

25 July 2003

Company Name: SHL-JAPAN Ltd. (code #: 4327)
 Representative director: Yuzo Shimizu
 Location of Headquarter: 5-38-16 Chuo, Nakano-Ku, Tokyo
 Contact: Naohiro Nakamura, Director,
 Office Management Team Leader
 Tel: 03-5385-8781
 (URL: <http://www.shl.co.jp/>)

Summary of results for the nine months ended 30 June 2003

The Company's results for the nine months ended 30 June 2003 are summarized below. Some figures in the financial information included in this report have not been prepared as part of a formal closing of accounts. The financial information has not been audited.

1 . Operations

(1) Summary of results for the nine months ended 30 June 2003

(Figures are rounded down at million)

	Nine months ended 30 June 2003		Increase or decrease ratio to prior year	Nine months ended 30 June 2002		Reference Year ended 30 September 2002	
	JPY million		%	JPY million		JPY million	
Turnover	929		3.0	902		1,173	
Operating Profit	313		0.8	311		385	
Ordinary Profit	313		13.7	276		350	

(2) Turnover by service delivery

	Nine months ended 30 June 2003		Increase or decrease ratio to prior year	Nine months ended 30 June 2002		Reference Year ended 30 September 2002	
	JPY million	%		JPY million	%	JPY million	%
Products	404	43.5	4.0	421	46.7	507	43.3
Training	23	2.5	61.3	14	1.6	17	1.5
Consultancy	501	54.0	7.4	466	51.7	647	55.2
Total	929	100.0	3.0	902	100.0	1,173	100.0

(3) Major fluctuations in significant assets and liabilities

Account	As at 30 June 2003	Increase (Decrease)	As at 30 September 2002
(Assets)	JPY in million	JPY in million	JPY in million
Cash	791	(53)	844
Accounts Receivable	303	12	291
Investment	99	99	-
(Liabilities)			
Income taxes payable	14	(70)	85
Deposits received	13	10	3
(Equity)			
Share capital	562	14	548
Retained earnings	481	120	361

(Notes)

1. Only accounts with over JPY 10 million fluctuation from the 2002 year-end balance are included above and explained below.
2. "Cash" decreased mainly due to payments of investment, corporate taxes and dividends.
3. "Accounts receivable" increased due to increase in sales for the quarter ended 30 June 2003, compared to the quarter ended 30 September 2002.
4. "Investment" increased as a result of investment in an investment business limited liability association for venture businesses.
5. "Income taxes payable" decreased as a result of the final payment of the previous year's tax and the interim payment for the current year.
6. "Deposits received" increased by the amounts of taxes withheld on interim dividends and bonuses.
7. "Share capital" increased as a result of the exercise of warrant rights and stock options.
8. "Retained earnings" increased since cumulative net income for the nine months ended 30 June 2003 exceeded profit appropriations.

2 . Summary of operations

In the current period (from 1 October 2002 to 30 June 2003), Japanese economic conditions have remained difficult with the prolonged problems from lack of recovery in personal consumption and plant and equipment investment, in addition to increased tensions concerning Iraq and North Korea, although there have been some positive signs since June 2003.

Under such economic conditions, many companies are hesitating to expand employment significantly. This trend is particularly apparent in the IT industry, trading companies and the wholesale industry, which normally employ a large number of graduates.

However, we aggressively developed new products such as "Terakoyakun", "Kitsutsukikun" and "Donnamondai", and actively marketed them to acquire new, large customers with our strengths in information technology and energy derived from our younger employees.

As a result, turnover increased to JPY 929 million for the nine months ended 30 June 2003, (3.0% increase from the same period in the prior year). Turnover from Products was JPY 404 million (4.0% decrease from the same period in the prior year), turnover from Consultancy was JPY 501 million (7.4% increase from the same period in the prior year), and turnover from Training was JPY 23 million (61.3% increase from the same period in the prior year).

The decrease in turnover from Products was mainly caused by a decrease in sales of old style written examinations due to decrease in adoption by middle to small size customers. The increase in turnover from Consultancy was due to the continuous progress in market development to large customers who wish to adopt Internet based services and customer specification (customization) for aptitude testing. The turnover from Training was derived from the introduction of a new service “Competency Measurement Center”, used for the assessment of company management, and “e-learning interview training”.

Operating profit for the current period increased to JPY 313 million (0.8% increase from the same period in the prior year). Gross margin increased JPY 33 million compared with the same period last year due to the increase in sales of 27 million and a JPY 6 million reduction in cost of sales. Operating profit increased JPY 2 million compared with the same period last year because of a JPY 31 million increase in selling and general administrative expenses, compared with the same period last year. This mainly resulted from an increase in personnel expenses of JPY 15 million to strengthen the sales and management departments, and an increase in research and development expenses for next generation products of JPY 11 million.

Ordinary profit for the current period is JPY 313 million (13.7% increase from the same period in the prior year), which is a JPY 37 million increase in profits compared with the same period last year. This is mainly because expenses of JPY 33 million for listing were accounted for as other expenses in the same period last year.

(Note) Reference to Products, Training, and Consultancy used above indicate the service forms to be provided. The Company provides integrated personnel assessment services. It is not possible to distinguish and present operating expenses by service form because at the production stage the products are not allocated to a specific service and therefore only turnover by service form is presented.

3 . New service information

During the current quarter, development of “Tamatebako III”, which is the Internet-enabled version of our best-selling product “Images”, and Web- CAB, which is the Internet-enabled version of “CAB” (Computer job aptitude test) was completed and sales commenced through agencies. In addition, operation of a “Competency Measurement Center” has been developed.

4 . Research and development activities

Research and development activities were focused on developments such as “Terakoyakun”, which is an e-learning tool used for management ability improvement, “Kitsutsukikun”, which is an automatic evaluation system for assessment of group discussion and “Donnamonndai”, which is software that customers are able to edit in order to customize tests for their company. All of these are expected to be 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

(1) Adjustment of the forecast for the year ending 30 September 2003

(Unit price: JPY million)

	Turnover	Ordinary profit	Current net profit
Previously announced forecast (A)	1,440	470	272
Current adjusted forecast (B)	1,340	470	272
Increase or decrease (B – A)	100	-	-
Increase or decrease (%)	6.9	-	-
Actual for prior year (ended 30 September 2002)	1,173	350	202

(2) Reasons for the adjustment

Since the sales forecast for the year ending 30 September 2003 is likely to fall short of the previously announced forecast based on the actual sales result for the current quarter and forecast for the fourth quarter (the period from 1 July 2003 to 30 September 2003), the sales forecast for the year ending 30 September 2003 has been adjusted. There are no changes in ordinary profit and net profit for the current year. In addition, there is no change in the year-end proposed dividend.

(3) Forecast for the year ending 30 September 2003

	Turnover	Ordinary profit	Net profit	Annual dividend per share		
				Interim	Year End	Total
	JPY million			JPY		
Year ending 30 September 2003	1,340	470	272	5,000.00	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 thousand	JPY thousand	JPY thousand	JPY 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.
In June 2003	16	8,361	2,130	562,557	642	311,748	1.

(Notes)

1. Due to the exercise of warrant rights and stock options under the Japanese Commercial Code article 280-19 (before amendment)

(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
In June 2003	6	88	10	66

(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 directors

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 Lufas, resigned from the board on 15 November 2002. A director, Tan Suee Chieh, was appointed at the extraordinary shareholders' meeting held on 27 June 2003. A director, Paul Basil, resigned from the board on 27 June 2003.