



Aug 10, 2017

Non-Consolidated Financial Results (Excerpt) for the Third Quarter of Fiscal 2017 [J-GAAP basis]

Listed Company Name: SHI-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:	Aug 10, 2017
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 28, 2017 at 15:15 (GMT+9)

1. Non-Consolidated Financial Results for the Third Quarter of Fiscal 2017 (October 1, 2016 to Jun 30, 2017)

(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 2017	2,205		9.2	1,091		11.5	1,091		11.1	750		15.5
First nine months of Fiscal 2016	2,021		19.3	979		32.6	981		30.5	649		36.6

	Net income per share	Fully diluted net income per share
	Yen	Yen
First nine months of Fiscal 2017	247.00	245.86
First nine months of Fiscal 2016	214.34	213.22

(2) Non-Consolidated Financial Position

	Total assets		Net assets		Equity ratio
	Millions of	Yen	Millions of	Yen	%
Jun 30, 2017	4,766		4,087		85.7
Sep 30, 2016	4,398		3,789		86.1

(Reference) Equity capital: Jun 30, 2017: ¥4,084 million Sep 30, 2016: ¥3,785 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 2016	—	49.00	—	61.00	110.00
Fiscal 2017	—	55.00	—		
Fiscal 2017 (forecast)				55.00	110.00

(Note) Revisions to recent dividends forecast: None

3. Non-Consolidated Forecast for the Year Ending September 30, 2017 (October 1, 2016 to September 30, 2017)

	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 2017	2,570		6.2	1,111		9.2	1,109		8.7	752		12.8	247.78

(Note) Revisions to recent business forecast: Yes

With regard to net income per share, as the Company is currently in a period of acquisition of its treasury shares, it is difficult to calculate the average number of shares outstanding for the full-year period. Accordingly, net income per share is calculated based on the average number of shares outstanding for the nine-month period (3,038,247 shares).

- (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, 2017	3,047,279	As of Sep 30, 2016	3,040,979
(ii) Number of treasury shares	As of Jun 30, 2017	28,840	As of Sep 30, 2016	33
(iii) Average Number of shares outstanding	First nine months of Fiscal 2017	3,038,247	First nine months of Fiscal 2016	3,031,569

* Implementation status of quarterly review procedures

This financial results summary is not subject to quarterly review procedures.

* 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, 2017 (October 1, 2016 through June 30, 2017), net sales of SHL-JAPAN Ltd. (the “Company”) increased ¥184 million, or 9.2% year over year, to ¥2,205 million. By business segment, “Product sales” increased 13.2% to ¥1,284 million, “Consultancy sales” increased 2.1% to ¥850 million and “Training sales” increased 35.4% to ¥70 million.

During the nine-month period under review, the self-imposed regulations regarding the employment of new graduates* were left unchanged from those for previous fiscal year, and the media reported the current situation in which corporations are notably apt to secure students at an early date, given the tight labor market that favors students. The situation is exemplified by increases in the job offers-to-seekers ratio and the early unofficial job offer rate for new graduates who are expected to graduate in March 2018. In such an environment where the positive sentiment of corporations continued, reflecting their favorable operating performance, the Company conducted aggressive marketing activities in line with customers’ needs. The Company believes that this effort contributed to year-over-year increases in net sales in all the business segments, which was also supported by orders received for large-scale employee assessment services.

Operating income for the nine-month period under review increased 11.5% year over year to ¥1,091 million. Although the cost of goods sold increased ¥36 million, or 12.2% year over year, to ¥333 million, and selling, general and administrative expenses increased ¥36 million, or 4.9% year over year, to ¥780 million, operating income increased ¥112 million year over year due to the increase in net sales. The increase in the cost of goods sold was primarily attributable to an increase in subcontracting costs resulting from the increase of orders for hall tests. The primary factors for the increase in selling, general and administrative expenses were the increases in royalty and taxes and dues, despite a decrease in sales promotion-related expenses.

Ordinary income for the nine-month period under review increased 11.1% year over year to ¥1,091 million. Ordinary income increased ¥109 million year over year, reflecting the increase in operating income, while the amounts of non-operating income and non-operating expenses were roughly the same.

Income before income taxes for the nine-month period under review increased ¥113 million, or 11.6% year over year, to ¥1,094 million, due to the reporting of a ¥3 million gain on sales of investment securities as extraordinary gains.

Net income for the nine-month period under review increased ¥100 million, or 15.5% year over year, to ¥750 million, mainly due to the increase in income before income taxes and the reduction in the corporate tax rate.

* 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 onwards 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.

<Reference1: Sales by business segment>

	First nine months of Fiscal 2016		First nine months of Fiscal 2017		Rate of increase (decrease)
	Millions of Yen	Component ratio	Millions of Yen	Component ratio	
Product	1,135	56.2	1,284	58.2	13.2
Consultancy	833	41.2	850	38.6	2.1
Training	52	2.6	70	3.2	35.4
Total	2,021	100.0	2,205	100.0	9.2

<Reference2: Sales by quarterly basis>

	First Quarter	Second Quarter	Third Quarter	Year-End	Annual
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Fiscal 2015	260	578	855	584	2,279
Fiscal 2016	280	744	995	399	2,420
Fiscal 2017	278	896	1,030	—	—

*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.

(2) Explanation about future prospects such as business forecasts

The operating results for the nine-month period under review showed increases in both revenue and profits 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, 2017. Meanwhile, the fourth quarter (July 1 through September 30, 2017) is projected to result in decreased revenue and profits compared with the same period a year earlier, due to a heightened trend among corporations toward accelerating activities for recruiting and screening new graduates who are expected to graduate in March 2018, leading to the practical completion of their activities for recruiting and screening. 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, 2017.