



**Summary of Consolidated Financial Results for the Second Quarter  
of the Fiscal Year Ending March 31, 2016  
(Six Months Ended September 30, 2015)**

**[Japanese GAAP]**

November 5, 2015

Company name: Striders Corporation Listing: Tokyo Stock Exchange (JASDAQ)  
 Stock code: 9816 URL: <http://www.striders.co.jp/>  
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Scheduled date of filing of Quarterly Report: November 6, 2015  
 Scheduled date of payment of dividend: -  
 Preparation of supplementary materials for quarterly financial results: None  
 Holding of quarterly financial results meeting: None

*(All amounts are rounded down to the nearest million yen.)*

**1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2016  
(April 1, 2015 – September 30, 2015)**

(1) Consolidated results of operations (Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2015	2,353	45.3	143	571.9	125	531.9	77	470.7
Six months ended Sep. 30, 2014	1,619	32.2	21	-	19	-	13	(77.9)

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2015: 30 (up 228.8 %)  
 Six months ended Sep. 30, 2014: 9 (down 59.7 %)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2015	0.87	0.87
Six months ended Sep. 30, 2014	0.16	0.16

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2015	3,495	1,584	45.1	17.79
As of Mar. 31, 2015	3,502	1,577	44.1	17.40

Reference: Shareholders' equity (million yen) As of Sep. 30, 2015: 1,577 As of Mar. 31, 2015: 1,543

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2015	-	0.00	-	0.00	0.00
Fiscal year ending Mar. 31, 2016	-	0.00	-	0.00	0.00
Fiscal year ending Mar. 31, 2016 (forecast)	-	-	-	0.00	0.00

Note: Revisions to the most recently announced dividend forecast: None

**3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)**

(Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	4,500	23.5	280	220.7	270	224.5	178	143.2	2.00

Note: Revisions to the most recently announced consolidated earnings forecast: Yes

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Application of special accounting methods in the preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Sep. 30, 2015:	88,730,896 shares	As of Mar. 31, 2015:	88,730,896 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2015:	26,098 shares	As of Mar. 31, 2015:	25,598 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2015:	88,705,024 shares	Six months ended Sep. 30, 2014:	83,632,540 shares
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\* Information regarding the implementation of quarterly review procedures

The current quarterly financial report is exempted from quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, these review procedures for the quarterly consolidated financial statements have been completed.

\* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 4 of the attachments "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements."

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first half of the current fiscal year (hereinafter referred to as “the period under review”), the Japanese economy recovered slowly as economic and monetary measures contributed to higher corporate earnings, lower unemployment and other signs of improvement. However, the outlook continues to be unclear due to a concern about the effect of a growing sentiment of the economic slowdown in China and other emerging countries on our domestic economy.

Under the economic circumstance described above, the Striders Group (Striders Corporation and the consolidated subsidiaries) focused on sales activities to attract new customers in all business units, cost cutting and other initiatives during the period under review. In addition, we have considered making business investments to acquire new sources of revenue.

Net sales increased 45.3% year-on-year to 2,353 million yen, operating income increased 571.9% year-on-year to 143 million yen, ordinary income increased 531.9% year-on-year to 125 million yen and profit attributable to owners of parent increased 470.7% year-on-year to 77 million yen.

Business segment performance was as follows.

#### 1) Information Technology Business

Mobile Link Inc. developed a new type of motor vehicle communication system. There were also sales activities centered on new ideas for replacing these systems that targeted mainly the existing customers.

Segment sales in the period under review increased 47.2% year-on-year to 137 million yen and operating loss declined to 6 million yen from a 10 million yen loss one year earlier.

#### 2) Turnaround Consultancy Business

M&A Global Partners Co., Ltd. strived to help companies to improve earnings through asset sales and other restructuring measures, assist with fund procurement, provide M&A consulting and offered other services to revitalize companies. In the period under review, no orders were received.

As a result, there were no sales and a small operating loss (0 million yen) in the period under review, there were small amounts of sales (0 million yen) and operating income (0 million yen) in the same period of the previous fiscal year.

#### 3) Real Estate Lease Management Business

Market conditions in this segment are recovering due to the winding down of the negative impact on new housing starts of the April 2014 consumption tax hike, which created a surge in demand prior to the tax increase. In addition, the supply of rental residential properties in the large metropolitan areas remained high. Under such circumstances, 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. It also involved in trading of studio apartments.

Segment sales in the period under review increased 50.6% year-on-year to 1,331 million yen and operating income increased 122.6% year-on-year to 92 million yen.

#### 4) Food Business

Y. K. Masuda Seimen produces Chinese and other noodles that are sold mainly to Yokohama house-type ramen restaurants in the Kanagawa area. While sales once dropped mainly because a large customer switched to producing its own noodles, the situation is gradually improving thanks to an increase in the number of restaurants that the

existing customers operate. The company also made efforts to pursue more operational efficiency and cost reductions.

Segment sales in the period under review decreased 0.4% year-on-year to 77 million yen and operating income was 0 million yen compared with operating loss of 0 million yen in the same period of the previous fiscal year.

## 5) Hotel Business

We currently operate the Narita Gateway Hotel, which is near Narita Airport, and the Kurashiki Royal Art Hotel, which is located in the Kurashiki area, Okayama prefecture. The Narita Gateway Hotel maintained high room rates and occupancy rates. The main reason was a growth in foreign tourists caused by the promotion of tourism by the Japanese government and the weaker yen. The Kurashiki Royal Art Hotel made efforts in promotional activities such as “Kura and Masterpieces” lunch course with a collaboration with local high school students, and cost cutting activities as well.

Segment sales in the period under review increased 42.9% year-on-year to 806 million yen and operating income increased 112.8% to 145 million yen.

## (2) Explanation of Financial Position

### 1) Assets, Liabilities and Net Assets

#### Assets

Current assets were 1,513 million yen at the end of the second quarter, 97 million yen less than at the end of the previous fiscal year. The main factors include a 300 million yen decrease in cash and deposits, while there was an increase of 79 million yen in inventories. Non-current assets increased 91 million yen to 1,982 million yen. This was mainly attributable to increases of 117 million yen in long-term loans receivable and 63 million yen in shares of subsidiaries and associates, while there was a 48 million yen decrease in investment securities.

As a result, total assets were 3,495 million yen, 6 million yen less than at the end of the previous fiscal year.

#### Liabilities

Current liabilities increased 18 million yen to 665 million yen at the end of the second quarter. The main factors include an increase of 19 million yen in current portion of long-term loans payable. Non-current liabilities decreased 32 million yen to 1,246 million yen, mainly due to a 20 million yen decrease in deferred tax liabilities.

As a result, total liabilities were 1,911 million yen, 13 million yen less than at the end of the previous fiscal year.

#### Net assets

Net assets increased 6 million yen to 1,584 million yen at the end of the second quarter. The main factors include booking of profit attributable to owners of parent of 77 million yen, which were partially offset by decreases of 45 million yen in valuation difference on available-for-sale securities and 27 million yen in non-controlling interests.

Consequently, the equity ratio was 45.1% (compared with 44.1% at the end of the previous fiscal year).

### 2) Cash flows

Cash and cash equivalents (hereinafter referred to as “net cash”) decreased 303 million yen from the end of the previous fiscal year to 980 million yen at the end of the second quarter of the current fiscal year.

The situation of each cash flow category and impact factors are described as follows.

**Cash flows from operating activities**

Net cash provided by operating activities was 0 million yen (compared with net cash provided of 63 million yen in the same period of the previous fiscal year). The main factors include booking of income before income taxes and non-controlling interests of 110 million yen and an increase in inventories of 79 million yen.

**Cash flows from investing activities**

Net cash used in investing activities was 287 million yen (compared with net cash used of 824 million yen in the same period of the previous fiscal year). The main factors include payments of loans receivable of 167 million yen and purchase of shares of subsidiaries and associates of 69 million yen.

**Cash flows from financing activities**

Net cash used in financing activities was 16 million yen (compared with net cash provided of 548 million yen in the same period of the previous fiscal year). The main factors include repayments of long-term loans payable of 67 million yen and a 24 million yen purchase of shares of subsidiaries that do not result in change in the scope of consolidation, which were partially offset by proceeds from long-term loans payable of 80 million yen.

**(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements**

Given the recent performance trends, we have revised the consolidated earnings forecast for the fiscal year ending March 31, 2016 which was released on May 14, 2015.

For details of the revision, please refer to the “Notice of Revision of Earnings Forecast” (available in Japanese only), which was released on November 5, 2015.

**2. Matters Related to Summary Information (Notes)****(1) Changes in Significant Subsidiaries during the Period**

Not applicable.

**(2) Changes in the Scope of Consolidation or Application of the Equity Method**

Effective from the second quarter of the current fiscal year, Shin-Kong Mobilelink Co., Ltd. was included in the scope of application of the equity method due to an increase in its materiality.

**(3) Application of Special Accounting Methods in the Preparation of the Quarterly Consolidated Financial Statements**

Not applicable.

**(4) Changes in Accounting Policies and Accounting-based Estimates, and Restatements**

Application of the Accounting Standard for Business Combinations, etc.

The Company has applied the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. from the first quarter of the current fiscal year. Accordingly, difference arising from changes in the Company’s ownership interests in subsidiaries in cases where control is retained is recognized in capital surplus, and the costs associated with the acquisition of shares are recognized as expenses in the fiscal year in which they arise. Regarding business combinations that take place on or after the beginning of the first quarter of the current fiscal year, the Company has revised the method to reflect reviewed allocation of the acquisition costs arising from determination of the provisional accounting treatment on the quarterly consolidated

financial statements to which the date of the business combination belongs. In addition, the presentation of net income and other items has been revised, and the minority interests item has been renamed non-controlling interests. For consistency with these changes, the quarterly consolidated financial statements for the first six months of the previous fiscal year and the consolidated financial statements for the previous fiscal year have been revised.

In the consolidated statement of cash flows for the period under review, cash flows arising from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation were presented in the section of “Cash flows from financing activities,” while cash flows arising from the costs associated with the acquisition of shares of subsidiaries resulting in change in scope of consolidation or the costs associated with changes in ownership interests in subsidiaries that do not result in change in scope of consolidation were presented in the section of “Cash flows from operating activities.”

The Company has adopted these accounting standards, etc. from the beginning of the first quarter of the current fiscal year, in accordance with the transitional accounting treatments set forth in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of the Accounting Standard for Business Divestitures.

The effect of these changes on the quarterly consolidated financial statements for the period under review is insignificant.

**3. Quarterly Consolidated Financial Statements****(1) Quarterly Consolidated Balance Sheet**

	(Thousands of yen)	
	FY3/15 (As of Mar. 31, 2015)	Second quarter of FY3/16 (As of Sep. 30, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	1,386,981	1,086,857
Accounts receivable-trade, net	113,116	138,521
Securities	-	46,399
Inventories	47,350	126,506
Deferred tax assets	27,278	27,278
Other	36,840	88,124
Total current assets	1,611,566	1,513,687
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	904,851	885,496
Land	348,663	348,663
Other, net	25,422	22,477
Total property, plant and equipment	1,278,937	1,256,637
Intangible assets		
Goodwill	349,847	328,994
Other	5,570	9,832
Total intangible assets	355,417	338,827
Investments and other assets		
Investment securities	132,686	84,331
Shares of subsidiaries and associates	56,955	120,731
Long-term loans receivable	25,481	143,445
Other	41,170	38,133
Total investments and other assets	256,293	386,642
Total non-current assets	1,890,648	1,982,107
Total assets	3,502,215	3,495,795
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	63,894	65,318
Current portion of long-term loans payable	102,892	122,596
Accounts payable-other	100,217	73,307
Income taxes payable	23,741	36,566
Provision for bonuses	17,824	22,669
Deposits received	101,021	93,271
Interest rate swaps	35,645	36,234
Other	201,205	215,129
Total current liabilities	646,440	665,094
Non-current liabilities		
Long-term loans payable	810,449	803,153
Net defined benefit liability	7,761	8,364
Long-term lease and guarantee deposited	242,423	237,330
Deferred tax liabilities	217,812	197,571
Total non-current liabilities	1,278,446	1,246,419
Total liabilities	1,924,887	1,911,513



	(Thousands of yen)	
	FY3/15 (As of Mar. 31, 2015)	Second quarter of FY3/16 (As of Sep. 30, 2015)
Net assets		
Shareholders' equity		
Capital stock	1,578,674	1,578,674
Capital surplus	264,268	267,219
Retained earnings	(296,124)	(218,589)
Treasury shares	(2,976)	(3,020)
Total shareholders' equity	1,543,841	1,624,283
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	35,077	(10,308)
Deferred gains or losses on hedges	(35,645)	(36,234)
Total accumulated other comprehensive income	(567)	(46,542)
Subscription rights to shares	5,994	5,994
Non-controlling interests	28,060	546
Total net assets	1,577,328	1,584,281
Total liabilities and net assets	3,502,215	3,495,795

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income****(For the Six-month Period)**

(Thousands of yen)

	First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014)	First six months of FY3/16 (Apr. 1, 2015 – Sep. 30, 2015)
Net sales	1,619,967	2,353,440
Cost of sales	892,891	1,350,257
Gross profit	727,076	1,003,182
Selling, general and administrative expenses	705,698	859,552
Operating income	21,377	143,629
Non-operating income		
Interest income	132	5,173
Dividend income	179	2,229
Gain on sales of securities	1,047	-
Commission fee	5,174	6,714
Office work fee	2,100	2,100
Other	3,866	8,738
Total non-operating income	12,499	24,956
Non-operating expenses		
Interest expenses	8,093	10,001
Loss on valuation of securities	-	6,194
Share of loss of entities accounted for using equity method	-	5,354
Foreign exchange losses	-	16,990
Taxes and dues	2,939	-
Other	3,017	4,763
Total non-operating expenses	14,050	43,303
Ordinary income	19,826	125,282
Extraordinary income		
Other	363	-
Total extraordinary income	363	-
Extraordinary losses		
Loss on sales of investment securities	-	1,087
Loss on valuation of investment securities	-	3,611
Loss on cancellation penalty	-	9,965
Total extraordinary losses	-	14,664
Income before income taxes and non-controlling interests	20,190	110,617
Income taxes-current	11,327	36,594
Income taxes-deferred	(1,486)	(2,950)
Total income taxes	9,840	33,644
Profit	10,349	76,973
Loss attributable to non-controlling interests	(3,237)	(561)
Profit attributable to owners of parent	13,586	77,534

**Quarterly Consolidated Statement of Comprehensive Income****(For the Six-month Period)**

	(Thousands of yen)	
	First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014)	First six months of FY3/16 (Apr. 1, 2015 – Sep. 30, 2015)
Profit	10,349	76,973
Other comprehensive income		
Valuation difference on available-for-sale securities	28,569	(45,385)
Deferred gains or losses on hedges	(29,491)	(589)
Total other comprehensive income	(921)	(45,974)
Comprehensive income	9,427	30,998
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	12,664	31,560
Comprehensive income attributable to non-controlling interests	(3,237)	(561)

**(3) Quarterly Consolidated Statement of Cash Flows**

(Thousands of yen)

	First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014)	First six months of FY3/16 (Apr. 1, 2015 – Sep. 30, 2015)
Cash flows from operating activities		
Income before income taxes and non-controlling interests	20,190	110,617
Depreciation	20,541	28,884
Amortization of goodwill	18,683	20,852
Increase (decrease) in allowance for doubtful accounts	(457)	295
Interest and dividend income	(311)	(7,402)
Interest expenses	8,093	10,001
Foreign exchange losses (gains)	-	16,990
Share of (profit) loss of entities accounted for using equity method	-	5,354
Loss (gain) on sales of securities	(1,047)	-
Loss (gain) on valuation of securities	-	6,194
Share issuance cost	-	4,642
Loss (gain) on sales of investment securities	-	1,087
Loss (gain) on valuation of investment securities	-	3,611
Decrease (increase) in notes and accounts receivable-trade	9,582	(25,695)
Decrease (increase) in inventories	(9,505)	(79,155)
Increase (decrease) in notes and accounts payable-trade	(36,706)	1,424
Increase (decrease) in deposits received	(1,187)	(7,749)
Increase (decrease) in lease and guarantee deposits received	2,612	(5,093)
Increase (decrease) in other provision	5,192	5,448
Other, net	47,525	(63,722)
Subtotal	83,206	26,586
Interest and dividend income received	311	7,402
Interest expenses paid	(8,105)	(9,945)
Income taxes paid	(12,053)	(23,176)
Net cash provided by (used in) operating activities	63,359	867
Cash flows from investing activities		
Purchase of securities	(17,956)	(52,594)
Proceeds from sales of securities	19,435	-
Purchase of property, plant and equipment	(8,528)	(3,716)
Purchase of intangible assets	(385)	(5,158)
Purchase of investment securities	(22,880)	(34,680)
Proceeds from sales of investment securities	2,491	15,659
Payments of loans receivable	-	(167,900)
Collection of loans receivable	731	33,328
Payments into time deposits	(100,500)	(3,000)
Proceeds from withdrawal of time deposits	60,000	-
Purchase of shares of subsidiaries and associates	-	(69,130)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(757,388)	-
Other, net	289	(136)
Net cash provided by (used in) investing activities	(824,691)	(287,329)

	(Thousands of yen)	
	First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014)	First six months of FY3/16 (Apr. 1, 2015 – Sep. 30, 2015)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(54,900)	-
Proceeds from long-term loans payable	630,000	80,000
Repayments of long-term loans payable	(38,021)	(67,592)
Purchase of treasury shares	(17)	(44)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(24,000)
Payments of issuance of subscription rights to shares	-	(4,642)
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	11,900	-
Other, net	(530)	-
Net cash provided by (used in) financing activities	548,431	(16,278)
Effect of exchange rate change on cash and cash equivalents	(170)	(383)
Net increase (decrease) in cash and cash equivalents	(213,071)	(303,123)
Cash and cash equivalents at beginning of period	1,173,824	1,283,481
Cash and cash equivalents at end of period	960,752	980,357

**(4) Notes to Quarterly Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Segment and Other Information****Segment Information****I. First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014)****1. Information related to net sales, profit or loss for each reportable segment**

(Thousands of yen)

	Reportable segment					Total	Adjustment (Note 1)	Amount shown on quarterly consolidated statement of income (Note 2)
	Information Technology Business	Turnaround Consultancy Business	Real Estate Lease Management Business	Food Business	Hotel Business			
Net sales								
External sales	93,173	200	884,020	77,970	564,603	1,619,967	-	1,619,967
Inter-segment sales and transfers	-	-	-	59	-	59	(59)	-
Total	93,173	200	884,020	78,030	564,603	1,620,027	(59)	1,619,967
Segment profit (loss)	(10,314)	70	41,560	(489)	68,401	99,227	(77,849)	21,377

Notes: 1. The negative adjustment of 77,849 thousand yen to segment profit (loss) is mainly personnel and other expenses for administrative departments.

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

**2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment****Significant change in goodwill**

In the Hotel Business segment, the Company has made Kurashiki Royal Art Hotel Co., Ltd. a consolidated subsidiary. The event caused an increase of goodwill by 160,413 thousand yen for the first six months of FY3/16.

**II. First six months of FY3/16 (Apr. 1, 2015 – Sep. 30, 2015)****1. Information related to net sales, profit or loss for each reportable segment**

(Thousands of yen)

	Reportable segment					Total	Adjustment (Note 1)	Amount shown on quarterly consolidated statement of income (Note 2)
	Information Technology Business	Turnaround Consultancy Business	Real Estate Lease Management Business	Food Business	Hotel Business			
Net sales								
External sales	137,120	-	1,331,729	77,669	806,920	2,353,440	-	2,353,440
Inter-segment sales and transfers	-	-	-	38	16	54	(54)	-
Total	137,120	-	1,331,729	77,707	806,937	2,353,494	(54)	2,353,440
Segment profit (loss)	(6,451)	(154)	92,517	596	145,577	232,085	(88,456)	143,629

Notes: 1. The negative adjustment of 88,456 thousand yen to segment profit (loss) is mainly personnel and other expenses for administrative departments.

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

## Subsequent Events

### Issuance of Stock Acquisition Rights (Stock Options with Charge)

At the meeting of its Board of Directors held on September 18, 2015, the Company resolved the issuance of stock acquisition rights (hereinafter referred to as the “Stock Acquisition Rights”) to its directors, statutory auditors and employees pursuant to Articles 236, 238 and 240 of the Companies Act. Payments for the Stock Acquisition Rights were completed on October 5, 2015.

An outline of the issuance of the Stock Acquisition Rights is summarized as follows.

Date of resolution	September 18, 2015
Number of the Stock Acquisition Rights	4,450 units
<i>Of which:</i> Number of treasury stock acquisition rights held by the Company	-
Class of shares to be acquired upon exercise of the Stock Acquisition Rights	Shares of common stock
Number of shares to be acquired upon exercise of the Stock Acquisition Rights	4,450,000 shares (See Note 1)
Amount to be paid upon exercise of the Stock Acquisition Rights	67 yen (See Note 2)
Exercise period of the Stock Acquisition Rights	From July 1, 2016 to October 4, 2023
Issue price and amount to be accounted for as capital stock when shares are issued upon exercise of the Stock Acquisition Rights	Issue price: 67 yen (See Note 3) Amount to be accounted for as capital stock: 33.5 yen (See Note 3)
Condition for exercise of the Stock Acquisition Rights	(See Note 4)
Matters concerning transfers of the Stock Acquisition Rights	Transfers of the Stock Acquisition Rights shall be subject to the approval of the Board of Directors of the Company.
Matters concerning substitute payments	-
Matters concerning delivery of the Stock Acquisition Rights associated with acts of reorganization	(See Note 5)

#### Note 1: Class, details and number of shares to be acquired upon exercise of the Stock Acquisition Rights

The number of shares to be issued upon exercise of each of the Stock Acquisition Rights (hereinafter referred to as the “Number of Shares Granted”) shall be one thousand (1,000).

In the case that the Company carries out a stock split (including the allotment of shares of common stock of the Company without consideration; hereinafter the same shall apply) or a reverse stock split after the date of allotment of the Stock Acquisition Rights, the Number of Shares Granted shall be adjusted according to the formula below. However, such adjustment shall be made only to the number of shares to be granted for the Stock Acquisition Rights that have not yet been exercised or cancelled at the time of the adjustment. Any amount less than one share arising from the adjustment shall be rounded down to the nearest whole number.

$$\text{Number of Shares Granted after adjustment} = \frac{\text{Number of Shares Granted before adjustment}}{\text{Ratio of stock split (or reverse stock split)}}$$

In addition to the above, if any unavoidable event arises where the number of shares to be issued upon exercise of the Stock Acquisition Rights must be adjusted after the date of allotment, the Company may adjust the Number of Shares Granted as appropriate to the extent deemed reasonable. Any amount less than one share arising from the above adjustment shall be rounded down to the nearest whole number.

#### Note 2: Adjustment of Exercise Price

If the Company carries out a stock split or a reverse stock split, the exercise price shall be adjusted using the following formula, with any amount less than one yen arising from the adjustment rounded up to the nearest yen.

$$\text{Exercise price after adjustment} = \frac{\text{Exercise price before adjustment}}{\text{Ratio of stock split (or reverse stock split)}}$$

If, after the date of allotment of the Stock Acquisition Rights, the Company issues new shares of common stock or disposes of its treasury shares of common stock at a price below the market price of its common stock (excluding issuance of new shares and disposal of treasury shares upon the exercise of the Stock Acquisition Rights, and transfer of treasury shares in exchange of shares), the exercise price shall be adjusted using the following formula, with any amount less than one yen arising from the adjustment rounded up to the nearest yen.

$$\begin{array}{rcccl}
 \text{Exercise price} & & & & \text{Number of new} \\
 \text{after} & = & \text{Exercise price} & & \text{shares to be} \\
 \text{adjustment} & & \text{before} & & \text{issued} \\
 & & \text{adjustment} & & \text{issued} \\
 & & & \times & \text{Amount to be} \\
 & & & & \text{paid per share} \\
 & & & & \text{Market price before issuing new shares} \\
 & & & & \text{Number of shares} \\
 & & & & \text{issued and outstanding} \\
 & & & & \text{Number of new shares} \\
 & & & & \text{to be issued}
 \end{array}$$

In the formula above, the “number of shares issued and outstanding” denotes the number of shares of common stock of the Company already issued, less the number of treasury shares of common stock of the Company. If the Company disposes of its treasury shares of common stock, the “number of new shares to be issued” shall be replaced with the “number of treasury shares to be disposed of.”

Furthermore, other than the above, if the Company carries out a merger, a company split, or other similar events that require adjustment of the exercise price, the Company may adjust the exercise price as appropriate to the extent deemed reasonable.

**Note 3: Amount to be accounted for as capital stock out of the issue price when shares are issued upon exercise of the Stock Acquisition Rights**

- 1) The amount of an increase in capital stock when new shares are issued upon the exercise of the Stock Acquisition Rights shall be 50% of the maximum limit of such capital increase calculated in accordance with Article 17, Paragraph 1 of the Company Accounting Ordinance. Any fraction shall be rounded up to the nearest yen.
- 2) The amount of an increase in capital surplus when new shares are issued upon exercise of the Stock Acquisition Rights shall be the maximum limit of such capital increase as described in 1) above, less the amount of an increase in capital stock as stipulated in 1) above.

**Note 4: Condition for exercise of the Stock Acquisition Rights**

- 1) A person to whom the Stock Acquisition Rights have been allotted (hereinafter referred to as an “allottee of the Stock Acquisition Rights”) may exercise the number of the Stock Acquisition Rights out of the allotted number based on the percentage specified in each of (a) to (c) below during the exercise period only when the Company’s operating income has reached the amount shown below. These operating income figures have been set according to the Company’s performance goals. To determine the operating income, figures in the consolidated statements of income included in the Company’s Securities Reports (*Yukashoken Hokokusho*) for the periods between the fiscal years ending March 31, 2016 and March 31, 2023 shall be referred to. Should there be any material change in the concept of operating income to be referred to due to the change of applicable accounting standards or any other factors, the Company shall specify at its Board of Directors meeting another appropriate performance indicator to the extent deemed reasonable. Any fraction less than one Stock Acquisition Right that may be exercised shall be rounded down to the nearest whole number.
  - (a) 30% of the allotted number may be exercised when operating income has exceeded 130 million yen, except when the exercise becomes mandatory under the condition described in 2) below.
  - (b) 60% of the allotted number may be exercised when operating income has exceeded 150 million yen, except when the exercise becomes mandatory under the condition described in 2) below.
  - (c) 100% of the allotted number may be exercised when operating income has exceeded 200 million yen, except when the exercise becomes mandatory under the condition described in 2) below.
- 2) If the average of closing prices (indicative prices are included; the number of days without closing prices are excluded, provided, however, that appropriate adjustments shall be made by the Board of Directors in accordance with *Note 2*) over the most recent five days (including the current day) of ordinary trading of shares of the Company’s common stock at the financial instruments exchange on which the Company is listed ever falls below 30% of the exercise price at that time (provided, however, that appropriate adjustments shall be made by the Board of Directors in accordance with *Note 2*) during the period between the date of allotment and the last date of the exercise period, allottees of the Stock Acquisition Rights must exercise all their remaining Stock Acquisition Rights at the exercise price (provided, however, that proper adjustments shall be made by the Board of Directors in accordance with *Note 2*) by the last date of the exercise period. However, the exercise shall not be mandatory if any of the following applies:
  - (a) Information disclosed by the Company has turned out to include material misstatement.
  - (b) The Company has turned out to have failed to properly disclose material facts that should have been disclosed pursuant to laws and regulations or the rules of the financial instruments exchange on which the Company is listed.
  - (c) The Company has been delisted or gone bankrupt, or there has been any major change in circumstances presupposed on the date of the issuance of Stock Acquisition Rights.
  - (d) The Company has taken any other actions that are objectively deemed to harm the trust of allottees of the Stock Acquisition Rights.



- 3) The Stock Acquisition Rights may not be exercised if the exercise causes the total number of shares issued by the Company to exceed the number of authorized shares at the time of the exercise.
- 4) None of the Stock Acquisition Rights may be partially exercised.
- 5) Heirs to allottees of the Stock Acquisition Right may not exercise the Stock Acquisition Rights.

Note 5: Handling of the Stock Acquisition Rights when acts of reorganization take place

If the Company is absorbed in an absorption-type merger, consolidated through a consolidation-type merger, split in an absorption-type split, split in an incorporation-type split, becomes a wholly owned subsidiary through share exchange, or becomes a wholly owned subsidiary through share transfer (hereinafter collectively referred to as “acts of reorganization”), the company surviving the absorption-type merger, the company incorporated through the consolidation-type merger, the successor company in the absorption-type split, the company incorporated through the incorporation-type split, the wholly owning parent company formed by share exchange, or the wholly owning parent company formed by share transfer (hereinafter collectively referred to as “reorganized companies”) shall deliver new stock acquisition rights, in lieu of the Stock Acquisition Rights remaining immediately before the effective date of the act of reorganization, to allottees of the Stock Acquisition Rights on the following conditions:

- 1) The number of stock acquisition rights to be delivered by a reorganized company  
 The number shall be adjusted reasonably based on the number of the Stock Acquisition Rights held by allottees of the Stock Acquisition Rights by taking into account conditions for the act of reorganization. Any fraction less than one Right after adjustment shall be rounded down to the nearest whole number.
- 2) The class of shares in the reorganized company to be acquired upon exercise of the stock acquisition rights  
 The same class of shares issued by the reorganized company
- 3) The method of calculating the number of shares of the reorganized company to be acquired upon exercise of the stock acquisition rights  
 The number shall be adjusted reasonably by taking into account of conditions for the act of reorganization. Any fraction less than one share after adjustment shall be rounded up to the nearest whole number.
- 4) Values of properties invested when the stock acquisition rights are exercised  
 The values shall be adjusted reasonably by taking into account of conditions for the act of reorganization. Any amount less than one yen after adjustment shall be rounded up to the nearest yen.
- 5) The exercise period of the stock acquisition rights; capital stock and capital surplus that will increase when shares are issued through the exercise of these stock acquisition rights; grounds for the acquisition of these stock acquisition rights by the reorganized company; the delivery of the stock acquisition rights in the case of the act of reorganization; certificates of the stock acquisition rights; and conditions for exercise of the stock acquisition rights  
 To be determined when the act of reorganization is carried out
- 6) Restrictions on the acquisition of the stock acquisition rights through transfer  
 Any acquisition of the newly delivered stock acquisition rights through transfer is subject to approval by the reorganized company’s board of directors.
- 7) Any other conditions shall be determined pursuant to conditions provided by the reorganized company.

*This summary report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*