

Summary of Non-Consolidated Financial Results For the First Quarter Ended May 31, 2014 [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
 Name: Motoaki Narusawa
 Contact Person Title: Senior Managing Director and General Manager of Administration
 Division
 Name: Takehiro Hiramatsu
 Phone: +81-(0)3-6311-7321
 Date of quarterly securities report (tentative): July 15, 2014
 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 2015 (March 1, 2014 – May 31, 2014)

(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 quarter ended May 2014	2,878	(16.1)	115	(39.8)	113	(39.8)	67	(40.0)
First quarter ended May 2013	3,429	(26.2)	192	65.3	188	78.7	111	106.5

	Net income per share		Net income per share fully diluted	
	Yen		Yen	
First quarter ended May 2014	10.87		10.71	
First quarter ended May 2013	19.54		17.96	

(2) Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of May 31, 2014	3,834		1,767		46.1	
As of February 28, 2014	3,389		1,786		52.7	

Notes: Shareholders' equity

As of May 31, 2014: 1,767 million yen As of February 28, 2014: 1,786 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 2014	-	0.00	-	14.00	14.00
Fiscal year ending February 2015	-				
Fiscal year ending February 2015 (est.)		0.00	-	14.00	14.00

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

3. Forecast for the fiscal year ending February 2015 (March 1, 2014 - February 28, 2015)

(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
First half	6,206	(1.7)	176	(38.1)	167	(39.7)	89	(45.5)	14.55
Full year	12,856	10.8	356	20.1	340	20.5	202	25.3	32.84

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 stock)

As of May 31, 2014: 6,175,800 As of February 28, 2014: 6,175,800

(b) Treasury stock

As of May 31, 2014: 34 As of February 28, 2014: 34

(c) Average number of shares (first quarter)

Period ended May 31, 2014: 6,175,766 Period ended May 31, 2013: 5,722,538

* 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. 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.

Index for Supplementary Information

1. Results of Operations.....	2
(1) Overview on business performance.....	2
(2) Overview of financial condition	3
(3) Forecast for the current fiscal year.....	3
2. Other Information.....	3
3. Quarterly Financial Statements.....	4
(1) Quarterly balance sheet.....	4
(2) Quarterly statements of income	6
(For the first quarter)	6
(3) Notes to quarterly financial statement	7
(Notes to going concern assumptions).....	7
(Significant change in shareholders' equity).....	7
(Segment information, etc.)	7

1. Results of Operations

(1) Overview on business performance

1) First quarter summary

In the first quarter of the fiscal year, the Japanese economy continued to recover slowly. There were negative effects from sluggish consumer spending and manufacturing output due to the drop in demand following the rush to buy before the April 2014 consumption tax hike. But there were benefits of fiscal and monetary measures by the Japanese government and Bank of Japan. As a result, corporate earnings increased, capital expenditures started growing and there were other improvements.

In other countries, economies improved in the United States and other developed countries but economic growth slowed in China and other emerging countries. In addition, geopolitical risks are increasing due to turmoil in the Middle East and Ukraine. Due to this situation, the outlook for the global economy is still unclear.

The business climate for Japan's human resources industry is benefiting from a steady improvement in the number of jobs as the economy recovers slowly. For example, the ratio of job openings to job seekers is increasing, mainly because of companies seeking additional employees. At the same time, there is a serious shortage of workers in the construction, manufacturing, restaurant and many other industries. Recruiting employees is therefore becoming increasingly difficult.

Furthermore, Japan's diet has pushed back consideration of proposed amendments to Japan's Temporary Staffing Services Law that were to be enacted in the spring of 2015, along with other employment system reforms.

There were several positive trends in first quarter performance. For example, orders for private-sector business process outsourcing services increased and the gross profit margin improved. But performance was held back by the end in the previous fiscal year of a large public-sector business process outsourcing project and a large temporary staffing contract for a major contact center. As a result, first quarter sales totaled 2,878,023 thousand yen, down 16.1% from one year earlier. Operating income decreased 39.8% to 115,641 thousand yen, ordinary income decreased 39.8% to 113,256 thousand yen and net income decreased 40.0% to 67,108 thousand yen.

2) Business Divisions

(a) Business Process Outsourcing

An additional order involving a large private-sector project that was to have started in 2013 began as planned in this fiscal year. In addition, orders from private-sector business process outsourcing companies were higher than expected. The receipt of orders for new projects also contributed to the performance. Although there was a steady recovery in orders, mainly in the private sector, division performance was impacted by the completion in the previous fiscal year of a large public-sector business process outsourcing project. As a result, division sales were down 17.8% from one year earlier to 1,567,450 thousand yen.

(b) Customer Relationship Management

Current contact center contracts continued to perform well and there was a slow recovery in new orders because of activities aimed at capturing business from communication company contact centers and other new clients. But the termination of a staffing contract for a large contact center end of previous fiscal year, where there was a large volume of work caused division sales to decline 27.3% from one year earlier to 745,244 thousand yen.

(c) Office Services

The recovery in orders for general office work, such as the operation of office equipment, is still in an early stage. But sales were higher because of activities to capture new office staffing contracts from financial institutions and other companies. The result was a 2.6% increase in division sales from one year earlier to 252,228 thousand yen.

(d) Manufacturing and Technology

Orders from large manufacturers of home electrical products and from other companies remained high and there were new orders from a food processing company, a manufacturer of machine parts and other companies. Backed by this growth, division sales increased 25.0% from one year earlier to 313,100 thousand yen.

(2) Overview of financial condition

(Assets)

Total assets were 3,834,644 thousand yen at the end of the first quarter, 444,759 thousand yen more than at the end of the previous fiscal year. The major changes were increases of 380,953 thousand yen in cash and deposits and 259,500 thousand yen in notes and accounts receivable-trade and a decrease of 160,631 thousand yen in consumption taxes receivable.

(Liabilities)

Liabilities increased 464,064 thousand yen to 2,067,547 thousand yen mainly because of increases of 169,330 thousand yen in accounts payable-other and 184,197 thousand yen in consumption taxes payable.

(Net assets)

Net assets decreased 19,305 thousand yen to 1,767,097 thousand yen. There was a 67,108 thousand yen increase in retained earnings but net assets were reduced by dividend payments of 86,460 thousand yen.

(3) Forecast for the current fiscal year

There are no revisions to the forecast announced on April 14, 2014 for the fiscal year ending in February 2015.

2. Other Information

None

3. Quarterly Financial Statements

(1) Quarterly balance sheet

(Thousand yen)

	Fiscal year ended February 2014 (As of February 28, 2014)	First quarter ended May 2014 (As of May 31, 2014)
ASSETS		
Current assets		
Cash and deposits	1,579,983	1,960,936
Notes and accounts receivable-trade	987,340	1,246,841
Work in process	46,438	48,604
Supplies	1,484	5,283
Income taxes receivable	114,566	114,658
Other	298,344	81,167
Allowance for doubtful accounts	(581)	(387)
Total current assets	3,027,576	3,457,105
Noncurrent assets		
Property, plant and equipment	82,567	76,392
Intangible assets	61,410	72,676
Investments and other assets		
Other	218,849	229,413
Allowance for doubtful accounts	(518)	(943)
Total investments and other assets	218,331	228,470
Total noncurrent assets	362,308	377,539
Total assets	3,389,885	3,834,644
LIABILITIES		
Current liabilities		
Short-term loans payable	12,000	4,000
Current portion of bonds	129,000	113,000
Current portion of long-term loans payable	224,228	223,916
Operating accounts payable	573,865	743,196
Income taxes payable	-	36,439
Provision for bonuses	51,086	15,066
Asset retirement obligations	1,185	1,185
Other	116,729	422,865
Total current liabilities	1,108,095	1,559,668
Noncurrent liabilities		
Bonds payable	174,000	154,000
Long-term loans payable	246,500	278,135
Provision for retirement benefits	14,550	14,850
Asset retirement obligations	35,408	35,526
Other	24,928	25,367
Total noncurrent liabilities	495,387	507,879
Total liabilities	1,603,482	2,067,547

(Thousand yen)

	Fiscal year ended February 2014 (As of February 28, 2014)	First quarter ended May 2014 (As of May 31, 2014)
NET ASSETS		
Shareholder's equity		
Capital stock	384,567	384,567
Capital surplus	230,926	230,926
Retained earnings	1,170,459	1,151,108
Treasury stock	(18)	(18)
Total shareholder's equity	1,785,936	1,766,584
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	466	512
Total valuation and translation adjustments	466	512
Total net assets	1,786,403	1,767,097
Total liabilities and net assets	3,389,885	3,834,644

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

(Thousand yen)

	First quarter ended May 2013 (March 1, 2013 – May 31, 2013)	First quarter ended May 2014 (March 1, 2014 – May 31, 2014)
Net sales	3,429,355	2,878,023
Cost of sales	2,766,061	2,287,693
Gross profit	663,294	590,329
Selling, general and administrative expenses	471,161	474,688
Operating income	192,133	115,641
Non-operating income		
Interest income	8	6
Dividends income	3	5
Interest on refund	-	1,063
Other	3	-
Total non-operating income	15	1,075
Non-operating expenses		
Interest expenses	3,091	2,995
Other	778	463
Total non-operating expenses	3,870	3,459
Ordinary income	188,277	113,256
Income before income taxes	188,277	113,256
Income taxes-current	26,222	32,256
Income tax adjustment	50,231	13,891
Total income taxes	76,453	46,147
Net income	111,824	67,108

(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.