



June 5, 2015

Consolidated Financial Results For the Three Months Ended April 30, 2015 (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
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Scheduled date to file Securities Report: June 11, 2015
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 three months ended April 30, 2015 (from February 1, 2015 to April 30, 2015)

(1) Consolidated operating results (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	%
Three months ended April 30, 2015	4,536	29.2	627	26.7	621	25.7	357	35.4
April 30, 2014	3,510	8.0	495	(2.5)	494	(13.8)	263	(19.3)

(Note) Comprehensive income

Three months ended April 30, 2015: ¥297 million (26.0%)

Three months ended April 30, 2014: ¥236 million (-20.1%)

	Net income per share	Diluted net income per share
Three months ended	Yen	Yen
April 30, 2014	18.75	18.50
April 30, 2013	13.87	13.65

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
April 30, 2015	10,647	8,414	79.0
January 31, 2015	10,518	8,421	80.1

(Reference) Equity

As of April 30, 2015: ¥8,414 million

As of January 31, 2015: ¥8,421 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, 2015	–	0.00	–	16.00	16.00
Fiscal year ending January 31, 2016	–				
Fiscal year ending January 31, 2016(Forecasts)		0.00	–	18.00	18.00

(Notes)

Change in dividend forecasts for the fiscal year ending January 31, 2016 during the three months ended April 30, 2015: No

3. Consolidated financial forecasts for the fiscal year ending January 31, 2016

(from February 1, 2015 to January 31, 2016)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending July 31, 2015	8,672	18.9	1,009	3.3	1,019	4.5	563	13.8	29.62
Fiscal year ending January 31, 2016	17,881	21.2	2,293	23.2	2,304	22.6	1,387	38.6	72.85

(Note) Change in financial forecasts for the fiscal year ending January 31, 2016 during the three months ended April 30, 2015: No

* Notes:

(1) Changes in significant subsidiaries during the three months ended April 30, 2015 (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 8 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 April 30, 2015 19,041,200 shares

As of January 31, 2015 19,041,200 shares

b. Number of shares of treasury stock at the end of the period

As of April 30, 2015 – shares

As of January 31, 2015 – shares

c. Average number of shares (Cumulative)

For the three months ended April 30, 2015 19,041,200 shares

For the three months ended April 30, 2014 19,007,200 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 three months ended April 30, 2015, the Japanese economy looked set for a mild recovery owing to an ongoing improvement in the employment and income climates and the impacts lower oil prices and government policies. At the same time, the nation faced such downward risks as 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, which major developers of software for consumer electronic game consoles also entered, amid the rising popularity of smartphones and tablet PCs. To increase opportunities to steadily recoup their development expenses, social game developers increasingly deployed their offerings globally, just as has happened with consumer electronic game software. As a result, demand expanded for localization in multiple languages and for user support, augmenting services in detecting defects (bugs). At the same time, sales were favorable in the consumer electronic game market for new next-generation game consoles launched around the world.

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

The Group provides checking, testing, monitoring and inspection services that require human input on a contractual basis to corporate clients. The demand for such services has been growing as these clients have diversified and expanded overseas, and as business processes have become more advanced and sophisticated. During the three months ended April 30, 2015, collaboration has stepped up between nine delivery centers in six countries and Japanese Group companies to provide a one-stop, full service platform in such areas as defect detection (finding bugs), localization (translation), Internet monitoring, and user support.

As a result of these factors, consolidated net sales for the term were ¥4,536,028 thousand (up 29.2%). Operating income was ¥627,520 thousand (up 26.7%). Ordinary income was ¥621,387 thousand (up 25.7%) and net income was ¥357,001 thousand (up 35.4%).

Results by segment were as follows.

Testing/Verification & Evaluation Business

Overseas revenues increased, reflecting collaboration between nine delivery centers in six countries and Japanese Group companies in supporting the global deployments of domestic and foreign game makers. 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 orders. The growing popularity of smartphones has resulted in a sharp increase in the

social games that users download directly as native applications. Major developers of software for consumer electronic game consoles are also creating social games. These trends led to the Group securing solid orders for mobile content defect detection (finding bugs) services.

QBIST Inc., which became a consolidated subsidiary at the end of the previous fiscal year, contributed to revenues and earnings from the current fiscal year, sharing its clients within the Group. As a result, Testing/Verification & Evaluation Business sales increased 39.4% year on year, to ¥3,706,028 thousand. Operating income also rose 39.4%, to ¥670,501 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, 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. Also up were user support orders for major social games. PITCREW Co., Ltd., and Pole to Win Networks CO., LTD., launched the One-Stop Debugging (Testing) and Customer Support Service as part of efforts to bolster business process outsourcing services for the video game, Internet, and e-commerce sectors, but operating rates decreased owing to downsizing among some client companies. Internet Monitoring Business sales therefore decreased 2.2%, to ¥812,520 thousand. There was an operating loss of ¥17,415 thousand, compared with operating income of ¥42,180 thousand a year earlier.

Others

Palabra Inc. instituted a subtitle training curriculum to prepare for the advent of barrier-free motion pictures, producing barrier-free subtitles audio guides for television program and video production firms on contract. IMAid Inc. offers medical staffing services. Sales of this segment decreased 14.8%, to ¥17,478 thousand. There was an operating loss of ¥28,658 thousand, up from ¥20,597 thousand a year earlier.

(2) Qualitative information concerning consolidated financial position

Total Assets

Current assets rose ¥161,343 thousand or 2.0% from January 31, 2015, to ¥8,122,080 thousand. This reflected increases of ¥451,248 thousand in notes and accounts receivable-trade and ¥65,963 thousand in other (receivables), which offset a decrease of ¥360,999 thousand in cash and deposits.

Noncurrent assets stood at ¥2,525,883 thousand, ¥31,794 thousand or 1.2% lower than on January 31, 2015. This was due largely to a ¥85,076 thousand decrease in goodwill, which offset a ¥51,597 thousand increase in investment securities.

Total assets therefore increased by ¥129,548 thousand or 1.2% to ¥10,647,963 thousand.

Liabilities

Current liabilities stood at ¥2,157,937 thousand, up ¥121,198 thousand or up 6.0% from January 31, 2014. The prime factors in this change were rises of ¥134,102 thousand in accounts payable-other and ¥83,363 thousand in provision for bonuses, which offset a ¥107,108 thousand decrease in consumption taxes payable.

Noncurrent liabilities increased ¥15,454 thousand or 25.6% to ¥75,755 thousand. This was due mainly to a ¥10,678 thousand increase in other (long-term accrued expenses).

As a result, total liabilities increased by ¥136,652 thousand or 6.5% to ¥2,233,693 thousand.

Net assets

Net assets decreased ¥7,103 thousand or 0.1% to ¥8,414,270 thousand. This was because although net income added ¥357,001 thousand to retained earnings, dividend payments detracted ¥304,659 thousand from retained earnings, while foreign currency translation adjustments declined ¥60,450 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, orders have continued to expand, particularly for testing services (finding bugs) for native applications, as well as at overseas business for testing services (finding bugs), localization, and user support. Although development of software for the PlayStation 4 stretched out because this is a new platform, the number of title launches is gradually increasing. In the amusement equipment market, manufacturers are accommodating modified pachislot testing rules at the designated testing institution, with defect detection (finding bugs) services expanding. In the Internet Monitoring Business, while some client companies downsized, the Group has increased user support services in reviews of advertisements for ecommerce and merchandise checks. In the second quarter, therefore, management expects to generally remain on target, and has therefore retained the consolidated earnings forecasts that it disclosed on March 9, 2015.

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

(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 first 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 2015 (As of January 31, 2015)	1Q Fiscal 2016 (As of April 30, 2015)
Assets		
Current assets		
Cash and deposits	5,343,681	4,982,681
Notes and accounts receivable-trade	2,128,288	2,579,536
Deferred tax assets	63,529	61,824
Other	429,387	503,355
Allowance for doubtful accounts	(4,150)	(5,317)
Total current assets	7,960,736	8,122,080
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	379,283	350,954
Accumulated depreciation	(137,942)	(119,611)
Buildings and structures, net	241,340	231,342
Machinery, equipment and vehicles	3,065	840
Accumulated depreciation	(3,065)	(840)
Machinery, equipment and vehicles, net	0	0
Tools, furniture and fixtures	657,713	703,776
Accumulated depreciation	(474,587)	(520,014)
Tools, furniture and fixtures, net	183,125	183,761
Total property, plant and equipment	424,465	415,104
Intangible assets		
Goodwill	1,506,095	1,421,018
Software	33,163	36,238
Software in progress	12,549	24,775
Other	2,244	2,244
Total intangible assets	1,554,052	1,484,277
Investments and other assets		
Investment securities	157,112	208,710
Lease and guarantee deposits	370,924	366,407
Deferred tax assets	42,486	41,893
Other	20,596	21,451
Allowance for doubtful accounts	(11,961)	(11,961)
Total investments and other assets	579,159	626,501
Total noncurrent assets	2,557,677	2,525,883
Total assets	10,518,414	10,647,963

(Thousands of yen)

	Fiscal 2015 (As of January 31, 2015)	1Q Fiscal 2016 (As of April 30, 2015)
Liabilities		
Current liabilities		
Accounts payable-other	1,115,323	1,249,425
Accrued expenses	68,918	115,953
Income taxes payable	363,164	297,991
Provision for bonuses	34,651	118,014
Other	454,681	376,552
Total current liabilities	2,036,738	2,157,937
Noncurrent liabilities		
Provision for retirement benefits	51,278	53,382
Deferred tax liabilities	6,894	6,563
Other	2,128	15,809
Total noncurrent liabilities	60,301	75,755
Total liabilities	2,097,040	2,233,693
Net Assets		
Shareholders' equity		
Capital stock	1,236,166	1,236,166
Capital surplus	1,282,621	1,282,621
Retained earnings	5,276,191	5,328,533
Total shareholders' equity	7,794,979	7,847,321
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,052	16,056
Foreign currency translation adjustments	611,342	550,891
Total accumulated other comprehensive income	626,394	566,948
Total net assets	8,421,373	8,414,270
Total liabilities and net assets	10,518,414	10,647,963

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income
(Three-month period ended April 30, 2014)

(Thousands of yen)

	Three months ended April 30, 2014 (From February 1, 2014 to April 30, 2014)	Three months ended April 30, 2015 (From February 1, 2015 to April 30, 2015)
Net sales	3,510,276	4,536,028
Cost of sales	2,330,307	3,059,306
Gross profit	1,179,968	1,476,722
Selling, general and administrative expenses	684,641	849,201
Operating income	495,327	627,520
Non-operating income		
Interest income	648	593
Subsidy income	665	1,132
Insurance premiums refunded cancellation	205	—
Commission fees	979	979
Other	1,186	1,837
Total non-operating income	3,686	4,542
Non-operating expenses		
Foreign exchange losses	4,656	9,177
Consumption tax adjustment	7	—
Compensation expenses	—	1,282
Other	13	216
Total non-operating expenses	4,677	10,675
Ordinary income	494,336	621,387
Extraordinary gains		
Gain on donation of non-current assets	4,543	—
Total extraordinary gains	4,543	—
Extraordinary losses		
Loss on retirement of noncurrent assets	224	433
Total extraordinary losses	224	433
Income before income taxes and minority interests	498,654	620,953
Income taxes	235,016	263,952
Income before minority interests	263,638	357,001
Net income	263,638	357,001

Consolidated Statement of Comprehensive Income
(Three-month period ended April 30, 2015)

(Thousands of yen)

	Three months ended April 30, 2014 (From February 1, 2014 to April 30, 2014)	Three months ended April 30, 2015 (From February 1, 2015 to April 30, 2015)
Income before minority interests	263,638	357,001
Other comprehensive income		
Valuation difference on available-for-sale securities	542	1,004
Foreign currency translation adjustments	(28,004)	(60,450)
Total other comprehensive income	(27,461)	(59,445)
Total comprehensive income	236,176	297,555
Comprehensive income attributable to:		
Owners of the parent	236,176	297,555

(3) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable

(Segment Information)

1. Three months ended April 30, 2014 (from February 1, 2014 to April 30, 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	2,658,853	830,902	3,489,756	20,520	3,510,276	—	3,510,276
Inter-segment sales and transfers	5,061	5,241	10,303	—	10,303	(10,303)	—
Total	2,663,914	836,144	3,500,059	20,520	3,520,579	(10,303)	3,510,276
Segment income (loss)	480,896	42,180	523,076	(20,597)	502,478	(7,150)	495,327

*Notes: 1. Others covers operations not included in reporting segments, and mainly encompasses the publishing, and media businesses.

2. Adjustment for segment income of ¥7,150 thousand comprises elimination of intersegment transactions of ¥103,734 thousand and unallocated corporate expenses of ¥110,884 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. Three months ended April 30, 2014 (from February 1, 2014 to April 30, 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	3,706,028	812,520	4,518,549	17,478	4,536,028	—	4,536,028
Inter-segment sales and transfers	4,562	8,580	13,142	—	13,142	(13,142)	—
Total	3,710,590	821,101	4,531,692	17,478	4,549,170	(13,142)	4,536,028
Segment income (loss)	670,501	(17,415)	653,085	(28,658)	624,427	3,093	627,520

*Notes: 1. Others covers operations not included in reporting segments, and mainly encompasses the publishing, and media businesses.

2. Adjustment for segment income of ¥3,093 thousand comprises elimination of intersegment transactions of ¥125,195 thousand and unallocated corporate expenses of ¥122,102 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