February 5, 2015

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

Listed Company Name: SHl-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: February 16, 2015
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 January 29, 2015 at 15:15 (GMT+9)

1. Non-Consolidated Financial Results for the first Quarter of Fiscal 2016 (October1, 2014 to December 31, 2014)

(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 2015	260	△16.8	△19	—	△19	—	△12	—
First three months of Fiscal 2014	313	11.0	48	29.3	48	28.9	30	△38.1

	Net income per share	Fully diluted net income per share
	Yen	Yen
First three months of Fiscal 2015	△4.15	—
First three months of Fiscal 2014	9.74	9.67

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
Dec 31, 2014	3,179	2,876	90.0
Dec 31, 2013	3,589	3,116	86.5

(Reference) Equity capital: Dec 31, 2014:¥2,863 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	—				
Fiscal 2015 (forecast)		46.00	—	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	185.44

(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 oustsanding (common stock)

(i) Number of shares outstanding (including treasury shares)	As of Dec 31, 2014	3,106,300	As of Sep 30, 2014	3,101,800
(ii) Number of treasury shares	As of Dec 31, 2014	121,321	As of Sep 30, 2014	81,921
(iii) Average Number of shares outstanding	First three months of Fiscal 2015	2,988,458	First three months of fiscal 2014	3,101,797

* 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 guarantees 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. In recent years, our sales have tended to be concentrated in the second quarter, during which screening for employment of new graduates is often conducted by many corporate customers. However, the actual timing for the screening and employment of new graduates varies depending on the year. Accordingly, we have not presented cumulative performance forecasts for the first two quarters.

Qualitative information regarding the quarterly settlement of accounts

(1) Explanation of Operating Results

During the first quarter of the year ending September 30, 2015 (October 1, 2014 through December 31, 2014), net sales of SHL-JAPAN Ltd. (the "Company") decreased ¥52 million, or 16.8% year over year, to ¥260 million. By business segment, "Product sales" increased 5.3% to ¥146 million and "Consultancy sales" decreased 37.5% to ¥106 million, whereas "Training sales" increased 231% to ¥7 million.

The decrease in net sales for the first quarter is attributable to a massive decline in Consultancy sales. Consultancy sales mainly accounts for the sales of screening tools for leading corporations employing new graduates. However, as self-imposed controls regarding the employment of new graduates* were introduced by industry groups, many of the Company's target customers among Consultancy sales delayed their schedules concerning recruitment-related PR activity and screening compared with previous years, causing the Company to delay its period for provision of services, which was the primary reason for the decrease in revenue. Meanwhile, the employment environment continues to be steady, with corporations maintaining the aggressiveness with their employment activities for new graduates for 2015 who are not subject to such self-imposed controls as well as for experienced staff, along with increases in orders for employee assessment services associated with standardizing assignment, training, and employment within corporations. These factors contributed to secure increases in Product sales and Training sales revenue.

Operating loss for the first quarter under review totaled ¥19 million (¥48 million operating income for the same period of the previous fiscal year). The loss was mainly attributable not only to a decrease in revenue but also a rise in cost of goods sold by ¥7 million, or 13.2% year over year to ¥63 million; furthermore, selling, general and administrative expenses rose ¥7 million, or 3.7%, year over year to ¥217 million. The primary factor for the rise in cost of goods sold is an increase in subcontract cost associated with the provision of new services, whereas the increase in selling, general and administrative expenses was mainly attributable to the year-over-year increases in labor costs largely due to the expansion centered on sales personnel and in rent due to increased sales floor space.

Ordinary loss for the first quarter under review totaled ¥19 million (ordinary income for the same period of the previous fiscal year totaled ¥48 million). This figure was almost equal to operating loss because both non-operating income and non-operating expenses were small.

Income before income taxes for the quarter under review totaled ¥19 million (income before income taxes for the same period of the previous fiscal year totaled ¥49 million). This figure was equal to ordinary loss because there were no extraordinary gains and losses to be reported.

After taking into account the above factors and income taxes-current and income taxes-deferred, net loss for the quarter under review resulted in ¥12 million (net income for the same period of the previous fiscal year totaled ¥30 million).

* 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

The screening market for new graduates is anticipated to progress in line with the impact of self-imposed controls newly introduced by industry groups. However, corporations are anticipated to aggressively conduct their recruiting activities for new graduates and experienced staff, since the economy is moderately recovering due to a set of economic policies and other factors, whereupon the employment environment continues to be steady, with a rising sense of crunch in the labor market.

We intend to improve our business performance by precisely analyzing the needs in the screening schedules for employment of new graduates which have been delayed by each corporation, thereby aggressively promoting sales activities to avoid loss of any opportunities.

Under the recognition described above and based on our analysis of the operating results, financial position and other managerial administrative data for the first quarter ended December 31, 2014, followed by our careful consideration 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.