

## Non-Consolidated Financial Results (Excerpt) for the First Quarter of Fiscal 2017 [J-GAAP basis]

Listed Company Name: SHI-JAPAN Ltd.	Registered on Tokyo Stock Exchange
Securities Code: 4327	URL: <a href="http://www.shl.co.jp/">http://www.shl.co.jp/</a>
Representative: Manabu Nara, Managing Director	
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Date to submit the Quarterly Securities Report:	Feb 14, 2017
Date to start distributing dividends:	-
Supplementary documents for this summary of financial statements	None
Results briefing for financial results:	None

The original disclosure in Japanese was released on Jan 27, 2017 at 15:15 (GMT+9)

### 1. Non-Consolidated Financial Results for the First Quarter of Fiscal 2017 (October 1, 2016 to Dec 31, 2017)

#### (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 three months of Fiscal 2017		278	△0.7	△12		—	△12		—	△5		—
First three months of Fiscal 2016		280	7.7	△6		—	△6		—	△4		—

	Net income per share	Fully diluted net income per share
	Yen	Yen
First three months of Fiscal 2017	△1.93	—
First three months of Fiscal 2016	△1.44	—

#### (2) Non-Consolidated Financial Position

	Total assets		Net assets		Equity ratio
	Millions of	Yen	Millions of	Yen	%
Dec 31, 2016		3,938		3,590	91.1
Sep 30, 2016		4,398		3,789	86.1

(Reference) Equity capital: Dec 31, 2016: ¥3,586 million Sep 30, 2016: ¥3,785 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 2016	—	49.00	—	61.00	110.00
Fiscal 2017	—				
Fiscal 2017 (forecast)		55.00	—	55.00	110.00

(Note) Revisions to recent dividends forecast: None

### 3. Non-Consolidated Forecast for the Year Ending September 30, 2017 (October 1, 2016 to September 30, 2017)

	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 2017		2,520	4.1	1,034	1.6	1,032	1.1	701	5.2				230.62

(Note) Revisions to recent business forecast: None

Net income per share has been adjusted based on the average number of shares outstanding (3,043,439 shares) for the year ending September 30, 2017, which was computed taking into account the number of shares issued during the first quarter of the year ending September 30, 2017, to address the exercise of subscription rights to shares as a stock option.

- (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 Dec 31, 2016	3,043,979	As of Sep 30, 2016	3,040,979
(ii) Number of treasury shares	As of Dec 31, 2016	33	As of Sep 30, 2016	33
(iii) Average Number of shares outstanding	First three months of Fiscal 2017	3,041,935	First three months of Fiscal 2016	3,024,708

\* 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 forecastss

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. Accordingly, the Company's performance management is conducted on an annual basis without presenting business forecasts for the first half.

Qualitative information regarding the quarterly settlement of accounts

(1) Explanation of operating results

During the first three months of the year ending September 30, 2017 (October 1, 2016, through December 31, 2016), net sales of SHL-JAPAN Ltd. (the “Company”) decreased ¥1 million, or 0.7%, year over year to ¥278 million. By business segment, “Product sales” increased 1.2% to ¥156 million, “Consultancy sales” decreased 7.1% to ¥112 million and “Training sales” increased 89.4% to ¥10 million.

The decrease in net sales was primarily attributable to the fact that many customers’ recruiting and screening schedules for students who are expected to graduate in fiscal 2017 were completed earlier on a year-over-year basis, as a result of the self-imposed regulations regarding the employment of new graduates\* that were changed in the previous fiscal year. This led to lower demand for marking and other score processing operations in bubble sheet test services during the three-month period under review, compared to the same period of the previous fiscal year.

Operating loss for the three-month period under review totaled ¥12 million (compared with operating loss of ¥6 million for the same period of the previous fiscal year). While the cost of goods sold decreased ¥1 million, or 2.5%, year over year to ¥58 million, an operating loss was incurred mainly because selling, general and administrative expenses increased ¥5 million, or 2.3%, year over year to ¥233 million, in addition to the decrease in net sales. The primary factors for the increase in selling, general and administrative expenses were the increases in labor expenses, as well as taxes and dues.

Ordinary loss for the three-month period under review totaled ¥12 million (compared with ordinary loss of ¥6 million for the same period of the previous fiscal year). This figure was almost equal to operating loss because both non-operating income and non-operating expenses were small as in the same period of the previous fiscal year.

Loss before income taxes for the three-month period under review totaled ¥8 million (compared with loss before income taxes of ¥6 million for the same period of the previous fiscal year). This was primarily due to the reporting of ¥3 million of gain on sales of investment securities as extraordinary gains.

After taking into account the above factors and income taxes—current and income taxes—deferred, net loss for the three-month period under review totaled ¥5 million (compared with net loss of ¥4 million for the same period of the previous fiscal year).

- \* The industry has self-imposed controls regarding the employment of new graduates, under which industry groups agreed not to start employment PR activity and the 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 for new graduates who will enter corporations in fiscal 2017 onwards shall commence on and after March 1 of the year just preceding the year of graduation or post-graduate completion, and screening activity on and after June 1 of the year of graduation or completion (it had been August 1 of the year of graduation or completion for new graduates who will enter corporations in fiscal 2016).

(2) Explanation about future prospects such as business forecasts

In the year under review, the Company believes that corporations remain firmly motivated to hire more employees as in the previous fiscal year and the screening market environment for new graduates continues to grow steadily.

We intend to continue enhancing our operating performance by speedily providing optimum services based on our precise analysis and understanding of corporate customers' needs.

In light of the above and based on our analysis of the business results, financial position and other managerial administrative material for the three-month period under review, followed by our careful consideration of business forecasts, the Company is not, at this time, revising its business forecast for the year ending September 30, 2017, which was released on October 28, 2016.