	21,887	21,777
Accumulated depreciation	(17,340)	(17,622)
Other, net	4,547	4,154
Total property, plant and equipment	39,701	38,275
Intangible assets		
Software	4,294	60,012
Software in progress	35,532	11,340
Total intangible asset	39,826	71,352
Investments and other assets		
Investment securities	253,290	253,016
Lease deposits	32,799	31,524
Other	1,270	7,048
Allowance for doubtful accounts	(1,183)	(1,131)
Investments and other assets total	286,177	290,458
Total noncurrent assets	365,705	400,086
Total assets	1,775,325	1,816,364

(Unit : thousand yen)

	FY2015 As of Dec.31, 2015	FY2016 As of June.30, 2016
Liabilities		
Current liabilities		
Accounts payable-trade	2,017	538
Accounts payable-other	13,196	15,852
Accrued expenses	22,499	20,302
Income taxes payable	78,225	61,408
Accrued consumption taxes	24,205	9,842
Advances received	428,670	494,968
Deposits received	8,720	14,708
Provision for bonuses	6,853	8,459
Accounts payable-facilities	9,720	8,100
Other	408	832
Total current liabilities	594,516	635,014
Noncurrent liabilities		
Deferred tax liabilities	2,042	-
Total noncurrent liabilities	2,042	-
Total liabilities	596,559	635,014
Net assets		
Shareholders' equity		
Capital stock	323,864	325,351
Capital surplus	241,670	243,158
Retained earnings	598,343	626,897
Treasury shares	(74)	(74)
Total shareholders' equity	1,163,804	1,195,333
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,039	(11,715)
Foreign currency translation adjustment	11,921	(2,267)
Total accumulated other comprehensive income	14,961	(13,982)
Total net assets	1,178,766	1,181,350
Total liabilities and net assets	1,775,325	1,816,364

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

【 Quarterly consolidated statement of income 】

Six months ended June 30

(Unit : thousand yen)

	FY2015 Six months ended June 30, 2015	FY2016 Six months ended June 30, 2016
Net sales	598,588	678,921
Cost of sales	169,292	201,446
Gross profit	429,296	477,475
Selling, general and administrative expenses		
Promotion expenses	6,075	5,817
Sales commission	10,031	3,380
Advertising expenses	5,288	3,914
Directors' compensations	20,285	21,576
Salaries and allowances	107,960	106,631
Provision for bonuses	4,079	4,430
Retirement benefit expenses	1,457	1,848
Legal welfare expenses	19,357	16,501
Depreciation	2,458	2,354
Provision of allowance for doubtful accounts	-	271
Rent expenses	19,980	14,336
Other	45,858	62,611
Total selling, general and administrative expenses	242,834	243,675
Operating income	186,462	233,800
Non-operating income		
Interest income	787	468
Dividend income	3,915	4,067
Foreign exchange gains	2,270	-
Reversal of allowance for doubtful accounts	63	-
Other	487	413
Total non-operating income	7,524	4,949
Non-operating expenses		
Foreign exchange losses	-	33,475
Other	-	2
Total non-operating expenses	-	33,478
Ordinary income	193,986	205,271
Income before income taxes	193,986	205,271
Income taxes - current	66,571	64,910
Income taxes - deferred	80	444
Total income taxes	66,490	65,355
Profit	127,495	139,915
Profit attribute to owners of parent	127,495	139,915

【Quarterly consolidated statement of comprehensive income】

Six months ended June 30

(Unit : thousand yen)

	FY2015 Six months ended June 30, 2015	FY2016 Six months ended June 30,2016
Income before minority interests	127,495	139,915
Other comprehensive income		
Valuation difference on available-for-sale securities	6,977	(14,755)
Foreign currency translation adjustment	1,501	(14,188)
Total other comprehensive income	8,479	(28,944)
Total comprehensive income	135,974	110,971
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	135,974	110,971
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly consolidated statement of cash flows
【 Quarterly consolidated statement of cash flows 】
 Six months ended June 30

(Unit : thousand yen)

	FY2015 Six months ended June 30, 2015	FY2016 Six months ended June 30, 2016
Cash flows from operating activities		
Income before income taxes	193,986	205,271
Depreciation	6,605	6,261
Increase (decrease) in allowance for doubtful accounts	(63)	42
Interest and dividend income	(4,703)	(4,536)
Foreign exchange losses (gains)	74	24,870
Decrease (increase) in notes and accounts receivable - trade	(4,763)	(2,821)
Increase (decrease) in provision for bonuses	904	1,606
Increase (decrease) in accounts payable - other	(15,024)	2,917
Increase (decrease) in accrued consumption taxes	826	(14,204)
Increase (decrease) in advances received	99,125	75,723
Other, net	6,043	9,857
Subtotal	283,011	304,987
Interest and dividend income received	3,200	4,491
Income taxes paid	(84,320)	(82,818)
Net cash provided by (used in) operating activities	201,892	226,661
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,761)	(1,215)
Purchase of long-term investment securities	(148,833)	(21,100)
Purchase of intangible assets	-	(37,361)
Payments into time deposits	(100,000)	-
Proceeds from withdrawal of time deposits	100,000	-
Payments for lease deposits	(1,098)	-
Collection of lease deposits	68	226
Net cash provided by (used in) investing activities	(154,625)	(59,450)
Cash flows from financing activities		
Proceeds from issuance of common shares	500	2,975
Cash dividends paid	(87,399)	(110,938)
Net cash provided by (used in) financing activities	(86,899)	(107,963)
Effect of exchange rate change on cash and cash equivalents	3,160	(48,331)
Net increase (decrease) in cash and cash equivalents	(36,472)	10,916
Cash and cash equivalents at the beginning of the year	1,250,263	1,359,336
Cash and cash equivalents at the end of the year	1,213,791	1,370,252