

Year Ending September 2012
Non-consolidated Financial and Operating Results (Excerpt) for the Third Quarter Ended June 30, 2012 (J-GAAP basis)
Jul 27, 2012

Listed Company Name: SHL-JAPAN Ltd. Registered on Osaka Securities Exchange
 Securities Code: 4327
 URL: <http://www.shl.co.jp/>
 Representative: Manabu Nara, Managing Director
 Contact: Naohiro Nakamura, Executive Director TEL:+81-3-5385-8781
 Date to submit the Quarterly Securities Report: Aug 14, 2012
 Date to start distributing dividends: -

The original disclosure in Japanese was released on July 27, 2012 at 15:15 (GMT+9)

(1) Qualitative information regarding operating results

For the third quarter of the year ending September 30, 2012 (October 1, 2011, through June 30, 2012), net sales of SHL-JAPAN Ltd. (the “Company”) increased ¥146 million, or 11.1% year on year, to ¥1,465 million. By business segment, “Product sales” increased 26.5% to ¥730 million. “Consultancy sales” decreased 1.0% to ¥703 million and “Training sales” edged down 0.1% to ¥31 million. The increase in Product sales during the third quarter under review was primarily attributable to favorable sales of the “GAB” and “OPQ,” which are used for the screening of new graduates recruited for the main career track.

During the same period of the previous year, many customers postponed or delayed their schedules for recruiting and selecting new graduates because of the Great East Japan Earthquake, which occurred at a time during the year when recruiting activity is normally most vigorous among our customers. Consequently, the Company experienced an unstable business environment in which the provision of its services was extended compared with the conventional period. Meanwhile, the double-digit year-on-year increase in revenue for the third quarter was mainly attributable to the firm support by corporate customers for our easy-to-implement products. Conversely, the Company experienced adverse effects such as the change to the period for the provision of our services following the shortened period for recruiting and screening due to the adoption of the industry’s self-imposed controls on the screening of new graduates (under which industry groups agreed not to start the screening process and the recruitment-related PR activity for new graduates prior to a fixed date in light of academic schedules).

Operating income for the third quarter under review increased 21.2% year on year to ¥666 million. Although the cost of goods sold increased ¥16 million, or 9.9% year on year, to ¥184 million, and selling, general and administrative expenses increased ¥12 million, or 2.1%, to ¥614 million, operating income advanced ¥116 million from a year earlier due to the increase in revenue. The increase in the cost of goods sold reflected such factors as numerous deliveries of our products ordered and the increased amortization for the current version of “Master” in association with the completion of the new version of “Master.” The increase in selling, general

and administrative expenses was primarily attributable to a year-on-year increase of ¥12 million in labor costs mainly due to the expansion of sales personnel.

Ordinary income increased ¥116 million, or 21.1% from a year earlier, to ¥668 million. This figure was almost the same as operating income as both non-operating income and non-operating expenses decreased ¥1 million. The decrease in non-operating income was mainly due to a decline of ¥1 million year on year in gains on investments in a limited liability partnership for venture businesses. The decline in non-operating expenses was mainly attributable to ¥1 million in commissions for the purchase of treasury stock, which had been reported for the same period of the previous year.

Income before income taxes increased ¥110 million, or 20.1% year on year, to ¥658 million for the third quarter under review mainly due to increased ordinary income despite extraordinary losses of ¥11 million, a year-on-year increase of ¥7 million, which was partly offset by extraordinary gains of ¥1 million, a year-on-year increase of ¥1 million. The extraordinary gains of ¥1 million corresponded to a ¥1 million gain on sales of investments in securities, whereas the extraordinary losses of ¥11 million corresponded to an ¥11 million loss on sales of golf club memberships.

After taking into account the above factors and income taxes—current and income taxes—deferred, net income for the third quarter under review increased ¥59 million, or 18.3%, from a year earlier to ¥384 million.

(2) Qualitative information regarding results forecasts

Conventionally, the fourth quarter of the Company (July 1 through September 30 of each year) falls under the period on which sales of screening tools for the coming year's new graduates are concentrated. Regarding the fourth quarter of the year ending September 2012 (July 1, 2012, through September 30, 2012), however, we recognize that such sales of screening tools for next year's new graduates could be affected, to a certain degree, by the industry's self-imposed controls on the screening of new graduates including a postponement of the sales period.

In light of the above and based on our analysis of the operating results, financial position and other managerial data for the third quarter ended June 30, 2012, followed by an examination of results forecasts, under the policy of improving our operating results by focusing on cultivating new customers, no changes have been made to our financial forecasts for the year ending September 30, 2012, which were released on October 28, 2011.

* Implementation status of quarterly review procedures

This financial results summary is not subject to quarterly review procedures under the Financial Instruments and Exchange Act, and the quarterly financial statement review procedures based on the Act were in progress at the time of the disclosure of these financial results.

* The forward looking statements regarding financial results forecasts, etc. appearing in this financial results summary have been prepared based on information currently available to the Company and certain assumptions that the Company believes to be reasonable. The Company makes no guarantees as to their realization. Actual financial results may differ substantially from the forecasts due to various factors.