September 5, 2014

# Consolidated Financial Results
# For the Six Months Ended July 31, 2014
(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 11, 2014
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, 2014 (from February 1, 2014, to July 31, 2014)

(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, 2014 | 7,293 | 5.7 | 977 | (13.2) | 975 | (20.7) | 495 | (28.5) |
| July 31, 2013 | 6,898 | 37.2 | 1,125 | 31.3 | 1,229 | 42.4 | 693 | 54.0 |

(Note) Comprehensive income
Six months ended July 31, 2014: ¥ 466 million (-27.8%)
Six months ended July 31, 2013: ¥ 646 million (44.1%)

| | Net income per share | Diluted net income per share |
|---|---|---|
| Six months ended | Yen | Yen |
| July 31, 2014 | 26.07 | 25.67 |
| July 31, 2013 | 36.55 | 35.49 |

(Note) The Company conducted stock splits on January 9, 2014, at a ratio of two shares of common stock per 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 previous fiscal year.

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|---|---|---|---|
| As of | Millions of yen | Millions of yen | % |
| July 31, 2014 | 9,648 | 7,661 | 79.4 |
| January 31, 2014 | 9,228 | 7,494 | 81.2 |

(Reference) Equity
As of July 31, 2014: ¥ 7,661 million
As of January 31, 2014: ¥ 7,494 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, 2014 | – | 0.00 | – | 16.00 | 16.00 |
| Fiscal year ending January 31, 2015 | – | 0.00 | | | |
| Fiscal year ending January 31, 2015 (Forecasts) | | | – | 16.00 | 16.00 |

(Notes) Change in dividend forecasts for the fiscal year ending January 31, 2015, during the six months ended July 31, 2014: No

## 3. Consolidated financial forecasts for the fiscal year ending January 31, 2015 (from February 1, 2014, to January 31, 2015)

(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, 2015 | 14,961 | 7.8 | 2,183 | 1.8 | 2,186 | (4.5) | 1,211 | 0.5 | 63.74 |

(Note) Change in financial forecasts for the fiscal year ending January 31, 2015, during the six months ended July 31, 2014: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended July 31, 2014 (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: No
b. Changes in accounting policies due to reasons other than a. above: No
c. Changes in accounting estimates: No
d. Restatement of revisions: No

(4) Number of common shares issued

a. Total number of issued shares at the end of the period (including treasury stock)
As of July 31, 2014 19,039,200 shares
As of January 31, 2014 19,007,200 shares

b. Number of shares of treasury stock at the end of the period
As of July 31, 2014 ― shares
As of January 31, 2014 ― shares

c. Average number of shares (Cumulative)
For the six months ended July 31, 2014 19,018,161 shares
For the six months ended July 31, 2013 18,960,162 shares

(Note) The Company conducted stock splits on January 9, 2014, at a ratio of two shares of common stock per 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 previous fiscal year.

* 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. The Company plans to hold an earnings results briefing for institutional investors and analysts on Tuesday, September 9, 2014. 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) Analysis of Operating Results

During the six months ended July 31, 2014, the Japanese economy remained somewhat weak, experiencing a downturn following a surge in demand ahead of a hike in the consumption tax rate. That situation abated, with the economy looking set for a gradual recovery. Nonetheless, there remain risks of downward pressure on Japan's economy because of slowdowns in economies overseas.

It was against that backdrop the Poletowin Pitcrew Holdings Group's core Testing/Verification & Evaluation Business experienced ongoing expansion in the social games market, centered on native applications, amid the rising popularity of smartphones and tablet PCs. To broaden 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 have been favorable in the consumer electronic game market for new next-generation game consoles launched around the world. Looking ahead, the launch of new content for each platform is expected to expand globally as game platforms diversify, as exemplified by the distribution of games using game consoles, smartphones and tablet PCs, as well as via the cloud.

In online markets related to the Group's Internet Monitoring Business, online shopping, video, e-book, and other forms of e-commerce are catching on against the backdrop of the growing popularity of smartphones and tablet PCs. 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 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 operations, including through 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 period under review, Pole to Win Co., Ltd., relocated its Sapporo Studio to larger premises in August to accommodate order expansion. PITCREW CO., LTD., established its Sendai Support Center in April, its first site in the Tohoku region, and moved its Sapporo Support Center to a location with more floor space. PITCREW COREOPS CO., LTD, opened the Sendai BCP Center in April and relocated and increased floor space at the Okinawa BCP Center in May to secure more people outside Metropolitan Tokyo and accommodate operational growth. Overseas, Pole To Win America, Inc., moved its Hunt Valley studio to Baltimore in April. Also that month, Pole To Win India Private Limited increased floor space. One of the Company's business strategies is to expand overseas sales by accelerating its global deployment. Collaboration has thus stepped up between nine business units 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 term were ¥7,293,525 thousand (up 5.7%). Operating income was ¥977,339 thousand (down 13.2%), however, reflecting increased personnel spending and the establishment, relocation, and expansion of business units in Japan and abroad. Ordinary income was as ¥975,469 thousand (down 20.7%), largely because of lower foreign exchange gains. Net income was ¥495,717 thousand (down 28.5%), owing to extraordinary losses stemming from business site relocations.

Results by segment were as follows.

**Testing/Verification & Evaluation Business**

In the Testing/Verification & Evaluation Business, the growing popularity of smartphones has resulted in a sharp increase in the social games that users download directly as native applications. These trends led to the Group securing solid orders for mobile content defect detection (finding bugs) services. The Group has received defect detection orders for game software for consumer electronic game consoles centered on titles for the Nintendo 3DS and PlayStation 3, and has gradually secured more orders for PlayStation 4 titles. In defect detection work for finding bugs in amusement (pachinko and pachislot) equipment, makers have been eagerly working on new models with enhanced entertainment features to win the support of end users, generating stable orders. Overseas revenues exceeded 20% of segment sales during the six months under review, reflecting collaboration between nine business units in six countries and Japanese Group companies in supporting the global deployments of domestic and foreign game makers.

As a result, Testing/Verification & Evaluation Business sales increased 3.6% year on year, to ¥5,613,244 thousand. Operating income was down 4.6%, to ¥973,954 thousand.

**Internet Monitoring Business**

In the Internet Monitoring Business, the Group received increased 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 and auction sites and for reviews of advertisements based on the Pharmaceutical Affairs 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. Demand grew for running legal and compliance checks of the proper operation of the broker websites of insurance companies in light of laws and regulations. Through a proposal-based bidding process, including for new municipal governments, the Group has received steady orders for services to monitor online bullying among the young, which The Group is providing these services to various municipal boards of education and private schools on a contract basis. In the period under review, the Group received orders from 22 municipal governments, as well as four orders from private schools. The Group deepened collaboration between Group companies, thereby capturing complex orders for several projects from corporate clients.

Internet Monitoring Business sales therefore rose 13.6%, to ¥1,646,045 thousand. Operating income was down 52.6%, however, to ¥43,552 thousand, as the Company extensively opened, relocated, or added floor space at business sites.

**Others**

In this segment, Palabra Inc. instituted a subtitle training curriculum to prepare for the advent of barrier-free motion pictures, producing barrier-free subtitles for television program and video production firms on contract. IMAid Inc. offers medical staffing services.

Segment sales increased 5.3%, to ¥34,235 thousand. There was an operating loss of ¥43,268 thousand, down from ¥49,742 thousand a year earlier.

## (2) Qualitative information concerning consolidated financial position

**Total Assets**

Current assets increased ¥360,240 thousand, or 5.1%, from January 31, 2014, to ¥7,396,597 thousand as of July 31, 2014. This growth was due mainly to a ¥457,040 thousand rise in notes and accounts receivable-trade that offset a ¥110,277 thousand decrease in cash and deposits.

Noncurrent assets stood at ¥2,252,336 thousand, ¥60,484 thousand, or 2.8% higher than on January 31, 2014. This reflected a ¥102,288 thousand increase in investment securities, which offset a ¥97,757 thousand decrease in goodwill.

As a result, total assets increased ¥420,725 thousand, or 4.6%, to ¥9,648,933 thousand.

**Liabilities**

Current liabilities stood at ¥1,928,238 thousand, rose ¥247,911 thousand, or 14.8%, from January 31, 2014. The prime factor in this increase was a ¥167,050 thousand rise in accounts payable-other, offsetting a ¥50,011 thousand decrease in income taxes payable.

Noncurrent liabilities increased ¥5,138 thousand, or 9.5%, to ¥58,954 thousand. This was mainly due to a ¥5,116 thousand increase in provision for retirement benefits.

As a result, total liabilities increased ¥253,050 thousand, or 14.6%, to ¥1,987,193 thousand.

**Net assets**

Net assets increased ¥167,674 thousand, or 2.2%, to ¥7,661,740 thousand. This was attributable to a ¥191,602 thousand increase in retained earnings from ¥495,717 thousand in net income, which offset ¥304,115 thousand decrease in cash dividends paid.

## (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 Business, orders continue to expand, primarily for defect detection, localization, and user support services overseas. Domestic game makers have recently expanded throughout Asia (notably, in China, Taiwan, Korea, and Vietnam). The Group's operations in China, Singapore, and Korea are becoming more important in light of the lifting of a manufacturing and sales ban on consumer electronic game consoles in China. In the Internet Monitoring Business, the Group is securing solid orders for e-commerce-related advertising reviews, merchandise checks, user support, and other services. As the busy season for consumer electronic game software will begin in the third quarter, management expects to generally remain on target, and has therefore retained the consolidated earnings forecasts that it disclosed on March 10, 2014.

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, 2014

Not applicable (Although the following does not apply here, management notes that Daiichi Research Institute Co., Ltd., was dissolved following an absorption-type merger with consolidated subsidiary Pole To Win Co., Ltd., effective March 31, 2014.)

### (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 second 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

Not applicable

## 3. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Thousands of yen)

| | Fiscal 2014 (As of January 31, 2014) | 2Q Fiscal 2015 (As of July 31, 2014) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 4,959,929 | 4,849,651 |
| Notes and accounts receivable-trade | 1,698,083 | 2,155,123 |
| Deferred tax assets | 76,413 | 76,806 |
| Other | 301,956 | 319,403 |
| Allowance for doubtful accounts | (26) | (4,387) |
| Total current assets | 7,036,356 | 7,396,597 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 239,429 | 263,452 |
| Accumulated depreciation | (82,729) | (91,068) |
| Buildings and structures, net | 156,699 | 172,383 |
| Machinery, equipment and vehicles | 2,785 | 2,711 |
| Accumulated depreciation | (2,591) | (2,711) |
| Machinery, equipment and vehicles, net | 194 | 0 |
| Tools, furniture and fixtures | 497,030 | 539,489 |
| Accumulated depreciation | (358,416) | (377,830) |
| Tools, furniture and fixtures, net | 138,614 | 161,659 |
| Total property, plant and equipment | 295,508 | 334,043 |
| Intangible assets | | |
| Goodwill | 1,425,132 | 1,327,374 |
| Software | 28,861 | 34,344 |
| Other | 2,014 | 1,789 |
| Total intangible assets | 1,456,008 | 1,363,509 |
| Investments and other assets | | |
| Investment securities | 50,808 | 153,096 |
| Lease and guarantee deposits | 314,833 | 322,818 |
| Deferred tax assets | 68,314 | 70,380 |
| Other | 16,843 | 20,117 |
| Allowance for doubtful accounts | (10,465) | (11,628) |
| Total investments and other assets | 440,333 | 554,783 |
| Total noncurrent assets | 2,191,851 | 2,252,336 |
| Total assets | 9,228,208 | 9,648,933 |

(Thousands of yen)

| | Fiscal 2014 (As of January 31, 2014) | 2Q Fiscal 2015 (As of July 31, 2014) |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable-other | 865,136 | 1,032,187 |
| Accrued expenses | 44,680 | 65,305 |
| Income taxes payable | 527,893 | 477,881 |
| Provision for bonuses | 11,516 | 63,478 |
| Other | 231,100 | 289,385 |
| Total current liabilities | 1,680,326 | 1,928,238 |
| Noncurrent liabilities | | |
| Provision for retirement benefits | 44,809 | 49,925 |
| Deferred tax liabilities | 7,180 | 7,133 |
| Other | 1,826 | 1,894 |
| Total noncurrent liabilities | 53,815 | 58,954 |
| Total liabilities | 1,734,142 | 1,987,193 |
| Net Assets | | |
| Shareholders' equity | | |
| Capital stock | 1,233,497 | 1,236,009 |
| Capital surplus | 1,279,952 | 1,282,464 |
| Retained earnings | 4,579,330 | 4,770,932 |
| Total shareholders' equity | 7,092,780 | 7,289,406 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 11,501 | 12,824 |
| Foreign currency translation adjustments | 389,783 | 359,509 |
| Total accumulated other comprehensive income | 401,285 | 372,334 |
| Total net assets | 7,494,065 | 7,661,740 |
| Total liabilities and net assets | 9,228,208 | 9,648,933 |

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

### Consolidated Statements of Income

### (Six-month period ended July 31, 2014)

(Thousands of yen)

| | Six months ended July 31, 2013 (From February 1, 2013, to July 31, 2013) | Six months ended July 31, 2014 (From February 1, 2014, to July 31, 2014) |
|---|---|---|
| Net sales | 6,898,577 | 7,293,525 |
| Cost of sales | 4,502,879 | 4,905,395 |
| Gross profit | 2,395,698 | 2,388,130 |
| Selling, general and administrative expenses | 1,270,013 | 1,410,790 |
| Operating income | 1,125,684 | 977,339 |
| Non-operating income | | |
| Interest income | 408 | 760 |
| Dividends income | ― | 185 |
| Foreign exchange gains | 88,957 | ― |
| Subsidy income | 1,107 | 680 |
| Consumption tax adjustment | 585 | ― |
| Insurance premiums refunded cancellation | 5,855 | 2,827 |
| Commission fees | ― | 1,959 |
| Other | 7,055 | 2,589 |
| Total non-operating income | 103,969 | 9,002 |
| Non-operating expenses | | |
| Foreign exchange losses | ― | 5,099 |
| Compensation expenses | ― | 5,761 |
| Other | ― | 11 |
| Total non-operating expenses | ― | 10,871 |
| Ordinary income | 1,229,654 | 975,469 |
| Extraordinary gains | | |
| Gain on donation of non-current assets | ― | 4,543 |
| Total extraordinary gains | ― | 4,543 |
| Extraordinary losses | | |
| Loss on retirement of noncurrent assets | ― | 7,329 |
| Office transfer expenses | ― | 16,198 |
| Other | ― | 1,130 |
| Total extraordinary losses | ― | 24,658 |
| Income before income taxes and minority interests | 1,229,654 | 955,354 |
| Income taxes | 536,569 | 459,637 |
| Income before minority interests | 693,084 | 495,717 |
| Net income | 693,084 | 495,717 |

## Consolidated Statement of Comprehensive Income
**(Six-month period ended July 31, 2014)**

(Thousands of yen)

| | Six months ended July 31, 2013 (From February 1, 2013, to July 31, 2013) | Six months ended July 31, 2014 (From February 1, 2014, to July 31, 2014) |
|---|---|---|
| Income before minority interests | 693,084 | 495,717 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,979 | 1,322 |
| Foreign currency translation adjustments | (48,890) | (30,273) |
| Total other comprehensive income | (46,910) | (28,951) |
| Total comprehensive income | 646,173 | 466,765 |
| Comprehensive income attributable to: | | |
| Owners of the parent | 646,173 | 466,765 |

### (3) Consolidated Statements of Cash Flows

(Thousands of yen)

| | Six months ended July 31, 2013 (From February 1, 2013, to July 31, 2013) | Six months ended July 31, 2014 (From February 1, 2014, to July 31, 2014) |
|---|---|---|
| Cash flows from operating activities | | |
| Income before income taxes and minority interests | 1,229,654 | 955,354 |
| Depreciation and amortization | 57,549 | 79,629 |
| Amortization of goodwill | 85,743 | 80,446 |
| Increase (decrease) in allowance for doubtful accounts | 1,861 | 5,523 |
| Increase (decrease) in provision for bonuses | 29,511 | 51,962 |
| Increase in provision for retirement benefits | 3,570 | 5,116 |
| Interest and dividends income | (408) | (945) |
| Foreign exchange (gains) losses | (77,807) | (75) |
| Loss on retirement of noncurrent assets | — | 7,329 |
| Increase in notes and accounts receivable-trade | (269,106) | (469,114) |
| Decrease (increase) in accounts receivable-other | (9,892) | 5,221 |
| Increase (decrease) in accounts payable-other | 174,644 | 160,636 |
| Increase in accrued expenses | 35,117 | 20,637 |
| Increase in deposits received | 14,540 | 25,691 |
| Other, net | 30,146 | 40,553 |
| Subtotal | 1,305,126 | 967,967 |
| Interest and dividends income received | 408 | 945 |
| Income taxes paid | (632,943) | (539,133) |
| Net cash provided by operating activities | 672,591 | 429,779 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (53,333) | (109,595) |
| Purchase of intangible assets | (8,863) | (6,127) |
| Purchase of investment securities | — | (100,185) |
| Payments of loans receivable | (606) | (1,462) |
| Collection of loans receivable | 662 | 1,440 |
| Payments for lease and guarantee deposits | (38,473) | (37,608) |
| Proceeds from collection of lease and guarantee deposits | 2,010 | 18,555 |
| Net cash used in investing activities | (98,602) | (234,984) |
| Cash flows from financing activities | | |
| Proceeds from issuance of common stock | 3,756 | 5,024 |
| Cash dividends paid | (284,208) | (304,115) |
| Net cash used in financing activities | (280,452) | (299,091) |
| Effect of exchange rate change on cash and cash equivalents | 16,713 | (5,981) |
| Net increase (decrease) in cash and cash equivalents | 310,251 | (110,277) |
| Cash and cash equivalents at beginning of period | 4,199,797 | 4,959,929 |
| Cash and cash equivalents at end of period | 4,510,048 | 4,849,651 |

### (4) Notes to Consolidated Financial Statements

（Notes on Going Concern Assumption）

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable

（Segment Information）

1. 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

2. Six months ended July 31, 2014 (from February 1, 2014, to July 31, 2014)

(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 | 5,613,244 | 1,646,045 | 7,259,290 | 34,235 | 7,293,525 | — | 7,293,525 |
| Inter-segment sales and transfers | 8,835 | 11,125 | 19,961 | — | 19,961 | (19,961) | — |
| Total | 5,622,080 | 1,657,171 | 7,279,251 | 34,235 | 7,313,487 | (19,961) | 7,293,525 |
| Segment income (loss) | 973,954 | 43,552 | 1,017,506 | (43,268) | 974,238 | 3,101 | 977,339 |

*Notes: 1. Others covers operations not included in reporting segments, and mainly encompasses the publishing, and media businesses.
2. Adjustment for segment income of ¥3,101 thousand comprises elimination of intersegment transactions of ¥214,870 thousand and unallocated corporate expenses of ¥211,769 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