September 6, 2013

Consolidated Financial Results For the Six Months Ended July 31, 2013

(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: September 12, 2013
Scheduled date to commence dividend payments: –
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 six months ended July 31, 2013 (from February 1, 2013 to July 31, 2013)

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

	Net sales		Operating income		Ordinary income		Net income	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
July 31, 2013	6,898	37.2	1,125	31.3	1,229	42.4	693	54.0
July 31, 2012	5,028	31.6	857	62.8	863	55.5	450	50.8

(Note) Comprehensive income
Six months ended July 31, 2013: ¥646 million (44.1%)
Six months ended July 31, 2012: ¥448 million (50.2%)

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
July 31, 2013	73.11	70.98
July 31, 2012	52.88	50.97

(Note) The Company conducted a stock split on January 9, 2013 at a ratio of two shares of common stock for each one share of common stock. However, the figures for net income per share and diluted net income per share have been calculated on the assumption that this stock split was conducted at the beginning of the year ended January 31, 2013.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
July 31, 2013	8,446	6,520	77.2
January 31, 2013	7,866	6,154	78.2

(Reference) Equity
As of July 31, 2013: ¥6,520 million
As of January 31, 2013: ¥6,154 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, 2013	–	0.00	–	30.00	30.00
Fiscal year ending January 31, 2014	–	0.00			
Fiscal year ending January 31, 2014 (Forecasts)			–	27.00	27.00

(Notes) 1. Change in dividend forecasts for the fiscal year ending January 31, 2014 during the six months ended July 31, 2013: No

2. Dividends for the year ended January 31, 2013 were ordinary dividends of ¥27 per share and a commemorative dividend of ¥3 per share to celebrate a stock listing on the First Section of the Tokyo Stock Exchange.

3. Consolidated financial forecasts for the fiscal year ending January 31, 2014 (from February 1, 2013 to January 31, 2014)

(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, 2014	13,028	19.9	1,842	0.4	1,840	(2.4)	1,041	11.8	109.97

(Note) Change in financial forecasts for the fiscal year ending January 31, 2014 during the six months ended July 31, 2013: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended July 31, 2013 (changes in specified subsidiaries resulting in a change in the scope of consolidation): Yes

New: 1 (Pole To Win Europe Limited)

Excluded: 1 (Pole To Win America Hunt Valley, Inc.)

(Note) For details, please refer to (1) Changes in significant subsidiaries during the six months ended July 31, 2013, under 2. Notes to the Summary Information, on page 6 of the attachment materials to this report.

(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 6 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: Yes

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 (including treasury stock)

As of July 31, 2013 9,485,600 shares

As of January 31, 2013 9,473,600 shares

b. Number of shares of treasury stock

As of July 31, 2013 － shares

As of January 31, 2013 － shares

c. Average number of shares

For the six months ended July 31, 2013	9,480,081 shares
For the six months ended July 31, 2012	8,512,000 shares

(Note) The Company conducted a stock split on January 9, 2013 at a ratio of two shares of common stock for each one share of common stock. However, the figures for the number of shares issued have been calculated on the assumption that this stock split was conducted at the beginning of the year ended January 31, 2013.

* 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 Information to the Financial Results and earnings presentation materials)

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 Tuesday, September 10, 2013. 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. Qualitative Information on Financial Results

(1) Qualitative information on consolidated operating results

During the six months ended July 31, 2013, the Japanese economy underwent a steady recovery as personal consumption grew stronger. This uptrend was mainly delineated by the yen's depreciation accelerating and the stock market regaining momentum in favorable response to the economic and financial policies of a newly elected Cabinet. Under those economic circumstances, the Poletowin Pitcrew Holdings Group saw rapid growth in the market for social games, native applications and other mobile game content undergirding its Testing/Verification & Evaluation Business, in step with the rising popularity of smartphones and tablet PCs. Going forward, this application content is expected to grow progressively richer and more sophisticated, driving continued market expansion. Frequent updates and user support are essential after social games and native applications are launched. As a result, the importance of ongoing services in detecting defects (finding bugs) and user support should rise. Meanwhile, new game consoles are scheduled for launch before the end of the year in the console game market. Consequently, the game market is expected to expand in response to growth driven in synergy by both console games and mobile social game content.

In online markets related to the Group's Internet Monitoring Business, growing popularity of smartphones and tablet PCs and the broader scope of video, e-book and other online content services available, drove greater Internet usage. Demand for monitoring postings and other types of user support services has increased as a result of the need to make safe and reliable Internet access ubiquitous. In the e-commerce market, there is growing demand for handling the review of Internet advertising, merchandise checks, rights infringement investigations, and customer inquiries. The recent focus in Japan on the issue of cyber-bullying has also prompted municipal boards of education to put efforts into monitoring youth Internet usage and providing Internet literacy education for students, parents and guardians.

The Group provides checking, testing, monitoring and inspection services that require human input on a contractual basis to corporate clients. In response to the anticipated business expansion going forward, Pole To Win Co., Ltd. opened a new Shinjuku Studio in July 2013, while PITCREW CO., LTD. enlarged the floor space of its Chubu Support Center in Nagoya in May and Kitakyushu Support Center in July 2013. The Group's business bases in Japan grew to 20 locations following the Shinjuku Studio's opening. Along with the eight business bases overseas, this will serve to enhance worldwide collaboration among Group companies as we strive to provide a one-stop, full-service platform in defect detection (finding bugs), localization, Internet monitoring and user support, etc., to clients from all over the world. The Group is also actively referring domestic and overseas clients to one another, providing clients with mutual introductions around the world, in order to deepen its transactions with each corporate client and expand business.

As a result, consolidated net sales for the six months ended July 31, 2013 were ¥6,898,577 thousand (up 37.2% year on year), operating income was ¥1,125,684 thousand (up 31.3%), ordinary income was ¥1,229,654 thousand (up 42.4%) and net income was ¥693,084 thousand (up 54.0%).

Results by segment were as follows.

1) Testing/Verification & Evaluation Business

In the Testing/Verification & Evaluation Business, there has been an increase in the social games users download directly as native applications, in addition to those they had been using a browser to access, as a result of the growing popularity of smartphones. Moreover, the higher level of functionality of smartphones relative to traditional handsets has increased the complexity of native applications. Combined with the growth in the numbers of titles, this led to the Group securing more orders for mobile content defect detection (finding bugs) services in Japan. Meanwhile, collaboration among Group subsidiaries in Japan and abroad in the Testing/Verification & Evaluation and Internet Monitoring businesses has helped enhance the one-stop, full-service platform the Group is developing. For instance, this platform enabled Group subsidiaries in Japan, the U.S., the U.K. and China to work together in supporting game software for the console game market that a client company had launched globally. This in turn contributed to further enhancing the capability of our platform. Furthermore, growth in the Testing/Verification & Evaluation Business itself was driven firmly by defect detection work for finding bugs in the amusement (pachinko and pachislot) equipment of existing clients who were eagerly developing new models, and as a result of our achievements cultivating business with new clients. As a result, the Testing/Verification & Evaluation Business saw sales increase 41.6% year on year to ¥5,416,887 thousand. Operating income rose 18.1% to ¥1,021,219 thousand.

2) Internet Monitoring Business

Increased popularity of smartphones and tablets PCs has broadened the scope of users accessing the Internet. Not only Internet service providers, but companies from other industries have entered e-books, Internet retailing and other forms of e-commerce. Along with social game content, this has consequently led to an upsurge in our user support business in connection with providing and operating those real-time services on the Internet. At the same time, demand has grown for running legal and regulatory compliance checks and monitoring the proper operation of broker websites on behalf of clients such as life insurance companies. Another area where orders have grown is the online patrol of youth Internet usage, which we are providing to various municipal boards of education and schools on a contract basis. In the six months under review, the Group received orders from 20 municipal governments and 15 private schools. Moreover, the Group's Internet Monitoring Business and Testing/Verification & Evaluation Business have also collaborated in an effort to create new services and refer clients to each other. As a result, the Internet Monitoring Business saw net sales increase 20.5% year on year to ¥1,449,164 thousand, with operating income rising 506.7% to ¥91,898 thousand.

3) Others

In this segment, Palabra Inc. (renamed from Daiichi Shorin Co., Ltd. on February 1, 2013) has instituted a subtitle training curriculum to prepare for the advent of barrier-free motion pictures, and has started producing barrier-free subtitles for television program and video production firms on contract. IMAid Inc. has launched medical staffing services. Net sales for Others in the six months ended July 31, 2013 amounted to ¥32,525 thousand (compared with ¥959 thousand in the same period the previous year), posting an operating loss of ¥49,742 thousand (compared to a ¥6,711 thousand loss in the same period the previous year).

(2) Qualitative information concerning consolidated financial position

Total assets

Current assets rose ¥669,323 thousand or 11.3% from January 31, 2013, to ¥6,587,939 thousand as of July 31, 2013. This was mainly attributable to a ¥310,251 thousand increase in cash and deposits and a ¥291,289 thousand increase in notes and accounts receivable-trade.

Noncurrent assets stood at ¥1,858,432 thousand, ¥89,328 thousand or 4.6% lower than on January 31, 2013. This was mainly due to a ¥85,743 thousand decrease in goodwill.

As a result, total assets increased by ¥579,994 thousand or 7.4% to ¥8,446,372 thousand.

Liabilities

Current liabilities stood at ¥1,878,314 thousand as of July 31, 2013, ¥288,560 thousand or 18.2% higher than on January 31, 2013. This was mainly attributable to a ¥326,415 increase in accounts payable-other.

Noncurrent liabilities decreased ¥74,288 thousand or 61.0% to ¥47,420 thousand. This was mainly due to a ¥69,597 thousand decrease in long-term accounts payable-other.

As a result, total liabilities increased by ¥214,272 thousand or 12.5% to ¥1,925,735 thousand.

Net assets

Net assets on July 31, 2013 amounted to ¥6,520,636 thousand, an increase of ¥365,721 thousand or 5.9% from January 31, 2013. This was mainly due to a ¥408,876 thousand increase in retained earnings.

(3) Qualitative information on consolidated earnings forecasts

Group sales and profits grew in the six months ended July 31, 2013, the second quarter of the fiscal year ending January 31, 2014, and conditions are forecast to remain good in markets linked to Group businesses. Meanwhile, to keep up with operations as they grow, the Testing/Verification & Evaluation Business plans to open more business sites, expand the floor space of business bases, recruit more managers, and invest in equipment for detecting defects (finding bugs) in new game consoles. The Internet Monitoring Business is also investing in a substantial human resource recruitment and pre-hire training drive. This is in response to an increase in orders to monitor web postings, review Internet advertising and provide user support services as clients switch over from competitors, prompted by our aggressive proposals-driven initiatives. Looking ahead at the third quarter and beyond, the Group’s business is forecast to grow as planned for the most part as we invest proactively in personnel, office space and equipment to achieve stable and sustainable business expansion. Consequently, the full-term consolidated earnings forecasts we announced on March 11, 2013 remain unchanged.

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 six months ended July 31, 2013

The newly established Pole To Win Europe Limited, as well as Daiichi Shorin Co., Ltd. and Pacer CO., Ltd., were included in the scope of consolidation from the three months ended April 30, 2013.

Pole To Win America Hunt Valley, Inc. was excluded from the scope of consolidation from the three months ended April 30, 2013 following its termination as a consequence of merger with Pole To Win America, Inc.

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

(Calculation of income taxes payable)

Income taxes payable are derived by multiplying income before income taxes and minority interests for the six months ended July 31, 2013 by the estimated effective taxation rate. This rate is based on a rational estimate after adjusting the income before income taxes and minority interest forecast for the fiscal year (including that income for the six months ended July 31, 2013) for tax-effect accounting.

(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 three months ended April 30, 2013, the depreciation method based on the revised Act was applied to the property, plant and equipment acquired on or after February 1, 2013 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 six months ended July 31, 2013.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	Fiscal 2013 (As of January 31, 2013)	2Q Fiscal 2014 (As of July 31, 2013)
Assets		
Current assets		
Cash and deposits	4,199,797	4,510,048
Notes and accounts receivable-trade	1,317,571	1,608,860
Deferred tax assets	72,509	72,300
Other	332,310	396,776
Allowance for doubtful accounts	(3,573)	(47)
Total current assets	5,918,616	6,587,939
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	150,083	176,912
Accumulated depreciation	(59,487)	(66,189)
Buildings and structures, net	90,596	110,723
Machinery, equipment and vehicles	2,438	2,660
Accumulated depreciation	(1,959)	(2,296)
Machinery, equipment and vehicles, net	479	363
Tools, furniture and fixtures	393,891	435,798
Accumulated depreciation	(263,087)	(303,837)
Tools, furniture and fixtures, net	130,804	131,961
Total property, plant and equipment	221,880	243,048
Intangible assets		
Goodwill	1,282,155	1,196,411
Software	36,014	35,081
Other	2,126	2,014
Total intangible assets	1,320,296	1,233,508
Investments and other assets		
Investment securities	45,528	48,676
Lease and guarantee deposits	255,296	291,467
Deferred tax assets	32,762	31,594
Other	71,997	15,953
Allowance for doubtful accounts	—	(5,814)
Total investments and other assets	405,584	381,876
Total noncurrent assets	1,947,761	1,858,432
Total assets	7,866,378	8,446,372

(Thousands of yen)

	Fiscal 2013 (As of January 31, 2013)	2Q Fiscal 2014 (As of July 31, 2013)
Liabilities		
Current liabilities		
Accounts payable-other	732,361	1,058,777
Accrued expenses	36,078	71,799
Income taxes payable	604,629	532,342
Provision for bonuses	11,029	40,541
Other	205,655	174,854
Total current liabilities	1,589,754	1,878,314
Noncurrent liabilities		
Provision for retirement benefits	42,011	45,581
Long-term accounts payable-other	69,597	—
Other	10,100	1,838
Total noncurrent liabilities	121,708	47,420
Total liabilities	1,711,463	1,925,735
Net Assets		
Shareholders’ equity		
Capital stock	1,228,802	1,230,680
Capital surplus	1,275,257	1,277,135
Retained earnings	3,657,737	4,066,614
Total shareholders’ equity	6,161,797	6,574,429
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,239	10,218
Foreign currency translation adjustments	(15,121)	(64,012)
Total accumulated other comprehensive income	(6,882)	(53,793)
Total net assets	6,154,914	6,520,636
Total liabilities and net assets	7,866,378	8,446,372

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

Consolidated Statements of Income

(Cumulative six-month period to the second quarter ended July 31, 2013)

(Thousands of yen)

	Six months ended July 31, 2012 (From February 1, 2012 to July 31, 2012)	Six months ended July 31, 2013 (From February 1, 2013 to July 31, 2013)
Net sales	5,028,270	6,898,577
Cost of sales	3,239,753	4,502,879
Gross profit	1,788,516	2,395,698
Selling, general and administrative expenses	931,293	1,270,013
Operating income	857,223	1,125,684
Non-operating income		
Interest income	738	408
Dividends income	10	—
Foreign exchange gains	—	88,957
Subsidy income	11,524	1,107
Insurance premiums refunded cancellation	732	5,855
Consumption tax adjustment	1,095	585
Other	1,280	7,055
Total non-operating income	15,380	103,969
Non-operating expenses		
Interest expenses	1	—
Foreign exchange losses	9,025	—
Other	6	—
Total non-operating expenses	9,032	—
Ordinary income	863,570	1,229,654
Extraordinary losses		
Loss on retirement of noncurrent assets	36	—
Total extraordinary losses	36	—
Income before income taxes and minority interests	863,534	1,229,654
Total income taxes	413,379	536,569
Income before minority interests	450,155	693,084
Net income	450,155	693,084

Consolidated Statements of Comprehensive Income

(Cumulative six-month period to the second quarter ended July 31, 2013)

(Thousands of yen)

	Six months ended July 31, 2012 (From February 1, 2012 to July 31, 2012)	Six months ended July 31, 2013 (From February 1, 2013 to July 31, 2013)
Income before minority interests	450,155	693,084
Other comprehensive income		
Valuation difference on available-for-sale securities	620	1,979
Foreign currency translation adjustments	(2,274)	(48,890)
Total other comprehensive income	(1,654)	(46,910)
Total comprehensive income	448,500	646,173
Comprehensive income attributable to:		
Owners of the parent	448,500	646,173

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended July 31, 2012 (From February 1, 2012 to July 31, 2012)	Six months ended July 31, 2013 (From February 1, 2013 to July 31, 2013)
Cash flows from operating activities		
Income before income taxes and minority interests	863,534	1,229,654
Depreciation and amortization	22,949	57,549
Amortization of goodwill	5,889	85,743
Increase (decrease) in allowance for doubtful accounts	1,699	1,861
Increase (decrease) in provision for bonuses	30,148	29,511
Increase in provision for retirement benefits	7,383	3,570
Interest and dividends income	(748)	(408)
Interest expenses	1	—
Foreign exchange (gains) losses	13,022	(77,807)
Loss on retirement of noncurrent assets	36	—
Increase in notes and accounts receivable-trade	(213,251)	(269,106)
Decrease (increase) in accounts receivable-other	(639)	(9,892)
Increase (decrease) in accounts payable-other	177,237	174,644
Increase in accrued expenses	29,898	35,117
Increase in deposits received	9,929	14,540
Other, net	(79,834)	30,146
Subtotal	867,256	1,305,126
Interest and dividends income received	748	408
Income taxes paid	(409,231)	(632,943)
Net cash provided by operating activities	458,773	672,591
Cash flows from investing activities		
Decrease in time deposits	20,813	—
Purchase of property, plant and equipment	(49,549)	(53,333)
Purchase of intangible assets	(1,104)	(8,863)
Purchase of investment securities	(3,528)	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(64,311)	—
Payments of loans receivable	—	(606)
Collection of loans receivable	179	662
Payments for lease and guarantee deposits	(38,007)	(38,473)
Proceeds from collection of lease and guarantee deposits	7,681	2,010
Net cash used in investing activities	(127,828)	(98,602)
Cash flows from financing activities		
Net decrease in short-term loans payable	(5,112)	—
Repayment of long-term loans payable	(1,000)	—
Proceeds from issuance of common stock	—	3,756
Cash dividends paid	(161,728)	(284,208)
Net cash used in financing activities	(167,840)	(280,452)
Effect of exchange rate change on cash and cash equivalents	(16,284)	16,713
Net increase in cash and cash equivalents	146,820	310,251
Cash and cash equivalents at beginning of period	3,712,742	4,199,797
Cash and cash equivalents at end of period	3,859,563	4,510,048

(4) Notes on Going Concern Assumption
Not applicable

(5) Notes in the Event of a Material Change in Amount of Shareholders' Equity
Not applicable

(6) Segment Information

1. Six months ended July 31, 2012 (from February 1, 2012 to July 31, 2012)
   (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	3,824,203	1,203,108	5,027,311	959	5,028,270	—	5,028,270
Inter-segment sales and transfers	5,372	4,297	9,670	8,640	18,310	(18,310)	—
Total	3,829,575	1,207,405	5,036,981	9,599	5,046,580	(18,310)	5,028,270
Segment income (loss)	865,055	15,148	880,203	(6,711)	873,492	(16,268)	857,223

*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 -¥16,268 thousand comprises elimination of intersegment transactions of ¥216,483 thousand and unallocated corporate expenses of ¥232,751 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
(Important changes in amounts of goodwill)
In the Testing/Verification & Evaluation Business segment, share acquisitions to convert Pole To Win Networks Co., Ltd. and Pole To Win Asia Pte. Ltd. into consolidated subsidiaries resulted in the posting of goodwill. The increase in goodwill as a result of this during the six months ended July 31, 2012 was ¥45,233 thousand.

2. Six months ended July 31, 2013 (from February 1, 2013 to July 31, 2013)
   (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	5,416,887	1,449,164	6,866,051	32,525	6,898,577	—	6,898,577
Inter-segment sales and transfers	1,521	1,200	2,721	2,880	5,601	(5,601)	—
Total	5,418,409	1,450,364	6,868,773	35,405	6,904,179	(5,601)	6,898,577
Segment income (loss)	1,021,219	91,898	1,113,118	(49,742)	1,063,375	62,309	1,125,684

*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 ¥62,309 thousand comprises elimination of intersegment transactions of ¥241,776 thousand and unallocated corporate expenses of ¥179,467 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

Not applicable