



December 5, 2014

Consolidated Financial Results For the Nine Months Ended October 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: December 11, 2014
 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, 2014 (from February 1, 2014, to October 31, 2014)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
October 31, 2014	11,015	5.1	1,391	(21.4)	1,411	(25.8)	732	(31.2)
October 31, 2013	10,482	32.9	1,769	22.7	1,902	32.3	1,063	37.4

(Note) Comprehensive income

Nine months ended October 31, 2014: ¥ 805 million (- 21.0%)

Nine months ended October 31, 2013: ¥ 1,019 million (31.5%)

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
October 31, 2014	38.49	37.92
October 31, 2013	56.09	54.45

(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	%
October 31, 2014	9,802	8,000	81.6
January 31, 2014	9,228	7,494	81.2

(Reference) Equity

As of October 31, 2014: ¥ 8,000 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 nine months ended October 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 nine months ended October 31, 2014: No

* Notes:

(1) Changes in significant subsidiaries during the nine months ended October 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 October 31, 2014 19,040,160 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 October 31, 2014 — shares

As of January 31, 2014 — shares

c. Average number of shares (Cumulative)

For the Nine Months Ended October 31, 2014 19,025,469 shares

For the Nine Months Ended October 31, 2013 18,967,334 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.

1. Qualitative Information on Financial Results

(1) Analysis of Operating Results

During the nine months ended October 31, 2014, the Japanese economy remained somewhat weak but looked set for a mild recovery owing to an ongoing improvement in the employment and income climates and the impacts of government policies. At the same time, the nation faced such downward risks as a prolonged downturn following a demand surge ahead of a hike in the consumption tax rate and because of slowdowns in economies overseas.

It was against that backdrop the Poletowin Pitcrew Holdings Group's core Testing/Verification & Evaluation Business experienced ongoing growth in the social games market, centered on native applications, 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 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 service 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 term were ¥11,015,905 thousand (up 5.1%). Operating income was ¥1,391,254 thousand (down 21.4%), however, reflecting increased personnel expenses and the establishments, relocations, and expansions of service centers in Japan and abroad. Ordinary income was as ¥1,411,358 thousand (down 25.8%), largely because of lower foreign exchange gains. Net income was ¥732,296 thousand (down 31.2%), owing to temporary loss by these office relocations.

Results by segment were as follows.

Testing/Verification & Evaluation Business

Overseas revenues exceeded 20% of segment sales during the period under review, reflecting collaboration between nine service centers in six countries and Japanese Group companies in supporting the global deployments of domestic and foreign game makers. The Group received defect detection orders for game software for consumer electronic game consoles centered on titles for the Nintendo 3DS and PlayStation 3, and gradually secured more orders for PlayStation 4 platform. Orders were lower than anticipated during the term, however, as new software development lead times frequently stretched out. In defect detection work for finding bugs in amusement (pachinko and pachislot) equipment, makers worked eagerly on new models with enhanced entertainment features to secure end user support, generating stable orders. That said, they had to accommodate revised pachislot model testing regulations at the designated testing institution, pushing back defect detection orders.

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.

As a result, Testing/Verification & Evaluation Business sales increased 3.2% year on year, to ¥8,484,864 thousand. Operating income was down 15.5%, to ¥1,373,752 thousand, reflecting lower contributions from highly profitable domestic operations and increased personnel expenses.

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. During the term, the Group received orders from 22 municipal governments and four private schools for services to monitor online bullying among the young. It also obtained a mandate from the Ministry of Economy, Trade and Industry to assist with a survey on developing a proper Internet usage environment for the young as part of information and services infrastructure for the national economy and society.

Two of group companies also cultivated comprehensive service orders from corporate clients. For PITCREW Co., Ltd., and Pole to Win Networks CO., LTD., launched the One-Stop Debugging (Testing) and Customer Support Service as part of that approach.

Internet Monitoring Business sales therefore rose 11.0% to ¥2,458,698 thousand. Operating income was down 51.7%, however, to ¥60,500 thousand, reflecting site openings, relocations, and floor space additions at business sites to expand and streamline operations.

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 49.4% to ¥72,343 thousand. There was an operating loss of ¥48,028 thousand, down from ¥74,572 thousand a year earlier.

(2) Qualitative information concerning consolidated financial position

Total Assets

Current assets increased ¥449,883 thousand, or 6.4%, to ¥7,486,240 thousand, as of October 31, 2014. The principal factor in this growth was ¥378,323 thousand rise in notes and accounts receivable-trade.

Noncurrent assets were ¥2,316,454 thousand, up ¥124,602 thousand, or 5.7%. This was due largely to a ¥103,540 thousand increase in investment securities, which offset a ¥81,991 thousand decrease in goodwill.

Total assets thus increased ¥574,486 thousand, or 6.2%, to ¥9,802,694 thousand.

Liabilities

Current liabilities rose ¥67,539 thousand, or 4.0%, to ¥1,747,866 thousand, from the end of the previous year. The main drivers in this growth were increases of ¥117,639 thousand in the provision for bonuses and of ¥119,708 thousand in accounts payable-other as well as increase of ¥98,327 thousand in consumption tax payable, offsetting a ¥312,885 reduction in income taxes payable.

Noncurrent liabilities were up ¥530 thousand, or 1.0%, to ¥54,346 thousand. This reflected a ¥5,322 thousand rise in the provision for retirement benefits, which offset a ¥4,972 thousand decline in deferred tax liabilities.

Total liabilities thus increased ¥68,069 thousand, or 3.9%, to ¥1,802,212 thousand.

Net assets

Net assets rose ¥506,416 thousand, or 6.8%, to ¥8,000,481 thousand. This reflected a ¥732,296 thousand increase in net income, which offset a ¥304,115 thousand decrease in retained earnings following dividend payments.

(3) Qualitative Information on Consolidated Earnings Forecasts

In the Testing/Verification & Evaluation Business orders continue to expand, primarily for defect detection, localization, and user support services overseas. That said, development lead times are tending to stretch out because titles for the PlayStation 4 console are new. In the amusement equipment market, modified pachislot model testing approaches at the designated testing institution have pushed back orders for bug detection work.

While the Group is securing solid orders for e-commerce-related advertising reviews, merchandise checks, user support, and other services in the Internet Monitoring Business, preparations before services start are tending to take longer for large projects. Revenue and earnings progress was slightly slower than projected for the term, but levels were in keeping with stock exchange disclosure requirements. Management 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 October 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)	3Q Fiscal 2015 (As of October 31, 2014)
Assets		
Current assets		
Cash and deposits	4,959,929	4,999,036
Notes and accounts receivable-trade	1,698,083	2,076,407
Deferred tax assets	76,413	74,147
Other	301,956	340,933
Allowance for doubtful accounts	(26)	(4,283)
Total current assets	7,036,356	7,486,240
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	239,429	315,462
Accumulated depreciation	(82,729)	(108,263)
Buildings and structures, net	156,699	207,199
Machinery, equipment and vehicles	2,785	2,860
Accumulated depreciation	(2,591)	(2,860)
Machinery, equipment and vehicles, net	194	0
Tools, furniture and fixtures	497,030	574,058
Accumulated depreciation	(358,416)	(410,586)
Tools, furniture and fixtures, net	138,614	163,471
Total property, plant and equipment	295,508	370,671
Intangible assets		
Goodwill	1,425,132	1,343,141
Software	28,861	32,436
Other	2,014	1,789
Total intangible assets	1,456,008	1,377,368
Investments and other assets		
Investment securities	50,808	154,349
Lease and guarantee deposits	314,833	335,466
Deferred tax assets	68,314	69,915
Other	16,843	20,644
Allowance for doubtful accounts	(10,465)	(11,961)
Total investments and other assets	440,333	568,414
Total noncurrent assets	2,191,851	2,316,454
Total assets	9,228,208	9,802,694

(Thousands of yen)

	Fiscal 2014 (As of January 31, 2014)	3Q Fiscal 2015 (As of October 31, 2014)
Liabilities		
Current liabilities		
Accounts payable-other	865,136	984,844
Accrued expenses	44,680	84,456
Income taxes payable	527,893	215,007
Provision for bonuses	11,516	129,155
Other	231,100	334,402
Total current liabilities	1,680,326	1,747,866
Noncurrent liabilities		
Provision for retirement benefits	44,809	50,132
Deferred tax liabilities	7,180	2,207
Other	1,826	2,006
Total noncurrent liabilities	53,815	54,346
Total liabilities	1,734,142	1,802,212
Net Assets		
Shareholders' equity		
Capital stock	1,233,497	1,236,085
Capital surplus	1,279,952	1,282,539
Retained earnings	4,579,330	5,007,510
Total shareholders' equity	7,092,780	7,526,135
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,501	13,611
Foreign currency translation adjustments	389,783	460,734
Total accumulated other comprehensive income	401,285	474,345
Total net assets	7,494,065	8,000,481
Total liabilities and net assets	9,228,208	9,802,694

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income
(Nine-month period ended October 31, 2014)

	(Thousands of yen)	
	Nine months ended October 31, 2013 (From February 1, 2013, to October 31, 2013)	Nine months ended October 31, 2014 (From February 1, 2014, to October 31, 2014)
Net sales	10,482,836	11,015,905
Cost of sales	6,838,574	7,425,881
Gross profit	3,644,262	3,590,024
Selling, general and administrative expenses	1,875,152	2,198,769
Operating income	1,769,109	1,391,254
Non-operating income		
Interest income	737	1,209
Dividends income	—	185
Foreign exchange gains	113,034	15,410
Subsidy income	1,107	2,176
Insurance premiums refunded cancellation	5,855	3,613
Commission fees	—	2,938
Consumption tax adjustment	893	—
Other	12,036	3,357
Total non-operating income	133,664	28,891
Non-operating expenses		
Compensation expenses	—	8,775
Other	—	11
Total non-operating expenses	—	8,786
Ordinary income	1,902,774	1,411,358
Extraordinary gains		
Gain on donation of non-current assets	—	4,543
Total extraordinary gains	—	4,543
Extraordinary losses		
Loss on retirement of noncurrent assets	531	7,329
Office transfer expenses	6,280	17,225
Loss on cancellation of development	36,228	—
Other	1,041	1,008
Total extraordinary losses	44,081	25,562
Income before income taxes and minority interests	1,858,692	1,390,339
Income taxes	794,763	658,043
Income before minority interests	1,063,929	732,296
Net income	1,063,929	732,296

Consolidated Statement of Comprehensive Income
(Nine-month period ended October 31, 2014)

(Thousands of yen)

	Nine months ended October 31, 2013 (From February 1, 2013, to October 31, 2013)	Nine months ended October 31, 2014 (From February 1, 2014, to October 31, 2014)
Income before minority interests	1,063,929	732,296
Other comprehensive income		
Valuation difference on available-for-sale securities	2,786	2,110
Foreign currency translation adjustments	(47,138)	70,950
Total other comprehensive income	(44,352)	73,060
Total comprehensive income	1,019,576	805,356
Comprehensive income attributable to:		
Owners of the parent	1,019,576	805,356

(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. Nine months ended October 31, 2013 (from February 1, 2013, to October 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	8,218,639	2,215,779	10,434,419	48,417	10,482,836	—	10,482,836
Inter-segment sales and transfers	3,432	1,800	5,232	2,880	8,112	(8,112)	—
Total	8,222,072	2,217,579	10,439,651	51,297	10,490,949	(8,112)	10,482,836
Segment income (loss)	1,625,539	125,226	1,750,766	(74,572)	1,676,193	92,916	1,769,109

- *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 ¥92,916 thousand comprises elimination of intersegment transactions of ¥358,958 thousand and unallocated corporate expenses of ¥266,041 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. Nine months ended October 31, 2014 (from February 1, 2014, to October 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	8,484,864	2,458,698	10,943,562	72,343	11,015,905	—	11,015,905
Inter-segment sales and transfers	14,224	17,117	31,341	—	31,341	(31,341)	—
Total	8,499,088	2,475,815	10,974,904	72,343	11,047,247	(31,341)	11,015,905
Segment income (loss)	1,373,752	60,500	1,434,252	(48,028)	1,386,224	5,030	1,391,254

- *Notes: 1. Others covers operations not included in reporting segments, and mainly encompasses the publishing, and media businesses.
2. Adjustment for segment income of ¥5,030 thousand comprises elimination of intersegment transactions of ¥318,316 thousand and unallocated corporate expenses of ¥313,286 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