



Poletowin Pitcrew Holdings, Inc.

Supplementary Information to Consolidated Financial Results for Six Months Ended July 31, 2014

- Overseas operations performed steadily, with consolidated net sales and operating income exceeding projections
- From third quarter, will build sales structure to capitalize on market opportunities and will deploy regional business units to boost orders and profitability

Securities code: 3657
Abbreviation: Pole HD
September 5, 2014

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1-1. Key Financial Results

- Domestic and overseas game developers stepped up **global deployments**, generating higher revenues from increased demand for **multi-language** localization and user support
- Operating and ordinary income declined owing to increased personnel spending and business unit additions and lower foreign exchange gains

Units: ¥ million (Amounts less than ¥1 million omitted)

	Six Months Ended July 31, 2014		Six Months Ended July 31, 2013		YoY Change	
	Results	Margin	Results	Margin	Amount	%
Net sales	7,293	- %	6,898	- %	394	5.7%
Operating income	977	13.4%	1,125	16.3%	-148	-13.2%
Ordinary income	975	13.4%	1,229	17.8%	-254	-20.7%
Net income	495	6.8%	693	10.0%	-197	-28.5%

Percentages rounded down to one decimal place

1-2. Results vs. Forecasts

- **Reached net sales and operating income goals** because performances of overseas business units exceeded initial forecasts
- Profit margins dropped owing to higher personnel, vendor, and relocation expenses
- Expanded operations in Sapporo, Okinawa, and other areas to boost orders and profitability

Units: ¥ million (Amounts less than ¥1 million omitted)

	Six Months Ended July 31, 2014		Six Months Ended July 31, 2014		Difference between Results and Forecasts	
	Results	Margin	Forecasts	Margin	Amount	%
Net sales	7,293	- %	7,162	- %	130	1.8%
Operating income	977	13.4%	974	13.6%	3	0.3%
Ordinary income	975	13.4%	977	13.6%	-1	-0.2%
Net income	495	6.8%	490	6.9%	4	1.0%

Percentages rounded down to one decimal place

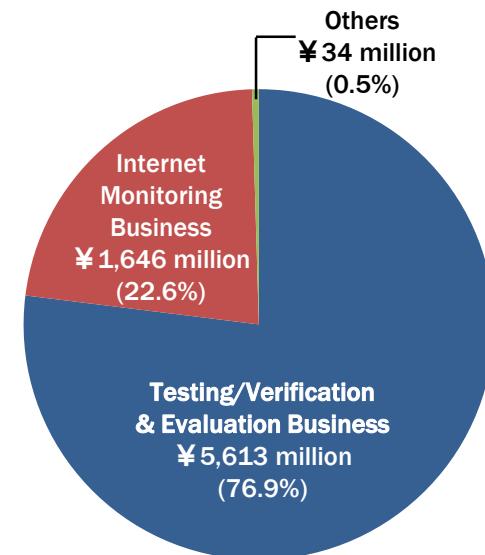
1-3. Segment Performances

- Overseas revenues exceeded 20% of Testing/Verification & Evaluation segment sales
- In Internet Monitoring segment, sales rose for merchandise checks and reviews of Internet advertising
- Number of employees (including those hired temporarily) was 2,132 at term-end, up 213 year on year

Units: ¥ million (Amounts less than ¥1 million omitted)

		Six Months Ended July 31, 2014	Six Months Ended July 31, 2013	YoY Change
Testing/ Verification & Evaluation Business	Sales	5,613	5,416	3.6%
	Operating income	973	1,021	-4.6%
Internet Monitoring Business	Sales	1,646	1,449	13.6%
	Operating income	43	91	-52.6%

Segment Sales
(Six Months Ended July 31, 2014)
Net Sales
¥ 7,293 million



1-4. Segment Highlights

Testing/Verification & Evaluation Business

Sales ¥5,613 million (76.9% of net sales)

- Steadily expanded overseas local operations
 - **Overseas revenues** accounted for **more than 20% of segment sales**, reflecting efforts to boost foreign marketing capabilities
- Domestic and overseas business units collaborated to accommodate video game business globalization
 - U.S., U.K., Singapore, Chinese, and Japanese business units provided multi-lingual user support for globally marketed titles of North American consumer electric game software developers
 - Engaged in more business discussions with Japanese social game developers about localization and user support services in line with their deployments in China, Korea, Southeast Asia, the United States, Canada, Australia, Europe, and other markets
- Although sales of domestic operations were down year on year, they were up from the previous quarter

Internet Monitoring Business

Sales ¥ 1,646 million (22.6% of net sales)

- **E-commerce** support services expanded
 - Demand rose for merchandise checks amid growing Internet shopping and auction traffic and for Internet advertising reviews based on the Pharmaceutical Affairs Act and the Act against Unjustifiable Premiums and Misleading Representations
- Native application user support services expanded
- Received steady orders for services to monitor cyberbullying among the young and increased orders for providing Internet literacy education

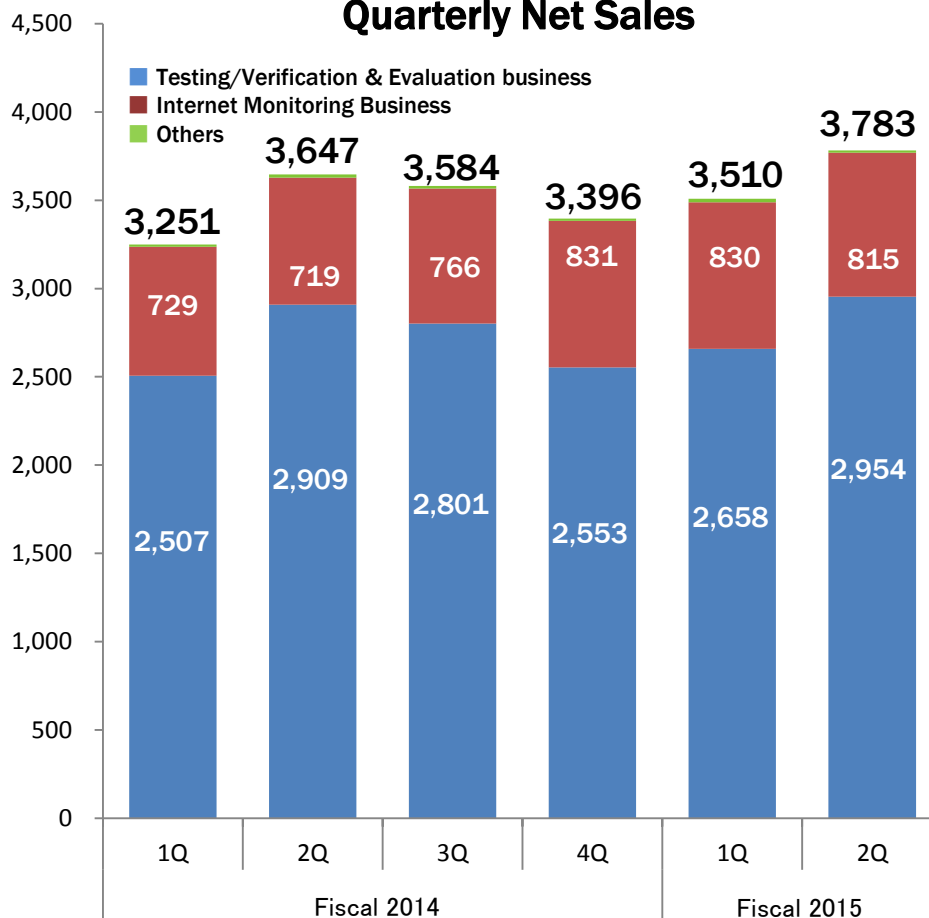
1. Overview

1-5. Quarterly Net Sales and Operating Income

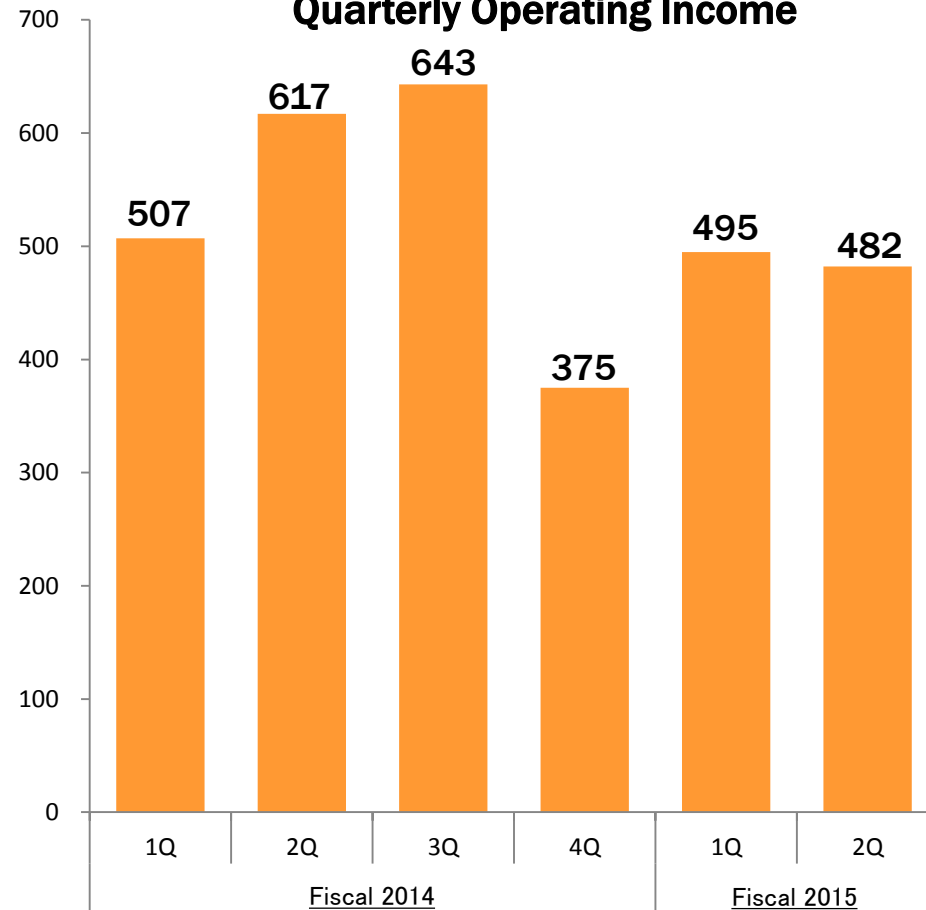
- Posted **record quarterly sales** on growth in overseas revenues
- Operating income declined owing to expenses for relocating two business units in Sapporo to larger premises

Units: ¥ million (Amounts less than ¥1 million omitted)

Quarterly Net Sales



Quarterly Operating Income



Note: Quarterly sales and operating income are management figures, for reference only

1-6. Balance Sheets

- Notes and accounts receivable and accounts payable rose with NET sales
- Again had zero debt and maintained a high equity ratio of 79.4%

Units: ¥ million (Amounts less than ¥1 million omitted)

	July 31, 2014	January 31, 2014	Change
Total current assets	7,396	7,036	360
Cash and deposits	4,849	4,959	-110
Total property, plant and equipment	334	295	38
Total intangible assets	1,363	1,456	-92
Investments and other assets	554	440	114
Total noncurrent assets	2,252	2,191	60
Total assets	9,648	9,228	420
Total current liabilities	1,928	1,680	247
Total noncurrent liabilities	58	53	5
Total liabilities	1,987	1,734	253
Total net assets	7,661	7,494	167
Capital stock	1,236	1,233	2
Capital surplus	1,282	1,279	2
Retained earnings	4,770	4,579	191
Total liabilities and net assets	9,648	9,228	420

1-7. Statements of Cash Flows

- Net cash provided by operating activities decreased ¥242 million owing to an increase in accounts receivable-trade
- Prime factor in net cash used in financing activities was ¥304 million in cash dividends paid in April 2014

Units: ¥ million (Amounts less than ¥1 million omitted)

	Six Months Ended July 31, 2014	Six Months Ended July 31, 2013	YoY Change
Net cash provided by operating activities	429	672	-242
Net cash used in investing activities	-234	-98	-136
Net cash used in financing activities	-299	-280	-18
Effect of exchange rate change on cash and cash equivalents	-5	16	-22
Net increase in cash and cash equivalents	-110	310	-420
Cash and cash equivalents at beginning of period	4,959	4,199	760
Cash and cash equivalents at end of period	4,849	4,510	339

2-1. Summary

- Position defect detection **overseas** and **e-commerce** support services as **growth engines**
- Reinforce **market competitiveness** by boosting quality and generating high added value in domestic defect detection services
- Profitability should decline owing to foreign investments and higher personnel expenses

Units (except for per-share figures): ¥ million (Amounts less than ¥1 million omitted)

	Fiscal 2015 Forecasts	Fiscal 2014 Results	YoY Change
Net sales	14,961	13,879	7.8%
Operating income	2,183	2,144	1.8%
Ordinary income	2,186	2,290	-4.5%
Net income	1,211	1,205	0.5%
Net income per share	¥63.74	¥63.55	¥0.19
Cash dividends per share	¥16.00	¥16.00	¥-

Percentages rounded down to one decimal place

2. Fiscal 2015 Full-Year Forecasts

2-2. Progress to Date

- Reached 48.7% and 44.8% of full-year net sales and operating income forecasts, respectively
- Looking to generally attain targets, as busy season for consumer electronic game software defect detection begins in third quarter, while overseas operations are doing well

Units: ¥ million (Amounts less than ¥1 million omitted)

	Six months Ended July 31, 2014	Fiscal 2015	
		Forecasts	Progress
Net sales	7,293	14,961	48.7%
Operating income	977	2,183	44.8%
Ordinary income	975	2,186	44.6%
Net income	495	1,211	40.9%

Percentages rounded down to one decimal place

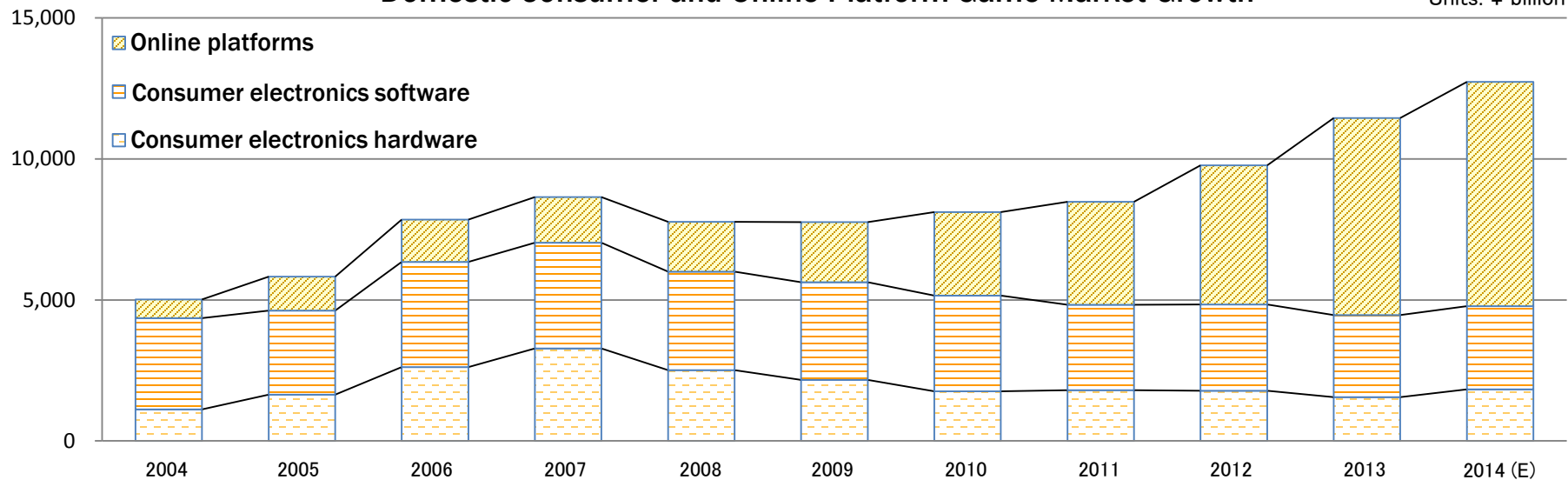
2. Fiscal 2015 Full-Year Forecasts

2-3. Current Market Environment

- **“Service delivery”** (including defect detection and user support), **“Global Deployments”**, and **“Speed”** will be key success factors in an expanding game application market

Domestic Consumer and Online Platform Game Market Growth

Units: ¥ billion



Source: Famitsu Digital Game White Paper 2014

Note: Consumer software includes online sales. Online platforms are game applications, feature phones, and PC games.

Market Environment

- Although demand has peaked for consumer game software and hardware, **game market is expanding** with game application demand
- Native applications require ongoing defect detection and user support. Global distribution is increasing
- In Internet Monitoring Business, demand for merchandise checks and Internet advertising reviews is expanding as **e-commerce transaction volumes increase**
- Personnel expenses are rising amid labor shortages, particularly in Tokyo

2-4. Accommodating Market Environment

- Reinforce sales structure to accommodate market expansion and leverage regional service centers to bolster capacity and profitability

SALES STRUCTURES:

Seize business opportunities

Increase number of sales executives domestically and abroad to **bolster sales activities** while leveraging collaboration between sales and support personnel to **ensure swift client service**



LABOR COST :

Overcome personnel shortages and rising labor expenses

As we can provide services anywhere, expand and promote **local service centers** to handle everything except operations at client sites and personnel placements



PROFITABILITY :

Sustainably expand profits

While increasing personnel costs are inevitable, leverage **25 domestic service centers** to secure personnel and **balance labor costs** to bolster defect detection services overseas and enhance Internet monitoring business earnings

2. Fiscal 2015 Full-Year Forecasts

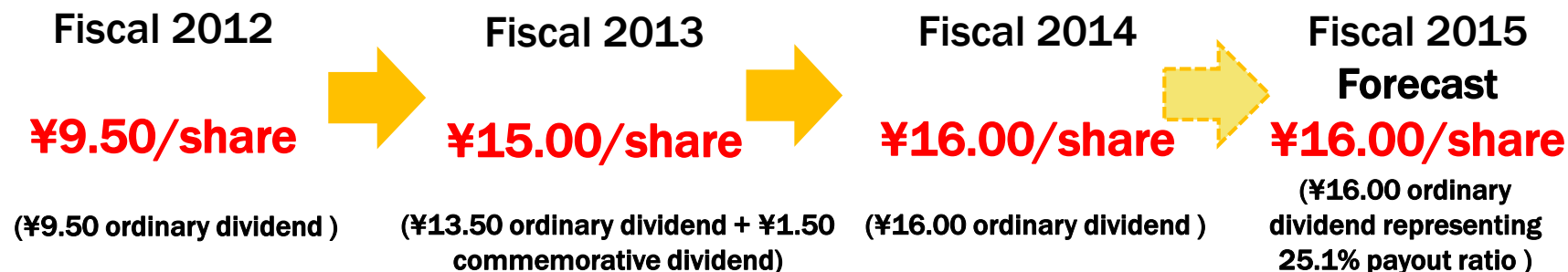
2-5. Shareholder Returns

Planning to pay **¥16.00** in cash dividends per share in fiscal 2015

Dividend policy

Targeting payout ratio of 25% to consolidated net income

Dividend trends



Note: The Company conducted stock splits on January 9, 2013, and on January 9, 2014, at a ratio of two shares of common stock per share of common stock. The Company therefore retroactively adjusted dividends for fiscal 2012 and 2013 to reflect the splits

3. Business Strategies

3-1. Globalization: Historical Development

- **Steadily expanded businesses in United States and Europe** and took advantage of large growth opportunities in Asia from the globalization of popular native applications and console game launches in China

Building global business organization to drive medium-to-long-term growth

Early global deployments

2002: Set up first overseas operation in China
2009: Established U.S center
2011: Established U.K. center

Expansion through M&As

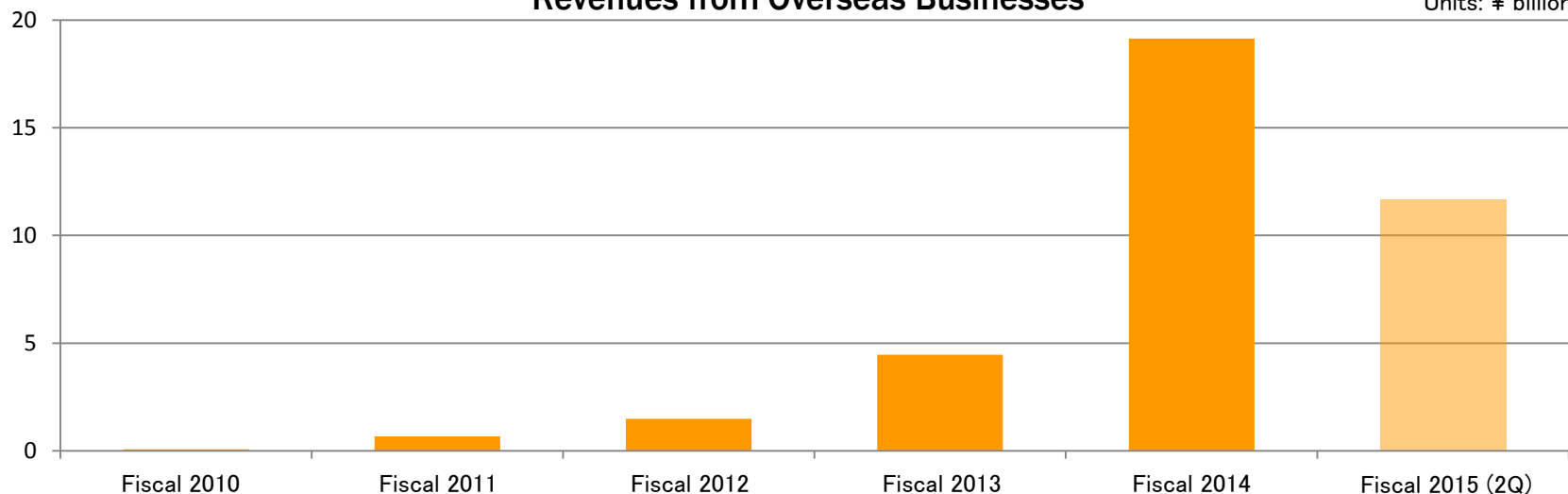
2012: Acquired operations in Singapore, U.K., India, and U.S.

Asian operational reinforcement

2013: Established Korean center

Revenues from Overseas Businesses

Units: ¥ billion



Note: Overseas revenues are internal figures after offsetting internal transactions, for reference only

3. Business Strategies

3-2. Globalization: Examples of Services to Support Global Launches of Games

Compliance Tests	Functionality Tests
Checking that games comply with console manufacturer guidelines	Ensuring that there are no game play issues

Localization	Translating in-game text and user manuals and recording voiceovers
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Linguistic Tests	After translation, native speakers play games to ensure grammatical and translation accuracy, check concepts and characters, and confirm that translations are culturally appropriate where launched
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Customer Support	Serving users after launching games
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Multilingual user support in Glasgow

3. Business Strategies

3-3. Globalization: Services of Nine Business Units in Six Countries

 U.K.	Glasgow: 120 employees	User support and linguistic testing for more than 20, mainly European, languages. Recently started multi-language customer support for Japanese native applications
	London: 100 employees	Supporting English, French, Italian, German, Spanish, and other key European languages. Localizing and conducting user linguistic testing for games and user manuals

 China	Shanghai: 30 employees	Demand increasing for localization, linguistic testing, and customer support for simplified Chinese following local launches of console games
 Korea	Gwangju: 30 employees	Localizing between Japanese and Korean for Japanese companies and between English and Korean for European and U.S. companies and providing linguistic testing and customer support
 Singapore	Singapore: 50 employees	Localizing between English and traditional Chinese and providing linguistic testing and customer support. Looking to broaden capabilities throughout Southeast Asia

 U.S.	San Francisco: 30 employees	Sending testers to game publishers and developers in Silicon Valley
	Baltimore: 50 employees	Providing English-language support for consumer games, online games, and native applications
	Austin: 200 employees	Focusing on English-language testing, preparing to initiate multi-language customer support for Japanese native applications



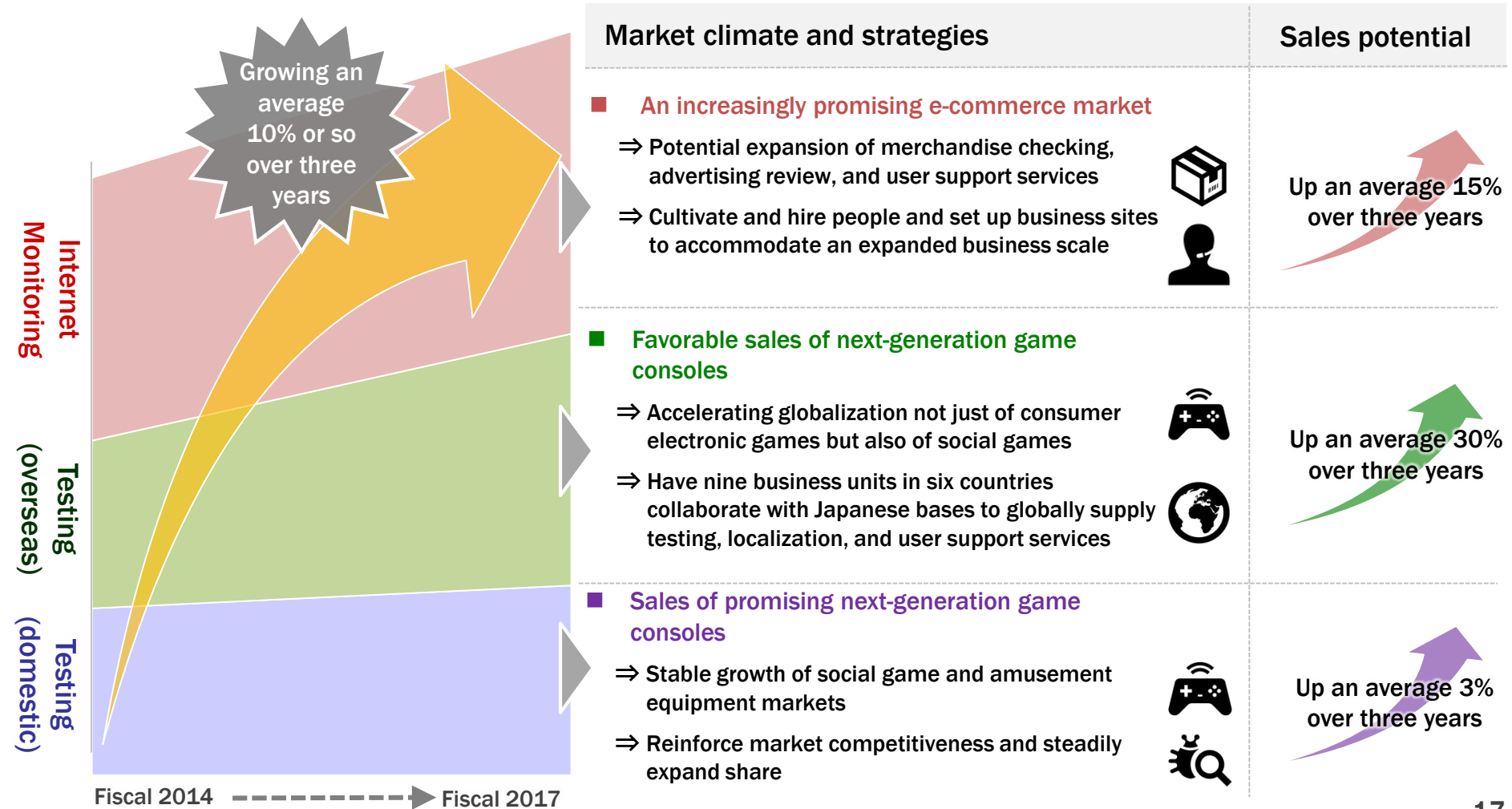
Bangalore employees celebrating the first anniversary after joining PPHD group

 India	Bangalore: 300 employees	Focusing on English-language testing and customer support. Greatly increasing floor space to accommodate rising demand from Japanese, European, and U.S. clients
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3. Business Strategies

3-4. Business Group Approach

- Anticipating 10% average sales growth over the next three years
- Targeting an operating margin of 18% three years hence



4. Corporate Data

4-1. Corporate Profile



(As of July 31, 2014)

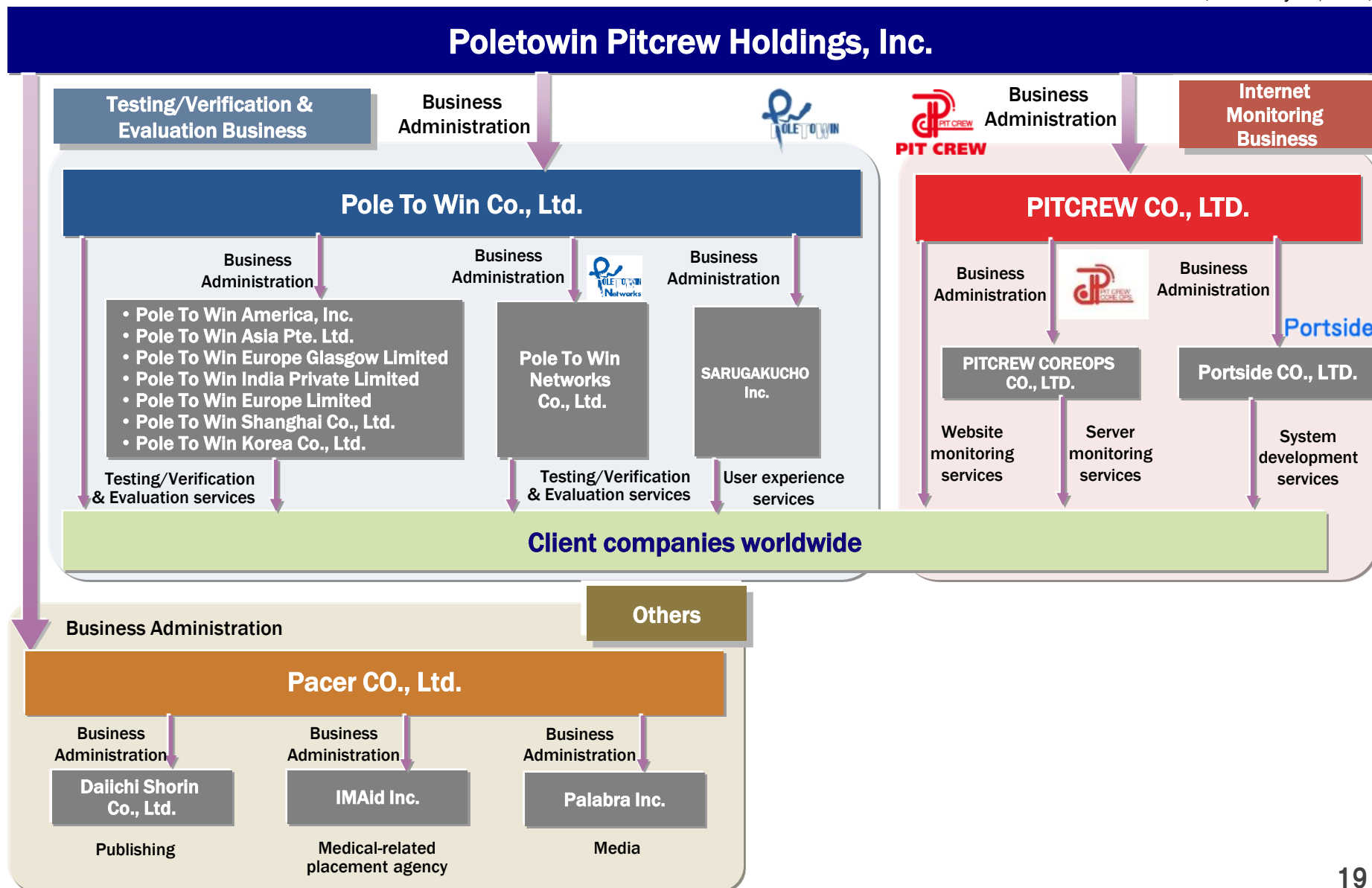
Company Name	Poletowin Pitcrew Holdings, Inc.	
Representatives	Tamiyoshi Tachibana, Chairman Naoto Konishi, President	
Head Office	11th Floor, Shinjuku NS Building, 2-4-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0811, Japan	
Date Established	February 2, 2009	
Capital	¥1,236 Million (As of July 31, 2014)	
Stock Exchange/ Securities Code	Tokyo Stock Exchange (First Section) (Securities Code: 3657 Abbreviation: Pole HD)	
Business Description	Operations ancillary and pertaining to the control and management of business activities of the Company and the entire Group encompassed 17 consolidated subsidiaries. Major Group businesses 1. Testing/Verification & Evaluation Business Detecting defects (finding bugs) in support of enhancing the quality of software and hardware 2. Internet Monitoring Business Detecting fraud and illegal or harmful information on the Internet to help websites operate soundly 3. Others Including publishing and media businesses	
Consolidated Financial Results (Fiscal 2014)	Net Sales: ¥13,879 Million Ordinary Income: ¥2,290 Million Net Income: ¥1,205 Million	No. of Employees on Consolidated Basis: 1,919 (including 558 full-time employees as of January 31, 2014)

4. Corporate Data

4-2. Group Composition (17 Consolidated Subsidiaries)



(As of July 31, 2014)



4-3. Business Segments

(As of July 31, 2014)

Testing/Verification & Evaluation Business

Testing/Verification & Evaluation: Verifying and reporting whether software programs operate as designed and specified and whether there are unintended glitches

1. Testing (Finding Bugs) Services: Consumer electronic games, mobile content and amusement equipment
2. Verification & Evaluation Services: Testing digital home appliances and other IT devices
3. Translation Services: High-quality in-game and technical translations conveying game appeal to users overseas

Pole To Win Co., Ltd.	Pole To Win Networks Co., Ltd.	Pole To Win America, Inc.	Pole To Win Asia Pte. Ltd.
Pole To Win Europe Glasgow Limited	Pole To Win India Private Limited	Pole To Win Europe Limited	Pole To Win Shanghai Co., Ltd.
		Pole To Win Korea Co., Ltd.	SARUGAKUCHO Inc.

Internet Monitoring Business

Internet Monitoring: Ensure safety of Internet sites and protect users from harmful and illegal activities through interception and removal

1. Internet Monitoring Services
2. User Support Services: Responding to telephone and e-mail inquiries from users

PITCREW CO., LTD.	Portside CO., LTD.	PITCREW COREOPS CO., LTD.
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Others

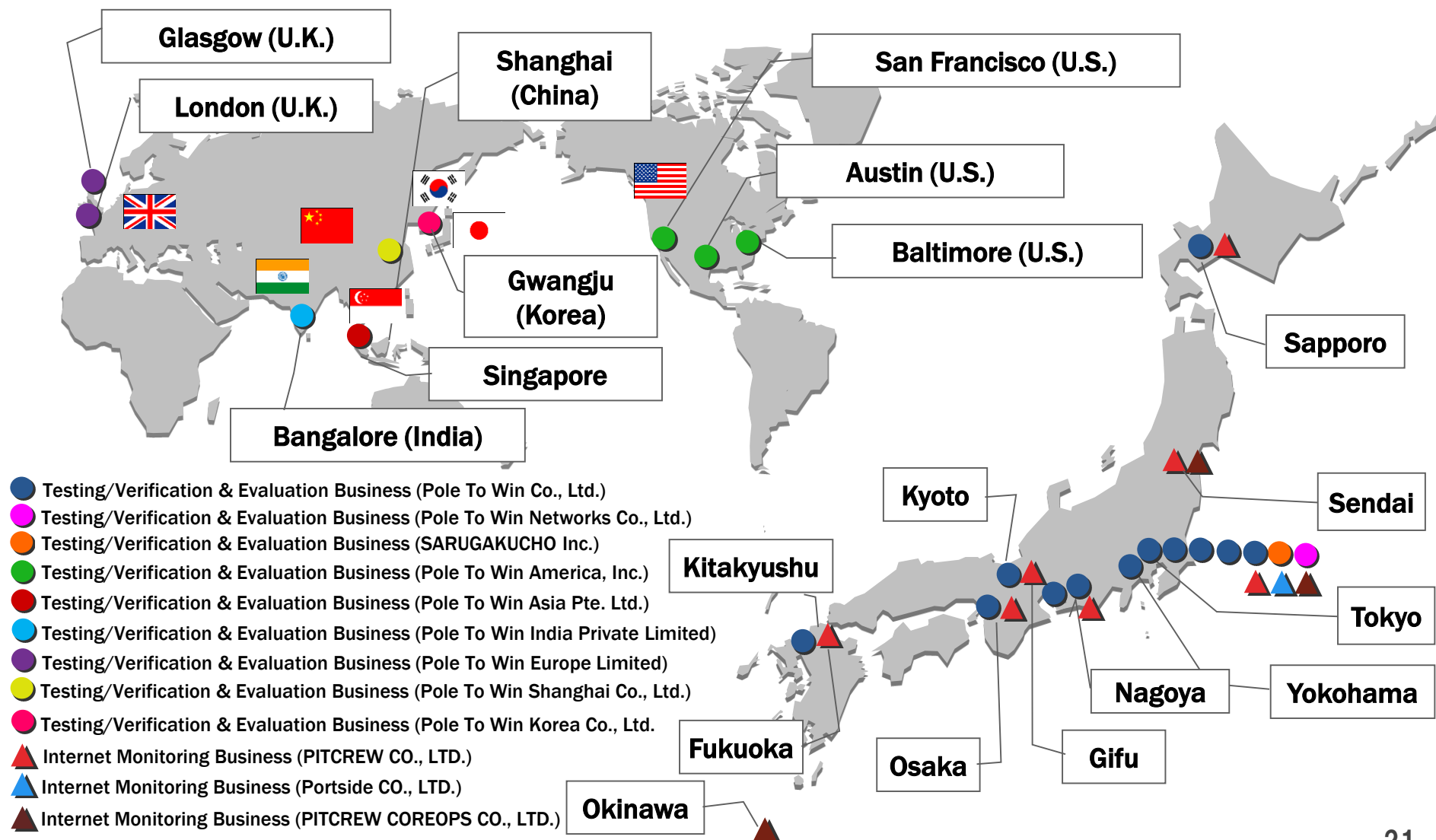
Publishing and media operations and a medical-related placement agency

Pacer CO., Ltd.	Dalichi Shorin Co., Ltd.	IMAid Inc.	Palabra Inc.
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4. Corporate Data

4-4. Testing/Verification & Evaluation and Internet Monitoring Operations

■ 25 business units in Japan and 9 overseas



4. Corporate Data

4-5. Stock Information

■ Number of Shares Issued

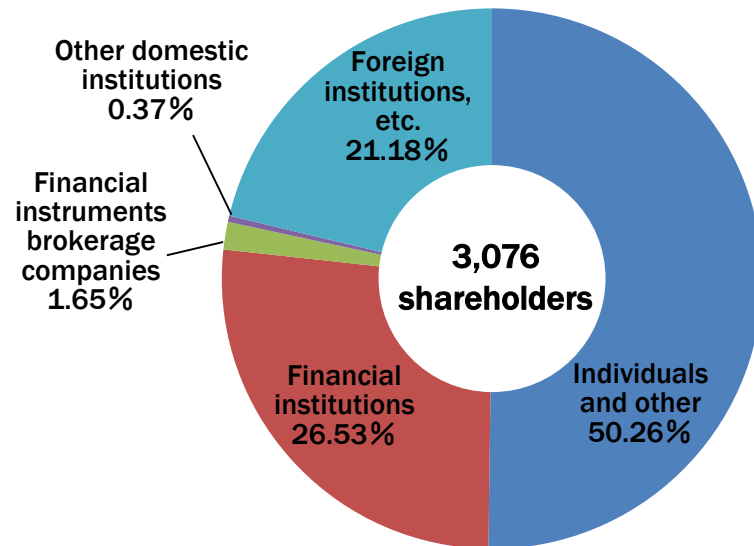
As of January 31, 2014 19,007,200

As of July 31, 2014 19,039,200

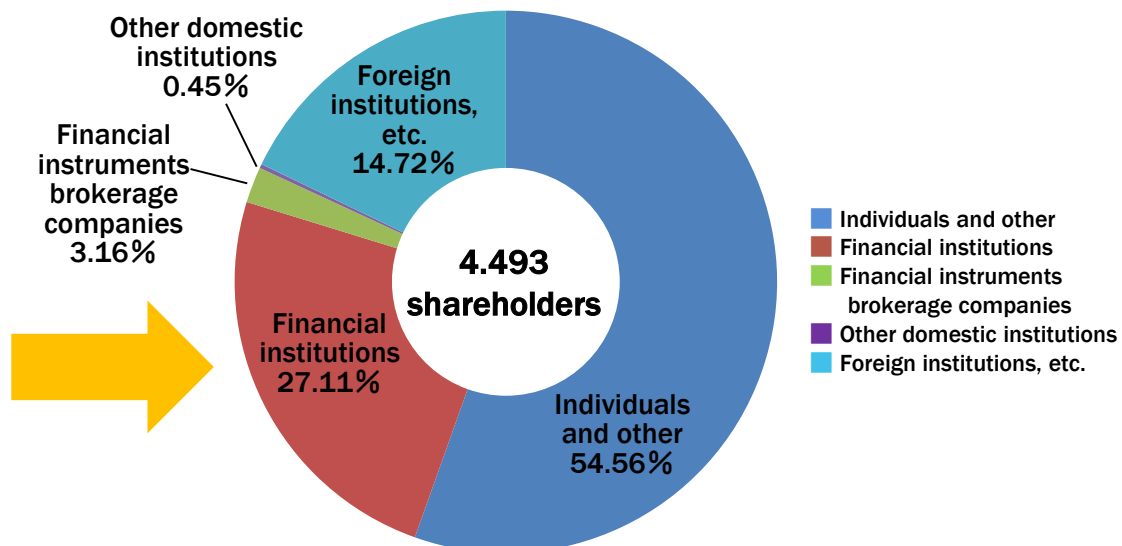
■ Stock Distribution by Shareholder

- Ownership by Foreign institutions, etc., declined 6.46 percentage points, while ownership in the Individuals and other category rose 4.30 percentage points
- The number of shareholders in the Individuals and other category increased by around 1,400

■ As of January 31, 2014



■ As of July 31, 2014



Note: Both charts based on number of outstanding shares, with fractions rounded off

- The information on this website includes forward-looking statements. These forward-looking statements do not guarantee our future financial results, but involve risks and uncertainties that could cause actual results to differ materially from those discussed in the forward-looking statements.
- Risks and uncertainties include general and industry market conditions, and general domestic and international economic conditions such as interest rate and foreign exchange fluctuations.
- Poletowin Pitcrew Holdings, Inc., bears no obligation to update and revise the forward-looking statements disclosed herein, even in the event of new information, future events and other material incidents arising.