February 15, 2016

Non-Consolidated Financial Results (Excerpt) for the First Quarter of Fiscal 2016 [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:		Februry 15, 2016
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 27, 2016 at 15:15 (GMT+9)

1. Non-Consolidated Financial Results for the First Quarter of Fiscal 2016 (October 1, 2015 to December 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 three months of Fiscal 2016	280	7.7	△6	—	△6	—	△4	—
First three months of Fiscal 2015	260	△16.8	△19	—	△19	—	△12	—

	Net income per share	Fully diluted net income per share
	Yen	Yen
First three months of Fiscal 2016	△1.44	—
First three months of Fiscal 2015	△4.15	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
Dec 31, 2015	3,564	3,237	90.6
Sep 30, 2015	4,005	3,386	84,4

(Reference) Equity capital: Dec 31, 2015: ¥3,231 million Sep 30, 2015: ¥3,379 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 2015	—	46.00	—	52.00	98.00
Fiscal 2016	—				
Fiscal 2016 (forecast)		49.00	—	49.00	98.00

(Note) Revisions to recent dividends forecast: None

3. Non-Consolidated Forecast for the Year Ending September 30, 2016 (October 1, 2015 to September 30, 2016)

	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 2016	2,368	3.9	962	3.9	962	2.5	639	8.7	211.29

(Note) Revisions to recent business forecast: None

Net income per share has been adjusted based on the average number of shares outstanding (3,028,355 shares) for the year ending September 30, 2016, which was computed taking into account the number of shares issued during the first quarter of the year ending September 30, 2016, to address the exercise of subscription rights to shares as a stock option.

*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 Dec 31, 2015	3,029,579	As of Sep 30, 2015	3,023,079
(ii) Number of treasury shares	As of Dec 31, 2015	—	As of Sep 30, 2015	—
(iii) Average Number of shares outstanding	First three months of Fiscal 2016	3,024,708	First three months of Fiscal 2015	2,988,458

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

Qualitative information regarding the quarterly settlement of accounts

(1) Explanation of operating results

During the first quarter of the year ending September 30, 2016 (October 1, 2015 through December 31, 2015), net sales of SHL-JAPAN Ltd. (the “Company”) increased ¥20 million, or 7.7% year over year, to ¥280 million. By business segment, “Product sales” increased 5.7% to ¥154 million and “Consultancy sales” increased 13.1% to ¥120 million, whereas “Training sales” decreased 29.5% to ¥5 million.

The increase in net sales for the first quarter was attributable to a large number of test takers for this season, leading to increased volumes of marking and other score processing duties, which we believe was due to reasons such as the prolonged period for recruiting and screening at leading corporations and small to medium-sized corporations as a result of a delay of the schedules concerning recruitment and screening of new graduates expected to graduate from universities, etc., in 2016 mainly at the Keidanren (Japan Business Federation) member companies and the increased demand for screening for internships.

Operating loss for the first quarter under review totaled ¥6 million (compared with ¥19 million operating loss for the same period of the previous fiscal year). The loss was mainly attributable to a rise in selling, general and administrative expenses of ¥10 million, or 4.9% year over year, to ¥227 million despite an increase in revenue and a decrease in cost of goods sold of ¥3 million, or 5.5% year over year, to ¥59 million. The decrease in cost of goods sold was primarily attributable to the decrease in amortization of product master. The primary factor for the increase in selling, general and administrative expenses was increased sales promotion-related expenses.

Ordinary loss for the first quarter under review totaled ¥6 million (compared with ordinary loss of ¥19 million for the same period of the previous fiscal year). This figure was almost equal to the operating loss because both non-operating income and non-operating expenses were small.

Loss before income taxes for the quarter under review totaled ¥6 million (compared with ¥19 million loss before income taxes for the same period of the previous fiscal year). This figure was equal to the 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 of ¥4 million was reported (compared with net loss of ¥12 million for the same period of the previous fiscal year).

(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.