

30 January 2003

Company Name: SHL-JAPAN Ltd. (code #: 4327)  
 Representative director: Yuzo Shimizu  
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### Summary of results for the first quarter of the year ending 30 September 2003

The Company's results for the first quarter of the year ending 30 September 2003 are summarized as below.

Some figures in the financial statements included in this report have not been prepared as part of the formal closing of accounts as at 30 September 2003. The financial statements have not been audited.

#### 1 . Operations

##### (1) Summary of the results for the first quarter of the year ending 30 September 2003

	1st quarter ended 31 December 2002		Percentage Increase	1st quarter ended 31 December 2001		Year ended 30 September 2002	
	JPY in million		%	JPY in million		JPY in million	
Turnover	194		15.8	168		1,173	
Operating Profit / (Loss)	6		-	(2)		385	
Ordinary Profit / (Loss)	6		-	(37)		350	

##### (2) Turnover by service delivery

	1st quarter ended 31 December 2002		Percentage Increase	1st quarter ended 31 December 2001		Year ended 30 September 2002	
	JPY in million	%		JPY in million	%	JPY in million	%
Products	53	27.7	15.9	46	27.7	507	43.3
Training	2	1.2	349.2	0	0.3	17	1.5
Consultancy	138	71.1	14.3	120	72.0	647	55.2
Total	194	100.0	15.8	168	100.0	1,173	100.0

(3) Major fluctuations of the main assets and liabilities

Account	As at 31 December 2002	Increase (Decrease)	As at 30 September 2002
( Assets )	JPY in million	JPY in million	JPY in million
Cash	692	(151)	844
( Liabilities )			
Income taxes payable	1	(84)	85
Consumption taxes payable	5	(14)	20
Accrued expenses	32	(12)	44
Deposits received	18	15	3
Equity			
Share capital	560	12	548
Retained earnings	300	(60)	361

( Notes )

1. Only accounts with over \ 10 million fluctuation from the 2002 year-end balance are explained below.
2. “Cash” decreased due to payments of taxes, year-end dividends and bonuses.
3. “Income taxes payable” and “Consumption taxes payable” decreased as a result of the final payment of the previous year’s tax.
4. “Accrued expenses” decreased due to payment of bonuses.
5. “Deposits received” increased by the amounts of taxes withheld on year-end dividends and bonuses.
6. “Share capital” increased due to exercise of warrant rights and stock options.
7. “Retained earnings” decreased as a result of the profit appropriation.

2 . Summary of operations

In the first quarter of the year ending 30 September 2003, Japanese economic conditions became even more severe than before because of the prolonged problems from bad loans held by banks, inability to exit from the deflationary spiral, and the increased tensions concerning Iraq and North Korea.

Such economic conditions led to reduced employment and education by corporations, which in turn negatively affects the human resources assessment industry, and causes a decrease in turnover.

However, we aggressively developed new products and actively marketed them to acquire new, large customers based on our strengths in information technology and energy derived from our younger employees.

As a result, turnover increased to JPY 194 million for this quarter, a 15.8% increase from the same quarter in the prior year. Turnover from Products was JPY 53 million (15.9% increase), turnover from Consultancy was JPY 138 million (14.3% increase), and turnover from Training was JPY 2 million (349.2% increase).

The increase in turnover from Products was resulted from “HURMIS,” a simulation software for employment acceptance, and human resource allocations. The increase in turnover from Consultancy was due to the favorable progress in market development, a continuation from last year that promoted customization and exploitation of aptitude testing over the Internet. The turnover from Training was derived from the introduction of a new service “Competency Measurement Center” used for the assessment of company management.

“Cost of sales” and “sales and general administrative expenses” totaled JPY 187 million (9.7% increase from the same period in prior year), compared to the current quarter’s turnover of JPY 194 million (15.8% increase). As a result, both operating profit and ordinary profit amounted to JPY 6 million, a positive result in the first quarter.

3 . New service information

The main new products in this quarter were “Competency Measurement Center” as described above, along with completion of the product development of “Tamatebako III”, which is the Internet-enabled version of our best-selling product “Images”. Both of them are now being sold.

4 . Research and development activities

Research and development activities were focused on development of training materials for use with “Competency Measurement Center” used for assessment company management, along with the Internet version of existing training courses. All of these are expected to be the core products for our business in the future, and we regard them as the momentum for the growth of our company.

5 . Office circumstances

No significant movements occurred during the quarter.

6 . Prospects for the current period

Forecast for the year ending 30 September 2003

	Turnover	Ordinary profit	Net profit	Dividend per share	
				Interim	Year End
	JPY in million			Yen	
Year ending 30 September, 2003	1,440	470	272	5,000.00	10,000.00

## 7 . Others

### (1) Summary of issued shares and dilution of 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	
At 30 September 2002	-	8,259	-	548,067	-	309,820	
In November 2002	10	8,269	1,500	549,567	-	309,820	1.
In December 2002	76	8,345	10,860	560,427	1,285	311,105	1.

#### ( Notes )

1. Due to the exercise of warrant rights and stock options under the Commercial Code article 280-19

### (2) Summary of dilution of shares

	Warrants		Stock options	
	Decrease in number	Ending balance	Decrease in number	Ending balance
	Shares	Shares	Shares	Shares
At 30 September 2002	-	106	-	150
In November 2002	-	106	10	140
In December 2002	12	94	64	76

#### ( Notes )

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

### (3) Change in director

Two directors, Shigeru Kiyota and Paul Basil, and a Corporate Auditor, Akinori Okata were appointed at the shareholders' meeting on 20 December 2002. A director, Scott Ruhfus resigned from the board on 15 November 2002.