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## Abstract of flash report

### Operating results and financial condition

(Overview of results for the six months ended 31 March 2003)

In the first half of the year ending 30 September 2003, sluggish individual consumer demand and business investment, continuous deflationary spiral, Iraq war and increasing tension in the Korean Peninsula have caused the Japanese economy to remain in a severe condition.

Such economic conditions have caused Japanese companies to spend less on recruitment and education of employees. This has been the main factor leading to profit decreases in the human resources assessment industry. However, we have aggressively developed new products and conducted active marketing activities to win new large customers using our high quality information technology and enthusiastic employees.

Sales for the period increased 6.7 percent over the corresponding period last year to JPY 608 million. Product sales increased 1.8 percent to JPY 221 million, consulting sales increased 7.6 percent to JPY 366 million and training sales increased 68.0 percent to JPY 20 million.

Slight growth in product sales was caused by contribution of “HURMIS” software for recruitment and assignment of employees which more than offset reduced demand from middle-size customers, which use traditional paper tests. Growth in consulting sales was as a result of continuing success in marketing activities to large-size customers, which seek Internet based and customised psychometric testing. Increase in training sales was due to launch of new services called “Capability Measurement Centre” and “e-learning for Interviewer Training”, which target management assessment.

Operating income for the period increased 14.1 percent over the corresponding period last year to JPY 202 million. Selling, general and administration expenses increased due mainly to increase in personnel costs by JPY 8 million to reinforce the selling & marketing function and increase in research and development costs for next generation products by JPY 12 million. The impact of this was offset by decrease in cost of sales by JPY 10 million and, as a result, operating income for the period increased JPY 24 million over the corresponding period last year.

Ordinary income for the period increased JPY 60 million, which was a 42.5 percent increase over the corresponding period last year to JPY 201 million. Most of this increase was attributable to stock listing expenses of JPY 33 million shown in non-operating expenses in the previous year.

In summary, sales increased 6.7 percent over the corresponding period last year to JPY 608 million, operating income increased 14.1 percent to JPY 202 million, ordinary

income increased 42.5 percent to JPY 201 million, and net income increased 45.6 percent to JPY 117 million.