

SOURCENEXT CORPORATION
Corporate Profile



S O U R C E N E X T

September, 2007

<http://www.sourcenext.com>



PC Software is EXCITING

No.1

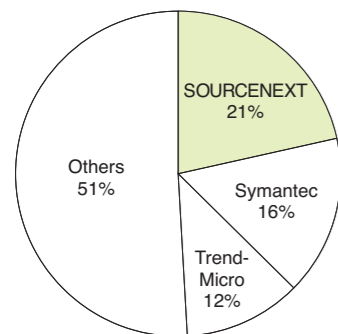
in the number of PC software sold for four years in a row.



No.1 in the Domestic Market Share of PC Software Sales in Major Electronics Stores for Four Years in a Row. (Based on Surveys Conducted by GfK Japan from 2003 to 2006)

Thanks to our valued customers, SOURCENEXT was able to reach No.1 in the market share of PC software units sold for four consecutive years from 2003 through 2006. Our dream is to spread happiness and excitement to as many people as possible through PC software. That is why we take great pride in being No.1 in unit sales.

Market Share of Total Units Sold - Year 2006
Data compiled from sales data of major domestic electronics stores (survey conducted by GfK Japan)



2006
Ranked 6th in the "Hit Products Ranking" (SMBC Consulting Co., Ltd.)
Ranked 16th in Nikkei Trendy Magazine's "Top 30 Hit Products of 2006"



No.1 in number of units sold, in all PC software.

"Virus Security ZERO" opened a new page in the history of anti-virus software by introducing the "no annual renewal fees" policy. It is without question, one of SOURCENEXT's flagship titles, accounting for almost 50% of the company's total sales. Since its release in July 2006, it has continued to increase its market share and on April 2007, it was ranked No.1 in the total number of units sold in PC software (According to GfK Japan surveys carried out in major electronics retailers) and has continued to maintain this No.1 position since then. (Fact as of September 2007)

In addition to this, in June 2007, "KEIKAI DENWA ZERO" was released, and in September of 2007 the all new "FUDEOH ZERO" was also released. These "ZERO" series guarantee that users will be able to use the latest version of the software, at no extra cost until the expiration of the official Microsoft support period for the OS in use. For example, for the Windows Vista Business platform, users will be able to receive free updates until the year 2017.

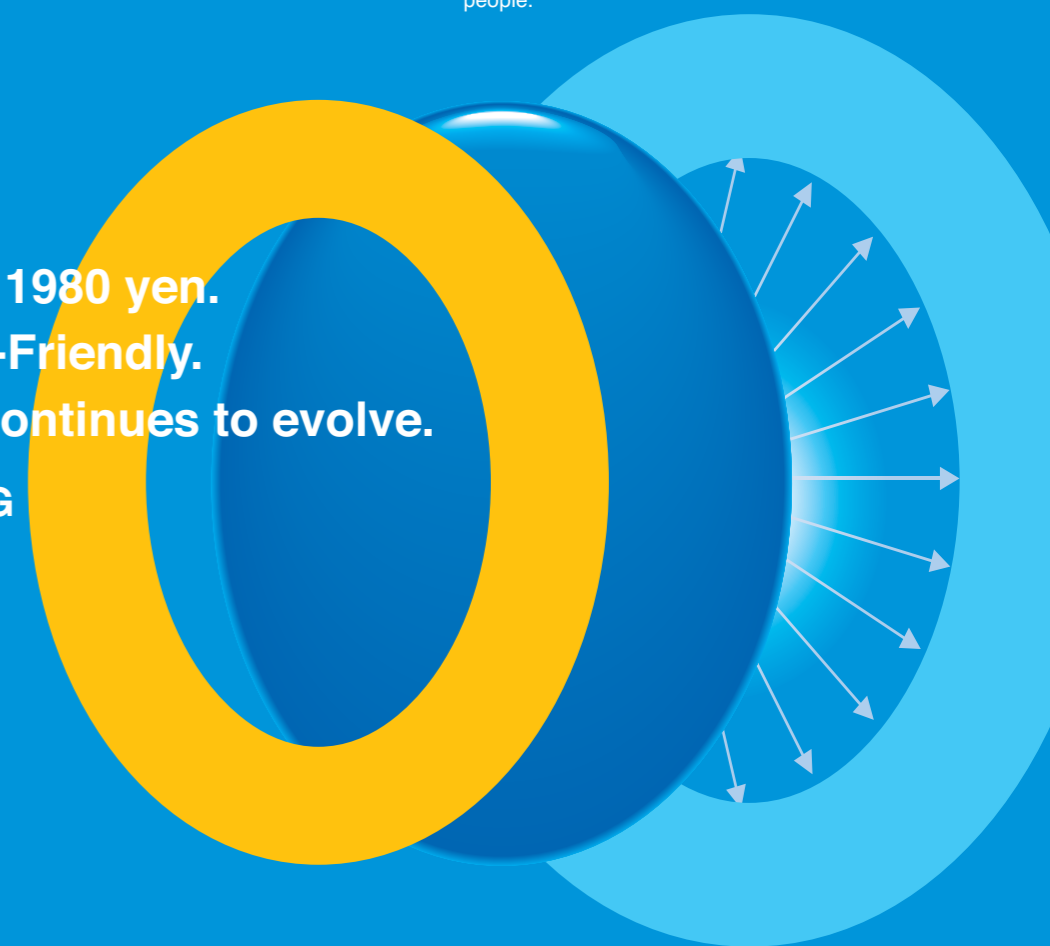


Thinking from the User's Perspective, Rather than 1,980 Yen

As opposed to the software priced at 1,980 yen in the "Commoditizing PC Software" strategy, "Virus Security ZERO" is priced at 3,970 yen and at first glance, this may seem to go against our "software commoditizing" philosophy. But in fact, when the price is calculated on a yearly basis, "Virus Security ZERO" is only 397 yen per year, and we view this as an evolution in our "commoditizing" strategy. We believe that by making software easier to purchase for customers, we can spread the joys of PC software and enrich the lives of even more people.

Prices Starting from 1980 yen.
Affordable and User-Friendly.
The "ZERO" series continues to evolve.

PC Software is EXCITING



Business Strategy: Commoditizing PC Software - making PC software a readily available item to all households



1980yen

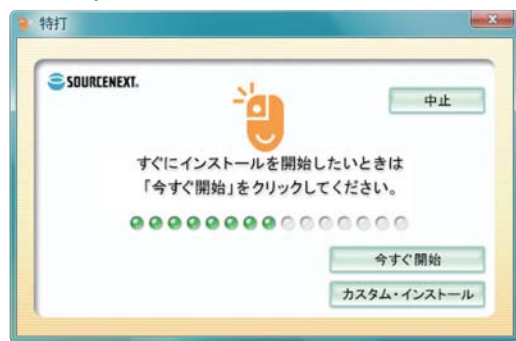
In 2003, SOURCENEXT started a new business strategy of "Commoditizing PC Software". Prices of most products were lowered to 1,980 yen, and the size of packages were reduced dramatically. New sales outlets such as convenience stores were added and as a result of this, SOURCENEXT was able to attain the No.1 position in the share of PC software units sold in 2003. Along with this, SOURCENEXT was also awarded the "2003 Nikkei Superior Products and Services Award" presented at the Nikkei Marketing Journal Awards Ceremony. Since then, we have continued to be the No.1 shareholder in the number of PC software units sold for 4 consecutive years (No.1 from 2003 to 2006 according to GfK Japan studies. Data compiled from major electronics retailers in Japan).

Over 400 titles

One of the unique characteristics of SOURCENEXT is that it covers a very wide variety of genres. The reason behind this is we believe that even if we provide customers with software at reasonable prices, they will not be able to fully enjoy themselves if they do not find the right products to suit their needs.

Auto-Install Feature

Unlike CD's and DVD's, new PC software often come with a troublesome step of having to install the software before actually using it. In order to take away this burden, SOURCENEXT developed an "Auto-Install" feature which makes installing a software as easy as a press of a button. This Auto-Install feature has now become a de facto standard to SOURCENEXT's software, and many of our titles carry this feature.



A Wide Sales Channel

In order to make the PC software a more "commoditized" item for people, it is essential to make them more readily available at various locations. SOURCENEXT continues to broaden its sales channel by pioneering into new sales channels. Sales outlets include not only major electronics retailers but also bookstores, convenience stores, hardware stores, office supply stores, and many other new locations.



Electronics retailers

Reducing Package Size



The new "slim package with unfolding title page" has 1.5 times the amount of product information of conventional paper packages, and almost 3 times the amount of information of regular slim packages. (February 2005)



The "slim package" cuts down the surface area of packages to almost 50% of the conventional packages while cutting down the total volume by almost 80%. (April 2003)

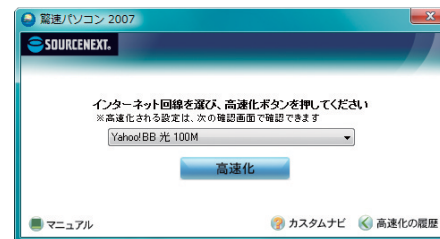


The conventional cardboard-box type package

Creating User-Friendly Products

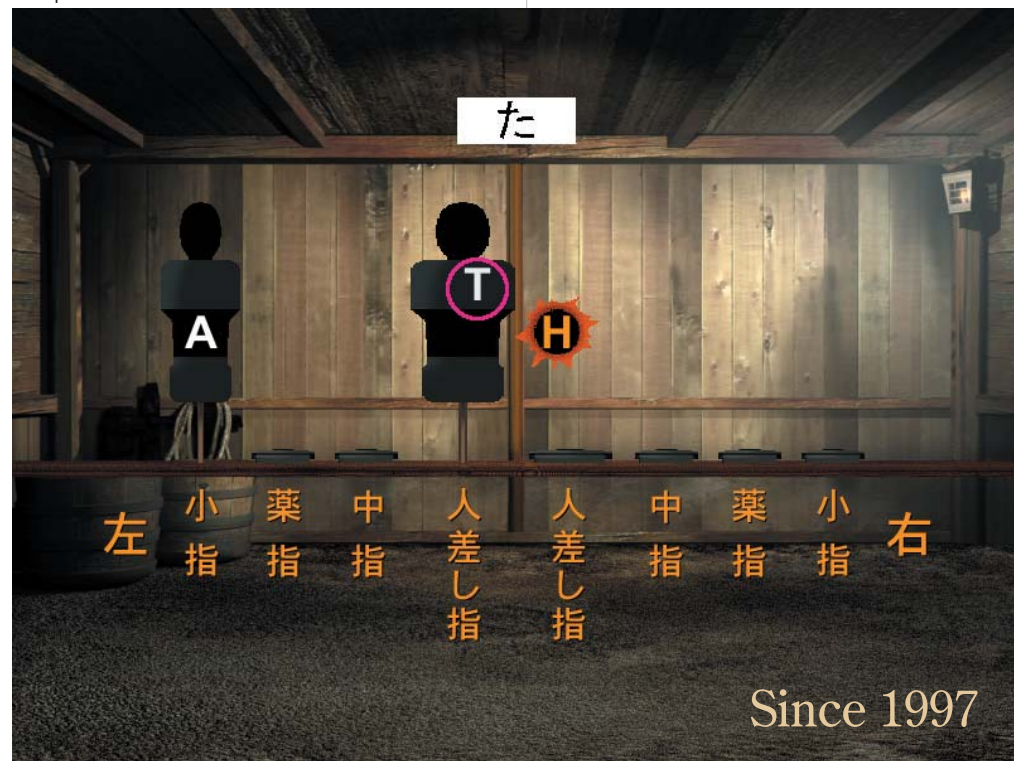
"TOKU-UCHI" and "KYOSOKU" The origin of SOURCENEXT's user-friendly products

SOURCENEXT focuses on creating simple and easy-to-use interfaces while also making sure that explanations are made as easy to understand as possible. This is because we believe that product development begins by first looking at products from a user's perspective. This philosophy can be seen in the "TOKU-UCHI" series where a great portion of the user interface was built with voice guidance. The same ideals can also be seen in "KYOSOKU 95" where unnecessary steps were omitted, and installing the software was all that was required of the user. This policy still remains at the heart of our business, and continues to evolve as new products are introduced.



Multiple Settings Configured in a Single Click

For our "KYOSOKU" series, we focused on simplifying controls by cutting down unnecessary tasks that were placed upon users. For example, on the "KYOSOKU PC 2007" for Windows Vista, a total of 67 different settings can be configured to speed up your PC, all in a single mouse-click.



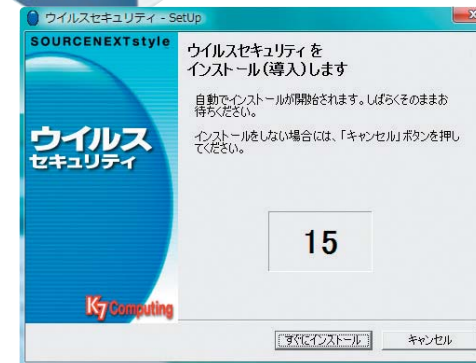
Voice Guidance

A screenshot of "TOKU-UCHI" - a typing software which adopts a unique game-like method for learning to type blind-touch. By taking advantage of the PC platform, many bold new ideas continue to be adopted to improve the software.



"Virus Security ZERO"

Beginning with the "Auto-Install" feature, a great portion of the software has been automated to make the software easier to use for all users.



Auto-Install Feature



The start-up screen which displays a different message according to the time.



The "TOKU-UCHI-SHIKI Word" and "TOKU-UCHI-SHIKI Excel" are training software for learning how to use Word and Excel.

Though it is an independent software in itself, it works in conjunction with Word and Excel to teach users how to take full advantage of the many features it has to offer. The characters from the "TOKU-UCHI" series come out and provide an intuitive demonstration, which makes the learning process more fun and effective.

High Quality User Services



Reassurance Policy

The "Reassurance Policy" is a service started by SOURCENEXT in 2001. It was the first time in the history of the PC software industry that a company adopted a policy which allowed customers to return software products. The policy drew particular attention because of the fact that, software could possibly be duplicated before they were returned. The policy still remains in effect today, and since it guarantees users with a refund if software purchased do not run properly, it allows customers to purchase software with less worries and stress.



Mileage Service

The "Mileage Service" is a service in which customers receive special points for purchasing SOURCENEXT products, and can use these points to apply for special sweepstakes or download particular software for free. Under the catch phrase "More Smiles with Miles", SOURCENEXT continues to provide customers with new ways to enjoy PC software.



Customer Support

Along with the phone-based customer support center established in 2004, SOURCENEXT started a new Email and web based customer support program to better service customers. Customers can now find information in the in-depth Q&A page (FAQ) or contact the customer support center through Email to make any product-related inquiries. We take pride in offering top-quality support to our customers, and continue to do so, with 90% of all Email inquiries being replied within 24 hours.

Sales Channels

- Electronics retailers: Yamada Denki, Edion, Yodobashi Camera, Kojima, BIC Camera, approx. 3,000 stores
K's Holdings Corporation, Best Denki, Joshin, Denkodo, LaOX and others.
- Bookstores: Kinokuniya, Maruzen, Bunkyo-do, Yurindo, Junkudo, Miraiyashoten approx. 2,500 stores
Futabatosho, Sanseido, sanyodo and others.
- GMS: Aeon, Ito Yokado, Daiei, Uny, Seiyu, Izumi and others. approx. 1,500 stores
- Supermarkets: Life Corporation, Heiwado, Izumiya, Maruetsu, Fuji, Tokyu Store, Inageya, approx. 1,500 stores
Olympic and others.
- Hardware Stores: Cainz, Kohnan, Komeri, Nafco, Keiyo, Homac approx. 2,000 stores
Kahma, Daiki, Tostemviva, Shimachu and others.
- Discount Stores: Don Quixote, Daikuma, Mr. MAX, Direx, Japan, PLANT, Rogers, approx. 500 stores
Takeya, Makiya, Lumiere, Jason, Trial and others.
- Office Supply Stores: Office Depot, Office Vendor, Fukuya, Nagasawa, Kadoya, Anei approx. 1,000 stores
Keio-atman, Yoshida, Shimaya and others.
- Convenience Stores: Seven Eleven Japan, Family Mart, LAWSON, Circle-K Sunkus, MiniStop, Poplar, approx. 15,000 - 40,000 stores
Daily Yamazaki, Save On, AM/PM Japan, Three-F and others.
- Drug Stores: Matsumoto Kiyoshi, Cawachi Yakuin, CFS Corporation, Tsuruha Holdings, Fujiyakuin, Create-sd, SEGAMI MEDICS, Kirindo, Kyorindo, Yakuodo and others.
- Other Retailers: Kitamura Camera, Kimura Camera, Tokyu Hands, TSUTAYA, Askul, Japanet Takata, and others.



Convenience Stores



Electronics retailers



Bookstores



Hardware Stores



Hardware Stores



Bookstores



Electronics retailers



Continuing to Evolve with the Changing Times

SOURCENEXT eSHOP®

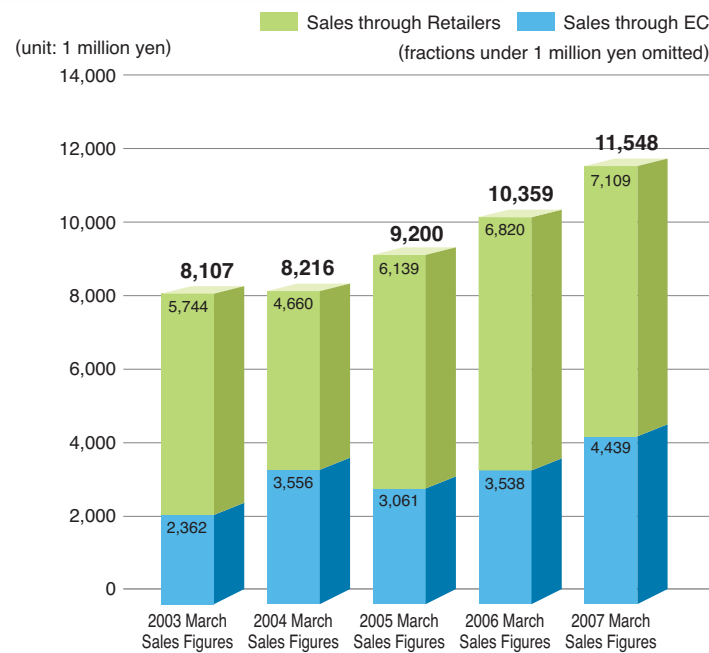
Annual Sales of 4.43 billion yen. Ranked 32nd in all Japanese E-Commerce sites
Number of Mail News Subscribers: 1.42 million (numbers as of March 2007)

On June 2000, SOURCENEXT opened a new EC site, "SOURCENEXT eSHOP" within its website.

Products sold on this EC site range from SOURCENEXT software, to electronics and other PC-related products aimed at enriching the lives of customers. The site has continued to increase sales, and according to Nikkei Mainichi Journal's survey (October 18, 2006), SOURCENEXT eSHOP was ranked 32nd in sales of all domestic EC sites. When this ranking is limited to sites dealing software, SOURCENEXT eSHOP ranks in at No.1. Also, on November 2006, in addition to this eSHOP, "SOURCENEXT eSHOP MOBILE". an EC site specialized for mobile phone users was opened.

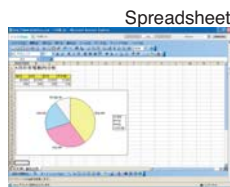
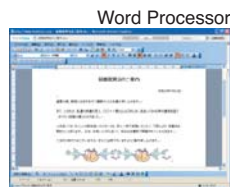
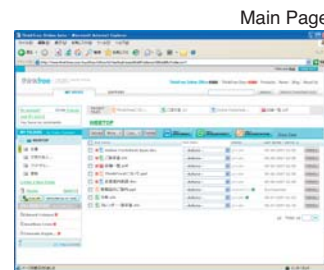


The Trend in Sales according to different Sales Channels



An Easy-to-Use Online Office Application "ThinkFree TEGARU Office"

On May 2007, SOURCENEXT joined hands with ThinkFree, Inc. and began the Japanese Beta services for "ThinkFree TEGARU Office", a free online Office application. In order to spread this useful service to more people in Japan, and have them enjoy its simplicity and convenience, we have begun to introduce the service to our customers on our SOURCENEXT website and also our EC site, SOURCENEXT eSHOP.

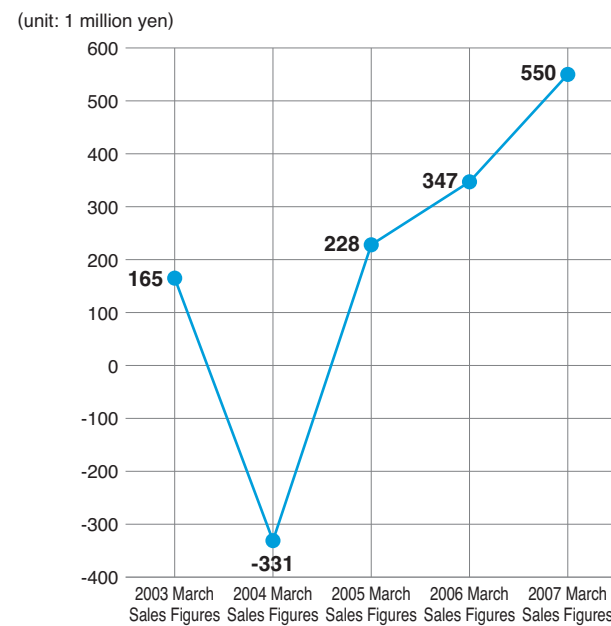


"Downstall" Software Downloaded and Installed all in a single click Downloading software made more simple and convenient

On May 2007 SOURCENEXT began plans on a all new "Downstall" system - an innovative system that would allow users to purchase software over the Internet, download the program, decompress the necessary files and install the software onto their PC, all in a single click. By taking away these barriers that come with normal download sites, we aim at spreading PC software to an even broader market. A special site is expected to be prepared within SOURCENEXT eSHOP, and products will not only be restricted to SOURCENEXT products but will include software from various other companies as well. (services started in the end of September 2007)



SOURCENEXT CORPORATION Profit



Corporate Profile

Company Name	SOURCENEXT CORPORATION
Traded	Tokyo Stock Exchange Mothers : 4344
Founded	Aug, 1996
Capital	1,330,685 Thousand Yen
Number of Employees	111(as of April 1st, 2007)
Sales Volume	11.5 Billion Yen (March 2007 Term End Results)
Members of the Board	President & CEO Noriyuki Matsuda Executive Managing Director Satomi Matsuda Director Kiyooki Morimoto Kousuke Fujimoto Yukio Aotani Fumihiko Aoyama Auditor Shozaburo Takano Hideaki Kubori Tetsuya Kobayashi
Description of Business	Planning, developing, and sales/distribution of software products.
Business Office	Roppongi Hills Mori Tower 15F, 6-10-1, Roppongi, Minato-ku, Tokyo Japan
Average Age of Employee	30.0 years old (as of April 1st, 2007)



Corporate Philosophy

We at SOURCENEXT CORPORATION, believe the following philosophy, share these visions with each and every one of our employees, and strive to meet these goals.

SOURCENEXT CORPORATION's Supreme Corporate Strategy

Reason for Being : As a corporation that offers products.

Action Guideline : To be faithful to the "SOURCE" in "SOURCENEXT".

Business Goal : By spreading happiness and excitement to people all around the globe through excellent products.

Corporate Goal: Becoming the most exciting corporation in the world.

The three conditions for EXCITING

To be TRUTHFUL To be ENTERTAINING To provide PLEASURE

The "SOURCE" in "SOURCENEXT"

To think from the customer's point of view and to look forward to challenges

Speed

Speedy Solutions, Speedy Performance, Speedy Reactions, Speedy Commercialization

Originality

Original Services, Uniqueness, Assertion

Universality

Wide Acceptance, World-Class Excellence, Global Views

Reliability

Having a Win-Win Approach, Accurateness, Commitment

Challenge

Independence. A Positive Approach. Breakthroughs over Status Quo.

Efficiency

Efficiency in Time and Cost. Goal Awareness and Flexibility in Measures to Reach Goals.

Main Partners

Domestic Companies(in alphabetical order)

AGENDA Co., Ltd.	KOEI Co., Ltd.
Antenna House, Inc.	NEC Corporation
BANDAI VISUAL CO., LTD.	Nova Corporation
CAPCOM CO., LTD	Panasonic Solution Technologies Co., Ltd.
CyberLinkTransDigital CO., LTD.	PROTON CO., LTD.
DesignEXchange Co., Ltd.	Shogakukan Production Co.,Ltd.
Ekitan & Co.,Ltd.	The Tokyo Star Bank, Limited
Hitachi Systems & Services, Ltd.	Turbolinux, Inc.
IBM Japan, Ltd.	Walt Disney Japan
Impress Corporation	ZENRIN DataCom CO.,LTD.

Main Product Partner Companies
Overseas Companies (in alphabetical order)

Auralog SA(France)
Disney Interactive Studios(USA)
Giant Interactive Entertainment (UK)
HanbitSoft, Inc. (Korea)
Hemera Technologies Inc. (Canada)
K7 Computing Private Limited (India)
O&O Software GmbH (Germany)
Sun Microsystems, Inc. (USA)
ThinkFree, Inc. (USA)
Venture Bridge Co., LTD (Korea)

Corporate History

1996 August	SOURCE CORPORATION is founded.
December	Released the high-speed utility software, "KYOSOKU95".
1997 June	Released the typing software, "TOKU-UCHI".
1999 October	Company name changed to SOURCENEXT CORPORATION.
2000 March	Introduced the first "Mileage Service" in the history of PC software industry.
April	Established a branch office in Osaka.
July	Opened the E-commerce site, "SOURCENEXT eSHOP".
2001 February	Introduced the first "Reassurance Policy" (refund policy) in the history of PC software industry.
2003 February	Began the "Commoditizing Strategy", with core products priced at 1,980 yen.
September	Relocated the head office to Roppongi Minato-ku Tokyo.
November	Incorporated the "Automatic Installation Feature" into flagship titles.
2004 February	Was awarded the "2003 Nikkei Superior Products and Services Awards" and the "Nikkei Marketing Journal Awards for Superiority".
July	Began software licensing towards businesses and corporations, under the catchphrase of "Software is Stationary".
2005 February	Introduced the Slim Package (with an unfolding title page, containing product information).
2006 March	For the first time in company history, total sales exceeded 10 billion yen.
July	Released "Virus Security ZERO", priced at 3,970 yen. Setting new standards in security software with its "no expiration & no annual updating fee"
November	Opened the E-commerce site "SOURCENEXT eSHOP Mobile", a site designed for mobile phone users.
December	Listed in Tokyo Stock Exchange Mothers.
2007 January	Ranked No.1 in the number of PC software units sold for 4 consecutive years in the "GfK Japan Certified".
March	Acquired the rights to "FUDEOH" - the No.2 share-holder* in the market of postcard creation software.

* based on BCN research 2006.01.01 - 2006.12.31

Flagship Products



Virus Security ZERO
The first ever security software in industry history to introduce the "No Annual Renewal Fees" policy. Since its first release back in July 2006, "Virus Security ZERO" has continued to increase its market share, and on April and May of 2007, it honorably received the "No.1 in number of units sold in all PC Software" and also "No.1 in sales PC software vendors" (according to GfK Japan survey)



KEIKAI DENWA ZERO
The first ever mobile phone data-management software which introduced the "0 Yen Version Up" policy. Instead of frequently releasing new updates when a new mobile phone is released, the "KEIKAI DENWA ZERO" offers updates at no extra costs.



FUDEOH ZERO
The first postcard designing software to introduce the "0 Yen Version Up" policy - taking away the trouble of having to buy new postcard software every year.

The "ZERO" line-up, promises that the user will be able to use the latest version of the software, until the expiration of the official Microsoft support period for the OS in use.



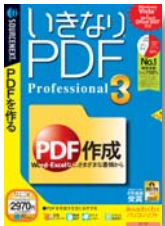
TOKU-UCHI Series
Often seen as the origin of SOURCENEXT software. Since its release in 1997, it has sold a total of over 6.5 million units, and remains to be one of SOURCENEXT's long-selling title. With TOKU-UCHI, users can learn the basics of typing blind-touch in a fun game-like program.



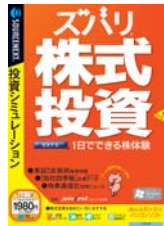
TOKU-UCHI-SHIKI Series
A training software series based on the popular characters from the "TOKU-UCHI" series and designed to make learning fun and entertaining. Amongst the most popular are TOKU-UCHI-SHIKI Word and TOKU-UCHI-SHIKI Excel.



KYOSOKU Series
The utility software series which accelerates the speed of your PC without having to go through difficult settings. Since the release of "KYOSOKU 95" in 1996, the line-up has continued to expand and has become one of the flagship titles of SOURCENEXT.



IKINARI PDF Series
While many of the PDF software on the market were still too expensive for many people, SOURCENEXT introduced a highly functional yet affordable PDF software which has now become the No.1 share holder in the PDF software market.



ZUBARI KABU-SHIKI TOUSHI (ZUBARI Stock Investment)
A software which teaches the basics of stock investment and allows for a simulation, using actual stock data from the past.



HONKAKU HONYAKU Series (Authentic Translation)
A translation software equipped with a world-class translation engine and a dictionary that includes 3.38 million comprehensive entries.



ZENRIN DataCom Series
A digital map software using the map data from the No.1 digital map service company in Japan, Zenrin Data.



KOEI Game Series
A Popular PC game line-up including games such as "Nobunaga no Yabou (Nobunaga's Ambitions)" and "Sangokushi (Romance of the Three Kingdoms)".



Disney Series
An educational software series with rich, entertaining contents led by popular Disney characters. Line-up consists of 27 titles in all.

© KOEI Co., Ltd. All rights reserved.

©Disney



Acronis Series
The hard disk utility software series from "Acronis" offered at a reasonable price. It continues to be well received by consumers.



CyberLink Series
A series of software for creating DVD and editing video data. Among the popular is the CyberLink Power series used for playing DVD.

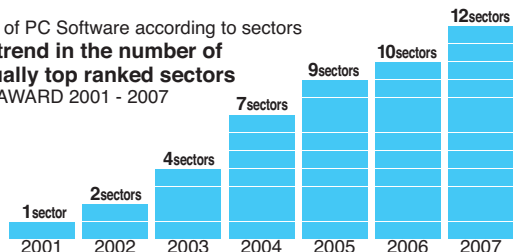
BCN Annual Ranking[※] Products placed in 30 different sectors throughout the 37 total software sectors of the BCN Ranking

OS / Programming / General / Word Processing / FEP / Documentation Management / Spreadsheet / Presentation / Graphics / LAN and Internet / Communication / Business / Utility / Education and Learning / Training / Template / Clipart / Postcard / Mobile Phone / Security / Children's / Image Editing / Data Management / PC Games / System Maintenance / Sound / Video / Database

※The "BCN Ranking" takes daily POS data accumulated from over 21 major electronics retailers (2,268 stores*) throughout Japan.
* numbers as of May 2007

Sales of PC Software according to sectors

The trend in the number of annually top ranked sectors
BCN AWARD 2001 - 2007



First Place 12 sectors
Second Place 5 sectors
Third Place 6 sectors

Year 2006
Annual BCN Ranking
Ranked third place or above in 23 different sectors out of 32 total.



SOURCENEXT CORPORATION

Roppongi Hills Mori Tower 15F, 6-10-1,
Roppongi, Minato-ku, Tokyo 106-6115

tel. 03-5786-7203
fax. 03-5786-7204

<http://www.sourcenext.com/>