

Non-Consolidated Financial Results (Excerpt) for the Third Quarter of Fiscal 2015 [J-GAAP basis]

Listed Company Name: SHI-JAPAN Ltd.	Registered on Tokyo Stock Exchange
Securities Code: 4327	URL: http://www.shl.co.jp/
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Date to submit the Quarterly Securities Report:	Aug 11, 2015
Date to start distributing dividends:	-
Supplementary documents for this summary of financial statements	None
Results briefing for financial results:	None

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1. Non-Consolidated Financial Results for the Third Quarter of Fiscal 2015 (October 1, 2014 to June 30, 2015)

(1) Non-Consolidated Business Results

(The percentages indicate the rate of increase or decrease compared with the same period of the previous fiscal year.)

	Net sales		Operating income			Ordinary income			Net income			
	Millions of	Yen	%	Millions of	Yen	%	Millions of	Yen	%	Millions of	Yen	%
First nine months of Fiscal 2015	1,694		△2.0	738		△9.8	752		△8.2	475		△5.3
First nine months of Fiscal 2014	1,729		6.0	819		2.1	819		1.8	502		△3.6

	Net income per share	Fully diluted net income per share
	Yen	Yen
First nine months of Fiscal 2015	158.56	157.26
First nine months of Fiscal 2014	162.01	160.53

(2) Non-Consolidated Financial Position

	Total assets		Net assets		Equity ratio
	Millions of	Yen	Millions of	Yen	%
June 30, 2015	3,785		3,264		86.0
Sep 30, 2014	3,589		3,116		86.5

(Reference) Equity capital: Jun 30, 2015: ¥3,256 million Sep 30, 2014: ¥3,104 million

2. Dividends

	Dividend per share				
	End of First quarter	End of Second quarter	End of Third quarter	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2014	—	45.00	—	47.00	92.00
Fiscal 2015	—	46.00	—		
Fiscal 2015 (forecast)				46.00	92.00

(Note) Revisions to recent dividends forecast: None

3. Non-Consolidated Forecast for the Year Ending September 30, 2015 (October 1, 2014 to September 30, 2015)

	Net sales		Operating income			Ordinary income			Net income			Net income per share	
	Millions of	Yen	%	Millions of	Yen	%	Millions of	Yen	%	Millions of	Yen	%	Yen
Fiscal 2015	2,181		5.1	895		0.7	895		0.1	575		3.5	191.44

(Note) Revisions to recent business forecast: None

*Note

- (1) Application of particular accounts procedures to the preparation of quarterly non-consolidated financial statements: Yes
- (2) Changes in accounting policies and changes or restatement of accounting estimates
- | | |
|--|------|
| (i) Changes in accounting policies caused by revision of accounting standards: | None |
| (ii) Changes in accounting policies other than (i) : | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Restatement: | None |

(1) Number of shares outstanding (common stock)

(i) Number of shares outstanding (including treasury shares)	As of Jun 30, 2015	3,018,679	As of Sep 30, 2014	3,101,800
(ii) Number of treasury shares	As of Jun 30, 2015	-	As of Sep 30, 2014	81,921
(iii) Average Number of shares outstanding	First nine months of Fiscal 2015	2,999,886	First nine months of Fiscal 2014	3,101,779

* 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.

* Explanations and other special notes concerning the appropriate use of financial results forecasts

1. 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 guarantee as to their realization. Actual financial results may differ substantially from the forecasts due to various factors.

2. As the Company's services are often used for the screening of new graduates to be employed by corporate customers, our sales inevitably involve seasonal fluctuations. Up to the fiscal year ended September 30, 2014, our sales tended to be concentrated in the second quarter, during which screening for the employment of new graduates was often conducted by many corporate customers. However, the period in which our sales are concentrated has now shifted.

Qualitative information regarding the quarterly settlement of accounts

(1) Explanation of operating results

During the first nine months of the year ending September 30, 2015 (October 1, 2014, through June 30, 2015), net sales of SHL-JAPAN Ltd. (the “Company”) decreased ¥35 million, or 2.0%, year over year to ¥1,694 million. By business segment, “Product sales” decreased 1.2% to ¥903 million and “Consultancy sales” decreased 4.1% to ¥750 million, whereas “Training sales” increased 23.8% to ¥39 million.

As self-imposed regulations regarding the employment of new graduates* have been introduced by industry groups effective from the current fiscal year (the year ending September 2015), many corporations delayed their schedules concerning recruitment-related PR activity and screening compared with previous years, causing the Company to delay its concentrated period for the provision of services to the second half of the current fiscal year. This delayed schedule was the primary reason for the significant year-over-year decrease in revenue for the first six months (October 1, 2014 through March 31, 2015). However, in the third quarter of the current fiscal year (April 1 through June 30, 2015), the Company’s sales successfully recovered in tune with the aggressive screening of new graduates by corporations.

Operating income for the nine-month period under review decreased 9.8% year over year to ¥738 million. In addition to the decline in revenue, the cost of goods sold rose ¥22 million, or 9.2%, year over year to ¥260 million, and selling, general and administrative expenses increased ¥23 million, or 3.4%, year over year to ¥694 million, thereby reducing operating income by ¥80 million year over year. The primary factor for the increase in the cost of goods sold is the increase in subcontracting cost associated with the operation of hall tests of which sales recovered earlier than other sales materials. The increase in selling, general and administrative expenses was mainly attributable to the year-over-year increases in rent due to increased floor space, in labor costs largely due to the expansion centered on sales personnel and in sales promotion-related expenses.

Ordinary income for the nine-month period under review decreased 8.2% year over year to ¥752 million. Ordinary income decreased ¥67 million year over year, reflecting the increase in non-operating expenses and the decrease in operating income although non-operating income increased ¥13 million year over year mainly by recording the gains on investments in a limited liability partnership for venture businesses, etc.

Income before income taxes for the nine-month period under review decreased ¥68 million, or 8.3%, year over year to ¥752 million mainly due to a year-over-year decrease of ¥1 million in extraordinary gains in addition to the decrease in ordinary income.

Income taxes-current and income taxes-deferred amounted to ¥276 million, for which the estimated effective tax rate was 36.8% due to the change in the corporate tax rate (38.7% for the corresponding nine-month period a year earlier). Net income for the nine-month period under review decreased ¥26 million, or 5.3%, year over year to ¥475 million, which was primarily attributable to the decrease in income before income taxes.

* The industry has self-imposed controls regarding the employment of new graduates, under which industry groups agreed not to start employment PR activity and screening process for new graduates prior to a fixed date in light of the academic schedules for students. The Keidanren (Japan Business Federation) stipulated in its “Guidelines for Recruiting and Employing New Graduates” that corporations’ PR activity shall commence on and after March 1 (previously, it had been December 1 of the year prior to graduation or completion), and screening activity on and after August 1 (previously, it had been April 1 of the year of graduation or completion), respectively, of the year just preceding the year of graduation or post-graduate completion

for new graduates who will enter corporations on and after fiscal 2016.

(Illustration of new graduates)

Graduating Year	Junior Students	Senior Students
Students scheduled to graduate in 2015	December 1 ⇒PR Activity	April 1 ⇒Screening Activity
Students scheduled to graduate in 2016	March 1 ⇒PR Activity	August 1 ⇒Screening Activity

(2) Explanation about future prospects such as business forecasts

As described in “(1) Explanation of operating results” above, the screening market for new graduates is in progress in line with the impact of self-imposed controls newly introduced by industry groups.

With the Japanese economy following a moderate recovery undertone due to a set of economic policies and other factors and with a rising sense of a crunch in the labor market, the Company believes that the employment environment will remain steady. Corporations have started to conduct aggressive screening of students who are expected to graduate from universities, etc. in 2016. At the same time, the amounts of expected orders for the fourth quarter (July 1 through September 30, 2015) have been successfully accumulated.

Under the recognition that our sales are likely to be concentrated in periods different from those for the previous fiscal years and based on our analysis of the prospective orders and other managerial administrative data for the current situation, followed by our careful considerations of business forecasts, the Company is not, at this time, revising its financial forecast for the year ending September 30, 2015, which was released on October 27, 2014.

Note: Net income per share has been revised based on the “Average number of shares outstanding” (3,004,623 shares) for the year ending September 30, 2015, which was calculated by taking into account the number of shares issued through the exercise of stock acquisition rights as stock options by the end of the third quarter of the year ending September 30, 2015, and the number of treasury shares that were retired on May 13, 2015.