

Summary of Non-Consolidated Financial Results For the Fiscal Year Ended February 28, 2015 [Japan GAAP]

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 Stock Code: 6070
 Stock Exchange Listing: Tokyo Stock Exchange, First Section
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 Regular general meeting of shareholders (tentative): May 28, 2015
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 Date of commencement of dividend payment (tentative): May 29, 2015
 Supplementary explanatory documents: Yes
 Earnings presentation: Yes (for institutional investors and analysts)

(Yen in millions, rounded down)

1. Financial results for the fiscal year ended February 2015 (March 1, 2014 – February 28, 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 | % |
| Fiscal year ended Feb. 2015 | 13,948 | 20.3 | 831 | 179.9 | 822 | 190.6 | 487 | 201.2 |
| Fiscal year ended Feb. 2014 | 11,598 | (35.2) | 297 | (71.2) | 282 | (71.2) | 161 | (71.3) |

| | Net income per share | Net income per share fully diluted | Return on equity | Ordinary income to total assets | Operating income to net sales |
|-----------------------------|----------------------|------------------------------------|------------------|---------------------------------|-------------------------------|
| | Yen | Yen | % | % | % |
| Fiscal year ended Feb. 2015 | 78.31 | 77.74 | 24.5 | 18.9 | 6.0 |
| Fiscal year ended Feb. 2014 | 27.50 | 25.92 | 9.4 | 7.5 | 2.6 |

Reference: Equity method income FY2/15: - million yen FY2/14 - million yen

(2) Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of February 28, 2015 | 5,314 | 2,194 | 41.3 | 349.63 |
| As of February 28, 2014 | 3,389 | 1,786 | 52.7 | 289.26 |

Notes: Shareholders' equity

As of February 28, 2015: 2,194 million yen As of February 28, 2014: 1,786 million yen

(3) Cash flow position

| | Net cash provided by (used in) operating activities | Net cash provided by (used in) investing activities | Net cash provided by (used in) financing activities | Cash and cash equivalents at end of period |
|---------|---|---|---|--|
| | Million yen | Million yen | Million yen | Million yen |
| FY 2/15 | 1,724 | (86) | (99) | 3,118 |
| FY 2/14 | (739) | (83) | (135) | 1,579 |

2. Dividends

| | Dividend per share | | | | | Total dividends (Annual) | Dividend ratio | Dividend-to- equity ratio |
|-----------------------|--------------------|--------------|--------------|--------------|--------|-----------------------------|----------------|------------------------------|
| | End of 1Q | End of 2Q | End of 3Q | End of FY | Annual | | | |
| | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| FY 2/14 | - | 0.00 | - | 14.00 | 14.00 | 86 | 50.9 | 4.8 |
| FY 2/15 | - | 0.00 | - | 16.00 | 16.00 | 100 | 20.4 | 5.0 |
| FY 2/16 (Estimate) | - | 0.00 | - | 18.00 | 18.00 | | 20.1 | |

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

Ordinary dividend: 14.00 yen; commemorative dividend: 2.00 yen

3. 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 |
| First half | 7,731 | 19.2 | 455 | 11.4 | 448 | 10.5 | 268 | 11.9 | 42.82 |
| Full year | 16,368 | 17.4 | 951 | 14.4 | 938 | 14.2 | 562 | 15.4 | 89.63 |

* Notes

(1) 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

(2) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock)

As of February 28, 2015: 6,277,900 As of February 28, 2014: 6,175,800

(b) Treasury stock

As of February 28, 2015: 34 As of February 28, 2014: 34

(c) Average number of shares

Period ended February 28, 2015: 6,226,530 Period ended February 28, 2014: 5,888,132

* Description of review procedure implementation status

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

It has not been completed the 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) Outlook for the fiscal year ending February 2016" in (1) Overview on business performance of 1. Results of Operations on page 2.

(Supplementary explanatory documents)

Supplementary explanatory documents will be posted on the Company's WEB site immediately after the earnings presentation.

Index for Supplementary Information

| | | |
|----|---|----|
| 1. | Results of Operations..... | 2 |
| | (1) Overview on business performance..... | 2 |
| | (2) Overview of financial condition..... | 2 |
| | (3) Earnings Distribution Policy and Dividends..... | 3 |
| | (4) Business Risk..... | 3 |
| 2. | Corporate Group..... | 7 |
| 3. | Management Policies..... | 7 |
| | (1) Basic policies..... | 7 |
| | (2) Key performance indicators..... | 7 |
| | (3) Medium and long-term strategic goals..... | 7 |
| | (4) Major issues..... | 7 |
| | (5) Other significant items..... | 8 |
| 4. | Financial Statements..... | 9 |
| | (1) Balance sheet..... | 9 |
| | (2) Statements of income..... | 11 |
| | (3) Statement of changes in shareholders' equity..... | 12 |
| | (4) Statements of cash flows..... | 14 |
| | (5) Notes to financial statement..... | 15 |
| | (Notes to going concern assumptions)..... | 15 |
| | (Additional information)..... | 15 |
| | (Gain or loss on equity method, etc.)..... | 15 |
| | (Segment information, etc.)..... | 15 |
| | (Per share information)..... | 17 |
| | (Subsequent events)..... | 17 |
| 5. | Other information..... | 18 |
| | (1) Changes in directors..... | 18 |

1. Results of Operations

(1) Overview on business performance

1) Fiscal year summary

During the fiscal year ended February 28, 2015, the Japanese economy was in a stage of modest recovery, as government economic policies, the Bank of Japan's monetary easing policy and improved corporate earnings helped the nudge the economy out of its torpor following the consumption tax hike.

Globally, the U.S. economy performed robustly, while European economic recovery was weak and Chinese economic growth continued to decelerate. Consequently, the overall global economic outlook remained opaque.

The environment surrounding the Japanese human resources industry was characterized by an uptick in demand, buoyed by the nation's gradual economic recovery, which engendered ongoing improvements in the employment climate. At the same time, recruiting employees is becoming increasingly difficult because of the severe shortage of workers in the construction, manufacturing, food, beverages and many other industries.

In this operating environment, robust orders led to a 20.3% year-on-year increase in sales due mainly to strong sales of the BPO Business segment, to 13,948,392 thousand yen.

The Company worked to improve its business processing efficiency on large-scale BPO projects. Success in this area caused profits to substantially outstrip sales growth: operating income surged 179.9%, to 831,972 thousand yen; ordinary income jumped 190.6%, to 822,200 thousand yen, and net income soared 201.2%, to 487,605 thousand yen.

2) Business Divisions

(a) Business Process Outsourcing

Sales in this segment expanded 35.9% year on year, to 8,410,415 thousand yen. The Company saw steady increases in large-scale private-sector BPO projects in the Tokyo metropolitan area, and new orders for private-sector BPO projects were favorable. In addition, orders for BPO projects for the public sector were stronger than expected, due to temporary benefit projects surrounding the consumption tax hike. Nevertheless, sales from large-scale public-sector BPO projects were down year on year, as many of these projects concluded in the preceding fiscal year.

(b) Customer Relationship Management

Sales in this segment declined 10.0% year on year, to 3,040,930 thousand yen. A weak demand recovery in the telemarketing sector curtailed the number of personnel dispatched to telemarketing companies. Furthermore, the Company failed to secure orders for large spot projects, staffing contract for large-scale contact centers as it had done in the previous fiscal year.

(c) Office Services

Office services sales amounted to 950,902 thousand yen, up 2.1% from the preceding fiscal year. Supporting this growth, demand for general office work recovered as the economic outlook began to brighten, and the Company was successful in its efforts to acquire new office services projects for financial institutions, among others.

(d) Manufacturing and Technology

Sales expanded 40.7%, to 1,546,144 thousand yen. Following a downturn in production compared with the demand rush preceding the consumption tax hike, the Company saw an increase in orders from meat processing companies, machine parts manufacturers and pharmaceutical manufacturers. In addition, this segment enjoyed a recovery in new business orders.

3) Outlook for the fiscal year ending in February 2016

Looking forward, in the BPO Business we anticipate steady demand for private-sector BPO projects in the Tokyo metropolitan area, where work volumes are increasing. We also expect to see an increase in orders for other private-sector BPO projects and new public-sector BPO projects. In the CRM business, we look forward to a steady rebound in orders for the dispatch of personnel to contact centers in the Tokyo metropolitan and other areas.

Meanwhile, the employment situation is expected to improve in Japan, as a rebounding economy prompts resurgence in domestic production. Furthermore, the amended Worker Dispatching Act is scheduled to go into effect in autumn of 2015. This event is likely to make companies more amenable to accepting dispatch workers, thereby boosting our General Administrative and Manufacturing Technology businesses.

Given these circumstances, for the fiscal year ending February 29, 2016, we forecast net sales of 16,368,898 thousand yen (up 17.4% year on year), operating income of 951,776 thousand yen (up 14.4%), ordinary income of 938,953 thousand yen (up 14.2%) and net income of 562,712 thousand yen (up 15.4%).

(2) Overview of financial condition

1) Assets, liability and net assets

(Assets)

Total assets as of fiscal year end totaled 5,314,834 thousand yen, up 1,924,949 thousand yen from a year earlier. This increase was due mainly to a 1,593,688 thousand yen increase in cash and deposits and a 523,153 thousand yen rise in trade accounts receivable. Conversely, consumption taxes receivable fell by 160,631 thousand yen, and income taxes receivable declined by 114,566 thousand yen.

(Liabilities)

Total liabilities at fiscal year-end totaled 3,119,933 thousand yen, up 1,516,450 thousand yen from a year earlier. This rise was attributable mainly to increases of 420,859 thousand yen in accounts payable, 362,133 thousand yen in income tax payable, 538,662 thousand yen in consumption tax payable, 98,410 thousand yen in deposits payable and 86,438 thousand yen in accrued expenses.

(Net assets)

Net assets at of fiscal year end stood at 2,194,901 thousand yen, up 408,498 thousand yen from February 28, 2014. Principal factors included net income of 487,605 thousand yen, which boosted retained earnings, while dividend payments reduced net assets by 86,460 thousand yen.

2) Cash flows

Cash and cash equivalents totaled 3,118,671 thousand yen on February 28, 2015, 1,538,688 thousand yen higher than a year earlier. Principal cash flow movements during the year are outlined below.

(Operating activities)

Net cash provided by operating activities totaled 1,724,908 thousand yen.

Income before income taxes provided 822,200 thousand yen, and increases in consumption tax payable 696,297 thousand yen, accounts payable 368,414 thousand yen and refund of income taxes 123,609 thousand yen. Increases in accrued expenses and deposits payable also contributed 221,703 thousand yen. Meanwhile, increase in notes and accounts receivable-trade of 523,153 thousand yen.

(Investing activities)

Net cash used in investing activities was 86,363 thousand yen. The primary uses of cash were 64,072 thousand yen in cash for the purchase of property, plant and equipment and intangible assets, 22,000 thousand yen for payments into time deposits and 11,256 thousand yen for payments for lease and guarantee deposits. At the same time, proceeds from withdrawal of time deposits provided 10,000 thousand yen.

(Financing activities)

Net cash used in financing activities came to 99,856 thousand yen. Major shifts in this category included 250,000 thousand yen provided through proceeds from long-term loans payable, 98,890 thousand yen in proceeds from issuance of bonds, and 36,000 thousand yen provided by net increase in short-term loans payable. The primary uses of cash were the repayment of long-term loans payable used 274,421 thousand yen, the redemption of bonds 129,000 thousand yen, and cash dividends paid 86,053 thousand yen.

(Reference) Cash flow indicators

| | FY 2/12 | FY 2/13 | FY 2/14 | FY 2/15 |
|---------------------------------|---------|---------|---------|---------|
| Equity ratio (%) | 20.5 | 39.8 | 52.7 | 41.3 |
| Market capital equity ratio (%) | - | 86.2 | 100.2 | 207.7 |
| Debt to cash flow ratio (years) | 0.7 | 1.8 | - | 0.4 |
| Interest coverage ratio (times) | 51.6 | 32.9 | - | 158.4 |

Equity ratio = Shareholders' equity/Total assets

Market capital equity ratio = Market capitalization/Total assets

Debt to cash flow ratio = Interest-bearing debt/Cash flows

Interest coverage ratio = Cash flows/Interest expenses

Notes:

1. Market capitalization is based on the number of shares issued after deducting treasury stock.
2. Cash flows are operating cash flows.
3. Interest-bearing debt is the sum of all debt on the balance sheet on which interest is paid.
4. The debt to cash flow ratio and interest coverage ratio for the fiscal year that ended in February 2014 are not shown because this ratio was negative in that year.

(3) Earnings Distribution Policy and Dividends

Career Link positions the distribution of earnings to shareholders as one of its highest priorities along with measures to build a sound foundation for business operations. The fundamental policy is to pay a dividend consistently at a suitable level that reflects results of operations and all other aspects of operations. At the same time, sufficient earnings will be retained to fund actions to achieve sustained growth and to strengthen operations.

In accordance with this policy, we plan to pay a year-end dividend of 16 yen per share (ordinary dividend 14 yen and commemorative dividend 2 yen) for the fiscal year that ended in February 2015. In the next fiscal year, we plan to pay an ordinary dividend of 18 yen per share.

(4) Business Risk

This section contains risk factors involving business operations that may have a significant effect on the decisions of investors. In addition, this section contains other items that, although not necessarily business risk factors, are included because we believe they are important with respect to investment decisions. Career Link is aware of these risks and is taking actions to prevent these problems and to respond to these problems if they occur. Forward-looking statements in this section reflect the judgments of Career Link as of the date of this earnings announcement.

1) Laws and regulations

To fulfill its obligation to society as a company, Career Link has prepared rules and operating manuals for compliance with laws and regulations, operates and upgrades employee training programs, and maintains and strengthens a system of internal controls. We will continue to operate and expand a proper system of internal controls that reflect the growth of our operations as well as internal and external changes affecting our operations. However, we may receive administrative guidance or an order to improve operations if there is serious negligence, fraud, illegal activity or other improper behavior by employees. Furthermore, these problems could result in litigation and the payment of damages. These events may have an effect on results of operations.

In addition, there may be amendments or other revisions to the Temporary Staffing Services Law, the primary law that regulates our operations, and other laws and regulations. These changes may be made due to changes in the temporary staffing market, to tighten restrictions concerning sectors where temporary staffing can be used and the length of temporary staffing assignments, or for other reasons. Depending on the nature of an amendment or revision, there may be an effect on results of operations.

(a) Temporary staffing

Temporary staffing requires the approval of the Minister of Health, Labour and Welfare as a “general temporary staffing business” in accordance with the Temporary Staffing Services Law. This approval must be renewed after five years.

Article 14 of the Temporary Staffing Services Law provides for the termination of approval and other actions in order to ensure the proper operation of the temporary staffing business. In the event that a temporary staffing services company (including individuals who operate a temporary staffing business and, for companies, the directors) violate any item listed in paragraph 1 of Article 14, the law provides for the termination of approval to operate the business.

At this time, Career Link has not violated any of these items. However, if business approval is terminated for some reason in the future, the resulting limitations on business activities may affect results of operations.

(b) Outsourcing

Minister of Labour Notice No. 37 of 1986 defined the categorization standards for the outsourcing and temporary staffing businesses. The provision of outsourcing services requires compliance with these standards.

Although we strictly comply with Notice No. 37, there is a possibility of a labor bureau of a prefecture of Japan reaching the decision that one or more of our outsourcing services are effectively a temporary staffing service. If this leads to a judgment that an outsourcing service of ours should be classified as a temporary staffing service instead, there may be a penalty that could include an order to suspend operations. If this happens, there may be an effect on results of operations.

(c) Recruiting services

Recruiting services require the approval of the Minister of Health, Labour and Welfare as a “fee-based job introduction business” in accordance with the Employment Security Law. This approval must be renewed after five years.

The law states that the role of recruiting and related services is to facilitate proper and efficient adjustments in the supply and demand for workers. To ensure that this business is operated in a suitable manner, Article 32-9 of the Employment Security Law provides for the termination of approval and other actions. In the event that a company providing recruiting or related services violates any item listed in paragraph 1 of Article 32, the law provides for the termination of approval to operate the business.

At this time, Career Link has not violated any of these items. However, if business approval is terminated for some reason in the future, the resulting limitations on business activities may affect results of operations.

(d) Temporary staffing for permanent employment

The provision of temporary employees with the intent that they will be hired by the companies where they work applies to both (a) temporary staffing and (c) recruiting services. As a result, this business requires approval as both a general temporary staffing business and a fee-based job introduction business.

Temporary staffing for permanent employment therefore includes the risk factors in the above sections (a) and (c). At this time, Career Link has not violated any of items that could result in the termination of the approval for either of these two businesses. However, if business approval is terminated for some reason in the future, the resulting limitations on business activities may affect results of operations.

2) Amendments to the social insurance system

Social insurance payment rates and the scope of these payments are revised as required based on a national debate that includes unified reforms of social security programs and taxes.

As required by the current social insurance system in Japan, Career Link ensures that all full-time employees belong to this system and that all other staff members on assignment that meet the requirements for social insurance are in this system. However, a revision to the social insurance system may affect results of operations. For example, a reduction in the social insurance membership requirements could increase the amount of premiums paid by employers. For Japan’s Welfare Pension Insurance, due to pension reform legislation enacted in 2004, the premium rate is increasing every year by 0.354% from October 2004 to September 2017. In the last year, this premium will be 18.3%. Due to these increases, the Welfare Pension Insurance premium paid by employers for standard monthly compensation is expected to increase by 0.177% every year until 2017. This increase is expected to have a negative effect on earnings.

The full-time employees and temporary staffing workforce of Career Link belong to the Temporary Staffing Health Insurance Association. The financial soundness of this association has declined for several reasons. One is payments due to a new contribution system (support payments for seniors older than 75 and payments for seniors age 65 to 74) associated with April 2008 reforms for senior citizen health care. The rising cost of health care and Japan’s economic downturn also contributed to the association’s financial problems. In response, the association has been raising the

employer health insurance premium rate almost every year. In fiscal 2015, this rate increased from 4.35% to 4.45%. To maintain financial soundness, the Temporary Staffing Health Insurance Association has been taking steps to hold down health care expenses, lower operating expenses and make other improvements. However, if the lack of progress results in more increases in the insurance premium rate, there will probably be a negative effect on earnings.

For employment insurance, revisions enacted in fiscal 2010 raised from 0.7% to 0.95% the premiums paid by companies in ordinary business sectors. The scope of this insurance was extended, too. If the employment insurance system is revised again and there is another increase in payments by employers and employees, there will probably be a negative effect on earnings.

3) Recruitment of temporary staffing workforce

Career Link is always seeking applicants to register for temporary staffing assignments. We use the Internet, newspapers, magazines and other media for recruiting activities. Maintaining a sufficient number of registered individuals and people on temporary staffing assignments is vital to our business operations. As a result, we keep in close touch with registered individuals not yet on an assignment by using periodic communications and we have activities designed to provide these individuals with job opportunities that match their wishes.

For individuals on a temporary staffing assignment, we provide training and other support, offer an opportunity to become a full-time employee and have other programs to upgrade their skills. However, due to changes in the job market or in the demand for workers, we may be unable to recruit a sufficient number of temporary staffing workers or to supply a client with a sufficient number of temporary workers. If this happens, there may be an effect on results of operations.

4) Mergers and acquisitions

Career Link may acquire companies with businesses associated with current operations or use other actions in order to achieve growth. In the event of an acquisition or similar action, we will ascertain risks in advance by performing thorough due diligence concerning the other company's finances and business operations.

However, there is a possibility that an acquisition may not produce the expected benefits due to changes in the business climate in Japan or other countries or for other reasons. For example, we may be unable to sufficiently control an acquired company's management, businesses or assets or an acquired company may lose personnel or customers. Consequently, if an acquisition or similar action does not produce the expected benefits, the inability to sufficiently recover the investment may affect results of operations.

5) Competition

There are many companies in Japan's human resources service sector. To differentiate our services, we use knowledge gained from BPO Business and on various other projects to provide human resources services that help client companies to make their operations more efficient and streamlined. However, if competition becomes even more heated, there may be an effect on results of operations.

6) Natural disasters and IT system problems

(a) System malfunctions and disruptions

Computer systems and networks are vital to business operations. The business administration data system stores an enormous volume of personal information of registered and on-assignment temporary workers, information about client companies, and any other items. This information allows us to match workers with assignments by selecting registered individuals who have the best skills for each customer's requirements. Moreover, we use this computer system to oversee amounts due to the temporary staff, the payment of salaries, invoices for temporary staffing services, credit management and other tasks.

If this system stops functioning because of damage exceeding our BCP plan to the server that stores data or because of any other problem caused by an earthquake or other major natural or other disaster, we could have difficulty conducting business operations and there may be an effect on results of operations.

(b) Information network security

We receive a large volume of personal information and other confidential information in the course of business operations. We are well aware of the importance of information security and the associated risks. We have established information security rules and received ISO/IEC27001 (see below) certification in April 2010. In addition, we have a well-organized and continuous employee training program and management system for information security. However, if there is an information security problem due to unforeseen circumstances, there could be a loss of confidence in Career Link and damage to the company's reputation. These events could have an effect on results of operations.

Note: ISO/IEC27001 is an international standard for information security management systems, which are a framework to enable an organization to maintain the effectiveness of information management. This standard includes information storage methods, anti-virus measures, guidelines for using e-mail, action plans in the event of a system malfunction, and other components.

7) Personal information

Career Link holds an enormous volume of personal information about the registered and on-assignment workforce, individuals seeking jobs, full-time employees and others. Furthermore, we must comply with the Personal Information Protection Law, which was enacted in April 2005, because Career Link is designated by this law as a company handling personal information.

We received Privacy Mark certification in April 2005, prepared a Personal Information Protection Handbook and Personal Information Protection Manual, and ensure strict compliance with personal information handling rules by following these procedures and educating employees. Despite these measures, there is a possibility of an information leak or other problem caused by improper activities or other events. If this happens, the resulting loss of public confidence, damage to the company's reputation, payment of damages or other problems may affect results of operations.

8) Handling of confidential information

As its orders for work involving the dispatch of human resources and the contracting of business services increase, the Company handles an increasing amount of highly confidential information from its business partners.

In January 2010, the Company formulated the ISMS Basic Policy as its fundamental policy on the construction of information security systems. Accordingly, the Company has introduced and established an information security management system, which it maintains, and makes ongoing improvements to this system. However, if the Company were to experience a leak in the important confidential information of its business partners, the resulting loss of public confidence, damage to the company's reputation, payment of damages or other problems may affect results of operations.

9) Recruiting and retention of employees

Career Link must hire high-quality individuals and train these people in order to provide customers with workers who can deliver even more added value. As a result, if we are unable to recruit talented individuals in a timely manner or if there are resignations of skilled core workers, we may have difficulty in sustaining our growth. This may have an effect on results of operations.

2. Corporate Group

There is no corporate group because Career Link has no subsidiaries or affiliated companies.

3. Management Policies

(1) Basic policies

Since its establishment in October 1996, Career Link has been dedicated to contributing to society by increasing the number of jobs. The company has grown by supplying employment opportunities to many people who were looking for jobs.

We believe that the corporate value of human resource companies contributes to society in two ways. First is by providing the required personnel and tasks in a timely manner in response to the diverse needs of customers. Second is by supplying labor for the tasks requested by customers in a manner that matches the remuneration received by workers. We meet the numerous wishes of people seeking jobs. In addition, we provide our workers with support to enable them to lead fulfilling lives. We regard these roles as two important social missions of ours. We remain dedicated to achieving more growth in corporate value.

(2) Key performance indicators

To achieve consistent growth in the scale of operations and corporate value, we place priority on sales, the operating margin and the return on equity as indicators of profitability and efficiency.

(3) Medium and long-term strategic goals

Our goal is sustained growth in the size of our operations and our earnings based on our corporate philosophy of “providing everyone with the joy of working.”

Specifically, the Company will strive to expand its operations by leveraging its unique expertise in planning and proposals, operational management and quality assurance in the BPO business, proactively seeking to expand its fields of operations—chiefly in the BPO business. As a comprehensive human resource services company, the Company will further strengthen its compliance and business administration structures and endeavor to enhance the quality of its human resource services, including the provision of personnel capable of achieving high added value. Through these efforts, the Company aims to create the foundations for sustained growth.

(4) Major issues

Going forward, the Japanese economy is expected to continue its recovery, supported by government economic measures. However, the Company remains concerned about the global economic impact of economic movements in China, the Eurozone and Russia.

In the Japanese human resource services sector, the amended Worker Dispatching Act that the government has submitted to the Diet is a source of optimism. However, the securing of employed staff is expected to become increasingly important.

As it works assiduously to expand operations in its mainstay BPO-related business, which is expected to grow, the Company will focus in particular on the initiatives outlined below.

1) Expanding the business process outsourcing operations

In its core BPO Business, national and local government authorities are expected to continue working to curtail government spending by outsourcing public administration. We also expect that private-sector companies will strive to concentrate their management resources on core activities and outsource ancillary operations.

Given this expansion of the BPO market, the Company will work to maximize the knowhow it has gained in BPO administrative operations, including expertise in efficient business processing and quality control, in order to meet a variety of customer needs. In particular, we will work aggressively to expand the BPO Business by harnessing demand related to the January 2016 introduction of a personal number identification system in Japan.

2) Securing temporary staffing workforce and enhancing their satisfaction

Securing employed staff with a high degree of specialization and extensive experience will be critical to expanding the Company’s comprehensive human resource service business. However, finding high-quality staff is likely to grow more difficult as the economy rebounds. To address this issue, the Company will maintain a focus on employed staff (standard), enhance education and training systems and a career path system for employees. At the same time, we will offer career counseling for certified personnel. Through this detailed range of actions, we will aim to offer personnel employment opportunities that match their work–life balance, helping to cultivate human resources that realize high added value.

Through these measures, the Company aims to enhance the satisfaction of its employed staff and continue working to become “Japan’s most empathetic human resource services company.”

3) Strengthen operations and build an organization able to support rapid growth

(a) Recruiting and training, and expanding the organizational structure

Being involved in the comprehensive human resource service business, the Company recognizes that people are its most important management resource. Viewing the recruiting and training of human resources as important management tasks, we will endeavor to recruit excellent human resources and cultivate them through expanded education and training systems. By further enhancing our personnel systems, we will aim to increase the quality of our employees.

To ensure that our organizations respond expeditiously to changes in external and internal environments, we will enhance our organizational structures to keep pace with growth and put in place corporate governance and business administration that stretches to all areas of the Company.

(b) Expand and upgrade information systems

We expect the volume of business processes and administrative expenses to increase along with the scale of our operations. Consequently, one of our most important issues is expanding and upgrading information systems to reflect

these changes in our business activities. To do this, we are rebuilding our information systems to improve business processing efficiency, increase the performance of our system for supporting workers on temporary staffing assignments, and make other improvements.

The popularity of smartphones along with other developments is making the Internet an even more important part of our lives. As Internet utilization continues to grow, we will start using many new technologies. We want to increase employee satisfaction, reinforce systems to support temporary workers on assignments and improve the efficiency of our business operations systems.

4) Effective compliance activities

The human resource services industry uses people to provide customers with services. Operating this business therefore demands adherence to high ethical standards and rigorous compliance with laws, regulations and other guidelines. Our operations must comply with the Labor Standards Law, Temporary Staffing Services Law and other laws as well as laws and regulations associated with the operation of a business. We understand that compliance with these laws, regulations and other guidelines is the basis for our ability to fulfill our obligations as a member of society.

We have established internal rules based on these laws, regulations and guidelines. To oversee compliance activities, there is a Compliance Committee chaired by the company president. We will continue to operate this compliance framework with the goals of ensuring the effectiveness of our compliance programs.

(5) Other significant items

None

4. Financial Statements

(1) Balance sheet

(Thousand yen)

| | Fiscal year ended February 2014 (As of February 28, 2014) | Fiscal year ended February 2015 (As of February 28, 2015) |
|--|--|--|
| ASSETS | | |
| Current assets | | |
| Cash and deposits | 1,579,983 | 3,173,671 |
| Accounts receivable-trade | 987,340 | 1,510,493 |
| Work in process | 46,438 | 46,696 |
| Supplies | 1,484 | 4,021 |
| Prepaid expenses | 88,055 | 68,408 |
| Deferred tax assets | 28,697 | 80,426 |
| Accounts receivable-other | 13,644 | 13,351 |
| Income taxes receivable | 114,566 | - |
| Consumption taxes receivable | 160,631 | - |
| Other | 7,315 | 6,072 |
| Allowance for doubtful accounts | (581) | (457) |
| Total current assets | 3,027,576 | 4,902,684 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings | 75,012 | 83,479 |
| Accumulated depreciation | (40,396) | (48,456) |
| Buildings, net | 34,615 | 35,023 |
| Vehicles | 230 | - |
| Accumulated depreciation | (192) | - |
| Vehicles, net | 38 | - |
| Tools, furniture and fixtures | 123,478 | 142,299 |
| Accumulated depreciation | (89,530) | (96,248) |
| Tools, furniture and fixtures, net | 33,948 | 46,050 |
| Construction in progress | 13,965 | 13,965 |
| Total property, plant and equipment | 82,567 | 95,039 |
| Intangible assets | | |
| Software | 57,750 | 126,910 |
| Other | 3,659 | 3,659 |
| Total intangible assets | 61,410 | 130,570 |
| Investments and other assets | | |
| Investment securities | 1,835 | 2,887 |
| Investments in capital | 10 | 10 |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 518 | - |
| Long-term prepaid expenses | 1,573 | 983 |
| Deferred tax assets | 190 | 265 |
| Lease and guarantee deposits | 160,366 | 168,716 |
| Long-term time deposits | 43,000 | - |
| Other | 11,355 | 13,678 |
| Allowance for doubtful accounts | (518) | - |
| Total investments and other assets | 218,331 | 186,540 |
| Total noncurrent asset | 362,308 | 412,149 |
| Total assets | 3,389,885 | 5,314,834 |

(Thousand yen)

| | Fiscal year ended February 2014 (As of February 28, 2014) | Fiscal year ended February 2015 (As of February 28, 2015) |
|---|--|--|
| Liabilities | | |
| Current liabilities | | |
| Short-term loans payable | 12,000 | 48,000 |
| Current portion of bonds | 129,000 | 127,000 |
| Current portion of long-term loans payable | 224,228 | 190,592 |
| Accounts payable-other | 573,865 | 994,725 |
| Accrued expenses | 111,489 | 197,927 |
| Income taxes payable | - | 362,133 |
| Accrued consumption taxes | - | 538,662 |
| Advances received | - | 2,134 |
| Deposits received | 5,240 | 103,651 |
| Provision for bonuses | 51,086 | 70,778 |
| Asset retirement obligations | 1,185 | - |
| Total current liabilities | 1,108,095 | 2,635,604 |
| Noncurrent liabilities | | |
| Bonds payable | 174,000 | 147,000 |
| Long-term loans payable | 246,500 | 255,715 |
| Provision for retirement benefits | 14,550 | 16,200 |
| Asset retirement obligations | 35,408 | 40,484 |
| Other | 24,928 | 24,928 |
| Total noncurrent liabilities | 495,387 | 484,328 |
| Total liabilities | 1,603,482 | 3,119,933 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 384,567 | 388,005 |
| Capital surplus | | |
| Legal capital surplus | 230,926 | 234,364 |
| Total capital surplus | 230,926 | 234,364 |
| Retained earnings | | |
| Other retained earnings | | |
| Retained earnings brought forward | 1,170,459 | 1,571,604 |
| Total retained earnings | 1,170,459 | 1,571,604 |
| Treasury stock | (18) | (18) |
| Total shareholders' equity | 1,785,936 | 2,193,956 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 466 | 944 |
| Total valuation and translation adjustments | 466 | 944 |
| Total net assets | 1,786,403 | 2,194,901 |
| Total liabilities and net assets | 3,389,885 | 5,314,834 |

(2) Statements of income

(Thousand yen)

| | Fiscal year ended February 2014 (March 1, 2013 - February 28, 2014) | Fiscal year ended February 2015 (March 1, 2014 - February 28, 2015) |
|--|--|--|
| Net sales | 11,598,515 | 13,948,392 |
| Cost of sales | 9,498,237 | 11,000,968 |
| Gross profit | 2,100,277 | 2,947,424 |
| Selling, general and administrative expenses | 1,803,052 | 2,115,451 |
| Operating income | 297,224 | 831,972 |
| Non-operating income | | |
| Interest income | 375 | 399 |
| Dividends income | 38 | 34 |
| Commission fee | - | 649 |
| Interest on refund | - | 3,000 |
| Other | 205 | 7 |
| Total non-operating income | 620 | 4,091 |
| Non-operating expenses | | |
| Interest expenses | 9,165 | 8,546 |
| Interest on bonds | 2,745 | 1,750 |
| Amortization of bond issuance cost | - | 1,109 |
| Guarantee commission | 2,656 | 1,675 |
| Other | 340 | 782 |
| Total non-operating expenses | 14,907 | 13,864 |
| Ordinary income | 282,937 | 822,200 |
| Income before income taxes | 282,937 | 822,200 |
| Income taxes-current | 86,856 | 386,662 |
| Income tax adjustment | 34,185 | (52,068) |
| Total income taxes | 121,041 | 334,594 |
| Net income | 161,896 | 487,605 |

(3) Statement of changes in shareholders' equity

Previous fiscal year (March 1, 2013 - February 28, 2014)

(Thousand yen)

| | Shareholders' equity | | | | | | |
|--|----------------------|-----------------------|-------------------------|--|-------------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | | Retained earnings | | Treasury stock | Total shareholders' equity |
| | | Legal capital surplus | Total capital surpluses | Other retained earnings Retained earnings brought forward | Total retained earnings | | |
| Balance at the beginning of current period | 365,751 | 212,110 | 212,110 | 1,087,061 | 1,087,061 | - | 1,664,923 |
| Changes of items during the period | | | | | | | |
| Issuance of new shares | 18,816 | 18,816 | 18,816 | | | | 37,633 |
| Dividends from surplus | | | | (78,498) | (78,498) | | (78,498) |
| Net income | | | | 161,896 | 161,896 | | 161,896 |
| Purchase of treasury stock | | | | | | (18) | (18) |
| Net changes of items other than shareholders' equity | | | | | | | |
| Total changes of items during the period | 18,816 | 18,816 | 18,816 | 83,398 | 83,398 | (18) | 121,013 |
| Balance at the end of current period | 384,567 | 230,926 | 230,926 | 1,170,459 | 1,170,459 | (18) | 1,785,936 |

| | Valuation and translation adjustments | | Total net assets |
|--|---|---|------------------|
| | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance at the beginning of current period | 265 | 265 | 1,665,188 |
| Changes of items during the period | | | |
| Issuance of new shares | | | 37,633 |
| Dividends from surplus | | | (78,498) |
| Net income | | | 161,896 |
| Purchase of treasury stock | | | (18) |
| Net changes of items other than shareholders' equity | 201 | 201 | 201 |
| Total changes of items during the period | 201 | 201 | 121,214 |
| Balance at the end of current period | 466 | 466 | 1,786,403 |

Current fiscal year (March 1, 2014 - February 28, 2015)

(Thousand yen)

| | Shareholders' equity | | | | | | |
|--|----------------------|-----------------------|-------------------------|--|-------------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | | Retained earnings | | Treasury stock | Total shareholders' equity |
| | | Legal capital surplus | Total capital surpluses | Other retained earnings Retained earnings brought forward | Total retained earnings | | |
| Balance at the beginning of current period | 384,567 | 230,926 | 230,926 | 1,170,459 | 1,170,459 | (18) | 1,785,936 |
| Changes of items during the period | | | | | | | |
| Issuance of new shares | 3,438 | 3,438 | 3,438 | | | | 6,876 |
| Dividends from surplus | | | | (86,460) | (86,460) | | (86,460) |
| Net income | | | | 487,605 | 487,605 | | 487,605 |
| Purchase of treasury stock | | | | | | | |
| Net changes of items other than shareholders' equity | | | | | | | |
| Total changes of items during the period | 3,438 | 3,438 | 3,438 | 401,144 | 401,144 | - | 408,020 |
| Balance at the end of current period | 388,005 | 234,364 | 234,364 | 1,571,604 | 1,571,604 | (18) | 2,193,956 |

| | Valuation and translation adjustments | | Total net assets |
|--|---|---|------------------|
| | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance at the beginning of current period | 466 | 466 | 1,786,403 |
| Changes of items during the period | | | |
| Issuance of new shares | | | 6,876 |
| Dividends from surplus | | | (86,460) |
| Net income | | | 487,605 |
| Purchase of treasury stock | | | |
| Net changes of items other than shareholders' equity | 477 | 477 | 477 |
| Total changes of items during the period | 477 | 477 | 408,498 |
| Balance at the end of current period | 944 | 944 | 2,194,901 |

(4) Statements of cash flows

(Thousand yen)

| | Fiscal year ended February 2014 (March 1, 2013 - February 28, 2014) | Fiscal year ended February 2015 (March 1, 2014 - February 28, 2015) |
|--|---|---|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes | 282,937 | 822,200 |
| Depreciation and amortization | 42,132 | 40,594 |
| Increase (decrease) in allowance for doubtful accounts | (156) | (641) |
| Increase (decrease) in provision for bonuses | 394 | 19,692 |
| Increase (decrease) in provision for retirement benefits | 2,850 | 1,650 |
| Interest and dividends income | (414) | (433) |
| Interest on refund of income taxes and other | - | (3,000) |
| Interest expenses | 9,165 | 8,546 |
| Interest on bonds | 2,745 | 1,750 |
| Amortization of bond issuance cost | - | 1,109 |
| Decrease (increase) in notes and accounts receivable-trade | 139,618 | (523,153) |
| Decrease (increase) in inventories | 20,572 | (2,795) |
| Increase (decrease) in accounts payable-other | (277,289) | 368,414 |
| Decrease/increase in consumption taxes receivable/payable | (386,865) | 696,297 |
| Other, net | (80,581) | 221,703 |
| Subtotal | (244,892) | 1,651,933 |
| Interest and dividends income received | 414 | 433 |
| Interest expenses paid | (11,003) | (10,892) |
| Income taxes paid | (483,847) | (40,175) |
| Income taxes refund | - | 123,609 |
| Net cash provided by (used in) operating activities | (739,328) | 1,724,908 |
| Net cash provided by (used in) investing activities | | |
| Payments into time deposits | (13,000) | (22,000) |
| Proceeds from withdrawal of time deposits | 12,000 | 10,000 |
| Purchase of property, plant and equipment | (35,597) | (24,909) |
| Proceeds from sales of property, plant and equipment | - | 35 |
| Purchase of investment securities | - | (310) |
| Purchase of intangible assets | (36,936) | (39,162) |
| Payments for lease and guarantee deposits | (15,368) | (11,256) |
| Proceeds from lease and guarantee deposits received | 6,976 | 4,116 |
| Payments of loans receivable | - | (1,500) |
| Collection of loans receivable | - | 515 |
| Other, net | (1,870) | (1,892) |
| Net cash provided by (used in) investing activities | (83,796) | (86,363) |
| Net cash provided by (used in) financing activities | | |
| Net increase (decrease) in short-term loans payable | - | 36,000 |
| Proceeds from long-term loans payable | 400,000 | 250,000 |
| Repayment of long-term loans payable | (331,474) | (274,421) |
| Proceeds from issuance of bonds | - | 98,890 |
| Redemption of bonds | (161,000) | (129,000) |
| Proceeds from issuance of common stock | 37,307 | 6,649 |
| Purchase of treasury stock | (18) | - |
| Cash dividends paid | (78,184) | (86,053) |
| Other, net | (2,233) | (1,921) |
| Net cash provided by (used in) financing activities | (135,602) | (99,856) |
| Net increase (decrease) in cash and cash equivalents | (958,728) | 1,538,688 |
| Cash and cash equivalents at beginning of period | 2,538,711 | 1,579,983 |
| Cash and cash equivalents at end of period | 1,579,983 | 3,118,671 |

- (5) Notes to financial statement
 (Notes to going concern assumptions)
 None

(Additional information)

1. Impact of changes in the corporate tax rate

The “Act on Partial Revision of the Income Tax Act” was promulgated on March 31, 2014, repealing the special reconstruction surtax from fiscal years beginning on or after April 1, 2014. Accordingly, the statutory effective tax rate used for calculating deferred income tax assets and deferred income tax liabilities was reduced from 38.01% to 35.64%, resulting in a temporary difference in assets or liabilities extinguished in the fiscal year beginning March 1, 2015.

This change in the statutory effective tax rate had the effect of creating temporary differences at the end of fiscal year ended February 28, 2015, by requiring a recalculation of deferred income tax assets and deferred income tax liabilities. As a result, deferred income tax assets (net of deferred income tax liabilities) decreased by 5,445 thousand yen and deferred income taxes (debit) increased by 5,445 thousand yen.

2. Changes in the corporate tax rate after the end of the fiscal year

The “Act on Partial Revision of the Income Tax Act (Law No. 9 of 2015)” was promulgated on March 31, 2015, lowering the corporate tax rate from fiscal years beginning on or after April 1, 2015, and gradually reducing the enterprise tax on corporations (per income levy). As a result, the statutory effective tax rate used for calculating deferred income tax assets and deferred income tax liabilities is slated to fall from 35.64% to 33.10% for the fiscal year beginning March 1, 2016, resulting in a temporary difference in assets or liabilities extinguished. The rate is scheduled to drop further to 32.34% in the fiscal year beginning March 1, 2017, again resulting in a temporary difference in assets or liabilities extinguished.

The impact of these changes on the Company is expected to be insignificant.

(Gain or loss on equity method, etc.)

None

(Segment information, etc.)

a. Business segments

Fiscal years that ended in February 2014 (March 1, 2013 - February 28, 2014) and February 2015 (March 1, 2014 - February 28, 2015)

No business segment information is provided for these fiscal years because there was only one segment, the comprehensive human resource services business.

b. Additional information

Fiscal year ended in February 2014 (March 1, 2013 - February 28, 2014)

1. Information for individual products and services

(Thousand yen)

| | Business Process Outsourcing | Customer Relationship Management | Office Services | Manufacturing and Technology | Total |
|--------------------------------|------------------------------|----------------------------------|-----------------|------------------------------|------------|
| Net sales to external customer | 6,187,957 | 3,380,356 | 931,150 | 1,099,050 | 11,598,515 |

2. Geographic segments

(1) Net sales

Not applicable because all sales were in Japan.

(2) Property, plant and equipment

Not applicable because all property and equipment is in Japan.

3. Information by major client

(Thousand yen)

| Name of client | Net sales | Segment (Note) |
|--------------------------|-----------|----------------|
| Moshi Moshi Hotline Inc. | 2,849,473 | - |
| TOPPAN FORMS CO., LTD. | 2,569,589 | - |

Note: No business segments are listed because there is only one business segment.

Fiscal year ended in February 2015 (March 1, 2014 - February 28, 2015)

1. Information for individual products and services

(Thousand yen)

| | Business Process Outsourcing | Customer Relationship Management | Office Services | Manufacturing and Technology | Total |
|--------------------------------|------------------------------|----------------------------------|-----------------|------------------------------|------------|
| Net sales to external customer | 8,410,415 | 3,040,930 | 950,902 | 1,546,144 | 13,948,392 |

2. Geographic segments

(1) Net sales

Not applicable because all sales were in Japan.

(2) Property, plant and equipment

Not applicable because all property, plant and equipment is in Japan.

3. Information by major client

(Thousand yen)

| Name of client | Net sales | Segment (Note) |
|--------------------------|-----------|----------------|
| TOPPAN FORMS CO., LTD. | 4,910,311 | - |
| Moshi Moshi Hotline Inc. | 1,099,311 | - |

Note: No business segments are listed because there is only one business segment.

c. Business segment asset impairment losses for property and equipment

Fiscal years that ended in February 2014 (March 1, 2013 - February 28, 2014) and February 2015 (March 1, 2014 - February 28, 2015)

Not applicable

d. Business segment goodwill amortization and remaining goodwill

Fiscal years that ended in February 2014 (March 1, 2013 - February 28, 2014) and February 2015 (March 1, 2014 - February 28, 2015)

Not applicable

e. Business segment gain on negative goodwill

Fiscal years that ended in February 2014 (March 1, 2013 - February 28, 2014) and February 2015 (March 1, 2014 - February 28, 2015)

Not applicable

(Per share information)

| Fiscal year ended February 2014 (March 1, 2013 - February 28, 2014) | | Fiscal year ended February 2015 (March 1, 2014 - February 28, 2015) | |
|--|--------|--|--------|
| | Yen | | Yen |
| Net assets per share | 289.26 | Net assets per share | 349.63 |
| Net income per share | 27.50 | Net income per share | 78.31 |
| Net income per share (diluted) | 25.92 | Net income per share (diluted) | 77.74 |

Note: The basis for calculating earnings per share and diluted earnings per share is as follows.

| | Fiscal year ended February 2014 (March 1, 2013 - February 28, 2014) | Fiscal year ended February 2015 (March 1, 2014 - February 28, 2015) |
|---|--|--|
| Net income per share | | |
| Net income (thousand yen) | 161,896 | 487,605 |
| Amount not attributable to common stockholders (thousand yen) | - | - |
| Amount attributable to common stockholders (thousand yen) | 161,896 | 487,605 |
| Average number of shares during the period (shares) | 5,888,132 | 6,226,530 |
| | | |
| Diluted net income per share | | |
| Adjustment to net income (thousand yen) | - | - |
| Increase in common stock (shares) | 358,368 | 45,716 |
| Non-dilutive common stock equivalents not included in calculation of diluted net income per share | - | - |

(Subsequent events)

None

5. Other information

(1) Changes in directors

(Planned for May 28, 2015)

1) Representative director

None

2) Other directors

| Name | Current title | New title |
|------------------|---|---|
| Natsumi Morimura | Director and Executive Officer, General manager of Human Resource Development Department, Sales Division | Executive Officer, General manager of Human Resource Development Department, Sales Division |
| Makoto Deguchi | Director and Executive Officer, General manager of Sales No. 1 Department, Sales Division | Executive Officer, General manager of Sales No. 1 Department, Sales Division |
| Masahiro Takeda | Director and Executive Officer, General manager of Information Systems Department, Administration Division | Executive Officer, General manager of Information Systems Department, Administration Division |

* For more information, please see the press release dated today titled "Notice of Concerning Resignation of Directors."