

Summary of Non-Consolidated Financial Results For the Fiscal Year Ended February 28, 2017 [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
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 Regular general meeting of shareholders (tentative): May 30, 2017
 Date of securities report (tentative): May 30, 2017
 Date of commencement of dividend payment (tentative): May 31, 2017
 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 2017 (March 1, 2016 – February 28, 2017)

(1) Result of operations

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Feb. 2017	18,459	11.2	1,000	4.3	993	5.2	642	8.6
Fiscal year ended Feb. 2016	16,607	19.1	958	15.2	944	14.9	591	21.3

	Earnings per share	Earnings per share fully diluted	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Feb. 2017	51.28	51.21	22.0	17.3	5.4
Fiscal year ended Feb. 2016	47.18	47.17	24.4	17.3	5.8

Reference: Equity method income FY2/17: - million yen FY2/16 - million yen

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	Net assets per share
	Million yen	Million yen	%	Yen
As of February 28, 2017	5,837	3,203	54.6	254.44
As of February 29, 2016	5,620	2,658	47.3	212.26

Notes: Shareholders' equity

As of February 28, 2017: 3,187 million yen As of February 29, 2016: 2,658 million yen

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

(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 2/17	645	(128)	(356)	2,778
FY 2/16	(203)	(273)	(23)	2,617

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 2/16	-	0.00	-	18.00	18.00	113	19.1	4.7
FY 2/17	-	0.00	-	10.00	10.00	125	19.5	4.3
FY 2/18 (Estimate)	-	0.00	-	10.00	10.00		26.8	

- (Note) 1. 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 year-end dividend per share for the fiscal year ended on February 28, 2017 and the forecast for the fiscal year ending on February 28, 2018 are the dividend after this stock split.
2. Total dividends include the following payments for Careerlink stock held by Trust & Custody Services Bank, Ltd. (Trust E Account): 264 thousand yen for 14,700 shares in the fiscal year ended February 2016 and 294 thousand yen for 29,400 shares in the fiscal year ended February 2017.

3. Forecast for the fiscal year ending February 2018 (March 1, 2017 - February 28, 2018)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	9,163	(3.4)	341	(38.8)	336	(39.3)	224	(36.7)	17.96
Full year	19,056	3.2	709	(29.1)	700	(29.5)	467	(27.2)	37.32

- (Note) 1. Careerlink established Careerlink Factory Co., Ltd. on March 1, 2017 as a wholly owned and consolidated subsidiary. This company will be included in the consolidated financial statements beginning with the fiscal year ending in February 2018.
2. Profit is profit attributable to owners of parent.
3. 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 (excluding treasury shares).

* Notes

- (1) 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 5. Financial Statements (5) Notes to financial statement (Changes in accounting principles) on page 14.

- (2) Number of shares outstanding (common shares)

- (a) Shares outstanding (including treasury shares)

End of FY 2/17	12,555,800	End of FY 2/18	12,555,800
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- (b) Treasury shares

End of FY 2/17	29,554	End of FY 2/18	29,468
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- (c) Average number of shares during the period

FY 2/17	12,526,257	FY 2/18	12,532,678
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(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 shares at the end of the fiscal year includes shares 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 as of the end of the current fiscal year and the previous fiscal year. Stock in this trust account is included in treasury shares that is excluded from the average number of shares in a fiscal year. There were 29,400 shares in this trust account in the current fiscal year and in the previous fiscal year.

* Information concerning status of audit procedures

This report is exempt from the audit procedure prescribed by the Financial Instruments and Exchange Act. An audit based on this act was under way when this earnings announcement was released.

* 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 2018" in

(1) Overview on business performance of 1. Results of Operations on page 2.

(Post-split dividend and earnings forecasts)

There was a two-for-one common stock split with a record date of June 1, 2016. Earnings per share and year-end dividend per share forecasts for the fiscal year ending on February 28, 2018 are the figures after this stock split.

(Supplementary explanatory documents)

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

Index for Supplementary Information

1.	Results of Operations.....	2
	(1) Overview on business performance.....	2
	(2) Overview of financial condition.....	2
	(3) Earnings Distribution Policy and Dividends.....	3
	(4) Business Risk.....	3
2.	Corporate Group.....	6
3.	Management Policies.....	6
	(1) Basic policies.....	6
	(2) Key performance indicators.....	6
	(3) Medium and long-term strategic goals.....	6
	(4) Major issues.....	6
4.	Basic Position concerning Selection of Accounting Standards.....	7
5.	Financial Statements.....	8
	(1) Balance sheet.....	8
	(2) Statements of income.....	10
	(3) Statement of changes in shareholders' equity.....	11
	(4) Statements of cash flows.....	13
	(5) Notes to financial statement.....	14
	(Notes to going concern assumptions).....	14
	(Changes in accounting principles).....	14
	(Additional information).....	14
	(Gain or loss on equity method, etc.).....	14
	(Segment information, etc.).....	15
	(Per share information).....	16
	(Subsequent events).....	17
6.	Other information.....	19
	(1) Change in directors (Planned for May 30, 2017).....	19

1. Results of Operations

(1) Overview on business performance

1) Fiscal year summary

The Japanese economy continued to recover slowly during the fiscal year that ended in February 2017 with the support of government economic stimulus measures and the monetary measures by the Bank of Japan. Consumer spending was firm with the improvement in labor market but the economy continued to be generally lackluster.

The outlook for the global economy remains unclear for reasons that include the impact of Brexit on the European economy, slowing economic growth in China and other emerging Asian countries, and a policy shift in the United States following the election of a new president.

In the Japanese human resources industry, there was growing demand for human resource services as the jobs-to-applicants ratio increased. Japan's labor shortage is becoming increasingly severe in many industries, notably the nursing care, transportation and construction sectors.

In the Business Process Outsourcing business, orders were strong despite the decline in the volume of one major BPO project for a private-sector company that occurred sooner than expected. As a result, fiscal year sales increased 11.2% to 18,459,573 thousand yen.

Earnings were negatively affected by expenses for enlarging contact centers, losses resulting from the higher than expected volume of work required for new one-time projects for public-sector clients, and the aforementioned decline in the volume of work for a major BPO project. Despite these negative factors, operating profit increased 4.3% to 1,000,119 thousand yen, ordinary profit increased 5.2% to 993,527 thousand yen and profit increased 8.6% to 642,366 thousand yen.

2) Business Divisions

(a) Business Process Outsourcing

There was a negative impact on performance from the faster than expected decline in the volume of work for a major project for a private-sector company. But performance benefited from the high level of orders from financial services companies and suppliers of new electricity. In addition, public-sector BPO orders have been strong since the start of current fiscal year as expected due mainly to projects involving Japan's personal identification number system, which started in the third quarter of the previous fiscal year, and tasks for a variety of government benefit payments. The result was a 12.3% increase in sales to 12,193,364 thousand yen.

(b) Customer Relationship Management

Call center orders were solid, but there were negative effects on sales from the receipt of call center orders that included associated tasks and were therefore included in Business Process Outsourcing and from the completion of a large, one-time order that was received in the previous fiscal year. The result was a 0.1% decrease in sales to 2,903,173 thousand yen.

(c) Manufacturing and Technology

Sales increased 29.9% to 2,120,037 thousand yen mainly because of growth in orders from companies in the food processing, home electronics and appliances, automobile, and medical equipment industries.

(d) Office Services

Sales increased 4.5% to 1,242,998 thousand yen along with growth in the volume of operations center tasks and other work for existing clients.

3) Outlook for the fiscal year ending in February 2018

At one current large BPO project for a private-sector company, the volume of work is expected to decline and public-sector orders involving Japan's personal identification number system and various government benefit payments are also expected to decrease. But we anticipate sales growth because of higher BPO orders from financial institutions and other private-sector companies as well as growth in Manufacturing and Technology orders. However, new orders will probably be less profitable for a while than current large BPO projects, a category where orders are decreasing.

Based on this outlook, we forecast sales of 19,056,201 thousand yen, up 3.2%, operating profit of 709,112 thousand yen, down 29.1%, ordinary profit of 700,349 thousand yen, down 29.5%, and profit attributable to owners of parent of 467,537 thousand yen, down 27.2%.

(2) Overview of financial condition

1) Assets, liability and net assets

(Assets)

Assets were 5,837,155 thousand yen at the end of the fiscal year, an increase of 217,008 thousand yen from one year earlier. This was attributable to increases of 160,631 thousand yen in cash and deposits, 54,454 thousand yen in trade accounts receivable, 100,210 thousand yen in securities, and 100,000 thousand yen in long-term time deposits. There was a 202,076 thousand yen decrease in investment securities.

(Liabilities)

Liabilities decreased 327,574 thousand yen from one year earlier to 2,633,678 thousand yen at the end of the fiscal year. The major changes were increases of 42,881 thousand yen in income taxes payable and 23,927 thousand yen in the provision for the employee stock ownership plan and decreases of 217,848 thousand yen in long-term loans payable (including the current portion), 47,095 thousand yen in accounts payable-other, 53,980 thousand yen in accrued consumption taxes, and 70,527 thousand yen in advances received.

(Net assets)

Net assets increased 544,583 thousand yen to 3,203,477 thousand yen. Retained earnings increased 529,364 thousand yen, the result of profit of 642,366 thousand yen offset by dividend payments of 113,001 thousand yen. In addition, there was an increase of subscription rights to shares of 16,285 thousand yen.

2) Cash flows

Cash and cash equivalents totaled 2,778,484 thousand yen at the end of the fiscal year, 160,631 thousand yen more than one year earlier. Principal cash flows during the year are outlined below.

(Operating activities)

Net cash provided by operating activities was 645,198 thousand yen compared with a negative cash flow of 203,243 thousand yen in the previous fiscal year. Profit before income taxes was 993,527 thousand yen and income taxes paid were 337,797 thousand yen.

(Investing activities)

Net cash used in investing activities decreased from 273,740 thousand yen in the previous fiscal year to 128,428 thousand yen. There were 106,448 thousand yen for purchase of property, plant and equipment and intangible assets, 100,000 thousand yen for payment into time deposits, 24,810 thousand yen for payments for lease and guarantee deposits, and 103,209 thousand yen for proceeds from sales of investment securities.

(Financing activities)

Net cash used in financing activities increased from 23,834 thousand yen in the previous fiscal year to 356,138 thousand yen. There were proceeds of 100,000 thousand yen from long-term loans payable and 98,480 thousand yen from the issuance of bonds. There were payments of 317,848 thousand yen for the repayment of long-term loans payable, 146,000 thousand yen for the redemption of bonds, and 113,388 thousand yen for cash dividends paid.

(Reference) Cash flow indicators

	FY 2/13	FY 2/14	FY 2/15	FY 2/16	FY 2/17
Equity ratio (%)	39.8	52.7	41.3	47.3	54.6
Market capital equity ratio (%)	86.2	100.2	207.7	162.8	150.2
Debt to cash flow ratio (years)	1.8	-	0.4	-	1.0
Interest coverage ratio (times)	32.9	-	158.4	-	80.9

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 and fiscal year that ended in February 2016 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 10 yen per share for the fiscal year that ended in February 2017.

There was a two-for-one common stock split on June 1, 2016. The 10 yen per share dividend forecast for the fiscal year that ended in February 2017 incorporates this stock split. Although we forecast lower earnings in the fiscal year ending in February 2018, we plan to keep the dividend unchanged at 10 yen per share.

(4) Business Risk

This section explains risk factors concerning the business operations of Careerlink and its subsidiary (the Group) that may have a significant effect on decisions by investors. In addition, this section contains other items that, although not necessarily business risk factors, we believe they are important with respect to investment decisions from the viewpoint of disclosure. The Group is aware of these risks and is taking actions to prevent these problems from occurring 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, The Group has prepared internal 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 Labor Standards Act, the Employment Security Act, the Worker Dispatching Act and other related laws, the primary law that regulates our operations, and other laws and regulations due to changes in the temporary staffing market. 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, The Group 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, The Group 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) Temp to Perm Business

The provision of temp to perm business 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.

Temp to Perm Business therefore includes the risk factors in the above sections (a) and (c). At this time, the Group 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, the Group ensures that all our full-time employees and all other staff members on assignment that meet the requirements for social insurance belong to this system. However, a revision to the social insurance system such as a reduction in the social insurance membership requirements which could increase the amount of premiums paid by employers may affect results of operations. 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 until 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. In addition, the Public Pension Function Strengthening Act, which was enacted in 2012, has expanded coverage of employee insurance for individuals with short working times started in October 2016. Furthermore the full-time employees and temporary staffing workforce of the Group belong to the Temporary Staffing Health Insurance Association. The financial soundness of this association has declined for several reasons including 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 slow growth in incomes of people insured by this association. In response, the association has been raising the employer health insurance contribution rate almost every year. In fiscal 2017, this rate increased from 4.62% to 4.80%. 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 inability to make more improvements results in more increases in the employer insurance contribution rate, there will probably be a negative effect on the Group’s earnings.

3) Recruitment of temporary staffing workforce

The Group is always seeking applicants to register for temporary staffing using 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

The Group 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 system 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 The Group and damage to the Group'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

The Group 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 the Group 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. If this happens, the resulting loss of public confidence, damage to the Group's reputation, payment of damages or other consequences may affect results of operations.

8) Handling of confidential information

As its orders for temporary staffing and outsourcing services increase, the Group 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 Group were to experience a leak in the important confidential information of its business partners, the resulting loss of public confidence, damage to the Group's reputation, payment of damages or other problems may affect results of operations.

9) Recruiting and retention of employees

The Group 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

Careerlink had no subsidiaries or affiliated companies at the end of February 2017.

On March 1, 2017, Careerlink established Careerlink Factory Co., Ltd. as a wholly owned and consolidated subsidiary.

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 Group has grown by supplying a variety of employment opportunities to many people who were looking for jobs.

We believe that the corporate value of human resource companies is to contribute 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 also regard meeting the numerous wishes of people seeking jobs and providing our workers with support to enable them to lead fulfilling lives 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 both 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 Group 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 Group 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 Group aims to create the foundations for sustained growth.

(4) Major issues

The recovery of Japan's economy is expected to continue with the support of government economic stimulus measures. But there are concerns about the global economy due to the impact of Brexit on the European economy, slowing economic growth in China and other emerging Asian countries, and a policy shift in the United States following the election of a new president.

In Japan's human resource services sector, demand for these services is increasing along with the moderate 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 Group 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 amendments to the Temporary Staffing Services Act, Labor Contract Act, Labor Standards Act and other labor laws and regulations

The amended Temporary Staffing Services Act became effective in September 2015. Requirements of this act include measures for job stability, career advancement consulting, education and training for attaining career goals, and the equal treatment of all temporary placement workers. In addition, we must take actions as needed concerning the three-year limit on the temporary placement of an individual at the same company or other organization. The first three-year deadline will be in September 2018 because this limit was enacted in September 2015.

Furthermore, we must take actions as needed concerning the start in April 2018, as stipulated in the amended Labor Contract Act, of the requirement for employers to convert fixed-term contract workers to open-end contract workers after an employment period of five years.

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

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

Being involved in the comprehensive human resource service business, the Group 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 enhanced 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 Group.

(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 operational environment. To do this, we are rebuilding our information systems to improve business processing efficiency.

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 and services to increase customer 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 2016 (As of February 29, 2016)	Fiscal year ended February 2017 (As of February 28, 2017)
ASSETS		
Current assets		
Cash and deposits	2,617,853	2,778,484
Accounts receivable-trade	2,027,442	2,081,897
Securities	-	100,210
Work in process	109,410	59,716
Supplies	2,841	3,180
Prepaid expenses	65,687	55,101
Deferred tax assets	64,826	72,295
Accounts receivable-other	4,995	26,285
Other	7,956	2,037
Allowance for doubtful accounts	(610)	(633)
Total current assets	4,900,401	5,178,576
Noncurrent assets		
Property, plant and equipment		
Buildings	92,721	115,080
Accumulated depreciation	(54,956)	(61,664)
Buildings, net	37,764	53,416
Tools, furniture and fixtures	158,372	200,237
Accumulated depreciation	(116,464)	(130,096)
Tools, furniture and fixtures, net	41,908	70,140
Construction in progress	13,965	334
Total property, plant and equipment	93,637	123,891
Intangible assets		
Software	155,415	124,708
Other	3,659	3,659
Total intangible assets	159,074	128,367
Investments and other assets		
Investment securities	202,076	-
Investments in capital	10	-
Long-term prepaid expenses	534	9,062
Deferred tax assets	1,205	10,238
Lease and guarantee deposits	248,065	269,986
Long-term time deposits	-	100,000
Other	15,140	17,032
Total investments and other assets	467,032	406,320
Total noncurrent asset	719,745	658,579
Total assets	5,620,147	5,837,155

(Thousand yen)

	Fiscal year ended February 2016 (As of February 29, 2016)	Fiscal year ended February 2017 (As of February 28, 2017)
Liabilities		
Current liabilities		
Short-term loans payable	42,000	66,000
Current portion of bonds	136,000	117,000
Current portion of long-term loans payable	306,740	238,792
Accounts payable-other	1,002,354	955,259
Accrued expenses	225,653	219,734
Income taxes payable	182,646	225,527
Accrued consumption taxes	386,986	333,005
Advances received	73,181	2,654
Deposits received	28,959	27,063
Provision for bonuses	92,199	107,258
Other	-	60
Total current liabilities	2,476,722	2,292,356
Noncurrent liabilities		
Bonds payable	139,500	112,500
Long-term loans payable	251,348	101,448
Provision for employee stock ownership plan	2,807	26,734
Asset retirement obligations	47,436	56,450
Other	43,438	44,188
Total noncurrent liabilities	484,530	341,321
Total liabilities	2,961,253	2,633,678
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	2,062,410	2,591,775
Total retained earnings	2,062,410	2,591,775
Treasury shares	(26,919)	(26,991)
Total shareholders' equity	2,657,862	3,187,154
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,031	37
Total valuation and translation adjustments	1,031	37
Subscription rights to shares	-	16,285
Total net assets	2,658,894	3,203,477
Total liabilities and net assets	5,620,147	5,837,155

(2) Statement of income

(Thousand yen)

	Fiscal year ended February 2016 (March 1, 2015 - February 29, 2016)	Fiscal year ended February 2017 (March 1, 2016 - February 28, 2017)
Net sales	16,607,111	18,459,573
Cost of sales	13,243,726	14,835,948
Gross profit	3,363,385	3,623,625
Selling, general and administrative expenses	2,404,755	2,623,505
Operating profit	958,630	1,000,119
Non-operating income		
Interest income	595	351
Dividends income	48	44
Gain on sales of investment securities	-	3,530
Commission fee	85	-
Other	7	319
Total non-operating income	737	4,246
Non-operating expenses		
Interest expenses	9,003	6,770
Interest on bonds	1,800	1,034
Amortization of bond issuance cost	1,864	1,519
Guarantee commission	2,047	1,365
Other	260	149
Total non-operating expenses	14,975	10,838
Ordinary profit	944,391	993,527
Profit before income taxes	944,391	993,527
Income taxes-current	338,450	367,188
Income taxes-deferred	14,689	(16,027)
Total income taxes	353,139	351,161
Profit	591,252	642,366

(3) Statement of changes in equity

Previous 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 surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at 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							
Dividends of surplus				(100,445)	(100,445)		(100,445)
Profit				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 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		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	944	944	-	2,194,901
Changes of items during the period				
Dividends of surplus				(100,445)
Profit				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 end of current period	1,031	1,031	-	2,658,894

Current fiscal year (March 1, 2016 - February 28, 2017)

(Thousand yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of current period	388,005	234,364	234,364	2,062,410	2,062,410	(26,919)	2,657,862
Changes of items during the period							
Dividends of surplus				(113,001)	(113,001)		(113,001)
Profit				642,366	642,366		642,366
Purchase of treasury shares						(72)	(72)
Net changes of items other than shareholders' equity							
Total changes of items during the period	-	-	-	529,364	529,364	(72)	529,292
Balance at end of current period	388,005	234,364	234,364	2,591,775	2,591,775	(26,991)	3,187,154

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	1,031	1,031	-	2,658,894
Changes of items during the period				
Dividends of surplus				(113,001)
Profit				642,366
Purchase of treasury shares				(72)
Net changes of items other than shareholders' equity	(994)	(994)	16,285	15,290
Total changes of items during the period	(994)	(994)	16,285	544,583
Balance at end of current period	37	37	16,285	3,203,477

(4) Statement of cash flows

(Thousand yen)

	Fiscal year ended February 2016 (March 1, 2015 - February 29, 2016)	Fiscal year ended February 2017 (March 1, 2016 - February 28, 2017)
Cash flows from operating activities		
Profit before income taxes	944,391	993,527
Depreciation	46,092	74,310
Share-based compensation expenses	-	16,285
Increase (decrease) in allowance for doubtful accounts	153	22
Increase (decrease) in provision for bonuses	21,421	15,058
Increase (decrease) in provision for retirement benefits	(16,200)	-
Increase (decrease) in provision for employee stock ownership plan	2,807	23,927
Interest and dividends income	(644)	(396)
Interest expenses	9,003	6,770
Interest on bonds	1,800	1,034
Amortization of bond issuance cost	1,864	1,519
Loss (gain) on sales of investment securities	-	(3,530)
Decrease (increase) in notes and accounts receivable-trade	(516,948)	(54,454)
Decrease (increase) in inventories	(61,532)	49,354
Increase (decrease) in accounts payable-other	27,969	(18,353)
Increase (decrease) in accrued consumption taxes	(152,881)	(47,746)
Other, net	16,642	(66,749)
Subtotal	323,938	990,578
Interest and dividends income received	644	396
Interest expenses paid	(11,310)	(7,978)
Income taxes paid	(516,516)	(337,797)
Net cash provided by (used in) operating activities	(203,243)	645,198
Cash flows from investing activities		
Payments into time deposits	(5,000)	(100,000)
Proceeds from withdrawal of time deposits	60,000	-
Purchase of property, plant and equipment	(33,547)	(59,218)
Purchase of intangible assets	(52,515)	(47,229)
Purchase of investment securities	(199,131)	-
Proceeds from sales of investment securities	-	103,209
Payments for lease and guarantee deposits	(44,204)	(24,810)
Proceeds from collection of lease and guarantee deposits	1,813	1,255
Collection of loans receivable	737	246
Other, net	(1,892)	(1,882)
Net cash provided by (used in) investing activities	(273,740)	(128,428)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(6,000)	24,000
Proceeds from long-term loans payable	400,000	100,000
Repayment of long-term loans payable	(288,219)	(317,848)
Proceeds from issuance of bonds	148,135	98,480
Redemption of bonds	(148,500)	(146,000)
Purchase of treasury shares	(26,901)	(72)
Cash dividends paid	(100,301)	(113,388)
Other, net	(2,048)	(1,309)
Net cash provided by (used in) financing activities	(23,834)	(356,138)
Net increase (decrease) in cash and cash equivalents	(500,818)	160,631
Cash and cash equivalents at beginning of period	3,118,671	2,617,853
Cash and cash equivalents at end of period	2,617,853	2,778,484

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

(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 current fiscal year. As a result, the depreciation method for facilities attached to buildings 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 profit, ordinary profit and profit before income taxes in the current fiscal year.

(Additional information)

1. Revisions to deferred tax assets and liabilities due to a change in corporate income and other tax rates
The Japanese Diet passed the Act on Partial Revision of the Income Tax Act and the Act on Partial Amendment of the Local Tax Act, etc. on March 29, 2016 and passed the Act on Partial Revision of the Act for Partial Revision of the Consumption Tax Act for the Drastic Reform of the Taxation System for Stable Financial Resources of Social Security and the Act on Partial Revision of the Act for Partial Revision of the Local Tax Act and Local Allocation Tax Act for the Drastic Reform of the Taxation System for Stable Financial Resources of Social Security on November 18, 2016. Due to the passage of these acts, the statutory effective tax rate that was used to calculate deferred tax assets and liabilities for the fiscal year that ended on February 28, 2017 (but only for deferred tax assets and liabilities that will be used on or after March 1, 2017) was reduced from the previous 32.26%. The rates are now 30.86% for temporary differences that are expected to be eliminated during the fiscal years starting on March 1, 2017 and March 1, 2018 and 30.62% for temporary differences that are expected to be eliminated in the fiscal year starting on March 1, 2019 and all subsequent fiscal years. The effect of these changes was negligible.
2. Use of trust to supply Careerlink stock to employees and others
 - (1) Summary
Careerlink established an employee stock ownership plan (J-ESOP) as a new incentive plan for employees including executive officers (the employees). The J-ESOP is structured to distribute Careerlink stock, based on stock distribution rules determined by Careerlink in advance, to the employees who fulfill certain requirements.
The 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 the 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 29,400 shares of treasury shares with a book value of 26,901 thousand yen, and 14,700 shares of treasury shares with a book value of 26,901 thousand yen at the end of the previous fiscal year.
There was a two-for-one common stock split with a record date of June 1, 2016. The number of shares 29,400 at the end of the current fiscal year is the number of after the stock split.

(Gain or loss on equity method, etc.)

Previous fiscal year (March 1, 2015 - February 29, 2016) and current fiscal year (March 1, 2016 - February 28, 2017)
None

(Segment information, etc.)

a. Business segments

Fiscal years that ended in February 2016 (March 1, 2015 - February 29, 2016) and February 2017 (March 1, 2016 - February 28, 2017)

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 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	-

(Notes) No business segments are listed because there is only one business segment.

Fiscal year ended in February 2016 (March 1, 2016 - February 28, 2017)

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	12,193,364	2,903,173	2,120,037	1,242,998	18,459,573

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.	6,011,626	-

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

c. Business segment asset impairment losses for noncurrent assets

Fiscal years that ended in February 2016 (Mar.1, 2015 – Feb. 29, 2016) and February 2017 (Mar 1, 2016 – Feb. 28, 2017)

Not applicable

d. Business segment goodwill amortization and remaining goodwill

Fiscal years that ended in February 2016 (Mar.1, 2015 – Feb. 29, 2016) and February 2017 (Mar 1, 2016 – Feb. 28, 2017)

Not applicable

e. Business segment gain on negative goodwill

Fiscal years that ended in February 2016 (Mar.1, 2015 – Feb. 29, 2016) and February 2017 (Mar 1, 2016 – Feb. 28, 2017)

Not applicable

(Per share information)

Fiscal year ended February 2016 (March 1, 2015 - February 29, 2016)		Fiscal year ended February 2017 (March 1, 2016 - February 28, 2017)	
	Yen		Yen
Net assets per share	212.26	Net assets per share	254.44
Earnings per share	47.18	Earnings per share	51.28
Earnings per share (fully diluted)	47.17	Earnings per share (fully diluted)	51.21

- (Notes)
1. There was a two-for-one common stock split with a record date of June 1, 2016. Net assets per share, earnings per share and earnings per share (fully diluted) are calculated as if this split was at the beginning of the previous fiscal year.
 2. Treasury shares held in a trust account of Trust & Custody Services Bank, Ltd. are excluded from the average number of shares used to calculate earnings per share and diluted earnings per share and are excluded from the shares outstanding at the end of the fiscal year used to calculate net assets per share. The number of these trust account treasury shares excluded from the average number of shares used to calculate earnings per share and diluted earnings per share is 23,054 and 29,400 in the fiscal years that ended in February 2016 and 2017, respectively. The number of these trust account treasury shares excluded from shares outstanding at the end of the fiscal year used to calculate net assets per share is 29,400 for the fiscal years that ended in February 2016 and 2017.
 3. The basis for calculating earnings per share and diluted earnings per share is as follows.

	Fiscal year ended February 2016 (March 1, 2015 - February 29, 2016)	Fiscal year ended February 2017 (March 1, 2016 - February 28, 2017)
Earnings per share		
Profit (thousand yen)	591,252	642,366
Amount not attributable to common shareholders (thousand yen)	-	-
Profit available to common shareholders (thousand yen)	591,252	642,366
Average number of shares during the period (shares)	12,532,678	12,526,257
Fully diluted earnings per share		
Adjustment to profit (thousand yen)	-	-
Increase in common shares (shares)	1,921	18,390
[of which subscription rights to shares]	[1,921]	[18,390]
Non-dilutive common shares equivalents not included in calculation of diluted earnings per share	-	-

(Subsequent events)

Careerlink established wholly owned subsidiary Careerlink Factory Co., Ltd. on March 1, 2017. On March 15, 2017, the Careerlink board of directors passed a resolution approving a contract for a divestiture (simple absorption-type split) on June 1, 2017 in which Careerlink will divest its Manufacturing and Technology business and this business will be absorbed by Careerlink Factory. Careerlink and Careerlink Factory signed a contract to conduct this divestiture and absorption on June 1, 2017.

1. Purpose of the divestiture

The Manufacturing and Technology business conducts operations by using an operating framework that differs from the framework for staffing services for clerical and other office tasks, which are provided mainly by the Business Process Outsourcing business, Careerlink's core business. Divesting the Manufacturing and Technology business will make it possible to make speedy management decisions that are consistent with this business sector as well as to operate more efficiently by specializing in staffing services in this sector. The objective is to use this new framework to make the Manufacturing and Technology business even more competitive.

2. Summary of the divestiture

(1) Schedule

Board of directors approval of absorption-type split resolution	January 13, 2017
Establishment of Careerlink Factory	March 1, 2017
Board of directors approval of absorption-type split contract	March 15, 2017
Signing of absorption-type split contract	March 15, 2017
Effective date of split and absorption contract	June 1, 2017 (Tentative)

(Note) The approval of Careerlink shareholders is not needed for this absorption-type split contract because this is a simplified divestiture and absorption as defined in Article 784, Paragraph 2 of the Companies Act.

(2) Divestiture method

Careerlink will divest a business unit that will then be absorbed by the newly established Careerlink Factory.

(3) Allocations associated with the divestiture

There will be no payment for this divestiture because Careerlink Factory, the company absorbing the divested business unit, is a wholly owned subsidiary of Careerlink. Careerlink Factory will make no cash payment, distribute no stock or submit any other compensation to Careerlink.

(4) Treatment of stock subscription rights and bonds with stock subscription rights

There is no change in the treatment of stock subscription rights issued by Careerlink in conjunction with this divestiture. Careerlink has issued no bonds with stock subscription rights.

(5) Change in capital due to the divestiture

The divestiture will not change Careerlink's capital.

(6) Rights and obligations assumed by Careerlink Factory

On the date of the divestiture, Careerlink Factory is to receive all assets, liabilities, contractual status, and other rights and obligations belonging to the Manufacturing and Technology business.

(7) Outlook for fulfillment of obligations

Following the divestiture, Careerlink and Careerlink Factory expect to have more assets than liabilities. Consequently, both companies believe there will be no problem regarding the ability to fulfill all financial obligations.

3. Profiles of Careerlink and Careerlink Factory

(1) Name	Careerlink Co., Ltd. (Divesting company) (As of February 28, 2017)	Careerlink Factory Co., Ltd. (Absorbing company) (As of March 1, 2017)										
(2) Head office	2-1-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo	137 Toyozawa-cho, Himeji, Hyogo										
(3) Representatives	Yasuhiko Kondo, Chairman and Representative Director Motoaki Narisawa, President and Representative Director	Yasuhiko Kondo, President and Representative Director										
(4) Activities	Business Process Outsourcing Customer Relationship Management Manufacturing and Technology Office Services	Manufacturing and Technology										
(5) Capital stock	388,005,500 yen	100,000,000 yen										
(6) Established	October 1, 1996	March 1, 2017										
(7) Shares outstanding	12,555,800 shares	2,000 shares										
(8) Fiscal year end	End of February	End of February										
(9) Major shareholders	<table border="0"> <tr> <td>Smart Capital</td> <td>41.03%</td> </tr> <tr> <td>Japan Trustee Service Bank (Trust account)</td> <td>7.13%</td> </tr> <tr> <td>Yasuhiko Kondo</td> <td>4.47%</td> </tr> <tr> <td>Careerlink ESOP</td> <td>2.85%</td> </tr> <tr> <td>Naonori Maeda</td> <td>1.96%</td> </tr> </table>	Smart Capital	41.03%	Japan Trustee Service Bank (Trust account)	7.13%	Yasuhiko Kondo	4.47%	Careerlink ESOP	2.85%	Naonori Maeda	1.96%	Careerlink Co., Ltd. 100%
Smart Capital	41.03%											
Japan Trustee Service Bank (Trust account)	7.13%											
Yasuhiko Kondo	4.47%											
Careerlink ESOP	2.85%											
Naonori Maeda	1.96%											

4. Summary of business to be divested

(1) Business activities

Temporary staffing services and outsourced work for manufacturing and technology

(2) Sales in year ended February 2017

2,120,037 thousand yen

5. Operations of Careerlink following the divestiture

Following the divestiture, there will be no change in Careerlink's name, head office, titles and names of representatives, capital stock and fiscal year end. There will be three business units: Business Process Outsourcing, Customer Relationship Management and Office Services.

6. Outlook

There will be no effect on consolidated results of operations because Careerlink Factory is a wholly owned consolidated subsidiary of Careerlink.

6. Other information

(1) Change in directors (Planned for May 30, 2017)

- 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 (current position in parentheses)
 - (a) Director candidates (except directors who are members of the Audit and Supervisory Committee)
 - Takehiro Hiramatsu (Director & Senior Managing Corporate Officer, General Manager of Administration Division) Re-election
 - Naonori Maeda (Director) Re-election
 - Kento Shima (Corporate Officer, General Manager of Marketing division and Manager of 2nd Marketing Department) New post
 - (b) Director to be resigned
 - Ichiro Miura (Outside director)

* Please refer the news release dated today concerning the information about the backgrounds of these candidates and the new management structure.