

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2015 (Based on Japanese GAAP)

August 7, 2015

Company name: SOURCENEXT CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 4344 URL <http://www.sourcenext.com>
 Representative: President and CEO Noriyuki Matsuda
 Inquiries: Managing Director Fumihiko Aoyama TEL 03-6430-6406
 Scheduled date to file Quarterly Securities Report: August 7, 2015
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2015 (from April 1, 2015 to June 30, 2015)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2015	1,540	10.7	279	(21.3)	281	(21.1)	186	(49.3)
Three months ended June 30, 2014	1,392	10.3	354	28.5	357	36.4	368	25.2

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2015	5.88	–
Three months ended June 30, 2014	11.60	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2015	4,894	4,091	83.0	128.04
As of March 31, 2015	5,044	4,022	79.2	126.77

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2015	–	0.00	–	3.83	3.83
Year ending March 31, 2016	–				
Year ending March 31, 2016 (Forecast)		0.00	–	4.28	4.28

3. Forecast of consolidated financial results for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2015	3,176	15.3	590	(2.9)	594	(3.7)	382	(44.8)	12.05
Full year	6,889	13.1	1,399	7.4	1,406	7.2	905	(25.5)	28.52

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2015
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2015	31,732,000 shares	As of March 31, 2015	31,732,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2015	6 shares	As of March 31, 2015	6 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2015	31,731,994 shares	Three months ended June 30, 2014	31,731,994 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	1,778,758	1,724,086
Accounts receivable - trade	919,199	907,523
Securities	499,931	499,928
Merchandise and finished goods	82,904	94,610
Raw materials and supplies	32,791	32,231
Advance payments - trade	115,484	114,782
Deferred tax assets	288,897	226,127
Other	87,190	116,701
Total current assets	3,805,157	3,715,991
Non-current assets		
Property, plant and equipment		
Property, plant and equipment	194,363	194,988
Accumulated depreciation	(172,162)	(175,280)
Total property, plant and equipment	22,200	19,707
Intangible assets		
Software	848,065	817,779
Other	118,920	98,027
Total intangible assets	966,985	915,806
Investments and other assets		
Investment securities	109,530	109,430
Deferred tax assets	92,372	85,976
Other	50,319	49,069
Allowance for doubtful accounts	(1,800)	(1,800)
Total investments and other assets	250,422	242,676
Total non-current assets	1,239,608	1,178,191
Total assets	5,044,766	4,894,182
Liabilities		
Current liabilities		
Accounts payable - trade	259,290	203,638
Accounts payable - other	341,326	260,671
Income taxes payable	59,464	31,505
Provision for bonuses	14,044	5,742
Provision for sales returns	55,026	25,121
Provision for after service cost	20,362	21,442
Other	225,288	209,567
Total current liabilities	974,803	757,688
Non-current liabilities		
Other	47,302	44,556
Total non-current liabilities	47,302	44,556
Total liabilities	1,022,106	802,245

	(Thousands of yen)	
	As of March 31, 2015	As of June 30, 2015
Net assets		
Shareholders' equity		
Capital stock	1,771,226	1,771,226
Capital surplus	1,611,226	1,611,226
Retained earnings	609,822	674,785
Treasury shares	(1)	(1)
Total shareholders' equity	3,992,274	4,057,237
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	116	49
Foreign currency translation adjustment	5,337	5,776
Total accumulated other comprehensive income	5,453	5,826
Subscription rights to shares	24,932	28,874
Total net assets	4,022,659	4,091,937
Total liabilities and net assets	5,044,766	4,894,182

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net sales	1,392,130	1,540,563
Cost of sales	344,729	471,296
Gross profit	1,047,400	1,069,267
Provision for sales returns	19,382	25,121
Reversal of provision for sales returns	55,306	55,026
Gross profit - net	1,083,324	1,099,172
Selling, general and administrative expenses	728,812	820,154
Operating income	354,511	279,017
Non-operating income		
Interest income	28	311
Dividend income	160	160
Foreign exchange gains	—	811
Refunded consumption taxes	1,921	—
Contribution for development	1,458	1,458
Other	410	94
Total non-operating income	3,978	2,836
Non-operating expenses		
Interest expenses	872	—
Commission fee	324	—
Foreign exchange losses	55	—
Total non-operating expenses	1,251	—
Ordinary income	357,238	281,854
Extraordinary losses		
Loss on valuation of advance payments	1,588	197
Total extraordinary losses	1,588	197
Income before income taxes and minority interests	355,649	281,656
Income taxes - current	24,495	25,962
Income taxes - deferred	(37,035)	69,198
Total income taxes	(12,540)	95,160
Profit	368,190	186,496
Profit attributable to owners of parent	368,190	186,496

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Profit	368,190	186,496
Other comprehensive income		
Valuation difference on available-for-sale securities	830	(66)
Foreign currency translation adjustment	(220)	439
Total other comprehensive income	609	372
Comprehensive income	368,799	186,868
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	368,799	186,868
Comprehensive income attributable to non-controlling interests	—	—