

Summary of Non-Consolidated Financial Results For the First Quarter Ended May 31, 2016 [Japan GAAP]

Name of Company: CAREERLINK CO., LTD.
 Stock Code: 6070
 Stock Exchange Listing: Tokyo Stock Exchange, First Section
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 Date of quarterly securities report (tentative): July 15, 2016
 Date of commencement of dividend payment (tentative): -
 Quarterly earnings supplementary explanatory documents: None
 Quarterly earnings presentation: None

(Yen in millions, rounded down)

1. Financial results for the first quarter of the fiscal year ending February 2017 (March 1, 2016 – May 31, 2016)

(1) Result of operations

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter ended May 2016	4,837	24.9	325	72.2	322	75.1	207	79.1
First quarter ended May 2015	3,873	34.6	189	63.6	184	62.6	116	72.9

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
First quarter ended May 2016	16.59		16.58	
First quarter ended May 2015	9.25		9.24	

Note: There was a two-for-one common stock split with a record date of June 1, 2016. Earnings per share and earnings per share fully diluted are shown as if this stock split was at the beginning of the previous fiscal year.

(2) Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of May 31, 2016	5,563		2,771		49.5	
As of February 29, 2016	5,620		2,658		47.3	

Reference: Shareholders' equity

As of May 31, 2016: 2,755 million yen As of February 29, 2016: 2,658 million yen

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 2016	-	0.00	-	18.00	18.00
Fiscal year ending February 2017	-				
Fiscal year ending February 2017 (est.)		0.00	-	10.00	10.00

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

There was a two-for-one common stock split with a record date of June 1, 2016. The year-end dividend per share for the fiscal year that ended on February 29, 2016 is the dividend before this stock split and the forecast for the year-end dividend per share for the fiscal year ending on February 28, 2017 is the dividend after this stock split.

3. Forecast for the fiscal year ending February 2017 (March 1, 2016 - February 28, 2017)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	9,519	20.3	438	11.6	430	12.1	280	17.4	22.36
Full year	19,984	20.3	1,119	16.8	1,106	17.2	722	22.1	57.65

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

There was a two-for-one common stock split with a record date of June 1, 2016. The earnings per share forecast is based on the number of shares outstanding after this split (except treasury stock).

* 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: Yes

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

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

Note: For more details, please refer 2. Other Information (2) Changes in accounting principles and estimates, and retrospective restatement on page 3.

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

As of May 31, 2016: 12,555,800 As of February 29, 2016: 12,555,800

(b) Treasury shares

As of May 31, 2016: 29,554 As of February 29, 2016: 29,468

(c) Average number of shares (first quarter)

Period ended May 31, 2016: 12,526,291 Period ended May 31, 2015: 12,551,578

Note: There was a two-for-one common stock split with a record date of June 1, 2016. The number of shares issued is calculated as if this split was at the beginning of the previous fiscal year. In addition, the number of shares of treasury stock at the end of the fiscal year includes stock held in a trust account of Trust & Custody Services Bank, Ltd. for the Careerlink Employee Stock Ownership Plan trust (J-ESOP). There were 29,400 shares in this trust account in the first quarter of the current fiscal year and in the previous fiscal year. Stock in this trust account is included in treasury stock that is excluded from the average number of shares in a fiscal year. There were 29,400 shares in this trust account in the first quarter of the current fiscal year and in the previous fiscal year.

* 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

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. These statements are not promises by the Company regarding future performance. 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.

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1. Results of Operations

(1) Overview on business performance

1) First quarter summary

During the first quarter, the Japanese economy recovered slowly with the support of government economic stimulus measures and the monetary policies of the Bank of Japan. However, earnings at Japanese companies are improving at a slower pace because of declining economic growth rates in China and other emerging country and other events. Production output in Japan is remaining flat and consumer spending is firm but still somewhat lackluster.

The U.S. economy was healthy during the first quarter. In Europe, the economy continued to recover slowly, although there are differences in the economic health of individual countries. There is still uncertainty about the global economy overall because of slowing growth in China, the impact of the lower price of crude oil on resource-producing countries and other sources of concern.

In the Japanese human resources industry, demand for human resource services increased as employment statistics continued to improve along with the slow economic recovery. The amended Worker Dispatching Act became effective on September 30, 2015. Among the revisions are a change in the time limit for temporary staffing and the establishment of a single licensing system for the entire temporary staffing business. The amended law is expected to further increase the use of temporary staffing in many industries.

First quarter sales increased 24.9% from one year earlier to 4,837,193 thousand yen mainly because of a large volume of orders in the Business Process Outsourcing sector. Operating income increased 72.2% to 325,904 thousand yen, ordinary income increased 75.1% to 322,504 thousand yen and profit increased 79.1% to 207,775 thousand yen.

2) Business Segments

(a) Business Process Outsourcing

There was strong growth in new orders for private-sector BPO projects in the financial services and other market sectors. Public-sector BPO orders were also in line with plans. In particular, first quarter sales benefited from the strong performance of BPO services for local governments that started in the third quarter of the previous fiscal year involving Japan's new personal identification number system. As a result, sales in this business increased 43.4% year-on-year to 3,409,072 thousand yen.

(b) Customer Relationship Management

Sales were impacted by the completion of one-time projects that contributed to sales in the previous fiscal year's first quarter and by the low level of temporary staffing services for telemarketing companies. The result was a 21.0% year-on-year decrease in sales to 656,247 thousand yen.

(c) Manufacturing and Technology

There was a large volume of orders from home appliance manufacturers, food processing companies, retailers and other companies. As a result, sales increased 13.7% year-on-year to 446,510 thousand yen.

(d) Office Services

The higher volume of work at current projects, including business operations center tasks, was mainly responsible for the 19.2% year-on-year increase in sales to 325,362 thousand yen.

(2) Overview of financial condition

(Assets)

Assets totaled 5,563,878 thousand yen at the end of the first quarter, down 56,268 thousand yen from the end of the previous fiscal year. Cash and deposits increased 201,079 thousand yen and investments and other assets increased 13,025 thousand yen. These increases were offset by decreases of 155,373 thousand yen in trade accounts receivable, 62,835 thousand yen in work in process, 33,361 thousand yen in other current assets, which includes deferred tax assets and advances paid, and 12,779 thousand yen in intangible assets.

(Liabilities)

Liabilities decreased 169,014 thousand yen from the end of previous fiscal year to 2,792,239 thousand yen at the end of the first quarter. This was attributable mainly to decreases of 92,824 thousand yen in income taxes payable and 66,328 thousand yen in the provision for bonuses.

(Net assets)

Net assets increased 112,745 thousand yen from the end of previous fiscal year to 2,771,639 thousand yen. Retained earnings increased 207,775 thousand yen because of first quarter profit and subscription rights to shares increased 16,285 thousand yen. But there was a decrease of 113,001 thousand yen due to the payment of dividends.

(3) Forecast for the current fiscal year

There are no revisions to the forecast announced on April 14, 2016 for the fiscal year ending in February 2017.

2. Other Information

(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

(Changes in accounting principles)

In association with amendments to Japan's Corporate Income Tax Act, Careerlink is applying Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016 (ASBJ PITF No. 32, June 17, 2016) beginning with the first quarter of the fiscal year ending in February 2017. As a result, the depreciation method for building fixtures acquired on or after April 1, 2016 has been changed from the declining-balance method to the straight-line method.

This change had no effect on the financial statements for the first quarter of the current fiscal year.

3. Quarterly Financial Statements

(1) Quarterly balance sheet

(Thousand yen)

	Fiscal year ended February 2015 (As of February 29, 2016)	First quarter ended May 2016 (As of May 31, 2016)
ASSETS		
Current assets		
Cash and deposits	2,617,853	2,818,932
Accounts receivable-trade	2,027,442	1,872,068
Work in process	109,410	46,575
Supplies	2,841	3,405
Other	143,465	110,104
Allowance for doubtful accounts	(610)	(564)
Total current assets	4,900,401	4,850,522
Noncurrent assets		
Property, plant and equipment	93,637	87,003
Intangible assets	159,074	146,294
Investments and other assets	467,032	480,057
Total noncurrent assets	719,745	713,356
Total assets	5,620,147	5,563,878
LIABILITIES		
Current liabilities		
Short-term loans payable	42,000	-
Current portion of bonds	136,000	156,000
Current portion of long-term loans payable	306,740	281,707
Accounts payable - other	1,002,354	921,757
Income taxes payable	182,646	89,821
Provision for bonuses	92,199	25,871
Other	714,781	834,101
Total current liabilities	2,476,722	2,309,259
Noncurrent liabilities		
Bonds payable	139,500	178,000
Long-term loans payable	251,348	195,422
Provision for employee stock ownership plan	2,807	18,693
Asset retirement obligations	47,436	47,575
Other	43,438	43,288
Total noncurrent liabilities	484,530	482,980
Total liabilities	2,961,253	2,792,239
NET ASSETS		
Shareholder's equity		
Capital stock	388,005	388,005
Capital surplus	234,364	234,364
Retained earnings	2,062,410	2,157,184
Treasury shares	(26,919)	(26,991)
Total shareholder's equity	2,657,862	2,752,563
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,031	2,790
Total valuation and translation adjustments	1,031	2,790
Subscription rights to shares	-	16,285
Total net assets	2,658,894	2,771,639
Total liabilities and net assets	5,620,147	5,563,878

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

(Thousand yen)

	First quarter ended May 2015 (March 1, 2015 – May 31, 2015)	First quarter ended May 2016 (March 1, 2016 – May 31, 2016)
Net sales	3,873,300	4,837,193
Cost of sales	3,097,155	3,845,492
Gross profit	776,144	991,701
Selling, general and administrative expenses	586,897	665,797
Operating income	189,246	325,904
Non-operating income		
Interest income	10	135
Dividend income	11	282
Gain on forfeiture of unclaimed dividends	-	294
Commission fee	85	-
Other	-	8
Total non-operating income	107	721
Non-operating expenses		
Interest expenses	2,520	2,239
Amortization of bond issuance cost	1,864	1,519
Other	787	363
Total non-operating expenses	5,172	4,121
Ordinary income	184,182	322,504
Profit before income taxes	184,182	322,504
Income taxes-current	3,018	78,033
Income taxes-deferred	65,124	36,695
Total income taxes	68,142	114,728
Profit	116,039	207,775

(3) 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.