

# Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2015 (Based on Japanese GAAP)

November 13, 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: November 13, 2015  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the six months ended September 30, 2015 (from April 1, 2015 to September 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	%
Six months ended September 30, 2015	3,295	19.6	737	21.3	743	20.6	505	(27.1)
Six months ended September 30, 2014	2,755	4.6	608	17.6	616	22.5	692	20.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2015	15.92	–
Six months ended September 30, 2014	21.84	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2015	5,300	4,415	82.6	138.07
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	–	0.00			
Year ending March 31, 2016 (Forecast)			–	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
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 six months ended September 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 September 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 September 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)

Six months ended September 30, 2015	31,731,994 shares	Six months ended September 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 September 30, 2015
Assets		
Current assets		
Cash and deposits	1,778,758	1,997,946
Accounts receivable - trade	919,199	1,193,974
Securities	499,931	499,880
Merchandise and finished goods	82,904	117,867
Raw materials and supplies	32,791	37,511
Advance payments - trade	115,484	91,340
Deferred tax assets	288,897	138,472
Other	87,190	66,442
Total current assets	3,805,157	4,143,435
Non-current assets		
Property, plant and equipment		
Property, plant and equipment	194,363	200,515
Accumulated depreciation	(172,162)	(178,638)
Total property, plant and equipment	22,200	21,877
Intangible assets		
Software	848,065	809,392
Other	118,920	93,428
Total intangible assets	966,985	902,821
Investments and other assets		
Investment securities	109,530	109,290
Deferred tax assets	92,372	88,497
Other	50,319	36,810
Allowance for doubtful accounts	(1,800)	(1,800)
Total investments and other assets	250,422	232,797
Total non-current assets	1,239,608	1,157,497
Total assets	5,044,766	5,300,932
Liabilities		
Current liabilities		
Accounts payable - trade	259,290	221,786
Accounts payable - other	341,326	298,119
Income taxes payable	59,464	97,157
Provision for bonuses	14,044	15,015
Provision for sales returns	55,026	38,844
Provision for after service cost	20,362	21,088
Other	225,288	152,779
Total current liabilities	974,803	844,792

	(Thousands of yen)	
	As of March 31, 2015	As of September 30, 2015
Non-current liabilities		
Other	47,302	40,913
Total non-current liabilities	47,302	40,913
Total liabilities	1,022,106	885,706
Net assets		
Shareholders' equity		
Capital stock	1,771,226	1,771,226
Capital surplus	1,611,226	1,611,226
Retained earnings	609,822	993,592
Treasury shares	(1)	(1)
Total shareholders' equity	3,992,274	4,376,044
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	116	(66)
Foreign currency translation adjustment	5,337	5,184
Total accumulated other comprehensive income	5,453	5,117
Subscription rights to shares	24,932	34,063
Total net assets	4,022,659	4,415,226
Total liabilities and net assets	5,044,766	5,300,932

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	2,755,520	3,295,584
Cost of sales	701,023	914,875
Gross profit	2,054,496	2,380,709
Provision for sales returns	23,964	38,844
Reversal of provision for sales returns	55,306	55,026
Gross profit - net	2,085,838	2,396,891
Selling, general and administrative expenses	1,477,559	1,658,968
Operating income	608,279	737,923
Non-operating income		
Interest income	181	746
Dividend income	160	160
Gain on adjustment of account payable	5,095	—
Refunded consumption taxes	1,921	—
Contribution for development	2,916	4,445
Other	479	676
Total non-operating income	10,754	6,028
Non-operating expenses		
Interest expenses	872	—
Foreign exchange losses	1,036	—
Other	324	—
Total non-operating expenses	2,232	—
Ordinary income	616,801	743,951
Extraordinary losses		
Loss on valuation of Advance payments	1,702	197
Total extraordinary losses	1,702	197
Income before income taxes and minority interests	615,099	743,754
Income taxes - current	48,670	84,094
Income taxes - deferred	(126,571)	154,356
Total income taxes	(77,900)	238,450
Profit	692,999	505,303
Profit attributable to owners of parent	692,999	505,303

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Profit	692,999	505,303
Other comprehensive income		
Valuation difference on available-for-sale securities	1,398	(182)
Foreign currency translation adjustment	1,109	(153)
Total other comprehensive income	2,507	(335)
Comprehensive income	695,507	504,968
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	695,507	504,968
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	615,099	743,754
Depreciation	82,665	102,524
Amortization of software	108,369	115,778
Share-based compensation expenses	7,912	9,131
Amortization of trademark right	2,513	2,513
Increase (decrease) in provision for bonuses	(2,270)	970
Increase (decrease) in provision for sales returns	(31,342)	(16,182)
Provision for after cost periods adjustment	(4,508)	726
Interest and dividend income	(341)	(906)
Interest expenses	872	—
Decrease (increase) in notes and accounts receivable - trade	(170,971)	(274,775)
Decrease (increase) in inventories	(38,518)	(39,683)
Decrease (increase) in advance payments	(17,226)	24,143
Increase (decrease) in notes and accounts payable - trade	31,800	(37,503)
Increase (decrease) in accounts payable - other	52,145	(20,684)
Other, net	42,356	(57,240)
Subtotal	678,555	552,567
Interest and dividend income received	444	906
Interest expenses paid	(2,512)	—
Income taxes paid	(69,855)	(45,469)
Net cash provided by (used in) operating activities	606,632	508,004
Cash flows from investing activities		
Purchase of property, plant and equipment	(857)	(1,785)
Purchase of software	(256,870)	(177,083)
Proceeds from collection of lease and guarantee deposits	—	11,044
Net cash provided by (used in) investing activities	(257,727)	(167,824)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(20,000)	—
Repayments of long-term loans payable	(519,808)	—
Cash dividends paid	—	(121,533)
Net cash provided by (used in) financing activities	(539,808)	(121,533)
Effect of exchange rate change on cash and cash equivalents	3,003	489
Net increase (decrease) in cash and cash equivalents	(187,899)	219,136
Cash and cash equivalents at beginning of period	1,807,418	2,278,689
Cash and cash equivalents at end of period	1,619,519	2,497,826