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Abstract of interim report

Operating results and financial conditions

(a) Overview of results for the six months ended 31 March, 2002

In the first half of the year ending 30 September 2002, global slow demand in the Information Technology sector, successive corporate bankruptcies and slowdown in the stock market, has caused the Japanese economy to remain in a severe condition. Also the expected full recovery of the U.S. economy continued to remain to be seen.

Employment, which is the focus of our business, continues to be in a difficult period and unemployment is at a high level, exceeding 5 percent. Although the ratio of job openings to applications by new graduates as at March 2002 (conducted by Recruit Works R&D) improved slightly from the previous year from 1.09 times to 1.33 times, it continues to remain at a low level.

Such economic conditions has caused less employment of new graduates and resulted in Japanese companies spending less on hiring of staff. This has been the main factor leading to profit decreases in the human resources assessment industry. However, we have co-hosted a number of seminars, such as "Challenge to recruitment using the Internet" and "Case study" with agencies in order to expand sales of various assessment services such as the assessment test, which is used for recruitment of applicants who will graduate in March 2003. In addition, we have also conducted active marketing activities toward leading companies that employ a large number of new graduates, in order to develop business.

Sales for the period increased 20.1 percent over the corresponding period last year to JPY 570 million. Product sales increased 23.2 percent to JPY 217 million, consulting revenue increased 20.6 percent to JPY 340 million and training revenue, such as seminars, decreased 23.9 percent to JPY 12 million. Sales of the assessment test used for recruitment contributed to products sales. Sales, such as the assessment test development service by Internet Technology, which is used for recruitment, contributed to consulting revenue.

Operating income for the period decreased 0.2 percent over the previous period to JPY 177 million. This was mainly due to an increase in selling, general and administration expenses resulting from implementation of plans to reinforce the selling & marketing function. One development was the establishment and move of service branches, which resulted in a JPY 41 million increase in expenses (excluding personnel cost) which included JPY 24 million for Otemachi office, JPY 8 million for Osaka office and JPY 8 million for others. Another development was the increase in employee numbers, which resulted in a JPY 36 million increase in personnel costs including JPY 30 million in sales & marketing division and JPY 6 million elsewhere.

Ordinary income for the period decreased JPY 36 million to JPY 141 million, a 20.2 percent decrease compared with the previous period. Most of this decrease was attributable to stock listing expenses (JPY 33 million) in non-operating expenses.

Sales increased 20.1 percent over the previous period to JPY 570 million, operating income decreased 0.2 percent to JPY 177 million, ordinary income decreased 20.2 percent to JPY 141 million, and net income decreased 20.4 percent to JPY 80 million.

Our stock has been listed on the Osaka Securities Exchange Nasdaq Japan market since December 10, 2001.

(b) Cash Flows

Cash and cash equivalents increased JPY 49 million to JPY 557 million, a 9.7 percent increase compared with the previous period.

Net cash used for operating activities increased JPY 174 million over the previous period to JPY 221 million. Main cash inflows were income before income taxes of JPY 141 million, adjustment for depreciation expense of JPY 16 million and increase in trade payables of JPY 19 million. Main cash outflows were increase in trade receivables of JPY 264 million, cash paid for directors' bonuses of JPY 24 million and cash paid for income taxes of JPY 93 million.

Net cash used for investing activities increased JPY 89 million over the previous period to JPY 105 million. Although there was proceeds from repayment of time deposits of JPY 39 million, this was offset by increases in time deposits of JPY 129 million and purchase of intangible assets of JPY 14 million.

Net cash provided by financing activities increased JPY 411 million over the previous period to 376 million due to proceeds from issuance of stock associated with stock listing of JPY 442 million and dividends paid of JPY 65 million.

(c) Prospects for the current period

For the second half of the year ending 30 September 2002, we expect that macro-economic and employment conditions will continue to be severe and cost reduction efforts by Japanese companies will increase, therefore the difficult environment for the human resources industry is expected to continue.

We intend to help to develop our clients' organizations and develop new products and tools that lead to enhancement of management. Among other things, we are considering development of assessment center business, which is a method to evaluate and enhance the ability of each individual manager, using our products "Rashinban" and "Ketsusaibako version 2 and 3", for which we have completed development in the first half of this period. In addition, we intend to start organization development consultation through our new product "Meyasubako 2", which assesses if a company has a climate of challenge. These products will be our strategic products in the second half of the period and we will perform marketing activities actively to develop the current period results.

For the fiscal year ending 30 September 2002, we expect that sales will increase 36.8 percent over the previous period to JPY 1,300 million, ordinary income will increase 20.1 percent to JPY 375 million and net income will increase 18.5 percent to JPY 214 million.

In addition, we expect that the total cash dividend for the year will be JPY 10,000 per share with a year-end dividend of JPY 5,300 per share and interim dividend of JPY 4,700 per share. This will be a JPY 700 increase over the previous year.

Note: The above projections are based on our assumptions and beliefs in accordance with data currently available. Therefore, actual results may differ substantially from the projections depending on a number of factors.