March 8, 2016

Consolidated Financial Results for the Fiscal Year Ended January 31, 2016

(Japanese Accounting Standards)

Name of Listed Company: **Poletowin Pitcrew Holdings, Inc.**
Listing: First Section of Tokyo Stock Exchange
Stock code: 3657
URL: http://www.poletowin-pitcrew-holdings.co.jp
Representative: Naoto Konishi, President
Contact Person: Joji Yamauchi, Chief Financial Officer
Tel: +81-3-5909-7911
Scheduled date of General Shareholders' Meeting: April 21, 2016
Scheduled date to file Securities Report: April 22, 2016
Scheduled date to commence dividend payments: April 22, 2016
Supplementary explanatory materials prepared: Yes
Explanatory meeting: Yes (For analysts and institutional investors)

(Millions of yen with fractional amounts discarded, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended January 31, 2016 (from February 1, 2015, to January 31, 2016)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
January 31, 2016	18,120	22.8	2,360	26.8	2,228	18.6	1,286	28.6
January 31, 2015	14,753	6.3	1,861	(13.2)	1,879	(17.9)	1,000	(17.0)

(Note) Comprehensive income
For the year ended January 31, 2016: ¥1,181 million (-3.6%)
For the year ended January 31, 2015: ¥1,226 million (-24.0%)

	Net income per share	Diluted net income per share	Return on equity (ROE)	Ordinary income/ total assets	Operating income ratio
Fiscal year ended	Yen	Yen	%	%	%
January 31, 2016	67.58	66.65	14.5	19.5	13.0
January 31, 2015	52.60	51.84	12.6	19.0	12.6

(Reference) Equity in earnings of affiliates
For the year ended January 31, 2016: ¥― million
For the year ended January 31, 2015: ¥― million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
January 31, 2016	12,317	9,517	75.6	489.25
January 31, 2015	10,518	8,421	80.1	442.27

(Reference) Equity
As of January 31, 2016: ¥9,316 million
As of January 31, 2015: ¥8,421 million

(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 year
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
January 31, 2016	1,623	(995)	(304)	5,636
January 31, 2015	1,326	(686)	(298)	5,343

2. Cash dividends

	Cash dividends per share					Total amount of dividends (annual)	Payout ratio (consolidated)	Dividends on net assets (consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended January 31, 2015	–	0.00	–	16.00	16.00	304	30.4	3.8
Fiscal year ended January 31, 2016	–	0.00	–	18.00	18.00	342	26.6	3.9
Fiscal year ending January 31, 2017 (Forecasts)	–	0.00	–	19.00	19.00		26.2	

3. Consolidated financial forecasts for the fiscal year ending January 31, 2017 (from February 1, 2016, to January 31, 2017)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending July 31, 2016	9,335	1.0	689	(47.5)	597	(54.1)	202	(73.7)	10.61
Fiscal year ending January 31, 2017	20,531	13.3	2,466	4.5	2,386	7.1	1,378	7.1	72.40

Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): Yes
New subsidiary (Pole To Win International Limited)

(2) Changes in accounting policies, changes in accounting estimates, and restatement of revisions
a. Changes in accounting standards due to revisions to accounting standards and other guidelines: No
b. Changes in accounting policies due to reasons other than a. above: Yes
c. Changes in accounting estimates: No
d. Restatement of revisions: No
(Note) For details, see the appended “Changes in Accounting Policy” under “(5) Notes to Consolidated Financial Statements” on page 18.

(3) Number of common shares issued
a. Total number of issued shares at the end of the period (including treasury stock)
As of January 31, 2016 19,043,200 shares
As of January 31, 2015 19,041,200 shares
b. Number of shares of treasury stock at the end of the period
As of January 31, 2016 － shares
As of January 31, 2015 － shares
c. Average number of shares
For the year ended January 31, 2016 19,042,214 shares
For the year ended January 31, 2015 19,029,352 shares

(Reference) Summary of non-consolidated operating results

Non-consolidated financial results for the fiscal year ended January 31, 2016
(from February 1, 2015, to January 31, 2016)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
January 31, 2016	1,817	140.7	1,300	297.6	1,184	252.9	1,169	314.2
January 31, 2015	754	0.2	327	(13.7)	335	(15.5)	282	28.5

	Net income per share	Diluted net income per share
Fiscal year ended	Yen	Yen
January 31, 2016	61.40	60.55
January 31, 2015	14.83	14.62

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
January 31, 2016	4,942	4,912	99.4	257.95
January 31, 2015	4,078	4,047	99.2	212.56

(Reference) Equity

As of January 31, 2016: ¥4,912 million

As of January 31, 2015: ¥4,047 million

* Disclosure of status of audit procedures

This report falls outside the scope of audit procedures as laid out in the Financial Instruments and Exchange Act. As of the time of the release of this report, the audit procedures of the consolidated financial statements outlined in the Act had not been concluded.

* Proper use of earnings forecasts, and other special matters

(Disclaimer to forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not guarantee that the Company will achieve its earnings forecasts. In addition, actual business and other results may differ substantially due to various factors. For details on the conditions assumed and the cautionary notes and items in the financial forecasts, please refer to “(1) Analysis of Operating Results (ii) Earnings forecasts for the year ending January 31, 2016,” under “Analysis of Operating Results and Financial Position” on page 5 of the Attachment Materials to this report.

(How to obtain Supplementary Information to the Financial Results and details of the earnings results briefing)

The Company discloses the Supplementary Information to the Financial Results on the TDnet on the same day. The Company plans to hold an earnings results briefing for institutional investors and analysts on Friday, March 11, 2016. Along with the earnings presentation materials, streaming video of the briefing session and content are scheduled to be promptly posted on the Company’s website following the briefing.

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

(i) Operating Results in Year under Review

During the year under review, the Japanese economy looked set for a mild recovery owing to an ongoing improvement in the employment and income climates and government policies. At the same time, with the US financial policies normalized, the nation faced such downward risks as slowdowns in economies in China and developing countries.

It was against that backdrop the Poletowin Pitcrew Holdings Group’s core Testing/Verification & Evaluation Business experienced ongoing growth in the social games market, which major developers of software for consumer electronic game consoles also entered, amid the rising popularity of smartphones and tablet PCs. To increase opportunities to steadily recoup their development expenses, social game developers increasingly deployed their offerings globally, just as has happened with consumer electronic game software. As a result, demand expanded for localization in multiple languages and for user support, augmenting services in detecting defects (bugs). At the same time, sales were favorable in the consumer electronic game market for new next-generation game consoles launched around the world.

In markets related to the Group’s Internet Monitoring Business, online shopping, flea market apps, video, e-book, and other forms of e-commerce are catching on. This, in turn, is pushing up demand for monitoring postings and other types of user support services to make safe and reliable Internet access ubiquitous. In the e-commerce market, there is growing demand for handling merchandise checks, the review of Internet advertising based on the Pharmaceuticals and Medical Devices Act (formerly the Pharmaceutical Affairs Act), the Act against Unjustifiable Premiums and Misleading Representations, and other laws and regulations, and for handling the rights infringement investigations and end-user inquiries and so forth. A recent rise in the incidence of Internet usage problems among the young has prompted municipal boards of education to put efforts into monitoring youth Internet usage and providing Internet literacy education for students, parents and guardians. As a result, monitoring work has increased, as have educational activities, including through leaflets and seminar lecturers.

The Group provides checking, testing, monitoring and inspection services that require human input on a contractual basis to corporate clients. The demand for such services has been growing as these clients have diversified and expanded overseas, and as business processes have become more advanced and sophisticated. During the year under review, Pole To Win Co., Ltd. established QaaS Co., Ltd. to expand and strengthen its software verification and evaluation services in December. PITCREW CO., LTD and PITCREW COREOPS CO., LTD opened its Osaka Center in September and its Fukuoka Center in November to accommodate order expansion. Overseas, Pole To Win America, Inc. opened new office in Seattle, Washington in June and Pole To Win UK Limited acquired shares in Side UK Limited, a voice production studio in August. The Group established Pole To Win International Limited to control foreign corporation in January and expand overseas sales by accelerating its global deployment. Collaboration has stepped up between eleven delivery centers in six countries and Japanese Group companies to provide a one-stop, full service platform in such areas as defect detection (finding bugs), localization (translation), Internet monitoring, and user support.

As a result of these factors, consolidated net sales for the year were ¥18,120,472 thousand (up 22.8%). Operating income was ¥2,360,058 thousand (26.8%). Ordinary income was ¥2,228,874 thousand (up 18.6%). Net income was ¥1,286,914 thousand (up 28.6%).

Results by segment were as follows.

Testing/Verification & Evaluation Business

Domestic and overseas revenues increased, reflecting collaboration between eleven delivery centers in six countries and Japanese Group companies in supporting the global deployments of domestic and foreign game makers. QBIST Inc., which became a consolidated subsidiary at the end of the previous fiscal year, and Side UK Limited, which became a consolidated subsidiary at this term, contributed to revenues and earnings from the current fiscal year, sharing its clients within the Group. As a result, Testing/Verification & Evaluation Business sales increased 29.8% year on year, to ¥14,637,774 thousand. Operating income also rose 35.4%, to ¥2,403,731 thousand.

Internet Monitoring Business

In the Internet Monitoring Business, the Group received orders for e-commerce support services from Internet companies, reflecting their vigorous efforts to cultivate business in the e-commerce market. The orders were for merchandise check services for Internet shopping, auction sites, and free market apps and for reviews of advertisements based on the Pharmaceuticals and Medical Devices Act, the Act against Unjustifiable Premiums and Misleading Representations, and other laws and regulations, and also reflected increased demand for handling charges and product arrival inquiries from end-users. However, owing to downsizing among some client companies, Monitoring Business sales decreased 0.9%, to ¥3,294,945 thousand. Operating income also decreased 77.2% to ¥27,690 thousand a year earlier.

Others

Palabra Inc. provide services to produce barrier-free subtitles audio guides for television program to prepare for the advent of barrier-free motion pictures. IMAid Inc. offers medical staffing services. Sales of this segment increased 26.4%, to ¥187,752 thousand. There was an operating loss of ¥81,614thousand, up from ¥23,342 thousand a year earlier.

(ii) Earnings forecasts for the fiscal year ending January 31, 2017

The Testing/Verification & Evaluation Business traditionally focused on the video game sector, while the Internet monitoring business centered on online services. Both businesses cover the emerging social games area, blurring that distinction. The two businesses also serve the amusement equipment and e-commerce in keeping with Group efforts to provide a one-stop, full service platform. We will go beyond the Testing/Verification & Evaluation and Internet Monitoring service frameworks to develop and provide business process outsourcing services for game development and management and e-commerce.

Segment projections for the year ending January 31, 2017, are as follows.

Testing/Verification & Evaluation Business

In Japan, we seek to expand our shares in the amusement equipment, smartphone apps and social games, and consumer electronic game console markets. We will strive to bolster our sales capabilities in the marketplace and deploy human resources policies that enable us to build close ties with customers and enhance our services, thereby ensuring that we can sustainably and stably deliver topquality services.

Overseas, we will strengthen collaboration between eleven delivery centers in six countries and with domestic delivery centers to assist with the global business expansions of overseas and Japanese companies. We will take advantage of prospects for further globalization in games and Internet services by expanding orders for testing/verification, localization, and user support services by local staffers. We will extend our marketing of core testing/verification and user support services beyond the games arena.

Internet Monitoring Business

The number of users of Internet shopping and auction, flea market apps, e-book, and other e-commerce services has increased with the spread of smartphones and tablet PCs. E-commerce markets represented just 3% of sales in Japan and 7% of sales in the United States, and have significant upside potential. Given that the future of the e-commerce business depends on the security and convenience of site operations, the Group seeks to expand orders for merchandise checks, advertising representation reviews, and end-user inquiries. While we have primarily provided inbound user support to date, we aim to boost the capabilities of our call and contact centers to accommodate the growing need to deliver active support and outbound services in response to consumer feedback through Facebook, Twitter, and other social media channels. We will cultivate and hire people who can identify customer needs and plan and deliver high-value-added services in the fast-changing Internet sector.

Others

Palabra Inc. provides services to produce barrier-free subtitles audio guides for television program to prepare for the advent of barrier-free motion pictures. IMAid Inc. is offering medical staffing services. We will explore and cultivate new businesses in the medical field.

As a result of these factors, for the year ending January 31, 2017, the Group projects consolidated net sales of ¥20,531 million (up 13.3%), operating income of ¥2,466 million (up 4.5%), ordinary income of ¥2,386 million (up 7.1%), and net income attributable to owners of parent of ¥1,378 million (up 7.1%).

The earnings forecasts are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not guarantee that the Company will achieve its earnings forecasts. In addition, actual business and other results may differ substantially due to various factors.

(2) Analysis of Financial Position

(i) Assets, liabilities and net assets

Total Assets

Current assets rose ¥975,394 thousand or 12.3% from January 31, 2015, to ¥8,936,130 thousand. This was mainly attributable to a ¥292,791 thousand increase in cash and deposits, ¥357,163 thousand in notes and accounts receivable-trade and ¥231,869 thousand in accounts receivable-other.

Noncurrent assets stood at ¥3,381,502 thousand, ¥823,825 thousand or 32.2% higher than at

January 31, 2015. Key factors were increases of ¥561,265 thousand in intangible assets.

As a result, total assets increased ¥1,799,219 thousand or 17.1% year on year, to ¥12,317,633 thousand.

Liabilities

Current liabilities stood at ¥2,538,625 thousand at January 31, 2016, ¥501,886 thousand or 24.6% higher than at January 31, 2015. The prime factors in this change were rises of ¥159,819 thousand in income taxes payable, ¥206,385 thousand in accounts payable-other and ¥216,088 thousand in other(deposits received) , which offset a ¥102,166 thousand decrease in consumption taxes payable.

Noncurrent liabilities increased ¥201,080 thousand or 333.5%, to ¥261,382 thousand. This was mainly due to a ¥123,212 thousand increase in deferred tax liabilities.

As a result, total liabilities increased ¥702,967 thousand or 33.5% year on year, to ¥2,800,007 thousand.

Net assets

Net assets increased ¥1,096,251 thousand or 13.0%, to ¥9,517,625 thousand. This was because although a ¥84,275 thousand decreased in foreign currency translation adjustments, retained earnings added ¥982,255 thousand.

(ii) Cash flows

Cash and cash equivalents (hereinafter referred to as “cash”) as of January 31, 2016, were ¥5,636,472 thousand, up ¥292,791 thousand from January 31, 2015.

Cash flows for each activity and the reasons behind them are as follows.

Cash flows from operating activities

Operating activities provided net cash of ¥1,623,481 thousand compared to ¥1,326,047, thousand provided in the previous fiscal year. The main contributors to cash were ¥2,157,649 thousand in income before income taxes and minority interests, partly offset by ¥759,002 thousand in income taxes paid.

Cash flows from investing activities

Investing activities used net cash of ¥995,031 thousand compared to ¥686,546 thousand used in the previous fiscal year. The main uses of cash were ¥224,460 thousand in purchase of property, plant and equipment and a ¥633,213 thousand purchase of investments in subsidiaries.

Cash flows from financing activities

Financing activities used net cash of ¥304,345 thousand, from ¥298,777 thousand used in the previous fiscal year. The main factor in this change was ¥304,659 thousand in cash dividends paid.

(Reference)

Trends in cash flow indicators are as shown below:

	Fiscal year ended January 31, 2012	Fiscal year ended January 31, 2013	Fiscal year ended January 31, 2014	Fiscal year ended January 31, 2015	Fiscal year ended January 31, 2016
Equity ratio (%)	80.4	78.2	81.2	80.1	75.6
Market value equity ratio (%)	195.6	196.7	347.3	145.2	162.5
Interest-bearing debt to cash flow ratio (Years)	0.0	—	—	—	—
Interest coverage ratio (Times)	430.7	1082.4	—	—	—

Equity ratio: equity / total assets
Market value equity ratio: market capitalization / total assets
Interest-bearing debt to cash flow ratio: interest-bearing debt / cash flow
Interest coverage ratio: cash flow / paid interest

Notes:
1. All indicators are calculated using consolidated financial figures.
2. Market capitalization is calculated based on the number of issued shares, less treasury stock, as of the end of the fiscal year.
3. The figure used for cash flow is "net cash provided by operating activities" in the consolidated statements of cash flows.
4. Interest-bearing debt includes all liabilities recorded in the consolidated balance sheets on which interest was paid.
5. The figure used for interest paid is "interest expenses paid" recorded in the consolidated statements of cash flows.

(iii) Basic Policy on Earnings Distribution for the Year Ended January 2016 and the Year Ending January 2017

The Company considers shareholder returns an important management issue. Management is taking into account the Group's overall financial position, including by factoring in the internal reserves needed to cultivate its businesses to maintain growth in the years ahead, in maintaining a basic policy of targeting a consolidated payout ratio of 25% on net income for the payment of one yearly dividend at the end of the year.

Management aims to allocate retained earnings to invest for future business development.

The Articles of Incorporation stipulate that the company may issue an interim dividend in accordance with Article 454-5 of the Companies Act of Japan. The Board of Directors determines interim dividends. The General Meeting of Shareholders determines year-end dividends.

Subject to a resolution at the General Meeting of Shareholders scheduled for April 2016, the basic policy for the year ended January 31, 2016, is to pay a year-end dividend of ¥18 per share. The planned year-end dividend for the year ending January 31, 2017, is ¥19 per share.

2. Management Policies

(1) Basic Management Policies of the Company

The Group has two core segments. One is the Testing/Verification & Evaluation Business, which detects defects to support software and hardware quality enhancement. The other is the Internet Monitoring Business, which supports sound growth of the Internet by detecting illegal and harmful information in various Web content, and improper use of the Web. With client companies relying more on information technology to manage their business processes and as the use of systems progresses, the Group provides services in business areas that ultimately require human input to check, test, monitor, and review. The Group's businesses currently focus on the video game and Internet sectors.

Based on its corporate philosophy "Create Customer Value," the Group's mission is to integrate the "things only people can do" with the "higher quality systems," and be an outstanding partner in providing client companies with user-friendly support services.

(2) Target Management Indicators

The Group prioritizes maintaining a certain business scale and profitability so it can consistently continue to provide support for enhancing corporate value as an outstanding partner of client companies. The Group thus positions net sales and return on sales as key management indicators.

(3) Medium- to Long-term Management Strategies and Issues Facing the Company

The Group built businesses out of software and hardware testing/verification and evaluation through Pole To Win Co., Ltd., which was established in 1994, and Internet monitoring through PITCREW CO., LTD., which was created in 2000. The goal was to fulfill the corporate mission, which is that, "Ultimately, only people can conduct checks no matter how far systems advance." Over the years, the Group has built solid business ties in the video game, Internet, and e-commerce sectors, broadening its services beyond Testing/Verification & Evaluation and Internet Monitoring to encompass such areas as game development and management, localization to buttress online services, advertising reviews, and user support.

We will move beyond the Testing/Verification & Evaluation and Internet Monitoring segment frameworks to bolster business process outsourcing services, for which there is strong demand among existing customers in the video game, Internet, and e-commerce sectors, in which we have solid business ties, expanding our share of the market for such services. We recognize the importance of enhancing our management and administrative structure as we cultivate new markets and sectors for our core Testing/Verification & Evaluation and Internet Monitoring businesses, and will undertake management activities that reflect the following considerations in particular.

As a pioneer in Testing/Verification & Evaluation and Internet Monitoring services, the Group will strive to further increase its market share and deploy globally to broaden its geographical reach while creating new services to expand business with companies in other industries. At the same time, the Group recognizes the importance of enhancing its management and administrative structure, and will undertake management activities that reflect the following considerations in particular.

(i) Increase transactions with each client by expanding business process outsourcing services, focusing on customer value chain

The Group created outsourcing markets as a pioneer in the Testing/Verification & Evaluation and

Internet Monitoring fields. Based on customer value chain, we will increase transactions with each client by providing a one-stop, full service platform with user-friendly support beyond our segment frameworks.

(ii) Expand the domestic share of the existing services and bolster business process outsourcing services, for which demand is strong among clients
Domestically, we will expand the share of the existing services and bolster business process outsourcing services to cultivate new markets and serve more sectors while expanding its business continuously.

(iii) Bolster business development in overseas market, which offers great growth potential. Although it focused initially on serving Japanese companies in deploying operations internationally, the Group has increased business with locally based companies through M&As and other means, thus steadily increasing overseas sales. Foreign video and social game software developers offer far greater scope for testing, localization and user support services than Japanese counterparts. The Group will therefore expand transactions with existing clients while reinforcing new business development.

3. Basic Policy on Selection of Accounting Standards

Considering the comparability of consolidated statements across periods and among companies, the Group has a policy of preparing its consolidated financial statements in accordance with Japanese Accounting Standards for the time being.
Regarding the application of International Financial Reporting Standards, the Group is to respond appropriately, taking into account circumstances in Japan and abroad.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	Fiscal 2015 (As of January 31, 2015)	Fiscal 2016 (As of January 31, 2016)
Assets		
Current assets		
Cash and deposits	5,343,681	5,636,472
Notes and accounts receivable-trade	2,128,288	2,485,451
Deferred tax assets	63,529	72,058
Other	429,387	752,409
Allowance for doubtful accounts	(4,150)	(10,261)
Total current assets	7,960,736	8,936,130
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	379,283	485,032
Accumulated depreciation	(137,942)	(191,461)
Buildings and structures, net	241,340	293,571
Machinery, equipment and vehicles	3,065	840
Accumulated depreciation	(3,065)	(840)
Machinery, equipment and vehicles, net	0	0
Tools, furniture and fixtures	657,713	858,933
Accumulated depreciation	(474,587)	(660,693)
Tools, furniture and fixtures, net	183,125	198,239
Total property, plant and equipment	424,465	491,810
Intangible assets		
Goodwill	1,506,095	1,514,355
Software	33,163	66,926
Software in progress	12,549	—
Other intangible assets	—	561,265
Other	2,244	2,244
Total intangible assets	1,554,052	2,144,792
Investments and other assets		
Investment securities	157,112	203,471
Lease and guarantee deposits	370,924	406,915
Deferred tax assets	42,486	44,401
Other	20,596	102,091
Allowance for doubtful accounts	(11,961)	(11,979)
Total investments and other assets	579,159	744,899
Total noncurrent assets	2,557,677	3,381,502
Total assets	10,518,414	12,317,633

(Thousands of yen)

	Fiscal 2015 (As of January 31, 2015)	Fiscal 2016 (As of January 31, 2016)
Liabilities		
Current liabilities		
Accounts payable-other	1,115,323	1,321,708
Accrued expenses	68,918	93,306
Income taxes payable	363,164	522,983
Provision for bonuses	34,651	30,515
Other	454,681	570,110
Total current liabilities	2,036,738	2,538,625
Noncurrent liabilities		
Provision for retirement benefits	51,278	56,686
Deferred tax liabilities	6,894	130,106
Other	2,128	74,589
Total noncurrent liabilities	60,301	261,382
Total liabilities	2,097,040	2,800,007
Net Assets		
Shareholders' equity		
Capital stock	1,236,166	1,236,323
Capital surplus	1,282,621	1,282,778
Retained earnings	5,276,191	6,258,446
Total shareholders’ equity	7,794,979	8,777,548
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,052	12,356
Foreign currency translation adjustments	611,342	527,066
Total accumulated other comprehensive income	626,394	539,422
Minority interests	—	200,654
Total net assets	8,421,373	9,517,625
Total liabilities and net assets	10,518,414	12,317,633

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

Consolidated Statements of Income

(Thousands of yen)

	Fiscal 2015 (From February 1, 2014, to January 31, 2015)	Fiscal 2016 (From February 1, 2015, to January 31, 2016)
Net sales	14,753,232	18,120,472
Cost of sales	9,864,388	12,029,571
Gross profit	4,888,844	6,090,900
Selling, general and administrative expenses	3,027,024	3,730,842
Operating income	1,861,819	2,360,058
Non-operating income		
Interest income	1,324	2,213
Dividends income	658	2,352
Foreign exchange losses	1,159	—
Consumption tax adjustment	2,072	—
Insurance premiums refunded cancellation	3,625	4,452
Subsidy income	4,305	9,692
Commission fees	3,918	3,918
Gain on adjustment of accounts payable	6,888	3,256
Other	3,227	6,324
Total non-operating income	27,179	32,210
Non-operating expenses		
Foreign exchange losses	—	159,626
Compensation losses	9,136	3,601
Other	114	165
Total non-operating expenses	9,251	163,393
Ordinary income	1,879,747	2,228,874
Extraordinary gains		
Gain on sales of non-current assets	412	94
Gain on donation of non-current assets	4,543	—
Other	4	15
Total extraordinary gains	4,960	109
Extraordinary losses		
Loss on retirement of non-current assets	12,560	10,414
Office transfer expenses	27,171	—
Directors' retirement benefits	—	59,644
Other	1,034	1,276
Total extraordinary losses	40,766	71,334
Income before income taxes and minority interests	1,843,941	2,157,649
Income taxes-current	796,248	886,050
Income taxes-deferred	46,716	△15,989
Total income taxes	842,964	870,060
Income before minority interests	1,000,976	1,287,588
Minority interests in income	—	674
Net income	1,000,976	1,286,914

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Fiscal 2015 (From February 1, 2014, to January 31, 2015)	Fiscal 2016 (From February 1, 2015, to January 31, 2016)
Income before minority interests	1,000,976	1,287,588
Other comprehensive income		
Valuation difference on available-for-sale securities	3,550	(2,695)
Foreign currency translation adjustments	221,558	(103,092)
Total other comprehensive income	225,108	(105,788)
Total comprehensive income	1,226,085	1,181,800
Comprehensive income attributable to:		
Owners of the parent	1,226,085	1,199,943
Minority interests	—	(18,142)

(3) Consolidated Statements of Changes in Net Assets
Fiscal 2015 (From February 1, 2014, to January 31, 2015)

(Thousands of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of current period	1,233,497	1,279,952	4,579,330	7,092,780
Changes of items during the period				
Issuance of new shares	2,669	2,669		5,338
Dividends from surplus			(304,115)	(304,115)
Net income			1,000,976	1,000,976
Net changes of items other than shareholders' equity				
Total changes of items during the period	2,669	2,669	696,861	702,199
Balance at the end of current period	1,236,166	1,282,621	5,276,191	7,794,979

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at the beginning of current period	11,501	389,783	401,285	7,494,065
Changes of items during the period				
Issuance of new shares				5,338
Dividends from surplus				(304,115)
Net income				1,000,976
Net changes of items other than shareholders' equity	3,550	221,558	225,108	225,108
Total changes of items during the period	3,550	221,558	225,108	927,308
Balance at the end of current period	15,052	611,342	626,394	8,421,373

Fiscal 2016 (From February 1, 2015, to January 31, 2016)

(Thousands of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of current period	1,236,166	1,282,621	5,276,191	7,794,979
Changes of items during the period				
Issuance of new shares	157	157		314
Dividends from surplus			(304,659)	(304,659)
Net income			1,286,914	1,286,914
Net changes of items other than shareholders' equity				
Total changes of items during the period	157	157	982,255	982,569
Balance at the end of current period	1,236,323	1,282,778	6,258,446	8,777,548

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of current period	15,052	611,342	626,394	—	8,421,373
Changes of items during the period					
Issuance of new shares					314
Dividends from surplus					(304,659)
Net income					1,286,914
Net changes of items other than shareholders' equity	(2,695)	(84,275)	(86,971)	200,654	113,682
Total changes of items during the period	(2,695)	(84,275)	(86,971)	200,654	1,096,251
Balance at the end of current period	12,356	527,066	539,422	200,654	9,517,625

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal 2015 (From February 1, 2014, to January 31, 2015)	Fiscal 2016 (From February 1, 2015, to January 31, 2016)
Cash flows from operating activities		
Income before income taxes and minority interests	1,843,941	2,157,649
Depreciation and amortization	177,882	247,806
Amortization of goodwill	178,186	219,798
Increase in allowance for doubtful accounts	5,618	6,131
Increase (decrease) in provision for bonuses	23,135	(4,136)
Increase in retirement benefits liability	6,469	5,407
Interest and dividends income	(1,982)	(4,566)
Foreign exchange (gains) losses	(1,521)	61,572
Loss on retirement of noncurrent assets	12,560	10,414
Decrease (increase) in notes and accounts receivable - trade	(265,280)	(249,340)
Increase (decrease) in accounts receivable-other	(16,461)	(32,143)
Increase in accounts payable-other	144,586	118,579
Increase in accrued expenses	21,205	23,766
Increase (decrease) in accrued consumption taxes	172,398	(107,905)
Increase in deposits received	64,259	9,938
Other, net	(23,755)	(85,949)
Subtotal	2,341,243	2,377,021
Interest and dividends income received	1,982	5,462
Income taxes paid	(1,017,179)	(759,002)
Net cash provided by operating activities	1,326,047	1,623,481
Cash flows from investing activities		
Purchase of property, plant and equipment	(248,677)	(224,460)
Purchase of intangible assets	(31,443)	(44,145)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(262,018)	(633,213)
Purchase of investment securities	(100,658)	(50,644)
Payments of loans receivable	(897)	(7,185)
Collection of loans receivable	2,652	6,573
Payments for lease and guarantee deposits	(68,709)	(73,796)
Proceeds from collection of lease and guarantee deposits	23,204	31,840
Net cash used in investing activities	(686,546)	(995,031)
Cash flows from financing activities		
Proceeds from issuance of common stock	5,338	314
Cash dividends paid	(304,115)	(304,659)
Net cash provided by (used in) financing activities	(298,777)	(304,345)
Effect of exchange rate change on cash and cash equivalents	43,028	(31,313)
Net increase in cash and cash equivalents	383,751	292,791
Cash and cash equivalents at beginning of period	4,959,929	5,343,681
Cash and cash equivalents at end of period	5,343,681	5,636,472

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

Changes in Accounting Policy

(Application of accounting standards for business combinations)

Effective from the consolidated fiscal year under review, we adopted the "Accounting Standard for Business Combinations" (ASBJ Statement No.21, September 13, 2013, hereinafter, "Business Combinations Accounting Standard"), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013, hereinafter, "Consolidated Accounting Standard"), and the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013, hereinafter, "Business Divestitures Accounting Standard"). The purpose of applying these standards was to adopt a method in which the difference made by changes in our ownership interest in subsidiaries in which we retain a controlling interest is recorded as capital surplus, and acquisition-related costs are treated as expenses in the consolidated fiscal year in which they are incurred. In addition, for business combinations carried out at or after the beginning of the first quarter of the fiscal year under review, we adopted a method in which the reallocation of acquisition costs, as determined after reviewing provisional accounting treatment, is reflected in the quarterly consolidated financial statements for the period in which the business combination took place.

We applied these standards in accordance with the transitional treatment specified in Section 58-2 of the Business Combinations Accounting Standard, Section 44-5 (4) of the Consolidated Accounting Standard, and Section 57-4 (4) of the Business Divestitures Accounting Standard. We began applying them from the beginning of the first quarter of the consolidated fiscal year under review, and will continue to do so in future periods.

The effect of this change on the consolidated financial statements is, however, immaterial.

In the consolidated statements of cash flows for the consolidated fiscal year under review, changes have been made whereby cash flows related to the acquisition or sale of shares in a subsidiary that does not involve changes in the scope of consolidation are listed under "cash flows from financing activities", while cash flows related to expenses incurred in the acquisition of shares in a subsidiary that involves changes in the scope of consolidation, as well as expenses incurred in the in the acquisition or sale of shares in a subsidiary that does not involve changes in the scope of consolidation are listed under "cash flows from operating activities."

The effect on per share information is immaterial.

Segment Information

a. Segment Information

1. Overview of reporting segments

The Company's reporting segments are the compositional units of the Company for which separate financial information is available. They are periodically examined by the Board of Directors for the purpose of deciding on allocation of management resources and evaluating business results.

The Company consists of two main businesses: A Testing/Verification & Evaluation Business that carries out defect detection (finding bugs) in support of improvement in product quality of software and hardware, and an Internet Monitoring Business that detects illegal or harmful information in Web content, and improper use of the Web, in order to support sound Internet growth.

As a result, the Company is composed of two reporting segments with separate organizations and service characteristics: the Testing/Verification & Evaluation Business, and the Internet Monitoring Business.

In the Testing/Verification & Evaluation Business, the Company provides defect detecting (finding bugs), verification and evaluation, and translation services. In Internet Monitoring Business, the Company provides Internet monitoring and user support services.

2. Calculation methods for net sales, income and loss, assets and liabilities and other items by reporting segment

The accounting methods used for the reported business segments are the same as the accounting methods the Company applies for consolidated financial reporting purposes.

Segment income (loss) for reporting segments represents operating income (loss).

Intersegment sales and transactions are based on prevailing market prices.

3. Net sales, income (loss), assets and other items by reporting segment

Fiscal year ended January 31, 2015 (From February 1, 2014, to January 31, 2015)

(Thousands of yen)

	Reporting segment			Others *1	Total	Adjustments *2, 3, 4, 5	Amounts in the consolidated financial statements*6
	Testing/ Verification & Evaluation Business	Internet Monitoring Business	Total				
Net sales							
Sales to third parties	11,278,951	3,325,698	14,604,650	148,582	14,753,232	—	14,753,232
Inter-segment sales and transfers	21,344	23,576	44,920	—	44,920	(44,920)	—
Total	11,300,295	3,349,275	14,649,571	148,582	14,798,153	(44,920)	14,753,232
Segment income (loss)	1,775,115	121,205	1,896,321	(23,342)	1,872,979	(11,159)	1,861,819
Segment assets	7,208,317	1,133,208	8,341,526	76,357	8,417,883	2,100,530	10,518,414
Other items							
Depreciation and amortization	143,228	31,994	175,222	249	175,472	2,409	177,882
Increase in property, plant and equipment and intangible assets	240,243	56,195	296,439	259	296,698	12,549	309,248

*Notes:
1. Others covers operations not included in reporting segments, and mainly encompasses the market research, publishing, and media businesses.
2. Adjustment for segment income of ¥11,159 thousand comprises elimination of intersegment transactions of ¥414,239 thousand and unallocated corporate expenses of ¥425,399 thousand. Unallocated corporate expenses are mainly general administrative expenses.
3. Adjustment for segment assets of ¥2,100,530 thousand comprises elimination of intersegment transactions of -¥32 thousand and unallocated corporate assets of ¥2,100,563 thousand. Major components of the unallocated corporate assets are surplus operating funds (cash and deposits), long-term investment funds (investment securities) and assets pertaining to administrative divisions.
4. Adjustment for depreciation and amortization of ¥2,409 thousand is unallocated and part of corporate depreciation and amortization.
5. The increase in property, plant and equipment and intangible assets of ¥12,549 thousand is unallocated and part of corporate capital expenditures.
6. Segment income (loss) is adjusted against the operating income recorded in the consolidated income statement.

Fiscal year ended January 31, 2016 (From February 1, 2015, to January 31, 2016)

(Thousands of yen)

	Reporting segment			Others *1	Total	Adjustments *2, 3, 4, 5	Amounts in the consolidated financial statements*6
	Testing/ Verification & Evaluation Business	Internet Monitoring Business	Total				
Net sales							
Sales to third parties	14,637,774	3,294,945	17,932,719	187,752	18,120,472	―	18,120,472
Inter-segment sales and transfers	28,018	38,500	66,518	―	66,518	△66,518	―
Total	14,665,792	3,333,445	17,999,237	187,752	18,186,990	△66,518	18,120,472
Segment income (loss)	2,403,731	27,690	2,431,422	(81,614)	2,349,807	10,250	2,360,058
Segment assets	9,319,864	1,099,942	10,419,807	172,957	10,592,764	1,724,869	12,317,633
Other items							
Depreciation and amortization	221,178	21,018	242,196	647	242,844	4,962	247,806
Increase in property, plant and equipment and intangible assets	870,672	32,614	903,286	2,095	905,382	20,850	926,232

*Notes:
1. Others covers operations not included in reporting segments, and mainly encompasses the market research, publishing, and media businesses.
2. Adjustment for segment income of ¥10,250 thousand comprises elimination of intersegment transactions of ¥507,252 thousand and unallocated corporate expenses of ¥497,001 thousand. Unallocated corporate expenses are mainly general administrative expenses.
3. Adjustment for segment assets of ¥1,724,869 thousand comprises elimination of intersegment transactions of -¥12,586 thousand and unallocated corporate assets of ¥1,737,455 thousand. Major components of the unallocated corporate assets are surplus operating funds (cash and deposits), long-term investment funds (investment securities) and assets pertaining to administrative divisions.
4. Adjustment for depreciation and amortization of ¥4,962 thousand is unallocated and part of corporate depreciation and amortization.
5. The increase in property, plant and equipment and intangible assets of ¥20,850 thousand is unallocated and part of corporate capital expenditures.
6. Segment income (loss) is adjusted against the operating income recorded in the consolidated income statement.

b. Related information

Fiscal year ended January 31, 2015 (From February 1, 2014, to January 31, 2015)

1. Product- and services-specific information

Not presented, as information similar to segment information is already presented.

2. Geographical information

(1) Net Sales

(Thousands of yen)

Japan	Asia	United States	Europe	Others	Total
11,921,782	68,996	1,640,068	1,117,513	4,873	14,753,232

Note: Sales are categorized by country or region based on customer locations.

(2) Property, plant and equipment

(Thousands of yen)

Japan	Asia	United States	Europe	Total
194,149	60,393	72,132	97,790	424,465

Fiscal year ended January 31, 2016 (From February 1, 2015, to January 31, 2016)

1. Product- and services-specific information

Not presented, as information similar to segment information is already presented.

2. Geographical information

(1) Net Sales

(Thousands of yen)

Japan	Asia	United States	Europe	Others	Total
13,570,026	83,683	2,633,520	1,821,313	11,928	18,120,472

Note: Sales are categorized by country or region based on customer locations.

(2) Property, plant and equipment

(Thousands of yen)

Japan	Asia	United States	Europe	Total
204,351	51,949	104,411	131,098	491,810

c. Information about impairment losses on property, plant and equipment by reporting segment

Fiscal year ended January 31, 2015 (From February 1, 2014, to January 31, 2015)

Not applicable

Fiscal year ended January 31, 2016 (From February 1, 2015, to January 31, 2016)

Not applicable

d. Information about amortization of goodwill and amortized balance by reporting segment

Fiscal year ended January 31, 2015 (From February 1, 2014, to January 31, 2015)

(Thousands of yen)

	Testing/ Verification & Evaluation Business	Internet Monitoring Business	Others*	Corporate and Eliminations	Total
Amortization of goodwill	178,186	—	—	—	178,186
Amortized balance	1,506,095	—	—	—	1,506,095

*Note: Others covers operations not included in reporting segments, and mainly encompasses the publishing, and media businesses.

Fiscal year ended January 31, 2016 (From February 1, 2015, to January 31, 2016)

(Thousands of yen)

	Testing/ Verification & Evaluation Business	Internet Monitoring Business	Others*	Corporate and Eliminations	Total
Amortization of goodwill	219,798	—	—	—	219,798
Amortized balance	1,514,355	—	—	—	1,514,355

*Note: Others covers operations not included in reporting segments, and mainly encompasses the market research, publishing, and media businesses.

e. Information about negative goodwill gains by reporting segment

Fiscal year ended January 31, 2015 (From February 1, 2014, to January 31, 2015)

Not applicable

Fiscal year ended January 31, 2016 (From February 1, 2015, to January 31, 2016)

Not applicable

(Per share information)

	Fiscal 2015 (From February 1, 2014, to January 31, 2015)	Fiscal 2016 (From February 1, 2015, to January 31, 2016)
Net assets per share	¥442.27	¥489.25
Net income per share	¥52.60	¥67.58
Diluted net income per share	¥51.84	¥66.65

Note: The basis for calculating net income per share and diluted net income per share is as follows.

	Fiscal 2015 (From February 1, 2014, to January 31, 2015)	Fiscal 2016 (From February 1, 2015, to January 31, 2016)
Net income per share		
Net income (thousands of yen)	1,000,976	1,286,914
Amount not attributable to common stockholders (thousands of yen)	—	—
Net income per share of common stock (thousands of yen)	1,000,976	1,286,914
Average number of shares outstanding during period	19,029,352	19,042,214
Diluted net income per share		
Net income adjustment (thousands of yen)	—	—
Increase in number of shares of common stock	280,359	266,210
(Subscription rights to shares)	(280,359)	(266,210)
Because there was no dilutive effect, net income per share was not included in the calculation of diluted net income per share	—	—

(Significant Subsequent Events)

At a meeting on March 8, 2016, the Board of Directors resolved to repurchase shares of common stock pursuant to Article 156 of the Companies Act, as applied pursuant to Article 156, Paragraph 3 of that Act.

1. Purpose
   To enhance capital efficiency and implement capital policies that flexibly accommodate changes in the operating climate.
2. Class of shares repurchased   Common stock
3. Total number of shares repurchased   740,000 shares (maximum)
4. Total repurchase price   ¥900 million (maximum)
5. Repurchase period   March 9 through March 31, 2016