NASDAQ Japan Market

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**Abstract of flash report**

Operating results and financial conditions

(a) Overview of results for the fiscal year ended 30 September 2002

In the fiscal year ended 30 September 2002, the Japanese economy remained in long-term stagnation and is falling into a slow deflationary spiral.

Current economic conditions has led to reduced recruitment 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 started sales of psychometric testing with Internet Technology, which is the lead initiative in the industry, and managed the expansion of the Osaka and Otemachi offices. In addition, we have also conducted active sales activities towards many companies in order to develop business throughout this year.
This sales effort was supported by the demand for "recruitment cost-reduction" and "top-level candidate selection" in leading companies. There is a new demand for the arrangement of staff in the right place to produce increased sales.

Sales for the year increased 23.5 percent over the previous year to JPY 1,173 million. Product sales increased 3.4 percent to JPY 507 million, consulting revenue increased 47.8 percent to JPY 647 million and training revenue decreased 14.9 percent to JPY 17 million. Training revenue decreased due to management intention not to focus on this labour intensive service. Product revenue increased less than expected due to reduced demand for recruitment of many small and medium clients that use conventional paper test tools. Consulting revenue increased due to the expansion of work for major clients, including data analysis service, process design and customized test development etc.

Operating income for the year was JPY 385 million, a 23.3 percent increase compared with the previous year. The establishment and move of service branches resulted in a JPY 58 million increase in expenses (excluding personnel cost) including JPY 42 million for Otemachi office and JPY 15 million for Osaka office. The increase in employee numbers, resulted in a JPY 55 million increase in personnel costs in the sales & marketing function. As a result of the investment in sales strength, revenue increased JPY223 million and operating income increased JPY72 million.

Operating income for the year increased JPY 72 million, and ordinary income for the year increased JPY 38 million to JPY 350 million, a 12.3 percent increase compared with the previous year. The lower increase in ordinary income compared to operating income was attributable to stock listing expenses (JPY 33 million) in non-operating expenses.

Sales increased 23.5 percent over the previous period to JPY 1,173 million, operating income increased 23.3 percent to JPY 385 million, ordinary income increased 12.3 percent to JPY 350 million, and net income increased 11.9 percent to JPY 202 million.

(b) Cash Flows

Cash and cash equivalents increased JPY 336 million to JPY 844 million, a 66.1 percent increase compared with the previous year.

Net cash provided for operating activities decreased JPY 168 million over the previous year to JPY 2 million. Main cash inflows were income before income taxes of JPY 349 million and adjustment for depreciation expense of JPY 34 million. Main cash outflows were increase in trade receivables of JPY 192 million, decrease in other current liabilities of JPY 24 million and cash paid for income taxes of JPY 162 million.

Net cash used for investing activities decreased JPY 125 million over the previous year to JPY 8 million. Although there were proceeds from repayment of time deposits of JPY 298 million, this was offset by increases in time deposits of JPY 259 million and purchase of intangible assets of JPY 46 million.

Net cash provided by financing activities increased JPY 377 million over the previous year to 342 million due to proceeds from issuance of stock associated with stock listing of JPY 445 million and dividends paid of JPY 103 million.

(c) Prospects for the next year (from 1 October 2002 to 30 September 2003)

For the next year, we are expecting macro-economic and employment conditions to continue to be hard. Therefore we anticipate a continuing severe environment for the human resources industry.

We will work actively to develop results by developing the market in Kansai area, building on the establishment of the Osaka office in the current fiscal year, and expanding our business in the non-recruitment market by applying our tools to develop clients' organizations or enhance the ability of individual managers. We will also reinforce sales cooperation with Disco Company which has a web-based recruitment service.

For the next year, we expect that sales will increase 22.7 percent over the current year to JPY 1,440 million, ordinary income will increase 34.1 percent to JPY 470 million and net income will increase 34.6 percent to JPY 272 million.

In addition, we expect that the total cash dividend for the next year will be JPY 10,000 per share with a year-end dividend of JPY 5,000 per share and interim dividend of JPY 5,000 per share.

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.