December 9, 2016

Consolidated Financial Results
For the Nine Months Ended October 31, 2016
(Japanese Accounting Standards)

Name of the 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 to file Securities Report: December 14, 2016
Scheduled date to commence dividend payments: －
Supplementary explanatory materials prepared: Yes
Explanatory meeting: No

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

1. Consolidated financial results for the nine months ended October 31, 2016 (from February 1, 2016 to October 31, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
October 31, 2016	14,035	2.3	1,710	(11.4)	1,465	(21.6)	773	(30.7)
October 31, 2015	13,716	24.5	1,929	38.7	1,869	32.5	1,117	52.5

(Note) Comprehensive income
Nine months ended October 31, 2016: -¥46 million (- %)
Nine months ended October 31, 2015: ¥918 million (14.1%)

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
October 31, 2016	41.92	41.35
October 31, 2015	58.66	57.85

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
October 31, 2016	10,906	8,395	75.7
January 31, 2016	12,317	9,517	75.6

(Reference) Equity
As of October 31, 2016: ¥8,253 million
As of January 31, 2016: ¥9,316 million

2. Cash dividends

	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended January 31, 2016	–	0.00	–	18.00	18.00
Fiscal year ending January 31, 2017	–	0.00	–		
Fiscal year ending January 31, 2017(Forecasts)			–	19.00	19.00

(Notes)
Change in dividend forecasts for the fiscal year ending January 31, 2017 during the nine months ended October 31, 2016: No

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
Fiscal year ending January 31, 2017	20,531	13.3	2,466	4.5	2,386	7.1	1,378	7.1	72.40

(Note) Change in financial forecasts for the fiscal year ending January 31, 2017 during the nine months ended October 31, 2016: No

* Notes:
(1) Changes in significant subsidiaries during the six months ended July 31, 2016 (changes in specified subsidiaries resulting in a change in the scope of consolidation): No

(2) Use of particular accounting treatments in preparation of quarterly consolidated financial statements: Yes
(Note) For details, please refer to (2) Use of particular accounting treatments in preparation of quarterly consolidated financial statements, under 2. Notes to the Summary Information, on page 7 of the attachment materials to this report.

(3) 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: Yes
b. Changes in accounting policies due to reasons other than a. above: No
c. Changes in accounting estimates: No
d. Restatement of revisions: No
(Note) For details, please refer to (3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions, under 2. Notes to the Summary Information, on page 7 of the attachment materials to this report.

(4) Number of common shares issued
a. Total number of issued shares at the end of the period (including treasury stock)
As of October 31, 2016 19,044,400 shares
As of January 31, 2016 19,043,200 shares

b. Number of shares of treasury stock at the end of the period
As of October 31, 2016 740,000 shares
As of January 31, 2016 － shares

c. Average number of shares (Cumulative)
For the nine months ended October 31, 2016 18,463,485 shares
For the nine months ended October 31, 2015 19,041,881 shares

* Disclosure of status of quarterly review procedures
This report falls outside the scope of quarterly review procedures as laid out in the Financial Instruments and Exchange Act. As of the time of the release of this report, the review 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 (3) Qualitative Information on Consolidated Earnings Forecasts on page 6 of the Attachment Materials to this report.

(How to obtain supplementary materials explaining earnings for the quarter)

The Company discloses the Supplementary Information to the Financial Results on the TDnet on the same day.

1. Qualitative Information on Financial Results

(1) Analysis of Operating Results

During the six months ended July 31, 2016, the Japanese economy looked set for a mild recovery owing to an ongoing improvement in the employment outlook, income climates and government policies. At the same time, with the weakness in overseas economies, the nation faced such downward risks as slowdowns in economies in China, developing countries and resource-rich counties. Under these circumstances, uncertainties about overseas economies, impact of financial and capital market fluctuations such as Brexit warrant close attention.

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 and virtual reality Systems 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, The Group made Entalize Co., Ltd., which provides localization (translation) services for consumer electronic game software, its consolidated subsidiary in March to prepare for globalization of software for consumer electronic game consoles. In September, Pole To Win International Limited established POLE TO WIN ROMANIA SRL and Pole To Win India Private Limited opened its studio in Hyderabad as a second center in India. PITCREW CO., LTD increased floor space at the Sapporo Support Center and PITCREW COREOPS CO., LTD opened the Gifu BCP Center in February to accommodate order expansion. Collaboration has stepped up between thirteen delivery centers in seven countries and Japanese Group companies to provide a one-stop, full service platform in such areas as defect detection (finding bugs), localization, Internet monitoring, and user support.

As a result of these factors, consolidated net sales for the term were ¥14,035,915 thousand (up 2.3%). Operating income was ¥1,710,694 thousand (down 11.4%). Ordinary income was ¥1,465,731 thousand (down 21.6%) and Profit attributable to owners of parent was ¥773,980 thousand (down 30.7%).

Results by segment were as follows.

Testing/Verification & Evaluation Business

Reflecting collaboration between thirteen delivery centers in seven countries and Japanese Group companies in supporting the global deployments of domestic and foreign game makers, outsourcing services including defect detection, localization, and user support (overseas) expanded. Side UK Limited, which became a consolidated subsidiary in the previous fiscal year, QaaS Co., Ltd., and Entalize Co., Ltd., which became a consolidated subsidiary at the previous term, contributed to revenues and earnings from the current fiscal year. Although there were the impact of strong yen and decrease in orders for outsourcing services for the amusement equipment, orders for software testing services for the PlayStation 4 increased Testing/Verification & Evaluation Business sales increased 2.6% year on year, to ¥11,419,518 thousand. Operating income fell 5.6%, to ¥1,867,724 thousand.

Internet Monitoring Business

In the Internet Monitoring Business, the Group received orders for outsourcing services including user support (domestic) 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 3.1%, to ¥2,397,620 thousand. However, operating income was ¥7,625 thousand a year earlier, there was an operating loss of ¥71,262 thousand.

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 93.0%, to ¥218,776 thousand. There was an operating loss of ¥100,811 thousand, up from ¥78,147 thousand a year earlier.

(2) Qualitative information concerning consolidated financial position

Total Assets

Current assets decreased ¥1,040,643 thousand or 11.6% from January 31, 2016, to ¥7,895,486 thousand. This was mainly attributable to a ¥1,177,941 thousand decrease in cash and deposits.
Noncurrent assets decrease ¥370,644 thousand or 11.0% to ¥3,010,858 thousand from January 31, 2016. This reflected decrease of ¥198,338 thousand in goodwill and ¥217,229 thousand in intangible assets, which offset an increase of ¥42,337 thousand in lease and guarantee deposits.
As a result, total assets decreased ¥1,411,288 thousand or 11.5% year on year, to ¥10,906,344 thousand.

Liabilities

Current liabilities stood at ¥2,321,678 thousand, down ¥216,947 thousand or down 8.5% from January 31, 2016. The prime factors for this change were fall of ¥153,430 thousand in accounts payable-other, ¥144,865 thousand in income taxes payable and ¥232,552 thousand in other (deposits received), which offset an increase of ¥135,782 thousand in accrued expenses and ¥116,099 thousand in provision for bonuses.
Noncurrent liabilities decreased ¥72,588 thousand or 27.8%, to ¥188,794 thousand. This was mainly due to a ¥54,708 thousand decrease in deferred tax liabilities.
As a result, total liabilities decreased ¥289,535 thousand or 10.3% year on year, to ¥2,510,472 thousand.

Net assets

Net assets decreased ¥1,121,753 thousand or 11.8%, to ¥8,395,872 thousand. This was because although profit attributable to owners of parent added ¥773,980 housand to retained earnings, dividend payments detracted ¥342,777 thousand from retained earnings, while foreign currency translation adjustments declined by ¥762,338 thousand and treasury shares repurchase detracted ¥732,600 thousand.

(3) Qualitative Information on Consolidated Earnings Forecasts

Both revenues and earnings were broadly on target in the period under review. In the Testing/Verification & Evaluation segment, software testing services for the PlayStation 4 and the PlayStation VR is gradually increasing. Trends in the amusement equipment market and rate of exchange continue to warrant close attention.

In the Internet Monitoring Business, although the Group has increased outsourcing services for the e-commerce market, rapid changes in competition environment also warrant close attention. In the fourth quarter, therefore, management expects to generally remain on target, and has therefore retained the consolidated earnings forecasts that it disclosed on March 8, 2016.

Note, however, that 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. Notes to the Summary Information

(1) Changes in significant subsidiaries during the three months ended April 30, 2015

Not applicable

Although there were no such changes, during the first quarter under review, the Group acquired entire stake in Entalize Co., Ltd. and its subsidiary CrossFunction Co., Ltd., so the both are included in the scope of consolidation.

Although there were also no such changes, during the third quarter under review, the Group established POLE TO WIN ROMANIA SRL to make it a subsidiary, which is included in the scope of consolidation.

(2) Use of particular accounting treatments in preparation of quarterly consolidated financial statements

(Calculation of income taxes payable)

The tax expenses of the Company and certain consolidated subsidiaries are estimated reasonably based on effective tax rates after applying tax effect accounting for income before income taxes and minority interests for the consolidated fiscal year, including the third quarter under review, multiplying quarterly income before income taxes and minority interests by the relevant estimated effective tax rate.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

Change in accounting policy

(Change in depreciation method)

Upon revision of the Corporation Tax Act of Japan, from the six months ended July 31, 2016, the depreciation method based on the revised Act was applied to the property, plant and equipment acquired on or after April 1, 2016 by the Company and its domestic consolidated subsidiaries.

The effect of this change on operating income, ordinary income and income before income taxes and minority interests was immaterial for the nine months ended October 31, 2016.

(4) Additional information

The Group adopted Section 39 of the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013). In addition, the Group has changed the presentation of net income and other related items, and the presentation of “minority interests” to “non- controlling interests”. To reflect these changes in presentation, the consolidated financial statements for the nine months ended October 31, 2015 and the previous consolidated fiscal year have been reclassified.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	Fiscal 2016 (As of January 31, 2016)	3Q Fiscal 2017 (As of October 31, 2016)
Assets		
Current assets		
Cash and deposits	5,636,472	4,458,531
Notes and accounts receivable-trade	2,485,451	2,700,304
Merchandise and finished goods	52,862	33,055
Work in process	48,904	133,231
Deferred tax assets	72,058	78,350
Other	650,642	500,953
Allowance for doubtful accounts	(10,261)	(8,940)
Total current assets	8,936,130	7,895,486
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	485,032	522,250
Accumulated depreciation	(191,461)	(238,761)
Buildings and structures, net	293,571	283,488
Machinery, equipment and vehicles	840	13,644
Accumulated depreciation	(840)	(10,258)
Machinery, equipment and vehicles, net	0	3,386
Tools, furniture and fixtures	858,933	866,799
Accumulated depreciation	(660,693)	(638,717)
Tools, furniture and fixtures, net	198,239	228,082
Total property, plant and equipment	491,810	514,957
Intangible assets		
Goodwill	1,514,355	1,316,017
Software	66,926	54,346
Other intangible assets	561,265	343,966
Other	2,244	2,244
Total intangible assets	2,144,792	1,716,575
Investments and other assets		
Investment securities	203,471	199,514
Lease and guarantee deposits	406,915	449,252
Deferred tax assets	44,401	46,621
Other	102,091	85,647
Allowance for doubtful accounts	(11,979)	(1,710)
Total investments and other assets	744,899	779,325
Total noncurrent assets	3,381,502	3,010,858
Total assets	12,317,633	10,906,344

(Thousands of yen)

	Fiscal 2016 (As of January 31, 2016)	3Q Fiscal 2017 (As of October 31, 2016)
Liabilities		
Current liabilities		
Accounts payable-other	1,321,708	1,168,278
Accrued expenses	93,306	229,088
Income taxes payable	522,983	378,118
Provision for bonuses	30,515	146,614
Other	570,110	399,578
Total current liabilities	2,538,625	2,321,678
Noncurrent liabilities		
Provision for retirement benefits	56,686	54,312
Deferred tax liabilities	130,106	75,398
Other	74,589	59,083
Total noncurrent liabilities	261,382	188,794
Total liabilities	2,800,007	2,510,472
Net Assets		
Shareholders' equity		
Capital stock	1,236,323	1,236,418
Capital surplus	1,282,778	1,282,872
Retained earnings	6,258,446	6,689,649
Treasury shares	—	(732,600)
Total shareholders’ equity	8,777,548	8,476,340
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,356	12,101
Foreign currency translation adjustments	527,066	(235,271)
Total accumulated other comprehensive income	539,422	(223,169)
Non-controlling interests	200,654	142,702
Total net assets	9,517,625	8,395,872
Total liabilities and net assets	12,317,633	10,906,344

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

Consolidated Statements of Income

(Nine-month period ended October 31, 2016)

(Thousands of yen)

	Nine months ended October 31, 2015 (From February 1, 2015 to October 31, 2015)	Nine months ended October 31, 2016 (From February 1, 2016 to October 31, 2016)
Net sales	13,716,521	14,035,915
Cost of sales	9,108,570	9,342,002
Gross profit	4,607,950	4,693,913
Selling, general and administrative expenses	2,678,100	2,983,219
Operating income	1,929,849	1,710,694
Non-operating income		
Interest income	2,587	2,196
Dividends income	2,304	1,863
Subsidy income	8,900	4,602
Insurance premiums refunded cancellation	4,452	18,846
Commission fees	2,938	5,738
Other	3,925	5,937
Total non-operating income	25,109	39,184
Non-operating expenses		
Interest expenses	—	1,390
Foreign exchange losses	83,227	276,687
Compensation expenses	1,655	2,979
Commission for purchase of treasury shares	—	1,140
Other	96	1,948
Total non-operating expenses	84,979	284,146
Ordinary income	1,869,980	1,465,731
Extraordinary gains		
Loss on retirement of noncurrent assets	94	—
Gain on sales of investment securities	—	2,479
Other	15	—
Total extraordinary gains	110	2,479
Extraordinary losses		
Loss on retirement of noncurrent assets	5,910	6,409
Loss on sales of noncurrent assets	—	2,643
Directors' retirement benefits	59,644	—
Other	1,276	—
Total non-operating expenses	66,831	9,052
Income before income taxes and minority interests	1,803,258	1,459,159
Income taxes	683,239	690,897
Net income	1,120,019	768,261
Profit (loss) attributable to non-controlling interests	2,981	(5,718)
Profit attributable to owners of parent	1,117,037	773,980

Consolidated Statement of Comprehensive Income
(Nine-month period ended October 31, 2016)

(Thousands of yen)

	Nine months ended October 31, 2015 (From February 1, 2015 to October 31, 2015)	Nine months ended October 31, 2016 (From February 1, 2016 to Octo 31, 2016)
Profit	1,120,019	768,261
Other comprehensive income		
Valuation difference on available-for-sale securities	(592)	(254)
Foreign currency translation adjustments	(200,531)	(814,571)
Total other comprehensive income	(201,123)	(814,825)
Total comprehensive income	918,895	(46,564)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	929,308	11,387
Comprehensive income attributable to non-controlling interests	(10,412)	(57,951)

(3) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

The Group repurchased 740,000 shares in accordance with the resolution made at the meeting of its board of directors held on March 8, 2016.

As a result, treasury shares increased ¥732,600 thousand for the nine months ended October 31, 2016 and the amount of treasury shares was ¥732,600 thousand as of the end of this term.

(Segment Information)

1. Nine months ended October 31, 2015 (from February 1, 2015 to October 31, 2015)

(1) Net sales and income (loss) by reporting segment

(Thousands of yen)

	Reporting segment			Others*1	Total	Adjustments*2	Amounts in the consolidated statements of income*3
	Testing/ Verification & Evaluation Business	Internet Monitoring Business	Total				
Net sales							
Sales to third parties	11,130,069	2,473,093	13,603,162	113,358	13,716,521	－	13,716,521
Inter-segment sales and transfers	7,303	36,235	43,539	－	43,539	(43,539)	－
Total	11,137,373	2,509,328	13,646,702	113,358	13,760,060	(43,539)	13,716,521
Segment income (loss)	1,978,324	7,625	1,985,950	(78,147)	1,907,803	22,046	1,929,849

*Notes: 1. Others covers operations not included in reporting segments, and mainly encompasses the publishing, and media businesses.
2. Adjustment for segment income of ¥22,046 thousand comprises elimination of intersegment transactions of ¥393,579 thousand and unallocated corporate expenses of -¥371,533 thousand. Unallocated corporate expenses are mainly general administrative expenses.
3. Segment income (loss) is adjusted against the operating income recorded in the consolidated statements of income.

(2) Information regarding impairment losses on fixed assets and goodwill by reporting segment

(Material changes in goodwill)

In the Testing/Verification & Evaluation Business segment, Side UK Limited became a consolidated subsidiary following the acquisition of its stock during the period under review, increasing goodwill by ¥304,134 thousand for the term.

2. Nine months ended October 31, 2016 (from February 1, 2016 to October 31, 2016)

(1) Net sales and income (loss) by reporting segment

(Thousands of yen)

	Reporting segment			Others*1	Total	Adjustments*2	Amounts in the consolidated statements of income*3
	Testing/ Verification & Evaluation Business	Internet Monitoring Business	Total				
Net sales							
Sales to third parties	11,419,518	2,397,620	13,817,139	218,776	14,035,915	－	14,035,915
Inter-segment sales and transfers	18,871	14,480	33,352	－	33,352	(33,352)	－
Total	11,438,389	2,412,101	13,850,491	218,776	14,069,267	(33,352)	14,035,915
Segment income (loss)	1,867,724	(71,262)	1,796,461	(100,811)	1,695,650	15,043	1,710,694

*Notes: 1. Others covers operations not included in reporting segments, and mainly encompasses the publishing, and media businesses.
2. Adjustment for segment income of ¥15,043 thousand comprises elimination of intersegment transactions of ¥401,080 thousand and unallocated corporate expenses of -¥386,036 thousand. Unallocated corporate expenses are mainly general administrative expenses.

3. Segment income (loss) is adjusted against the operating income recorded in the consolidated statements of income.

(2) Information regarding impairment losses on fixed assets and goodwill by reporting segment

(Material changes in goodwill)

In the Testing/Verification & Evaluation Business segment, Entalize Co., Ltd., became a consolidated subsidiary following the acquisition of its stock during the first quarter under review, increasing goodwill by ¥318,417 thousand for the term.