September 8, 2017

Consolidated Financial Results
For the Six Months Ended July 31, 2017
(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 13, 2017
Scheduled date to commence dividend payments: －
Supplementary explanatory materials prepared: Yes
Explanatory meeting: Yes

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

1. Consolidated financial results for the six months ended July 31, 2017 (from February 1, 2017 to July 31, 2017)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
July 31, 2017	10,594	19.2	1,124	31.8	1,164	73.9	621	132.2
July 31, 2016	8,885	(3.9)	853	(34.9)	669	(48.6)	267	(65.2)

(Note) Comprehensive income
Six months ended July 31, 2017: ¥615 million (- %)
Six months ended July 31, 2016: -¥462 million (- %)

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
July 31, 2017	34.14	34.10
July 31, 2016	14.14	14.24

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
July 31, 2017	11,571	8,633	73.4
January 31, 2017	11,842	9,046	75.1

(Reference) Equity
As of July 31, 2017: ¥8,488 million
As of January 31, 2017: ¥8,895 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, 2017	–	0.00	–	19.00	19.00
Fiscal year ending January 31, 2018	–	0.00			
Fiscal year ending January 31, 2018(Forecasts)			–	19.00	19.00

(Notes)
Change in dividend forecasts for the fiscal year ending January 31, 2018 during the six months ended July 31, 2017: No

3. Consolidated financial forecasts for the fiscal year ending January 31, 2018 (from February 1, 2017 to January 31, 2018)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending January 31, 2018	21,951	11.8	2,442	1.4	2,385	3.1	1,468	25.7	77.07

(Note) Change in financial forecasts for the fiscal year ending January 31, 2018 during the six months ended July 31, 2017: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended July 31, 2017 (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

(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, 2017 19,053,600 shares
As of January 31, 2017 19,053,600 shares

b. Number of shares of treasury stock at the end of the period
As of July 31, 2017 1,136,566 shares
As of January 31, 2017 740,000 shares

c. Average number of shares (Cumulative)
For the six months ended July 31, 2017 18,206,226 shares
For the six months ended July 31, 2016 18,543,901 shares

* This report falls outside the scope of quarterly review procedures.

* 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 Wednesday, September 13, 2017. 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, 2017, the Japanese economy looked set for a mild recovery owing to an ongoing improvement in the employment outlook, income climates and government policies. Under these circumstances, uncertainties about overseas economies, impact of financial and capital market fluctuations warrant close attention.

It was against that backdrop the Poletowin Pitcrew Holdings Group's core Testing/Verification & Evaluation Business experienced ongoing growth in the social games market, which major developers of software for consumer electronic game consoles also entered, amid the rising popularity of smartphones and tablet PCs. To increase opportunities to steadily recoup their development expenses, social game developers increasingly deployed their offerings globally, just as has happened with consumer electronic game software. As a result, demand expanded for localization in multiple languages and for user support, augmenting services in detecting defects (bugs). At the same time, sales were favorable in the consumer electronic game market for new next-generation game consoles and virtual reality systems.

In markets related to the Group's Internet Supporting 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 second quarter under review, the Group established SIDE LA, LLC in February and Pole To Win Singapore Pte. Ltd. opened Taipei Studio in May to prepare for globalization of software for consumer electronic game consoles. To accommodate order expansion, Pole To Win Co., Ltd. opened Sendai Studio in February and Pole To Win Networks Co., Ltd. opened Sapporo office in April. IMAid Inc. which offers medical staffing services established IMAID VIETNAM CO., LGD. in May. Collaboration has stepped up between nineteen delivery centers in nine countries and Japanese Group companies to provide a one-stop, full service platform in such areas as defect detection (finding bugs), localization, Internet monitoring, and user support.

As a result of these factors, consolidated net sales for the term were ¥10,594,575 thousand (up 19.2%). Operating income was ¥1,124,722 thousand (up 31.8%). Ordinary income was ¥1,164,246 thousand (up 73.9%) and Profit attributable to owners of parent was ¥621,517 thousand (up 132.2%).

Results by segment were as follows.

The Group has changed the presentation of segment name “Internet Monitoring Business” to “Internet Supporting Business” from the first quarter under review. This change has no impact on segment information.

Testing/Verification & Evaluation Business

Reflecting collaboration between eighteen delivery centers in eight countries and Japanese Group companies in supporting the global deployments of domestic and foreign game makers, outsourcing services including defect detection, localization, and customer support (overseas) expanded. Although there was a decrease in orders for outsourcing services for the amusement equipment, orders for software testing services for the PlayStation 4 increased.

As a result, Testing/Verification & Evaluation Business sales increased by 19.4% year on year, to ¥8,595,737 thousand. Operating income increased by 13.2%, to ¥1,170,228 thousand.

Internet Supporting Business

In the Internet Supporting Business, the Group increased orders for outsourcing services including merchandise check services for Internet shopping, auction sites, and free market apps, advertisements review services based on the Pharmaceuticals and Medical Devices Act, the Act against Unjustifiable Premiums and Misleading Representations, and other laws and regulations, and customer support (domestic) services for handling charges and product delivery schedules from end-users by phone call, e-mail and chat. School underground website patrolling business that aims to improve teenagers Internet literacy received orders from 28 local governments during the term and undertook a new project from Ministry of Health, Labor, and Welfare which certifies the baby-sitter matching sites to be complied with the guidelines.

As a result, Internet Supporting Business sales increased by 12.7%, to ¥1,770,290 thousand. Operating income was ¥70,804 thousand, although there was an operating loss of ¥85,391 thousand a year earlier.

Others

Palabra Inc. provide services to produce barrier-free subtitles audio guides for television program to prepare for the advent of barrier-free motion pictures. IMAid Inc. offers medical staffing services. Sales of this segment increased by 98.4%, to ¥228,547 thousand. There was an operating loss of ¥120,193 thousand, up from ¥89,146 thousand a year earlier.

(2) Qualitative information concerning consolidated financial position

Total Assets

Current assets fell by ¥159,460 thousand or 1.8% from the previous fiscal year, to ¥8,544,040 thousand. This was mainly attributable to a ¥372,538 thousand decrease in cash and deposits, which offset an increase of ¥132,972 thousand in accounts receivable-other.

Noncurrent assets fell by ¥111,465 thousand, or 3.6% lower than the previous fiscal year, to ¥3,027,117 thousand. Key factors were decrease of ¥111,001 thousand in goodwill and ¥43,082 thousand in other intangible assets, which offset an increase of ¥58,301 thousand in lease and guarantee deposits.

As a result, total assets decreased by ¥270,925 thousand or 2.3% year on year, to ¥11,571,158 thousand.

Liabilities

Current liabilities rose by ¥143,698 thousand or 5.5%, to ¥2,747,947 thousand. The prime factors were rises of ¥54,308 thousand in accrued expenses, ¥66,226 thousand in Provision for bonuses and ¥128,717 thousand in other (deposits received), which offset a ¥132,136 thousand decrease in income taxes payable.

Noncurrent liabilities decreased by ¥1,962 thousand or 1.0%, to ¥189,641 thousand. This was mainly due to a ¥7,769 thousand decrease in deferred tax liabilities.

As a result, total liabilities increased by ¥141,735 thousand or 5.1% year on year, to ¥2,937,588 thousand.

Net assets

Net assets decreased by ¥412,661 thousand or 4.6%, to ¥8,633,569 thousand. This was because although profit attributable to owners of parent added ¥273,558 thousand to retained earnings, treasury shares repurchase detracted ¥680,075 thousand.

(3) Qualitative Information on Consolidated Earnings Forecasts

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

In the Internet Supporting Business, although the Group has increased outsourcing services for the e-commerce market, rapid changes in competition environment also warrant close attention. In the third quarter, therefore, management expects to generally remain on target, and has therefore retained the consolidated earnings forecasts that it disclosed on March 13, 2017.

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. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	Fiscal 2017 (As of January 31, 2017)	2Q Fiscal 2018 (As of July 31, 2017)
Assets		
Current assets		
Cash and deposits	5,075,574	4,703,036
Notes and accounts receivable-trade	2,930,818	2,997,049
Merchandise and finished goods	39,460	32,707
Work in process	72,881	98,729
Deferred tax assets	73,149	70,799
Other	517,626	650,598
Allowance for doubtful accounts	(6,009)	(8,880)
Total current assets	8,703,500	8,544,040
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	711,846	756,170
Accumulated depreciation	(280,470)	(341,785)
Buildings and structures, net	431,375	414,385
Machinery, equipment and vehicles	12,803	12,803
Accumulated depreciation	(9,666)	(10,058)
Machinery, equipment and vehicles, net	3,137	2,745
Tools, furniture and fixtures	963,296	1,052,635
Accumulated depreciation	(716,985)	(786,036)
Tools, furniture and fixtures, net	246,310	266,599
Total property, plant and equipment	680,824	683,730
Intangible assets		
Goodwill	1,188,202	1,077,201
Software	47,504	55,707
Software in progress	3,960	-
Other intangible assets	350,987	307,904
Other	2,244	2,244
Total intangible assets	1,592,899	1,443,058
Investments and other assets		
Investment securities	202,695	170,454
Lease and guarantee deposits	469,364	527,666
Deferred tax assets	46,275	50,894
Other	149,265	204,426
Allowance for doubtful accounts	(2,742)	(53,114)
Total investments and other assets	864,858	900,327
Total noncurrent assets	3,138,582	3,027,117
Total assets	11,842,083	11,571,158

(Thousands of yen)

	Fiscal 2017 (As of January 31, 2017)	2Q Fiscal 2018 (As of July 31, 2017)
Liabilities		
Current liabilities		
Accounts payable-other	1,398,662	1,425,243
Accrued expenses	124,383	178,691
Income taxes payable	628,355	496,219
Provision for bonuses	40,631	106,858
Other	412,216	540,933
Total current liabilities	2,604,249	2,747,947
Noncurrent liabilities		
Provision for retirement benefits	53,061	57,871
Deferred tax liabilities	78,020	70,251
Other	60,521	61,518
Total noncurrent liabilities	191,604	189,641
Total liabilities	2,795,853	2,937,588
Net Assets		
Shareholders' equity		
Capital stock	1,237,140	1,237,140
Capital surplus	1,283,594	1,283,594
Retained earnings	7,084,238	7,357,797
Treasury shares	(732,600)	(1,412,675)
Total shareholders' equity	8,872,373	8,465,856
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,998	14,282
Foreign currency translation adjustments	9,368	8,127
Total accumulated other comprehensive income	23,366	22,409
Non-controlling interests	150,490	145,302
Total net assets	9,046,230	8,633,569
Total liabilities and net assets	11,842,083	11,571,158

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

Consolidated Statements of Income

(Six-month period ended July 31, 2017)

(Thousands of yen)

	Six months ended July 31, 2016 (From February 1, 2016 to July 31, 2016)	Six months ended July 31, 2017 (From February 1, 2017 To July 31, 2017)
Net sales	8,885,772	10,594,575
Cost of sales	6,031,487	7,044,862
Gross profit	2,854,284	3,549,713
Selling, general and administrative expenses	2,000,757	2,424,990
Operating income	853,526	1,124,722
Non-operating income		
Interest income	780	1,273
Dividends income	1,663	382
Foreign exchange losses	―	19,118
Subsidy income	3,514	7,963
Insurance premiums refunded cancellation	16,210	12,197
Commission fees	3,559	1,959
Other	5,579	6,463
Total non-operating income	31,307	49,357
Non-operating expenses		
Interest expenses	1,390	―
Foreign exchange losses	209,526	―
Compensation expenses	2,619	―
Commission for purchase of treasury shares	1,140	6,799
Other	565	3,033
Total non-operating expenses	215,241	9,833
Ordinary income	669,592	1,164,246
Extraordinary gains		
Gain on retirement of noncurrent assets	―	80
Total extraordinary gains	―	80
Extraordinary losses		
Loss on retirement of noncurrent assets	6,409	―
Loss on sales of noncurrent assets	2,643	―
Loss on valuation of investment securities	―	33,000
Total extraordinary losses	9,052	33,000
Income before income taxes and minority interests	660,540	1,131,326
Income taxes	399,104	517,898
Net income	261,435	613,428
Profit (loss) attributable to non-controlling interests	(6,255)	(8,089)
Profit attributable to owners of parent	267,690	621,517

Consolidated Statement of Comprehensive Income
(Six-month period ended July 31, 2017)

(Thousands of yen)

	Six months ended July 31, 2016 (From February 1, 2016 to July 31, 2016)	Six months ended July 31, 2017 (From February 1, 2017 to July 31, 2017)
Profit	261,435	613,428
Other comprehensive income		
Valuation difference on available-for-sale securities	(257)	284
Foreign currency translation adjustments	(724,059)	1,660
Total other comprehensive income	(724,317)	1,944
Total comprehensive income	(462,881)	615,373
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	(412,788)	620,560
Comprehensive income attributable to non-controlling interests	(50,092)	(5,187)

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended July 31, 2016 (From February 1, 2016, to July 31, 2016)	Six months ended July 31, 2017 (From February 1, 2017, to July 31, 2017)
Cash flows from operating activities		
Income before income taxes and minority interests	660,540	1,131,326
Depreciation and amortization	149,521	196,590
Amortization of goodwill	122,477	118,749
Increase in allowance for doubtful accounts	(11,861)	49,200
Increase in provision for bonuses	49,207	66,152
Increase in net defined benefit liability	(612)	4,810
Interest and dividends income	(2,443)	(1,656)
Interest expenses	1,390	—
Foreign exchange (gains) losses	24,348	1,810
Loss on retirement of noncurrent assets	6,409	—
Loss on sales of noncurrent assets	2,643	(80)
Loss on valuation of investment securities	—	33,000
Decrease in notes and accounts receivable-trade	(108,591)	(76,133)
Decrease in accounts receivable-other	(164,519)	(13,559)
Increase in accounts payable-other	56,207	80,266
Increase in accrued expenses	132,430	54,079
Increase in accrued consumption taxes	(55,851)	(31,013)
Increase in deposits received	32,536	17,787
Other, net	(57,875)	98,749
Subtotal	835,955	1,730,080
Interest and dividends income received	2,443	1,656
Interest expenses paid	(1,390)	—
Income taxes paid	(457,018)	(780,741)
Net cash provided by operating activities	379,990	950,995
Cash flows from investing activities		
Purchase of property, plant and equipment	(73,687)	(185,268)
Proceeds from sales of property, plant and equipment	72	80
Purchase of intangible assets	(1,260)	(9,151)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(145,933)	—
Purchase of investment securities	(47)	(324)
Payments of loans receivable	(6,934)	(23,816)
Collection of loans receivable	6,403	6,663
Payments for lease and guarantee deposits	(54,554)	(67,550)
Proceeds from collection of lease and guarantee deposits	17,650	5,462
Net cash used in investing activities	(258,291)	(273,904)
Cash flows from financing activities		
Repayments of long-term loans payable	(275,088)	—
Proceeds from issuance of common stock	188	—
Cash dividends paid	(342,777)	(347,958)
Purchase of treasury shares	(733,740)	(686,875)
Net cash used in financing activities	(1,351,418)	(1,034,834)
Effect of exchange rate change on cash of cash equivalents	(218,510)	(14,795)
Net increase in cash and cash equivalents	(1,448,230)	(372,538)
Cash and cash equivalents at beginning of period	5,636,472	5,075,574
Cash and cash equivalents at end of period	4,188,242	4,703,036

(4) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

The Group repurchased 396,500 shares in accordance with the resolution made at the meeting of its board of directors held on June 9, 2017. As a result, treasury shares increased ¥680,075 thousand for the six months ended July 31, 2017 and the amount of treasury shares was ¥1,412,675 thousand as of the end of this term.

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

(Calculation of income taxes payable)

The tax expenses of the Group 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.

(Additional information)

（Application of the Implementation Guidance on Recoverability of Deferred Tax Assets）

The Group applied the Implementation Guidance on Recoverability of Deferred Tax Assets (Accounting Standard Board of Japan Implementation Guidance No. 26 issued on March 28, 2016) from the first quarter under review.

(Segment Information)

1. Six months ended July 31, 2016 (from February 1, 2016 to July 31, 2016)

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

(Thousands of yen)

	Reporting segment			Others*1	Total	Adjustments*2	Amounts in the consolidated statements of income*3
	Testing/ Verification & Evaluation Business	Internet Monitoring Business	Total				
Net sales							
Sales to third parties	7,199,953	1,570,632	8,770,586	115,186	8,885,772	—	8,885,772
Inter-segment sales and transfers	13,773	7,761	21,535	—	21,535	(21,535)	—
Total	7,213,727	1,578,394	8,792,121	115,186	8,907,307	(21,535)	8,885,772
Segment income (loss)	1,033,457	(85,391)	948,065	(89,146)	858,918	(5,392)	853,526

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

2. Adjustment for segment income of -¥5,392 thousand comprises elimination of intersegment transactions of ¥263,193 thousand and unallocated corporate expenses of -¥268,585 thousand. Unallocated corporate expenses are mainly general administrative expenses.

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

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

(Material changes in goodwill)

In the Testing/Verification & Evaluation Business segment, Entalize Co., Ltd. became a consolidated subsidiary following the acquisition of its stock during the first quarter under review, increasing goodwill by ¥291,865 thousand for the term.

2. Six months ended July 31, 2017 (from February 1, 2017 to July 31, 2017)

(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	8,595,737	1,770,290	10,366,027	228,547	10,594,575	―	10,594,575
Inter-segment sales and transfers	7,478	15,902	23,380	―	23,380	(23,380)	―
Total	8,603,215	1,786,192	10,389,408	228,547	10,617,955	(23,380)	10,594,575
Segment income (loss)	1,170,228	70,804	1,241,033	(120,193)	1,120,840	3,882	1,124,722

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

2. Adjustment for segment income (loss) of ¥3,882 thousand comprises elimination of intersegment transactions of ¥260,534 thousand and unallocated corporate expenses of -¥256,651 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.

4. The Group has changed the presentation of segment name “Internet Monitoring Business” to “Internet Supporting Business” from the first quarter under review. This change has no impact on segment information. Additionally, the changed name is presented to the reporting segment of the Six months ended July 31, 2017.

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

Not applicable