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 52nd Fiscal Year
From April 1, 2015 to March 31, 2016

Striders Corporation

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

(E02738)

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[Fiscal year]	52nd fiscal year (from April 1, 2015 to March 31, 2016)
[Corporate name]	Kabushiki-Kaisha Striders
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Part I. Company Information

Section 1. Overview of the Company

1. Transition of Significant Business Indicators, etc.

(1) Consolidated Business Indicators, etc.

Term		48th Period	49th Period	50th Period	51st Period	52nd Period
Fiscal year ended		March 2012	March 2013	March 2014	March 2015	March 2016
Net sales	(Thousands of yen)	1,080,722	1,689,293	2,690,638	3,642,696	5,046,810
Ordinary income (loss)	(Thousands of yen)	(183,371)	(113,755)	91,435	83,194	277,339
Profit (loss) attributable to owners of parent	(Thousands of yen)	(121,009)	(353,818)	133,560	73,194	135,256
Comprehensive income	(Thousands of yen)	(85,452)	(311,247)	88,885	78,019	90,544
Net assets	(Thousands of yen)	1,184,900	988,333	1,140,962	1,577,328	1,646,052
Total assets	(Thousands of yen)	1,746,913	1,992,293	2,309,294	3,502,215	3,605,056
Net assets per share	(Yen)	15.60	11.93	13.32	17.40	18.46
Net income (loss) per share	(Yen)	(1.62)	(4.74)	1.64	0.86	1.52
Diluted net income per share	(Yen)	-	-	1.62	0.86	1.51
Ratio of shareholders' equity	(%)	66.4	48.1	48.2	44.1	45.4
Ratio of net income to shareholders' equity	(%)	-	-	12.89	5.51	8.51
Price-earnings ratio	(Times)	-	-	33.62	104.41	51.15
Net cash from operating activities	(Thousands of yen)	(157,104)	(45,827)	172,247	217,080	156,626
Net cash from investing activities	(Thousands of yen)	290,550	(562,471)	175,706	(813,836)	(159,310)
Net cash from financing activities	(Thousands of yen)	(39,525)	383,560	263,747	706,583	30,914
Cash and cash equivalents at the end of fiscal year	(Thousands of yen)	778,909	562,123	1,173,824	1,283,481	1,310,138
Number of employees [Average number of additional temporary workers]	(Persons)	63 [11]	75 [28]	62 [32]	120 [39]	120 [52]

Notes:
1. Net sales do not include consumption taxes, etc.
2. The Company has applied the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), etc. from the period under review. Accordingly, the presentation of net income (loss) has been changed to profit (loss) attributable to owners of parent.
3. 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. 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.
4. Ratio of net income to shareholders' equity and price-earnings ratio for the 48th and 49th periods are not presented because net loss was posted.

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

Term		48th Period	49th Period	50th Period	51st Period	52nd Period
Fiscal year ended		March 2012	March 2013	March 2014	March 2015	March 2016
Net sales	(Thousands of yen)	127,041	94,963	68,291	150,356	117,882
Ordinary income (loss)	(Thousands of yen)	(178,621)	(60,379)	5,641	(5,444)	108,639
Net income (loss)	(Thousands of yen)	(7,934)	(321,589)	66,549	24,329	58,476
Capital stock	(Thousands of yen)	1,314,406	1,371,406	1,403,421	1,578,674	1,578,674
Number of issued shares	(Shares)	74,330,896	80,330,896	83,555,896	88,730,896	88,730,896
Net assets	(Thousands of yen)	1,114,582	927,632	1,038,425	1,424,412	1,440,825
Total assets	(Thousands of yen)	1,200,970	1,010,220	1,169,985	2,083,701	2,128,228
Net assets per share	(Yen)	14.99	11.54	12.43	15.99	16.15
Dividend per share [Interim dividend per share]		- (-)	- (-)	- (-)	- (-)	- (-)
Net income (loss) per share	(Yen)	(0.10)	(4.31)	0.82	0.29	0.66
Diluted net income per share	(Yen)	-	-	0.81	0.29	0.65
Ratio of shareholders' equity	(%)	92.8	91.8	88.7	68.1	67.3
Ratio of net income to shareholders' equity	(%)	-	-	6.41	1.72	4.08
Price-earnings ratio	(Times)	-	-	67.46	314.12	118.32
Dividend payout ratio	(%)	-	-	-	-	-
Number of employees [Average number of additional temporary workers]	(Persons)	12 [-]	6 [-]	6 [-]	6 [-]	7 [-]

Notes:
1. Net sales do not include consumption taxes, etc.
2. 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. 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 for the 48th and 49th periods are not presented because net loss was posted.
4. Average number of additional temporary workers from the 48th to 52nd 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, Shibatamura-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), its eight subsidiaries and an affiliate. 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.

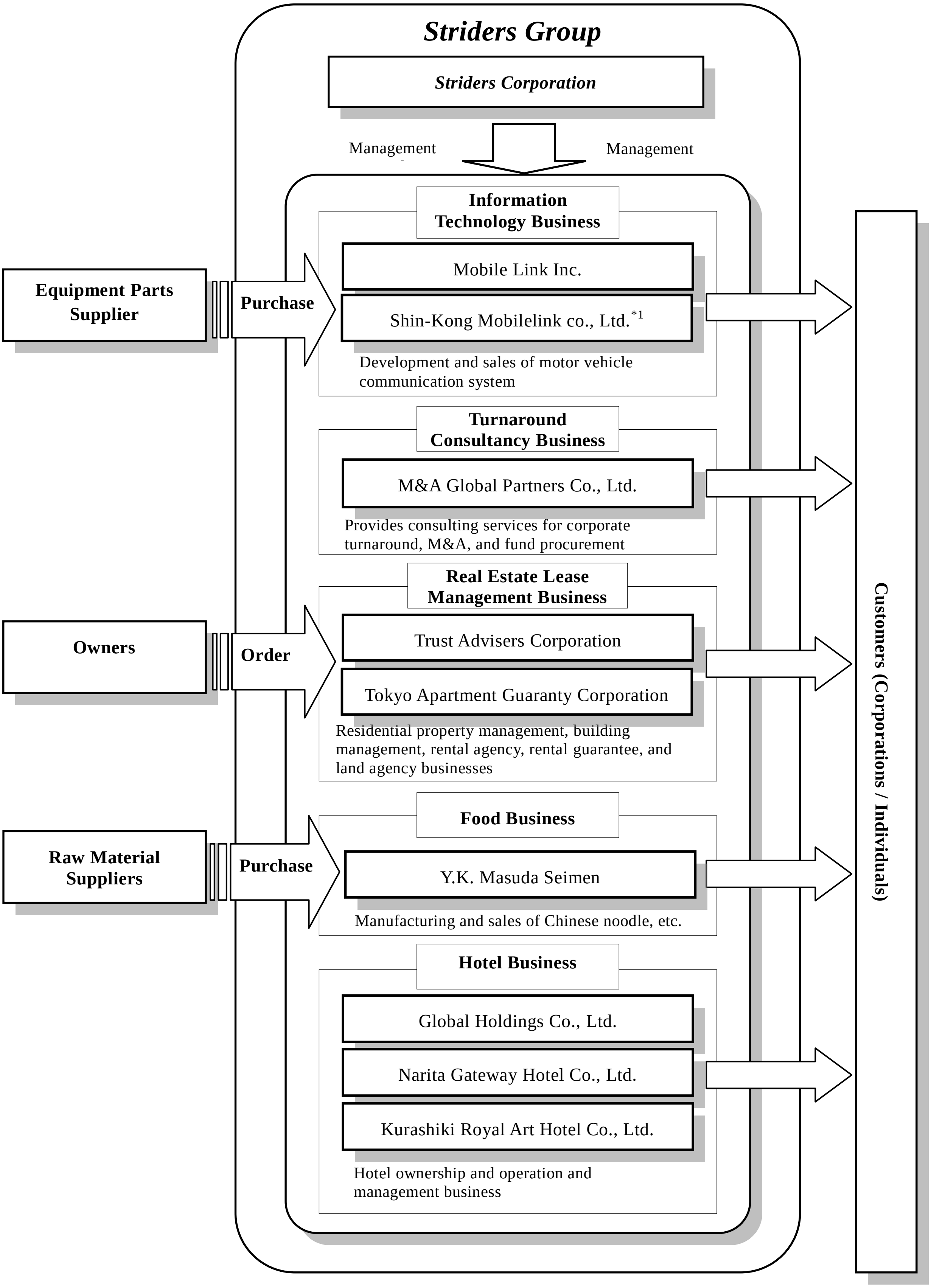
The followings are the description of business and the affiliated companies. The following five business segments are the same as the segment classifications listed in “5. Financial Information, 1. Consolidated Financial Statements, etc., (1) Notes to Consolidated Financial Statements.”

[Business Description]

Operating segment	Business	Company
Information Technology Business	- Development and sales of motor vehicle communication system	Mobile Link Inc. Shin-Kong Mobilelink co., Ltd.
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.

Business flowchart

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



Notes
No mark: Consolidated subsidiaries
*1: Affiliate accounted for using equity method

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 2)	Shinagawa-ku, Tokyo	50,000	Real Estate Lease Management Business	100.0	Interlocking directors
Mobile Link Inc.	Shinjuku-ku, Tokyo	65,000	Information Technology Business	100.0	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 2)	Narita, Chiba	3,000	Hotel Business	100.0	Interlocking directors Fund support
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 2)	Kurashiki, Okayama	27,068	Hotel Business	99.8	Interlocking directors Fund support
(Affiliate accounted for using equity method)					
Shin-Kong Mobilelink co., Ltd.	Taipei, Taiwan	30,000,000 TWD	Information Technology Business	49.0	Interlocking directors

Notes: 1. In the "Main lines of business," the name of the segment is stated.
2. 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	3,026,228	941,355	620,253
(2) Ordinary income	170,912	139,035	18,188
(3) Net income	103,805	88,834	8,021
(4) Net assets	194,252	132,171	30,789
(5) Total assets	889,256	369,801	435,907

5. Information about Employees

(1) Employees on a Consolidated Basis

As of March 31, 2016

Name of segment	Number of employees
Information Technology Business	10 (-)
Turnaround Consultancy Business	- (-)
Real Estate Lease Management Business	31 (5)
Food Business	6 (9)
Hotel Business	66 (38)
Reportable segment total	113 (52)
Corporate (unallocated)	7 (-)
Total	120 (52)

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.

(2) Employees of the Company

As of March 31, 2016

Number of employees	Average age	Average number of years employed	Average annual salary (Thousands of yen)
7 (-)	37.8	2.4	4,970

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)	7 (-)
Total	7 (-)

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 ended March 31, 2016, (hereinafter “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 the economic slowdown in China and other emerging countries in Asia.

Under the economic circumstance described above, the group (Striders Corporation and its consolidated subsidiaries) focused on sales efforts to attract new customers in all business units, cost reductions and other initiatives during the period under review. In addition, the group continued to make new investments in Asia to establish a sound revenue and profit foundation.

As a result, net sales for the period under review increased 38.5% year-on-year to 5,046 million yen, operating income increased 240.3% year-on-year to 297 million yen, ordinary income increased 233.4% year-on-year to 277 million yen and profit attributable to owners of parent increased 84.8% year-on-year to 135 million yen.

Business segment performance was as follows.

1) Information Technology Business

Mobile Link Inc. proposed system replacement with the existing on-board units, resulting in favorable gains in new orders. However, a joint venture with a Taiwanese company incurred a temporary cost increase caused by delays in developing its own brand of on-board units.

Segment sales in the period under review increased 8.9% year-on-year to 269 million yen with operating loss of 10 million yen (compared with operating loss of 6 million yen one year earlier).

2) Turnaround Consultancy Business

M&A Global Partners Co., Ltd. has been engaged in operations such as support for cash flow improvement through asset sales and other restructuring measures and for fund procurement, as well as M&A consulting services.

Segment sales in the period under review increased 237.1% year-on-year to 30 million yen and operating income increased 439.1% year-on-year to 29 million yen.

3) Real Estate Lease Management Business

Market conditions in this segment showed signs of a recovery in housing markets thanks to rise in construction of rental residential properties affected by the policy to save inheritance tax. In addition, the supply of rental residential properties in the large metropolitan areas remained high, encouraged mainly by declining mortgage rates. Under such circumstances, Trust Advisers Corporation focused on operating activities specialized in management of studio and compact apartments, and took actions aimed at collecting overdue payments and holding rental rates steady. It also involved in trading of studio apartments.

Segment sales in the period under review increased 56.4% year-on-year to 3,022 million yen and operating income increased 91.7% year-on-year to 183 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 primarily to attracting new customers and increasing the number of restaurants that the existing customers operate. On the other hand, there was an on-time expenses to capture new orders.

Segment sales in the period under review increased 4.9% year-on-year to 162 million yen and operating loss was 1 million yen (compared with operating loss of 0 million yen one year earlier).

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 Bikan Chiku* (Kurashiki beautiful sight 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 marketing efforts to attract more guests from overseas and strove to attract more banquets from local businesses.

Segment sales in the period under review increased 20.3% year-on-year to 1,561 million yen and operating income increased 56.6% year-on-year to 244 million yen.

The Company has applied the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), etc. from the period under review. Accordingly, the presentation of net income has been changed to profit attributable to owners of parent.

(2) Cash flows

Cash and cash equivalents (hereinafter referred to as "net cash") increased 26 million yen from the end of the previous fiscal year to 1,310 million yen at the end of the current fiscal year.

Cash flows from operating activities

Net cash provided by operating activities was 156 million yen (compared with net cash provided of 217 million yen in the same period of the previous fiscal year). The main factors include booking of income before income taxes of 152 million yen and booking of impairment loss of 99 million yen, which were partially offset by an increase in inventories of 177 million yen.

Cash flows from investing activities

Net cash used in investing activities was 159 million yen (compared with net cash used of 813 million yen in the same period of the previous fiscal year). The main factors include payments of loans receivable of 167 million yen, purchase of investment securities of 99 million yen, investments in capital of subsidiaries and associates of 69 million yen and purchase of securities of 64 million yen, which were partially offset by collection of loans receivable of 155 million yen and proceeds from sales of investment securities of 109 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 30 million yen (compared with net cash provided of 706 million yen in the same period of the previous fiscal year). The main factors include proceeds from long-term loans payable of 190 million yen, which was partially offset by repayments of long-term loans payable of 134 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	FY3/16 (April 1, 2015 – March 31, 2016)	Year-on-year comparison (%)
Food Business (Thousands of yen)	99,172	(1.6)

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	FY3/16 (April 1, 2015 – March 31, 2016)	Year-on-year comparison (%)
Information Technology Business (Thousands of yen)	269,581	8.9
Turnaround Consultancy Business (Thousands of yen)	30,000	237.1
Real Estate Lease Management Business (Thousands of yen)	3,022,768	56.4
Food Business (Thousands of yen)	162,841	4.9
Hotel Business (Thousands of yen)	1,561,618	20.3
Total (Thousands of yen)	5,046,810	38.5

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 2016 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 17,950 thousand shares. This is 20.2% 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 infections 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

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

The Company has applied the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013), etc. from the period under review. Accordingly, the presentation of net income has been changed to profit attributable to owners of parent.

(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. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Significant Accounting Policies for Preparation of 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.”

2) Financial position

Total assets at the end of the current fiscal year under review were 3,605 million yen, which was 102 million yen more than at the end of the previous fiscal year.

Current assets increased 334 million yen from the end of the previous fiscal year to 1,945 million yen at the end of the current fiscal year. The main factors include increases in real estate for sale and securities by 179 million yen and 51 million yen, respectively.

Non-current assets decreased 231 million yen from the end of the previous fiscal year to 1,659 million yen. This was mainly attributable to decreases in goodwill of 141 million yen and investment securities of 78 million yen, which were partially offset by an increase in shares of subsidiaries and associates of 21 million yen.

Total liabilities at the end of the current fiscal year under review were 1,959 million yen, which was 34 million yen more than at the end of the previous fiscal year.

Current liabilities increased 77 million yen from the end of the previous fiscal year to 723 million yen. The main factors include an increase in current portion of long-term loans payable of 46 million yen.

Non-current liabilities decreased 43 million yen from the end of the previous fiscal year to 1,235 million yen, mainly due to a decrease in deferred tax liabilities of 55 million yen.

Net assets at the end of the current fiscal year under review increased 68 million yen from the end of the previous fiscal year to 1,646 million yen. The main factors include booking of profit attributable to owners of parent of 135 million yen, which were partially offset by a decrease of 35 million yen in valuation difference on available-for-sale securities.

Consequently, the equity ratio was 45.4%.

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.”

(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 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.

We will pursue to create an organizational structure that better enables the group companies to capitalize on opportunities for growth by adopting a management control style that matches the financial performance and scale of business of each group company.

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. Shin-Kong Mobilelink co., Ltd., established in Taiwan, will focus on in-house development of communication devices for motor vehicles and begin sale in the Japanese market.

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

We will work on building a stronger base for the residential property business and building management business by further upgrading sales capabilities, increasing customer satisfaction and improving operational 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 revenues.

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, we will strive to take measures to improve food and beverage services, educate their employees for customer satisfaction, and work with other industries. We will also consider making investments in new 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, 2016

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	16,223	830	40,000 (221.36)	60	57,114	6 (9)
Global Holdings Co., Ltd.	Narita Gateway Hotel (Narita, Chiba)	Hotel	Accommodation facility	280,323	-	85,663 (7,218.48)	0	365,986	- (-)
Narita Gateway Hotel Co., Ltd.	Narita Gateway Hotel (Narita, Chiba)	Hotel	Accommodation facility	15,238	4,562	-	18,681	38,482	22 (16)
Kurashiki Royal Art Hotel Co., Ltd.	Kurashiki Royal Art Hotel (Kurashiki, Okayama)	Hotel	Accommodation facility	549,869	-	223,000 (1,490.90)	3,221	776,091	44 (22)

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, 2016)	Number of issued shares as of the submission date of this report (As of June 27, 2016)	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, 2016)	As of the end of the month preceding the submission date of this report (As of May 31, 2016)
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 (1) share resulting from the adjustment will be rounded down.

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

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.

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

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.

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

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, 2016)	As of the end of the month preceding the submission date of this report (As of May 31, 2016)
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) The number of shares to be issued upon exercise of each of subscription rights to shares (hereinafter referred to as the “number of shares granted”) shall be 100,000. 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.

$$\text{Payment amount after adjustment} = \frac{\text{Number of shares granted before adjustment} \times \text{Exercise Price before adjustment}}{\text{Exercise Price after adjustment}}$$

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 granted 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").

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

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 shares 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.

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

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 price 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.

As per resolution by the Board of Directors on September 18, 2015

	As of the end of the current fiscal year (As of March 31, 2016)	As of the end of the month preceding the submission date of this report (As of May 31, 2016)
Number of subscription rights to shares (Units)	4,450	4,450
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)	4,450,000 (Note 1)	4,450,000 (Note 1)
Amount to be paid upon the exercise of subscription rights to shares (Yen)	67 (Note 2)	Same as on the left.
Exercise period of subscription rights to shares	From July 1, 2016 to October 4, 2023	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: 67 (Note 3) Amount to be incorporated into capital stock: 33.5 (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. Class, details and number of shares to be acquired upon exercise of subscription rights to shares

The number of shares to be issued upon exercise of each of subscription rights to shares (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 consolidation of shares after the date of allotment of subscription rights to shares, 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 subscription rights to shares 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.

$$\text{Number of shares granted after adjustment} = \text{Number of shares granted before adjustment} \times \text{Ratio of stock split (or stock consolidation)}$$

In addition to the above, if any unavoidable event arises where the number of shares to be issued upon exercise of subscription rights to shares 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 to the exercise price

If the Company carries out a stock split or consolidation of shares, the exercise price shall be adjusted using the following formula, with any amount less than one (1) yen arising from the adjustment rounded up to the nearest yen.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of stock split (or stock consolidation)}}$$

If, after the date of allotment of subscription rights to shares, 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 subscription rights to shares, 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 (1) yen arising from the adjustment rounded up to the nearest yen.

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

In the formula above, the "number of issued shares" 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 newly issued shares" 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 subscription rights to shares

1) The amount of an increase in capital stock when new shares are issued upon the exercise of subscription rights to shares 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 legal capital surplus when new shares are issued upon exercise of subscription rights to shares 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 subscription rights to shares

1) A person to whom subscription rights to shares have been allotted (hereinafter referred to as a "holder of subscription rights to shares") may exercise the number of subscription rights to shares 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 ended March 31, 2016 and ending 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 (1) 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 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 Note 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 30% of the exercise price at that time (the exercise price is adjusted as needed by the Board of Directors as described in the above Note 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 Note 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.
3) 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.

4) The partial exercise of an individual subscription right to shares is not allowed.

5) This subscription rights to shares may not be exercised by an heir to a holder thereof.

Note 5. Handling of subscription rights to shares when a reorganization event takes place

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) The number of subscription rights to shares to be delivered by a reorganized company
Based on the number of subscription rights held by each holder, 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) The class of shares in the reorganized company to be acquired upon exercise of subscription rights to shares
The same class of stock of the reorganized company

3) The method of calculating the number of shares of the reorganized company to be acquired upon exercise of subscription rights to shares
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) Values of properties invested when subscription rights to shares are exercised
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 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.

(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, 2016

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)	-	1	35	25	20	11	4,948	5,040	-
Number of shares held (Units)	-	1,498	4,895	18,204	2,705	560	60,819	88,681	49,896
Shareholding percentage (%)	-	1.69	5.52	20.53	3.05	0.63	68.58	100.00	-

Notes:

1. Treasury shares of 26,098 shares are included in “Individuals and others” and “Number of shares less than one unit share” in terms of 26 units and 98 shares, respectively.
2. 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, 2016

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	1,713	1.93
Japan Silber Fleece Co., Ltd.	1-21-4 Minamihorie, Nishi-ku, Osaka-shi, Osaka	1,670	1.88
Japan Securities Finance Co., Ltd.	1-2-10 Nihombashi-Kayabacho, Chuo-ku, Tokyo	1,498	1.69
Fumio Yamamoto	Sakai-shi, Fukui	701	0.79
Yuko Ito	Kohoku-ku, Yokohama-shi, Kanagawa	700	0.79
Kenichiro Nakatani	Fukuoka-shi, Fukuoka	700	0.79
Ikuyo Morikawa	Kadoma-shi, Osaka	673	0.76
Koshiro Yoshida	Nogata-shi, Fukuoka	641	0.72
Total	-	28,432	32.04

(8) Voting Rights

1) Issued shares

As of March 31, 2016

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 26,000	-	-
Shares with full voting rights (others)	Common stock 88,655,000	88,655	-
Shares less than one unit share	Common stock 49,896	-	-
Total number of issued shares	88,730,896	-	-
Voting rights of total shareholders	-	88,655	-

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, 2016

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	26,000	-	26,000	0.03
Total	-	26,000	-	26,000	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	500	44,500
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, 2016 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	26,098	-	26,098	-

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, 2016 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	48th Period	49th Period	50th Period	51st Period	52nd Period
Fiscal year-end	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016
Highest (Yen)	65	33	94	134	106
Lowest (Yen)	14	14	19	47	56

Note: The highest and lowest share prices were at the Jasdaq (standard) market of the Tokyo Stock Exchange since July 16, 2013. Before that date, prices were at the Jasdaq (standard) market of the Osaka Securities Exchange.

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

Month	October 2015	November	December	January 2016	February	March
Highest (Yen)	88	95	82	79	80	85
Lowest (Yen)	69	77	72	61	61	73

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

5. Information about Officers

8 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	April 1977 September 1995 November 1998 February 2007 April 2007 June 2009 March 2012 May 2012 December 2012 March 2013 June 2014 June 2014	Joined The Long-Term Credit Bank of Japan (current Shinsei Bank, Limited) Councilor of Asia Department of The Long-Term Credit Bank of Japan General Manager of Management Planning Office of Nippon Computer Systems Corp. Director of the Company Representative Director of VLR Co., Ltd. (current M&A Global Partners Co., Ltd.) (current) Representative Director of the Company (current) Director of Mobile Link Inc. (current) Director of Y.K. Masuda Seimen (current) Representative Director of Global Holdings Co., Ltd. (current) Representative Director of Narita Gateway Hotel Co., Ltd. (current) Director of Trust Advisers Corporation (current) Representative Director of Kurashiki Royal Art Hotel Co., Ltd. (current)	Note 3	4,839
Managing Director	CFO	Yoshiyuki Wakahara	February 13, 1976	April 1999 July 2001 March 2007 October 2011 November 2011 February 2012 October 2014 March 2015 June 2015	Joined Fujitsu Limited Joined Future System Consulting, Inc. (current Future Architect, Inc.) Joined Deloitte Touche Tohmatsu (current Deloitte Touche Tohmatsu LLC) Registered as Certified Public Accountant Joined BayCurrent Consulting, Inc. Joined the Company General Manager of Administrative Division of the Company Corporate Auditor of Shin-Kong Mobilelink co., Ltd. (current) CFO, Managing Director of the Company (current)	Note 3	1
Director		Koichi Miyamura	December 21, 1976	April 1999 August 1999 January 2005 April 2005 December 2008 June 2012 March 2014 June 2014	Joined Yuto K.K. Joined Shoco Sangyo Co., Ltd. Joined S-fit Co., Ltd. Joined S-GRANT Co., Ltd. Director of S-GRANT Advisors Co., Ltd. (current Trust Advisers Corporation) Director of the Company (current) Representative Director of Tokyo Apartment Guaranty Corporation (current) Representative Director of Trust Advisers Corp. (current)	Note 3	10
Director	General Manager of Business Planning Division	Ryotaro Hayakawa	June 22, 1983	April 2008 June 2014 October 2014 October 2014 March 2015 April 2016	Joined ORIX Corporation Director and General Manager of Management Planning Office of the Company Director of Mobile Link Inc. (current) Director of Kurashiki Royal Art Hotel Co., Ltd. (current) Director of Shin-Kong Mobilelink co., Ltd. (current) General Manager of Business Planning Division, Director of the Company (current)	Note 3	41

Official title	Position title	Name	Date of birth	Brief career history	Term of office	Number of the company shares held (Thousand shares)
Director		Yasushi Suzuki	February 24, 1963	April 1986 Joined The Long-Term Credit Bank of Japan (current Shinsei Bank, Limited) July 1995 General Manager of Sales Department of the Indonesia Office, The Long-Term Credit Bank of Japan November 1996 Deputy Branch Manager of the Singapore Branch, The Long-Term Credit Bank of Japan August 1999 Deputy General Manager of the New York Branch, The Long-Term Credit Bank of Japan March 2000 Senior Economist of the Institute for Social and Economic Infrastructure Systems (posted in London) June 2001 Financial Advisor of AntFactory Inc. (U.K.) March 2002 Associate Professor of the Department of Management Systems, Kanazawa Institute of Technology April 2004 Associate Professor of the College of Asia Pacific Studies, Ritsumeikan Asia Pacific University April 2008 Professor of the College of International Management, Ritsumeikan Asia Pacific University (current) June 2015 Director of the Company (current)	Note 3	6
Full-time Corporate Auditor		Ikuo Yoshizawa	January 28, 1952	April 1976 Joined Kokusai Denshin Denwa Co., Ltd. (current KDDI Corp.) March 1992 Manager, in-charge of Sales Division of Kokusai Denshin Denwa Co., Ltd. September 2000 Manager of Investigation of KDD Research Institute, Inc. (current KDDI Research Institute, Inc.) April 2004 External assignment to Research Institute of Telecommunications and Economics, Foundation for Multi-Media Communications April 2007 External assignment to KDDI Engineering and Consulting, Inc. April 2008 Assignment to Nonprofit Organization (NPO) ITS Japan June 2012 Full-time Corporate Auditor of the Company (current) January 2013 Corporate Auditor of Mobile Link Inc. (current) June 2014 Corporate Auditor of Kurashiki Royal Art Hotel Co., Ltd. (current) October 2014 Corporate Auditor of Trust Advisers Corp. (current) October 2014 Corporate Auditor of Y.K. Masuda Seimen (current) October 2014 Corporate Auditor of Global Holdings Co., Ltd. (current) October 2014 Corporate Auditor of Narita Gateway Hotel Co., Ltd. (current) June 2015 Corporate Auditor of M&A Global Partners Co., Ltd. (current) March 2016 Corporate Auditor of Tokyo Apartment Guaranty Corporation (current)	Note 4	312

Official title	Position title	Name	Date of birth	Brief career history		Term of office	Number of the company shares held (Thousand shares)
Corporate Auditor		Nobuyuki Kobayashi	March 22, 1950	May 1977 January 1983 March 1985 July 1985 July 1988 October 2000 September 2006 June 2007 January 2008 August 2014	Registered as Certified Public Accountant Joined Chuo Accounting Office (changed the company name to Misuzu Audit Corp.) Corporate Auditor of Osaka Motor Technology Co., Ltd (current) Partner of Chuo Accounting Office (Misuzu Audit Corp.) Senior Partner of Chuo Accounting Office Manager of Examination, Business Operations Division, Chuo Accounting Office Joined BDO Toyo & Co. Examination Department Corporate Auditor of the Company (current) Senior Partner of BDO Toyo & Co. (current) Chairman of BDO Toyo & Co. (current)	Note 4	-
Corporate Auditor		Ayumu Kuniyoshi	October 22, 1972	October 2000 October 2000 June 2006 December 2010 December 2015	Registered as an attorney Joined Asuka Law Office Corporate Auditor of the Company (current) Established Forest Walk Law Office as Representative (current) Director of SINCERE Corporation (current)	Note 4	253
				Total			5,462

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

(Fundamental approach to corporate governance)

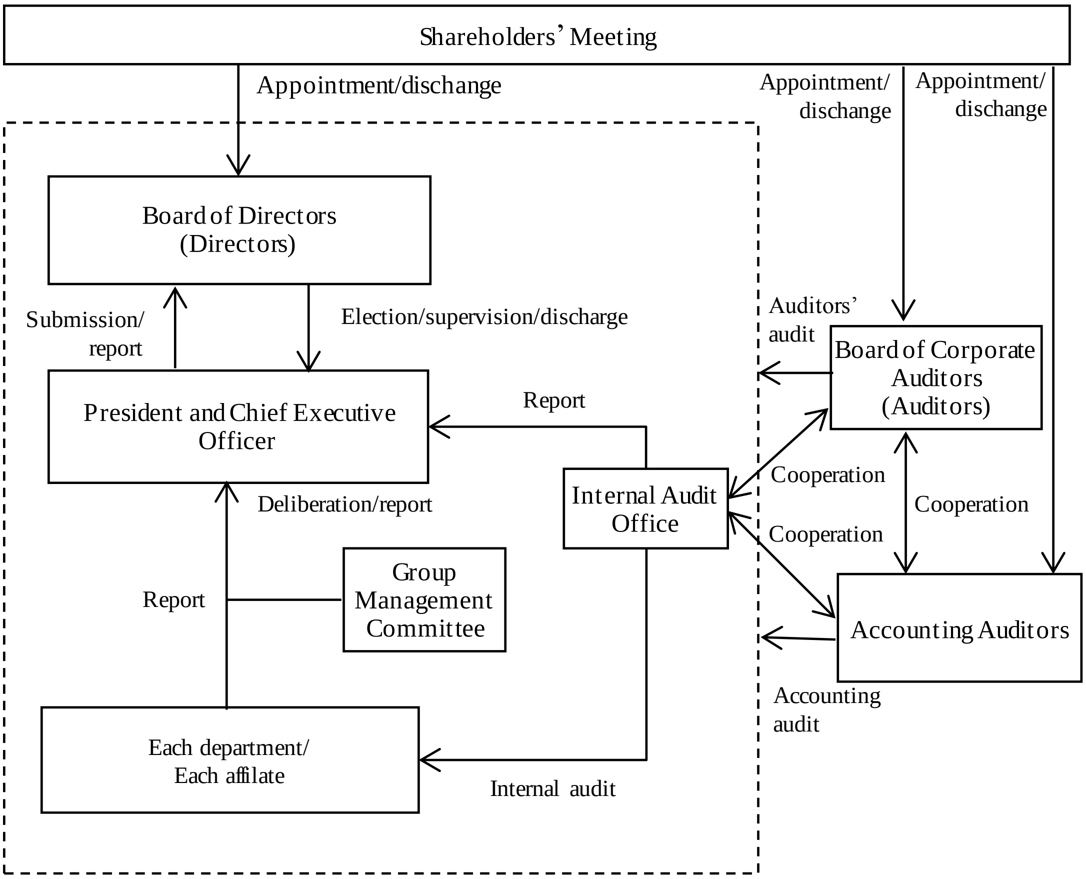
The Striders Group considers important the safeguarding of shareholders' interests and maximization of corporate value while maintaining a balance among the interests of individuals associated with the Company. To this end, the Company recognizes the creation and further strengthening of the corporate governance system as a management issue. The Company uses objective checks of management to ensure transparency and 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 the corporate auditors, the division of responsibilities within the Company, and other measures.

1) Corporate governance structure

(a) Outline of corporate governance structure

The Company is a company with corporate auditors. Corporate institutions include the Board of Directors, which is the decision-making and supervisory unit for matters concerning management policy and other important items. The Board of Corporate Auditors is the audit institution.

The following diagram shows the structure of the corporate governance system.



(b) Reason for using this structure

The Company believes externally objective and neutral management supervisory functions to be important to a corporate governance system that facilitates swift management decisions, highly transparent management and a strong management supervisory function. The Company has adopted this structure, as it considers optimal a system with a Board of Directors including outside directors and under which outside corporate auditors supervise and audit business execution.

(c) Other items concerning corporate governance

Explanations of internal control system

As the cornerstone of the Company's internal control system, the president and representative director promotes the creation, maintenance and enhancement of the internal control system. To put in place and maintain the compliance structure, the president and representative director appoints as executing organizations a person in charge of internal auditing and a person in charge of legal compliance.

Explanations of risk management system

The Company's risk management system involves establishing regulations for the director in charge of risk management, Risk Management Committee regulations and other regulations, determining personnel responsible for individual risks, and configuring a risk management system in accordance with these regulations.

Development status of a system for ensuring the appropriate operation of subsidiaries

To ensure the appropriate operation of subsidiaries, the Company has formulated regulations for the management of affiliated companies as behavioral guidelines that apply to all group companies. Individual group companies establish regulations based on these guidelines.

(d) 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.

(e) 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

The Company has established an Internal Audit Office, which is independent of departments involved with business activities and under the direct control of the president and representative director. In liaison with the Board of Corporate Auditors, this office examines the compliance, risk management and accounting activities of organizational units within the Company and the entire Group with respect to the legality and the suitability of how they conduct operations and provide suggestions for improvement. In addition, to strengthen internal controls, audits examine the status of internal control systems and provide suggestions for improvements.

Corporate auditors perform regular audits. For specific issues involving management and accounting, they liaise with the Internal Audit Office and the accounting auditor to enhance audit effectiveness and efficiency. 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 Hidetoshi Motegi	Aria Audit Corporation
Representative: Designated Partner and Managing Partner Yasuyuki Yamanaka	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: 3

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 Co., Ltd., Kurashiki Royal Art Hotel Co., Ltd., Tokyo Apartment Guaranty Corporation and M&A Global Partners 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 either of these entities.

Outside corporate auditor Ayumu Kuniyoshi is the representative of Forest Walk Law Office and an outside director of SINCERE Corporation. There is no significant relationship between the Company and either of these entities.

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

Outside director:	Yasushi Suzuki	6 thousand shares
Outside corporate auditor:	Ikuo Yoshizawa	312 thousand shares
Outside corporate auditor:	Ayumu Kuniyoshi	253 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 supervises management and fulfills 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 Internal Audit 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)	6 (1)	30,025 (1,500)
Corporate Auditors (of which outside corporate auditors)	3 (3)	9,300 (9,300)

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 2016, there were no bonuses for directors.
5. In the fiscal year ended in March 2016, 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 annual remuneration for directors includes the amount paid to a director who retired on July 31, 2015.
7. The Company had six directors (including one outside director) and three corporate auditors (all outside corporate auditors) as of March 31, 2016. 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

1 stock brand, 54,330 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

FY3/15

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

FY3/16

Specified Investment Stocks

Stock brand	Number of shares (Shares)	Amount in consolidated balance sheet (Thousands of yen)	Purpose of holding
Chuo Senko (Thailand) Public Company Limited	3,420,000	54,330	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	FY3/15 (Thousands of yen)	FY3/16 (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	4,765	48	-	-	(4,717) [(4,717)]

Note: The amount of valuation gain/loss in brackets is the amount of the impairment charge in the fiscal year ended March 2016.

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

Category	FY3/15		FY3/16	
	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	10,500	-	10,500	-
Consolidated subsidiaries	-	-	-	-
Total	10,500	-	10,500	-

2) Other material remuneration to independent auditors

FY3/15

There is no applicable information.

FY3/16

There is no applicable information.

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

FY3/15

There is no applicable information.

FY3/16

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, 2015 to March 31, 2016) and the non-consolidated fiscal year (from April 1, 2015 to March 31, 2016) 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 create a framework for the suitable implementation of internal controls for financial reports, a policy for internal controls and other items has been established.

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

3) The Internal Audit 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 Corporate Business Management 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)

	FY3/15 (As of March 31, 2015)	FY3/16 (As of M March 31, 2016)
Assets		
Current assets		
Cash and deposits	*1 1,386,981	*1 1,419,638
Accounts receivable-trade	116,532	118,738
Securities	-	51,023
Real estate for sale	23,662	203,135
Other inventories	23,688	21,438
Deferred tax assets	27,278	39,997
Other	36,840	98,519
Allowance for doubtful accounts	(3,416)	(6,511)
Total current assets	1,611,566	1,945,978
Non-current assets		
Property, plant and equipment		
Buildings	*1 1,004,546	*1 1,012,522
Accumulated depreciation	(99,695)	(147,416)
Buildings, net	904,851	865,106
Machinery, equipment and vehicles	37,530	36,548
Accumulated depreciation	(30,706)	(30,829)
Machinery, equipment and vehicles, net	6,824	5,719
Tools, furniture and fixtures	46,062	60,067
Accumulated depreciation	(27,464)	(35,423)
Tools, furniture and fixtures, net	18,598	24,644
Land	*1 348,663	*1 348,663
Total property, plant and equipment	1,278,937	1,244,132
Intangible assets		
Goodwill	349,847	208,685
Software	4,625	11,064
Telephone subscription right	944	944
Total intangible assets	355,417	220,694
Investments and other assets		
Investment securities	132,686	54,379
Shares of subsidiaries and associates	56,955	78,645
Other	69,238	64,316
Allowance for doubtful accounts	(2,586)	(3,089)
Total investments and other assets	256,293	194,251
Total non-current assets	1,890,648	1,659,078
Total assets	3,502,215	3,605,056

(Thousands of yen)

	FY3/15 (As of March 31, 2015)	FY3/16 (As of March 31, 2016)
Liabilities		
Current liabilities		
Accounts payable-trade	63,894	63,046
Short-term loans payable	-	*2 2,000
Current portion of long-term loans payable	*1 102,892	*1 149,632
Accounts payable-other	100,217	82,273
Income taxes payable	23,741	40,677
Provision for bonuses	17,824	21,929
Deposits received	101,021	101,100
Interest rate swaps	35,645	44,800
Other	201,205	218,355
Total current liabilities	646,440	723,816
Non-current liabilities		
Long-term loans payable	*1 810,449	*1 819,266
Net defined benefit liability	7,761	8,967
Long-term lease and guarantee deposited	242,423	244,695
Deferred tax liabilities	217,812	162,258
Total non-current liabilities	1,278,446	1,235,187
Total liabilities	1,924,887	1,959,003
Net assets		
Shareholders' equity		
Capital stock	1,578,674	1,578,674
Capital surplus	264,268	267,219
Retained earnings	(296,124)	(160,867)
Treasury shares	(2,976)	(3,020)
Total shareholders' equity	1,543,841	1,682,005
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	35,077	-
Deferred gains or losses on hedges	(35,645)	(44,800)
Total accumulated other comprehensive income	(567)	(44,800)
Subscription rights to shares	5,994	8,219
Non-controlling interests	28,060	628
Total net assets	1,577,328	1,646,052
Total liabilities and net assets	3,502,215	3,605,056

2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statement of Income

(Thousands of yen)

	FY3/15 (April 1, 2014 – March 31, 2015)	FY3/16 (April 1, 2015 – March 31, 2016)
Net sales	3,642,696	5,046,810
Cost of sales	2,075,854	3,011,007
Gross profit	1,566,841	2,035,802
Selling, general and administrative expenses	*1 1,479,524	*1 1,738,660
Operating income	87,317	297,141
Non-operating income		
Interest income	584	7,182
Dividend income	251	2,529
Gain on sales of securities	4,801	1,000
Commission fee	10,347	12,326
Office work fee	4,200	4,200
Other	9,578	9,844
Total non-operating income	29,763	37,084
Non-operating expenses		
Interest expenses	18,827	19,608
Loss on valuation of securities	-	5,670
Share of loss of entities accounted for using equity method	-	10,240
Foreign exchange losses	-	16,326
Share issuance cost	8,137	4,822
Other	6,921	218
Total non-operating expenses	33,886	56,886
Ordinary income	83,194	277,339
Extraordinary income		
Gain on sales of investment securities	-	30,805
Other	459	124
Total extraordinary income	459	30,930
Extraordinary losses		
Loss on sales of investment securities	-	1,221
Loss on valuation of investment securities	5,235	44,744
Loss on cancellation penalty	-	9,965
Impairment loss	-	*2 99,486
Other	620	359
Total extraordinary losses	5,856	155,777
Profit before income taxes	77,797	152,491
Income taxes-current	28,313	68,631
Income taxes-deferred	(21,970)	(50,916)
Total income taxes	6,342	17,714
Profit	71,454	134,777
Loss attributable to non-controlling interests	(1,739)	(479)
Profit attributable to owners of parent	73,194	135,256

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/15 (April 1, 2014 – March 31, 2015)	FY3/16 (April 1, 2015 – March 31, 2016)
Profit	71,454	134,777
Other comprehensive income		
Valuation difference on available-for-sale securities	35,913	(35,077)
Deferred gains or losses on hedges	(29,348)	(9,155)
Total other comprehensive income	* 6,565	* (44,232)
Comprehensive income	78,019	90,544
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	79,759	91,023
Comprehensive income attributable to non-controlling interests	(1,739)	(479)

3) Consolidated Statement of Changes in Equity

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
Profit attributable to owners of parent			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

(Thousands of yen)

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling 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
Profit attributable to owners of parent						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

FY3/16 (April 1, 2015 – March 31, 2016)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,578,674	264,268	(296,124)	(2,976)	1,543,841
Changes of items during period					
Profit attributable to owners of parent			135,256		135,256
Purchase of treasury shares				(44)	(44)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		2,951			2,951
Net changes of items other than shareholders' equity					
Total changes of items during period		2,951	135,256	(44)	138,163
Balance at end of current period	1,578,674	267,219	(160,867)	(3,020)	1,682,005

(Thousands of yen)

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling 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	35,077	(35,645)	(567)	5,994	28,060	1,577,328
Changes of items during period						
Profit attributable to owners of parent						135,256
Purchase of treasury shares						(44)
Change in treasury shares of parent arising from transactions with non-controlling shareholders						2,951
Net changes of items other than shareholders' equity	(35,077)	(9,155)	(44,232)	2,225	(27,431)	(69,439)
Total changes of items during period	(35,077)	(9,155)	(44,232)	2,225	(27,431)	68,724
Balance at end of current period	-	(44,800)	(44,800)	8,219	628	1,646,052

4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/15 (April 1, 2014 – March 31, 2015)	FY3/16 (April 1, 2015 – March 31, 2016)
Cash flows from operating activities		
Profit before income taxes	77,797	152,491
Depreciation	49,452	61,694
Impairment loss	-	99,486
Amortization of goodwill	39,451	41,675
Increase (decrease) in allowance for doubtful accounts	(1,189)	3,597
Increase (decrease) in other provision	2,778	5,311
Loss (gain) on sales of investment securities	-	(29,584)
Loss (gain) on valuation of investment securities	5,235	44,744
Share of (profit) loss of entities accounted for using equity method	-	10,240
Interest and dividend income	(836)	(9,712)
Interest expenses	18,827	19,608
Loss (gain) on sales of securities	(4,801)	(1,000)
Loss (gain) on valuation of securities	-	5,670
Share issuance cost	8,137	4,822
Foreign exchange losses (gains)	-	16,326
Decrease (increase) in notes and accounts receivable-trade	7,553	(2,708)
Decrease (increase) in inventories	(25,330)	(177,222)
Increase (decrease) in notes and accounts payable-trade	(39,924)	(847)
Increase (decrease) in deposits received	12,321	79
Increase (decrease) in lease and guarantee deposits received	16,867	2,271
Other, net	85,286	(14,243)
Subtotal	251,627	232,700
Interest and dividend income received	836	9,712
Interest expenses paid	(18,642)	(19,606)
Income taxes paid	(16,741)	(66,179)
Net cash provided by (used in) operating activities	217,080	156,626
Cash flows from investing activities		
Purchase of securities	(63,058)	(64,230)
Proceeds from sales of securities	77,624	8,537
Purchase of property, plant and equipment	(28,994)	(18,022)
Purchase of intangible assets	(2,651)	(8,666)
Payments into time deposits	(103,500)	(6,000)
Proceeds from withdrawal of time deposits	160,000	-
Purchase of investment securities	(22,880)	(99,112)
Proceeds from sales of investment securities	2,491	109,827
Payments for investments in capital of subsidiaries and associates	(56,955)	(69,130)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 (757,388)	-
Payments of loans receivable	(19,905)	(167,900)
Collection of loans receivable	1,212	155,490
Other, net	168	(103)
Net cash provided by (used in) investing activities	(813,836)	(159,310)

(Thousands of yen)

	FY3/15 (April 1, 2014 – March 31, 2015)	FY3/16 (April 1, 2015 – March 31, 2016)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(54,900)	2,000
Proceeds from long-term loans payable	630,000	190,000
Repayments of long-term loans payable	(215,921)	(134,443)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(24,000)
Proceeds from issuance of common shares	194,629	-
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	146,932	-
Proceeds from issuance of subscription rights to shares	6,390	-
Payments of issuance of subscription rights to shares	-	(2,597)
Purchase of treasury shares	(17)	(44)
Other, net	(530)	-
Net cash provided by (used in) financing activities	706,583	30,914
Effect of exchange rate change on cash and cash equivalents	(170)	(1,575)
Net increase (decrease) in cash and cash equivalents	109,657	26,656
Cash and cash equivalents at beginning of period	1,173,824	1,283,481
Cash and cash equivalents at end of period	*1 1,283,481	*1 1,310,138

[Notes]

Notes - Significant Accounting Policies for Preparation of Consolidated Financial Statements

1. Matters relating to the scope of consolidation
   (1) 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.

   (2) Number of non-consolidated subsidiaries: 1
      Name of non-consolidated subsidiary:
         STRIDERS GLOBAL INVESTMENT PTE. LTD.
      (Reason for exclusion from the scope of consolidation)
      Non-consolidated subsidiary is small in size, and its combined total assets, net sales, net income/loss (equity in earnings/losses) and retained earnings (equity in earnings) have no material impact in the context of the consolidated financial statements.

2. Application of equity method
   (1) Number of affiliated companies accounted for by the equity method: 1
      Name of company: Shin-Kong Mobilelink co., Ltd.
      Effective from 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.

   (2) The non-consolidated subsidiary not accounted for by the equity method (STRIDERS GLOBAL INVESTMENT PTE. LTD.) and an affiliate (STRIDER CAPITAL ASIA PTE. LTD.) are 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) Some equity-method subsidiaries and affiliates end their fiscal years on a date that differs from the end of the fiscal year for the consolidated financial statements, and financial statements for the fiscal years of these companies are used to prepare the consolidated financial statements.

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
      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.)
      Other inventories
            Merchandise and finished goods are calculated by the 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 are calculated by the 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 are calculated by the 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 39 years

Machinery, equipment and vehicles: 2 to 10 years

Tools, furniture and fixtures: 4 to 13 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 Accounting Policies

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 current fiscal year under review. 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 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 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 consolidated financial statements for the previous fiscal year have been revised.

The Company has adopted these accounting standards, etc. from the beginning 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 consolidated financial statements for the period under review is insignificant.

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.”

Notes - Changes in Presentation

Consolidated Balance Sheet

“Real estate for sale” included in “Inventories” in the previous fiscal year, is reclassified and presented as a separate line item in the current fiscal year since the amount exceeded 5/100 of total assets. The consolidated financial statements for the previous fiscal year have been changed accordingly.

Accordingly, the 47,350 thousand yen “Inventories” line item in the previous fiscal year’s consolidated balance sheet have been reclassified as 23,662 thousand yen “Real estate for sale,” and 23,688 thousand yen “Other inventories” line items.

“Guarantee deposits,” presented as a separate line item in the previous fiscal year, is included in “Other” under “Investments and other assets” in the current fiscal year given the reduced materiality of impact of the amount on the consolidated financial statements. For consistency with these changes, the consolidated financial statements for the previous fiscal year have been revised.

Accordingly, the 37,884 thousand yen “Guarantee deposits” line item in the previous fiscal year’s consolidated balance sheet has been reclassified as “Other” under “Investments and other assets.”

Consolidated Statement of Cash Flows

“Payments for guarantee deposits” and “Proceeds from collection of guarantee deposits,” presented as separate line items under “Cash flows from investing activities” in the previous fiscal year, are included in “Other, net” in the current fiscal year given the reduced materiality of impact of the amount on the consolidated financial statements. For consistency with these changes, the consolidated financial statements for the previous fiscal year have been revised.

Accordingly, the minus 404 thousand yen “Payments for guarantee deposits” and the 573 thousand yen “Proceeds from collection of guarantee deposits” line items under “Cash flows from investing activities” in the previous fiscal year’s consolidated statement of cash flows have been reclassified as “Other, net.”

Notes - Consolidated Balance Sheet

*1. Assets pledged as collateral and secured liabilities
Assets pledged as collateral are as follows.

(Thousands of yen)

	FY3/15 (As of March 31, 2015)	FY3/16 (As of March 31, 2016)
Time deposits	100,000	100,000
Buildings	877,132	834,728
Land	348,663	348,663
Total	1,325,795	1,283,391

Secured liabilities are as follows.

(Thousands of yen)

	FY3/15 (As of March 31, 2015)	FY3/16 (As of March 31, 2016)
Long-term loans payable (include current portion of long-term loans payable)	855,951	786,839

*2. Commitment line
The Company has commitment line agreements with Shinsei Bank, Limited, in order to improve capital efficiency and to raise funds efficiently as deemed necessary. The balances of credit available at the end of the fiscal year were as follows.

(Thousands of yen)

	FY3/15 (As of March 31, 2015)	FY3/16 (As of March 31, 2016)
Maximum commitment line of credit	-	50,000
Credit used	-	2,000
Credit available	-	48,000

Notes - Consolidated Statement of Income

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

(Thousands of yen)

	FY3/15 (April 1, 2014 – March 31, 2015)	FY3/16 (April 1, 2015 – March 31, 2016)
Directors' compensations	68,530	80,719
Salaries and allowances	346,750	437,237
Provision for bonuses	24,135	35,927
Retirement benefit expenses	6,680	1,776
Provision of allowance for doubtful accounts	-	3,914
Business consignment expenses	242,035	270,766
Commission fee	155,353	182,623
Amortization of goodwill	39,451	41,675

*2. Impairment loss

FY3/15 (April 1, 2014 – March 31, 2015)
There is no applicable information.

FY3/16 (April 1, 2015 – March 31, 2016)
The group recognized impairment losses on the following group of assets.
(1) Impairment losses on assets

Location	Use	Item	Impairment loss
Y.K. Masuda Seimen	-	Goodwill	99,486

(2) Reason for decision to post impairment losses
The Company has recognized an impairment loss on the goodwill of consolidated subsidiary Y.K. Masuda Seimen, as this company's earnings are no longer expected to reach the levels indicated in business plans considered at the time of its acquisition.

(3) Method used for grouping
The Striders Group groups assets by business category.

(4) Calculation of amount that can be recovered
The recoverable amount is calculated to be zero.

Notes - Consolidated Statement of Comprehensive Income

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

(Thousands of yen)

	FY3/15 (April 1, 2014 – March 31, 2015)	FY3/16 (April 1, 2015 – March 31, 2016)
Valuation difference on available-for-sale securities:		
Amount recognized during the current consolidated fiscal year	52,489	17,800
Re-classification adjustments	(307)	(70,232)
Before tax effect adjustment	52,181	(52,432)
Tax effects	16,267	(17,355)
Valuation difference on available-for-sale securities	35,913	(35,077)
Deferred gains or losses on hedges:		
Amount recognized during the current consolidated fiscal year	(29,348)	(9,155)
Re-classification adjustments	-	-
Before tax effect adjustment	(29,348)	(9,155)
Tax effects	-	-
Deferred gains or losses on hedges	(29,348)	(9,155)
Total other comprehensive income	6,565	(44,232)

Notes - Consolidated Statement of Changes in Equity

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.

FY3/16 (April 1, 2015 – March 31, 2016)

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

(Thousand Shares)

	As of April 1, 2015	Increase	Decrease	As of March 31, 2016
Issued shares				
Common stock	88,730	-	-	88,730
Total	88,730	-	-	88,730
Treasury shares				
Common stock (Note 1)	25	0	-	26
Total	25	0	-	26

Notes: 1. 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, 2016 (Thousands of yen)
			As of April 1, 2015	Increase	Decrease	As of March 31, 2016	
The Company (Parent company)	No. 6 subscription rights to shares (issued on May 29, 2013)	Common stock	300,000	-	-	300,000	54
The Company (Parent company)	No. 7 subscription rights to shares (issued on Nov. 4, 2014)	Common stock	13,200,000	-	-	13,200,000	5,940
The Company (Parent company)	No. 8 subscription rights to shares (issued on Oct. 5, 2015) (Note 1)	Common stock	-	4,450,000	-	4,450,000	2,225
Total		-	13,500,000	4,450,000	-	17,950,000	8,219

Notes: 1. The increase in the number of No. 8 subscription rights to shares is due to the issuance of subscription rights to shares.

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.

(Thousands of yen)

	FY3/15 (April 1, 2014 – March 31, 2015)	FY3/16 (April 1, 2015 – March 31, 2016)
Cash and deposit account	1,386,981	1,419,638
Derivative deposits	(103,500)	(109,500)
Cash and cash equivalents	1,283,481	1,310,138

*2. Breakdown of assets and liabilities of consolidated subsidiary newly included in the consolidation through stock acquisition

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)
Non-controlling 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

FY3/16 (April 1, 2015 – March 31, 2016)

There is no applicable information.

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 payable-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. The Company limits derivatives transactions within the scope of real demand in line with its internal guidelines. 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)

FY3/15 (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	-
Total assets	1,604,310	1,604,310	-
(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 credits and debts accrued from derivative transactions are indicated; total net debt amounts are indicated in brackets.

FY3/16 (As of March 31, 2016)

(Thousands of yen)

	Amount posted in the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	1,419,638	1,419,638	-
(2) Accounts receivable-trade	118,738		
Allowance for doubtful accounts*1	(6,511)		
	112,226	112,226	-
(3) Marketable securities and investment securities	105,354	105,354	-
Total assets	1,637,219	1,637,219	-
(1) Accounts payable-trade	63,046	63,046	-
(2) Short-term loans payable	2,000	2,000	-
(3) Current portion of long-term loans payable	149,632	147,986	(1,645)
(4) Accounts payable-other	82,273	82,273	-
(5) Income taxes payable	40,677	40,677	-
(6) Deposits received	101,100	101,100	-
(7) Long-term loans payable	819,266	815,786	(3,479)
(8) Long-term lease and guarantee deposited	244,695	234,314	(10,380)
Total liabilities	1,502,691	1,487,186	(15,505)
Derivative transactions*2	[44,800]	[44,800]	-

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

*2. The net amounts of substantive credits and debts accrued from derivative transactions are indicated; total net debt amounts are indicated in brackets.

Notes: 1. Calculation method of fair value of financial instruments and matters pertaining to securities and derivative transactions

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) Securities and investment securities

Fair value of these items is based on prices at listed securities exchanges. See “Securities” under the Notes section for information about securities categorized by holding purpose.

Liabilities

(1) Accounts payable-trade, (2) Short-term loans payable (4) Accounts payable-other, (5) Income taxes payable and (6) 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.

(3) Current portion of long-term loans payable, (7) 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.

(8) 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	FY3/15 (As of March 31, 2015)	FY3/16 (As of March 31, 2016)
Investment securities (non-listed shares) *1	28,473	48
Shares of subsidiaries and associates*2	56,955	78,645

*1: As the investment securities (non-listed shares) have no market price and their fair value is deemed to be extremely difficult to be determined, they are not included in “(3) Marketable securities and investment securities”.

*2: The market value of shares of subsidiaries and associates is not disclosed, as they have no market price and their fair value is deemed to be extremely difficult to be determined.

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

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	-	-	-

FY3/16 (As of March 31, 2016)

(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	1,419,638	-	-	-
Accounts receivable-trade	118,738	-	-	-
Total	1,538,376	-	-	-

4. Scheduled repayment of long-term loans payable and other interest-bearing debt after the consolidated accounts settlement date

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

FY3/16 (As of March 31, 2016)

(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	2,000	-	-	-	-	-
Long-term loans payable	149,632	132,772	106,991	69,112	69,112	441,279
Total	151,632	132,772	106,991	69,112	69,112	441,279

Notes - Securities

1. Securities for trade purposes

(Thousands of yen)

	FY3/15 (As of March 31, 2015)	FY3/16 (As of March 31, 2016)
Unrealized gain (loss) included in profit/loss	-	(5,670)

2. 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.

FY3/16 (April 1, 2015 – March 31, 2016)

(Thousands of yen)

	Type	Carrying value	Acquisition cost	Difference
Securities for which the carrying value exceeds their acquisition cost	Stocks	-	-	-
	Subtotal	-	-	-
Securities for which the carrying value does not exceed their acquisition cost	Stocks	54,330	94,358	(40,027)
	Subtotal	54,330	94,358	(40,027)
Total		54,330	94,358	(40,027)

Note: As the investment securities (reported at 48 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.

3. Available-for-sale securities sold

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

There is no applicable information.

FY3/16 (April 1, 2015 – March 31, 2016)

(Thousands of yen)

Type	Sales proceeds	Total gain	Total loss
Stocks	109,827	30,805	1,221
Total	109,827	30,805	1,221

4. Marketable securities written down for impairment

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

Omitted due to immateriality of the amount.

FY3/16 (April 1, 2015 – March 31, 2016)

Of the available-for-sale securities, non-listed shares of 4,717 thousand yen and shares of subsidiaries and associates of 125 million yen were written down.

In the case of securities with market prices as of the end of the fiscal year is 50% or more lower than their acquisition costs, the whole difference is impaired, and in the case of securities with market prices as of the end of the fiscal year is 30 - 50% lower than their acquisition costs, the amount regarded as necessary is impaired, considering the possibility of recovery.

Notes - Derivatives

Derivative transactions accounted by the hedge accounting method
Currencies
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 Receive floating/ pay fixed	Loans payable	847,000	735,839	(35,645)
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.

FY3/16 (As of March 31, 2016)

(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 Receive floating/ pay fixed	Loans payable	847,000	675,847	(44,800)
Total			847,000	675,847	(44,800)

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 1,896 thousand yen in the fiscal year that ended on March 31, 2015 and 1,228 thousand yen in the fiscal year that ended on March 31, 2016.

(1) Reserves of multi-employer pension plan

(Millions of yen)

	FY3/15 (As of March 31, 2015)	FY3/16 (As of March 31, 2016)
Amount of plan assets	61,428	59,409
Sum of plan financial actuarial obligations and minimum reserve	59,784	50,638
Difference	1,643	8,770

(2) The percentage of contribution by the Company out of the total contribution to the plan
FY3/15: 0.13% (April 1, 2014 – March 31, 2015)
FY3/16: 0.12% (April 1, 2015 – March 31, 2016)

(3) Supplemental information
FY3/15

The major reason for amounts in item (1) in this section is actuarially computed prior service obligation (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 of 1 million yen as expenses.

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

FY3/16

On November 27, 2015, the Minister of Health, Labour and Welfare approved the dissolution of the East Japan Stationery Sales Welfare Pension Fund, to which the Company had belonged. In the consolidated financial statements, the

Company treats special contributions of 1 million yen as expenses.

No additional expenses were generated due to the dissolution of this fund.

3. Defined benefit plan

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

(Thousands of yen)

	FY3/15 (April 1, 2014 – March 31, 2015)	FY3/16 (April 1, 2015 – March 31, 2016)
Net defined benefit liability at beginning of period	6,241	7,761
Retirement benefit expenses	1,520	1,206
Payment of retirement benefit	-	-
Net defined benefit liability at end of period	7,761	8,967

(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)

	FY3/15 (As of March 31, 2015)	FY3/16 (As of March 31, 2016)
Retirement benefit obligation of contributory plan	-	-
Plan assets at fair value	-	-
	-	-
Retirement benefit obligation of non-contributory plan	7,761	8,967
Net liability/asset recognized in the consolidated balance sheet	7,761	8,967
Net defined benefit liability	7,761	8,967
Net liability/asset recognized in the consolidated balance sheet	7,761	8,967

(3) Retirement benefit expenses

Retirement benefit expenses using the simplified method

FY3/15: 1,520 thousand yen FY3/16: 1,206 thousand yen

Notes - Tax Effect Accounting

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

(Thousands of yen)

	FY3/15 (As of March 31, 2015)	FY3/16 (As of March 31, 2016)
Deferred tax assets (current)		
Excess allowance for doubtful accounts	2,076	734
Provision for bonuses	6,257	6,774
Deferred loss	25,298	38,000
Other	894	892
Subtotal deferred tax assets (current)	34,527	46,401
Valuation allowance	(7,249)	(6,404)
Total deferred tax assets (current)	27,278	39,997
Deferred tax assets (non-current)		
Deferred loss	539,737	456,246
Loss on valuation of investment securities	28,178	15,423
Impairment loss	762	712
Other	8,757	7,673
Subtotal deferred tax assets (non-current)	577,436	480,056
Valuation allowance	(577,436)	(480,056)
Total deferred tax assets (non-current)	-	-
Deferred tax liabilities (non-current)		
Valuation difference on available-for-sale securities	17,355	-
Valuation difference due to the evaluation of stock of consolidated subsidiary at fair value	200,456	162,258
Total deferred tax liabilities (non-current)	217,812	162,258
Net deferred tax liabilities (non-current)	217,812	162,258

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

	FY3/15 (As of March 31, 2015)	FY3/16 (As of March 31, 2016)
Statutory effective tax rate	35.6%	33.1%
(Adjustments)		
Dividend income and other items not to be included in income indefinitely	-	(15.2)
Entertainment expenses and other items not to be included in expenses indefinitely	1.0	0.5
Residential tax for the period	1.8	0.7
Increase (decrease) in valuation allowance	(14.5)	7.6
Amortization of goodwill	9.2	3.1
Impairment loss on goodwill	-	7.5
Consolidation adjustment	(1.4)	(10.5)
Effect of consolidated taxation	(22.6)	(13.5)
Other	(1.0)	(1.6)
Actual effective tax rate after the application of tax-effect accounting	8.2	11.6

3. Revised amount of deferred tax assets and deferred tax liabilities following the change in the corporate tax rate, etc.

As the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 15 of 2016) and “Act for Partial Revision of the Local Tax Act, etc.” (Act No. 13 of 2016) were enacted in the Diet session on March 29, 2016, corporate tax rate, etc. have been lowered for the fiscal years beginning on or after April 1, 2016. Consequently, the statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 33.1% to 30.9% for temporary differences expected to be covered for the fiscal years beginning from April 1, 2016 and 2017, and to 30.6% for temporary differences expected to be covered for the fiscal year beginning from April 1, 2018 and thereafter.

The impact of this change will not be significant.

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 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.

The 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, and operates land agency business. 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 Accounting Policies for Preparation of 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

FY3/15 (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.

FY3/16 (April 1, 2015 – March 31, 2016) (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	269,581	30,000	3,022,768	162,841	1,561,618	5,046,810	-	5,046,810
Inter-segment sales and transfers	-	-	-	48	16	65	(65)	-
Total	269,581	30,000	3,022,768	162,890	1,561,635	5,046,876	(65)	5,046,810
Segment profit (loss)	(10,046)	29,792	183,999	(1,748)	244,349	446,347	(149,205)	297,141
Segment assets	126,900	45,188	834,306	99,542	1,843,877	2,949,815	652,241	3,605,056
Other items								
Depreciation	1,526	-	1,662	1,474	55,344	60,008	1,686	61,694
Amortization of goodwill	2,864	-	15,060	15,597	8,152	41,675	-	41,675
Share of profit (loss) of entities accounted for using equity method	(10,240)	-	-	-	-	(10,240)	-	(10,240)
Increase in property, plant and equipment and intangible assets	590	-	6,294	-	26,651	33,535	153	33,688

Notes: 1. The negative adjustment of 149,205 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

FY3/15 (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 ended March 31, 2015.

FY3/16 (April 1, 2015 – March 31, 2016)
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 ended March 31, 2016.

Impairment loss of non-current assets by each reportable segment

FY3/15 (April 1, 2014 – March 31, 2015)
There is no applicable information.

FY3/16 (April 1, 2015 – March 31, 2016) (Thousands of yen)

	Information Technology Business	Turnaround Consultancy Business	Real Estate Lease Management Business	Food Business	Hotel Business	Elimination or corporate	Total
Impairment loss	-	-	-	99,486	-	-	99,486

Amortization of goodwill and unamortized balance by each reportable segment

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

FY3/16 (April 1, 2015 – March 31, 2016) (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	2,864	-	15,060	15,597	8,152	-	41,675
Unamortized balance at the period-end	17,783	-	42,671	-	148,229	-	208,685

Gain on bargain purchase by each reportable segment

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
There is no applicable information.

ii. Non-consolidated subsidiaries and affiliates, etc. of the Company
There is no applicable information.

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

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 Legal capital surplus Subscription rights to shares	50,600 50,600 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.

FY3/16 (April 1, 2015 – March 31, 2016)
There is no applicable information.

Notes - Per Share Information

	FY3/15 (April 1, 2014 – March 31, 2015)	FY3/16 (April 1, 2015 – March 31, 2016)
Net assets per share (Yen)	17.40	18.46
Net income per share (Yen)	0.86	1.52
Diluted net income per share (Yen)	0.86	1.51

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

	FY3/15 (April 1, 2014 – March 31, 2015)	FY3/16 (April 1, 2015 – March 31, 2016)
Net income per share		
Profit attributable to owners of parent (thousands of yen)	73,194	135,256
Amount not attributed to common shareholders (Thousands of yen)	-	-
Profit attributable to common shareholders of parent (Thousands of yen)	73,194	135,256
Average number of shares during the fiscal year (Thousands of shares)	84,916	88,704
Diluted net income per share		
[Basis for calculation]		
Adjustment to profit attributable to owners of parent (Thousands of yen)	-	-
Number of shares of common stock to be increased (Thousands of shares)	184	827
[Of which, subscription rights to shares (Thousands of shares)]	[184]	[827]
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)	Striders Corporation No. 7 Subscription rights to shares: 132 (100,000 shares of common stock per right)

Notes - Significant Events after Reporting Period

Accepting Part of a Third-Party Allocation of Shares in Kanmonkai Co., Ltd.

At a Board of Directors meeting on June 22, 2016, the Company passed a resolution for wholly owned subsidiary M&A Global Partners Co., Ltd. (hereinafter, “MAGP) to accept part of a third-party allocation of shares in Kanmonkai Co.,Ltd. (President and Representative Director: Tadashi Tanaka; Headquarters: Osaka; hereinafter, “Kanmonkai”).

An overview is provided below.

1. Objective in accepting the third-party allocation of shares

The Company’s wholly owned subsidiary MAGP engages in the turnaround consultancy business. During Kanmonkai’s management restructuring, MAGP has been in charge of overall consulting for that company. Specifically, under Kanmonkai’s medium-term management plan since April 2012, MAGP has participated in the formulation of plans to eliminate excessive debt, strengthen the company’s financial structure and repay loans from financial institutions. When considering measures for increasing capital in order to further establish Kanmonkai’s profit structure and reinforce its financial structure, Kanmonkai’s president and representative director, Tadashi Tanaka, requested MAGP’s cooperation as one aspect of its turnaround consultancy business. Following internal deliberations, an agreement was reached for MAGP to cooperate in Kanmonkai’s growth stage as a turnaround consultancy project. In the past, MAGP had supported Kanmonkai’s management restructuring through the provision of consulting services. In addition to these services, taking into consideration the importance of measures to support the procurement of funds in capital markets going forward, MAGP has a strategy of cultivating similar projects targeting listed companies and providing corporate support. Accordingly, when Kanmonkai conducted a third-party allocation of shares, MAGP suggested that it might be a candidate for accepting these shares.

Based on this proposal, as disclosed in a release dated June 22, 2016, entitled “Notice of New Share Issuance through a Third-Party Allocation (Japanese version only),” Kanmonkai decided to procure funds through a third-party allocation, and MAGP accepted a portion of these shares.

The Company positions this project as its first for providing fund procurement support—a new means of providing turnaround consultancy support following its current service offerings. Thus, MAGP is engaging in strategic business development.

2. Profile of Kanmonkai Co.,Ltd. (as of March 31, 2016)

(1) Name	Kanmonkai Co.,Ltd.
(2) Address	2-3-3, Kitahorie, Nishi-ku, Osaka
(3) Representative	Tadashi Tanaka, President and Representative Director
(4) Business	Operation of tiger puffer fish restaurants “Guenpin Fugu”, etc.
(5) Capital	647 million yen
(6) Established	May 1989

3. Number of shares acquired, acquisition costs and number of shares held after acquisition

(1) Number of shares held before acquisition	- share (Number of voting rights: -) (Ownership ratio: -%)
(2) Number of shares acquired	370,000 shares (Number of voting rights: 3,700)
(3) Acquisition cost	99.9 million yen
(4) Number of shares held after acquisition	370,000 shares (Number of voting rights: 3,700) (Ownership ratio: 3.07%)

4. Schedule

June 22, 2016: Resolution of the Board of Directors of the Company

July 13, 2016: Scheduled Date of Acquisition

5. Significant effect on profit/loss

Impact of this acquisition on profit/loss has not been determined at this time.

5) Consolidated Supplementary Schedules

[Detailed Statements of Borrowings]

Category	Balance as of April 1, 2015 (Thousands of yen)	Balance as of March 31, 2016 (Thousands of yen)	Average interest rate (%)	Due date
Short-term loans payable	-	2,000	0.8	-
Current portion of long-term loans payable	102,892	149,632	1.7	-
Long-term loans payable (excluding those repayable within one year)	810,449	819,266	2.0	2017-2024
Total	913,341	970,898	-	-

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	132,772	106,991	69,112	69,112

(2) Other Information

Quarterly Information for the Current Consolidated Fiscal Year

Cumulative period	Three months ended June 30, 2015	Six months ended September 30, 2015	Nine months ended December 31, 2015	Fiscal year ended March 31, 2016
Net sales (Thousands of yen)	1,128,476	2,353,440	3,741,208	5,046,810
Income before income taxes and others (Thousands of yen)	74,845	110,617	229,491	152,491
Profit attributable to owners of parent (Thousands of yen)	57,977	77,534	171,086	135,256
Net income per share (Yen)	0.65	0.87	1.93	1.52

Each quarter	1st Quarter April 1, 2015 to June 30, 2015	2nd Quarter July 1, 2015 to September 30, 2015	3rd Quarter October 1, 2015 to December 31, 2015	4th Quarter January 1, 2016 to March 31, 2016
Net income (loss) per share (Yen)	0.65	0.21	1.04	(0.42)

2. Financial Statements, etc.

(1) Financial Statements

1) Balance sheet

(Thousands of yen)

	FY3/15 (As of March 31, 2015)	FY3/16 (As of March 31, 2016)
Assets		
Current assets		
Cash and deposits	*1 619,489	*1 406,657
Accounts receivable from subsidiaries and associates-trade	-	470
Securities	-	51,023
Inventories	1,795	1,293
Prepaid expenses	4,360	3,279
Accounts receivable-other from subsidiaries and associates	80,129	124,687
Short-term loans receivable from subsidiaries and associates	-	*3 85,000
Deferred tax assets	-	29,500
Other	636	52,266
Total current assets	706,411	754,179
Non-current assets		
Property, plant and equipment	2,415	1,520
Intangible assets	1,620	1,260
Investments and other assets		
Investment securities	132,686	54,379
Shares of subsidiaries and associates	935,618	866,548
Long-term loans receivable	24,034	22,536
Long-term accounts receivable from subsidiaries and associates	40,000	40,000
Long-term loans receivable from subsidiaries and associates	*3 270,000	*3 420,000
Other	10,916	7,805
Allowance for doubtful accounts	(40,000)	(40,000)
Total investments and other assets	1,373,254	1,371,268
Total non-current assets	1,377,290	1,374,049
Total assets	2,083,701	2,128,228

(Thousands of yen)

	FY3/15 (As of March 31, 2015)	FY3/16 (As of March 31, 2016)
Liabilities		
Current liabilities		
Short-term loans payable	-	*3 2,000
Current portion of long-term loans payable	*1 35,292	*1 61,968
Accounts payable from subsidiaries and affiliates-other	992	3,198
Accrued expenses	8,960	7,592
Income taxes payable	8,763	2,194
Accrued consumption taxes	4,154	1,197
Provision for bonuses	1,961	2,987
Interest rate swap liabilities	30,329	39,495
Other	4,241	3,719
Total current liabilities	94,694	124,354
Non-current liabilities		
Long-term loans payable	*1 538,239	*1 554,048
Long-term lease and guarantee deposited	9,000	9,000
Deferred tax liabilities	17,355	-
Total non-current liabilities	564,594	563,048
Total liabilities	659,288	687,402
Net assets		
Shareholders’ equity		
Capital stock	1,578,674	1,578,674
Capital surplus		
Legal capital surplus	264,268	264,268
Total capital surpluses	264,268	264,268
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(426,295)	(367,819)
Total retained earnings	(426,295)	(367,819)
Treasury shares	(2,976)	(3,020)
Total shareholders’ equity	1,413,670	1,472,102
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	35,077	-
Deferred gains or losses on hedges	(30,329)	(39,495)
Total valuation and translation adjustments	4,748	(39,495)
Subscription rights to shares	5,994	8,219
Total net assets	1,424,412	1,440,825
Total liabilities and net assets	2,083,701	2,128,228

2) Statement of income

(Thousands of yen)

	FY3/15 (April 1, 2014 – March 31, 2015)	FY3/16 (April 1, 2015 – March 31, 2016)
Net sales	*1 150,356	*1 117,882
Cost of sales	-	462
Gross profit	150,356	117,420
Selling, general and administrative expenses	*2 161,798	*2 164,726
Operating loss	(11,442)	(47,306)
Non-operating income		
Interest income	*1 7,836	*1 17,592
Dividend income	248	*1 166,527
Gain on sales of securities	4,801	1,000
Foreign exchange gains	2,809	-
Reversal of allowance for doubtful accounts	8,049	-
Other	4,412	10,375
Total non-operating income	28,158	195,495
Non-operating expenses		
Interest expenses	11,078	12,682
Loss on valuation of securities	-	5,670
Share issuance cost	8,137	4,822
Foreign exchange losses	-	16,326
Taxes and dues	2,939	-
Other	4	48
Total non-operating expenses	22,160	39,549
Ordinary income (loss)	(5,444)	108,639
Extraordinary income		
Gain on sales of investment securities	-	30,805
Other	459	88
Total extraordinary income	459	30,893
Extraordinary losses		
Loss on sales of investment securities	-	1,221
Loss on valuation of investment securities	5,235	44,744
Loss on valuation of shares of subsidiaries and associates	-	*3 125,000
Total extraordinary losses	5,235	170,966
Loss before income taxes	(10,220)	(31,432)
Income taxes–current	(34,550)	(60,408)
Income taxes-deferred	-	(29,500)
Total income taxes	(34,550)	(89,908)
Profit	24,329	58,476

3) Statement of changes in equity

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

(Thousands of yen)

	Shareholders' equity						
		Capital surplus		Retained earnings			
				Other retained earnings			
	Capital stock	Legal capital surplus	Total capital surplus	Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
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
Profit				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				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	Subscription rights to shares	Total net assets
Balance at beginning of current period	(836)	-	(836)	409	1,038,425
Changes of items during period					
Issuance of new shares					350,505
Profit					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

FY3/16 (April 1, 2015 – March 31, 2016)

(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: Retained earnings brought forward	Total retained earnings		
Balance at beginning of current period	1,578,674	264,268	264,268	(426,295)	(426,295)	(2,976)	1,413,670
Changes of items during period							
Profit				58,476	58,476		58,476
Purchase of treasury shares						(44)	(44)
Net changes of items other than shareholders' equity							
Total changes of items during period	-	-	-	58,476	58,476	(44)	58,431
Balance at end of current period	1,578,674	264,268	264,268	(367,819)	(367,819)	(3,020)	1,472,102

	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	35,077	(30,329)	4,748	5,994	1,424,412
Changes of items during period					
Profit					58,476
Purchase of treasury shares					(44)
Net changes of items other than shareholders' equity	(35,077)	(9,166)	(44,243)	2,225	(42,018)
Total changes of items during period	(35,077)	(9,166)	(44,243)	2,225	16,413
Balance at end of current period	-	(39,495)	(39,495)	8,219	1,440,825

[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 – Non-consolidated Balance Sheet

*1. Assets pledged as collateral and secured liabilities
Assets pledged as collateral are as follows.

(Thousands of yen)

	FY3/15 (As of March 31, 2015)	FY3/16 (As of March 31, 2016)
Time deposits	100,000	100,000

Secured liabilities corresponding to the above collateral are as follows.

(Thousands of yen)

	FY3/15 (As of March 31, 2015)	FY3/16 (As of March 31, 2016)
Long-term loans payable (includes current portion of long-term loans payable)	573,531	538,239

2. Guaranteed debt

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

(Thousands of yen)

FY3/15 (As of March 31, 2015)		FY3/16 (As of March 31, 2016)	
Global Holdings Co., Ltd.	222,300	Global Holdings Co., Ltd.	197,600
Y.K. Masuda Seimen	60,120	Y.K. Masuda Seimen	51,000
Trust Advisers Corp.	42,180	Trust Advisers Corp.	44,280
Narita Gateway Hotel Co., Ltd.	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)

FY3/15 (As of March 31, 2015)		FY3/16 (As of March 31, 2016)	
Trust Advisers Corp.	14,583	Trust Advisers Corp.	15,024

*3. Current account overdraft agreements and commitment line
The Company has commitment line agreements with Shinsei Bank, Limited, in order to improve capital efficiency and to raise funds efficiently as deemed necessary. The balances of credit available at the end of the fiscal year were as follows.

(Thousands of yen)

	FY3/15 (As of March 31, 2015)	FY3/16 (As of March 31, 2016)
Maximum commitment line of credit	-	50,000
Credit used	-	2,000
Credit available	-	48,000

The Company has commitment line agreements with consolidated subsidiaries Global Holdings Co., Ltd., Narita Gateway Hotel 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)

	FY3/15 (As of March 31, 2015)	FY3/16 (As of March 31, 2016)
Maximum commitment line of credit	320,000	620,000
Credit used	270,000	500,000
Credit available	50,000	120,000

Notes – Non-consolidated Statement of Income

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

(Thousands of yen)

	FY3/15 (April 1, 2014 – March 31, 2015)	FY3/16 (April 1, 2015 – March 31, 2016)
Sales to affiliates	150,320	117,855
Interests received from affiliates	7,443	10,585
Dividend income received from affiliates	-	164,000

*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)

	FY3/15 (April 1, 2014 – March 31, 2015)	FY3/16 (April 1, 2015 – March 31, 2016)
Directors' compensations	43,850	39,325
Salaries and allowances	37,425	40,138

*3. Loss on valuation of shares of subsidiaries and associates

FY3/15

There is no applicable information.

FY3/16

Taking into consideration the fact that performance at consolidated subsidiary Y.K. Masuda Seimen is lower than was anticipated in its original business plan, after reevaluating the company's business value, we declared an impairment loss on the company's shares.

Notes – Marketable Securities

No subsidiaries' stocks (carrying value of 835,483 thousand yen in FY3/16 and 935,618 thousand yen in FY3/15) and affiliates' stocks (carrying value of 31,065 thousand yen in FY3/16) 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)

	FY3/15 (As of March 31, 2015)	FY3/16 (As of March 31, 2016)
Deferred tax assets (current)		
Provision for bonuses	648	921
Deferred loss	-	29,500
Other	77	114
Subtotal deferred tax assets (current)	725	30,536
Valuation allowance	(725)	(1,036)
Total deferred tax assets (current)	-	29,500
Deferred tax assets (non-current)		
Deferred loss	410,422	346,407
Loss on valuation of investment securities	28,178	15,423
Loss on valuation of shares of subsidiaries and associates	157,365	185,468
Excess of allowance for doubtful accounts	13,224	12,344
Other	909	848
Subtotal deferred tax assets (non-current)	610,100	560,493
Valuation allowance	(610,100)	(560,493)
Total deferred tax assets (non-current)	-	-
Deferred tax liabilities (non-current)		
Valuation difference on available-for-sale securities	17,355	-
Total deferred tax liabilities (non-current)	17,355	-
Net deferred tax liabilities (non-current)	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

In the fiscal year ended in March 2015 and 2016, details are not presented since the Company reported a loss before income taxes.

3. Revised amount of deferred tax assets and deferred tax liabilities following the change in the corporate tax rate, etc.

As the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 15 of 2016) and “Act for Partial Revision of the Local Tax Act, etc.” (Act No. 13 of 2016) were enacted in the Diet session on March 29, 2016, corporate tax rate, etc. have been lowered for the fiscal years beginning on or after April 1, 2016. Consequently, the statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 33.1% to 30.9% for temporary differences expected to be covered for the fiscal years beginning from April 1, 2016 and 2017, and to 30.6% for temporary differences expected to be covered for the fiscal year beginning from April 1, 2018 and thereafter.

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, 2015	Increase	Decrease	Depreciation or amortization at year-end	Balance as of March 31, 2016	Accumulated depreciation or amortization
Property, plant and equipment	-	-	-	1,047	1,520	7,622
Intangible assets	-	-	-	360	1,260	-

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, 2015," "Increase" and "Decrease" were omitted.

(Detailed Statement of Allowances)

(Thousands of yen)

Category	Balance as of April 1, 2015	Increase	Decrease	Balance as of March 31, 2016
Allowance for doubtful accounts	40,000	-	-	40,000
Provision for bonuses	1,961	2,987	1,961	2,987

(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	Special account administrator Mitsubishi UFJ Trust and Banking Corporation Securities Agency Division 1-4-5, Marunouchi, Chiyoda-ku, Tokyo
Administrator of the shareholder registry	This administrator does not handle these purchases
Agents	-
Purchasing fee	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 *Nihon Keizai Shimbun* 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 Article 189, Paragraph 2 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 51st period (from April 1, 2014 to March 31, 2015): Submitted to the Director-General of the Kanto Local Finance Bureau on June 25, 2015.

(2) Internal Control Report and Attachments

Submitted to the Director-General of the Kanto Local Finance Bureau on June 25, 2015.

(3) Quarterly Reports and Written Confirmation

1st Quarter of the 52nd period (from April 1, 2015 to June 30, 2015):
Submitted to the Director-General of the Kanto Local Finance Bureau on August 7, 2015.
2nd Quarter of the 52nd period (from July 1, 2015 to September 30, 2015):
Submitted to the Director-General of the Kanto Local Finance Bureau on November 6, 2015.
3rd Quarter of the 52nd period (from October 1, 2015 to December 31, 2015):
Submitted to the Director-General of the Kanto Local Finance Bureau on February 9, 2016.

(4) Extraordinary Reports
Submitted to the Director-General of the Kanto Local Finance Bureau on September 18, 2015.
The extraordinary report was filed pursuant to Article 19, Paragraph 2, Item 2-2 (Issuance of subscription rights to shares) of the "Cabinet Office Ordinance Regarding Disclosure of Corporate Affairs, etc."

Submitted to the Director-General of the Kanto Local Finance Bureau on October 16, 2015.
The extraordinary report was filed pursuant to Article 19, Paragraph 2, Item 12 (Occurrence of events that have a marked impact on the Company's financial position, results of operations or cash flows) of the "Cabinet Office Ordinance Regarding Disclosure of Corporate Information."

Submitted to the Director-General of the Kanto Local Finance Bureau on May 24, 2016.
The extraordinary report was filed pursuant to Article 19, Paragraph 2, Item 12 (Occurrence of events that have a marked impact on the Company's financial position, results of operations or cash flows) and Item 19, Paragraph 2, Article 19 (Occurrence of events that have a marked impact on the consolidated subsidiaries' financial position, results of operations or cash flows) of the "Cabinet Office Ordinance Regarding Disclosure of Corporate Information."

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 23, 2016

Board of Directors
Striders Corporation

ARIA Audit Corporation
Hidetoshi Motegi, CPA, Representative Partner, Managing Partner
Yasuyuki Yamanaka, CPA, Representative Partner, Managing Partner

<Audit on Financial Statements>

To make audit article 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 "Financial Information" section of the Securities Registration Report for the consolidated fiscal year that commenced on April 1, 2015, and ended on March 31, 2016, 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 accounting policies for preparation of 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, 2016, 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.

Highlighted information

As is shown in the section "Significant Events after Reporting Period," the Board of Directors of Striders Corporation approved a resolution on June 22, 2016 for consolidated subsidiary M&A Global Partners Co., Ltd. to accept part of a third-party allocation of shares in Kanmonkai Co.,Ltd.

This event has no effect on the opinions of the Audit Firm.

<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, 2016.

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, 2016, 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 23, 2016

Board of Directors
Striders Corporation

ARIA Audit Corporation
Hidetoshi Motegi, CPA, Representative Partner, Managing Partner
Yasuyuki Yamanaka, CPA, Representative Partner, 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 "Financial Information" section of the Securities Registration Report for the 52nd business year that commenced on April 1, 2015, and ended on March 31, 2016, 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, 2016, 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.

Cover page

[Submitted document]	Written Confirmation
[Statutory basis]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act
[Agency receiving submission]	Director-General of the Kanto Local Finance Bureau
[Submission date]	June 27, 2016
[Corporate name]	Kabushiki-Kaisha Striders
[Name in English]	Striders Corporation
[Name and position of representative]	Ryoichi Hayakawa, President and Chief Executive Officer
[Name and position of Chief Financial Officer]	Yoshiyuki Wakahara, Managing Director and Chief Financial Officer
[Location of headquarters]	5-13-5, Shimbashi, Minato-ku, Tokyo
[Place available for public inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

1. Matters Regarding the Appropriateness of Descriptions in the Financial Information

Ryoichi Hayakawa, President and Chief Executive Officer and Yoshiyuki Wakahara, Chief Financial Officer confirmed that the contents of the Company's Financial Information of the 52nd period (from April 1, 2015 through March 31, 2016) was appropriately stated pursuant to the Financial Instruments and Exchange Act.

2. Matters to Be Noted

No applicable information.

Cover page

[Submitted document]	Internal Control Report
[Statutory basis]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
[Agency receiving submission]	Director-General of the Kanto Local Finance Bureau
[Submission date]	June 27, 2016
[Corporate name]	Kabushiki-kaisha Striders
[Name in English]	Striders Corporation
[Name and position of representative]	Ryoichi Hayakawa, President and Chief Executive Officer
[Name and position of Chief Financial Officer]	Yoshiyuki Wakahara, Managing Director and Chief Financial Officer
[Location of headquarters]	5-13-5, Shimbashi, Minato-ku, Tokyo
[Place available for public inspection]	Tokyo Stock Exchange, Inc.
	(2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

1. Basic Framework for Internal Controls Concerning Financial Reports

Ryoichi Hayakawa, President and Chief Executive Officer and Yoshiyuki Wakahara, Chief Financial Officer are responsible for establishing and operating internal controls for financial reports of Striders Corporation and its consolidated subsidiaries (collectively “the Striders Group”). The establishment and operation of these internal controls complies with the basic framework for internal controls in Business Accounting Council Opinion Statement concerning the Standards for Evaluations and Audits of Financial Report Internal Controls and the Standards for Implementing Internal Control Evaluations and Audits.

Internal controls are intended to achieve their objectives within reasonable bounds by functioning as an integrated unit with all fundamental elements seamlessly linked. Consequently, preventing or identifying every false entry in financial reports by using internal controls for these reports may not be possible.

2. Scope of Evaluations, Record Date and Evaluation Procedure

The evaluation of internal controls for financial reports was performed with a record date of March 31, 2016, the last day of the fiscal year. The evaluation was based on evaluation standards for financial report internal controls that are recognized as fair and proper.

For this evaluation, there was an evaluation of internal controls (corporate internal controls) that have a significant influence on overall consolidated financial reports. The results of this evaluation were used to select operational processes for evaluations. For the evaluation of these processes, the selected processes were analyzed and items that have a significant influence on the reliability of financial reports were identified. Then the status and implementation of these items in relation to the applicable controls were evaluated in order to determine the effectiveness of internal controls.

The scope of financial report internal control evaluations is the coverage required from the standpoint of the importance of influences on the reliability of financial reports of the Striders Group. The importance of influences on the reliability of financial reports was decided by taking into consideration the importance of monetary and qualitative influences. Based on the evaluation of corporate internal controls for the entire company and five consolidated subsidiaries, a reasonable evaluation scope was determined for internal controls for operational processes. The coverage of evaluations for internal controls for the entire company does not include other consolidated subsidiaries, based on the judgment that their monetary and qualitative importance is negligible.

For the scope of evaluations for internal controls for operational processes, the sales of all business sites in the fiscal year ended March 31, 2015 were added in order beginning with the location having the highest sales. Then the business sites that account for about two-thirds of total sales were classified as important business sites. At the selected important business sites, the operational process evaluation covered processes involving sales and receivables, which are items closely linked to business activities.

In addition, irrespective of the important business sites selected, evaluations included operational processes that are important because of their influence on financial reports at certain other business sites. One category is businesses processes where there is a high probability of significant false entries and that are associated with important accounting items requiring estimates and forecasts. Another category is operational processes for businesses and operations that perform transactions with substantial risk.

3. Results of evaluations

Based on the results of the internal control evaluations described in the preceding section, management has concluded that internal controls for financial reports of the Striders Group were effective as of March 31, 2016.

4. Supplementary Information

There is no applicable information.

5. Matters to Be Noted

There is no applicable information.