

Annual Securities Report

(The English translation of the “Yukashoken-
Hokokusho” based on Article 24, Paragraph 1 of the
Financial Instruments and Exchange Act of Japan)

The 51st Fiscal Year
From April 1, 2014 to March 31, 2015

Striders Corporation

5-13-5 Shimbashi, Minato-ku, Tokyo

(E02738)

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[Fiscal year]	51st fiscal year (from April 1, 2014 to March 31, 2015)
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[Corporate name in English]	Striders Corporation
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[Place available for public inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

Part I. Company Information

Section 1. Overview of the Company

1. Transition of Significant Business Indicators, etc.

(1) Consolidated Business Indicators, etc.

Term	47th Period	48th Period	49th Period	50th Period	51st Period
Fiscal year ended	March 2011	March 2012	March 2013	March 2014	March 2015
Net sales (Thousands of yen)	2,141,045	1,080,722	1,689,293	2,690,638	3,642,696
Ordinary income (loss) (Thousands of yen)	46,005	(183,371)	(113,755)	91,435	83,194
Net income (loss) (Thousands of yen)	(186,067)	(121,009)	(353,818)	133,560	73,194
Comprehensive income (Thousands of yen)	(71,136)	(85,452)	(311,247)	88,885	78,019
Net assets (Thousands of yen)	1,571,946	1,184,900	988,333	1,140,962	1,577,328
Total assets (Thousands of yen)	3,690,368	1,746,913	1,992,293	2,309,294	3,502,215
Net assets per share (Yen)	16.75	15.60	11.93	13.32	17.40
Net income (loss) per share (Yen)	(2.50)	(1.62)	(4.74)	1.64	0.86
Diluted net income per share (Yen)	-	-	-	1.62	0.86
Ratio of shareholders' equity (%)	33.7	66.4	48.1	48.2	44.1
Ratio of net income to shareholders' equity (%)	-	-	-	12.89	5.51
Price-earnings ratio (Times)	-	-	-	33.62	104.65
Net cash from operating activities (Thousands of yen)	57,416	(157,104)	(45,827)	172,247	217,080
Net cash from investing activities (Thousands of yen)	(395,728)	290,550	(562,471)	175,706	(813,836)
Net cash from financing activities (Thousands of yen)	432,221	(39,525)	383,560	263,747	706,583
Cash and cash equivalents at the end of fiscal year (Thousands of yen)	704,212	778,909	562,123	1,173,824	1,283,481
Number of employees	74	63	100	98	160
[Average number of additional temporary workers] (Persons)	[17]	[11]	[24]	[32]	[40]

Notes:

- Net sales do not include consumption taxes, etc.
- Diluted net income per share for the 47th and 49th periods is not presented since the Company has latent shares with a dilution effect, though posted a net loss. Diluted net income per share for the 48th period is not presented because net loss was posted and there were no latent shares with a dilution effect.
- Ratio of net income to shareholders' equity and price-earnings ratio for the 47th, 48th, and 49th periods are not presented because net loss was posted.

(2) Non-consolidated Business Indicators, etc., of the Company

Term	47th Period	48th Period	49th Period	50th Period	51st Period
Fiscal year ended	March 2011	March 2012	March 2013	March 2014	March 2015
Net sales (Thousands of yen)	238,600	127,041	94,963	68,291	150,356
Ordinary income (loss) (Thousands of yen)	(108,978)	(178,621)	(60,379)	5,641	(5,444)
Net income (loss) (Thousands of yen)	(171,664)	(7,934)	(321,589)	66,549	24,329
Capital stock (Thousands of yen)	1,314,406	1,314,406	1,371,406	1,403,421	1,578,674
Number of issued shares (Shares)	74,330,896	74,330,896	80,330,896	83,555,896	88,730,896
Net assets (Thousands of yen)	1,130,581	1,114,582	927,632	1,038,425	1,424,412
Total assets (Thousands of yen)	1,258,934	1,200,970	1,010,220	1,169,985	2,083,701
Net assets per share (Yen)	15.21	14.99	11.54	12.43	15.99
Dividend per share [Interim dividend per share]	- (-)	- (-)	- (-)	- (-)	- (-)
Net income (loss) per share (Yen)	(2.31)	(0.10)	(4.31)	0.82	0.29
Diluted net income per share (Yen)	-	-	-	0.81	0.29
Ratio of shareholders' equity (%)	89.8	92.8	91.8	88.7	68.1
Ratio of net income to shareholders' equity (%)	-	-	-	6.41	1.72
Price-earnings ratio (Times)	-	-	-	67.46	310.34
Dividend payout ratio (%)	-	-	-	-	-
Number of employees [Average number of additional temporary workers] (Persons)	14 [-]	12 [-]	6 [-]	6 [-]	6 [-]

Notes:

1. Net sales do not include consumption taxes, etc.
2. Diluted net income per share for the 47th and 48th periods is not presented because net loss was posted and there were no latent shares with a dilution effect. Diluted net income per share for the 49th period is not presented since the Company has latent shares with a dilution effect, though posted a net loss.
3. Ratio of net income to shareholders' equity and price-earnings ratio from the 47th to 49th periods are not presented because net loss was posted.
4. Average number of additional temporary workers from the 47th to 51st periods is not presented since it is less than 10% of the number of employees.

2. The Company's History

Month & Year	Events
February 1965	Established Lease Business Machine Co., Ltd., for the purpose of sales of electronic calculators and electronic adding machines at 3, Shibatomura-cho, Minato-ku, Tokyo.
June 1968	Opened a showroom-cum-retail store (Shimbashi personal computer center) named as "Shimbashi store."
February 1977	Changed trade name to Lease Electronics Co., Ltd. to expand the variety of its merchandise and started selling electronic clocks, sphygmomanometer and other devices.
June 1979	Started sales of personal computers.
March 1983	Signed a distributorship agreement with NEC Corporation.
July 1985	Signed an exclusive distributorship agreement with NEC Corporation.
August 1985	Moved its headquarters to Kandamikura-cho, Chiyoda-ku, Tokyo.
July 1990	Established a logistic center in Itabashi-ku, Tokyo.
September 1990	Established the Osaka Sales Office in Naniwa-ku, Osaka.
February 1991	Public offering registered with Japan Securities Dealers Association as over-the-counter shares.
May 1991	Moved the Osaka Sales Office to Nishi-ku, Osaka.
May 1994	Established the second logistic center in Toda, Saitama.
September 1994	Closed Shimbashi personal computer center.
August 1996	Moved the logistic center in Itabashi-ku to Urawa, Saitama and closed the second logistic center in Toda.
December 1997	Moved its headquarters to Kandasurugadai 1-chome, Chiyoda-ku, Tokyo.
February 1998	Established Linksys Japan (sold in August 2002).
July 1998	Changed trade name to Vertex Link Corporation.
September 1999	Established Vertex Axis Corporation (changed the trade name to Zao Networks, Co., Ltd. later on) (liquidated in September 2004).
May 2000	Established VICS Technology (Taiwan) (liquidated in October 2004).
October 2000	Moved its logistic center to Narita, Chiba, as "Narita Distribution Center."
October 2001	Established the Kyushu Sales Office in Hakata-ku, Fukuoka, (closed in May 2002).
May 2002	Moved Narita Distribution Center to Sakae-machi, Imba-gun, Chiba.
February 2003	Moved its headquarters to Kandanishiki-cho, Chiyoda-ku, Tokyo.
February 2004	Established Vertex Link Investments (Asia) Limited.
April 2004	Established Yu Tech Co., Ltd. (sold in April 2009).
November 2004	Changed the trade name of Yu Tech Co., Ltd. to GeoBrain Corporation.
December 2004	Cancelled over-the-counter registration with the Japan Securities Dealers Association and listed the Company's shares on Jasdaq Securities Exchange. Established Vertex Link (Asia) Limited (Hong Kong) (liquidated in November 2011).
February 2005	Established Vertex Link Consulting Limited. Established VLR Co., Ltd. (currently a consolidated subsidiary).
March 2005	Established AM Composite Co., Ltd.
August 2005	Established Vertex Link Digital Design Co., Ltd.
October 2005	Changed the trade name of Vertex Link Investments (Asia) Limited to VLI Co., Ltd.
December 2005	Established VL-ATEC Co., Ltd. (South Korea) (liquidated in January 2007).
December 2006	Converted AGATE CONSULTING, Inc. into an affiliate (sold in April 2009).
March 2007	Converted Buzzstyle Co., Ltd into an affiliate. Closed the Osaka Sales Office.
April 2007	Changed trade name of Buzzstyle Co., Ltd to Seaside Co., Ltd.
July 2007	Transferred shares of Vertex Link Consulting Limited. Converted Your Capital Co., Limited (South Korea) into an affiliate (sold in May 2011).
April 2008	Transferred shares of Seaside Co., Ltd.
May 2008	Vertex Link Digital Design Co., Ltd. started a recruiting business (business license acquired) and changed its trade name to Japan Career Partners Co., Ltd. Changed the trade name of VLR Co., Ltd. to M&A Global Partners Co., Ltd.

Month & Year	Events
October 2008	GeoBrain Corporation merged with Contents Media Mix Co., Ltd.
December 2008	Transferred all the shares of AM Technology., Co., Ltd.
January 2009	Transferred all the shares of Japan Career Partners Co., Ltd.
February 2009	Convert S-GRANT Advisors Co., Ltd. into an affiliate (currently a consolidated subsidiary) and changed its trade name to Trust Advisers Corporation.
March 2009	M&A Global Partners Co., Ltd. merged with AM Composite Co., Ltd.
April 2010	Got listed in the JASDAQ market of the Osaka Securities Exchange (currently JASDAQ (standard) market of the Tokyo Stock Exchange), in accordance with the integration of the JASDAQ Securities Exchange and the Osaka Securities Exchange.
July 2010	Changed trade name to Striders Corporation.
April 2011	Established Global Artists Limited Liability Partnership (liquidated in April 2014).
May 2011	Transferred all the shares of Your Capital Co., Limited (South Korea).
March 2012	Acquired shares of Mobile Link Inc. (currently a consolidated subsidiary) and converted it into an affiliate through the third-party allotment.
May 2012	Acquired shares of Y.K. Masuda Seimen (currently a consolidated subsidiary). Acquired the business of online used car information retrieval system and one-time purchase price assessment website "BUY CAR JAPAN."
December 2012	Established Global Holdings Co., Ltd. (currently a consolidated subsidiary).
March 2013	Acquired all the shares of Ishin Narita Oyama Operations (currently a consolidated subsidiary) and changed the trade name to Narita Gateway Hotel Co., Ltd.
July 2013	Got listed in the JASDAQ (standard) market of the Tokyo Stock Exchange, in accordance with the integration of the Tokyo Stock Exchange and the Osaka Securities Exchange.
January 2014	Transferred the business of online used car information retrieval system and one-time purchase price assessment website "BUY CAR JAPAN."
March 2014	Established Tokyo Apartment Guaranty Corporation (currently a consolidated subsidiary).
June 2014	Acquired shares of L'Hotel de Kurashiki Co., Ltd. (currently a consolidated subsidiary) and changed the trade name to Kurashiki Royal Art Hotel Co., Ltd.
March 2015	Mobile Link Inc. (a consolidated subsidiary) established Shin-Kong Mobilelink co., Ltd. as a joint enterprise in Taiwan.

3. Description of Business

The Striders Group (the Company and its affiliates) consists of the Company (Striders Corporation) and its eight subsidiaries. The primary businesses are Information Technology Business, Turnaround Consultancy Business, Real Estate Lease Management Business, Food Business, and Hotel Business.

The Company corresponds to Specified Listed Corporations, etc. defined in the Article 49-2 of the Cabinet Office Ordinance on Restrictions on Securities Transactions, etc. Accordingly, insignificance criteria of material facts of insider trading regulations shall be determined based on values on consolidated basis.

The followings are the description of business and the affiliated companies. The following five business segments are the same as the segment classifications listed in “5. Accounting 1. Consolidated Financial Statements, etc. (1) Notes to Consolidated Financial Statements.”

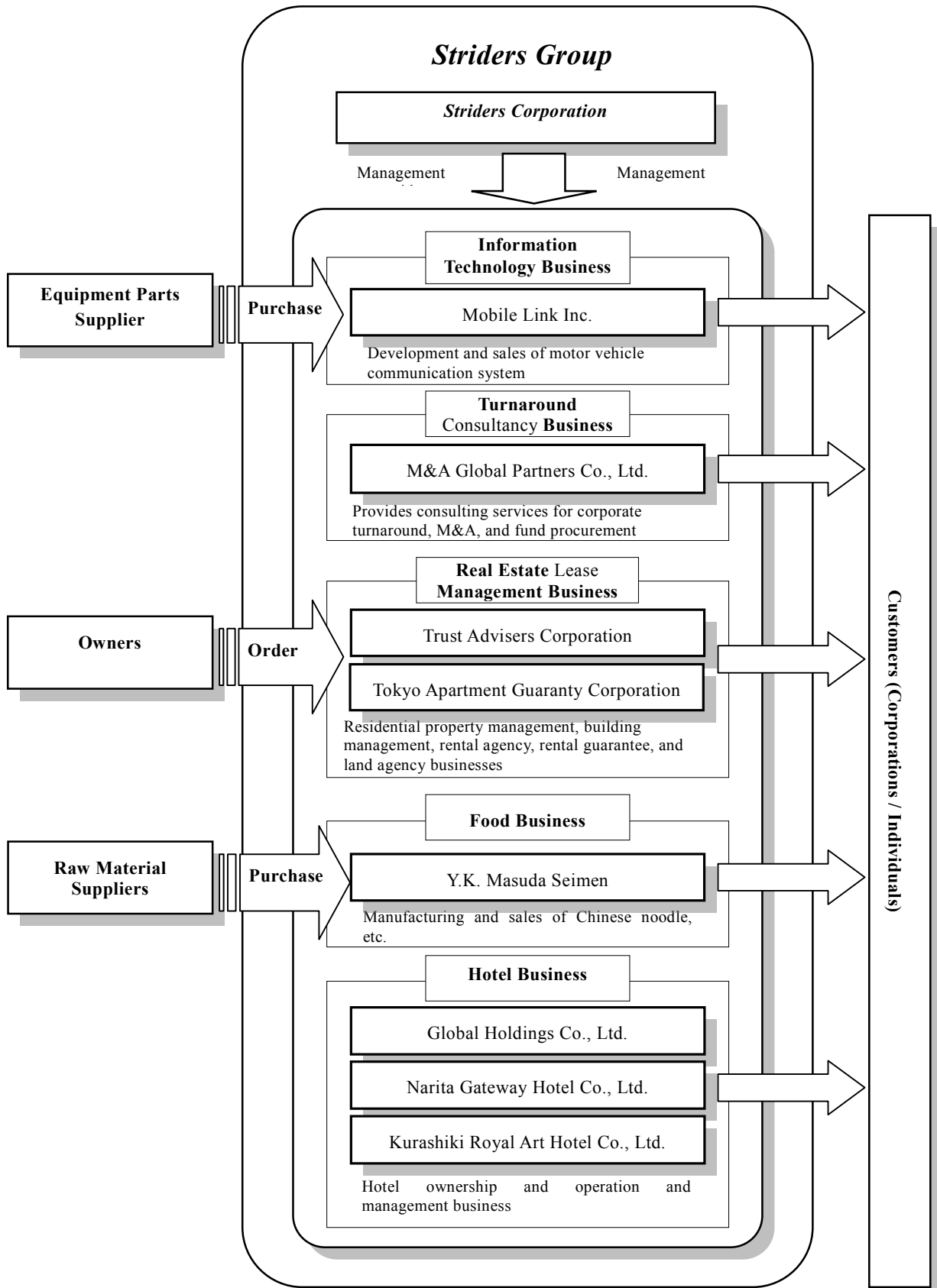
Business Description

Operating segment	Business	Company
Information Technology Business	- Development and sales of motor vehicle communication system	Mobile Link Inc.
Turnaround Consultancy Business	- Turnaround Consultancy business (provide consulting services for corporate turnaround, M&A, and fund procurement)	M&A Global Partners Co., Ltd.
Real Estate Lease Management Business	- Real estate lease management business (residential property management, building management, and rental agency businesses) - Rental guarantee business - Land agency business	Trust Advisers Corporation Tokyo Apartment Guaranty Corporation
Food Business	- Manufacturing and sales of Chinese noodle, etc.	Y.K. Masuda Seimen
Hotel Business	- Hotel ownership and operation and management business	Global Holdings Co., Ltd. Narita Gateway Hotel Co., Ltd. Kurashiki Royal Art Hotel Co., Ltd. (Note)

Note: The Company acquired shares of the Kurashiki Royal Art Hotel Co., Ltd. and made it a consolidated subsidiary in June 2014.

Business flowchart

The business linkage of the above status is shown in the business flowchart below:



4. Overview of Affiliated Entities

Name of company	Location	Capital stock (Thousands of yen)	Main line of business (Note 1)	Holding ratio of voting rights (%)	Relationship
(Consolidated subsidiary)					
M&A Global Partners Co., Ltd.	Minato-ku, Tokyo	50,000	Turnaround Consultancy Business	100.0	Interlocking directors
Trust Advisers Corporation (Note 3)	Shinagawa-ku, Tokyo	50,000	Real Estate Lease Management Business	100.0	Interlocking directors
Mobile Link Inc. (Note 2)	Shinjuku-ku, Tokyo	65,000	Information Technology Business	69.2	Interlocking directors
Y.K. Masuda Seimen	Yokosuka, Kanagawa	45,000	Food Business	100.0	Interlocking directors
Global Holdings Co., Ltd.	Minato-ku, Tokyo	3,000	Hotel Business	100.0	Interlocking directors Fund support
Narita Gateway Hotel Co., Ltd. (Note 3)	Narita, Chiba	3,000	Hotel Business	100.0	Interlocking directors
Tokyo Apartment Guaranty Corporation	Shinagawa-ku, Tokyo	3,000	Real Estate Lease Management Business	100.0	Interlocking directors
Kurashiki Royal Art Hotel Co., Ltd. (Note 3)	Kurashiki, Okayama	27,068	Hotel Business	99.8	Interlocking directors Fund support

Notes: 1. In the "Main lines of business," the name of the segment is stated.

2. The Company acquired all the shares of Mobile Link Inc. as of May 22, 2015, and therefore, the Company's holding ratio of voting rights came to 100%.

3. Sales of Trust Advisers Corporation, Narita Gateway Hotel Co., Ltd., and Kurashiki Royal Art Hotel Co., Ltd. (excluding internal transactions between consolidated subsidiaries) exceed 10% of consolidated sales.

Major Profit and Loss Information, etc.

(Thousands of yen)	Trust Advisers Corporation	Narita Gateway Hotel Co., Ltd.	Kurashiki Royal Art Hotel Co., Ltd.
(1) Sales	1,931,233	868,340	429,569
(2) Ordinary income	55,287	102,850	(26,842)
(3) Net income	37,030	65,293	(27,715)
(4) Net assets	184,447	113,337	(53,849)
(5) Total assets	724,699	291,293	351,866

5. Information about Employees

(1) Employees on a Consolidated Basis

As of March 31, 2015

Name of segment	Number of employees
Information Technology Business	9 (-)
Turnaround Consultancy Business	- (-)
Real Estate Lease Management Business	32 (6)
Food Business	15 (10)
Hotel Business	98 (24)
Reportable segment total	154 (40)
Corporate (unallocated)	6 (-)
Total	160 (40)

Notes: 1. The number of employees represents the number of full-time employees, and the average annual number of temporary workers other than the full-time employees (including part-time employees and temporary workers from staffing agencies) is indicated in parentheses.

2. The number of employees in the “Corporate (unallocated)” segment represents those employees employed by the administrative division that is not allocated to any specific segments.

3. The number of employees increased 62 from the end of the previous fiscal year because Kurashiki Royal Art Hotel Co., Ltd. became a consolidated subsidiary as of June 30, 2014.

(2) Employees of the Company

As of March 31, 2015

Number of employees	Average age	Average number of years employed	Average annual salary (Thousands of yen)
6 (-)	36.8	2.3	4,677

Name of segment	Number of employees
Information Technology Business	- (-)
Turnaround Consultancy Business	- (-)
Real Estate Lease Management Business	- (-)
Food Business	- (-)
Hotel Business	- (-)
Reportable segment total	- (-)
Corporate (unallocated)	6 (-)
Total	6 (-)

Notes: 1. The number of employees represents the number of full-time employees, and the average annual number of temporary workers other than the full-time employees (including part-time employees and temporary workers from staffing agencies) is indicated in parentheses.

2. The number of employees in the “Corporate (unallocated)” segment represents those employees employed by the administrative division that is not allocated to any specific segments.

3. Average annual salary includes bonuses and surplus wages.

(3) Labor Union

Although a labor union has not been formed, the Company has maintained sound labor-management relations.

Section 2. Overview of Business

1. Overview of Business Results

(1) Operating Results

In the fiscal year that ended in March 2015, the Japanese economy recovered at a moderate pace as economic and monetary measures brought down the yen and fueled a stock market rally.

The Striders Group purchased the Kurashiki Royal Art Hotel in June 2014 to add a new source of earnings. In all business segments, there were sales activities to attract new customers, cost cutting measures and other initiatives. In addition, the group continued to make new investments in Asia to establish a sound profit structure.

Net sales increased 35.4% year-on-year to 3,642 million yen, operating income increased 90.8% year-on-year to 87 million yen, ordinary income decreased 9.0% year-on-year to 83 million yen and net income was down 45.2% year-on-year to 73 million yen.

Business segment performance was as follows.

1) Information Technology Business

Mobile Link Inc. developed a new type of motor vehicle communication system and there were sales activities centered on new ideas for replacing these systems that targeted mainly current customers.

Segment sales increased 13.1% year-on-year to 247 million yen and the operating loss declined to 6 million yen from 15 million yen one year earlier.

2) Turnaround Consultancy Business

M&A Global Partners Co., Ltd. helped companies to improve earnings through asset sales and other restructuring measures, assisted with fund procurement, provided M&A consulting, and offered other services to revitalize companies, however, the number of projects declined.

Segment sales decreased 19.1% year-on-year to 8 million yen and operating income decreased 25.9% year-on-year to 5 million yen.

3) Real Estate Lease Management Business

The supply of properties was held down by a downturn in demand for housing following the rush to build new houses before the April 2014 consumption tax hike and by the rising cost of construction. But there were signs of a recovery during the fiscal year. In Japan's large metropolitan areas, vacancy rates were high because of an oversupply of rental residential properties in association with the increase in Japan's inheritance tax. However, vacancy rates slowly began to decline during the fiscal year. Trust Advisers Corporation, which specializes in the management of studio and compact apartments, took actions aimed at increasing occupancy rates, collecting overdue payments and holding rental rates steady.

Segment sales increased 28.5% year-on-year to 1,933 million yen and operating income increased 8.6% year-on-year to 95 million yen.

4) Food Business

Y.K. Masuda Seimen produces Chinese noodles and other noodles that are sold mainly to Yokohama house-type ramen restaurants in the Kanagawa area. The company worked on establishing relationships with new customers, operating more efficiently and cutting costs. However, sales were down mainly because a large customer switched to producing its own noodles.

Segment sales decreased 27.3% year-on-year to 155 million yen and there was a negligible amount of operating loss compared with operating income of 24 million yen one year earlier.

5) Hotel Business

Striders operates the Narita Gateway Hotel, which is near Narita Airport. At this hotel, room rates and occupancy rates were high during the fiscal year. The main reason was growth in foreign tourists due to the Japanese government's various measures toward the tourism nation and to the weaker yen. This segment also includes the Kurashiki Royal Art Hotel (formerly the Hotel Nikko Kurashiki), which was acquired by

Striders in June 2014. However, earnings at this hotel were impacted by expenses for rebranding this property.

Segment sales increased 82.2% year-on-year to 1,297 million yen and operating income increased 154.8% to 156 million yen.

(2) Cash Flows

Cash and cash equivalents (hereinafter, "cash") as of the end of the current consolidated fiscal year totaled 1,283 million yen, an increase of 109 million yen from the end of the previous fiscal year.

<Cash Flows from Operating Activities>

Net cash provided by operating activities amounted to 217 million yen (compared with 172 million yen provided one year earlier). This was mainly due to income before income taxes and minority interests of 77 million yen, depreciation of 49 million yen, and amortization of goodwill of 39 million yen.

<Cash Flows from Investing Activities>

Net cash used in investing activities amounted to 813 million yen (compared with 175 million yen provided one year earlier), mainly due to purchase of shares of subsidiaries of 757 million yen.

<Cash Flows from Financing Activities>

Net cash provided by financing activities amounted to 706 million yen (compared with 263 million yen provided one year earlier). This was mainly due to proceeds from long-term loans payable of 630 million yen, issuance of common shares of 194 million yen, and issuance of shares resulting from exercise of subscription rights to shares of 146 million yen, while there was repayments of long-term loans payable of 215 million yen.

2. Overview of Production, Orders Received and Sales

(1) Production

Production performance in the Food Business is presented below. There are no production activities in the Information Technology Business, Turnaround Consultancy Business, Real Estate Lease Management Business and Hotel Business.

Name of segment	FY3/15 (April 1, 2014 – March 31, 2015)	Year-on-year comparison (%)
Food Business (Thousands of yen)	100,757	(18.1)

Notes: 1. The amount is based on manufacturing cost and before inter-segment transfers.

2. Consumption taxes, etc., are not included in the above amount.

(2) Orders Received

Some activities of the Information Technology Business and Food Business are based on orders received. However, no information for orders received is shown because the time between the receipt of orders and delivery is short and the performance is insignificant. Furthermore, sales activities are not based on orders in the Turnaround Consultancy Business, Real Estate Lease Management Business and Hotel Business.

(3) Sales Performance

The sales performance in each segment in the current consolidated fiscal year is as follows:

Name of Segment	FY3/15 (April 1, 2014 – March 31, 2015)	Year-on-year comparison (%)
Information Technology Business (Thousands of yen)	247,528	13.1
Turnaround Consultancy Business (Thousands of yen)	8,900	(19.1)
Real Estate Lease Management Business (Thousands of yen)	1,933,164	28.5
Food Business (Thousands of yen)	155,192	(27.3)
Hotel Business (Thousands of yen)	1,297,909	82.2
Total (Thousands of yen)	3,642,696	35.4

Note: Sales amounts to major customers and their ratios to total sales amount in the last two consolidated fiscal years are not stated because the ratios are less than 10% of the total sales amount.

3. Issues to Address

The Striders Group is working toward achieving the following goals in order to maintain stable earnings, which is the highest priority of management.

1) Strengthen management of the group

Due to the organizational structure of Striders, the performance of Striders is greatly influenced by the overall performance of the Striders Group. As a result, monitoring the performance of subsidiaries and other operating companies is an important aspect of business activities. To strengthen management of the group, Striders is reexamining the authority of group companies regarding their respective business activities and establishing a business reporting system and an administrative framework for operating companies. The goals are to conduct aggressive business operations, foster a strong commitment to compliance and operate more efficiently.

2) Use corporate resources more efficiently

To use corporate resources more efficiently, Striders is providing training for group employees and using funds available for investments more effectively. For example, there will be more information exchanges and sharing among managers of group companies and more training programs for employees. Goals include strengthening cooperation among subsidiaries and benefiting from more synergies among group companies. In addition, management will consider the centralized management of funds for all group companies and the sharing of sales information in order to perform sales activities backed by a network that only the Striders Group can create.

3) Use of M&A and alliances with external companies

To continue growing, Striders will need to acquire or invest in companies with operations that are consistent with the Striders corporate philosophy. Consequently, the medium to long-term policy is to aim for growth in sales and earnings by aggressively acquiring companies, forming business alliances and taking other actions.

4) Establish frameworks for internal controls and compliance

For internal controls that comply with the Companies Act and Financial Instruments and Exchange Act, Striders is establishing rules for the flow, documentation and visualization of business processes for all group companies. In addition to establishing rules, actions are needed to ensure that the activities of group companies follow these rules. Striders is assembling a structure for implementing these rules and recruiting the required personnel. The objective is to perform internal supervision, monitoring and IT oversight in a manner that matches the characteristics of business activities.

For compliance, the Striders Group has established a number of guidelines and policies: the Code of Corporate Conduct, Code of Employee Conduct, Personal Information Protection Policy, and Basic Policy against Anti-Social Forces. There are programs to ensure that everyone knows about and understands these guidelines and policies. As to the actual implementation of compliance in business operations, there are monitoring activities, studies by the Compliance Committee and an employee training program.

4. Business Risks

This section covers risk factors involving the business activities of the Striders Group that may affect results of operations, the stock price, the financial position or other items. Forward-looking statements in this section represent judgments of the group as of the end of March 2015 and are not limited to the information in this section.

1) The economy

The activities of the Striders Group cover many business sectors and are vulnerable directly and indirectly to changes in the health of the economies of Japan and other countries. Therefore, changes in the economy have an effect on the group's performance and financial position.

2) New business activities

The Striders Group starts new business activities only after completing thorough studies. If a change in the operating environment prevents the group from conducting a new business as planned, there may be an effect on the group's performance and financial position.

3) Overseas business activities

Overseas business activities of the Striders Group are vulnerable to the following risk factors. If any of these problems occur, there may be an effect on the group's performance and financial position.

- a. Economic downturns and competition from other companies
- b. Unexpected establishment of laws or regulations or taxation revisions
- c. Social turmoil caused by terrorism, demonstrations, wars or other events
- d. Unfavorable political events
- e. Movements in the value of a currency or exchange rates

4) Personal information

The Striders Group has a personal information management system that is structured to prevent leaks of personal information as prescribed in the Act on the Protection of Personal Information. However, the environment for the handling of personal information is becoming increasingly severe because of the high reliance of today's world on information. As a result, there may be a leak of personal information caused by an unforeseen event. If this happens, the resulting loss of public trust in the Striders Group, expenses for responding to the leak and other factors may have an effect on the group's performance.

5) Harm to the group's reputation

In the past, the performance and stock price of Striders have been negatively impacted by careless loans, investments and equity measures by former executives. Criticism and other damage to the group's reputation that occurred at that time still exist on the Internet and other channels. If this damage to the group's reputation prevents the group from conducting sound business activities, there may be an effect on the group's performance and financial condition.

6) Laws and regulations

In the Real Estate Lease Management Business of the Striders Group, consolidated subsidiary Trust Advisers, as a real estate company, has received licenses in accordance with the Building Lots and Buildings Transaction Business Act and the Act on Advancement of Proper Condominium Management. Consequently, Trust Advisers is subject to the associated legal restrictions. If current laws or regulations are revised or new legal restrictions are established, there may be restrictions on the group's business activities that could affect the group's performance and financial condition.

7) Food safety

In the group's Food Business, consolidated subsidiary Masuda Seimen produces and sells Chinese and other types of noodles. This company is subject to the Food Sanitation Act and other laws and regulations involving food products. The group has extensive measures for the assurance of quality and hygiene and exercises extreme care to maintain the safety of food products. However, if there is a violation of a law or regulation due to an unforeseen event, there may be an effect on the group's performance.

8) Stock dilution due to exercise of stock options

Striders has issued stock options for the purposes of motivating and retaining key personnel and procuring funds.

As of the date of this Securities Report, stock options represented common stock equivalents of 13,500 thousand shares. This is 15.2% of the 88,730 thousand shares issued as of that date. If these stock options are exercised, the resulting increase in the number of shares issued may dilute the value of each share.

9) Natural disasters and diseases

A powerful earthquake, typhoon or other natural disaster may damage buildings and other facilities of the Striders Group. This damage could reduce sales due to an interruption in business activities and require expenses for repairs. In addition, the occurrence of a new strain of influenza or some other infectious disease would lower long-distance travel and travel by groups. Any of these events may have an effect on the group's performance.

5. Critical Contracts for Operation

There is no applicable information.

6. Research and Development Activities

There is no applicable information for research and development activities for the current consolidated fiscal year.

7. Analysis of Financial Position, Operating Results and Cash Flows

The following analyses of financial status and operating results regarding the Company group are based on the data presented in the consolidated financial statements, in principle.

Forward-looking statements in this section represent the judgments of the Striders Group as of the submission date of this report.

(1) Significant Accounting Policies and Estimates

The consolidated financial statements of the Striders Group are prepared based on generally accepted accounting standards in Japan. The preparation of these financial statements required judgments and estimates by management, such as decisions concerning the selection and application of accounting policies that influence the information that is disclosed. Estimates by management are based on reasonable judgments that reflect past performance and other items. However, actual results may differ from these estimates due to the inherent uncertainty of estimates.

Of the significant accounting policies used by the Striders Group (see Section 5. Accounting. 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Significant Accounting Policies for Preparation of the Consolidated Financial Statements), management believes that the following significant policies have a particularly important effect on judgments used for significant estimates for the preparation of the consolidated financial statements.

1) Impairment of non-current assets

The Striders Group examines non-current assets regarding possible impairment at the end of every quarter, when there is a situation that prevents the recovery of book value, and when there is a change in

circumstances involving non-current assets. If book value is greater than estimated future cash flows before discounting, the amount by which these cash flows exceed book value is recognized as an impairment loss. Although the Company believes estimates used for impairment decisions are reasonable, actual performance may differ from these estimates.

2) Allowance for doubtful accounts

To prepare for credit losses on receivables, the Company and its consolidated subsidiaries provide an allowance equal to the estimated amount of uncollectible receivables for general receivables based on the historical write-off ratio, and bad receivables based on a case-by-case determination of collectibility.

However, if the ability of a customer to make a payment declines because of a worsening financial condition, the Company may make an additional provision for this allowance or recognize a loss if the receivable cannot be collected.

3) Impairment of goodwill

The Striders Group amortizes goodwill using the straight-line method over a period of not more than 20 years during which benefits are expected to be received from the goodwill of each corresponding company or business. If there is a decline in profitability caused by a revision in an estimate resulting from a change in business assumptions that could have not been foreseen, there may be an impairment loss on goodwill.

(2) Analysis of Operating Results and Financial Position during the Current Consolidated Fiscal Year

1) Operating results

The summary of operating results for the current consolidated fiscal year is as described in “1. Overview of Business Results, etc.”

2) Financial position

Total assets at the end of the current consolidated fiscal year increased 1,192 million yen from the previous fiscal year to 3,502 million yen.

Current assets increased 109 million yen compared to the previous fiscal year to 1,611 million yen. The main factors include a 53 million yen increase of cash and deposits.

Non-current assets increased 1,083 million yen compared to the previous fiscal year to 1,890 million yen. This was primarily due to an inclusion of Kurashiki Royal Art Hotel Co., Ltd. to the consolidated subsidiaries that increased property, plant, equipment and intangible assets by 809 million yen and 124 million yen respectively.

Total liabilities of the current consolidated fiscal year increased 756 million yen from the previous fiscal year to 1,924 million yen.

Current liabilities increased 131 million yen compared to the previous fiscal year to 646 million yen. The main factors include a 29 million yen increase of interest rate swaps and a 46 million yen increase of accounts payable-trade.

Non-current liabilities increased 624 million yen compared to the previous fiscal year to 1,278 million yen. The main factors include increases of long-term loans payable by 389 million yen and deferred tax liabilities by 216 million yen.

Net assets at the end of the current consolidated fiscal year increased 436 million yen compared to the previous fiscal year to 1,577 million yen. The main factors include 175 million yen increases in each of capital stock and capital surplus as a result of issuance of new shares and exercise of subscription rights to shares, and net income of 73 million yen.

Consequently, ratio of shareholder's equity was 44.1%.

3) Analysis of cash flows

The summary of cash flows for the current consolidated fiscal year is as described in “1. Overview of Business Results, etc.”

(3) Factors that Could Have a Material Impact on Operating Results

As stated in “4. Business Risks.”

(4) Current Situation and Outlook of Business Strategy

The Striders Group allocates substantial resources to business sectors where a growth strategy can be established and takes steps for operating these businesses efficiently. In addition, group companies are given clear responsibilities and management periodically examines the business activities and contribution to consolidated performance of group companies. The goal is to establish a framework that enables the entire group to be profitable.

Involvement of the Company in the management of group companies is held to a minimum that is necessary to benefit from synergies among these companies. Using this approach gives each group company freedom with respect to its business activities and management, thereby creating a framework that better enables group companies to capitalize on opportunities for growth.

1) Information Technology Business

The primary activity of this business is the development and sale of digital tachographs and other devices that are placed in vehicles used by cargo transport and delivery companies. In Taiwan, Shin-Kong Mobilelink co., Ltd., which was established in March 2015 with a business partner, is currently establishing a base of operations as a manufacturer of communication devices for motor vehicles.

2) Turnaround Consultancy Business

This business includes the restructuring and revitalization of businesses, assistance for fund procurement, and M&A consulting and will continue to work on receiving more orders for these services.

3) Real Estate Lease Management Business

The primary source of sales in this business is real estate lease management fees in the core residential property business and building management business. Growth in the number of buildings under management produces a source of stable earnings. We will work on building a stronger base for this business by further upgrading sales activities, increasing customer satisfaction and improving business processes to achieve greater efficiency.

Another goal is growth in peripheral businesses such as apartment rent guarantees and the purchase and sale of studio apartment in order to establish more sources of earnings.

4) Food Business

The sale of noodles to Yokohama house-type ramen restaurants in the Kanagawa area will continue to be the main activity of this business. In addition, we will work on establishing relationships with new customers while becoming more efficient and cutting costs.

5) Hotel Business

To increase sales and earnings at the Narita Gateway Hotel and Kurashiki Royal Art Hotel, there are measures to improve food and beverage services, attract more foreign guests, and strengthen sales activities, including Internet marketing. All these activities are aimed at increasing the occupancy rate. We will also consider making investments in more hotels.

Section 3. Information about Facilities

1. Overview of Capital Expenditures, etc.

There is no applicable information.

2. Major Facilities

The major facilities and equipment of the Company group are as follows:

(1) Domestic Subsidiaries

As of March 31, 2015

Company name	Facility name (Location)	Segment	Purpose of facility and equipment	Book value (Thousands of yen)					Number of employees (Persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (square meters)	Others	Total	
Y.K. Masuda Seimen	Head Office Plant (Yokosuka, Kanagawa)	Food	Production equipment	17,438	1,029	40,000 (221.36)	121	58,589	15 (10)
Global Holdings Co., Ltd.	Narita Gateway Hotel (Narita, Chiba)	Hotel	Accommodation facility	295,334	-	85,663 (7,218.48)	0	380,998	- (-)
Narita Gateway Hotel Co., Ltd.	Narita Gateway Hotel (Narita, Chiba)	Hotel	Accommodation facility	9,362	5,387	-	10,065	24,815	36 (18)
Kurashiki Royal Art Hotel Co., Ltd.	Kurashiki Royal Art Hotel (Kurashiki, Okayama)	Hotel	Accommodation facility	578,177	-	223,000 (1,490.90)	4,436	805,613	62 (6)

Notes: 1. "Others" under "Book value" represents tools, furniture and fixtures.

The amount does not include consumption taxes.

2. Temporary workers are indicated in parentheses under "Number of employees."

3. Planned Additions, Retirements, etc. of Facilities

There is no applicable information.

Section 4. Information about Reporting Company

1. Information about Shares, etc.

(1) Total Number of Shares, etc.

1) Total number of shares

Classification of stock	Total number of authorized shares (Shares)
Common stock	180,000,000
Total	180,000,000

2) Issued shares

(Shares)

Classification	Number of issued shares as of the end of fiscal year (As of March 31, 2015)	Number of issued shares as of the submission date of this report (As of June 25, 2015)	Name of listed financial instruments exchange market or authorized financial instruments firms association	Remarks
Common stock	88,730,896	88,730,896	Tokyo Stock Exchange, Jasdaq (standard)	Number of shares for one unit: 1,000
Total	88,730,896	88,730,896	-	-

(2) Subscription Rights to Shares, etc.

The following subscription rights to shares have been issued in accordance with the Companies Act:

As per resolution by the Board of Directors on May 14, 2013

	As of the end of the current fiscal year (As of March 31, 2015)	As of the end of the month preceding the submission date of this report (May 31, 2015)
Number of subscription rights to shares (Units)	300	300
Number of own subscription rights to shares among all subscription rights to shares (Units)	-	-
Class of stock subject to subscription rights to shares	Common stock	Same as on the left.
Number of shares subject to subscription rights to shares (Shares)	300,000 (Note 1)	300,000 (Note 1)
Amount to be paid upon the exercise of subscription rights to shares (Yen)	28 (Note 2)	Same as on the left.
Exercise period of subscription rights to shares	From May 29, 2013 to May 28, 2021	Same as on the left.
Issue price of stock due to exercise of subscription rights to shares and amount to be incorporated into capital stock (Yen)	Issue price: 28 (Note 3) Amount to be incorporated into capital stock: 14 (Note 3)	Same as on the left.
Conditions for exercising subscription rights to shares	(Note 4)	Same as on the left.
Matters pertaining to transfer of subscription rights to shares	The approval of the Board of Directors is required.	Same as on the left.
Matters pertaining to substitute payment	-	-
Matters pertaining to issuance of subscription rights to shares resulting from the reorganization event	(Note 5)	Same as on the left.

Note 1. In the case that the Company conducts a stock split (including the allotment of shares of common stock of the Company without consideration; hereinafter the same shall apply) or a consolidation of shares, the number of shares subject to subscription rights to shares shall be adjusted in accordance with the following formula.

However, this adjustment will be performed only for shares subject to subscription rights to shares that have not been exercised or retired at the time of the stock split or consolidation of shares. Furthermore, any fraction less than one share resulting from the adjustment will be rounded down.

$$\text{Number of shares after adjustment} = \frac{\text{Number of shares before adjustment}}{\text{adjustment}} \times \text{Ratio of stock split/stock consolidation}$$

In addition to this adjustment, after the subscription rights to shares have been allocated, if there is an event that requires an adjustment to the number of shares to be issued upon the exercise of these rights, the Company can make a suitable adjustment to a reasonable extent.

Furthermore, any fraction less than one (1) share resulting from the adjustment will be rounded down.

Note 2. If the Company conducts a stock split or stock consolidation after the issuance of the subscription rights to shares, the following formula will be used to adjust the payment amount as of the effective date of the split or consolidation, with any fraction of one (1) yen resulting from the adjustment rounded up.

$$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{\frac{1}{\text{Ratio of stock split/stock consolidation}}}$$

In addition, after the subscription rights to shares have been allocated, if shares are issued at a price that is below market price, the following will be used to adjust the payment amount with any fraction of one (1) yen resulting from the adjustment rounded up.

$$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment} \times \left(\frac{\text{Number of newly issued shares} \times \text{Amount to be paid per share}}{\text{Market price per share}} \right) + \text{Number of issued shares}}{\text{Number of issued shares} + \text{Number of newly issued shares}}$$

Note 3. Matters relating to increments of capital stock and legal capital surplus

- 1) The amount by which the capital will be increased as a result of the issuance of shares upon the exercise of subscription rights to shares shall be the maximum amount of increase in capital, etc. (“maximum increase in capital”) to be calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Rules multiplied by 0.5. Fraction less than one (1) yen resulting from the calculation shall be rounded up.
- 2) The amount by which the legal capital surplus will be increased as a result of the issuance of shares upon the exercise of subscription rights to shares shall be the above-mentioned maximum increase in capital minus the above-mentioned amount of capital increase.

Note 4. Conditions for exercising subscription rights to shares are as follows.

- 1) If the average closing price (including indicated prices; average excludes days with no closing price, but the Board of Directors can make adjustments as described in the above item 2) of the Company’s common stock for ordinary trading on financial instrument exchanges where this stock is listed over any five-day period between the allocation date and end of the exercise period, including both of these days, is less than 50% of the exercise price at that time (the exercise price is adjusted as needed by the Board of Directors as described in the above item 2), holders of subscription rights to shares must exercise all remaining rights by the end of the exercise period at the exercise price (but the Board of Directors can make adjustments as described in the above item 2). However, this requirement does not apply in the following cases.
 - (a) When significant false or fraudulent information has been discovered in information disclosed by the Company
 - (b) The discovery that the Company has failed to properly announce a significant fact that should have been disclosed in accordance with laws and regulations or the rules of a financial instruments exchange where the Company’s stock is listed
 - (c) When the Company’s stock is delisted, the Company becomes insolvent or there is some other major change involving an item used as a premise when the subscription rights to shares were issued
 - (d) When there is any other event that can be viewed objectively as a detrimental act by the Company regarding the trust of subscription right holders.
- 2) If the total number of issued shares would exceed the number of then-authorized shares by the exercise of subscription rights to shares at the time of exercise thereof, said subscription rights to shares cannot be exercised at that time.
- 3) The partial exercise of an individual subscription right to shares is not allowed.
- 4) This subscription rights to shares may not be exercised by an heir to a holder thereof.
- 5) The Company’s Board of Directors may establish other conditions for exercising the subscription rights to shares in addition to the preceding items in this note.

Note 5. In the event of an absorption merger in which the Company is dissolved, a merger in which a new merged company is established and the Company is dissolved, an absorption and divestiture in which the Company is divested, a divestiture in which a new divested company is established, an exchange of stock in which the Company becomes a wholly owned subsidiary, or a stock transfer in which the Company becomes a wholly owned subsidiary (“reorganization event”), any remaining subscription rights to shares immediately prior to the date the reorganization takes place will be replaced with new subscription rights to shares based on the following terms. The replacement will be made by the remaining company after the absorption merger, the newly established merged company, the remaining divested company after the absorption, the newly established divested company, the parent company after the exchange of stock or the parent company established after the transfer of stock (“reorganized company”).

- 1) Number of the subscription rights to shares to be newly granted
Based on the number of subscription rights held by each individual, a reasonable adjustment will be made that reflects the terms of the reorganization event and other factors. Any resulting fraction of one (1) right will be rounded down.
- 2) Class of stock subject to subscription rights to shares to be newly granted
The same class of stock of the reorganized company
- 3) Calculation of Number of shares subject to subscription rights to shares to be newly granted
A reasonable adjustment will be made that reflects the terms of the reorganization event and other factors. Any resulting fraction of one (1) share will be rounded up.
- 4) Value of assets to be contributed upon the exercise of the subscription rights to shares to be newly granted
A reasonable adjustment will be made that reflects the terms of the reorganization event and other factors. Any resulting fraction of one (1) yen will be rounded up.
- 5) The exercise period of the new subscription rights, additions to capital stock and legal capital surplus when stock is issued upon the exercise of the new rights, reasons for the acquisition of the new rights by the reorganized company, the provision of the new rights when there is a reorganization event, and the subscription right certificates and exercise terms.
To be determined when the reorganization event takes place.
- 6) Restrictions on the acquisition of subscription rights to shares to be newly granted through transfer
The acquisition of subscription rights to shares to be newly granted through transfer shall require the approval of the Board of Directors of the reorganized company.
- 7) Other conditions shall be determined in the same manner as those for the reorganized company.

As per resolution by the Board of Directors on October 17, 2014

	As of the end of the current fiscal year (As of March 31, 2015)	As of the end of the month preceding the submission date of this report (As of May 31, 2015)
Number of subscription rights to shares (Units)	132	132
Number of own subscription rights to shares among all subscription rights to shares (Units)	-	-
Class of stock subject to subscription rights to shares	Common stock	Same as on the left.
Number of shares subject to subscription rights to shares (Shares)	13,200,000 (Note 1)	13,200,000 (Note 1)
Amount to be paid upon the exercise of subscription rights to shares (Yen)	92 (Note 2)	Same as on the left.
Exercise period of subscription rights to shares	From November 5, 2014 to November 4, 2017	Same as on the left.
Issue price of stock due to exercise of subscription rights to shares and amount to be incorporated into capital stock (Yen)	Issue price: 92 (Note 3) Amount to be incorporated into capital stock: 46 (Note 3)	Same as on the left.
Conditions for exercising subscription rights to shares	(Note 4)	Same as on the left.
Matters pertaining to transfer of subscription rights to shares	The approval of the Board of Directors is required.	Same as on the left.
Matters pertaining to substitute payment	-	-
Matters pertaining to issuance of subscription rights to shares resulting from the reorganized event	(Note 5)	Same as on the left.

Note 1. Number of shares subject to subscription rights to shares

- 1) There are 14,200,000 shares of the Company's common stock subject to subscription rights to shares and 100,000 shares ("shares granted") for each right. However, if shares granted are adjusted in accordance with items 2 or 4, the total number of shares subject to the rights will be adjusted accordingly.
- 2) If the Company adjusts the exercise price as described in Note 2, the number of shares granted will be adjusted using the following formula. However, this adjustment will be performed solely for shares granted for rights that have not been exercised at the time of the adjustment. Any resulting fraction of one (1) share will be rounded down. The exercise prices before and after the adjustment that are used in this formula are the before and after exercise prices stated in Note 2.

$$\text{Payment amount after adjustment} = \frac{\text{Number of Company shares before adjustment} \times \text{Exercise Price before adjustment}}{\text{Exercise Price after adjustment}}$$
- 3) The adjusted number of shares granted will become effective on the same date as the effective date of the adjusted exercise price stated for the exercise price adjustment described in Note 2 2) and 5) for an event requiring an adjustment.

- 4) When the number of shares granted is adjusted, the Company must provide notification in writing of the following items to holders of subscription rights to shares by no later than the day prior to the date that the adjusted number of shares changes: the adjustment of shares granted and reason, shares granted before and after the adjustment, the date of the change, and other necessary information. However, this notification can be provided instead immediately after the date of the change in the event that, as described in Note 2 2) (e), the preceding notification cannot be performed prior to the date of the change.

Note 2. Adjustment to the exercise price

- 1) After the allocation of the subscription rights to shares, if there is a change or may be a change in the number of shares of common stock issued due to an event listed in 2), the exercise price will be adjusted using the following method (“exercise price adjustment formula”).

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of issued shares} + \frac{\text{Number of shares delivered} \times \text{Amount to be paid per share}}{\text{Market price per share}}}{\text{Number of issued shares} + \text{Number of shares delivered}}$$

- 2) Rules for use of the exercise price adjustment formula to adjust the exercise price and the timing of the change in the exercise price

- (a) When the Company’s common stock is provided for a payment that is less than the market price stipulated in 4) (b) (including gratis stock distributions) (Except when the Company’s common stock is provided due to the exercise of subscription rights to shares (including bonds with these rights), the acquisition of stock with acquisition rights or acquisition terms, or the exercise of some other right to receive the Company’s common stock and when the Company’s common stock is provided because of a divestiture, exchange of stock or merger.) The adjusted exercise price will become effective on the payment date (the final subscription date if there is a payment period for a subscription and the effective date if there is a gratis stock distribution) or, if there is a record date for granting rights to shareholders to receive a stock distribution, on the day after this record date.

- (b) When there is a split of the Company’s common stock
The adjusted exercise price will become effective on the day after the stock split record date.

- (c) If the Company issues stock with the right to purchase the Company’s common stock for a payment below the market price stipulated in 4) (b) or if the Company issues subscription rights to shares (including rights attached to bonds) with the right to purchase the Company’s common stock at a price below the market price stipulated in 4) (b) (except when this stock or rights are distributed to the executives or employees of the Company or its related company), the adjusted exercise price will be adjusted using the exercise price adjustment formula. The calculation will assume that all rights of stock with the right to purchase stock were exercised and that all subscription rights to shares were exercised at the original terms. The adjusted exercise price will become effective starting on the payment date (when subscription rights to stock are distributed) or effective date (when there is a gratis stock distribution). However, if there is a record date for shareholders to receive a distribution, the adjusted exercise price will become effective on the day after this record date.

- (d) If the Company’s common stock is provided at a price below the market price stipulated in 4) (b) in return for the receipt of stock with acquisition terms or stock subscription rights with acquisition terms (including subscription rights attached to bonds) issued by the Company, the adjusted exercise price will become effective on the day after the acquisition date.

- (e) For all transactions listed in items 2) (a) through (d), when there is a record date for shareholders to receive the right to a stock distribution and when the effectiveness of the transaction requires the approval on or after the corresponding record date of the Company’s shareholders, Board of Directors or other decision-making body, then irrespective of items 2) (a) through (d), the adjusted exercise price will become effective on the day after the approval.

In this case, holders of subscription rights to shares who exercise these rights will receive the Company’s common stock based on the following formula during the period starting on the day after the record date and ending on the date of approval.

$$\text{Number of shares} = \frac{(\text{Exercise Price before adjustment} - \text{Exercise Price after adjustment})}{\text{Exercise Price after adjustment}} \times \text{Shares provided during the applicable period at the exercise price before adjustment}$$

Any fractions of shares resulting from this adjustment will be rounded down and there will be no cash payments for this rounding.

- 3) If the difference between the exercise price before and after adjustment using the exercise price adjustment formula is less than one (1) yen, the exercise price will not be adjusted. However, if there is subsequently an event that requires an exercise of price adjustment, the adjustment will be calculated by replacing the exercise price before adjustment in the formula with the exercise price before adjustment minus this difference.
- 4) Others
 - (a) When using the exercise price adjustment formula, the price is calculated to the one-hundredths place and the one-hundredths place is then rounded up or down.
 - (b) The market price used in the exercise price adjustment formula is the average closing price for the Company's common stock for the 30 trading days (excluding days with no closing price) starting on the 45th trading day prior to day the adjusted exercise price becomes valid (the record date instead in the case of 2) (e)). The price is calculated to the one-hundredths place and the one-hundredths place is then rounded up or down.
 - (c) The number of shares issued that is used in the exercise adjustment formula is as of the record date for an allocation of rights to shareholders if this record date exists. If not, the number of shares of common stock issued as of one month prior to the day the adjusted exercise price becomes valid minus common stock held by the Company on that day is used. For 2) (e), the number of shares delivered that is used in the exercise adjustment formula does not include the number of the Company's common stock to be allocated to common stock held by the Company on the record date.
- 5) Even when no exercise price adjustment stated in 2) is necessary, the exercise price may be adjusted as needed in any of the following cases.
 - (a) The exercise price must be adjusted because of a reverse stock split, reduction in capital, company divestiture, or an exchange or consolidation of stock
 - (b) The exercise price must be adjusted because of some other event that alters or may alter the number of shares of the Company's common stock
 - (c) Two or more related events occur and the effect of one event must be taken into consideration when determining the market price to be used to calculate the adjusted exercise price resulting from the other event
- 6) When adjusting the exercise price, by no later than the day before the adjusted market price becomes valid, the Company must notify holders of subscription rights to shares in writing of the adjustment and the reason, the exercise price before and after the adjustment, the starting date for the adjusted exercise price and other required information. However, this notification can be made immediately after the start of the adjusted exercise price in the case described in 2) (e) or in other instances where notification by the day before the start of the adjusted exercise price is not possible.

Note 3. Increment of capital stock and legal capital surplus if stock is issued when subscription rights to shares are exercised
The amount by which the capital will be increased as a result of the issuance of shares upon the exercise of subscription rights to shares shall be the maximum increase in capital to be calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Rules multiplied by 0.5. Fraction less than one (1) yen resulting from the calculation shall be rounded up. The increase in the legal capital surplus is the maximum increase in capital minus the increase in capital.

Note 4. Other conditions for exercising subscription rights to shares
If the total number of issued shares would exceed the number of then-authorized shares by the exercise of subscription rights to shares at the time of exercise thereof, said subscription rights to shares cannot be exercised at that time. Partial exercise of the subscription rights to shares is not allowed.

Note 5. Issuance of new subscription rights to shares in the event of a merger, a divestiture, an exchange of stock, and a stock transfer.

In the event of an absorption merger in which the Company is dissolved, a merger in which a new merged company is established and the Company is dissolved, an absorption and divestiture in which the Company is divested, a divestiture in which a new divested company is established, an exchange of stock in which the Company becomes a wholly owned subsidiary, or a stock transfer in which the Company becomes a wholly owned subsidiary ("reorganization event"), any remaining subscription rights to shares immediately prior to the date the reorganization takes place will be replaced with new subscription rights to shares based on the following terms. The replacement will be made by the remaining company after the absorption merger, the newly established merged company, the remaining divested company after the absorption, the newly established divested company, the parent company after the exchange of stock or the parent company established after the transfer of stock ("reorganized company").

- 1) Number of the subscription rights to shares to be newly granted
Based on the number of subscription rights held by each individual, a reasonable adjustment will be made that reflects the terms of the reorganization event and other factors. Any resulting fraction of one (1) right will be rounded down.
- 2) Class of stock subject to subscription rights to shares to be newly granted
The same class of stock of the reorganized company
- 3) Calculation of Number of shares subject to subscription rights to shares to be newly granted
A reasonable adjustment will be made that reflects the terms of the reorganization event and other factors. Any resulting fraction of one (1) right will be rounded up.
- 4) Value of assets to be contributed upon the exercise of the subscription rights to shares to be newly granted
A reasonable adjustment will be made that reflects the terms of the reorganization event and other factors. Any resulting fraction of one (1) yen will be rounded up.
- 5) The exercise period of the new subscription rights, additions to capital stock and legal capital surplus when stock is issued upon the exercise of the new rights, reasons for the acquisition of the new rights by the reorganized company, the provision of the new rights when there is a reorganization event, and the subscription right certificates and exercise terms.
To be determined when the reorganization event takes place.
- 6) Restrictions on the acquisition of subscription rights to shares to be newly granted through transfer
The acquisition of subscription rights to shares to be newly granted through transfer shall require the approval of the Board of Directors of the reorganization company.

(3) Exercises, etc. of Moving Strike Convertible Bonds, etc.

There is no applicable information.

(4) Description of Rights Plan

There is no applicable information.

(5) Changes in the Number of Issued Shares, Stated Capital, etc.

Date	Change in total number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Change in capital stock (Thousands of yen)	Balance of capital stock (Thousands of yen)	Change in legal capital surplus (Thousands of yen)	Balance of legal capital surplus (Thousands of yen)
March 15, 2013 (Note 1)	6,000,000	80,330,896	57,000	1,371,406	57,000	57,000
From April 1, 2013 to March 31, 2014 (Note 2)	3,225,000	83,555,896	32,015	1,403,421	32,015	89,015
November 4, 2014 (Note 3)	2,200,000	86,180,896	101,200	1,510,609	101,200	196,203
From April 1, 2014 to March 31, 2015 (Note 4)	2,975,000	88,730,896	74,052	1,578,674	74,052	264,268

Notes:

1. Third-party allocation Allottee: Ryoichi Hayakawa
Issue price: 19 yen
Amount to be incorporated into capital stock: 9.5 yen
2. Due to exercise of the subscription rights to shares, total number of issued shares increased by 3,225,000 shares, and capital stock and legal capital surplus increased by 32,015 thousand yen each from April 1, 2013 to March 31, 2014.
3. Third-party allocation Allottees: Ryoichi Hayakawa, Kazuna Fukumitsu, Hong Kong Dewei Enterprise Group Holdings Limited
Issue price: 92 yen
Amount to be incorporated into capital stock: 46.0 yen
4. Due to exercise of the subscription rights to shares, total number of issued shares increased by 2,975,000 shares, and capital stock and legal capital surplus increased by 74,052 thousand yen each from April 1, 2014 to March 31, 2015.

(6) Shareholding by Shareholder Category

As of March 31, 2015

Category	Details of shareholders (one unit share represents 1,000 shares)								Number of shares less than one unit share (Shares)
	Government agencies and public institutions	Financial institutions	Financial instruments traders	Other entities	Foreign entities, etc.		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders (Persons)	-	2	35	25	19	9	5,412	5,502	-
Number of shares held (Units)	-	2,136	5,076	17,704	2,331	87	61,345	88,679	51,896
Shareholding percentage (%)	-	2.41	5.72	19.96	2.63	0.10	69.18	100.00	-

Notes:

- Treasury shares of 25,598 shares are included in “Individuals and others” and “Number of shares less than one unit share” in terms of 25 units and 598 shares, respectively.
- One unit of shares under the name of Japan Securities Depository Center, Inc., is included in “Other entities” above.

(7) Major Shareholders

As of March 31, 2015

Name	Address	Number of shares held (Thousand shares)	Holding ratio to total number of issued shares (%)
ShinkoShien ILP	2-8 Kandasuda-cho, Chiyoda-ku, Tokyo	15,297	17.24
Ryoichi Hayakawa	Kitasaku-gun, Nagano	4,839	5.45
Kazuna Fukumitsu	Nishinari-ku, Osaka-shi, Osaka	1,815	2.05
Japan Securities Finance Co., Ltd.	1-2-10 Nihombashi-Kayabacho, Chuo-ku, Tokyo	1,636	1.84
Hikari Securities Co., Ltd.	3-4-2 Kano-cho, Chuo-ku, Kobe-shi, Hyogo	1,340	1.51
Japan Silber Fleece Co., Ltd.	1-21-4 Minamihorie, Nishi-ku, Osaka-shi, Osaka	1,100	1.24
Firofumi Fukuda	Hachioji-shi, Tokyo	820	0.92
SBI SECURITIES Co., Ltd.	1-6-1 Roppongi, Minato-ku, Tokyo	702	0.79
Kenichiro Nakatani	Fukuoka-shi, Fukuoka	700	0.79
Ikuyo Morikawa	Kadoma-shi, Osaka	646	0.73
Total	-	28,895	32.56

(8) Voting Rights

1) Issued shares

As of March 31, 2015

Classification of Shares	Number of shares (Shares)	Number of voting rights (Units)	Remarks
Shares without voting rights	-	-	-
Shares with limited voting rights (treasury shares, etc.)	-	-	-
Shares with limited voting rights (others)	-	-	-
Shares with full voting rights (treasury shares, etc.)	Common stock 25,000	-	-
Shares with full voting rights (others)	Common stock 8,654,000	88,654	-
Shares less than one unit share	Common stock 51,896	-	-
Total number of issued shares	88,730,896	-	-
Voting rights of total shareholders	-	88,654	-

Note: The common stock indicated in “Shares with full voting rights (others)” includes 1,000 shares (Number of voting rights: 1) of unknown holders’ stock registered under the name of Japan Securities Depository Center, Inc.

2) Treasury shares, etc.

As of March 31, 2015

Owner's name or title	Owner's address	Number of treasury shares in own name (Shares)	Number of treasury shares in the names of others (Shares)	Total number of shares owned (Shares)	Holding ratio to total number of issued shares (%)
Striders Corporation	5-13-5, Shimbashi, Minato-ku, Tokyo	25,000	-	25,000	0.03
Total	-	25,000	-	25,000	0.03

(9) Details of Employee Share Option Program

There is no applicable information.

2. Acquisitions, etc. of Treasury Shares

[Classes of shares, etc.] Acquisition of common stock that falls under the provision of Article 155, Item 7, of the Companies Act

(1) Acquisitions by Resolution of Shareholders' Meeting

There is no applicable information.

(2) Acquisitions by Resolution of Board of Directors' Meeting

There is no applicable information.

(3) Acquisitions Not Based on Resolution of Shareholders' Meeting or Board of Directors' Meeting

Classification of shares	Number of shares (Shares)	Total value (Yen)
Treasury shares acquired during the current fiscal year	300	17,500
Acquired treasury shares during the period for acquisition	-	-

Note: Acquired treasury shares during the period for acquisition does not include shares resulting from purchases of less than one unit share from June 1, 2015 to the submission date of this Securities Registration Report.

(4) Disposals or holding of acquired treasury shares

Classification of shares	Current fiscal year		Period for acquisition	
	Number of shares (Shares)	Total amount of disposition (yen)	Number of shares (shares)	Total amount of disposition (yen)
Treasury shares offered for acquisition	-	-	-	-
Treasury shares canceled for disposition	-	-	-	-
Transferred treasury shares in connection with merger, share exchange or corporate divestiture	-	-	-	-
Others (-)	-	-	-	-
Number of treasury shares held	25,598	-	25,598	-

Note: The number of treasury shares held during the "period for acquisition," does not include shares resulting from purchases of less than one unit share from June 1, 2015 to the submission date of this Securities Registration Report.

3. Dividend Policy

An early resumption of dividend payments is one of the highest priorities of the Company and numerous actions are being taken to improve and stabilize sales and earnings. The policy for the dividend is to make a decision that reflects all applicable factors while taking into account results of operations, market conditions and the need to retain earnings to strengthen business operations over the medium and long term.

The Company has a fundamental policy of paying an interim dividend and a year-end dividend. Shareholders determine the year-end dividend at the annual meeting and the Board of Directors determines the interim dividend.

Furthermore, the Articles of Incorporation of the Company allow for the payment of an interim dividend with a record date of September 30 based on a resolution by the Board of Directors.

4. Historical Records of Share Price

(1) Highest and Lowest Share Price of Each Fiscal Year in Last Five Years

Term	47th Period	48th Period	49th Period	50th Period	51st Period
Fiscal year-end	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
Highest (Yen)	30	65	33	94	134
Lowest (Yen)	10	14	14	19	47

Note: The highest and lowest share prices were at the Jasdaq market of the Osaka Securities Exchange from April 1, 2010 to October 11, 2010, at the Jasdaq (standard) market of the Osaka Securities Exchange from October 12, 2010 to July 15, 2013, and at the Jasdaq (standard) market of the Tokyo Stock Exchange since July 16, 2013.

(2) Highest and Lowest Share Price of Each Month in Last Six Months

Month	October 2014	November	December	January 2015	February	March
Highest (Yen)	121	99	85	101	92	98
Lowest (Yen)	71	64	74	78	80	79

Note: The highest and lowest share prices were at the Jasdaq (standard) market of the Tokyo Stock Exchange.

5. Information about Officers

10 males, 0 females (Pct. of female officers -%)

Official title	Position title	Name	Date of birth	Brief career history	Term of office	Number of the company shares held (Thousand shares)
President and Chief Executive Officer	CEO	Ryoichi Hayakawa	January 9, 1955	<p>April 1977 Joined The Long-Term Credit Bank of Japan (current Shinsei Bank, Limited)</p> <p>September 1995 Councilor of Asia Department of The Long-Term Credit Bank of Japan</p> <p>November 1998 General Manager of Management Planning Office of Nippon Computer Systems Corp.</p> <p>February 2007 Director of the Company</p> <p>April 2007 Representative Director of VLR Co., Ltd. (current M&A Global Partners Co., Ltd.) (current)</p> <p>June 2009 Representative Director of the Company (current)</p> <p>March 2012 Director of Mobile Link Inc. (current)</p> <p>May 2012 Director of Y.K. Masuda Seimen (current)</p> <p>December 2012 Representative Director of Global Holdings Co., Ltd. (current)</p> <p>March 2013 Representative Director of Narita Gateway Hotel Co., Ltd. (current)</p> <p>June 2014 Director of Trust Advisers Corporation (current)</p> <p>June 2014 Representative Director of Kurashiki Royal Art Hotel Co., Ltd. (current)</p>	Note 3	4,839
Managing Director	CFO	Yoshiyuki Wakahara	February 13, 1976	<p>April 1999 Joined Fujitsu Limited</p> <p>July 2001 Joined Future System Consulting, Inc. (current Future Architect, Inc.)</p> <p>March 2007 Joined Deloitte Touche Tohmatsu (current Deloitte Touche Tohmatsu LLC)</p> <p>October 2011 Registered as Certified Public Accountant</p> <p>November 2011 Joined BayCurrent Consulting, Inc.</p> <p>February 2012 Joined the Company</p> <p>October 2014 General Manager of Administrative Division of the Company</p> <p>June 2015 CFO, Managing Director of the Company (current)</p>	Note 3	1
Director		Naoaki Ishida	October 25, 1946	<p>April 1969 Joined The Long-Term Credit Bank of Japan (current Shinsei Bank, Limited)</p> <p>August 1995 General Manager of International Credit Division of The Long-Term Credit Bank of Japan</p> <p>June 1999 Executive Vice President of Konomi, Inc.</p> <p>February 2007 Established Ishida and Company as CEO, Representative Director (current)</p> <p>June 2009 Director of the Company (current)</p> <p>March 2012 Director of Mobile Link Inc. (current)</p> <p>May 2012 Director of Y.K. Masuda Seimen (current)</p> <p>March 2013 Director of Narita Gateway Hotel Co., Ltd. (current)</p> <p>June 2014 Director of Kurashiki Royal Art Hotel Co., Ltd. (current)</p>	Note 3	-

Official title	Position title	Name	Date of birth	Brief career history	Term of office	Number of the company shares held (Thousand shares)
Director		Koichi Miyamura	December 21, 1976	<p>April 1999 Joined Yuto K.K.</p> <p>August 1999 Joined Shoco Sangyo Co., Ltd.</p> <p>January 2005 Joined S-fit Co., Ltd.</p> <p>April 2005 Joined S-GRANT Co., Ltd.</p> <p>December 2008 Director of S-GRANT Co., Ltd. (current Trust Advisers Corp.)</p> <p>June 2012 Director of the Company (current)</p> <p>March 2014 Representative Director of Tokyo Apartment Guaranty Corporation (current)</p> <p>June 2014 Representative Director of Trust Advisers Corp. (current)</p>	Note 3	-
Director	General Manager of President Office	Kenichi Oto	October 20, 1974	<p>April 1997 Joined Dennis Japan Co., Ltd.</p> <p>July 1997 Joined Akin do Sushiro Co., Ltd.</p> <p>September 2004 Joined Guan Co., Ltd.</p> <p>March 2005 Joined Oizum Foods Co., Ltd.</p> <p>May 2007 Joined Diamond Dining Co., Ltd.</p> <p>July 2007 General Manager of the Internal Audit Office of Diamond Dining Co., Ltd.</p> <p>October 2011 Joined the Company</p> <p>November 2011 General Manager of President Office of the Company</p> <p>June 2012 Director of the Company (current)</p> <p>September 2012 Director of Trust Advisers Corp.</p> <p>October 2014 General Manager of President Office of the Company (current)</p>	Note 3	-
Director	General Manager of Management Planning Office	Ryotaro Hayakawa	June 22, 1983	<p>April 2008 Joined ORIX Corporation</p> <p>June 2014 Director and General Manager of Management Planning Office of the Company (current)</p> <p>October 2014 Director of Mobile Link Inc. (current)</p> <p>October 2014 Director of Kurashiki Royal Art Hotel Co., Ltd. (current)</p>	Note 3	-
Director		Yasushi Suzuki	February 24, 1963	<p>April 1986 Joined The Long-Term Credit Bank of Japan (current Shinsei Bank, Limited)</p> <p>July 1995 General Manager of Sales Department of the Indonesia Office, The Long-Term Credit Bank of Japan</p> <p>November 1996 Deputy Branch Manager of the Singapore Branch, The Long-Term Credit Bank of Japan</p> <p>August 1999 Deputy General Manager of the New York Branch, The Long-Term Credit Bank of Japan</p> <p>March 2000 Senior Economist of the Institute for Social and Economic Infrastructure Systems (posted in London)</p> <p>June 2001 Financial Advisor of AntFactory Inc. (U.K.)</p> <p>March 2002 Associate Professor of the Department of Management Systems, Kanazawa Institute of Technology</p> <p>April 2004 Associate Professor of the College of Asia Pacific Studies, Ritsumeikan Asia Pacific University</p> <p>April 2008 Professor of the College of International Management, Ritsumeikan Asia Pacific University (current)</p> <p>June 2015 Director of the Company (current)</p>	Note 3	-

Official title	Position title	Name	Date of birth	Brief career history	Term of office	Number of the company shares held (Thousand shares)
Full-time Corporate Auditor		Ikuo Yoshizawa	January 28, 1952	<p>April 1976 Joined Kokusai Denshin Denwa Co., Ltd. (current KDDI Corp.)</p> <p>March 1992 Manager, in-charge of Sales Division of Kokusai Denshin Denwa Co., Ltd.</p> <p>September 2000 Manager of Investigation of KDD Research Institute, Inc. (current KDDI Research Institute, Inc.)</p> <p>April 2004 External assignment to Research Institute of Telecommunications and Economics, Foundation for Multi-Media Communications</p> <p>April 2007 External assignment to KDDI Engineering and Consulting, Inc.</p> <p>April 2008 Assignment to Nonprofit Organization (NPO) ITS Japan</p> <p>June 2012 Full-time Corporate Auditor of the Company (current)</p> <p>January 2013 Corporate Auditor of Mobile Link Inc. (current)</p> <p>June 2014 Corporate Auditor of Kurashiki Royal Art Hotel Co., Ltd. (current)</p> <p>October 2014 Corporate Auditor of Trust Advisers Corp. (current)</p> <p>October 2014 Corporate Auditor of Y.K. Masuda Seimen (current)</p> <p>October 2014 Corporate Auditor of Narita Gateway Hotel Co., Ltd. (current)</p>	Note 4	312
Corporate Auditor		Nobuyuki Kobayashi	March 22, 1950	<p>May 1977 Registered as Certified Public Accountant</p> <p>January 1983 Joined Chuo Accounting Office (changed the company name to Misuzu Audit Corp.)</p> <p>March 1985 Corporate Auditor of Osaka Motor Technology Co., Ltd (current)</p> <p>July 1985 Partner of Chuo Accounting Office (Misuzu Audit Corp.)</p> <p>July 1988 Senior Partner of Chuo Accounting Office</p> <p>October 2000 Manager of Examination, Business Operations Division, Chuo Accounting Office</p> <p>September 2006 Joined BDO Toyo & Co. Examination Department</p> <p>June 2007 Corporate Auditor of the Company (current)</p> <p>January 2008 Senior Partner of BDO Toyo & Co. (current)</p> <p>August 2014 Chairman of BDO Toyo & Co. (current)</p>	Note 4	-
Corporate Auditor		Ayumu Kuniyoshi	October 22, 1972	<p>October 2000 Registered as an attorney</p> <p>October 2000 Joined Asuka Law Office</p> <p>June 2006 Corporate Auditor of the Company (current)</p> <p>December 2010 Established Forest Walk Law Office as Representative (current)</p>	Note 4	250
				Total		5,402

- Notes
1. Director Yasushi Suzuki is an outside director.
 2. Corporate Auditors Ikuo Yoshizawa, Nobuyuki Kobayashi and Ayumu Kuniyoshi are outside corporate auditors.
 3. The term of office is two years from the conclusion of the Ordinary General Shareholders' Meeting held on June 24, 2015.
 4. The term of office is four years from the conclusion of the Ordinary General Shareholders' Meeting held on June 24, 2015.
 5. Director Ryotaro Hayakawa is the first son of Ryoichi Hayakawa, the President and Chief Executive Officer of the Company.

6. Explanation about Corporate Governance, etc.

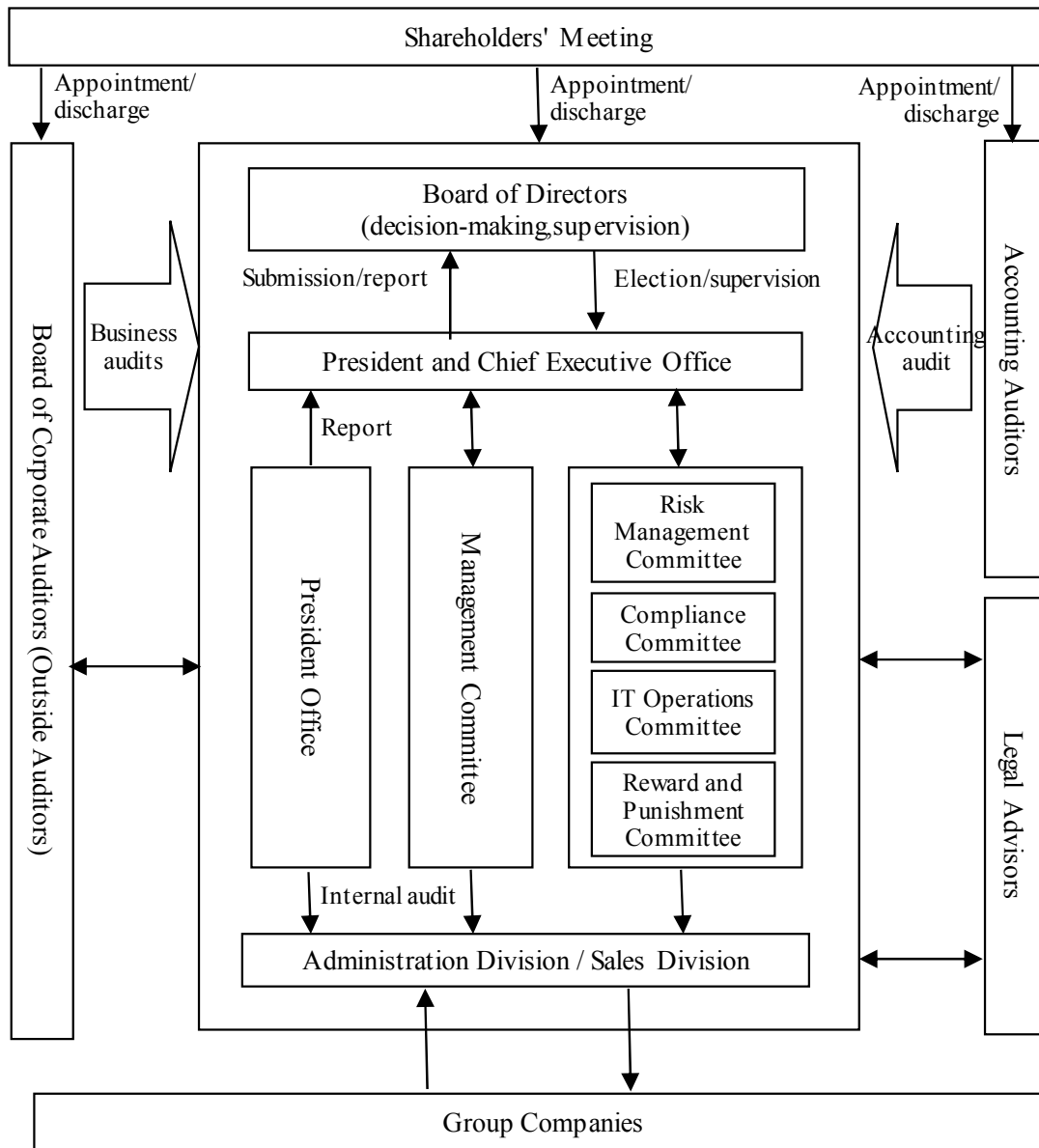
(1) Explanation about Corporate Governance

1) Corporate governance structure

(a) Outline of corporate governance structure

The decision-making and supervisory unit for important matters concerning management policy and other items at the Company is the Board of Directors. Business operations are conducted by the representative director and Management Committee, which assists the representative director, and the Board of Corporate Auditors is responsible for auditing.

The following diagram shows how these units and individuals are related and the structure of the system of internal controls.



(b) Reason for using this structure

The Company believes that the duty of management is to distribute earnings to shareholders and maximize corporate value while maintaining the proper balance among the interests of individuals associated with the Company and other stakeholders. The Company uses objective checks of management to ensure transparency and to maintain the soundness and fairness of management. To perform these checks, the Company uses the deliberating function of the Board of Directors, the auditing function of corporate auditors, the division of responsibilities within the Company, and other measures. The Company believes that this structure provides an adequate framework for performing and supervising business activities.

(c) Other items concerning corporate governance (Explanations of corporate units, internal control system and risk management system)

The Board of Directors, which makes decisions for the Company, had seven members when this report was submitted. The board holds regular monthly meetings to monitor in a timely manner the status of operations and progress regarding plans. Other meetings are held as needed to enable the directors to make decisions about management and take other actions quickly.

All three corporate auditors are outside corporate auditors as defined by the Companies Act. The Board of Corporate Auditors holds regular monthly meetings. Corporate auditors perform audits based on a basic plan, attend meetings of the Board of Directors and oversee the performance of the directors.

(d) Measures to improve corporate governance

The Striders Group has a strong commitment to corporate ethics and compliance, which are vital to fulfilling its corporate social responsibilities. There are numerous activities, with the President Office playing a central role, involving corporate governance as well as compliance, which is the basis for internal controls. The Striders Group holds periodic meetings of the Compliance Committee in accordance with the group's Code of Corporate Conduct, Code of Employee Conduct and Personal Information Protection Policy. In addition, compliance training programs are held on a regular basis to make all employees of the group aware of these guidelines and the importance of compliance.

The Striders Group also manages the risk factors associated with business activities by using a risk management system in which the Management Committee makes final decisions about risk management. The Risk Management Committee, which is chaired by the representative director, oversees actions to strengthen the entire group's capabilities to deal with an even broader range of risks.

In addition to these activities, there is an IT Operations Committee that is responsible for establishing and properly operating the group's information management infrastructure and for other IT oversight activities.

(e) Overview of content of limited liability contracts

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has contracts with its outside directors and corporate auditors that provide the greatest possible limit to their liability as stated in Article 423, Paragraph 1 of the Companies Act. The monetary liability limit in these contracts is the amounts prescribed by laws and regulations for outside directors and corporate auditors.

(f) Summary of limited liability contract with the accounting auditors

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has a contract with Aria Audit Corporation, which is the Company's accounting auditor. The contract provides the greatest possible limit to liability as stated in Article 423, Paragraph 1 of the Companies Act. The liability limit in such contracts shall be set at the amount as stipulated by laws and regulations.

2) Internal audits and audits by corporate auditors

Internal audits are performed by the President Office, which is independent of departments involved with business activities, in association with the Board of Corporate Auditors. These audits examine the compliance, risk management and accounting activities of organizational units and the entire group with respect to legality and the suitability of how they conduct operations and provide suggestions for improvements. In addition, to strengthen internal controls, audits examine the status of internal control systems and provide suggestions for improvements.

Corporate auditors perform regular audits. As for specific issues involving management and accounting, we believe corporate auditors should take actions aimed at strengthening internal audits by cooperating even more effectively with the President Office. Corporate auditors have considerable knowledge of finance, accounting and legal matters. For example, these auditors have extensive business expertise due to many years of experience in the communications and IT industries, are certified public accountants or attorneys, or have other experience or qualifications.

3) Accounting audit

- (a) Names of certified public accountants who executed the audit, the name of the audit corporation and consecutive years of audit experience

Names of certified public accountants (CPA) who executed the audit	Name of audit corporation
Representative: Designated Partner and Managing Partner Yasuyuki Yamanaka	Aria Audit Corporation
Designated Partner and Managing Partner Naoki Furuya	Aria Audit Corporation

Note: The number of consecutive years of audit experience has been omitted because it is less than seven years for both CPAs.

- (b) Details of audit assistants

Certified public accountants: 2 Others: 4

4) Outside director and outside corporate auditors

- (a) Number of outside director and outside corporate auditors

The Company has one outside director and three outside corporate auditors as of the submission date of this report.

- (b) Personal, financial, business and other significant relationships with outside directors and outside corporate auditors

Outside director Yasushi Suzuki is a professor of the College of International Management at Ritsumeikan Asia Pacific University. There is no significant relationship between the Company and this university.

Outside corporate auditor Ikuo Yoshizawa is a corporate auditor of the following subsidiaries of the Company: Trust Advisers Corp., Mobile Link Inc., Y.K. Masuda Seimen, Narita Gateway Hotel and Kurashiki Royal Art Hotel Co., Ltd.

Outside corporate auditor Nobuyuki Kobayashi is a chairman of BDO Toyo & Co. and an outside corporate auditor of Osaka Motor Technology Co., Ltd. There is no significant relationship between the Company and Osaka Motor Technology.

Outside corporate auditor Ayumu Kuniyoshi is the representative of Forest Walk Law Office. There is no significant relationship between the Company and this law office.

In addition, as of the date this report was submitted, the Company stock holdings of two outside corporate auditors were as follows.

Outside corporate auditor: Ikuo Yoshizawa 312 thousand shares

Outside corporate auditor: Ayumu Kuniyoshi 250 thousand shares

- (c) Functions and roles of outside directors and outside corporate auditors from the standpoint of corporate governance

Outside director Yasushi Suzuki has considerable experience and specialized knowledge due to his position as a university professor. He was selected as an outside director mainly to provide valuable advice concerning investments in Asia as well as other subjects.

The outside corporate auditors were selected for the following reasons. Ikuo Yoshizawa uses many years of experience as a corporate executive and knowledge covering a broad range of fields to oversee management and provide suitable suggestions. Nobuyuki Kobayashi, who is a certified public accountant, has considerable expertise involving corporate accounting and legal affairs. Mr. Kobayashi's knowledge about the oversight of corporate management is incorporated in auditing activities. Ayumu Kuniyoshi has specialized knowledge as an attorney that is incorporated in auditing activities.

- (d) Standards and policy for independence of the outside director and outside corporate auditors

The Company has established the following standards for the selection of outside directors and corporate auditors. The Company selects one outside director and three outside corporate auditors who

are independent of the Company to fulfill the role of ensuring that corporate governance functions effectively from the standpoint of protecting ordinary shareholders with no risk of conflicts of interest with these shareholders. The names of the outside director and corporate auditors are submitted to the Tokyo Stock Exchange.

- i. No past experience as a director or corporate auditor or employee (including corporate officer) of the Company and no receipt of executive compensation, salaries or advisory fees
- ii. Expertise involving corporate management
- iii. No significant monetary relationship or interest with the Company
- iv. Ability to attend the regular meetings of the Board of Directors

(e) Stance regarding the selection of outside directors and outside corporate auditors

The Company selects outside directors and outside corporate auditors based on their corporate management experience and knowledge and involvement in various industries, specialized knowledge and auditing experience and knowledge as a certified public accountant, and specialized knowledge and viewpoint based on experience and knowledge as an attorney.

(f) Oversight, audits and internal audits by outside directors and outside corporate auditors, audits by corporate auditors, mutual cooperation with the accounting auditor, and relationship with internal controls departments

The outside director uses his extensive experience and specialized knowledge to make appropriate statements at meetings of the Board of Directors. This director is also expected to supervise management and fulfill a checking function from this individual's independent perspective.

The outside corporate auditors make appropriate statements at meetings of the Board of Directors based on their specialized knowledge and objective perspective. By cooperating with the President Office, which is independent of departments involved with business activities, the outside corporate auditors verify the suitability of compliance, risk management and accounting activities of organizational units and the entire group as well as examine the suitability of business processes and make suggestions for improvements. Regarding the relationship with the accounting auditor, there are measures for upgrading audits performed by corporate auditors. For example, there are regular audits and regular exchanges of information and opinions as well as requests for more effective collaboration with the Board of Corporate Auditors.

5) Remuneration paid to executives

(a) Compensation for executives (with separate data for outside directors and outside corporate auditors)

Category	Individuals	Annual remuneration (Thousands of yen)
Directors (of which outside directors)	5 (-)	33,200 (-)
Corporate Auditors (of which outside corporate auditors)	3 (3)	10,650 (10,650)

- Notes:
1. Compensation for directors does not include salaries paid to directors who are also employees of the Company.
 2. The amount of remuneration to be paid to directors was approved at the 24th Ordinary General Shareholders' Meeting held on October 28, 1988, as no more than 80,000 thousand yen per year (do not include the employee salaries of directors who serve concurrently as employees).
 3. The amount of remuneration to be paid to corporate auditors was approved at the 24th Ordinary General Shareholders' Meeting held on October 28, 1988, as no more than 15,000 thousand yen per year
 4. In the fiscal year ended in March 2015, no stock options were granted and there were no bonuses or retirement payments for directors and corporate auditors.
 5. In the fiscal year ended March 2015, there was no director or corporate auditor compensation for outside directors and outside corporate auditors who also serve in any of these roles at a subsidiary from a subsidiary.
 6. The Company had six directors and three corporate auditors (all outside corporate auditors) as of March 31, 2015. The number of directors differs from the number in the above table because there is one director who receives no compensation.

- (b) Policy concerning determination of the amount or calculation method of compensation, etc., of executives
There is no applicable information.

6) Shareholding status

- (a) Number of stock brands and total amount posted in the balance sheet of the investment stocks of which the purpose of holding is other than pure investment purposes
5 stock brands, 127,920 thousand yen

- (b) Category of holding, stock brand, number of shares, amount posted in the balance sheet and purpose of holding of the investment stocks of which the purpose of holding is other than pure investment purposes
FY3/14

Specified Investment Stocks

Stock brand	Number of shares (Shares)	Amount in consolidated balance sheet (Thousands of yen)	Purpose of holding
ASIAN STAR CO.	200,000	32,200	To strengthen and maintain a business relationship
CHUO SENKO DYNAMICS (ROH) CO., LTD.	5,400	17,118	To strengthen and maintain a business relationship

FY3/15

Specified Investment Stocks

Stock brand	Number of shares (Shares)	Amount in consolidated balance sheet (Thousands of yen)	Purpose of holding
ASIAN STAR CO.	200,000	50,400	To strengthen and maintain a business relationship
Chuo Senko (Thailand) Public Company Limited	1,010,000	53,812	To strengthen and maintain a business relationship
CHUO SENKO DYNAMICS (ROH) CO., LTD.	4,800	17,760	To strengthen and maintain a business relationship

- (c) Total amounts posted in the balance sheets for the previous and current fiscal years, as well as the total amounts of dividend income, sales gain/loss and valuation gain/loss for the current fiscal year, of the investment stocks of which the purpose of holding is pure investment

Category	FY3/14 (Thousands of yen)	FY3/15 (Thousands of yen)			
	Total amount in the balance sheet	Total amount in the balance sheet	Total amount of dividend income	Total amount of gain/loss on sales	Total amount of valuation gain/loss
Non-listed shares	10,001	4,765	-	-	(5,235) [(5,235)]

Note: The amount of valuation gain/loss in brackets is the amount of the impairment charge in the fiscal year ended March 2015.

7) Number of directors

The Company's Articles of Incorporation state that the maximum number of directors is 10.

8) Requirements for resolutions for election of directors

As stated in the Company's Articles of Incorporation, resolutions for the election of directors require the participation of shareholders representing at least one-third of all voting rights of shareholders entitled to vote and a candidate must receive a majority of the votes cast. Furthermore, the Articles of Incorporation prohibit cumulative voting.

9) Resolution matters that can be approved by the Board of Directors without approval at the Shareholders' Meeting

(a) Exemption of liabilities of directors

Pursuant to the provision of Article 426, Paragraph 1 of the Companies Act, the Company stipulates in its Articles of Incorporation to exempt the liabilities of Directors (including persons who were previously directors) provided in Article 423, Paragraph 1, of the same act by a resolution of the Board of Directors within the scope legally allowed by applicable laws and regulations.

(b) Exemption of liabilities of corporate auditors

Pursuant to the provision of Article 426, Paragraph 1 of the Companies Act, the Company stipulates in its Articles of Incorporation to exempt the liabilities of corporate auditors (including persons who were previously corporate auditors) provided in Article 423, Paragraph 1, of the same act by a resolution of the Board of Directors within the scope legally allowed by applicable laws and regulations.

(c) Determination of interim dividends

Pursuant to Article 454, Paragraph 5 of the Companies Act concerning the payment of an interim dividend from retained earnings, the Company's Articles of Incorporation state that the Board of Directors can approve an interim dividend each year with a record date of September 30 without the approval of a resolution at the Shareholders' Meeting. Designating the Board of Directors as the unit to reach decisions for the interim dividend facilitates the rapid and flexible distribution of earnings to shareholders based on the Company's business climate and results of operations.

10) Requirements for extraordinary resolutions at Shareholders' Meetings

The resolutions provided in Article 309, Paragraph 2 of the Companies Act shall be made by two-thirds or more of the votes of shareholders present at the Shareholders' Meeting where the shareholders holding one-third or more of the voting rights of shareholders entitled to exercise their votes at such meeting are present.

The purpose of this provision is to run Shareholders' Meetings smoothly, by relaxing the quorum requirement for extraordinary resolutions at the Shareholders' Meetings.

(2) Details of Audit Fee, etc.

1) Details of remuneration to independent auditors

	FY3/14		FY3/15	
	Compensation based on audit certification work (Thousands of yen)	Compensation based on non-audit work (Thousands of yen)	Compensation based on audit certification work (Thousands of yen)	Compensation based on non-audit work (Thousands of yen)
Reporting company	10,000	-	10,000	-
Consolidated subsidiaries	-	-	-	-
Total	10,000	-	10,000	-

2) Other material remuneration to independent auditors

FY3/14

There is no applicable information.

FY3/15

There is no applicable information.

3) Details of non-audit services rendered by independent auditors

FY3/14

There is no applicable information.

FY3/15

There is no applicable information.

4) Policy on determining audit fee

The audit fee is determined with the consent of the representative director and Board of Corporate Auditors after taking into account the size and characteristics of the Company's business activities, the number of days required for auditing, and other factors.

Section 5. Financial Information

1. Basis for Preparation of Consolidated and Non-consolidated Financial Statements

(1) The consolidated financial statements of the Company are prepared in accordance with the “Regulations Concerning the Terminology, Form, and Method of Preparing Consolidated Financial Statements” (Ministry of Finance Ordinance No. 28, 1976).

(2) The non-consolidated financial statements of the Company are prepared in accordance with the “Regulations Concerning the Terminology, Form, and Method of Preparing Financial Statements” (Ministry of Finance Ordinance No. 59, 1963) (herein after the “Regulations for Non-consolidated Financial Statements”).

The Company is subject to prepare the financial statements in accordance with special provision pursuant to Article 127 of the Regulations for Non-consolidated Financial Statements.

2. Audit Certificate

Pursuant to the provision of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the financial statements for the consolidated fiscal year (from April 1, 2014 to March 31, 2015) and the non-consolidated fiscal year (from April 1, 2014 to March 31, 2015) have been audited by Aria Audit Corporation.

3. Special Approaches to Secure the Appropriateness of the Consolidated Financial Statements, etc.

(1) The Company uses the following framework to ensure appropriateness of financial reports.

1) To establish a policy for internal controls and other items for the purpose of creating a framework for the suitable implementation of internal controls for financial reports

2) To ensure the suitability of financial reports, the President Office has been established to oversee internal controls.

3) The President Office uses audits, meetings, directives and other measures involving group companies for the purpose of submitting guidance so that group companies operate properly and in compliance with laws, regulations and rules. This office works with the General Affairs Department of the Administration Division to establish an infrastructure for ensuring that financial reports are accurate and reliable.

(2) As one step to ensure the suitability of consolidated financial statements and other financial reports, the Company belongs to the Financial Accounting Standards Foundation and is creating a framework for accurately complying with accounting standards, revisions to these standards and other items.

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements 1) Consolidated balance sheet

(Thousands of yen)

	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Assets		
Current assets		
Cash and deposits	*1 1,333,824	*1 1,386,981
Accounts receivable-trade	102,365	116,532
Securities	9,815	-
Inventories	*2 13,918	*2 47,350
Deferred tax assets	11,355	27,278
Other	36,535	36,840
Allowance for doubtful accounts	(5,909)	(3,416)
Total current assets	1,501,905	1,611,566
Non-current assets		
Property, plant and equipment		
Buildings	*1 372,020	*1 1,004,546
Accumulated depreciation	(37,540)	(99,695)
Buildings, net	334,480	904,851
Machinery, equipment and vehicles	33,298	37,530
Accumulated depreciation	(29,300)	(30,706)
Machinery, equipment and vehicles, net	3,997	6,824
Tools, furniture and fixtures	27,152	46,062
Accumulated depreciation	(22,094)	(27,464)
Tools, furniture and fixtures, net	5,057	18,598
Land	*1 125,663	*1 348,663
Total property, plant and equipment	469,198	1,278,937
Intangible assets		
Goodwill	224,656	349,847
Software	5,465	4,625
Telephone subscription right	944	944
Total intangible assets	231,066	355,417
Investments and other assets		
Investment securities	65,044	132,686
Shares of subsidiaries and associates	-	56,955
Guarantee deposits	37,652	37,884
Other	5,564	31,354
Allowance for doubtful accounts	(1,137)	(2,586)
Total investments and other assets	107,123	256,293
Total non-current assets	807,389	1,890,648
Total assets	2,309,294	3,502,215

(Thousands of yen)

	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Liabilities		
Current liabilities		
Accounts payable-trade	74,493	63,894
Short-term loans payable	*1 54,900	-
Current portion of long-term loans payable	*1 78,396	*1 102,892
Accounts payable-other	53,919	100,217
Income taxes payable	13,443	23,741
Provision for bonuses	13,285	17,824
Deposits received	87,699	101,021
Interest rate swaps	6,296	35,645
Other	132,147	201,205
Total current liabilities	514,581	646,440
Non-current liabilities		
Long-term loans payable	*1 420,866	*1 810,449
Net defined benefit liability	6,241	7,761
Long-term lease and guarantee deposited	225,556	242,423
Deferred tax liabilities	1,087	217,812
Total non-current liabilities	653,750	1,278,446
Total liabilities	1,168,331	1,924,887
Net assets		
Shareholders' equity		
Capital stock	1,403,421	1,578,674
Capital surplus	89,015	264,268
Retained earnings	(369,318)	(296,124)
Treasury shares	(2,958)	(2,976)
Total shareholders' equity	1,120,159	1,543,841
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(836)	35,077
Deferred gains or losses on hedges	(6,296)	(35,645)
Total accumulated other comprehensive income	(7,133)	(567)
Subscription rights to shares	409	5,994
Minority interests	27,526	28,060
Total net assets	1,140,962	1,577,328
Total liabilities and net assets	2,309,294	3,502,215

2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Thousands of yen)

	FY3/14 (April 1, 2013 – March 31, 2014)	FY3/15 (April 1, 2014 – March 31, 2015)
Net sales	2,690,638	3,642,696
Cost of sales	1,470,879	2,075,854
Gross profit	1,219,759	1,566,841
Selling, general and administrative expenses	* 1,173,986	* 1,479,524
Operating income	45,772	87,317
Non-operating income		
Interest income	195	584
Dividend income	49,114	251
Gain on sales of securities	2,343	4,801
Commission fee	8,435	10,347
Office work fee	1,050	4,200
Other	6,402	9,578
Total non-operating income	67,541	29,763
Non-operating expenses		
Interest expenses	10,276	18,827
Loss on valuation of securities	1,344	-
Commission fee	4,958	-
Share issuance cost	2,699	8,137
Other	2,601	6,921
Total non-operating expenses	21,879	33,886
Ordinary income	91,435	83,194
Extraordinary income		
Foreign exchange gains	66,086	-
Other	478	459
Total extraordinary income	66,565	459
Extraordinary losses		
Loss on valuation of investment securities	-	5,235
Loss on liquidation of business	6,319	-
Loss on transfer of business	8,174	-
Other	-	620
Total extraordinary losses	14,493	5,856
Income before income taxes and minority interests	143,506	77,797
Income taxes-current	16,945	28,313
Income taxes-deferred	(5,510)	(21,970)
Total income taxes	11,435	6,342
Income before minority interests	132,071	71,454
Minority interests in loss	(1,489)	(1,739)
Net income	133,560	73,194

Consolidated statement of comprehensive income

(Thousands of yen)

	FY3/14 (April 1, 2013 – March 31, 2014)	FY3/15 (April 1, 2014 – March 31, 2015)
Income before minority interests	132,071	71,454
Other comprehensive income		
Valuation difference on available-for-sale securities	(36,888)	35,913
Deferred gains or losses on hedges	(6,296)	(29,348)
Total other comprehensive income	* (43,185)	* 6,565
Comprehensive income	88,885	78,019
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	90,375	79,759
Comprehensive income attributable to minority interests	(1,489)	(1,739)

3) Consolidated statement of changes in equity
FY3/14 (April 1, 2013 – March 31, 2014)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,371,406	57,000	(502,879)	(2,952)	922,574
Changes of items during period					
Issuance of new shares	32,015	32,015			64,030
Net income			133,560		133,560
Purchase of treasury shares				(6)	(6)
Net changes of items other than shareholders' equity					
Total changes of items during period	32,015	32,015	133,560	(6)	197,584
Balance at end of current period	1,403,421	89,015	(369,318)	(2,958)	1,120,159

	Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income			
Balance at beginning of current period	36,052	-	36,052	690	29,015	988,333
Changes of items during period						
Issuance of new shares						64,030
Net income						133,560
Purchase of treasury shares						(6)
Net changes of items other than shareholders' equity	(36,888)	(6,296)	(43,185)	(280)	(1,489)	(44,955)
Total changes of items during period	(36,888)	(6,296)	(43,185)	(280)	(1,489)	152,629
Balance at end of current period	(836)	(6,296)	(7,133)	409	27,526	1,140,962

FY3/15 (April 1, 2014 – March 31, 2015)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,403,421	89,015	(369,318)	(2,958)	1,120,159
Changes of items during period					
Issuance of new shares	175,252	175,252			350,505
Net income			73,194		73,194
Purchase of treasury shares				(17)	(17)
Net changes of items other than shareholders' equity					
Total changes of items during period	175,252	175,252	73,194	(17)	423,682
Balance at end of current period	1,578,674	264,268	(296,124)	(2,976)	1,543,841

	Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income			
Balance at beginning of current period	(836)	(6,296)	(7,133)	409	27,526	1,140,962
Changes of items during period						
Issuance of new shares						350,505
Net income						73,194
Purchase of treasury shares						(17)
Net changes of items other than shareholders' equity	35,913	(29,348)	6,565	5,584	533	12,683
Total changes of items during period	35,913	(29,348)	6,565	5,584	533	436,365
Balance at end of current period	35,077	(35,645)	(567)	5,994	28,060	1,577,328

4) Consolidated statement of cash flows

(Thousands of yen)

	FY3/14 (April 1, 2013 – March 31, 2014)	FY3/15 (April 1, 2014 – March 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	143,506	77,797
Depreciation	28,890	49,452
Amortization of goodwill	43,749	39,451
Increase (decrease) in allowance for doubtful accounts	(7,266)	(1,189)
Increase (decrease) in other provision	1,094	2,778
Loss (gain) on valuation of investment securities	-	5,235
Interest and dividend income	(49,310)	(836)
Interest expenses	10,276	18,827
Loss (gain) on sales of securities	-	(4,801)
Loss (gain) on valuation of securities	1,344	-
Commission fee	4,958	-
Share issuance cost	2,699	8,137
Foreign exchange losses (gains)	(66,086)	-
Loss (gain) on transfer of business	8,174	-
Decrease (increase) in notes and accounts receivable-trade	19,037	7,553
Decrease (increase) in inventories	7,580	(25,330)
Increase (decrease) in notes and accounts payable-trade	(11,498)	(39,924)
Increase (decrease) in deposits received	1,181	12,321
Increase (decrease) in lease and guarantee deposits received	20,006	16,867
Other, net	(11,568)	85,286
Subtotal	146,771	251,627
Interest and dividend income received	49,310	836
Interest expenses paid	(10,656)	(18,642)
Income taxes paid	(13,176)	(16,741)
Net cash provided by (used in) operating activities	172,247	217,080
Cash flows from investing activities		
Purchase of securities	(94,724)	(63,058)
Proceeds from sales of securities	85,857	77,624
Purchase of property, plant and equipment	(9,796)	(28,994)
Purchase of intangible assets	(640)	(2,651)
Proceeds from sales of intangible assets	571	-
Payments into time deposits	(160,000)	(103,500)
Proceeds from withdrawal of time deposits	-	160,000
Purchase of investment securities	(45,137)	(22,880)
Proceeds from sales of investment securities	-	2,491
Additional purchase of stocks of consolidated subsidiaries	(36,000)	-
Proceeds from sales of shares of subsidiaries and associates	5,016	-
Payments for investments in capital of subsidiaries and associates	-	(56,955)
Proceeds from redemption of investment securities	418,909	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	*2 (757,388)
Collection of loans receivable	742	1,212
Payments of loans receivable	(2,450)	(19,905)
Payments for guarantee deposits	(38)	(404)
Proceeds from collection of guarantee deposits	13,395	573
Net cash provided by (used in) investing activities	175,706	(813,836)

(Thousands of yen)

	FY3/14 (April 1, 2013 – March 31, 2014)	FY3/15 (April 1, 2014 – March 31, 2015)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	4,900	(54,900)
Repayments of long-term loans payable	(294,196)	(215,921)
Proceeds from long-term loans payable	492,000	630,000
Proceeds from issuance of common shares	-	194,629
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	62,904	146,932
Proceeds from issuance of subscription rights to shares	-	6,390
Payments of issuance of subscription rights to shares	(1,453)	-
Purchase of treasury shares	(6)	(17)
Other payments	(400)	(530)
Net cash provided by (used in) financing activities	263,747	706,583
Effect of exchange rate change on cash and cash equivalents	0	(170)
Net increase (decrease) in cash and cash equivalents	611,701	109,657
Cash and cash equivalents at beginning of period	562,123	1,173,824
Cash and cash equivalents at end of period	*1 1,173,824	*1 1,283,481

[Notes]

Notes - Significant Accounting Policies for Preparation of Consolidated Financial Statements

1. Matters relating to the scope of consolidation

Number of consolidated subsidiaries: 8

Names of consolidated subsidiaries:

M&A Global Partners Co., Ltd.
Trust Advisers Corporation
Mobile Link Inc.
Y.K. Masuda Seimen
Global Holdings Co., Ltd.
Narita Gateway Hotel Co., Ltd.
Tokyo Apartment Guaranty Corporation
Kurashiki Royal Art Hotel Co., Ltd.

Kurashiki Royal Art Hotel Co., Ltd. is included in the scope of consolidation due to the purchase of its stock in June 2014. Global Artists Limited Liability Partnership which was a consolidated subsidiary in the previous fiscal year, was excluded from the scope of consolidation, because of the completion of its liquidation in April 2014.

2. Application of equity method

An affiliate (Shin-Kong Mobilelink co., Ltd.) is excluded from the scope of the application of the equity method, since it has a minor effect on net income/loss (equity in earnings/losses) and retained earnings (equity in earnings) and is relatively insignificant in the context of the consolidated financial statements. Even collectively, it does not have a material impact.

3. Matters regarding the fiscal year, etc., of consolidated subsidiaries

The fiscal years of all consolidated subsidiaries end on the closing date of consolidated financial statements.

4. Matters regarding standards for accounting procedures

(1) Valuation criteria and methods for significant assets

i. Securities

Securities for trade purposes

Valued at the market price, cost of sales being determined by the moving average method.

Available-for-sale securities

Securities having market prices

Market price method based on market prices, etc., as of the closing date of the fiscal year. (Valuation differences are included directly in net assets and the cost of securities sold is determined by the moving average method.)

Securities without market prices

Cost method based on the moving average method.

ii. Inventories

Merchandise and finished goods, real estate for sale

Cost method primarily based on the specific identification method. (The amount stated in the balance sheet was calculated by the book value write-down method based on a reduction in profitability.)

Raw materials

Cost method primarily based on the last purchase cost method. (The amount stated in the balance sheet was calculated by the book value write-down method based on a reduction in profitability.)

Supplies

Cost method primarily based on the moving-average method. (The amount stated in the balance sheet was calculated by the book value write-down method based on a reduction in profitability.)

(2) Depreciation and amortization methods for significant depreciable and amortizing assets

i. Property, plant and equipment

The Company and its consolidated subsidiaries use the declining-balance method.

However, buildings (excluding structures attached to buildings) acquired on or after April 1, 1998, are depreciated using the straight-line method. Approximate useful lives are as follows:

Buildings: 6 to 31 years

Machinery, equipment and vehicles: 2 to 10 years

Tools, furniture and fixtures: 4 to 10 years

ii. Intangible assets

Software intended for internal use is amortized using the straight-line method based on an estimated period of internal use (five years).

(3) Reporting basis for significant allowances

i. Allowance for doubtful accounts

In the provision for possible losses on receivables caused by bad debts, the Company and its consolidated subsidiaries record estimated uncollectible amount based on the historical losses as to ordinary receivables and based on the consideration of feasibly recoverable amounts in individual cases of specific receivables for which collectability is a great concern.

ii. Provision for bonuses

In the provision for the future payment of employee bonuses, an anticipated amount of total bonus payments attributable to the current consolidated fiscal year is reported.

- (4) Accounting method for retirement benefit obligations
Some consolidated subsidiaries calculate net defined benefit liability and retirement benefit expenses by using a simplified method in which the retirement benefit obligations are equal to the amount that would be paid if all employees voluntarily requested retirement benefits at the end of the fiscal year.
- (5) Translation standard of significant foreign currency-denominated assets or liabilities into yen
Monetary debts and credits denominated in foreign currencies are translated into yen at the spot exchange rates on the fiscal year-end date, with the differences resulting from such translations recorded as losses or profits.
- (6) Accounting for hedges
-Hedging method
The Company applies deferred hedge accounting.
-Hedging instruments and risks hedged
Hedging instruments: Interest rate swaps
Risk hedged: Interest on borrowings
-Hedging policy
As stated in the Company's Derivative Management Rules, hedges are used to reduce exposure to interest rate volatility.
-Evaluation method for the effectiveness of hedges
The cumulative changes in cash flows of the hedged risk and of the hedging instrument are compared and the ratio is used to evaluate effectiveness.
- (7) Amortization method and amortization period of goodwill
Goodwill is amortized using the straight-line method over a period of not more than 20 years during which benefits are expected to be received from the goodwill of each corresponding company or business.
- (8) Definition of cash and cash equivalents in the consolidated statement of cash flows
Cash and cash equivalents consists of vault cash, deposits that can be withdrawn on demand, and short-term investments, with maturities of three months or less, that are highly liquid and readily convertible to known amounts of cash and present insignificant risk of change in value.
- (9) Other significant matters for preparation of the consolidated financial statements
i. Accounting procedure for consumption taxes
National and local consumption taxes are accounted by the tax-exclusion method.
ii. Application of consolidated taxation system
The Company applies the consolidated taxation system.

Notes - Changes in Presentation

Consolidated Statement of Income

"Office work fee," included in "Other" under "Non-operating income" in the previous fiscal year, is reclassified and presented as a separate line item in the current fiscal year since the amount exceeded 10/100 of total non-operating income. "Fund remittance fee" which was included in "Other" under "Non-operating income" in the previous fiscal year, is reclassified and included in "Commission fee" in the current fiscal year due to the increased significance. The consolidated financial statements for the previous fiscal year have been changed accordingly.

Accordingly, the 12,397 thousand yen "Other" line items included in "Non-operating income" in the previous fiscal year's consolidated statement of income have been reclassified as 4,945 thousand yen "Commission fee," 1,050 thousand yen "Office work fee," and 6,402 thousand yen "Other" line items.

Retirement Benefits

In accordance with the revised implementation of Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015), there is a revision to the note concerning retirement benefits based on plans of two or more companies. The consolidated financial statements for the previous fiscal year have been changed accordingly.

The monetary amounts for the previous fiscal year associated with changes to the consolidated financial statements and major items in these statements are shown in the corresponding locations.

Notes - Consolidated Balance Sheet

*1. Assets pledged as collateral and secured liabilities

Assets pledged as collateral are as follows.

	(Thousands of yen)	
	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Time deposits	160,000	100,000
Buildings	325,873	877,132
Land	125,663	348,663
Total	611,536	1,325,795

Secured liabilities are as follows.

	(Thousands of yen)	
	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Short-term loans payable	50,000	-
Long-term loans payable (include current portion of long-term loans payable)	426,240	855,951
Total	476,240	855,951

*2. Breakdown of inventories

	(Thousands of yen)	
	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Merchandise and finished goods	640	4,666
Real estate for sale	-	23,662
Raw materials and supplies	13,278	19,021

Notes - Consolidated Statement of Income

*Major components and amounts of the selling, general and administrative expenses are as follows.

	(Thousands of yen)	
	FY3/14 (April 1, 2013 – March 31, 2014)	FY3/15 (April 1, 2014 – March 31, 2015)
Directors' compensations	52,600	68,530
Salaries and allowances	237,658	346,750
Provision for bonuses	20,983	24,135
Retirement benefit expenses	1,923	6,680
Provision of allowance for doubtful accounts	2,282	-
Business consignment expenses	219,189	242,035
Amortization of goodwill	43,749	39,451

Notes - Consolidated Statement of Comprehensive Income

*Reclassification adjustments and tax effects pertaining to other comprehensive income are as follows.

	(Thousands of yen)	
	FY3/14 (April 1, 2013 – March 31, 2014)	FY3/15 (April 1, 2014 – March 31, 2015)
Valuation difference on available-for-sale securities:		
Amount recognized during the current consolidated fiscal year	7,052	52,489
Re-classification adjustments	(66,087)	(307)
Before tax effect adjustment	(59,034)	52,181
Tax effects	(22,145)	16,267
Valuation difference on available-for-sale securities	(36,888)	35,913
Deferred gains or losses on hedges:		
Amount recognized during the current consolidated fiscal year	(6,296)	(29,348)
Re-classification adjustments	-	-
Before tax effect adjustment	(6,296)	(29,348)
Tax effects	-	-
Deferred gains or losses on hedges	(6,296)	(29,348)
Total other comprehensive income	(43,185)	6,565

Notes - Consolidated Statement of Changes in Equity

FY3/14 (April 1, 2013 – March 31, 2014)

1. Matters regarding the class and number of issued shares and treasury shares

(Thousand shares)

	As of April 1, 2013	Increase	Decrease	As of March 31, 2014
Issued shares				
Common stock (Note 1)	80,330	3,225	-	83,555
Total	80,330	3,225	-	83,555
Treasury shares				
Common stock (Note 2)	25	0	-	25
Total	25	0	-	25

Notes: 1. Number of issued shares of common stock increased 3,225,000 shares due to exercise of subscription rights to shares.
2. The increase in the number of treasury shares of common stock is due to the purchase of odd-lot shares.

2. Matters regarding subscription rights to shares

Classification	Classification of subscription rights to shares	Type of shares subject to subscription rights to shares	Number of shares subject to subscription rights to shares (Shares)				Balance as of March 31, 2014 (Thousands of yen)
			As of April 1, 2013	Increase	Decrease	As of March 31, 2014	
The Company (Parent company)	No. 5 subscription rights to shares (issued on Feb. 26, 2013) (Note 1)	Common stock	3,000,000	-	3,000,000	-	-
The Company (Parent company)	No. 6 subscription rights to shares (issued on May 29, 2013) (Notes 2 and 3)	Common stock	-	2,500,000	225,000	2,275,000	409
Total		-	3,000,000	2,500,000	3,225,000	2,275,000	409

Notes: 1. The decrease in the number of No. 5 subscription rights to shares is due to the exercise of the rights.
2. The increase in the number of No. 6 subscription rights to shares is due to the issuance of subscription rights to shares.
3. The decrease in the number of No. 6 subscription rights to shares is due to the exercise of the rights.

FY3/15 (April 1, 2014 – March 31, 2015)

1. Matters regarding the class and number of issued shares and treasury shares

(Thousand Shares)

	As of April 1, 2014	Increase	Decrease	As of March 31, 2015
Issued shares				
Common stock (Note 1)	83,555	5,175	-	88,730
Total	83,555	5,175	-	88,730
Treasury shares				
Common stock (Note 2)	25	0	-	25
Total	25	0	-	25

Notes: 1. Number of issued shares of common stock increased 5,175,000 shares due to increases of 2,200,000 shares by the issuance of new shares and 2,975,000 shares by the issuance of shares through the exercise of subscription rights to shares.
2. The increase in the number of treasury shares of common stock is due to the purchase of odd-lot shares.

2. Matters regarding subscription rights to shares

Classification	Classification of subscription rights to shares	Type of shares subject to subscription rights to shares	Number of shares subject to subscription rights to shares (Shares)				Balance as of March 31, 2015 (Thousands of yen)
			As of April 1, 2014	Increase	Decrease	As of March 31, 2015	
The Company (Parent company)	No. 6 subscription rights to shares (issued on May 29, 2013) (Note 1)	Common stock	2,275,000	-	1,975,000	300,000	54
The Company (Parent company)	No. 7 subscription rights to shares (issued on Nov. 4, 2014) (Notes 2 and 3)	Common stock	-	14,200,000	1,000,000	13,200,000	5,940
Total		-	2,275,000	14,200,000	2,975,000	13,500,000	5,994

- Notes: 1. The decrease in the number of No. 6 subscription rights to shares is due to the exercise of the rights.
2. The increase in the number of No. 7 subscription rights to shares is due to the issuance of subscription rights to shares.
3. The decrease in the number of No. 7 subscription rights to shares is due to the exercise of the rights.

Notes - Consolidated Statement of Cash Flows

- *1. The relationship between the balance of cash and cash equivalents at the end of the consolidated fiscal year and the amount of items posted in the consolidated balance sheet is as follows.

	FY3/14 (April 1, 2013 – March 31, 2014)	FY3/15 (April 1, 2014 – March 31, 2015)
Cash and deposit account	1,333,824	1,386,981
Derivative deposits	(160,000)	(103,500)
Cash and cash equivalents	1,173,824	1,283,481

- *2 Breakdown of assets and liabilities of consolidated subsidiary newly included in the consolidation through stock acquisition
FY3/14 (April 1, 2013 – March 31, 2014)

There is no applicable information.

FY3/15 (April 1, 2014 – March 31, 2015)

Breakdown of assets and liabilities of Kurashiki Royal Art Hotel Co., Ltd. as of the date the Company made it a consolidated subsidiary upon the acquisition of its shares, and the relationship with the acquisition cost of Kurashiki Royal Art Hotel stock, and net outlays for the acquisition

	(Thousands of yen)
Current assets	111,901
Non-current assets	243,057
Non-current assets (valuation difference)	579,418
Goodwill	162,443
Current liabilities	(71,948)
Non-current liabilities	(353,281)
Non-current liabilities (deferred tax liabilities)	(206,504)
Minority interests	(605)
Acquisition cost	464,481
Cash and cash equivalents	(69,100)
Net	395,380
Payment for loans based on the assumption to acquire the stock of consolidated subsidiary	362,007
Total: Expenditures for the acquisition	757,388

Notes - Leases

This information is not disclosed due to its lack of significance.

Notes - Financial Instruments

1. Matters pertaining to the status of financial instruments

(1) Policy to deal with financial instruments

The Group's policy is to restrict investment of funds to short-term deposits and similar financial instruments and to use bank loans as the primary means of procuring funds.

(2) Details and risks of financial instruments

Operating receivables consisting of accounts receivable-trade are generally exposed to the credit risk of customers. To manage exposure to this credit risk, the Striders Group monitors payment deadlines and amounts outstanding for each counterparty and customer in accordance with the group's credit management rules.

Operating debt consisting of accounts receivable-trade has payment deadlines of not more than one year.

Short-term loans are used mainly to fund business transactions and long-term loans are used mainly to fund capital expenditures. To eliminate exposure to interest rate risk for some long-term loans, the Company uses interest rate swaps to change to fixed interest rates. Operating debts and loans are always vulnerable to liquidity risk. As a result, the Company manages this risk for all group companies in order to perform comprehensive risk management for the entire group.

(3) Supplemental explanation concerning fair value of financial instruments

Fair value of the financial instrument is measured at a quoted fair value, if available, or reasonably assessed value if a quoted fair value is not available. As the calculation of the reasonably assessed value incorporates varying factors, the amount may vary if different assumptions are used.

2. Matters pertaining to the fair value, etc., of financial instruments

Amounts in the consolidated balance sheet, fair value and the differences are as follows. Items for which fair value is extremely difficult to measure are not included. (See Note 2)

FY3/14 (As of March 31, 2014)

(Thousands of yen)

	Amount posted in the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	1,333,824	1,333,824	-
(2) Accounts receivable-trade	102,365		
Allowance for doubtful accounts*1	(5,781)		
	96,584	96,584	-
(3) Marketable securities and investment securities	42,182	42,182	-
(4) Guarantee deposits	37,652	37,280	(372)
Total assets	1,510,244	1,509,871	(372)
(1) Accounts payable-trade	74,493	74,493	-
(2) Short-term loans payable	54,900	54,900	-
(3) Current portion of long-term loans payable	78,396	77,166	(1,229)
(4) Accounts payable-other	53,919	53,919	-
(5) Income taxes payable	13,443	13,443	-
(6) Deposits received	87,699	87,699	-
(7) Long-term loans payable	420,866	398,634	(22,231)
(8) Long-term lease and guarantee deposited	225,556	211,925	(13,630)
Total liabilities	1,009,273	972,182	(37,091)
Derivative transactions*2	6,296	6,296	-

*1: Allowance for doubtful account on trade receivable is eliminated.

*2: The net amounts of substantive debts and credits accrued from derivative transactions are indicated.

FY3/15 (As of March 31, 2015)

(Thousands of yen)

	Amount posted in the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	1,386,981	1,386,981	-
(2) Accounts receivable-trade	116,532		
Allowance for doubtful accounts*1	(3,416)		
	113,116	113,116	-
(3) Investment securities	104,212	104,212	-
(4) Guarantee deposits	37,884	37,586	(298)
Total assets	1,642,195	1,641,896	(298)
(1) Accounts payable-trade	63,894	63,894	-
(2) Current portion of long-term loans payable	102,892	101,871	(1,020)
(3) Accounts payable-other	100,217	100,217	-
(4) Income taxes payable	23,741	23,741	-
(5) Deposits received	101,021	101,021	-
(6) Long-term loans payable	810,449	808,522	(1,926)
(7) Long-term lease and guarantee deposited	242,423	231,902	(10,521)
Total liabilities	1,444,638	1,431,170	(13,468)
Derivative transactions*2	35,645	35,645	-

*1: Allowance for doubtful account on trade receivable is eliminated.

*2: The net amounts of substantive debts and credits accrued from derivative transactions are indicated.

Note 1. Calculation method of fair value of financial instruments and matters pertaining to securities

Assets

(1) Cash and deposits and (2) Accounts receivable-trade

Because these items are settled in a short period and their fair value is nearly equal to their book values, the fair value of these items is based on their book value.

(3) Investment securities

Fair value of these items is based on prices at listed securities exchanges.

(4) Guarantee deposits

Fair value of guarantee deposits is the present value of future cash flows, based on estimates of when these deposits will be returned. The discount rate is a suitable interest rate, such as the yield of Japanese government bonds, with a credit spread added.

Liabilities

(1) Accounts payable-trade, (3) Accounts payable-other, (4) Income taxes payable and (5) Deposits received

Because these items are settled in a short period and their fair value is nearly equal to their book values, the fair value of these items is based on their book value.

(2) Current portion of long-term loans payable, (6) Long-term loans payable

Fair value of the financial instruments in these categories is determined by calculating present value obtained by discounting the combined value of principal and interest by the interest rate assumed were the Company to borrow new money.

(7) Long-term lease and guarantee deposited

Fair value of long-term lease and guarantee deposits is the present value of these deposits. The discount rate is a suitable interest rate, such as the yield of Japanese government bonds over the remaining time of each real estate lease contract, with a credit spread added.

Derivative Transactions

See "Derivative Transactions" under the Notes section.

2. Financial instruments for which fair value is extremely difficult to measure

(Thousands of yen)

Category	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Non-listed shares	32,676	28,473

These are not shown because there are no market prices and it is extremely difficult to determine the fair value.

3. Scheduled redemption of monetary receivables and securities with maturity after the consolidated accounts settlement date

FY3/14 (As of March 31, 2014)

(Thousands of yen)

	Within one year	More than one year but within five years	More than five years but within 10 years	More than 10 years
Cash and deposits	1,333,824	-	-	-
Accounts receivable-trade	102,365	-	-	-
Total	1,436,189	-	-	-

FY3/15 (As of March 31, 2015)

(Thousands of yen)

	Within one year	More than one year but within five years	More than five years but within 10 years	More than 10 years
Cash and deposits	1,386,981	-	-	-
Accounts receivable-trade	116,532	-	-	-
Total	1,503,514	-	-	-

4. Scheduled repayment of long-term loans payable after the consolidated accounts settlement date

FY3/14 (As of March 31, 2014)

(Thousands of yen)

	Within one year	More than one year but within two years	More than two years but within three years	More than three years but within four years	More than four years but within five years	More than five years
Short-term loans payable	54,900	-	-	-	-	-
Long-term loans payable	78,396	76,896	71,436	60,906	58,116	153,512
Total	133,296	76,896	71,436	60,906	58,116	153,512

FY3/15 (As of March 31, 2015)

(Thousands of yen)

	Within one year	More than one year but within two years	More than two years but within three years	More than three years but within four years	More than four years but within five years	More than five years
Long-term loans payable	102,892	89,932	71,902	69,112	69,112	510,391
Total	102,892	89,932	71,902	69,112	69,112	510,391

Notes - Securities

1. Securities for trade purposes

(Thousands of yen)

	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Unrealized gain (loss) included in profit/loss	(1,344)	-

2. Available-for-sale securities

FY3/14 (April 1, 2013 – March 31, 2014)

(Thousands of yen)

	Type	Carrying value	Acquisition cost	Difference
Securities for which the carrying value exceeds their acquisition cost	Stocks	22,842	19,791	3,050
	Subtotal	22,842	19,791	3,050
Securities for which the carrying value does not exceed their acquisition cost	Stocks	32,200	35,000	(2,800)
	Subtotal	32,200	35,000	(2,800)
Total		55,042	54,792	250

Note: As the investment securities (reported at 10,001 thousand yen in the consolidated balance sheet) have no market price and the fair value is deemed to be extremely difficult to be determined, they are not included in the above table reporting the status of available-for-sale securities.

FY3/15 (April 1, 2014 – March 31, 2015)

(Thousands of yen)

	Type	Carrying value	Acquisition cost	Difference
Securities for which the carrying value exceeds their acquisition cost	Stocks	127,740	75,308	52,432
	Subtotal	127,740	75,308	52,432
Securities for which the carrying value does not exceed their acquisition cost	Stocks	-	-	-
	Subtotal	-	-	-
Total		127,740	75,308	52,432

Note: As the investment securities (reported at 4,945 thousand yen in the consolidated balance sheet) have no market price and the fair value is deemed to be extremely difficult to be determined, they are not included in the above table reporting the status of available-for-sale securities.

Notes - Derivatives

Derivative transactions without application of hedge accounting

Currencies

FY3/14 (As of March 31, 2014)

(Thousands of yen)

Hedging method	Transaction Category	Risk hedged	Contract amount, etc.	Contract amount, etc., exceeding one year	Fair value
Principle method	Interest rate swaps	Loans payable	247,000	222,300	6,296
	Receive floating/ pay fixed				
Total			247,000	222,300	6,296

Note: Calculation method of fair value

The fair value was calculated based on prices, etc., presented by financial institutions, etc., with which the Company has transactions.

FY3/15 (As of March 31, 2015)

(Thousands of yen)

Hedging method	Transaction Category	Risk hedged	Contract amount, etc.	Contract amount, etc., exceeding one year	Fair value
Principle method	Interest rate swaps	Loans payable	847,000	735,839	35,645
	Receive floating/ pay fixed				
Total			847,000	735,839	35,645

Note: Calculation method of fair value

The fair value was calculated based on prices, etc., presented by financial institutions, etc., with which the Company has transactions.

Notes - Retirement Benefits

1. Retirement benefit plans

For the payment of retirement benefits to employees, the Company belongs to a Welfare Pension Fund System (East Japan Stationery Sales Welfare Pension Fund) that consists of many employers. For systems where performing a reasonable calculation of pension plan assets that correspond to the Company's contributions is not possible, the same accounting method as for a defined contribution pension plan is used.

Some consolidated subsidiaries use a defined benefit non-contributory retirement benefit plan (a lump-sum retirement payment system based on retirement payment rules) for the payment of retirement benefits to their employees. A simplified method is used to calculate net defined benefit liability and retirement benefit expenses.

2. Multi-employer pension plan

Required contributions to the multi-employer Welfare Pension Fund Plan, which use the same accounting method as for a defined-contribution pension plan, were 1,659 thousand yen in the fiscal year that ended on March 31, 2014 and 1,896 thousand yen in the fiscal year that ended on March 31, 2015.

(1) Reserves of multi-employer pension plan

	(Millions of yen)	
	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Amount of plan assets	57,173	61,428
Sum of plan financial actuarial obligations and minimum reserve (Note)	58,366	59,784
Difference	(1,193)	1,643

Note: This was called "amount of actuarially computed benefit obligation" in the previous fiscal year.

(2) The percentage of contribution by the Company out of the total contribution to the plan

FY3/14: 0.09% (April 1, 2013 – March 31, 2014)

FY3/15: 0.13% (April 1, 2014 – March 31, 2015)

(3) Supplemental information

The major reason for amounts in item (1) in this section is actuarially computed prior service obligation (17,914 million yen as of March 31, 2014 and 17,353 million yen as of March 31, 2015).

Past service costs for the multi-employer pension plan are amortized in equal installments of principal over 20 years. In the consolidated financial statements, the Company treats special contributions (1 million yen each in the fiscal years that ended on March 31, 2014 and 2015) as expenses.

The percentages in item (2) in this section are not the same as the actual percentage of the Company's contributions.

3. Defined benefit plan

(1) Reconciliation of beginning and ending balances of net defined benefit liability when using the simplified method

	(Thousands of yen)	
	FY3/14 (April 1, 2013 – March 31, 2014)	FY3/15 (April 1, 2014 – March 31, 2015)
Net defined benefit liability at beginning of period	5,605	6,241
Retirement benefit expenses	635	1,520
Payment of retirement benefit	-	-
Net defined benefit liability at end of period	6,241	7,761

(2) Reconciliation of ending balances of retirement benefit obligation and plan assets against net defined benefit liability and net defined benefit asset recognized in the consolidated balance sheet

	(Thousands of yen)	
	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Retirement benefit obligation of contributory plan	-	-
Plan assets at fair value	-	-
Retirement benefit obligation of non-contributory plan	6,241	7,761
Net liability / asset recognized in the consolidated balance sheet	6,241	7,761
Net defined benefit liability	6,241	7,761
Net liability / asset recognized in the consolidated balance sheet	6,241	7,761

- (3) Retirement benefit expenses
Retirement benefit expenses using the simplified method
FY3/14: 635 thousand yen FY3/15: 1,520 thousand yen

Notes - Tax Effect Accounting

1. Details of the causes for deferred tax assets and deferred tax liabilities

	FY3/14 (As of March 31, 2014)	(Thousands of yen) FY3/15 (As of March 31, 2015)
Deferred tax assets (current)		
Excess allowance for doubtful accounts	2,011	2,076
Provision for bonuses	4,790	6,257
Deferred loss	-	25,298
Other	1,048	894
Subtotal deferred tax assets (current)	7,850	34,527
Valuation allowance	(3,504)	(7,249)
Total deferred tax assets (current)	11,355	27,278
Deferred tax assets (non-current)		
Deferred loss	805,092	539,737
Loss on valuation of investment securities	28,512	28,178
Impairment loss	1,543	762
Other	8,031	8,757
Subtotal deferred tax assets (non-current)	843,555	577,436
Valuation allowance	(843,555)	(577,436)
Total deferred tax assets (non-current)	-	-
Deferred tax liabilities (non-current)		
Valuation difference on available-for-sale securities	1,087	17,355
Valuation difference due to the evaluation of stock of consolidated subsidiary at fair value	-	200,456
Total deferred tax liabilities (non-current)	1,087	217,812
Net deferred tax liabilities (non-current)	1,087	217,812

2. Details of major items causing the significant difference between the statutory effective tax rate and the actual effective tax rate after the application of tax-effect accounting

	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Statutory effective tax rate	38.0%	35.6%
(Adjustments)		
Entertainment expenses and other items not to be included in expenses indefinitely	1.2	1.0
Residential tax for the period	1.7	1.8
Increase (decrease) in valuation allowance	(22.8)	(14.5)
Foreign tax credit	(1.9)	-
Amortization of goodwill	8.7	9.2
Consolidation adjustment	(5.1)	(1.4)
Effect of consolidated taxation	(12.1)	(22.6)
Other	0.2	(1.0)
Actual effective tax rate after the application of tax-effect accounting	8.0	8.2

3. Revised amount of deferred tax assets and deferred tax liabilities following the change in the corporate tax rate, etc.
Following the promulgation on March 31, 2015 of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 9 of 2015) and “Act for Partial Revision of the Local Tax Act, etc.” (Act No. 2 of 2015), corporate tax rate, etc. have been lowered for the fiscal years beginning on or after April 1, 2015. Consequently, the statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 35.6% to 33.1% for temporary differences expected to be covered for the fiscal year beginning from April 1, 2015.
The impact of this change will not be significant.

Notes - Business combinations

Business combination through acquisition

1. Summary of business combination

- (1) Name of company acquired and its business activity
Name of company acquired: L'Hotel de Kurashiki Co., Ltd.
Business activities: Hotel ownership and management
- (2) Reason for business combination
Growth of the hotel business
- (3) Date of business combination
June 30, 2014
- (4) Method of business combination
Acquisition of stock
- (5) Name of the company after business combination
Kurashiki Royal Art Hotel Co., Ltd.
- (6) Ratio of ownership
Ratio of voting rights immediately prior to the business combination: 0%
Ratio of voting rights held on the business combination date: 99.8%
Ratio of voting rights held after the business combination date: 99.8%
- (7) Main reason for choosing the company to acquire
Cash payment to acquire stock representing 99.8% of all voting rights

2. Period of business results of the acquired company included in the consolidated financial statements July 1, 2014 to March 31, 2015.

3. Acquisition cost and other particulars		(Thousands of yen)
Consideration for the acquisition:	Common stock of L'Hotel de Kurashiki Co., Ltd.	440,481
Expenses directly related to the acquisition:	Advisory fees, etc.	24,000
Acquisition cost		<u>464,481</u>

4. Goodwill resulting from the acquisition

- 1) Value of goodwill
162,443 thousand yen
- 2) Source of goodwill
The amount by which the fair value at the time of the business combination of assets acquired exceeded the acquisition cost was recognized as goodwill.
- 3) Amortization method and amortization period
Goodwill is amortized over a period of 20 years by the straight-line method.

5. Summary of assets acquired and liabilities assumed on the date of business combination

(Thousands of yen)	
Current assets	111,901
Non-current assets	<u>822,475</u>
Total assets	<u>934,377</u>
Current liabilities	71,948
Non-current liabilities	<u>559,785</u>
Total liabilities	<u>631,734</u>

6. Estimated effect of the business combination on the consolidated statement of income if the business combination had been at the beginning of the current fiscal year

(Thousands of yen)	
Net sales	163,901

No earnings are shown due to the difficulty of calculating an estimate.

(Method for calculating the estimated impact)

The estimated amount of the effect of the business combination is the difference between sales if the business combination had been completed at the beginning of the current fiscal year and actual consolidated sales of the Company.

This note has not been approved by the auditor.

Notes - Segment Information, etc.

[Segment Information]

1. Outline of reportable segments

The reportable segments of the Company are the constituent units for which separate financial information is available and which are subject to periodic reviews by the Board of Directors to determine allocations of resources and to evaluate performance.

The Striders Group has consolidated subsidiaries that are mainly categorized in accordance with business activities. These consolidated subsidiaries determine comprehensive strategies and conduct business activities as a unified business unit.

In the fiscal year that ended on March 31, 2015, Other Businesses was excluded from reportable business segments due to the completion of the sale of works of art owned by Global Artists Limited Liability Partnership, which constituted the activities of this segment, and the subsequent liquidation of this partnership in April 2014. As a result, the Striders Group has five reportable segments: Information Technology Business, Turnaround Consultancy Business, Real Estate Lease Management Business, Food Business and Hotel Business.

The Information Technology Business is mainly the development and sale of motor vehicle communication systems. The Turnaround Consultancy Business is engaged in the restructuring and revitalization of businesses, assistance for fund procurement, and M&A consulting. The Real Estate Lease Management Business manages apartments and other properties. The Food Business manufactures and sells Chinese noodles (ramen). The Hotel Business operates hotels.

2. Calculation method of net sales, profit/loss, assets, liabilities and other items in each reportable segment

The accounting methods for reportable segments are generally the same as those listed in "Significant Items in Preparing Consolidated Financial Statements."

Profits for reportable segments are generally operating income. Inter-segment sales and transfers are based on market prices.

3. Information pertaining to net sales, profit/loss, assets, liabilities and other items in reportable segments

FY3/14 (April 1, 2013 – March 31, 2014)

(Thousands of yen)

	Reportable Segment						Total	Adjustment (Notes 1, 2 and 3)	Amount in the consolidated financial statements (Note 4)
	Information Technology Business	Turnaround Consultancy Business	Real Estate Lease Management Business	Food Business	Hotel Business	Other businesses			
Net sales									
Sales to external customers	218,883	11,000	1,504,975	213,457	712,321	30,000	2,690,638	-	2,690,638
Inter-segment sales and transfers	-	-	-	195	-	-	195	(195)	-
Total	218,883	11,000	1,504,975	213,653	712,321	30,000	2,690,834	(195)	2,690,638
Segment profit (loss)	(15,348)	7,453	88,376	24,638	61,235	17,131	183,487	(137,714)	45,772
Segment assets	253,715	13,705	752,032	272,204	560,159	53,241	1,905,058	404,235	2,309,294
Other items									
Depreciation	1,417	-	5,315	1,703	18,002	-	26,438	2,451	28,890
Amortization of goodwill	4,224	-	24,227	15,297	-	-	43,749	-	43,749
Increase in property, plant and equipment and intangible assets	661	-	400	1,000	8,157	-	10,218	218	10,436

Notes: 1. The negative adjustment of 137,714 thousand yen to segment profit (loss) is mainly personnel and other expenses for administrative departments.

2. The adjustments to segment assets and depreciation are for corporate assets and depreciation that are not allocated to reportable segments.

3. The adjustment to increases in property, plant and equipment and intangible fixed assets is the sum of company-wide assets that are not allocated to reportable segments.

4. Segment profit (loss) is adjusted with operating income shown on the consolidated statement of income.

FY3/15 (April 1, 2014 – March 31, 2015)

(Thousands of yen)

	Reportable Segment					Total	Adjustment (Notes 1, 2 and 3)	Amount in the consolidated financial statements (Note 4)
	Information Technology Business	Turnaround Consultancy Business	Real Estate Lease Management Business	Food Business	Hotel Business			
Net sales								
Sales to external customers	247,528	8,900	1,933,164	155,192	1,297,909	3,642,696	-	3,642,696
Inter-segment sales and transfers	-	-	-	97	-	97	(97)	-
Total	247,528	8,900	1,933,164	155,290	1,297,909	3,642,794	(97)	3,642,696
Segment profit (loss)	(6,675)	5,526	95,972	(781)	156,047	250,089	(162,771)	87,317
Segment assets	155,744	8,696	586,094	215,590	1,720,867	2,686,993	815,221	3,502,215
Other items								
Depreciation	1,483	-	2,706	1,800	41,706	47,697	1,754	49,452
Amortization of goodwill	2,701	-	15,060	15,597	6,091	39,451	-	39,451
Increase in property, plant and equipment and intangible assets	1,339	-	606	152	884,891	886,990	4,253	891,244

Notes: 1. The negative adjustment of 162,771 thousand yen to segment profit (loss) is mainly personnel and other expenses for administrative departments.

2. The adjustments to segment assets and depreciation are for corporate assets and depreciation that are not allocated to reportable segments.

3. The adjustment to increases in property, plant and equipment and intangible fixed assets is the sum of company-wide assets that are not allocated to reportable segments.

4. Segment profit (loss) is adjusted with operating income shown on the consolidated statement of income.

[Related Information]

FY3/14 (April 1, 2013 – March 31, 2014)

1. Information about products and services

Descriptions of products and services are omitted because this information is presented in Segment Information.

2. Geographical information

(1) Net sales

This information is omitted because sales to external customers in Japan accounted for more than 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceed 90% of property, plant and equipment on the consolidated balance sheet.

3. Information of specific major customer

This information is omitted because no single customer accounted for 10% or more of total sales in the fiscal year that ended on March 31, 2015.

FY3/15 (April 1, 2014 – March 31, 2015)

1. Information about products and services

Descriptions of products and services are omitted because this information is presented in Segment Information.

2. Geographical information

(1) Net sales

This information is omitted because sales to external customers in Japan accounted for more than 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceed 90% of property, plant and equipment on the consolidated balance sheet.

3. Information of specific major customer

This information is omitted because no single customer accounted for 10% or more of total sales in the fiscal year that ended on March 31, 2015.

[Impairment Loss of Non-current Assets by Each Reportable Segment]

FY3/14 (April 1, 2013 – March 31, 2014)

There is no applicable information.

FY3/15 (April 1, 2014 – March 31, 2015)

There is no applicable information.

[Amortization of Goodwill and Unamortized Balance by Each Reportable Segment]

FY3/14 (April 1, 2013 – March 31, 2014)

(Thousands of yen)

	Information Technology Business	Turnaround Consultancy Business	Real Estate Lease Management Business	Food Business	Hotel Business	Other businesses	Elimination or corporate	Total
Amortization for the period	4,224	-	24,227	15,297	-	-	-	43,749
Unamortized balance at the period-end	21,181	-	72,792	130,682	-	-	-	224,656

FY3/15 (April 1, 2014 – March 31, 2015)

(Thousands of yen)

	Information Technology Business	Turnaround Consultancy Business	Real Estate Lease Management Business	Food Business	Hotel Business	Elimination or corporate	Total
Amortization for the period	2,701	-	15,060	15,597	6,091	-	39,451
Unamortized balance at the period-end	20,648	-	57,732	115,084	156,382	-	349,847

[Gain on Bargain Purchase by Each Reportable Segment]

FY3/14 (April 1, 2013 – March 31, 2014)

There is no applicable information.

FY3/15 (April 1, 2014 – March 31, 2015)

There is no applicable information.

Notes - Related Parties

Transactions with related parties

Transactions between the Company and related parties

i. Parent company and major institutional shareholders, etc. of the Company

FY3/14 (April 1, 2013 – March 31, 2014)

There is no applicable information.

FY3/15 (April 1, 2014 – March 31, 2015)

There is no applicable information.

ii. Non-consolidated subsidiaries and affiliates, etc. of the Company

FY3/14 (April 1, 2013 – March 31, 2014)

There is no applicable information.

FY3/15 (April 1, 2014 – March 31, 2015)

There is no applicable information.

iii. Executives and major individual shareholders, etc. of the Company

FY3/14 (April 1, 2013 – March 31, 2014)

There is no applicable information.

FY3/15 (April 1, 2014 – March 31, 2015)

Category	Name	Location	Capital or investments (Thousands of yen)	Description of Business or occupation	Holding or held ratio of voting rights
Director	Ryoichi Hayakawa	Kitasaku-gun, Nagano	-	President and Chief Executive Officer of the Company	(Being held) Directly 5.5%

Relationship with the related party	Description of transactions	Transaction amount (Thousands of yen)	Account item	Year-end balance (Thousands of yen)
President and Chief Executive Officer of the Company	Issuance of subscription rights to shares through a third-party allotment	102,640	Capital stock	50,600
			Legal capital surplus	50,600
			Subscription rights to shares	1,440

Transaction terms or method of determining transaction terms

Note: The issue price of new shares through a third-party allotment is 92 yen per share. The issue price of subscription rights to shares through a third-party allotment is 45,000 yen per right.

Notes - Per Share Information

	FY3/14 (April 1, 2013 – March 31, 2014)	FY3/15 (April 1, 2014 – March 31, 2015)
Net assets per share (Yen)	13.32	17.40
Net income per share (Yen)	1.64	0.86
Diluted net income per share (Yen)	1.62	0.86

Note: The calculation bases for net income per share and diluted net income per share are as follows:

	FY3/14 (April 1, 2013 – March 31, 2014)	FY3/15 (April 1, 2014 – March 31, 2015)
Net income per share		
Net income (Thousands of yen)	133,560	73,194
Amount not attributed to common shareholders (Thousands of yen)	-	-
Net income applicable to common stock (Thousands of yen)	133,560	73,194
Average number of shares during the fiscal year (Thousands of shares)	81,631	84,916
Diluted net income per share		
[Basis for calculation]		
Adjusted net income (Thousands of yen)	-	-
Increase in the number of common stock (Thousands of shares)	576	184
[Of which, subscription rights to shares (Thousands of shares)]	[576]	[184]
Description of the potential shares not included in the calculation of diluted net income per share due to their non-dilutive effect	-	Striders Corporation No. 7 Subscription rights to shares: 132 (100,000 shares of common stock per right)

Notes - Significant Events after Reporting Period

There is no applicable information.

5) Consolidated Supplementary Schedules
[Detailed Statements of Borrowings]

Category	Balance as of April 1, 2014 (Thousands of yen)	Balance as of March 31, 2015 (Thousands of yen)	Average interest rate (%)	Due date
Short-term loans payable	54,900	-	-	-
Current portion of long-term loans payable	78,396	102,892	2.1	-
Long-term loans payable (excluding those repayable within one year)	420,866	810,449	1.7	2016-2024
Total	554,162	913,341	-	-

Notes: 1. The weighted average interest rate on the balance of borrowings at the end of fiscal year is stated as the average interest rate.

2. Long-term loans payable (excluding those repayable within one year) scheduled to be repaid within five years after the closing date of the consolidated fiscal year are as follows:

	(Thousands of yen)			
	More than one year but within two years	More than two years but within three years	More than three years but within four years	More than four years but within five years
Long-term loans payable	89,932	71,902	69,112	69,112

(2) Other Information

Quarterly Information for the Current Consolidated Fiscal Year

Cumulative period	Three months ended June 30, 2014	Six months ended September 30, 2014	Nine months ended December 31, 2014	Fiscal year ended March 31, 2015
Net sales (Thousands of yen)	725,849	1,619,967	2,636,504	3,642,696
Income before income taxes and others (Thousands of yen)	29,358	20,190	42,865	77,797
Net income (Thousands of yen)	21,670	13,586	27,980	73,194
Net income per share (Yen)	0.25	0.16	0.33	0.86

Each quarter	1st Quarter April 1, 2014 to June 30, 2014	2nd Quarter July 1, 2014 to September 30, 2014	3rd Quarter October 1, 2014 to December 31, 2014	4th Quarter January 1, 2015 to March 31, 2015
Net income (loss) per share (Yen)	0.25	(0.07)	0.15	0.52

2. Financial Statements, etc.

(1) Financial Statements

1) Balance sheet

(Thousands of yen)

	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Assets		
Current assets		
Cash and deposits	*1 401,282	*1 619,489
Accounts receivable-trade	15	-
Securities	9,815	-
Inventories	-	1,795
Prepaid expenses	3,558	4,360
Accounts receivable-other from subsidiaries and associates	48,448	80,129
Other	2,457	636
Total current assets	465,577	706,411
Non-current assets		
Property, plant and equipment	314	2,415
Intangible assets	0	1,620
Investments and other assets		
Investment securities	65,044	132,686
Shares of subsidiaries and associates	407,000	935,618
Investments in capital of subsidiaries and associates	52,687	-
Long-term loans receivable	-	24,034
Long-term accounts receivable from subsidiaries and associates	48,049	40,000
Long-term loans receivable from subsidiaries and associates	*3 170,000	*3 270,000
Other	9,360	10,916
Allowance for doubtful accounts	(48,049)	(40,000)
Total investments and other assets	704,092	1,373,254
Total non-current assets	704,407	1,377,290
Total assets	1,169,985	2,083,701

(Thousands of yen)

	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Liabilities		
Current liabilities		
Short-term loans payable	*1 4,900	-
Current portion of long-term loans payable	*1 20,000	*1 35,292
Accounts payable from subsidiaries and affiliates- other	1,713	992
Accrued expenses	5,831	8,960
Income taxes payable	2,841	8,763
Accrued consumption taxes	2,563	4,154
Provision for bonuses	1,550	1,961
Interest rate swap liabilities	-	30,329
Other	2,072	4,241
Total current liabilities	41,472	94,694
Non-current liabilities		
Long-term loans payable	*1 80,000	*1 538,239
Long-term lease and guarantee deposited	9,000	9,000
Deferred tax liabilities	1,087	17,355
Total non-current liabilities	90,087	564,594
Total liabilities	131,560	659,288
Net assets		
Shareholders' equity		
Capital stock	1,403,421	1,578,674
Capital surplus		
Legal capital surplus	89,015	264,268
Total capital surpluses	89,015	264,268
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(450,625)	(426,295)
Total retained earnings	(450,625)	(426,295)
Treasury shares	(2,958)	(2,976)
Total shareholders' equity	1,038,852	1,413,670
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(836)	35,077
Deferred gains or losses on hedges	-	(30,329)
Total valuation and translation adjustments	(836)	4,748
Subscription rights to shares	409	5,994
Total net assets	1,038,425	1,424,412
Total liabilities and net assets	1,169,985	2,083,701

2) Statement of income

(Thousands of yen)

	FY3/14 (April 1, 2013 – March 31, 2014)	FY3/15 (April 1, 2014 – March 31, 2015)
Net sales	*1 68,291	*1 150,356
Cost of sales	-	-
Gross profit	68,291	150,356
Selling, general and administrative expenses	*2 144,917	*2 161,798
Operating loss	(76,625)	(11,442)
Non-operating income		
Interest income	*1 39,075	*1 7,836
Dividend income	24,255	248
Gain on sales of securities	2,343	4,801
Gain on investments in partnership	16,967	-
Foreign exchange gains	-	2,809
Reversal of allowance for doubtful accounts	33	8,049
Other	4,141	4,412
Total non-operating income	86,816	28,158
Non-operating expenses		
Interest expenses	906	11,078
Loss on valuation of securities	1,344	-
Share issuance cost	2,298	8,137
Taxes and dues	-	2,939
Other	0	4
Total non-operating expenses	4,549	22,160
Ordinary income (loss)	5,641	(5,444)
Extraordinary income		
Foreign exchange gains	32,394	-
Other	478	459
Total extraordinary income	32,873	459
Extraordinary losses		
Loss on valuation of investment securities	-	5,235
Loss on transfer of business	4,022	-
Other	-	0
Total extraordinary losses	4,022	5,235
Income (loss) before income taxes	34,493	(10,220)
Income taxes—current	(32,056)	(34,550)
Total income taxes	(32,056)	(34,550)
Net income	66,549	24,329

3) Statement of changes in equity
FY3/14 (April 1, 2013 – March 31, 2014)

(Thousands of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
Balance at beginning of current period	1,371,406	57,000	57,000	(517,174)	(517,174)	(2,952)	908,279
Changes of items during period							
Issuance of new shares	32,015	32,015	32,015				64,030
Net income				66,549	66,549		66,549
Purchase of treasury shares						(6)	(6)
Net changes of items other than shareholders' equity							
Total changes of items during period	32,015	32,015	32,015	66,549	66,549	(6)	130,573
Balance at end of current period	1,403,421	89,015	89,015	(450,625)	(450,625)	(2,958)	1,038,852

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	18,662	18,662	690	927,632
Changes of items during period				
Issuance of new shares				64,030
Net income				66,549
Purchase of treasury shares				(6)
Net changes of items other than shareholders' equity	(19,499)	(19,499)	(280)	(19,780)
Total changes of items during period	(19,499)	(19,499)	(280)	110,793
Balance at end of current period	(836)	(836)	409	1,038,425

FY3/15 (April 1, 2014 – March 31, 2015)

(Thousands of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
Balance at beginning of current period	1,403,421	89,015	89,015	(450,625)	(450,625)	(2,958)	1,038,852
Changes of items during period							
Issuance of new shares	175,252	175,252	175,252				350,505
Net income				24,329	24,329		24,329
Purchase of treasury shares						(17)	(17)
Net changes of items other than shareholders' equity							
Total changes of items during period	175,252	175,252	175,252	24,329	24,329	(17)	374,817
Balance at end of current period	1,578,674	264,268	264,268	(426,295)	(426,295)	(2,976)	1,413,670

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	(836)	-	(836)	409	1,038,425
Changes of items during period					
Issuance of new shares					350,505
Net income					24,329
Purchase of treasury shares					(17)
Net changes of items other than shareholders' equity	35,913	(30,329)	5,584	5,584	11,169
Total changes of items during period	35,913	(30,329)	5,584	5,584	385,987
Balance at end of current period	35,077	(30,329)	4,748	5,994	1,424,412

[Notes]

Significant Accounting Policies

1. Valuation criteria and methods for assets
 - (1) Valuation criteria and methods for marketable securities
 - i. Securities for trade purposes
Valued at the market price, cost of sales being determined by the moving average method.
 - ii. Shares of subsidiaries and affiliates
Cost method based on the moving average method.
 - iii. Available-for-sale securities
Securities having market prices
Market price method based on market prices, etc., as of the closing date of the fiscal year. (Valuation differences are included directly in net assets and the cost of securities sold is determined by the moving average method.)
Securities without market prices
Cost method based on the moving average method.
 - (2) Valuation criteria and methods for inventories
Merchandise
Cost method based on the specific identification method. (The amount stated in the balance sheet was calculated by the book value write-down method based on a reduction in profitability.)
2. Depreciation and amortization methods for non-current assets
 - (1) Property, plant and equipment
The Company use the declining-balance method.
However, buildings (excluding structures attached to buildings) acquired on or after April 1, 1998, are depreciated using the straight-line method.
Approximate useful lives:
Tools, furniture and fixtures: 5 years
 - (2) Intangible assets
Software intended for internal use is amortized using the straight-line method based on an estimated period of internal use (five years).
3. Translation standard of foreign currency-denominated assets or liabilities into yen
Monetary debts and credits denominated in foreign currencies are translated into yen at the spot exchange rates on the fiscal year-end date, with the differences resulting from such translations recorded as losses or profits.
4. Reporting basis for allowances
 - (1) Allowance for doubtful accounts
In the provision for possible losses on receivables caused by bad debts, an estimated uncollectible amount is reported based on their historical losses as to ordinary receivables and based on the consideration of feasibly recoverable amounts in individual cases of specific receivables for which collectability is a great concern.
 - (2) Provision for bonuses
In the provision for the future payment of employee bonuses, an anticipated amount of total bonus payments attributable to the current fiscal year is reported.
5. Accounting for hedges
 - Hedging method
The Company applies deferred hedge accounting.
 - Hedging instruments and risks hedged
Hedging instruments: Interest rate swaps
Risk hedged: Interest on borrowings
 - Hedging policy
As stated in the Company's Derivative Management Rules, hedges are used to reduce exposure to interest rate volatility.
 - Evaluation method for the effectiveness of hedges
The cumulative changes in cash flows of the hedged risk and of the hedging instrument are compared and the ratio is used to evaluate effectiveness.
6. Other significant matters for preparation of the financial statements
 - (1) Accounting procedure for consumption taxes
National and local consumption taxes are accounted by the tax-exclusion method.
 - (2) Application of consolidated taxation system
The Company applies the consolidated taxation system.

Notes - Changes in Presentation

“Reversal of allowance for doubtful accounts,” included in “Other” under “Non-operating income” in the previous fiscal year, is reclassified and presented as a separate line item in the current fiscal year due to the increased significance of the amount. The financial statements for the prior-period are restated to conform to the current-period presentation.

Accordingly, the 4,175 thousand yen “Other” line items included in “Non-operating income” in the previous fiscal year’s statement of income have been reclassified as 33 thousand yen “Reversal of allowance for doubtful accounts,” and 4,141 thousand yen “Other” line items.

Notes – Non-consolidated Balance Sheet

*1. Assets pledged as collateral and secured liabilities

Assets pledged as collateral are as follows.

	(Thousands of yen)	
	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Time deposits	110,000	100,000

Secured liabilities corresponding to the above collateral are as follows.

	(Thousands of yen)	
	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Short-term loans payable	4,900	-
Long-term loans payable (includes current portion of long-term loans payable)	100,000	573,531

2. Guaranteed debt

(1) The Company guarantees the following affiliates’ bank loans.

	(Thousands of yen)	
	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Global Holdings Co., Ltd.	247,000	222,300
Y.K. Masuda Seimen	97,092	60,120
Trust Advisers Corp.	30,000	42,180
Narita Gateway Hotel Co., Ltd.	14,670	10,710

(2) The Company guarantees as follows debt based on an administrative outsourcing contract of an affiliated company with a property management organization.

	(Thousands of yen)	
	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Trust Advisers Corp.	13,818	14,583

*3. Commitment line

The Company has commitment line agreements with consolidated subsidiaries Global Holdings Co., Ltd. and Kurashiki Royal Art Hotel Co., Ltd.

The balances of credit available as of the balance sheet date were as follows.

	(Thousands of yen)	
	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Maximum commitment line of credit	170,000	320,000
Credit used	170,000	270,000
Credit available	-	50,000

Notes – Non-consolidated Statement of Income

*1. The following items related to transactions with affiliated companies are included.

	(Thousands of yen)	
	FY3/14 (April 1, 2013 – March 31, 2014)	FY3/15 (April 1, 2014 – March 31, 2015)
Sales to affiliates	64,960	150,320
Interests received from affiliates	39,028	7,443

*2 Selling expenses accounted for 0% of selling, general and administrative (SG&A) expenses for the previous and current fiscal years, respectively. General and administrative expenses accounted for 100% of the SG&A expenses for the previous and current fiscal years, respectively.

Major components and amounts of the selling, general and administrative expenses are as follows.

	(Thousands of yen)	
	FY3/14 (April 1, 2013 – March 31, 2014)	FY3/15 (April 1, 2014 – March 31, 2015)
Directors' compensations	27,920	43,850
Salaries and allowances	27,646	37,425
Advisory fee	16,026	12,021

Notes –Marketable Securities

No subsidiaries' stocks (carrying value of 935,618 thousand yen in FY3/15 and 407,000 thousand yen in FY3/14) and affiliates' stocks are shown because there is no market price and the fair value is deemed to be extremely difficult to determine.

Notes - Tax Effect Accounting

1. Details of the causes for deferred tax assets and deferred tax liabilities

	(Thousands of yen)	
	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Deferred tax assets (current)		
Provision for bonuses	552	648
Other	618	77
Subtotal deferred tax assets (current)	1,170	725
Valuation allowance	(1,170)	(725)
Total deferred tax assets (current)	-	-
Deferred tax assets (non-current)		
Deferred loss	653,550	410,422
Loss on valuation of investment securities	28,512	28,178
Loss on valuation of shares of subsidiaries and associates	169,646	157,365
Excess of allowance for doubtful accounts	17,124	13,224
Other	1,651	909
Subtotal deferred tax assets (non-current)	870,485	610,100
Valuation allowance	(870,485)	(610,100)
Total deferred tax assets (non-current)	-	-
Deferred tax liabilities (non-current)		
Valuation difference on available-for-sale securities	1,087	17,355
Total deferred tax liabilities (non-current)	1,087	17,355
Net deferred tax liabilities (non-current)	1,087	17,355

2. Details of major items causing the significant difference between the statutory effective tax rate and the actual effective tax rate after the application of tax-effect accounting

	FY3/14 (As of March 31, 2014)	FY3/15 (As of March 31, 2015)
Statutory effective tax rate	38.0%	Details are not presented since the Company reported a loss before income taxes.
(Adjustments)		
Residential tax for the period	3.5	
Increase (decrease) in valuation allowance	(79.8)	
Foreign tax credit	(3.9)	
Effect of consolidated taxation	(50.1)	
Other	(0.7)	
Actual effective tax rate after the application of tax-effect accounting	(92.9)	

3. Revised amount of deferred tax assets and deferred tax liabilities following the change in the corporate tax rate, etc.
Following the promulgation on March 31, 2015 of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 9 of 2015) and “Act for Partial Revision of the Local Tax Act, etc.” (Act No. 2 of 2015), corporate tax rate, etc. have been lowered for the fiscal years beginning on or after April 1, 2015. Consequently, the statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 35.6% to 33.1% for temporary differences expected to be covered for the fiscal year beginning from April 1, 2015.
The impact of this change will not be significant.

Notes -Significant Events after Reporting Period

There is no applicable information.

4) Non-consolidated supplementary schedules

(Detailed Statement of Property, Plant and Equipment, etc.)

(Thousands of yen)

Category	Balance as of April 1, 2014	Increase	Decrease	Depreciation or amortization at year-end	Balance as of March 31, 2015	Accumulated depreciation or amortization
Property, plant and equipment	-	-	-	352	2,415	6,575
Intangible assets	-	-	-	180	1,620	-

Note: Because the amount of property, plant and equipment and intangible assets was no more than 1% of total assets, the amounts of “Balance as of April 1, 2014,” “Increase” and “Decrease” were omitted.

(Detailed Statement of Allowances)

(Thousands of yen)

Category	Balance as of April 1, 2014	Increase	Decrease	Balance as of March 31, 2015
Allowance for doubtful accounts	48,049	40,000	48,049	40,000
Provision for bonuses	1,550	1,961	1,550	1,961

(2) Components of Major Assets and Liabilities

Omitted because the Company prepares consolidated financial statements.

(3) Other Information

There is no applicable information.

Section 6. Overview of Operational Procedures for Shares

Business year	April 1 to March 31
Ordinary Shareholders' Meeting	June
Record date	March 31
Record date of dividend from surplus	September 30 and March 31
Number of shares in one share unit	1,000 shares
Purchase of shares less than one unit Administration office Administrator of the shareholder registry Agents Purchasing fee	Special account administrator Mitsubishi UFJ Trust and Banking Corporation Securities Agency Division 1-4-5, Marunouchi, Chiyoda-ku, Tokyo This administrator does not handle these purchases - The amount prescribed separately as the one equivalent to the commission fees for entrustment of purchases of shares
Method of public notice	Public notices of the Company are done by electronic public notice. However, if the Company is not able to issue electronic public notices due to accidents or any other unavoidable reasons, notices will be published in the <i>Nihon Keizai Shimbun</i> newspaper. Electronic notices are posed on the Company's website at the following address. http://www.striders.co.jp/
Special benefit for shareholders	None

Notes: 1. Rights for holdings of stock of less than one unit

The Company's Articles of Incorporation state that shareholders who own less than one unit cannot exercise any rights other than the rights listed below.

- (1) Rights stipulated in each item of Paragraph 2, Article 189 of the Companies Act
- (2) Right to demand acquisition of stock with acquisition rights
- (3) Right to receive allocations of shares solicited or subscription of share purchase warrants in accordance with the number of shares held by each shareholder

2. The Company's administrator of the shareholder registry is as follows.

Sumitomo Mitsui Trust Bank, Limited
1-4-1, Marunouchi, Chiyoda-ku, Tokyo

Section 7. Reference Information of Reporting Company

1. Information about Parent Company, etc. of Reporting Company

The Company has no parent companies, etc.

2. Other Reference Information

The Company has submitted the following documents during the period from the beginning date of the current fiscal year to the date of submission of this Securities Registration Report.

(1) Securities Registration Report, Attachments and Written Confirmation

For the 50th period (from April 1, 2013 to March 31, 2014): Submitted to the Director-General of the Kanto Local Finance Bureau on June 25, 2014.

(2) Internal Control Report and Attachments

Submitted to the Director-General of the Kanto Local Finance Bureau on June 25, 2014.

(3) Quarterly Reports and Written Confirmation

1st Quarter of the 51st period (from April 1, 2014 to June 30, 2014):

Submitted to the Director-General of the Kanto Local Finance Bureau on August 8, 2014.

2nd Quarter of the 51st period (from July 1, 2014 to September 30, 2014):

Submitted to the Director-General of the Kanto Local Finance Bureau on November 10, 2014.

3rd Quarter of the 51st period (from October 1, 2014 to December 31, 2014):

Submitted to the Director-General of the Kanto Local Finance Bureau on February 9, 2015.

(4) Security Registration Statement and Attachments

Offerings of shares: Submitted to the Director-General of the Kanto Local Finance Bureau on October 17, 2014.

Issuance of subscription rights to shares: Submitted to the Director-General of the Kanto Local Finance Bureau on October 17, 2014.

Part II. Information about Company which Provides Guarantee to Reporting Company

There is no applicable information.

Audit Report and Internal Control Audit Report by Independent Auditor

June 19, 2015

Board of Directors
Striders Corporation

ARIA Audit Corporation

Yasuyuki Yamanaka, CPA, Representative Partner, Managing Partner

Naoki Furuya, CPA, Managing Partner

<Audit on Financial Statements>

To make audit certification pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, ARIA Audit Corporation (the "Audit Firm") audited the consolidated financial statements of Striders Corporation (the "Company") included in the "Accounting" section of the Securities Registration Report for the consolidated fiscal year that commenced on April 1, 2014, and ended on March 31, 2015, which consisted of consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, significant items serving as the basis for the preparation of the consolidated financial statements and other notes to consolidated financial statements and consolidated supplementary schedules.

Management's responsibility for the consolidated financial statements

The Company's management is responsible for the preparation and fair disclosure of the aforementioned consolidated financial statements in accordance with the corporate accounting standards generally accepted as fair and appropriate in Japan. This includes the establishment and operation of internal control systems that are regarded as necessary by management to ensure the preparation and fair disclosure of the consolidated financial statements without material misstatement due to fraudulence or errors.

Auditor's responsibility

The Audit Firm is responsible for expressing its opinions regarding the aforementioned consolidated financial statements from an independent standpoint, based on the audit it conducted. The Audit Firm performed the audit in accordance with the auditing standards generally accepted as fair and appropriate in Japan. These auditing standards require the Audit Firm to plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement.

During the audit, auditing procedures are executed to obtain audit evidence supporting the amounts and disclosures of the consolidated financial statements. The auditing procedures are selected and applied at the discretion of the Audit Firm based on the assessment of risks on material misstatements in the consolidated financial statements due to fraudulence or errors. Although the audit on financial statements is not intended to express opinions as to the effectiveness of internal controls, the Audit Firm examines internal controls concerning the preparation and fair disclosure of consolidated financial statements when it conducts the aforementioned risk assessment to draw up appropriate auditing procedures according to the situation. The audit also includes a review of the overall presentation of the consolidated financial statements, including the assessment of the accounting principles and methods of application thereof adopted by management, as well as significant estimates made by management.

The Audit Firm believes that it obtained sufficient and appropriate audit evidence that forms the basis for expressing its opinions.

Auditor's opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material aspects, the financial position of Striders Corporation and its consolidated subsidiaries as of March 31, 2015, and their operating results and cash flows for the consolidated fiscal year ended on the same day, in accordance with the corporate accounting standards generally accepted as fair and appropriate in Japan.

<Internal Control Audit>

To make audit certification in accordance with the provision of Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act, the Audit Firm audited the internal control report of Striders Corporation as of March 31, 2015.

Management's responsibility for the internal control report

The Company's management is responsible for streamlining and operating its internal control concerning its financial reporting and preparing and fairly disclosing an internal control report in accordance with the evaluation standards for internal controls relating to financial reporting generally accepted as fair and appropriate in Japan.

There is a possibility that misstatements in financial reporting are not completely prevented or detected by the internal control systems concerning financial reporting.

Auditor's responsibility

The Audit Firm is responsible for expressing its opinions regarding the internal control report from an independent standpoint, based on the internal control audit it conducted. The Audit Firm performed the internal control audit in accordance with the auditing standards for internal controls concerning financial reporting that are generally accepted as fair and appropriate in Japan. These standards require the Audit Firm to plan and perform the internal control audit to obtain reasonable assurance as to whether the internal control report is free of material misstatement.

During the internal control audit, auditing procedures are executed to obtain audit evidence supporting the results of evaluation of the internal control systems relating to financial reporting in the internal control report. The internal control auditing procedures are selected and applied at the discretion of the Audit Firm based on the importance of the internal control's effects on the reliability of financial reports. The internal control audit also includes a review of the overall presentation of the internal control report, including the statements made by management on the scope, procedures and results of evaluation on the internal controls relating to financial reporting.

The Audit Firm believes that it obtained sufficient and appropriate audit evidence that forms the basis for expressing its opinions.

Auditor's opinion

In our opinion, the internal control report referred to above, in which Striders Corporation indicated that the internal controls concerning financial reporting as of March 31, 2015, were effective, presents fairly, in all material aspects, the results of evaluation on the internal controls concerning financial reporting, in accordance with the evaluation standards for internal controls concerning financial reporting generally accepted as fair and appropriate in Japan.

Vested interests

The Audit Firm and its Managing Partners have no vested interests in the Company that should be disclosed in accordance with the provisions of the Certified Public Accountants Act.

End

Notes: 1. The above is the digitized form of the matters described in the original audit report, and the original copy is in the custody of the Company.

2. The scope of the audit does not include the XBRL data.

Independent Auditors' Report

June 19, 2015

Board of Directors
Striders Corporation

ARIA Audit Corporation

Yasuyuki Yamanaka, CPA, Representative Partner, Managing Partner
Naoki Furuya, CPA, Managing Partner

To make certification pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, ARIA Audit Corporation (the "Audit Firm") audited the non-consolidated financial statements of Striders Corporation (the "Company") included in the "Accounting" section of the Securities Registration Report for the 51st business year that commenced on April 1, 2014, and ended on March 31, 2015, which consisted of non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, significant accounting policies and other notes to non-consolidated financial statements and non-consolidated supplementary schedules.

Management's responsibility for non-consolidated financial statements

The Company's management is responsible for the preparation and fair disclosure of the aforementioned non-consolidated financial statements in accordance with the corporate accounting standards generally accepted as fair and appropriate in Japan. This includes the establishment and operation of internal control systems that are regarded as necessary by the management to ensure the preparation and fair disclosure of the non-consolidated financial statements without material misstatement due to fraudulence or errors.

Auditor's responsibility

The Audit Firm is responsible for expressing its opinions regarding the aforementioned non-consolidated financial statements from an independent standpoint, based on the audit it conducted. The Audit Firm performed the audit in accordance with the auditing standards generally accepted as fair and appropriate in Japan. These auditing standards require the Audit Firm to plan and perform the audit to obtain reasonable assurance as to whether the non-consolidated financial statements are free of material misstatement.

During the audit, auditing procedures are executed to obtain audit evidence supporting the amounts and disclosures of the non-consolidated financial statements. The auditing procedures are selected and applied at the discretion of the Audit Firm based on the assessment of risks on material misstatements in the financial statements due to fraudulence or errors. Although the audit on the non-consolidated financial statements is not intended to express opinions as to the effectiveness of internal controls, the Audit Firm examines internal controls concerning the preparation and fair disclosure of the non-consolidated financial statements when it conducts the aforementioned risk assessment to draw up appropriate auditing procedures according to the situation. The audit also includes a review of the overall presentation of the non-consolidated financial statements, including the assessment of the accounting principles and methods of application thereof adopted by management, as well as significant estimates made by management.

The Audit Firm believes that it obtained sufficient and appropriate audit evidence that forms the basis for expressing its opinions.

Auditor's opinion

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material aspects, the financial position of Striders Corporation as of March 31, 2015, and its operating results for the fiscal year ended on the same day, in accordance with the corporate accounting standards generally accepted as fair and appropriate in Japan.

Vested interests

The Audit Firm and its Managing Partners have no vested interests in the Company that should be disclosed in accordance with the provisions of the Certified Public Accountants Act.

End

Notes: 1. The above is the digitized form of the matters described in the original audit report, and the original copy is in the custody of the Company.

2. The scope of the audit does not include the XBRL data.