

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

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

Three months ended March 31,2016	3,181,773 shares	Three months ended March 31,2015	3,138,044 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 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)

	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

	(Unit : thousand yen)	
	FY2015 Three months ended March 31,2015	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
Profit	59,743	69,594
Other comprehensive income		
Valuation difference on available-for-sale securities	6,716	(5,677)
Foreign currency translation adjustment	(250)	(5,788)
Total other comprehensive income	6,466	(11,466)
Total comprehensive income	66,209	58,128
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	66,209	58,128
Comprehensive income attributable to non-controlling interests	-	-