May 12, 2016

Non-Consolidated Financial Results (Excerpt) for the Second 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/
Representative:	Manabu Nara, Managing Director	
Contact:	Naohiro Nakamura, executive director	Tel: +81-3-5385-8781
Date to submit the Quarterly Securities Report:		May 16, 2016
Date to start distributing dividends:		Jun 1, 2016
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, 2016 at 15:15 (GMT+9)

1. Non-Consolidated Financial Results for the Second Quarter of Fiscal 2016 (October 1, 2015 to March 31, 2016)

(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 2016	1,025	22.2	418	55.7	419	48.8	278	55.9
First six months of Fiscal 2015	839	△34.4	268	△60.6	282	△58.7	178	△57.4

	Net income per share	Fully diluted net income per share
	Yen	Yen
First six months of Fiscal 2016	91.89	91.40
First six months of Fiscal 2015	59.65	59.16

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
Mar 31, 2016	4,037	3,543	87.6
Sep 30, 2015	4,005	3,386	84,4

(Reference) Equity capital: Mar 31, 2016: ¥3,538 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	—	49.00			
Fiscal 2016 (forecast)			—	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	210.96

(Note) Revisions to recent business forecast: None

Net income per share has been adjusted based on the average number of shares outstanding (3,033,107 shares) for the year ending September 30, 2016, which was computed taking into account the number of shares issued during the second 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 Mar 31, 2016	3,037,679	As of Sep 30, 2015	3,023,079
(ii) Number of treasury shares	As of Mar 31, 2016	—	As of Sep 30, 2015	—
(iii) Average Number of shares outstanding	First six months of Fiscal 2016	3,028,535	First six months of Fiscal 2015	2,991,636

* 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.

.

Qualitative information regarding the quarterly settlement of accounts

(1) Explanation of operating results

During the first six months of the year ending September 30, 2016 (October 1, 2015, through March 31, 2016), net sales of SHL-JAPAN Ltd. (the “Company”) increased ¥186 million, or 22.2% year over year, to ¥1,025 million. By business segment, “Product sales” increased 21.5% to ¥479 million, “Consultancy sales” increased 22.1% to ¥525 million and “Training sales” increased 40.6% to ¥20 million.

During the six-month period under review, the Company conducted aggressive marketing activities against a backdrop of the positive sentiment of corporations for which the media reported an increase for the fifth consecutive year in the job offers-to-seekers ratio of new graduates who are expected to graduate in March 2017. In addition, as the self-imposed regulations regarding the employment of new graduates* that were introduced by industry groups were again revised, many corporations hastened to accelerate the recruiting and screening schedule for new graduates who will graduate in 2017 earlier than the previous year, which enhanced the trend of the early provision of our services on a year-over-year basis. The Company believes that these circumstances contributed to year-over-year increases in net sales of 20%-plus in all business segments.

Operating income for the six-month period under review increased 55.7% year over year to ¥418 million. Although the cost of goods sold increased ¥3 million, or 2.9% year over year, to ¥127 million, and selling, general and administrative expenses increased ¥32 million, or 7.3% year over year, to ¥479 million, operating income increased ¥149 million year over year due to the increase in revenue. The increase in the cost of goods sold primarily was attributable to increases in labor expenses and subcontracting costs resulting from the increase of orders despite a decrease in amortization of product master. The primary factors for the increase in selling, general and administrative expenses were increases in sales promotion-related expenses and in labor expenses largely due to an expansion of sales personnel.

Ordinary income for the six-month period under review increased 48.8% year over year to ¥419 million. Ordinary income increased ¥137 million year over year, reflecting a small amount in non-operating expenses similar to that for the same period a year earlier and the increase in operating income, although non-operating income decreased ¥12 million year over year to ¥1 million. The primary factor for the decrease in non-operating income was the reporting of ¥12 million as gains on investments in a limited liability partnership for the same period of the previous fiscal year.

Income before income taxes for the six-month period under review increased ¥138 million, or 48.9% year over year, to ¥420 million, which was almost equal to ordinary income because extraordinary gains were small and there were no extraordinary losses to be reported.

Income taxes—current and income taxes—deferred increased ¥38 million, or 36.9% year over year, to ¥141 million, for which the estimated effective tax rate was 33.8% due to the change in the corporate tax rate (36.8% for the corresponding six-month period a year earlier). Net income for the six-month period under review increased ¥99 million, or 55.9% year over year, to ¥278 million due to the increase 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 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 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

Despite several concerns such as the slowing trend of the emerging countries including China and the impact of the Kumamoto earthquake, the Company believes that corporations' willingness to employ will remain steady and that the market environment for recruiting and screening new graduates will remain strong in the second half of the year ending September 30, 2016. The operating results for the six-month period under review showed considerable increases in both revenue and income compared with the same period a year earlier. As was described in "(1) Explanation of operating results," this is a marked effect of the accelerated period of recruitment and screening activities occurring earlier than in the previous year.

We intend to continue enhancing our operating performance by speedily providing optimum services based on our precise analysis and understanding of corporate customers' needs while appropriately responding to the recent change in the self-imposed regulations regarding the employment of new graduates.

In light of the above and based on our analysis of the operating results, financial position and other managerial administrative data for the six-month period under review, 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, 2016, which was released on October 29, 2015.