

Summary of Non-Consolidated Financial Results For the Third Quarter Ended November 30, 2015 [Japan GAAP]

Name of Company: CAREERLINK CO., LTD.
 Stock Code: 6070
 Stock Exchange Listing: Tokyo Stock Exchange, First Section
 URL: <http://www.careerlink.co.jp/>
 Representative Title: President & Representative Director
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 Date of quarterly securities report (tentative): January 13, 2016
 Date of commencement of dividend payment (tentative): -
 Quarterly earnings supplementary explanatory documents: None
 Quarterly earnings presentation: None

(Yen in millions, rounded down)

1. Financial results for the first three quarters of the fiscal year ending February 2016 (March 1, 2015 – November 30, 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	%
First three quarters ended Nov. 2015	12,160	17.7	655	(3.7)	643	(4.5)	403	(0.3)
First three quarters ended Nov. 2014	10,327	14.0	680	132.3	674	139.2	405	147.9

	Net income per share		Net income per share fully diluted	
	Yen		Yen	
First three quarters ended Nov. 2015	64.42		64.41	
First three quarters ended Nov. 2014	65.23		64.61	

(2) Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of November 30, 2015	5,166		2,471		47.8	
As of February 28, 2015	5,314		2,194		41.3	

Ref: Shareholders' equity

As of November 30, 2015: 2,471 million yen As of February 28, 2015: 2,194 million yen

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 2015	-	0.00	-	16.00	16.00
Fiscal year ending February 2016	-	0.00	-		
Fiscal year ending February 2016 (est.)			-	18.00	18.00

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

Dividend for the fiscal year ended February 2015 consists of ordinary dividend 14.00 yen and 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
Full year	16,368	17.4	951	14.4	938	14.2	562	15.4	89.80

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

* Notes

(1) Use of accounting methods specifically for the preparation of the quarterly financial statements: None

(2) Changes in accounting principles and estimates, and retrospective restatement

(a) Changes due to revision of accounting standards: None

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

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

As of November 30, 2015: 6,277,900 As of February 28, 2015: 6,277,900

(b) Treasury shares

As of November 30, 2015: 14,734 As of February 28, 2015: 34

(c) Average number of shares (first three quarters)

Period ended November 30, 2015: 6,267,389 Period ended November 30, 2014: 6,209,729

Note: Treasury shares and treasury shares deducted from the calculation of average number of shares as of November 30, 2015 include 14,700 shares held by Trust & Custody Services Bank, Ltd. (trust account E) for the employee stock ownership plan (J-ESOP).

* Description of quarterly review procedure implementation status

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

It has not been completed the quarterly review procedure process based upon the Financial Instruments and Exchange Act at the time of disclosure of this report.

* Cautionary statement regarding forecasts of operating results and special notes

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. For information about the forecasts, please see "(3) Forecast for the current fiscal year" on page 3.

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1. Results of Operations

(1) Overview on business performance

1) First three quarters summary

In the first three quarters of the current fiscal year, the Japanese economy recovered slowly along with growth in corporate earnings and increases in jobs and personal income due to economic stimulus measures by the Japanese government and monetary measures by the Bank of Japan. The yen's weakness and low price of crude oil also supported the economy. However, the economic recovery is lackluster in part because of sluggish consumer spending in the wake of the April 2014 consumption tax hike.

Overseas, the U.S. economy continues to recover and there is slow economic growth in Europe. In China, there are clear signs of slowing economic growth and there is a risk of decline in the economic growth rates of emerging countries. Overall, the outlook for the global economy remains unclear.

In Japan's human resource services industry, demand is growing along with the increasing need for workers as the economy recovers slowly. In addition, companies in Japan are likely to increase their use of temporary staffing services following the September 30, 2015 enactment of amendments to the Temporary Staffing Services Law. However, recruiting workers is becoming increasingly difficult for temporary staffing companies. There is currently a severe labor shortage in Japan in the health care, welfare services, restaurant and other sectors.

In the first three quarters, sales increased 17.7% from one year earlier to 12,160,528 thousand yen as business process outsourcing (BPO) orders remained strong. Earnings decreased mainly for two reasons. First is training expenses for workers performing new tasks at large BPO projects. The other is up-front expenditures involving the full-scale start of Japan's personal identification number system in the fiscal year's fourth quarter. Operating income decreased 3.7% to 655,392 thousand yen, ordinary income decreased 4.5% to 643,960 thousand yen and net income decreased 0.3% to 403,765 thousand yen.

2) Business Segments

(a) Business Process Outsourcing

Large BPO projects in the Tokyo area continued to perform well. New orders for private-sector projects and new orders for projects associated with the start of Japan's personal identification number system also contributed to sales. As a result, segment sales increased 26.8% to 7,819,741 thousand yen.

(b) Customer Relationship Management

This segment concentrated on capturing new orders, resulting in the receipt of orders in the Tokyo area and elsewhere for contact center and other projects in the public service and other sectors. However, sales were held down by sluggish orders from telemarketing firms, so segment sales decreased 3.1% to 2,254,296 thousand yen.

(c) Manufacturing and Technology

Orders from pharmaceutical companies remained high and there was an increase in orders from manufacturers of mechanical components and from other companies. Segment sales increased 6.7% to 1,198,654 thousand yen.

(d) Office Services

The volume of work at financial service administrative centers and other current projects was high and there were new orders in the financial services and other sectors. Segment sales increased 24.7% to 887,836 thousand yen

(2) Overview of financial condition

(Assets)

Total assets were 5,166,368 thousand yen at the end of the third quarter, 148,466 thousand yen less than at the end of the previous fiscal year. The decrease was mainly the net result of increases of 179,847 thousand yen in investments and other assets, which includes investment securities, security and guarantee deposits, and other items, and 170,957 thousand yen in notes and accounts receivable-trade and a 518,700 thousand yen decrease in cash and deposits.

(Liabilities)

Liabilities decreased 425,480 thousand yen to 2,694,453 thousand yen. There were increases of 192,740 thousand yen in long-term loans payable (including the current portion) and 45,500 thousand yen in bonds (including the current portion). This was offset by decreases of 337,997 thousand yen in income taxes payable, 141,512 thousand yen in other accounts payable, 83,142 thousand yen in other current liabilities, which includes consumption taxes payable, expenses payable and other items, 48,000 thousand yen in short-term loans payable and 46,607 thousand yen in the provision for bonuses.

(Net assets)

Net assets increased 277,014 thousand yen to 2,471,915 thousand yen at the end of the third quarter. Retained earnings increased 403,765 thousand yen due to net income but were reduced by 100,445 thousand yen because of dividend payments. In addition, there was a 26,901 thousand yen increase (deduction from net assets) in treasury shares in association with the establishment of a trust for an employee stock ownership plan.

(3) Forecast for the current fiscal year

There are no revisions to the forecast announced on April 14, 2015 for the fiscal year ending in February 2016.

2. Other Information

(Supplementary information)

(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 used 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 long-term liabilities.

(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, December 25, 2013 (Announced portion)).

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 third quarter, the trust held 14,700 shares of company stock with a book value of 26,901 thousand yen.

3. Quarterly Financial Statements

(1) Quarterly balance sheet

(Thousand yen)

	Fiscal year ended February 2015 (As of February 28, 2015)	Third quarter ended November 2015 (As of November 30, 2015)
ASSETS		
Current assets		
Cash and deposits	3,173,671	2,654,971
Notes and accounts receivable-trade	1,510,493	1,681,450
Work in process	46,696	105,960
Supplies	4,021	5,768
Other	168,258	118,763
Allowance for doubtful accounts	(457)	(507)
Total current assets	4,902,684	4,566,408
Noncurrent assets		
Property, plant and equipment	95,039	100,500
Intangible assets	130,570	133,071
Investments and other assets	186,540	366,388
Total noncurrent assets	412,149	599,960
Total assets	5,314,834	5,166,368
LIABILITIES		
Current liabilities		
Short-term loans payable	48,000	-
Current portion of bonds	127,000	153,500
Current portion of long-term loans payable	190,592	323,436
Accounts payable - other	994,725	853,212
Income taxes payable	362,133	24,136
Provision for bonuses	70,778	24,171
Other	842,375	741,323
Total current liabilities	2,635,604	2,119,779
Noncurrent liabilities		
Bonds payable	147,000	166,000
Long-term loans payable	255,715	315,611
Provision for retirement benefits	16,200	-
Provision for employee stock ownership plan	-	2,924
Asset retirement obligations	40,484	47,299
Other	24,928	42,838
Total noncurrent liabilities	484,328	574,673
Total liabilities	3,119,933	2,694,453
NET ASSETS		
Shareholder's equity		
Capital stock	388,005	388,005
Capital surplus	234,364	234,364
Retained earnings	1,571,604	1,874,924
Treasury shares	(18)	(26,919)
Total shareholder's equity	2,193,956	2,470,375
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	944	1,539
Total valuation and translation adjustments	944	1,539
Total net assets	2,194,901	2,471,915
Total liabilities and net assets	5,314,834	5,166,368

(2) Quarterly statements of income
(For the first three quarters)

(Thousand yen)

	First three quarters ended November 2014 (March 1, 2014 – November 30, 2014)	First three quarters ended November 2015 (March 1, 2015 – November 30, 2015)
Net sales	10,327,479	12,160,528
Cost of sales	8,105,168	9,699,903
Gross profit	2,222,311	2,460,624
Selling, general and administrative expenses	1,541,518	1,805,232
Operating income	680,792	655,392
Non-operating income		
Interest income	169	376
Dividends income	23	36
Interest on refund	3,000	-
Other	499	86
Total non-operating income	3,693	499
Non-operating expenses		
Interest expenses	7,931	8,198
Amortization of bond issuance cost	-	1,864
Other	1,914	1,868
Total non-operating expenses	9,845	11,931
Ordinary income	674,640	643,960
Income before income taxes	674,640	643,960
Income taxes-current	277,918	187,890
Income tax adjustment	(8,356)	52,304
Total income taxes	269,562	240,194
Net income	405,078	403,765

(3) Notes to quarterly financial statement
(Notes to going concern assumptions)
None

(Significant change in shareholders' equity)
None

(Segment information, etc.)

The information is omitted because the company has single segment that is comprehensive human resource services business.