

Summary of Non-Consolidated Financial Results For the First Half Ended August 31, 2016 [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 / President & Executive Officer
 Name: Motoaki Narusawa
 Contact Person Title: Director / Senior Executive Officer and General Manager of Administration Division
 Name: Takehiro Hiramatsu
 Phone: +81-(0)3-6311-7321
 Date of quarterly securities report (tentative): October 14, 2015
 Date of commencement of dividend payment (tentative): -
 Quarterly earnings supplementary explanatory documents: Yes
 Quarterly earnings presentation: Yes (for institutional investors and analysts)

(Yen in millions, rounded down)

1. Financial results for the first half of the fiscal year ending February 2017 (March 1, 2016 – August 31, 2016)

(1) Result of operations

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half ended August 2016	9,489	19.9	558	42.3	554	44.3	355	49.0
First half ended August 2015	7,914	22.0	392	(4.0)	384	(5.3)	238	(0.7)

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
First half ended August 2016	28.38		28.35	
First half ended August 2015	19.02		19.02	

Note: There was a two-for-one common stock split with a record date of June 1, 2016. Earnings per share and earnings per share fully diluted are shown as if this stock split was at the beginning of the previous fiscal year.

(2) Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of August 31, 2016	5,750		2,917		50.5	
As of February 29, 2016	5,620		2,658		47.3	

Notes: Shareholders' equity

As of August 31, 2016: 2,901 million yen As of February 29, 2016: 2,658 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 2016	-	0.00	-	18.00	18.00
Fiscal year ending February 2017	-	0.00	-	-	-
Fiscal year ending February 2017 (est.)	-	-	-	10.00	10.00

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

There was a two-for-one common stock split with a record date of June 1, 2016. The year-end dividend per share for the fiscal year that ended on February 29, 2016 is the dividend before this stock split and the forecast for the year-end dividend per share for the fiscal year ending on February 28, 2017 is the dividend after this stock split.

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		Profit		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	19,984	20.3	1,119	16.8	1,106	17.2	722	22.1	57.65

Note: Change in the forecast from the latest announcement: None
There was a two-for-one common stock split with a record date of June 1, 2016. The earnings per share forecast is based on the number of shares outstanding after this split (except treasury stock).

*** 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: Yes

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

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

Note: For more details, please refer 2. Other Information (2) Changes in accounting principles and estimates, and retrospective restatement on page 4.

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

As of August 31, 2016: 12,555,800 As of February 29, 2016: 12,555,800

(b) Treasury shares

As of August 31, 2016: 29,554 As of February 29, 2016: 29,468

(c) Average number of shares (first half)

Period ended August 31, 2016: 12,526,268 Period ended August 31, 2015: 12,538,955

Note: There was a two-for-one common stock split with a record date of June 1, 2016. The number of shares issued is calculated as if this split was at the beginning of the previous fiscal year. In addition, the number of shares of treasury stock at the end of the fiscal year includes stock held in a trust account of Trust & Custody Services Bank, Ltd. for the Careerlink Employee Stock Ownership Plan trust (J-ESOP). There were 29,400 shares in this trust account in the first half of the current fiscal year and in the previous fiscal year. Stock in this trust account is included in treasury stock that is excluded from the average number of shares in a fiscal year. There were 29,400 shares in this trust account in the first half of the current fiscal year and in the previous fiscal year.

*** 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**

(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) Forecast for the current fiscal year” on page 3.

(To receive supplementary information about first half results of operations)

Supplementary information about results of information will be posted promptly on the company’s website after the information meeting.

Index for Supplementary Information

1. Results of Operations.....	2
(1) Overview on business performance	2
(2) Overview of financial condition	3
(3) Forecast for the current fiscal year.....	3
2. Other Information	4
(1) Use of accounting methods specifically for the preparation of the quarterly financial statements.....	4
(2) Changes in accounting principles and estimates, and retrospective restatement.....	4
3. Quarterly Financial Statements.....	5
(1) Quarterly balance sheet.....	5
(2) Quarterly statements of income	6
For the first half	6
(3) Quarterly statements of cash flows	7
(4) Notes to quarterly financial statement	8
(Notes to going concern assumptions)	8
(Significant change in shareholders' equity)	8
(Segment information, etc.).....	8

1. Results of Operations

(1) Overview on business performance

1) First half summary

In the first half of the current fiscal year, the Japanese economy continued to recover slowly with the support of government economic stimulus measures and the monetary policies of the Bank of Japan. However, the pace of improvements in corporate earnings in Japan is slowing, in part because of economic weakness in China and other emerging countries. In addition, manufacturing and consumer spending were generally flat. As a result, Japan's economy remained lackluster during the first half.

In other countries, the U.S. economy is recovering at a moderate pace but economies are sluggish in China and other emerging countries as well as in resource-producing countries. The economic picture in Europe is increasingly uncertain because of Britain's decision to leave the EU and other events. Overall, the outlook for the global economy continues to be unclear.

In the Japanese human resources industry, the number of jobs and personal income continued to improve as the economy slowly recovered, resulting in growth in demand for human resource services. The amended Worker Dispatching Act became effective on September 30, 2015. Among the revisions are a change to the time limit for temporary staffing, measures to help enable workers to advance their careers (progressive and systematic education and training, and career consulting) and a single licensing system for the entire temporary staffing industry. These revisions are expected to further increase the use of temporary staffing services by companies in Japan.

First half sales increased 19.9% from one year earlier to 9,489,130 thousand yen due mainly to growth in orders in the Business Process Outsourcing business. Operating income increased 42.3% to 558,849 thousand yen, ordinary income increased 44.3% to 554,711 thousand yen and profit increased 49.0% to 355,534 thousand yen.

2) Business Divisions

(a) Business Process Outsourcing

There was a large volume of private-sector orders, including many orders from companies in the financial services sector. In addition, public-sector orders were in line with the plan for the first half. There were many orders associated with clerical tasks involving Japan's personal identification number system that began in the third quarter of the previous fiscal year as well as with special government benefit payments. As a result, sales in this business increased 29.8% to 6,485,568 thousand yen.

(b) Customer Relationship Management

First half sales were lower than one year earlier when there were a number of one-time projects in this business. In addition, the inclusion in Business Processing Outsourcing of sales from clerical tasks performed in conjunction with call center operations reduced sales. The result was a 12.2% decrease in sales to 1,393,272 thousand yen.

(c) Manufacturing and Technology

Sales were higher because of growth in orders from manufacturers of home appliances, medical equipment, food products and other products. Sales increased 29.5% to 987,372 thousand yen.

(d) Office Services

There was growth in the volume of existing business, mainly services provided at business operations centers and other office service tasks. As a result, sales increased 9.9% to 622,916 thousand yen.

(2) Overview of financial condition

(a) Assets, liabilities and net assets

(Assets)

Total assets were 5,750,032 thousand yen at the end of the first half, 129,885 thousand yen more than at the end of the previous fiscal year. There were increases of 235,914 thousand yen in cash and deposits and 17,076 thousand yen in notes and accounts receivable-trade and decreases of 68,275 thousand yen in investments and other assets, which includes investment securities, and 53,265 thousand yen in work in process.

(Liabilities)

Liabilities decreased 129,098 thousand yen to 2,832,154 thousand yen. There were increases of 43,630 thousand yen in income taxes payable, 39,603 thousand yen in accounts payable-other, 32,000 thousand yen in bonds (including the current portion), 30,000 thousand yen in short-term loans payable, 15,615 thousand yen in provision for employee stock ownership plan and 10,745 thousand yen in the provision for bonuses. Long-term loans payable (including the current portion) decreased 161,918 thousand yen and other current liabilities, which includes accrued consumption taxes, decreased 146,070 thousand yen.

(Net assets)

Net assets increased 258,984 thousand yen to 2,917,878 thousand yen. Retained earnings increased 355,534 thousand yen, stock options increased 16,285 thousand yen and dividend payments reduced net assets by 113,001 thousand yen.

(b) Cash flows

Cash and cash equivalents were 2,853,767 thousand yen at the end of the first half, 235,914 thousand yen more than at the end of the previous fiscal year. The following is a summary of first half cash flows.

(Operating activities)

Net cash provided by operating activities was 401,382 thousand yen compared with a negative cash flow of 391,841 in the first half of the previous fiscal year. Major sources of cash were profit before income taxes of 554,711 thousand yen, a 52,770 thousand yen decrease in inventories and a 23,725 thousand yen increase in accounts payable-other. Major uses of cash were income tax payments of 168,683 thousand yen and a 101,998 thousand yen decrease in accrued consumption taxes.

(Investing activities)

Net cash provided by investing activities was 49,938 thousand yen compared with a negative cash flow of 211,479 thousand yen in the first half of the previous fiscal year. Major components of these cash flows were proceeds of 100,013 thousand yen from the sale of investment securities, payments of 28,541 thousand yen for property, plant and equipment and intangible assets, and payments of 22,270 thousand yen for payments for lease and guarantee deposits.

(Financing activities)

Net cash used in financing activities was 215,406 thousand yen compared with a positive cash flow of 124,501 thousand yen one year earlier. There was a net increase of 30,000 yen in short-term loans payable, payments of 161,918 thousand yen for the repayment of long-term loans payable and dividend payments of 113,162 thousand yen.

(3) Forecast for the current fiscal year

There are no revisions to the forecast announced on April 14, 2016 for the fiscal year ending in February 2017.

2. Other Information

- (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
(Changes in accounting principles)

In association with amendments to Japan's Corporate Income Tax Act, Careerlink is applying Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016 (ASBJ PITF No. 32, June 17, 2016) beginning with the first quarter of the fiscal year ending in February 2017. As a result, the depreciation method for building fixtures acquired on or after April 1, 2016 has been changed from the declining-balance method to the straight-line method.

This change had only a negligible effect on operating income, ordinary income and profit in the first half of the current fiscal year.

3. Quarterly Financial Statements

(1) Quarterly balance sheet

(Thousand yen)

	Fiscal year ended February 2016 (As of February 29, 2016)	First half ended August 2016 (As of August 31, 2016)
ASSETS		
Current assets		
Cash and deposits	2,617,853	2,853,767
Accounts receivable-trade	2,027,442	2,044,519
Work in process	109,410	56,145
Supplies	2,841	3,335
Other	143,465	131,533
Allowance for doubtful accounts	(610)	(616)
Total current assets	4,900,401	5,088,683
Noncurrent assets		
Property, plant and equipment	93,637	118,365
Intangible assets	159,074	144,225
Investments and other assets	467,032	398,757
Total noncurrent assets	719,745	661,348
Total assets	5,620,147	5,750,032
LIABILITIES		
Current liabilities		
Short-term loans payable	42,000	72,000
Current portion of bonds	136,000	146,000
Current portion of long-term loans payable	306,740	256,659
Accounts payable - other	1,002,354	1,041,958
Income taxes payable	182,646	226,277
Provision for bonuses	92,199	102,945
Other	714,781	568,710
Total current liabilities	2,476,722	2,414,551
Noncurrent liabilities		
Bonds payable	139,500	161,500
Long-term loans payable	251,348	139,511
Provision for employee stock ownership plan	2,807	18,422
Asset retirement obligations	47,436	53,980
Other	43,438	44,188
Total noncurrent liabilities	484,530	417,603
Total liabilities	2,961,253	2,832,154
NET ASSETS		
Shareholder's equity		
Capital stock	388,005	388,005
Capital surplus	234,364	234,364
Retained earnings	2,062,410	2,304,944
Treasury shares	(26,919)	(26,991)
Total shareholder's equity	2,657,862	2,900,323
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,031	1,269
Total valuation and translation adjustments	1,031	1,269
Subscription rights to shares	-	16,285
Total net assets	2,658,894	2,917,878
Total liabilities and net assets	5,620,147	5,750,032

(2) Quarterly statements of income
For the first half

(Thousand yen)

	First half ended August 2015 (March 1, 2015 – August 31, 2015)	First half ended August 2016 (March 1, 2016 – August 31, 2016)
Net sales	7,914,144	9,489,130
Cost of sales	6,323,471	7,560,554
Gross profit	1,590,673	1,928,576
Selling, general and administrative expenses	1,198,004	1,369,726
Operating income	392,668	558,849
Non-operating income		
Interest income	234	161
Dividends income	35	308
Gain on sales of investment securities	-	1,755
Gain on forfeiture of unclaimed dividends	-	294
Commission fee	85	-
Other	1	8
Total non-operating income	356	2,528
Non-operating expenses		
Interest expenses	5,439	4,382
Amortization of bond issuance cost	1,864	1,519
Other	1,379	763
Total non-operating expenses	8,683	6,666
Ordinary income	384,341	554,711
Income before income taxes	384,341	554,711
Income taxes-current	119,905	203,589
Income tax adjustment	25,896	(4,413)
Total income taxes	145,801	199,176
Profit	238,539	355,534

(3) Quarterly statements of cash flows

(Thousand yen)

	First half ended August 2015 (March 1, 2015 – August 31, 2015)	First half ended August 2016 (March 1, 2016 – August 31, 2016)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	384,341	554,711
Depreciation and amortization	21,025	32,650
Increase (decrease) in allowance for doubtful accounts	13	5
Share-based compensation expenses	-	16,285
Increase (decrease) in provision for bonuses	16,427	10,745
Increase (decrease) in provision for retirement benefits	(16,200)	-
Increase (decrease) in provision employee stock ownership plan	-	15,615
Interest and dividends income	(270)	(470)
Interest expenses	5,439	4,382
Loss (gain) on sales of short-term and long-term investment securities	-	(1,755)
Amortization of bond issuance cost	1,864	1,519
Decrease (increase) in notes and accounts receivable-trade	(54,244)	(17,076)
Decrease (increase) in inventories	(17,504)	52,770
Increase (decrease) in accounts payable-other	(66,050)	23,725
Increase (decrease) in accrued consumption taxes	(292,193)	(101,998)
Other, net	(22,580)	(16,926)
Subtotal	(39,933)	574,184
Interest and dividends income received	270	470
Interest expenses paid	(5,674)	(4,588)
Income taxes paid	(346,503)	(168,683)
Net cash provided by (used in) operating activities	(391,841)	401,382
Net cash provided by (used in) investing activities		
Payments into time deposits	(5,000)	-
Purchase of property, plant and equipment	(19,116)	(3,982)
Purchase of investment securities	(99,136)	-
Proceeds from sales of investment securities	-	100,013
Purchase of intangible assets	(47,429)	(24,558)
Payments for lease and guarantee deposits	(42,887)	(22,270)
Proceeds from collection of lease and guarantee deposits	1,542	559
Collection of loans receivable	548	177
Net cash provided by (used in) investing activities	(211,479)	49,938
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(6,000)	30,000
Proceeds from long-term loans payable	300,000	-
Repayment of long-term loans payable	(126,301)	(161,918)
Proceeds from issuance of bonds	148,135	98,480
Redemption of bonds	(63,000)	(68,000)
Purchase of treasury shares	(26,901)	(72)
Cash dividends paid	(100,166)	(113,162)
Other, net	(1,265)	(734)
Net cash provided by (used in) financing activities	124,501	(215,406)
Net increase (decrease) in cash and cash equivalents	(478,819)	235,914
Cash and cash equivalents, beginning of period	3,118,671	2,617,853
Cash and cash equivalents, end of period	2,639,852	2,853,767

(4) 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.