



Consolidated Financial Results Summary [Japanese Accounting Standards]
for the Six Months Ended June 30, 2017(Q2 FY2017)

August 1, 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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Filing date of quarterly report: August 10, 2017 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, 2017(January 1, 2017 – June 30, 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	%
Six months ended								
June 30, 2017	802	18.3	270	15.8	279	36.2	195	39.4
June 30, 2016	678	13.4	233	25.4	205	5.8	139	9.7

(Note) Comprehensive income: 179million yen(61.3%) for the six months ended June 30, 2017
110million yen(18.4%) for the six months ended June 30, 2016

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
June 30, 2017	14.92	14.78
June 30, 2016	10.99	10.69

We conducted a 4 for 1 stock split effective from 9th June, 2017. Therefore above figures concerning earnings per share are adjusted by assuming that this stock split was conducted at the beginning of previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of June 30, 2017	2,256	1,520	67.4
As of December 31, 2016	2,117	1,470	69.4

(Reference) Shareholder's Equity: As of June 30, 2017 1,520Million 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	-	0.00	-	-	-
Year ending December 31, 2017 (forecast)	-	-	-	12.50	12.50

(Note) Revisions to the latest dividend forecasts :None

As we mentioned, a stock split was conducted on 9th June, 2017, therefore the forecast dividends per share of current fiscal year is indicated figure divided by 4. Still there is no change in the total amount of annual dividends.

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
Year ending December 31,2017	1,673	16.8	620	19.5	620	21.4	430	19.9	32.50

(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. : 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 June 30, 2017	13,085,200 shares	As of December 31, 2016	13,042,400 shares
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(b) Number of treasury shares at Period-end:

As of June 30, 2017	192 shares	As of December 31, 2016	192 shares
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(c) Average outstanding shares (accumulated period):

Six months ended June 30, 2017	13,069,916 shares	Six months ended June 30, 2016	12,730,936 shares
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The number of shares listed above is respectively adjusted by assuming that a 4 for 1 stock split was conducted at the beginning of the previous fiscal year.

* Implementation status of quarterly review procedure

This report is outside the scope of quarterly review 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 June.30, 2017
Assets		
Current asset		
Cash and deposits	1,738,766	1,690,872
Accounts receivable-trade	55,129	48,289
Work in process	54	-
Prepaid expenses	10,744	10,633
Deferred tax assets	8,606	7,258
Other	1,820	5,683
Allowance for doubtful accounts	(1,709)	(597)
Total current assets	1,813,412	1,762,139
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	40,727	40,172
Accumulated depreciation	(13,033)	(13,310)
Buildings and structures, net	27,694	26,861
Land	5,634	5,634
Construction in progress	232	-
Other	26,366	28,691
Accumulated depreciation	(19,845)	(21,204)
Other, net	6,521	7,487
Total property, plant and equipment	40,082	39,983
Intangible assets		
Software	70,046	75,912
Total intangible asset	70,046	75,912
Investments and other assets		
Investment securities	161,818	339,152
Lease deposits	31,145	32,515
Other	2,258	7,753
Allowance for doubtful accounts	(952)	(878)
Investments and other assets total	194,269	378,542
Total noncurrent assets	304,398	494,438
Total assets	2,117,811	2,256,578

(Unit : thousand yen)

	FY2016 As of Dec.31, 2016	FY2017 As of June.30, 2017
Liabilities		
Current liabilities		
Accounts payable-trade	4,564	1,287
Accounts payable-other	20,364	24,520
Accrued expenses	25,792	19,363
Income taxes payable	78,930	78,721
Accrued consumption taxes	17,145	19,839
Advances received	476,944	567,477
Deposits received	10,305	11,381
Provision for bonuses	7,752	9,482
Accounts payable-facilities	5,400	-
Other	533	3,764
Total current liabilities	647,732	735,838
Total liabilities	647,732	735,838
Net assets		
Shareholders' equity		
Capital stock	354,071	358,351
Capital surplus	271,878	276,158
Retained earnings	845,471	903,552
Treasury shares	(138)	(138)
Total shareholders' equity	1,471,283	1,537,924
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(5,630)	(20,631)
Foreign currency translation adjustment	4,426	3,446
Total accumulated other comprehensive income	(1,204)	(17,184)
Total net assets	1,470,078	1,520,739
Total liabilities and net assets	2,117,811	2,256,578

(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)

	FY2016 Six months ended June 30, 2016	FY2017 Six months ended June 30, 2017
Net sales	678,921	802,987
Cost of sales	201,446	228,590
Gross profit	477,475	574,397
Selling, general and administrative expenses		
Promotion expenses	5,817	6,839
Sales commission	3,380	1,640
Advertising expenses	3,914	4,418
Directors' compensations	21,576	22,069
Salaries and allowances	106,631	135,159
Provision for bonuses	4,430	5,752
Retirement benefit expenses	1,848	2,433
Legal welfare expenses	16,501	22,807
Depreciation	2,354	4,480
Provision of allowance for doubtful accounts	271	(1,185)
Rent expenses	14,336	16,208
Other	62,611	83,058
Total selling, general and administrative expenses	243,675	303,682
Operating income	233,800	270,714
Non-operating income		
Interest income	468	454
Dividend income	4,067	6,048
Foreign exchange gains	-	1,939
Other	413	443
Total non-operating income	4,949	8,885
Non-operating expenses		
Foreign exchange losses	33,475	-
Other	2	113
Total non-operating expenses	33,478	113
Ordinary income	205,271	279,485
Income before income taxes	205,271	279,485
Income taxes - current	64,910	80,929
Income taxes - deferred	444	3,531
Total income taxes	65,355	84,461
Profit	139,915	195,024
Profit attribute to owners of parent	139,915	195,024

【Quarterly consolidated statement of comprehensive income】

Six months ended June 30

(Unit : thousand yen)

	FY2016 Six months ended June 30, 2016	FY2017 Six months ended June 30, 2017
Income before minority interests	139,915	195,024
Other comprehensive income		
Valuation difference on available-for-sale securities	(14,755)	(15,000)
Foreign currency translation adjustment	(14,188)	(980)
Total other comprehensive income	(28,944)	(15,980)
Total comprehensive income	110,971	179,043
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	110,971	179,043
Comprehensive income attributable to non-controlling interests	-	-