

Company Name: SHL Japan Ltd. (code #: 4327)
 Representative director: Yuzo Shimizu
 Location of Headquarters: 5-38-16 Chuo Nakano-Ku Tokyo
 Contact: Naohiro Nakamura, Director,
 Office Management Team Leader
 Tel: 03-5385-8781

Summary of results for the nine months ended 30 June 2002

The Company's results for the nine months ended 30 June 2002 are summarized as follows. Some of the financial information included in this report has not been prepared as part of the formal closing of accounts as at 30 September 2002. The financial information has not been audited.

1 . Operation

(1) Summary of the results for the nine months ended 30 June 2002

	Nine months ended 30 June 2002		Percentage Increase (Decrease)	Nine months ended 30 June 2001		Year ended 30 September 2001	
	JPY in million		%	JPY in million		JPY in million	
Turnover	902		11.4	809		950	
Operating Profit	311		(6.8)	334		312	
Ordinary Profit	276		(17.2)	333		312	

(2) Turnover by service

	Nine months ended 30 June 2002		Percentage Increase (Decrease)	Nine months ended 30 June 2001		Year ended 30 September 2001	
	JPY in million	%		JPY in million	%	JPY in million	%
Products	421	46.7	0.3	420	51.9	491	51.7
Training	14	1.6	(21.7)	18	2.3	20	2.2
Consultancy	466	51.7	25.7	371	45.8	438	46.1
Total	902	100.0	11.4	809	100.0	950	100.0

(3) Major fluctuations in assets and liabilities

Accounts	As at 30 June 2002	Increase (Decrease)	As at 30 September 2001
(Assets)	JPY in million	JPY in million	JPY in million
Cash	840	293	547
Trade debtors	216	117	99
Intangible assets: product master work in process	26	17	9
(Liabilities)			
Income taxes payable	-	(100)	100
Accrued expenses	36	(30)	66
Equity			
Share capital	545	189	356
Share premium	309	255	54
Other retained earnings	373	77	296

(Notes)

1. Only accounts with over \ 10 million fluctuation from the 2001 year-end balance are considered.
2. “Share capital”, “Share premium” and “Cash” increased due to a capital injection during the nine months ended 30 June 2002.
3. “Trade debtors” increased due to higher turnover during the quarter ended 30 June 2002 compared with the quarter ended 30 September 2001.
4. “Product master work in process” increased mainly due to higher volumes of materials for group discussions to be used for assessment centers.
5. “Income taxes payable” decreased as a result of the final payment of tax for the previous year and the interim payment in the current year tax.
6. “Accrued expenses” decreased due to decrease in accrued bonuses and advertisement expenses. The accrued bonuses for the nine months ended 30 June 2002 were computed based on a two month service period, while those for the year ended 30 September 2001 were based on five months.
7. “Other retained earnings” increased as a result of the favorable operating result for the nine months ended 30 June 2002.

2 . Summary of operations for the nine-months ended 30 June 2002

In the nine months ended 30 June 2002, global slow demand in the Information Technology sector 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. The level of unemployment has been higher than that for the corresponding month of the previous year, exceeding 5 percent. Although the ratio of job openings to applications by new graduates as at March 2002 (based on research 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.

Current economic conditions has led to reduced 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 in the period. However, we have co-hosted a number of seminars, such as “Challenge to recruitment using the Internet” with

agencies and have also held a number of our own seminars, such as “Human resources, Big challenge” and “Commemorative seminar for establishment of the corporate culture measurement center” in order to expand sales of various assessment services, such as the assessment test, which will be used for recruitment of applicants who will graduate in March 2003. In addition, we have also conducted active proposal type marketing activities towards leading companies that employ a large number of new graduates, in order to develop business. Psychometric testing using internet technology is becoming a “hit service” as a result of leading companies’ wish to make recruitment examinations more efficient.

Sales for the period increased 11.4 percent over the corresponding period last year to JPY 902 million. Product sales increased 0.3 percent to JPY 421 million, consultancy sales increased 25.7 percent to JPY 466 million and training sales, such as seminars, decreased 21.7 percent to JPY 14 million. Product sales remained stable compared with the corresponding period last year. Consultancy sales increased drastically as a result of increased use of internet technology for tests and success of tailored services requested by customers compared with the corresponding period last year.

Operating income for the period decreased 6.8 percent over the previous period to JPY 311 million. This was mainly due to an increase in selling, general and administration expenses resulting from implementation of plans to reinforce the sales & marketing function. One development was the establishment and move of service branches, which resulted in a JPY 49 million increase in expenses (excluding personnel cost) including JPY 37 million for Otemachi office and JPY 12 million for Osaka office. Another development was the increase in employee numbers, which resulted in a JPY 42 million increase in personnel costs in the sales & & marketing function.

Ordinary income for the period decreased JPY 57 million to JPY 276 million, a 17.2 percent decrease compared with the previous period. Most of this decrease was attributable to stock listing expenses (JPY 33 million) in non-operating expenses.

3 . New service information

“Meyasubako ver.2.” (a tool to measure employee satisfaction), “Tamatebako 2002” (a tool using the Internet to select new graduates) and “HOME SAVER” (materials for group discussions) have been completed and launched in this period.

4 . Research and development activities

Research and development activities were focused on the introduction of internet technology in order to make human resource assessment services more effective assessment center materials, a tool for measurement of management skills and a corporate culture measurement tool. We regard the assessment service using these tools as our main business.

5 . Office development

We opened the Otemachi office and the Osaka office in August and October 2001, respectively. The Otemachi office is currently used as a demonstration room mainly for **psychometric testing with Internet technology** and also for public presentations about assessment centers and OPQ. The Osaka office operates to develop new customers in the Kansai area.

In addition, the Shinbashi office was moved to Kudanshita, and has operated to strengthen agency sales.

6 . Prospects for the current period
Estimation for the year ending 30 September 2002

	Sales	Ordinary income	Net income	Dividend per share	
				Year ended	
	JPY in million			Yen	
Year ended	1,300	375	214	5,300.00	10,000.00

7 . Others

(1) Summary of issued shares and dilution of shares.

Summary of issued shares

	Issued shares		Share capital		Share premium		Notes
	Change in number	Ending balance	Change in amount	Ending balance	Change in amount	Ending balance	
	Shares	Shares	JPY in thousand	JPY in thousand	JPY in thousand	JPY in thousand	
30 September 2001	-	7,092	-	356,302	-	54,002	
10 December 2001	1,000	8,092	170,000	526,302	248,000	302,002	1.
In December 2001	117	8,209	15,885	542,187	3,962	305,964	2.
In January 2002	2	8,211	210	542,397	214	306,178	2.
In February 2002	14	8,225	1,560	543,957	1,285	307,464	2.
In March 2002	13	8,238	1,455	545,412	1,178	308,642	2.
In June 2002	5	8,243	525	545,937	535	309,177	2.

(Notes)

1. Due to capital increase resulting from stock listing
2. Due to the exercise of warrant rights and stock options under the Commercial Code article 280-19 before amendment below

Summary of dilution of shares

	Warrants		Stock options	
	Decrease in number	Ending balance	Decrease in number	Ending balance
	Shares	Shares	Shares	Shares
30 September 2001	-	189	-	244
In October 2001	5 Note 1	184	-	244
In November 2001	5 Note 1	179	-	244
In December 2001	37	142	80	164
In January 2002	2	140	-	164
In February 2002	12	128	2	162
In March 2002	11	117	2	160
In June 2002	5	112	-	160

(Notes)

1. Due to the lapse of rights resulting mainly from resignation of employees.

2. The decrease in number and the ending balances are disclosed on the basis of the numbers of shares which can be issued through the exercise of rights.

(2) Change in director

A director, Shuichi Yamada, was appointed as the managing director at the meeting of the board of directors on 26 December 2001.

Naohiro Nakamura and Masaki Sanjo were appointed as directors in the shareholders' meeting on 26 December 2001.

A director, Masaaki Hori resigned from a director on 31 March 2002.

(3) Change in organization

Corporate culture measurement center was established in the head office in Nakano to develop new consulting business for enhancement of customer's organization on 1 April 2002.