

#### 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)
<b>ASSETS</b>		
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)
<b>Liabilities</b>		
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