

Summary of Non-Consolidated Financial Results For the First Half Ended August 31, 2015 [Japan GAAP]

Name of Company: CAREERLINK CO., LTD.
 Stock Code: 6070
 Stock Exchange Listing: Tokyo Stock Exchange, First Section
 URL: <http://www.careerlink.co.jp/>
 Representative Title: President & Representative Director / President & Executive Officer
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 Date of quarterly securities report (tentative): October 14, 2015
 Date of commencement of dividend payment (tentative): -
 Quarterly earnings supplementary explanatory documents: Yes
 Quarterly earnings presentation: Yes (for institutional investors and analysts)

(Yen in millions, rounded down)

1. Financial results for the first half of the fiscal year ending February 2016 (March 1, 2015 – August 31, 2015)

(1) Result of operations (Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half ended Aug. 2015	7,914	22.0	392	(4.0)	384	(5.3)	238	(0.7)
First half ended Aug. 2014	6,486	2.7	409	43.8	406	46.3	240	45.7

	Net income per share		Net income per share fully diluted	
	Yen		Yen	
First half ended Aug. 2015	38.05		38.04	
First half ended Aug. 2014	38.85		38.33	

(2) Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of August 31, 2015	5,034		2,305		45.8	
As of February 28, 2015	5,314		2,194		41.3	

Notes: Shareholders' equity

As of August 31, 2015: 2,305 million yen As of February 28, 2015: 2,194 million yen

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year
	Yen				
Fiscal year ended February 2014	-	0.00	-	16.00	16.00
Fiscal year ending February 2015	-	0.00	-	-	-
Fiscal year ending February 2015 (est.)	-	-	-	18.00	18.00

Note: Change in the estimation of dividend from the latest announcement: None

Breakdown of year-end dividend for the fiscal year ended February 28, 2015:

Ordinary dividend: 14.00 yen; commemorative dividend: 2.00 yen

Forecast for the fiscal year ending February 2016 (March 1, 2015 - February 29, 2016)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	16,368	17.4	951	14.4	938	14.2	562	15.4	89.80

Note: Change in the forecast from the latest announcement: None

*** Notes**

(1) Use of accounting methods specifically for the preparation of the quarterly financial statements: None

(2) Changes in accounting principles and estimates, and retrospective restatement

(a) Changes due to revision of accounting standards: None

(b) Changes other than in (a): None

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

As of August 31, 2015: 6,277,900 As of February 28, 2015: 6,277,900

(b) Treasury shares

As of August 31, 2015: 14,734 As of February 28, 2015: 34

(c) Average number of shares (first half)

Period ended August 31, 2015: 6,269,477 Period ended August 31, 2014: 6,184,182

Note: Treasury shares and treasury shares deducted from the calculation of average number of shares as of August 31, 2015 include 14,700 shares held by Trust & Custody Services Bank, Ltd. (trust account E) for the employee stock ownership plan (J-ESOP).

* Description of quarterly review procedure implementation status

The rule mandating a review of quarterly financial statements (under the Financial Instruments and Exchange Act) does not apply to this Summary of Financial Results.

It has not been completed the quarterly review procedure process based upon the Financial Instruments and Exchange Act at the time of disclosure of this report.

* Cautionary statement regarding forecasts of operating results and special notes

(Note regarding the forward-looking statements)

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. For information about the forecasts, please see "(3) Forecast for the current fiscal year" on page 3.

(To receive supplementary information about first half results of operations)

Supplementary information about results of information will be posted promptly on the company's website after the information meeting.

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1. Results of Operations

(1) Overview on business performance

1) First half summary

In the first half of the current fiscal year, the Japanese economy recovered slowly because of economic stimulus measures by the Japanese government and monetary measures by the Bank of Japan. Improvements in earnings and jobs continued and capital expenditures are recovering. However, consumer spending is firm but still lackluster because of concerns about inflation caused by the weaker yen.

Overseas, the U.S. economy is healthy but downturns are expected in China and other emerging countries. As a result, the outlook for the global economy remains unclear.

In Japan's human resource services industry, the demand for human resource services is growing along with the increasing need for workers as the economy recovers slowly. In addition, companies in Japan are likely to increase their use of temporary staffing services following the September 30, 2015 enactment of amendments to the Temporary Staffing Services Law. However, recruiting workers is becoming increasingly difficult for temporary staffing companies. There is currently a severe labor shortage in Japan in the construction, manufacturing, restaurant and other sectors.

In the first half, sales increased 22.0% from one year earlier to 7,914,144 thousand yen as business process outsourcing (BPO) orders remained strong. Earnings were lower because of training expenses for workers assigned to new BPO projects and up-front expenditures for projects that will begin in the fiscal year's second half. Operating income decreased 4.0% to 392,668 thousand yen, ordinary income decreased 5.3% to 384,341 thousand yen and net income decreased 0.7% to 238,539 thousand yen.

2) Business Divisions

(a) Business Process Outsourcing

We continued to receive new orders involving current large BPO projects in the Tokyo area. Segment performance also benefited from new orders for private-sector and public-sector BPO projects. As a result, segment sales increased 30.7% to 4,997,898 thousand yen.

(b) Customer Relationship Management

Orders from telemarketing firms were sluggish but focused sales activities to capture new orders resulted in a number of new projects. Orders were received in the Tokyo area and elsewhere for contact center and other projects in the public-service and other sectors. Segment sales increased 5.4% to 1,587,218 thousand yen.

(c) Manufacturing and Technology

Orders from pharmaceutical companies remained high and there was an increase in orders from manufacturers of mechanical components and from other companies. Segment sales increased 13.1% to 762,404 thousand yen.

(d) Office Services

The performance of this segment was supported by the receipt of new orders such as IT system projects in the Tokyo area and catalog and e-commerce retailer projects in the Fukuoka area. Segment sales increased 17.2% to 566,623 thousand yen.

(2) Overview of financial condition

(a) Assets, liabilities and net assets

(Assets)

Total assets were 5,034,736 thousand yen at the end of the first half, 280,098 thousand yen less than at the end of the previous fiscal year. The decrease was mainly the net result of increases of 165,328 thousand yen in investments and other assets, which includes investment securities, security and guarantee deposits, and other items, and 54,244 thousand yen in notes and accounts receivable-trade and a 473,819 thousand yen decrease in cash and deposits.

(Liabilities)

Liabilities decreased 390,917 thousand yen to 2,729,015 thousand yen. There were increases of 173,699 thousand yen in long-term loans-payable (including the current portion) and 87,000 thousand yen in bonds (including the current portion). This was offset by decreases of 315,992 thousand yen in consumption taxes payable, deposits and other liabilities, 229,055 thousand yen in income taxes payable, and 107,473 thousand yen in other payables.

(Net assets)

Net assets increased 110,819 thousand yen to 2,305,720 thousand yen at the end of the first half. Retained earnings increased 238,539 thousand yen due to the net income, but were reduced by 100,445 thousand yen because of dividend payments. In addition, there was a 26,901 thousand yen increase (deduction from net assets) in treasury shares in association with the establishment of a trust for an employee stock ownership plan.

(b) Cash flows

There was a net increase of 248,380 thousand yen in cash and cash equivalents during the first half to 2,639,852 thousand yen. The following is a summary of first half cash flows.

(Operating activities)

Net cash used in operating activities was 391,841 thousand yen compared with a positive cash flow of 1,006,801 thousand yen one year earlier. Income before income taxes was 384,341 thousand yen but cash was used by income tax payments of 346,503 thousand yen and decreases of 292,193 thousand yen in consumption taxes payable, 66,050 thousand yen in other payables and a 54,244 thousand yen increase in notes and accounts receivable-trade.

(Investing activities)

Net cash used in investing activities was 211,479 thousand yen compared with 51,378 thousand yen one year earlier. The primary uses of cash were payments of 99,136 thousand yen for investment securities, 66,546 thousand yen for property and equipment and intangible fixed assets, and 42,887 thousand yen for lease and guarantee deposits.

(Financing activities)

Net cash provided by financing activities was 124,501 thousand yen compared with a negative cash flow of 143,934 thousand yen one year earlier. There were proceeds of 300,000 thousand yen from long-term loans and 148,135 thousand yen from bond insurance. Major uses of cash were 126,301 thousand yen for the repayment of long-term loans, 63,000 thousand yen for the redemption of bonds, 100,166 thousand yen for cash dividends paid and 26,901 thousand yen for the purchase of treasury shares.

(3) Forecast for the current fiscal year

There are no revisions to the forecast announced on April 14, 2015 for the fiscal year ending in February 2016.

2. Other Information

(Supplementary information)

(Allowance for retirement benefits)

In prior years, Careerlink had a lump-sum retirement payment system and a defined-contribution pension system. On May 28, 2015, the lump-sum retirement payment system was terminated. For the accounting treatment of this termination, Careerlink used Guidance on Accounting for Transfers between Retirement Benefit Plans (ASBJ Guidance No. 1, January 31, 2002). Due to the termination of the lump-sum retirement payment system, retirement benefit liabilities of 15,900 thousand yen that existed up to the May 28, 2015 termination date are now classified as long-term accounts payable and included in "other" in long-term liabilities.

(Use of trust to supply Careerlink stock to employees and others)

1. Summary

At the board meeting held on March 13, 2015, board of directors approved a resolution to establish an employee stock ownership plan (J-ESOP) as a new incentive plan for employees. The J-ESOP is structured to distribute Careerlink stock, based on stock distribution rules determined by Careerlink in advance, to full-time employees, including executive officers, who fulfill certain requirements.

Full-time employees receive points that are based on their contributions to the company's performance. Once an employee obtains the right to receive stock by meeting the requirements, Careerlink stock is distributed in proportion to the number of points the employee has received. The stock to be distributed is purchased in advance by a trust established for this purpose and the stock is managed separately as trust assets until distribution. Careerlink believes that this J-ESOP will make full-time employees more motivated to play a role in increasing the company's stock price and earnings, thereby giving them even more reason to do their jobs well.

2. Accounting treatment for the distribution of stock using the J-ESOP trust

The accounting treatment for the distribution of stock using the trust is based on Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts (PITF No. 30, December 25, 2013 (Announced portion)).

3. Item concerning Careerlink stock held by the J-ESOP trust

Careerlink stock held by the trust is shown as treasury shares in net assets and valued by using the trust's book value (excluding associated expenses). At the end of the first quarter, the trust held 14,700 shares of company stock with a book value of 26,901 thousand yen.

3. Quarterly Financial Statements

(1) Quarterly balance sheet

(Thousand yen)

	Fiscal year ended February 2015 (As of February 28, 2015)	First half ended August 2015 (As of August 31, 2015)
ASSETS		
Current assets		
Cash and deposits	3,173,671	2,699,852
Notes and accounts receivable-trade	1,510,493	1,564,737
Work in process	46,696	63,272
Supplies	4,021	4,950
Other	168,258	114,668
Allowance for doubtful accounts	(457)	(470)
Total current assets	4,902,684	4,447,011
Noncurrent assets		
Property, plant and equipment	95,039	105,667
Intangible assets	130,570	130,188
Investments and other assets	186,540	351,868
Total noncurrent assets	412,149	587,724
Total assets	5,314,834	5,034,736
LIABILITIES		
Current liabilities		
Short-term loans payable	48,000	42,000
Current portion of bonds	127,000	153,500
Current portion of long-term loans payable	190,592	291,836
Accounts payable - other	994,725	887,251
Income taxes payable	362,133	133,078
Provision for bonuses	70,778	87,206
Other	842,375	508,555
Total current liabilities	2,635,604	2,103,427
Noncurrent liabilities		
Bonds payable	147,000	207,500
Long-term loans payable	255,715	328,170
Provision for retirement benefits	16,200	-
Asset retirement obligations	40,484	47,161
Other	24,928	42,755
Total noncurrent liabilities	484,328	625,587
Total liabilities	3,119,933	2,729,015
NET ASSETS		
Shareholder's equity		
Capital stock	388,005	388,005
Capital surplus	234,364	234,364
Retained earnings	1,571,604	1,709,698
Treasury shares	(18)	(26,919)
Total shareholder's equity	2,193,956	2,305,149
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	944	570
Total valuation and translation adjustments	944	570
Total net assets	2,194,901	2,305,720
Total liabilities and net assets	5,314,834	5,034,736

(2) Quarterly statements of income
(For the first half)

(Thousand yen)

	First half ended August 2014 (March 1, 2014 – August 31, 2014)	First half ended August 2015 (March 1, 2015 – August 31, 2015)
Net sales	6,486,531	7,914,144
Cost of sales	5,086,073	6,323,471
Gross profit	1,400,458	1,590,673
Selling, general and administrative expenses	991,231	1,198,004
Operating income	409,226	392,668
Non-operating income		
Interest income	159	234
Dividends income	22	35
Commission fee	-	85
Interest on refund	3,000	-
Other	634	1
Total non-operating income	3,816	356
Non-operating expenses		
Interest expenses	5,588	5,439
Amortization of bond issuance cost	-	1,864
Other	1,415	1,379
Total non-operating expenses	7,003	8,683
Ordinary income	406,039	384,341
Income before income taxes	406,039	384,341
Income taxes-current	187,818	119,905
Income tax adjustment	(22,007)	25,896
Total income taxes	165,811	145,801
Net income	240,228	238,539

(3) Quarterly statements of cash flows

(Thousand yen)

	First half ended August 2014 (March 1, 2014 – August 31, 2014)	First half ended August 2015 (March 1, 2015 – August 31, 2015)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	406,039	384,341
Depreciation and amortization	19,156	21,025
Increase (decrease) in allowance for doubtful accounts	307	13
Increase (decrease) in provision for bonuses	10,819	16,427
Increase (decrease) in provision for retirement benefits	1,050	(16,200)
Interest and dividends income	(181)	(270)
Interest on refund of income taxes and other	(3,000)	-
Interest expenses	5,588	5,439
Amortization of bond issuance cost	-	1,864
Decrease (increase) in notes and accounts receivable-trade	(504,655)	(54,244)
Decrease (increase) in inventories	(33,188)	(17,504)
Increase (decrease) in accounts payable-other	294,813	(66,050)
Increase (decrease) in accrued consumption taxes	429,402	(292,193)
Other, net	262,581	(22,580)
Subtotal	888,731	(39,933)
Interest and dividends income received	181	270
Interest expenses paid	(5,720)	(5,674)
Income taxes paid	(0)	(346,503)
Income taxes refund	123,609	-
Net cash provided by (used in) operating activities	1,006,801	(391,841)
Net cash provided by (used in) investing activities		
Payments into time deposits	(16,000)	(5,000)
Purchase of property, plant and equipment	(2,006)	(19,116)
Proceeds from sales of property, plant and equipment	35	-
Purchase of investment securities	-	(99,136)
Purchase of intangible assets	(25,322)	(47,429)
Payments for lease and guarantee deposits	(9,872)	(42,887)
Proceeds from collection of lease and guarantee deposits	2,787	1,542
Payments of loans receivable	(1,000)	-
Collection of loans receivable	-	548
Net cash provided by (used in) investing activities	(51,378)	(211,479)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	36,000	(6,000)
Proceeds from long-term loans payable	100,000	300,000
Repayment of long-term loans payable	(134,983)	(126,301)
Proceeds from issuance of bonds	-	148,135
Redemption of bonds	(62,500)	(63,000)
Proceeds from issuance of common stock	4,695	-
Purchase of treasury shares	-	(26,901)
Cash dividends paid	(86,001)	(100,166)
Other, net	(1,145)	(1,265)
Net cash provided by (used in) financing activities	(143,934)	124,501
Net increase (decrease) in cash and cash equivalents	811,488	(478,819)
Cash and cash equivalents, beginning of period	1,579,983	3,118,671
Cash and cash equivalents, end of period	2,391,472	2,639,852

(4) Notes to quarterly financial statement

(Notes to going concern assumptions)

None

(Significant change in shareholders' equity)

None

(Segment information, etc.)

The information is omitted because the company has single segment that is comprehensive human resource services business.