



Aug 10, 2016

Non-Consolidated Financial Results (Excerpt) for the Third Quarter of Fiscal 2016 [J-GAAP basis]

Listed Company Name:	SHI-JAPAN Ltd.	Registered on Tokyo Stock Exchange
Securities Code:	4327	URL: http://www.shi.co.jp/
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Date to submit the Quarterly Securities Report:		Aug 10, 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 Jul 29, 2016 at 15:15 (GMT+9)

1. Non-Consolidated Financial Results for the Third Quarter of Fiscal 2016 (October 1, 2015 to June 30, 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 nine months of Fiscal 2016	2,021	19.3	979	32.6	981	30.5	649	36.6
First nine months of Fiscal 2015	1,694	△2.0	738	△9.8	752	△8.2	475	△5.3

	Net income per share	Fully diluted net income per share
	Yen	Yen
First nine months of Fiscal 2016	214.34	213.22
First nine months of Fiscal 2015	158.56	157.26

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
Jun 30, 2016	4,398	3,773	85.7
Sep 30, 2015	4,005	3,386	84.4

(Reference) Equity capital: Jun 30, 2016: ¥3,768 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	985	6.4	987	5.1	653	11.1	215.54

(Note) Revisions to recent business forecast: Yes

Net income per share has been calculated based on the average number of shares outstanding (3,033,097 shares) for the year ending September 30, 2016, which was computed taking into account the number of shares issued as a result of the exercise of subscription rights to shares as a stock option before or during the third quarter of the year ending September 30, 2016, and the number of treasury shares acquired in response to requests for purchase of shares less than one unit.

- (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 Jun 30, 2016	3,037,679	As of Sep 30, 2015	3,023,079
(ii) Number of treasury shares	As of Jun 30, 2016	33	As of Sep 30, 2015	—
(iii) Average Number of shares outstanding	First nine months of Fiscal 2016	3,031,569	First nine months of Fiscal 2015	2,999,886

* 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.

Qualitative information regarding the quarterly settlement of accounts

(1) Explanation of operating results

During the first nine months of the year ending September 30, 2016 (October 1, 2015, through June 30, 2016), net sales of SHL-JAPAN Ltd. (the “Company”) increased ¥326 million, or 19.3%, year over year to ¥2,021 million. By business segment, “Product sales” increased 25.7% to ¥1,135 million, “Consultancy sales” increased 11.0% to ¥833 million and “Training sales” increased 31.0% to ¥52 million.

During the nine-month period under review, the Company has focused on conducting more aggressive marketing activities, while the media reported the positive sentiment of corporations such as 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 exemplified by the media reporting a significant increase in the early unofficial job offer rate for new graduates on a year-over-year basis, as a result of the revision of the self-imposed regulations regarding the employment of new graduates* that were introduced by industry groups, corporations accelerated the progress on recruitment and screening of new graduates compared with the previous year, leading to the early provision of our services on a year-over-year basis. The Company believes that these circumstances contributed to year-over-year growth in net sales of at least double digit in all business segments during the nine-month period under review.

Operating income for the nine-month period under review increased 32.6% year over year to ¥979 million. Although the cost of goods sold increased ¥36 million, or 14.0% year over year, to ¥297 million, and selling, general and administrative expenses increased ¥49 million, or 7.1% year over year, to ¥744 million, operating income increased ¥240 million year over year due to the increase in revenue. The increase in the cost of goods sold primarily was attributable to increases in subcontracting costs resulting from the increase of orders. The primary factors for the increase in selling, general and administrative expenses were increases in royalty, taxes and dues and sales promotion-related expenses in addition to increase in labor expenses largely due to an expansion of sales personnel.

Ordinary income for the nine-month period under review increased 30.5% year over year to ¥981 million. Ordinary income increased ¥229 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 ¥11 million year over year to ¥2 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 nine-month period under review increased ¥229 million, or 30.5% year over year, to ¥981 million, which was almost equal to ordinary income because both extraordinary gains and extraordinary losses were small.

Income taxes—current and income taxes—deferred increased ¥54 million, or 19.9% year over year, to ¥331 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 nine-month period a year earlier). Net income for the nine-month period under review increased ¥174 million, or 36.6% year over year, to ¥649 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

The operating results for the nine-month period under review, 2016 (October 1, 2015, through June 30, 2016) showed considerable increases in both revenue and income compared with the same period a year earlier. Operating income, ordinary income and net income for the nine-month period under review surpassed the forecasts for the full fiscal year ending September 30, 2016. Meanwhile, the fourth quarter (July 1 through September 30, 2016) is projected, at this time, to result in profit, although net sales and each income are projected to decrease significantly compared with the same period a year earlier. In light of the operating results for the nine-month period under review and the business forecast for the fourth quarter, the Company has revised its financial forecast for the full fiscal year ending September 30, 2016.

The significant year-over-year decrease in net sales for the fourth quarter of the year ending September 30, 2016 is due to the fact that corporations accelerated the progress on recruitment and screening of new graduates who are expected to graduate in March 2017 compared with the previous year, leading to the early provision of our services on a year-over-year basis. Therefore, net sales forecast for the full fiscal year ending September 30, 2016 remains unchanged from the forecast released on October 29, 2015, and has not been revised.