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## Summary of Financial Statements for the First Quarter of the Fiscal Year Ending December 31, 2016

[Japanese GAAP]  
(Non-consolidated)

April 27, 2016

### Broadleaf Co., Ltd.

Stock Listing:	Tokyo Stock Exchange 1st Section
Stock Code:	3673 URL: <a href="http://www.broadleaf.co.jp/">http://www.broadleaf.co.jp/</a>
Representative:	Kenji Oyama, Representative Director, President & CEO
Scheduled Submission Date for Quarterly Report:	May 12, 2016
Scheduled Starting Date for Dividend Payment:	-
Earnings Supplementary Explanatory Documents:	Yes
Earnings Results Briefing:	Yes (For institutional investors and analysts)

(Amounts are rounded down to the nearest million yen.)

### 1. Financial Results for the 1st Quarter of the FY2016 (from January 1, 2016 to March 31, 2016)

(1) Results of Operations (Percentage below represents increase (decrease) from the same period of previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q1 FY2016	3,460	-0.2	-97	-	-98	-	20	-
Q1 FY2015	3,467	-34.5	-57	-	-69	-	-134	-

	Earnings Per Share		Diluted Earnings Per Share	
	Yen		Yen	
Q1 FY2016	0.85		0.85	
Q1 FY2015	-5.31		-	

### (2) Financial Position

	Total Asset		Net Asset		Shareholders' Equity Ratio
	Millions of Yen		Millions of Yen		%
End of Q1 FY2016	24,769		19,114		77.1
End of FY2015	25,565		19,385		75.7

(Reference) Shareholders' Equity End of Q1 FY2016: 19,085 Million Yen End of FY2015: 19,356 Million Yen

### 2. Dividends

	Dividends Per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2015	-	12.50	-	12.50	25.00
FY2016	-				
FY2016 (Forecast)		17.50	-	12.50	30.00

(Note) Revisions to the latest forecast of dividends: No

Breakdown of Dividends Per Share at the End of Q2 FY2016 (Forecast): Ordinary dividend 12.50 yen  
Commemorative dividend 5.00 yen

### 3. Earnings Forecast for FY2016 (from January 1, 2016 to December 31, 2016)

(Percentage below represents increase from the same period of previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Earnings Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
1st Half FY2016	8,400	0.9	1,050	4.2	1,030	3.4	560	17.6	23.14
FY2016	18,000	7.0	3,000	19.3	2,970	19.1	1,620	29.4	66.93

(Note) Revisions to the latest forecast of earnings: No

**\* Notes**

(1) Adoption of special accounting methods for preparation of quarterly financial statements: No

(2) Changes in accounting policies, changes in accounting estimates and restatement of corrections

1. Changes in accounting policies in association with revision in accounting standards: No

2. Other changes in accounting policies: No

3. Changes in accounting estimates: No

4. Restatement of corrections: No

(3) Number of shares outstanding (common stock)

(Shares)

1. Number of shares outstanding (including treasury stock)	Q1 FY2016	24,474,200	FY2015	25,234,200
2. Number of shares of treasury stock	Q1 FY2016	263,484	FY2015	1,030,884
3. Average number of shares outstanding (during the period)	Q1 FY2016	24,205,420	FY2015 Q1	25,281,330

**\* Indication of quarterly review procedure implementation status**

This quarterly earnings report is not subject to quarterly review procedures based upon the Financial Instruments and Exchange Act. Thus, at the time of disclosure of the financial results, the quarterly financial statement review procedures based upon the Financial Instruments and Exchange Act have not been completed.

**\* Comment regarding appropriate usage of earnings forecast, and other special notes**

**(Note on forward-looking statements)**

The forward-looking statements such as earnings forecasts contained in this document are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. The Company makes no warranty as to the achievability of what is described in the statements. Actual results may differ from these forecasts due to various factors.

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## 1. Qualitative Information on Operating Results, etc. for the Three Months Ended March 31, 2016

### (1) Qualitative information on financial results

In the first three months of the fiscal year ending December 31, 2016, the future of the Japanese economy remained uncertain, reflecting falling stock prices and unstable movements of the yen in the foreign exchange market. There were also concerns about the unstable situation in the Middle East and lagging production and exports due to slower economies in emerging countries, despite improvements in corporate earnings and employment conditions thanks to the economic and monetary policies of the government and the Bank of Japan.

In the information service industry, to which the Company belongs, IT investments by companies remained firm, particularly those in manufacturing in addition the financial and public service sectors, but a cautious view on the economy was observed in various industries because of the economic uncertainty. Overall, the business climate remained generally solid because IT investments were expected to increase mainly in strategic areas such as big data, IoT, cloud, and security.

In this business environment, the Company is enhancing its measures to increase the number of users of its applications, such as the .NS Series and CarpodTab, a tablet-type business support tool, and working for the industry standardization of BL Parts Order System, an electronic order service for auto parts, with the aim of expanding the customer base and changing the revenue structure. The Company is also promoting efforts to provide higher value-added services for customers by successively renovating the industry-specific applications the Company offers to customers, strengthening and enhancing automobile-related database, introducing an EC site for auto repair parts into the market, and developing automobile-related data analytical services.

As a result, in the first three months of the fiscal year under review, the Company posted net sales of 3,460 million yen (down 0.2% year on year). In terms of profits and losses, the Company recorded an operating loss of 97 million yen (compared with an operating loss of 57 million yen a year ago) and an ordinary loss of 98 million yen (compared with an ordinary loss of 69 million yen a year ago), mainly due to an increase in research and development expenses. Net income stood at 20 million yen (compared with a net loss of 134 million yen a year ago) as a result of posting compensation for damage received as extraordinary income.

The Company has a single business segment, which consists of IT services. A breakdown of sales by business domain is shown in the table below.

(Unit: Millions of yen)

Domain	FY2016 Q1 (From Jan. 1 to Mar. 31, 2016)	FY2015 Q1 (From Jan. 1 to Mar. 31, 2015)	Year-on-year rate of change
Business Application Software	2,011	2,138	-6.0%
System Support	314	317	-0.9%
Network Service	1,134	1,011	12.2%
Total	3,460	3,467	-0.2%

### (2) Qualitative information on financial position

Total assets at the end of the first quarter under review declined 796 million yen from the end of the previous fiscal year, to 24,769 million yen, chiefly reflecting a 790 million yen decrease in accounts receivable-trade.

Liabilities fell 525 million yen, to 5,645 million yen, chiefly due to a 173 million yen decrease in long-term loans payable as a result of repayment, a 166 million yen decline in accounts payable-trade, and a 130 million yen decrease in accounts payable-other.

Net assets declined 271 million yen, to 19,114 million yen. The main factor was a 1,244 million yen decrease in retained earnings due to the cancellation of treasury stock and the payment of dividends.

### (3) Qualitative information on earnings forecast

The results forecasts for the fiscal year ending December 31, 2016 announced on February 10, 2016 have not been changed.

**2. Matters Related to Summary Information (Notes)**

- (1) Application of specific accounting treatment to the preparation of quarterly financial statements  
Not applicable
  
- (2) Changes in accounting principles and changes or restatements of accounting estimates  
Not applicable

### 3. Financial Statements

#### (1) Balance sheet

(Unit: Thousands of Yen)

	FY2015 (As of Dec. 31, 2015)	Q1 FY2016 (As of Mar. 31, 2016)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	8,384,656	8,577,921
Notes receivable - trade	68,981	37,948
Accounts receivable - trade	2,660,888	1,870,479
Merchandise	215,153	166,343
Work in process	4,509	-
Supplies	12,821	10,058
Prepaid expenses	166,386	242,157
Deferred tax assets	201,544	156,531
Accounts receivable - other	1,289,046	1,311,132
Other	34,054	37,234
Allowance for doubtful accounts	-4,758	-3,301
Total current assets	13,033,282	12,406,506
<b>Non-current assets</b>		
Property, plant and equipment	457,944	445,040
<b>Intangible assets</b>		
Goodwill	9,362,268	9,195,085
Software	1,246,711	1,242,515
Total intangible assets	10,608,979	10,437,600
<b>Investments and other assets</b>		
Investment securities	644,322	670,406
Shares of subsidiaries and associates	203,859	203,859
Investments in capital of subsidiaries and associates	163,625	163,625
Long-term loans receivable from subsidiaries and associates	60,000	60,000
Long-term loans receivable from employees	-	287
Claims provable in bankruptcy, claims provable in rehabilitation and other	13,712	13,903
Long-term prepaid expenses	23,090	16,856
Lease and guarantee deposits	365,272	359,656
Other	5,560	5,560
Allowance for doubtful accounts	-13,712	-13,903
Total investments and other assets	1,465,730	1,480,253
Total non-current assets	12,532,655	12,362,895
Total assets	25,565,938	24,769,401

Broadleaf Co., Ltd. (3673)  
Summary of Financial Statements for the 1st Quarter of the FY2016 (Non-consolidated)

(Unit: Thousands of Yen)

	FY2015 (As of Dec. 31, 2015)	Q1 FY2016 (As of Mar. 31, 2016)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	480,270	314,048
Current portion of long-term loans payable	624,000	624,000
Lease obligations	32,641	32,685
Accounts payable - other	2,396,358	2,266,320
Accrued expenses	169,794	125,448
Income taxes payable	118,444	105,752
Accrued consumption taxes	67,388	129,375
Advances received	30,244	57,656
Deposits received	74,681	39,047
Provision for bonuses	278,406	235,978
Provision for compensation for damage	34,612	33,214
Other	31,201	31,201
Total current liabilities	4,338,044	3,994,727
Non-current liabilities		
Long-term loans payable	1,675,160	1,501,907
Lease obligations	51,126	42,938
Asset retirement obligations	112,041	112,275
Deferred tax liabilities	3,603	2,856
Total non-current liabilities	1,841,931	1,660,040
Total liabilities	6,179,976	5,654,767
<b>Net assets</b>		
Shareholders' equity		
Capital stock	7,147,905	7,147,905
Capital surplus	7,147,905	7,147,905
Retained earnings	6,362,772	5,118,530
Treasury stock	-1,322,701	-349,964
Total shareholders' equity	19,335,880	19,064,376
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	20,489	20,665
Total valuation and translation adjustments	20,489	20,665
Subscription rights to shares	29,592	29,592
Total net assets	19,385,961	19,114,634
Total liabilities and net assets	25,565,938	24,769,401

Broadleaf Co., Ltd. (3673)  
Summary of Financial Statements for the 1st Quarter of the FY2016 (Non-consolidated)

(2) Statement of income

(Unit: Thousands of Yen)

	Q1 FY2015 (From Jan. 1, 2015 to Mar. 31, 2015)	Q1 FY2016 (From Jan. 1, 2016 to Mar. 31, 2016)
Net sales	3,467,460	3,460,726
Cost of sales	1,080,473	1,049,690
Gross profit	2,386,987	2,411,035
Selling, general and administrative expenses	2,444,528	2,508,590
Operating income (loss)	-57,541	-97,554
Non-operating income		
Interest income	1,044	874
Dividend income	287	3,500
Compensation income	2,730	972
Gain on investments in partnership	3,976	-
Other	4,879	3,313
Total non-operating income	12,918	8,660
Non-operating expenses		
Interest expenses	1,547	2,873
Provision for loss compensation	5,951	5,594
Commission fee	15,000	-
Other	1,977	850
Total non-operating expenses	24,475	9,319
Ordinary income (loss)	-69,099	-98,214
Extraordinary income		
Gain on sales of non-current assets	6,430	-
Compensation for damage received	-	250,925
Total extraordinary income	6,430	250,925
Income (loss) before income taxes	-62,669	152,711
Income taxes - current	11,154	88,200
Income taxes - deferred	60,492	43,957
Total income taxes	71,647	132,157
Net income (loss)	-134,316	20,553



- (3) Notes on financial statements  
(Notes on going concern assumptions)  
Not applicable

(Notes on substantial changes in the stockholders' equity)  
(Cancellation of treasury stock)

The Company resolved at the meeting of the Board of Directors held on February 10, 2016 to cancel treasury stock, and canceled 760,000 shares of common stock as of March 2, 2016. As a result, treasury stock and retained earnings decreased 961,400 thousand yen during the first three months of the fiscal year under review. This cancellation of treasury stock led to retained earnings amounting to 5,118,530 thousand yen and treasury stock amounting to 349,964 thousand yen at the end of the first three months of the fiscal year under review.

#### 4. Supplementary Information

Current Fiscal Year (From January 1, 2016 to December 31, 2016)

(Unit: Millions of Yen)

	Fiscal Year Ending December 31, 2016				
	Q1 Result	Ratio to Net Sales	YoY rate of change	Progress rate	Full-year forecast
Net Sales	3,460	100.0%	-0.2%	19.2%	18,000
Business Application Software	2,011	58.1%	-6.0%	17.2%	11,700
System Support	314	9.1%	-0.9%	25.1%	1,250
Network Service	1,134	32.8%	12.2%	22.5%	5,050
Operating Income (Loss)	-97	-	-	-	3,000
Net Income (Loss)	20	0.6%	-	1.3%	1,620

Previous Fiscal Year (From January 1, 2015 to December 31, 2015)

(Unit: Millions of Yen)

	Fiscal Year Ended December 31, 2015				
	Q1 Result	Ratio to Net Sales	YoY rate of change	Progress rate	Full-year result
Net Sales	3,467	100.0%	-34.5%	20.6%	16,824
Business Application Software	2,138	61.7%	-46.8%	18.9%	11,316
System Support	317	9.1%	-12.3%	25.1%	1,266
Network Service	1,011	29.2%	10.9%	23.8%	4,242
Operating Income (Loss)	-57	-	-	-	2,514
Net Income (Loss)	-134	-	-	-	1,251