



Consolidated Financial Results Summary [ Japanese Accounting Standards ]  
for the Three Months Ended March 31, 2017(Q1 FY2017)

May 8, 2017

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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Contact Person Masami Uchida, General Manager, Administration Dept. (TEL) +81-3-5785-1380  
Filing date of quarterly report: May 12, 2017 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, 2017(January 1, 2017 – March 31, 2017)

(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	%
Three months ended								
March 31, 2017	404	18.0	136	21.2	140	37.2	98	41.3
March 31, 2016	342	16.9	112	27.9	102	13.1	69	16.5

(Note) Comprehensive income: 86million yen( 48.1%) for the three months ended March 31, 2017  
58million yen( 12.2%) for the three months ended March 31, 2016

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
March 31, 2017	30.13	29.83
March 31, 2016	21.87	21.34

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of March 31, 2017	2,071	1,424	68.7
As of December 31, 2016	2,117	1,470	69.4

(Reference) Net assets : As of March31,2017 1,424Million yen As of December31,2016 1,470 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, 2016	-	0.00	-	42.00	42.00
Year ending December 31, 2017	-				
Year ending December 31, 2017 (forecast)		0.00	-	50.00	50.00

(Note) Revisions to the latest dividend forecasts :None

3. Consolidated forecasts for the fiscal year ending December 31, 2017 (January 1,2017-December 31,2017)

(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
Six months ending June 30,2017	794	17.0	278	18.9	282	37.4	195	39.4	58.80
Year ending December 31,2017	1,673	16.8	620	19.5	620	21.4	430	19.9	129.98

(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. : None

(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 March 31,2017	3,266,900 shares	As of December 31,2016	3,260,600 shares
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(b) Number of treasury shares at Period-end:

As of March 31,2017	48 shares	As of December 31,2016	48 shares
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(c) Average outstanding shares (accumulated period):

Three months ended March 31,2017	3,264,277 shares	Three months ended March 31,2016	3,181,773 shares
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\* This report is outside the scope of quarterly review audit based on the Financial Instruments and Exchange Act.

\* 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)

	FY2016 As of Dec.31, 2016	FY2017 As of Mar. 31, 2017
<b>Assets</b>		
Current asset		
Cash and deposits	1,738,766	1,470,500
Accounts receivable-trade	55,129	70,869
Work in process	54	-
Prepaid expenses	10,744	13,933
Deferred tax assets	8,606	10,887
Other	1,820	4,139
Allowance for doubtful accounts	(1,709)	(1,142)
Total current assets	1,813,412	1,569,189
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	40,727	40,159
Accumulated depreciation	(13,033)	(12,930)
Buildings and structures, net	27,694	27,229
Land	5,634	5,634
Construction in progress	232	-
Other	26,366	27,880
Accumulated depreciation	(19,845)	(20,505)
Other, net	6,521	7,375
Total property, plant and equipment	40,082	40,240
Intangible assets		
Software	70,046	77,687
Total intangible asset	70,046	77,687
Investments and other assets		
Investment securities	161,818	348,092
Lease deposits	31,145	32,420
Other	2,258	4,919
Allowance for doubtful accounts	(952)	(823)
Investments and other assets total	194,269	384,609
Total noncurrent assets	304,398	502,537
Total assets	2,117,811	2,071,726

(Unit : thousand yen)

	FY2016 As of Dec.31, 2016	FY2017 As of Mar. 31, 2017
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	4,564	10,732
Accounts payable-other	20,364	28,216
Accrued expenses	25,792	19,021
Income taxes payable	78,930	45,877
Accrued consumption taxes	17,145	16,129
Advances received	476,944	482,120
Deposits received	10,305	10,534
Provision for bonuses	7,752	26,902
Accounts payable-facilities	5,400	5,810
Other	533	2,102
Total current liabilities	647,732	647,449
Total liabilities	647,732	647,449
<b>Net assets</b>		
Shareholders' equity		
Capital stock	354,071	356,591
Capital surplus	271,878	274,398
Retained earnings	845,471	806,884
Treasury shares	(138)	(138)
Total shareholders' equity	1,471,283	1,437,736
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(5,630)	(14,428)
Foreign currency translation adjustment	4,426	968
Total accumulated other comprehensive income	(1,204)	(13,459)
Total net assets	1,470,078	1,424,276
Total liabilities and net assets	2,117,811	2,071,726

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

## 【Quarterly consolidated statement of income】

Three months ended March 31

	(Unit : thousand yen)	
	FY2016 Three months ended March 31,2016	FY2017 Three months ended March 31,2017
Net sales	342,877	404,753
Cost of sales	103,774	118,312
Gross profit	239,103	286,441
Selling, general and administrative expenses		
Promotion expenses	2,782	3,416
Sales commission	2,391	371
Advertising expenses	2,736	2,073
Directors' compensations	10,324	11,251
Salaries and allowances	48,526	57,276
Provision for bonuses	9,088	12,071
Retirement benefit expenses	918	1,158
Legal welfare expenses	8,275	11,058
Depreciation	1,193	2,188
Provision of allowance for doubtful accounts	19	(696)
Rent expenses	7,741	7,589
Other	32,159	41,847
Total selling, general and administrative expenses	126,156	149,605
Operating income	112,947	136,835
Non-operating income		
Interest income	303	217
Dividend income	1,210	2,821
Foreign exchange gains	-	530
Other	232	161
Total non-operating income	1,746	3,730
Non-operating expenses		
Foreign exchange losses	12,306	-
Other	-	113
Total non-operating expenses	12,306	113
Ordinary income	102,386	140,452
Income before income taxes	102,386	140,452
Income taxes - current	34,619	43,414
Income taxes - deferred	(1,826)	(1,317)
Total income taxes	32,792	42,096
Profit	69,594	98,356
Profit attribute to owners of parent	69,594	98,356

## 【Quarterly consolidated statement of comprehensive income】

Three months ended March 31

(Unit : thousand yen)

	FY2016 Three months ended March 31,2016	FY2017 Three months ended March 31,2017
Profit	69,594	98,356
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,677)	(8,797)
Foreign currency translation adjustment	(5,788)	(3,457)
Total other comprehensive income	(11,466)	(12,255)
Total comprehensive income	58,128	86,100
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	58,128	86,100
Comprehensive income attributable to non-controlling interests	-	-