

Summary of Non-Consolidated Financial Results For the Fiscal Year Ended February 29, 2016 [Japan GAAP]

Name of Company: CAREERLINK CO., LTD.
 Stock Code: 6070
 Stock Exchange Listing: Tokyo Stock Exchange, First Section
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 Regular general meeting of shareholders (tentative): May 27, 2016
 Date of securities report (tentative): May 27, 2016
 Date of commencement of dividend payment (tentative): May 30, 2016
 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 2016 (March 1, 2015 – February 29, 2016)

(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. 2016	16,607	19.1	958	15.2	944	14.9	591	21.3
Fiscal year ended Feb. 2015	13,948	20.3	831	179.9	822	190.6	487	201.2

	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. 2016	94.35	94.34	24.4	17.3	5.8
Fiscal year ended Feb. 2015	78.31	77.74	24.5	18.9	6.0

Reference: Equity method income FY2/16: - million yen FY2/15 - million yen

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 29, 2016	5,620	2,658	47.3	424.53
As of February 28, 2015	5,314	2,194	41.3	349.63

Notes: Shareholders' equity

As of February 29, 2016: 2,658 million yen As of February 28, 2015: 2,194 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 2/16	(203)	(273)	(23)	2,617
FY 2/15	1,724	(86)	(99)	3,118

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 2/15	-	0.00	-	16.00	16.00	100	20.4	5.0
FY 2/16	-	0.00	-	18.00	18.00	113	19.1	4.7
FY 2/17 (Estimate)	-	0.00	-	10.00	10.00		17.3	

(Note) The year-end dividend for the year ended February 2015 consists of a 14 yen ordinary dividend and 2 yen commemorative dividend.

Total dividend payments for the fiscal year ended February 2016 include payments of 264 thousand yen for 14,700 shares of Careerlink stock held by Trust & Custody Services Bank, Ltd. (Trust E Account).

Careerlink plans to conduct a 2-for-1 stock split on June 1, 2016. This stock split is incorporated in the dividend forecast for the fiscal year ending February 2017. Before adjusting for the stock split, the dividend forecast is 20 yen, which is 2 yen higher than the 18 yen dividend for the fiscal year ended February 2016.

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		Net income		Net income 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) Careerlink plans to conduct a 2-for-1 stock split on June 1, 2016. The net income per share is calculated based on the shares outstanding (excluding treasury shares) after the split.

* 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 shares)

(a) Shares outstanding (including treasury shares)

As of February 29, 2016: 6,277,900 As of February 28, 2015: 6,277,900

(b) Treasury shares

As of February 29, 2016: 14,734 As of February 28, 2015: 34

(c) Average number of shares

Period ended February 29, 2016: 6,266,339 Period ended February 28, 2015: 6,226,530

Note: Treasury shares and treasury shares deducted from the calculation of average number of shares as of February 29, 2016 include 14,700 shares held by Trust & Custody Services Bank, Ltd. (Trust E Account) for the employee stock ownership plan (J-ESOP).

* 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 2017" in (1) Overview on business performance of 1. Results of Operations on page 2.

(Post-split dividend and earnings forecasts)

Careerlink plans to conduct a 2-for-1 stock split on June 1, 2016. This stock split is incorporated in the dividend per share and net income per share forecasts for the fiscal year ending February 2017.

(Supplementary explanatory documents)

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

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1. Results of Operations

(1) Overview on business performance

1) Fiscal year summary

During the fiscal year ended February 29, 2016, the Japanese economy recovered slowly with the support of government economic stimulus measures and the monetary policies of the Bank of Japan. In addition, the weaker yen and lower cost of crude oil contributed to higher corporate earnings. However, consumer spending was firm but still somewhat lackluster and capital expenditures and manufacturing were generally flat.

The U.S. economy was healthy during the fiscal year and there was a slow economic recovery in major European countries. But there is still uncertainty about the global economy overall because of slowing growth in China, the impact of the drop in the price of crude oil and other sources of concern.

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

Fiscal year sales increased 19.1% to 16,607,111 thousand yen due in part to a high volume of orders in the Business Process Outsourcing business. Earnings were higher, although the rate of growth was less than for sales chiefly because of higher worker training expenses for new temporary staffing assignments. Operating income increased 15.2% to 958,630 thousand yen, ordinary income increased 14.9% to 944,391 thousand yen and net income increased 21.3% to 591,252 thousand yen.

2) Business Divisions

(a) Business Process Outsourcing

Orders were received for large BPO projects in the Tokyo area, just as in the previous fiscal year and the volume of new private-sector BPO orders increased. Public-sector BPO orders were higher than planned mostly because of activities involving Japan's new personal identification number system and special government benefit payments. As a result, sales in this business increased 29.1% to 10,853,788 thousand yen.

(b) Customer Relationship Management

There were new orders for temporary staffing and other services at contact centers of communications carriers in the Tokyo area and other regions of Japan. However, the low level of temporary staffing services for telemarketing companies caused sales to decline 3.6% to 2,931,105 thousand yen.

(c) Manufacturing and Technology

Orders from food processing and pharmaceutical companies remained high, resulting in a 5.6% increase in sales to 1,632,250 thousand yen.

(d) Office Services

Sales growth in this business was attributable mainly to the higher volume of existing orders including business operations center tasks and new orders from financial institutions. As a result, sales increased 25.1% to 1,189,966 thousand yen.

3) Outlook for the fiscal year ending in February 2017

Current large private-sector BPO projects in the Tokyo area are expected to continue in the following fiscal year. We also expect another year of strength for private-sector BPO orders and BPO orders from the public sector for personal identification number tasks, special benefit payments and other procedures. Furthermore, we anticipate strong demand for temporary staffing services at financial institutions and at manufacturers that currently use our services.

Based on this outlook, we forecast sales of 19,984,814 thousand yen, up 20.3%, operating income of 1,119,348 thousand yen, up 16.8%, ordinary income of 1,106,821 thousand yen, up 17.2%, and net income of 722,150 thousand yen, up 22.1%.

(2) Overview of financial condition

1) Assets, liability and net assets

(Assets)

Assets totaled 5,620,147 thousand yen at the end of the fiscal year, up 305,312 thousand yen from one year earlier. This was mostly the result of increases of 516,948 thousand yen in trade accounts receivable, 199,188 thousand yen in investment securities, 79,349 thousand yen in lease and guarantee deposits, and 62,713 thousand yen in work in process. Cash and deposits decreased 555,818 thousand yen.

(Liabilities)

Liabilities decreased 158,680 thousand yen from one year earlier to 2,961,253 thousand yen at the end of the fiscal year. The major changes were increases of 111,781 thousand yen in long-term loans payable (including the current portion) and 71,047 thousand yen in advances received and decreases of 179,487 thousand yen in income taxes payable and 151,676 thousand yen in accrued consumption taxes.

(Net assets)

Net assets increased 463,992 thousand yen to 2,658,894 thousand yen. Retained earnings increased because of net income of 591,252 thousand yen but net assets were reduced by 100,445 thousand yen due to dividend payments and by 26,901 thousand yen due to the increase in treasury shares associated to the establishment of a stock payment trust for an employee stock ownership plan (J-ESOP).

2) Cash flows

Cash and cash equivalents totaled 2,617,853 thousand yen at the end of the fiscal year, 500,818 thousand yen less than one year earlier. Principal cash flows during the year are outlined below.

(Operating activities)

Net cash used in operating activities was 203,243 thousand yen compared with a positive cash flow of 1,724,908 thousand yen in the previous fiscal year. Income before income taxes provided 944,391 thousand yen and cash was used by a 516,948 thousand yen increase in trade notes and accounts receivable, income tax payments of 516,516 thousand yen and a 152,881 thousand yen decrease in accrued consumption taxes.

(Investing activities)

Net cash used in investing activities increased from 86,363 thousand yen in the previous fiscal year to 273,740 thousand yen. The primary uses of cash were payments of 199,131 thousand yen for investment securities and payments of 86,063 thousand yen for property, plant and equipment and intangible assets.

(Financing activities)

Net cash used in financing activities decreased from 99,856 thousand yen in the previous fiscal year to 23,834 thousand yen. For long-term loans payable, there were proceeds of 400,000 thousand yen and repayments of 288,219 thousand yen. Cash was also used for dividend payments of 100,301 thousand yen and for the purchase of 26,901 thousand yen of treasury shares for the employee stock ownership plan.

(Reference) Cash flow indicators

	FY 2/12	FY 2/13	FY 2/14	FY 2/15	FY 2/16
Equity ratio (%)	20.5	39.8	52.7	41.3	47.3
Market capital equity ratio (%)	-	86.2	100.2	207.7	162.8
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 shares.
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 18 yen per share for the fiscal year that ended in February 2016. In the next fiscal year, we plan to pay an ordinary dividend of 10 yen per share. Careerlink plans to conduct a 2-for-1 stock split on June 1, 2016. This stock split is incorporated in the dividend forecast for the fiscal year ending February 2017.

(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. In addition, the Public Pension Function Strengthening Act, which was enacted in 2012, is expected to expand coverage starting in October 2016 of employee insurance for individuals with short working times. These two changes are 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 2016, this rate increased from 4.45% to 4.62%. 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.

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

Careerlink holds an enormous volume of personal information about the registered and on-assignment workforce, individuals seeking jobs, full-time employees and others. We must comply with the Personal Information Protection Act, which was enacted in April 2005, because Careerlink is designated by this law as a company handling personal information. Furthermore, due to the start of Japan's personal identification number system, the Personal Information Protection Act has been amended to establish even more stringent requirements for the management and use of personal information.

We received Privacy Mark certification in April 2005 and have prepared a Personal Information Protection Handbook and Personal Information Protection Manual. In addition, as prescribed in the Social Benefits and Tax Number Act we have established Rules for Handling Specified Personal Information and are training employees in order to manage personal information even more carefully. Despite these measures, there is a possibility of a leak of a personal identification number or other information or other problem caused by improper activities other events. If this happens, the resulting loss of public confidence, damage to the company's reputation, payment of damages or other consequences 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

The Japanese economy is expected to continue recovering at a moderate pace with the support of government economic measures. However, there are concerns about the effects on the global economy of slowing economic growth in China and the drop in the cost of crude oil.

In Japan’s human resource services sector, demand for these services is increasing along with the slow economic recovery. As a result, recruiting people for the temporary staffing workforce will be an important issue.

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.

As Japan’s BPO market continues to expand, we will aggressively target a broad range of customers’ needs to aim for rapid growth of BPO operations. To accomplish this growth, we will fully utilize our BPO expertise, including our ability to conduct tasks efficiently and perform quality assurance. In particular, we are focusing on demand created by the January 2016 start of Japan’s personal identification number system for social benefits and taxes.

2) Compliance with labor law amendments, including the amended Worker Dispatching Act

We must comply with provisions of the amended Temporary Staffing Services Act, which became effective in September 2015. Requirements of this act include providing career advancement for temporary placement workers, including a path to becoming a full-time employee, measures to keep people employed, extensive career consulting and training, more actions to ensure equal treatment of all temporary placement workers, and other items. Furthermore, we must comply with the amended Part-time Workers Act, which requires the fair treatment of part-time workers, measures to convert these workers to full-time employees, and other items.

In accordance with the amended Employment Contract Act, measures will begin in April 2017 for the switch of workers with fixed-term contracts to open-ended employment. We are dedicated to helping create an environment where people with fixed-term jobs can continue to work with confidence and where all women can realize their full potential in compliance with the Act on Promotion of Women’s Participation and Advancement in the Workplace, which was enacted in April 2016.

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.

(c) Equal opportunities for women

We want all female members of our workforce to fully utilize their individuality and abilities. In addition to maintaining equality for recruiting activities, we will eliminate any differences between men and women regarding job assignments and training. We will also establish a framework that allows women to continue working while maintaining the proper balance with their lives at home, including raising children. Our actions will include measures to prevent extended working hours and to improve job categories and employment formats. We have a strong commitment to fair evaluations and use of people regardless of gender and to increasing the percentage of female managers.

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.

4. Basic Position concerning Selection of Accounting Standards

Careerlink uses Japanese accounting standards for its financial statements because most shareholders, customers and other stakeholders are in Japan and there is no need to procure funds outside Japan.

5. Financial Statements

(1) Balance sheet

(Thousand yen)

	Fiscal year ended February 2015 (As of February 28, 2015)	Fiscal year ended February 2016 (As of February 29, 2016)
ASSETS		
Current assets		
Cash and deposits	3,173,671	2,617,853
Accounts receivable-trade	1,510,493	2,027,442
Work in process	46,696	109,410
Supplies	4,021	2,841
Prepaid expenses	68,408	65,687
Deferred tax assets	80,426	64,826
Accounts receivable-other	13,351	4,995
Other	6,072	7,956
Allowance for doubtful accounts	(457)	(610)
Total current assets	4,902,684	4,900,401
Noncurrent assets		
Property, plant and equipment		
Buildings	83,479	92,721
Accumulated depreciation	(48,456)	(54,956)
Buildings, net	35,023	37,764
Tools, furniture and fixtures	142,299	158,372
Accumulated depreciation	(96,248)	(116,464)
Tools, furniture and fixtures, net	46,050	41,908
Construction in progress	13,965	13,965
Total property, plant and equipment	95,039	93,637
Intangible assets		
Software	126,910	155,415
Other	3,659	3,659
Total intangible assets	130,570	159,074
Investments and other assets		
Investment securities	2,887	202,076
Investments in capital	10	10
Long-term prepaid expenses	983	534
Deferred tax assets	265	1,205
Lease and guarantee deposits	168,716	248,065
Other	13,678	15,140
Total investments and other assets	186,540	467,032
Total noncurrent asset	412,149	719,745
Total assets	5,314,834	5,620,147

(Thousand yen)

	Fiscal year ended February 2015 (As of February 28, 2015)	Fiscal year ended February 2016 (As of February 29, 2016)
Liabilities		
Current liabilities		
Short-term loans payable	48,000	42,000
Current portion of bonds	127,000	136,000
Current portion of long-term loans payable	190,592	306,740
Accounts payable-other	994,725	1,002,354
Accrued expenses	197,927	225,653
Income taxes payable	362,133	182,646
Accrued consumption taxes	538,662	386,986
Advances received	2,134	73,181
Deposits received	103,651	28,959
Provision for bonuses	70,778	92,199
Total current liabilities	2,635,604	2,476,722
Noncurrent liabilities		
Bonds payable	147,000	139,500
Long-term loans payable	255,715	251,348
Provision for retirement benefits	16,200	-
Provision for employee stock ownership plan	-	2,807
Asset retirement obligations	40,484	47,436
Other	24,928	43,438
Total noncurrent liabilities	484,328	484,530
Total liabilities	3,119,933	2,961,253
Net assets		
Shareholders' equity		
Capital stock	388,005	388,005
Capital surplus		
Legal capital surplus	234,364	234,364
Total capital surplus	234,364	234,364
Retained earnings		
Other retained earnings		
Retained earnings brought forward	1,571,604	2,062,410
Total retained earnings	1,571,604	2,062,410
Treasury shares	(18)	(26,919)
Total shareholders' equity	2,193,956	2,657,862
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	944	1,031
Total valuation and translation adjustments	944	1,031
Total net assets	2,194,901	2,658,894
Total liabilities and net assets	5,314,834	5,620,147

(2) Statements of income

(Thousand yen)

	Fiscal year ended February 2015 (March 1, 2014 - February 28, 2015)	Fiscal year ended February 2016 (March 1, 2015 - February 29, 2016)
Net sales	13,948,392	16,607,111
Cost of sales	11,000,968	13,243,726
Gross profit	2,947,424	3,363,385
Selling, general and administrative expenses	2,115,451	2,404,755
Operating income	831,972	958,630
Non-operating income		
Interest income	399	595
Dividends income	34	48
Commission fee	649	85
Interest on refund	3,000	-
Other	7	7
Total non-operating income	4,091	737
Non-operating expenses		
Interest expenses	8,546	9,003
Interest on bonds	1,750	1,800
Amortization of bond issuance cost	1,109	1,864
Guarantee commission	1,675	2,047
Other	782	260
Total non-operating expenses	13,864	14,975
Ordinary income	822,200	944,391
Income before income taxes	822,200	944,391
Income taxes-current	386,662	338,450
Income tax adjustment	(52,068)	14,689
Total income taxes	334,594	353,139
Net income	487,605	591,252

(3) Statement of changes in shareholders' equity

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

(Thousand yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury shares	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 shares							
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 shares			
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

Current fiscal year (March 1, 2015 - February 29, 2016)

(Thousand yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury shares	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	388,005	234,364	234,364	1,571,604	1,571,604	(18)	2,193,956
Changes of items during the period							
Issuance of new shares							-
Dividends from surplus				(100,445)	(100,445)		(100,445)
Net income				591,252	591,252		591,252
Purchase of treasury shares						(26,901)	(26,901)
Net changes of items other than shareholders' equity							
Total changes of items during the period	-	-	-	490,806	490,806	(26,901)	463,905
Balance at the end of current period	388,005	234,364	234,364	2,062,410	2,062,410	(26,919)	2,657,862

	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	944	944	2,194,901
Changes of items during the period			
Issuance of new shares			-
Dividends from surplus			(100,445)
Net income			591,252
Purchase of treasury shares			(26,901)
Net changes of items other than shareholders' equity	87	87	87
Total changes of items during the period	87	87	463,992
Balance at the end of current period	1,031	1,031	2,658,894

(4) Statements of cash flows

(Thousand yen)

	Fiscal year ended February 2015 (March 1, 2014 - February 28, 2015)	Fiscal year ended February 2016 (March 1, 2015 - February 29, 2016)
Net cash provided by (used in) operating activities		
Income before income taxes	822,200	944,391
Depreciation and amortization	40,594	46,092
Increase (decrease) in allowance for doubtful accounts	(641)	153
Increase (decrease) in provision for bonuses	19,692	21,421
Increase (decrease) in provision for retirement benefits	1,650	(16,200)
Increase (decrease) in provision for employee stock ownership plan	-	2,807
Interest and dividends income	(433)	(644)
Interest on refund of income taxes and other	(3,000)	-
Interest expenses	8,546	9,003
Interest on bonds	1,750	1,800
Amortization of bond issuance cost	1,109	1,864
Decrease (increase) in notes and accounts receivable-trade	(523,153)	(516,948)
Decrease (increase) in inventories	(2,795)	(61,532)
Increase (decrease) in accounts payable-other	368,414	27,969
Increase (decrease) in accrued consumption taxes	696,297	(152,881)
Other, net	221,703	16,642
Subtotal	1,651,933	323,938
Interest and dividends income received	433	644
Interest expenses paid	(10,892)	(11,310)
Income taxes paid	(40,175)	(516,516)
Income taxes refund	123,609	-
Net cash provided by (used in) operating activities	1,724,908	(203,243)
Net cash provided by (used in) investing activities		
Payments into time deposits	(22,000)	(5,000)
Proceeds from withdrawal of time deposits	10,000	60,000
Purchase of property, plant and equipment	(24,909)	(33,547)
Proceeds from sales of property, plant and equipment	35	-
Purchase of investment securities	(310)	(199,131)
Purchase of intangible assets	(39,162)	(52,515)
Payments for lease and guarantee deposits	(11,256)	(44,204)
Proceeds from lease and guarantee deposits received	4,116	1,813
Payments of loans receivable	(1,500)	-
Collection of loans receivable	515	737
Other, net	(1,892)	(1,892)
Net cash provided by (used in) investing activities	(86,363)	(273,740)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	36,000	(6,000)
Proceeds from long-term loans payable	250,000	400,000
Repayment of long-term loans payable	(274,421)	(288,219)
Proceeds from issuance of bonds	98,890	148,135
Redemption of bonds	(129,000)	(148,500)
Proceeds from issuance of common shares	6,649	-
Purchase of treasury shares	-	(26,901)
Cash dividends paid	(86,053)	(100,301)
Other, net	(1,921)	(2,048)
Net cash provided by (used in) financing activities	(99,856)	(23,834)
Net increase (decrease) in cash and cash equivalents	1,538,688	(500,818)
Cash and cash equivalents at beginning of period	1,579,983	3,118,671
Cash and cash equivalents at end of period	3,118,671	2,617,853

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

(Additional information)

1. Revisions to deferred tax assets and liabilities due to a change in corporate income and other tax rates
Act on Partial Revision of the Income Tax Act. (Law No. 9 of 2015) and Act on Partial Amendment of the Local Tax Act, etc. (Law No. 2 of 2015) were promulgated on March 31, 2015 and revised the corporate tax rates for fiscal years that start on or after April 1, 2015. Due to the revised tax rates, Careerlink has revised the statutory effective tax rate that was used to calculate deferred tax assets and liabilities for the fiscal year that ended on February 29, 2016. This tax rate was reduced from 35.64% in the fiscal year that ended on February 28, 2015 to 33.06% for temporary differences that are expected to be eliminated during the fiscal year that started on March 1, 2016 and to 32.26% for temporary differences that are expected to be eliminated during the fiscal year that starts on March 1, 2017 or afterward.
These revisions reduced deferred tax assets (after deducting deferred tax liabilities) by 5,452 thousand yen and increased deferred taxes by the same amount for the fiscal year that ended on February 29, 2016.
2. Changes in the corporate tax rate after the end of the fiscal year
The Act for Partial Amendment of the Income Tax Act, etc. (Law No. 15 of 2016) and Act for Partial Amendment of the Local Tax Act, etc. (Law No. 13 of 2016) were promulgated on March 31, 2016 and revised the corporate tax rates for fiscal years that start on or after April 1, 2016. Due to the revised tax rates, effective tax rate that is used to calculate deferred tax assets and liabilities will be reduced from 32.26% to 30.86% for temporary differences that are expected to be eliminated during the fiscal year that started on March 1, 2018 and to 30.62% for temporary differences that are expected to be eliminated during the fiscal year that starts on March 1, 2019 or afterward.
The impact of these changes on the Company is expected to be insignificant.
3. Allowance for retirement benefits
In prior years, Careerlink had a lump-sum retirement payment system and a defined-contribution pension system. On May 28, 2015, the lump-sum retirement payment system was terminated. For the accounting treatment of this termination, Careerlink applied Guidance on Accounting for Transfers between Retirement Benefit Plans (ASBJ Guidance No. 1, January 31, 2002). Due to the termination of the lump-sum retirement payment system, retirement benefit liabilities of 15,900 thousand yen that existed up to the May 28, 2015 termination date are now classified as long-term accounts payable and included in "other" in non-current liabilities.
4. Use of trust to supply Careerlink stock to employees and others
 - (1) Summary
At the board meeting held on March 13, 2015, board of directors approved a resolution to establish an employee stock ownership plan (J-ESOP) as a new incentive plan for employees. The J-ESOP is structured to distribute Careerlink stock, based on stock distribution rules determined by Careerlink in advance, to full-time employees, including executive officers, who fulfill certain requirements.
Full-time employees receive points that are based on their contributions to the company's performance. Once an employee obtains the right to receive stock by meeting the requirements, Careerlink stock is distributed in proportion to the number of points the employee has received. The stock to be distributed is purchased in advance by a trust established for this purpose and the stock is managed separately as trust assets until distribution.
Careerlink believes that this J-ESOP will make full-time employees more motivated to play a role in increasing the company's stock price and earnings, thereby giving them even more reason to do their jobs well.
 - (2) Accounting treatment for the distribution of stock using the J-ESOP trust
The accounting treatment for the distribution of stock using the trust is based on Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts (PITF No. 30, March 26, 2015).
 - (3) Item concerning Careerlink stock held by the J-ESOP trust
Careerlink stock held by the trust is shown as treasury shares in net assets and valued by using the trust's book value (excluding associated expenses). At the end of the current fiscal year, the trust held 14,700 shares of company stock with a book value of 26,901 thousand yen.

(Gain or loss on equity method, etc.)

Previous fiscal year (March 1, 2014 - February 28, 2015) and current fiscal year (March 1, 2015 - February 29, 2016)
None

(Segment information, etc.)

a. Business segments

Fiscal years that ended in February 2015 (March 1, 2014 - February 28, 2015) and February 2016 (March 1, 2015 - February 29, 2016)

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 2015 (March 1, 2014 - February 28, 2015)

1. Information for individual products and services

(Thousand yen)

	Business Process Outsourcing	Customer Relationship Management	Manufacturing and Technology	Office Services	Total
Net sales to external customer	8,410,415	3,040,930	1,546,144	950,902	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 1)
TOPPAN FORMS CO., LTD.	4,910,311	-
Moshi Moshi Hotline Inc. (Note 2)	1,099,311	-

Notes: 1.No business segments are listed because there is only one business segment.

2.Moshi Moshi Hotline Inc. has changed its company name to Relia, Inc. on October 1, 2015.

Fiscal year ended in February 2016 (March 1, 2015 - February 29, 2016)

1. Information for individual products and services

(Thousand yen)

	Business Process Outsourcing	Customer Relationship Management	Manufacturing and Technology	Office Services	Total
Net sales to external customer	10,853,788	2,931,105	1,632,250	1,189,966	16,607,111

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.	7,273,475	-

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 2015 (Mar.1, 2014 – Feb. 28, 2015) and February 2016 (Mar 1, 2015 – Feb. 29, 2016)

Not applicable

d. Business segment goodwill amortization and remaining goodwill

Fiscal years that ended in February 2015 (Mar.1, 2014 – Feb. 28, 2015) and February 2016 (Mar 1, 2015 – Feb. 29, 2016)

Not applicable

e. Business segment gain on negative goodwill

Fiscal years that ended in February 2015 (Mar.1, 2014 – Feb. 28, 2015) and February 2016 (Mar 1, 2015 – Feb. 29, 2016)

Not applicable

(Per share information)

Fiscal year ended February 2015 (March 1, 2014 - February 28, 2015)		Fiscal year ended February 2016 (March 1, 2015 - February 29, 2016)	
	Yen		Yen
Net assets per share	349.63	Net assets per share	424.53
Net income per share	78.31	Net income per share	94.35
Net income per share (diluted)	77.74	Net income per share (diluted)	94.34

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

	Fiscal year ended February 2015 (March 1, 2014 - February 28, 2015)	Fiscal year ended February 2016 (March 1, 2015 - February 29, 2016)
Net income per share		
Net income (thousand yen)	487,605	591,252
Amount not attributable to common shareholders (thousand yen)	-	-
Amount attributable to common shareholders (thousand yen)	487,605	591,252
Average number of shares during the period (shares)	6,226,530	6,266,339
Diluted net income per share		
Adjustment to net income (thousand yen)	-	-
Increase in common shares (shares)	45,716	960
of which subscription rights to shares	(45,716)	(960)
Non-dilutive common shares equivalents not included in calculation of diluted net income per share	-	-

Note: Career Link stock remaining in the trust that is classified as treasury shares in shareholders' equity is not included in the average number of shares used to calculate net income per share and diluted net income per share. In addition, these trust shares are not included in the number of shares outstanding at the end of the fiscal year used to calculate net assets per share. For net income per share and diluted net income per share, 11,527 shares of treasury shares were deducted from the average number of shares. For net assets per share, 14,700 shares of treasury shares were deducted.

(Subsequent events)

(Stock split)

The Board of Directors of Careerlink approved a resolution on April 14, 2016 to conduct a stock split and amend the Articles of Incorporation as follows.

1. Purpose of stock split

By using a stock split to lower the cost of one trading unit of Careerlink stock, Careerlink will make its stock more accessible to investors, increase the stock's liquidity and attract a broader range of investors.

2. Summary of the stock split

(1) Method

Careerlink common shares will be split at a ratio of two-to-one for shares held by stockholders of record at the close of business on May 31, 2016.

(2) Increase in number of shares

Shares issued before the split: 6,277,900

Increase due to the split: 6,277,900

Shares issued after the split: 12,555,800

Authorized shares after the split: 38,400,000

Note: The number of shares issued before the split may be higher due to the exercise of stock options prior to the stock split record date.

(3) Timetable

Announcement of record date: May 16, 2016

Record date: May 31, 2016

Date of stock split: June 1, 2016

(4) Adjustment of stock option exercise price

Due to this split, the exercise price of the Fifth Stock Options will be adjusted from 70 yen to 35 yen starting on June 1, 2016.

(5) Effect on per share data

Per share data are as follows when calculated as if the stock split had taken place at the beginning of the fiscal year that ended on February 28, 2015.

(Yen)

	Fiscal year ended February 2015 (March 1, 2014 - February 28, 2015)	Fiscal year ended February 2016 (March 1, 2015 - February 29, 2016)
Net assets per share	174.81	212.26
Net income per share	39.16	47.18
Net income per share fully diluted	38.87	47.17

(6) Other item

There will be no change in capital stock due to this stock split.

Refer to the news release dated today concerning the stock split, amendments to the Articles of Incorporation and revisions to the shareholder benefit program for information about amendments to the Articles of Incorporation and revisions to the shareholder benefit program.

(Issuance of stock options as stock-linked remuneration)

The Board of Directors of Careerlink approved a resolution on April 14, 2016 to issue stock options as stock-linked remuneration to the directors of Careerlink (except the outside director) pursuant to Articles 236, 238 and 240 of the Companies Act.

Refer to the news release dated today concerning the issuance of stock options for information.

6. Other information

(1) Shift to company with an audit and supervisory committee and amendment of Articles of Incorporation

The Board of Directors of Careerlink approved a resolution on April 14, 2016 to change from a company with board of corporate auditors to a company with an audit and supervisory committee. A resolution to make this change, as well as a resolution to make an associated amendment to the Articles of Incorporation, will be submitted to shareholders at the annual meeting to be held on May 27, 2016.

Refer to the news release dated today concerning this change and the amendment to the Articles of Incorporation for information.

(2) Change in directors and corporate auditors (Planned for May 27, 2016)

The Board of Directors of Careerlink approved a resolution on April 14, 2016 to make the following changes in directors and corporate auditors following the change to a company with an audit and supervisory committee. These director and corporate auditor changes will require the approval of shareholders at the annual meeting to be held on May 27, 2016.

1) Representative directors (current position in parentheses)

Hirohiko Kondo (Chairman and Representative Director) Re-election

Motoaki Narusawa (President and Representative Director) Re-election

2) Other directors and corporate auditors (current position in parentheses)

(a) Director candidates (except directors who are members of the Audit and Supervisory Committee)

Takehiro Hiramatsu (Senior Managing Corporate Officer, General Manager of Administration Division and Corporate Planning Department) Re-election

Naonori Maeda (Director) Re-election

Ichiro Miura (Outside director) Re-election

Note: Mr. Miura is a candidate for re-election as an outside director who meets the outside director requirements of the Companies Act.

(b) Director candidates for Audit and Supervisory Committee member

Masaaki Kishimoto (Full-time outside corporate auditor) New post

Kesao Endo New post

Shin Watanabe New post

Note: Mr. Kishimoto, Mr. Endo and Mr. Watanabe are candidates for election as outside directors who are members of the Audit and Supervisory Committee. All three candidates meet the outside director requirements of the Companies Act.

(c) Corporate auditors to retire

Tadao Toyoshima (Full-time outside corporate auditor)

Masaki Nakahata (Outside corporate auditor)

(d) Outside director candidate for Audit and Supervisory Committee member (substitute)

Maki Itakura New post

Note: Ms. Itakura is a candidate for election as an outside director and member of the Audit and Supervisory Committee who meets the outside director requirements of the Companies Act.

* Refer to the news release dated today concerning the company's executives after the change to a company with an audit and supervisory committee for information about the backgrounds of these candidates and the new management structure.