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## Summary of Financial Statements for the First Quarter of the Fiscal Year Ending December 31, 2015

[Japanese GAAP]  
(Non-consolidated)

April 27, 2015

### 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 14, 2015
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 in FY2015 Q1 (from January 1, 2015 to March 31, 2015)

(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	%
FY2015 Q1	3,467	(34.5)	(57)	-	(69)	-	(134)	-
FY2014 Q1	5,295	41.4	1,554	328.7	1,537	392.3	872	691.9

	Earnings Per Share		Diluted Earnings Per Share	
	Yen		Yen	
FY2015 Q1	(5.31)		-	
FY2014 Q1	33.42		33.34	

### (2) Financial Position

	Total Asset		Net Asset		Shareholders' Equity Ratio
	Millions of Yen		Millions of Yen		%
FY2015 Q1	22,697		19,213		84.5
FY2014	28,343		21,294		75.0

(Reference) Shareholders' Equity FY2015 Q1: 19,183 Million Yen FY2014: 21,264 Million Yen

### 2. Dividends

	Dividends Per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2014	-	10.00	-	10.00	20.00
FY2015	-				
FY2015 (Forecast)		12.50	-	12.50	25.00

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

### 3. Earnings Forecast for FY2015 (from January 1, 2015 to December 31, 2015)

(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
FY2015 1 <sup>st</sup> Half	9,200	1.3	1,900	2.7	1,870	2.3	1,020	8.1	40.63
FY2015	19,600	3.7	4,600	10.4	4,550	11.0	2,530	15.4	101.12

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

**\* Notes**

(1) Adoption of special accounting methods for preparation of quarterly consolidated 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)	FY2015 Q1	26,221,700	FY2014	26,221,700
2. Number of shares of treasury stock	FY2015 Q1	1,281,784	FY2014	92,484
3. Average number of shares outstanding (during the period)	FY2015 Q1	25,281,330	FY2014 Q1	26,101,636

**\* 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, 2015

### (1) Qualitative information on financial results

In the first three months of the fiscal year ending December 31, 2015, the Japanese economy continued to recover moderately, reflecting an improvement in corporate earnings, especially at large manufacturers, and a recovery in personal spending associated with an upturn in the employment and income situation. The information services industry, where Broadleaf Co., Ltd. (the “Company”) operates, performed well overall thanks to increased IT investment by financial institutions and a rise in system replacement demand, particularly in the manufacturing industry.

The automotive aftermarket\* industry, to which major customers of the Company belong, is maturing mainly due to structural factors in Japanese society, namely a fall in population caused by a low birth rate and rising longevity, and the accelerating increase in the number of people who do not own an automobile irrespective of their age group. The entire auto industry is facing changes in its industrial structure, including the entry of entities from outside the industry and M&A between entities in different industries, against a backdrop of technological innovation, particularly electric vehicles and computerized components. These changes in the environment for participants in the automotive aftermarket are expected to raise participants’ awareness of the need for improvement in business efficiency and in the quality of services through the promotion of IT, in which the auto industry has lagged behind other industries. Meanwhile, business entities have started to take steps to develop new services and to create new businesses by making good use of massive volumes of varied information associated with automobiles\*\*. The automotive aftermarket industry is expanding as new entities enter the industry.

In this business environment, the Company is taking steps to expand its IT services to support customers’ operations, based on its industrial platform\*\*\*. At the same time, the Company is endeavoring to achieve growth in the medium to long term under its management policy in its mid-term management plan for three years from January 2014: evolution to an integrated service provider that enables more fulfilling car ownership.

In the first three months of the fiscal year under review, the Company sought to enhance the functions of two focus services—Carpod Tab, a tablet-type business support tool to enhance maintenance shops’ services to car owners, and BL Parts Order System, an electronic ordering system for auto parts—and to get these services to permeate the market. Meanwhile, the Company continued to promote sales of operation applications for maintenance shops, bodywork shops, parts dealers, and recycling businesses for the permeation of the focus services. However, Business Application sales in the first three months of the fiscal year under review declined 1,882 million yen year on year, to 2,138 million, reflecting a significant increase in sales in the same period of the previous fiscal year due to a rise in system replacement at customers immediately before the termination of support for Windows XP.

In research and development, the Company is advancing development for creating services that will support car owners by organically integrating vast amounts of information related to automobiles that the Company and its customers have, considering future business development using automobile-related information.

As a result, in the first three months of the fiscal year under review, the Company posted net sales of 3,467 million yen (down 34.5% year on year), an operating loss of 57 million yen (compared with operating income of 1,554 million yen a year ago), an ordinary loss of 69 million yen (compared with ordinary income of 1,537 million yen a year ago), and a net loss of 134 million yen (compared with net income of 872 million yen a year ago).

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	FY2015 Q1 (From Jan. 1 to Mar. 31, 2015)	FY2014 Q1 (From Jan. 1 to Mar. 31, 2014)	Year on year rate of change
Business Application Software	2,138	4,021	(46.8%)
System Support	317	361	(12.3%)
Network Service	1,011	912	10.9%
Total	3,467	5,295	(34.5%)

- \* The automotive aftermarket is a submarket involving the maintenance of automobiles and the mounting of equipment after the sale of automobiles.
- \*\* The promotion of use of automobile-related information is included in the Declaration to Be the World's Most Advanced IT Nation (revised; approved by the Cabinet on June 24, 2014) and the Japan Revitalization Strategy Revised in 2014: Japan's challenge for the future (approved by the Cabinet on June 24, 2014).
- \*\*\* The industrial platform means a business information platform used by customers in a certain industry in planning, communication, decision-making, payment, and other business situations.

(2) Qualitative information on financial position

Total assets at the end of the first quarter under review declined 5,646 million yen from the end of the previous fiscal year, to 22,697 million yen, chiefly reflecting a 4,867 million yen decrease in cash and deposits resulting from the final payment of income taxes, the acquisition of treasury stock, and repayments of long-term loans payable, among other factors, and an 832 million yen decrease in accounts receivable-trade.

Liabilities fell 3,565 million yen, to 3,484 million yen chiefly due to a 1,552 million yen decrease in income taxes payable and repayments of long-term loans payable.

Net assets decreased 2,080 million yen, to 19,213 million yen. The main factor was a 1,722 million yen increase in treasury stock.

(3) Qualitative information on earnings forecast

The results forecasts for the fiscal year ending December 31, 2015 announced on February 12, 2015 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)

	FY2014 (As of Dec. 31, 2014)	FY2015 Q1 (As of Mar. 31, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	10,671,694	5,804,179
Notes receivable - trade	72,813	34,514
Accounts receivable - trade	2,803,612	1,971,611
Merchandise	185,027	227,568
Supplies	9,677	11,468
Prepaid expenses	145,719	239,193
Deferred tax assets	383,910	320,322
Accounts receivable - other	1,252,957	1,264,496
Other	20,823	24,154
Allowance for doubtful accounts	(4,682)	(10,345)
Total current assets	15,541,554	9,887,164
Non-current assets		
Property, plant and equipment	424,198	469,064
Intangible assets		
Goodwill	10,031,002	9,863,819
Software	1,024,710	1,065,264
Total intangible assets	11,055,713	10,929,083
Investments and other assets		
Investment securities	724,619	784,182
Investments in capital of subsidiaries and associates	140,000	140,000
Long-term loans receivable from subsidiaries and associates	-	60,000
Long-term loans receivable from employees	198	127
Claims provable in bankruptcy, claims provable in rehabilitation and other	13,526	13,536
Long-term prepaid expenses	49,538	42,405
Lease and guarantee deposits	402,558	380,265
Other	5,550	5,550
Allowance for doubtful accounts	(13,526)	(13,536)
Total investments and other assets	1,322,464	1,412,531
Total non-current assets	12,802,376	12,810,678
Total assets	28,343,931	22,697,843

Broadleaf Co., Ltd. (3673)

Summary of Financial Statements for the 1st Quarter of the FY2015 (Non-consolidated)

(Unit: Thousands of Yen)

	FY2014 (As of Dec. 31, 2014)	FY2015 Q1 (As of Mar. 31, 2015)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	472,575	239,211
Current portion of long-term loans payable	750,000	-
Lease obligations	26,415	24,937
Accounts payable - other	2,539,280	2,264,851
Accrued expenses	351,602	84,226
Income taxes payable	1,571,143	19,000
Accrued consumption taxes	383,228	122,255
Advances received	25,816	47,878
Deposits received	63,741	51,215
Provision for bonuses	483,747	260,665
Provision for compensation for damage	37,474	36,495
Other	31,245	31,245
Total current liabilities	6,736,270	3,181,983
Non-current liabilities		
Long-term loans payable	147,890	128,890
Lease obligations	46,239	40,035
Asset retirement obligations	111,827	112,135
Deferred tax liabilities	7,381	21,440
Total non-current liabilities	313,338	302,501
Total liabilities	7,049,608	3,484,484
<b>Net assets</b>		
Shareholders' equity		
Capital stock	7,147,905	7,147,905
Capital surplus	7,147,905	7,147,905
Retained earnings	7,120,710	6,724,177
Treasury stock	(141,734)	(1,864,597)
Total shareholders' equity	21,274,786	19,155,389
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(10,075)	28,356
Total valuation and translation adjustments	(10,075)	28,356
Subscription rights to shares	29,612	29,612
Total net assets	21,294,322	19,213,358
Total liabilities and net assets	28,343,931	22,697,843

Broadleaf Co., Ltd. (3673)  
Summary of Financial Statements for the 1st Quarter of the FY2015 (Non-consolidated)

(2) Statement of income

(Unit: Thousands of Yen)

	FY2014 Q1 (From Jan. 1, 2014 to Mar. 31, 2014)	FY2015 Q1 (From Jan. 1, 2015 to Mar. 31, 2015)
Net sales	5,295,010	3,467,460
Cost of sales	1,269,044	1,080,473
Gross profit	4,025,966	2,386,987
Selling, general and administrative expenses	2,471,917	2,444,528
Operating income (loss)	1,554,048	(57,541)
Non-operating income		
Interest income	908	1,044
Dividend income	-	287
Compensation income	927	2,730
Gain on investments in partnership	-	3,976
Other	1,798	4,879
Total non-operating income	3,634	12,918
Non-operating expenses		
Interest expenses	4,770	1,547
Provision for loss compensation	11,488	5,951
Commission fee	-	15,000
Other	3,952	1,977
Total non-operating expenses	20,211	24,475
Ordinary income (loss)	1,537,471	(69,099)
Extraordinary income		
Gain on sales of non-current assets	-	6,430
Total extraordinary income	-	6,430
Extraordinary losses		
Loss on retirement of non-current assets	3,146	-
Total extraordinary losses	3,146	-
Income (loss) before income taxes	1,534,325	(62,669)
Income taxes - current	556,552	11,154
Income taxes - deferred	105,393	60,492
Total income taxes	661,945	71,647
Net income (loss)	872,380	(134,316)



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

(Notes on substantial changes in the stockholders' equity)

Repurchase of shares

The Company resolved at the meeting of the Board of Directors on November 27, 2014 to repurchase the treasury stock through a Tender Offer in accordance with the provisions of Article 156 of the Companies Act which were deemed to be replaced with the Article 459, Paragraph 1 of the said Act under the provisions of Company's Articles of Incorporation. The Tender Offer was completed on January 27, 2015. Number of shares repurchased in total was 1,194,500 and total buy-back amount was up to 1,730,830 thousand yen.

The balance of treasury stock as of March 31, 2015 was 1,864,597 thousand yen mainly due to the repurchase of shares.

(Significant subsequent event)

Cancellation of treasury stock

The Company resolved at the meeting of the Board of Directors held on April 27, 2015 to cancel the treasury stock pursuant to Article 178 of the Companies Act.

- |                                     |   |
|-------------------------------------|---|
| 1. Class of shares to be cancelled  | Common stock  |
| 2. Number of shares to be cancelled | 987,500 shares (3.77% of issued shares prior to the cancellation) |
| 3. Scheduled cancellation date      | May 15, 2015  |

Note: Total number of issued shares after the cancellation will be 25,234,200 shares.

#### 4. Supplementary Information

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

(Unit: Millions of Yen)

	Fiscal Year Ending December 31, 2015				
	Q1 Result	Ratio to Net Sales	YoY rate of change	Progress rate	Full-year forecast
Net Sales	3,467	100.0%	(34.5%)	17.7%	19,600
Business Application Software	2,138	61.7%	(46.8%)	15.6%	13,700
System Support	317	9.1%	(12.3%)	22.7%	1,400
Network Service	1,011	29.2%	10.9%	22.5%	4,500
Operating Income (Loss)	(57)	-	-	-	4,600
Net Income (Loss)	(134)	-	-	-	2,530

Previous Fiscal Year (From January 1, 2014 to December 31, 2014)

(Unit: Millions of Yen)

	Fiscal Year Ended December 31, 2014				
	Q1 Result	Ratio to Net Sales	YoY rate of change	Progress rate	Full-year result
Net Sales	5,295	100.0%	41.4%	28.0%	18,894
Business Application Software	4,021	75.9%	54.1%	29.1%	13,818
System Support	361	6.8%	11.8%	28.0%	1,290
Network Service	912	17.2%	12.6%	24.1%	3,785
Operating Income	1,554	29.3%	328.7%	37.3%	4,165
Net Income	872	16.5%	691.9%	39.8%	2,193