May 12, 2015

Non-Consolidated Financial Results (Excerpt) for the Second 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/
Representative:	Manabu Nara, Managing Director	
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Date to submit the Quarterly Securities Report:		May 15, 2015
Date to start distributing dividends:		June 1, 2015
Supplementary documents for this summary of financial statements		Yes
Results briefing for financial results:		Yes (for analysts and institutional investors)

The original disclosure in Japanese was released on April 28, 2015 at 15:15 (GMT+9)

1. Non-Consolidated Financial Results for the Second Quarter of Fiscal 2016 (October 1, 2014 to March 31, 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 six months of Fiscal 2015	839	△34.4	268	△60.6	282	△58.7	178	△57.4
First six months of Fiscal 2014	1,280	8.9	682	7.5	682	7.0	418	5.4

	Net income per share	Fully diluted net income per share
	Yen	Yen
First six months of Fiscal 2015	59.65	59.16
First six months of Fiscal 2014	135.05	133.87

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
Mar 31, 2015	3,510	3,103	88.2
Sep 30, 2014	3,589	3,116	86.5

(Reference) Equity capital: Mar 31, 2015: ¥3,094 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	191.48

(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 Mar 31, 2015	3,137,500	As of Sep 30, 2014	3,101,800
(ii) Number of treasury shares	As of Mar 31, 2015	121,321	As of Sep 30, 2014	81,921
(iii) Average Number of shares outstanding	First six months of Fiscal 2015	2,991,636	First six 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.

3. The Company has scheduled a results briefing for analysts and institutional investors on May 12, 2015. Please refer to the IR Information on the Company's website where the materials will be posted for details of the materials that will be distributed at the briefing.
http://www.shl.ne.jp/ir/for_analyst.asp

Qualitative information regarding the quarterly settlement of accounts

(1) Explanation of Operating Results

During the first six months of the year ending September 30, 2015 (October 1, 2014, through March 31, 2015), net sales of SHL-JAPAN Ltd. (the “Company”) decreased ¥440 million, or 34.4%, year over year to ¥839 million. By business segment, “Product sales” decreased 35.8% to ¥394 million, “Consultancy sales” decreased 33.1% to ¥430 million and “Training sales” decreased 36.4% to ¥14 million.

Previously, the second quarter of the Company (January 1 through March 31) had been the most vigorous period for the screening of new graduates conducted by our customers, which had caused the Company’s net sales in the second quarter to be higher than those in other quarters. Such results were mainly due to sales of screening tools and score processing operations. However, as self-imposed regulations regarding the employment of new graduates* were introduced by industry groups, many of our customers 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 third quarter (starting in April 2015) or later, which is in the second half of the current fiscal year. This delayed schedule was the primary reason for the decrease in first-half revenue.

Operating income for the six-month period under review decreased 60.6% year over year to ¥268 million. Selling, general and administrative expenses increased ¥1 million, or 0.3%, to ¥446 million, whereas the cost of goods sold decreased ¥28 million, or 18.5%, to ¥123 million. Operating income decreased ¥413 million from a year earlier due to the decrease in revenue. The primary factor for the decrease in cost of goods sold is decreases in the subcontracting cost associated with the provision of new services and the printing expenses for test materials, both arising from the decrease in revenue. The increase in selling, general and administrative expenses was mainly attributable to the year-over-year increases in labor costs largely due to expansion centered on sales personnel and in rent due to increased sales floor space despite decreases in royalties and sales promotion-related expenses associated with the decrease in revenue.

Ordinary income for the six-month period under review decreased 58.7% year over year to ¥282 million. Ordinary income decreased ¥400 million year over year, reflecting 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 six-month period under review decreased ¥401 million, or 58.7%, year over year to ¥282 million. This figure was almost equal to ordinary income because no extraordinary losses were reported and extraordinary gains were small.

Income taxes-current and income taxes-deferred amounted to ¥103 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 six-month period a year earlier). Net income for the six-month period under review decreased ¥240 million, or 57.4%, year over year to ¥178 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

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 economy recovering moderately due to a set of economic policies and other factors and with the employment environment continuing to be steady, a rising sense of a crunch exists in the labor market. Given the impact of the aforementioned new self-imposed controls, corporations are therefore currently conducting aggressive PR activities for students who are expected to graduate from universities, etc. in 2016. At the same time, the amounts of expected orders for the third quarter (starting in April 2015) or later have been successfully accumulated, supported by the increasingly active screening-related preparatory activities of corporations.

Under the recognition that our sales are likely to be concentrated in the third quarter or later of the current fiscal year and based on our analysis of the prospective orders and other managerial administrative data for the current situation, 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.

Note: Net income per share has been revised based on the “Average number of shares outstanding” (3,003,941 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 second quarter of the year ending September 30, 2015, and the number of treasury shares that are scheduled to be retired on May 13, 2015.