Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2016

[Japanese GAAP]

May 13, 2016

Company name: Striders Corporation
Listing: Tokyo Stock Exchange (JASDAQ)
Stock code: 9816
URL: http://www.striders.co.jp/
Representative: Ryoichi Hayakawa, President and Chief Executive Officer
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Scheduled date of Annual General Meeting of Shareholders: June 24, 2016
Scheduled date of filing of Annual Securities Report: June 27, 2016
Scheduled date of payment of dividend: -
Preparation of supplementary materials for financial results: None
Holding of financial results meeting: None

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(1) Consolidated results of operations (Percentages shown for net sales and incomes represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2016	5,046	38.5	297	240.3	277	233.4	135	84.8
Fiscal year ended Mar. 31, 2015	3,642	35.4	87	90.8	83	(9.0)	73	(45.2)

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2016: 90 (up 16.1%)
Fiscal year ended Mar. 31, 2015: 78 (down 12.2%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2016	1.52	1.51	8.5	7.8	5.9
Fiscal year ended Mar. 31, 2015	0.86	0.86	5.5	2.9	2.4

Reference: Equity in earnings of affiliates (million yen): Fiscal year ended Mar. 31, 2016: (10) Fiscal year ended Mar. 31, 2015: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2016	3,605	1,646	45.4	18.46
As of Mar. 31, 2015	3,502	1,577	44.1	17.40

Reference: Shareholders' equity (million yen) As of Mar. 31, 2016: 1,637 As of Mar. 31, 2015: 1,543

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2016	156	(159)	30	1,310
Fiscal year ended Mar. 31, 2015	217	(813)	706	1,283

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2015	-	0.0	-	0.0	0.0	-	-	-
Fiscal year ended Mar. 31, 2016	-	0.0	-	0.0	0.0	-	-	-
Fiscal year ending Mar. 31, 2017 (forecast)	-	0.0	-	0.0	0.0		-	

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	5,500	9.0	350	17.8	330	19.0	230	70.0	2.59

Note: The first half forecast is not presented because the Company evaluates performance on a fiscal year basis.

*** Notes**

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

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of outstanding shares (common shares)

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

As of Mar. 31, 2016:	88,730,896 shares	As of Mar. 31, 2015:	88,730,896 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2016:	26,098 shares	As of Mar. 31, 2015:	25,598 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2016:	88,704,911 shares	Fiscal year ended Mar. 31 2015:	84,916,901 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (Apr. 1, 2015 – Mar. 31, 2016)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2016	117	(21.6)	(47)	-	108	-	58	140.3
Fiscal year ended Mar. 31, 2015	150	120.2	(11)	-	(5)	-	24	(63.4)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2016	0.66	0.65
Fiscal year ended Mar. 31, 2015	0.29	0.29

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2016	2,128	1,440	67.3	16.15
As of Mar. 31, 2015	2,083	1,424	68.1	15.99

Reference: Shareholders' equity (million yen): As of Mar. 31, 2016: 1,432 As of Mar. 31, 2015: 1,418

* Indication of audit procedure implementation status

As the current financial report is exempted from audit procedures based on the Financial Instruments and Exchange Act, the audit procedures for the consolidated financial statements have not been completed at the time of disclosure.

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

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 3 of the attachments "1. Analysis of Results of Operations and Financial Position, (1) Analysis of Results of Operations, Forecasts for the next fiscal year."

Contents of Attachments

1. Analysis of Results of Operations and Financial Position

(1) Analysis of Results of Operations

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.

Summary of the fiscal year

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 such as apartments 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. However, higher raw materials increased its costs.

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 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.

Forecasts for the next fiscal year

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.

As a result of the above endeavors, we expect consolidated net sales of 5,500 million yen (up 9.0% year-on-year), operating income of 350 million yen (up 17.8%), ordinary income of 330 million yen (up 19.0%), and profit attributable to owners of parent of 230 million yen (up 70.0%) for the fiscal year ending March 31, 2017.

(2) Analysis of Financial Position

1) Assets, liabilities and net assets

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%.

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.

Reference: Cash flow indicators

	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Shareholders' equity ratio (%)	66.4	48.1	48.2	44.1	45.4
Shareholders' equity ratio based on market value (%)	140.4	80.6	198.9	228.2	192.0
Ratio of interest-bearing debt to cash flows (years)	-	-	3.2	4.2	6.2
Interest coverage ratio (times)	-	-	16.2	11.6	8.0

- Shareholders' equity ratio: Shareholders' equity / Total assets
- Shareholders' equity ratio based on market value: Market capitalization / Total assets
- Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows
- Interest coverage ratio: Cash flows / Interest payments

Notes:
1. All indicators are calculated based on consolidated figures.
2. Market capitalization is calculated by the number of shares outstanding at the end of the period, excluding treasury shares.
3. Interest-bearing debt includes all debt on the consolidated balance sheet that incur interest.
4. Cash flows are based on "Net cash provided by (used in) operating activities."
5. Ratio of interest-bearing debt to cash flows and interest coverage ratio are not listed for FY3/12 and FY3/13 because both operating cash flows were negative.

(3) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

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. We will decide from a comprehensive viewpoint whether and when we resume the dividend payment by taking full account of operating results, business environment and the need to retain earnings to strengthen business foundation over the medium to long-term.

(4) Business Risks

This section covers risk factors involving the business activities of the 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 31, 2016 and are not limited to the information in this section.

1) The economy

The activities of the 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 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 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 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 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 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 Y. K. 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 end of the fiscal year under review, 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 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.

2. Management Policies

(1) Basic Management Policy

The Group has five reportable segments: Information Technology Business operated by Mobile Link Inc., Turnaround Consultancy Business operated by M&A Global Partners Co., Ltd., Real Estate Lease Management Business operated by Trust Advisers Corporation and Tokyo Apartment Guaranty Corporation, Food Business operated by Y. K. Masuda Seimen, and Hotel Business operated by Global Holdings Co., Ltd., Narita Gateway Hotel Co., Ltd. and Kurashiki Royal Art Hotel Co., Ltd.

To respond quickly to the external environment and economic changes surrounding us (for example, chain of events driven by information technology development and globalization, commoditization of currency, and relative decline of Japan's competitiveness), the Group will continue to involve in business with a clear vision of its ideal in mind, which is a business structure that can ensure sustainable profitability and constantly review the Group's business portfolio, while creating a corporate culture adaptable to changes, putting an organizational system in place and pursuing more sophisticated corporate management.

The Group's corporate statement and philosophy, and its management policy are as follows:

Corporate statement
Creating a new business platform for our next generation

In accordance with this corporate statement, we will execute management in pursuit of the following corporate philosophy.

"With a global perspective and insights into social needs and markets appropriate for the times, we create a high-quality business with its own ideas and contribute to wealthy social development."

In addition, we will pursue higher corporate profitability and financial stability based on the above corporate philosophy and under the following management policy:

1. We will always act on our own initiative with pride and professionalism.
2. We will always hone ourselves to take on new challenges proactively.
3. We will always create a superior business to persistently contribute to society.

The Group will further strengthen and expand the business segments described above, and will take measures aimed at the growth of the entire Group by improving a support system and check function by the administrative division as well as strengthening the day-to-day business activities.

By conducting these business activities at more sophisticated level, the Group will pursue to be a corporate group which can share its value with various stakeholders surrounding the Group and eventually contribute to society.

(2) Performance Targets

The Group, from a standpoint of placing priority on the interests of our shareholders, considers at least 10％ consolidated return on equity (ROE) as a mid-and-long term issue of the most importance. Although the recent actual results of ROE show over 10%, it is crucial for us to grow our business while maintaining more stable earnings and establishing a solid profit structure. We will carry out elaborate and aggressive business operations to implement the management policy described above, and will promote the business management of the Group by building more profitable structures and strengthening management control systems.

(3) Medium- and Long-term Management Strategy

The Group will strive to enhance revenue and profits of the existing businesses and make new investments, giving a top priority to “develop high-margin businesses and convert the existing business structure to be more profitable.” In addition, we will make our employees across the Group aware of the above-mentioned corporate statement, corporate philosophy and management policies, which are a foundation of the Group management, so that they can engage in their business with these concepts strongly in mind. We will at the same time strengthen our management control system through revising relevant rules and regulations.

The following are the specific strategies for each reportable segment.

1) Information Technology Business

We will promote this business by developing our own-brand product in Taiwan and striving to win new contracts through the proposal of a system using this product, as well as by enhancing customer satisfaction with a customer support function in place. In addition, we will strengthen its organizational structure by enhancing our sales and management control capabilities.

2) Turnaround Consultancy Business

Given the recent economic condition, the demand for turnaround consultancy is persistently strong and we believe there are ample business opportunities surrounding us. We will therefore grow this business by providing highly professional services by taking full advantage of the extensive experience and know-how that have been acquired through the operation of this business.

3) Real Estate Lease Management Business

We will grow this business to become a comprehensive real estate business operator with a focus on the lease management business. To this end, we will aggressively expand our business to peripheral domains through M&A and other deals as well as enhance customer satisfaction based on accumulation of the day-to-day operating know-how and further improve operational efficiency.

4) Food Business

We will grow this business by enhancing customer satisfaction with high quality products and improving the operating process for more operational efficiency. In addition, we will focus on expanding the loyal customer base. To make this happen, we will make every effort to retain the existing customers so that they will come to newly opened shops and introduce us to prospective customers.

5) Hotel Business

We will focus our efforts on making investment in facilities and human resources to achieve service quality enhancement and cost reduction at the same time. On the marketing side, we will focus on attracting customers through the web and those from overseas. On top of these efforts, we will expand our business scale by making investment in new hotels.

(4) Issues to Address

The 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 the Company, the Company’s performance is greatly influenced by the overall performance of the 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, the Company 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, the Company 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 Group can create.

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

To continue growing, the Company will need to acquire or invest in companies with operations that are consistent with the Company's 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, the Company 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. The Company 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 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.

3. Basic Approach to the Selection of Accounting Standards

The Group will continue to prepare its consolidated financial statements in accordance with Generally Accepted Accounting Principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY3/15 (As of Mar. 31, 2015)	FY3/16 (As of Mar. 31, 2016)
Assets		
Current assets		
Cash and deposits	1,386,981	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
Accounts receivable-other	3,430	49,589
Deferred tax assets	27,278	39,997
Other	33,410	48,929
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	1,004,546	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	348,663	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
Guarantee deposits	37,884	37,984
Other	31,354	26,331
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 Mar. 31, 2015)	FY3/16 (As of Mar. 31, 2016)
Liabilities		
Current liabilities		
Accounts payable-trade	63,894	63,046
Short-term loans payable	-	2,000
Current portion of long-term loans payable	102,892	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	810,449	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 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 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	1,479,524	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	-	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 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 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:		
Owners of parent	79,759	91,023
Non-controlling interests	(1,739)	(479)

(3) Consolidated Statement of Changes in Equity

FY3/15 (Apr. 1, 2014 – Mar. 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 (Apr. 1, 2015 – Mar. 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					
Change in treasury shares of parent arising from transactions with non-controlling shareholders		2,951			2,951
Profit attributable to owners of parent			135,256		135,256
Purchase of treasury shares				(44)	(44)
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						
Change in treasury shares of parent arising from transactions with non-controlling shareholders						2,951
Profit attributable to owners of parent						135,256
Purchase of treasury shares						(44)
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 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 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
Purchase of shares of subsidiaries and associates	(56,955)	(69,130)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(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 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 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	1,283,481	1,310,138

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

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.

Segment and Other Information

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. The Food Business manufactures and sells Chinese noodles (ramen). The Hotel Business operates hotels.

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

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

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

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

FY3/15 (Apr. 1, 2014 – Mar. 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 (Apr. 1, 2015 – Mar. 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 (Apr. 1, 2014 – Mar. 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 (Apr. 1, 2015 – Mar. 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

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

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

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)

Subsequent Events

There is no applicable information.

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