

Year Ending September 2004

Overview of 1st-Quarterly Financial Results and Performance (Excerpt)

January 30, 2004

Listed Company: SHL-JAPAN Ltd.

Listed Market: Hercules, Osaka Securities Exchange

Code Number: 4327

Location of Head Office (Prefecture): Metropolis of Tokyo

Web site (<http://www.shl.co.jp>)

Representative: Yuzo Shimizu, President

Contact: Naohiro Nakamura, Director & Administration Team Leader (TEL: (03)5385-8781)

1. Matters related to the Preparation of the Overview of the 1st-Quarterly Financial Results and Performance

Difference in the recognition of accounting method in recent fiscal years	None
Commitment of a certified public accountant or an audit firm:	None

2. Overview of the 1st-Quarterly Financial Results and Performance (From October 1, 2003, to December 31, 2003)

(1) Operating results (The amounts below one million yen are truncated.)

	Net sales		Operating income		Ordinary income		Quarterly net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1st quarter of the year, ended December 31, 2003	196	(1.1)	7	(—)	7	(—)	9	(—)
1st quarter of the year, ended December 31, 2002	194	(15.8)	6	(—)	6	(—)	4	(—)
(Reference) The year ended September 30, 2003	1,291	(10.1)	469	(21.8)	468	(33.7)	266	(31.7)

Note: Percentages for net sales, operating income, ordinary income and net income show year-over-year change relative to the corresponding year-earlier quarter.

	Net income per share		Fully diluted net income per share	
	Yen	%	Yen	%
1st quarter of the year, ended December 31, 2003	1,175	90	—	—
1st quarter of the year, ended December 31, 2002	483	69	476	33
(Reference) The year ended September 30, 2003	28,803	65	28,475	64

Note: A fully diluted net income per share figure is not stated for the quarter under review because a net loss was recorded for the 1st quarter of the year, ended December 31, 2003.

【Qualitative information, etc. on the progress of operating results】

Net sales in the 1st quarter (October 31, 2003, through December 31, 2003) increased 1.1% year over year to ¥196 million. By service segment, sales from Products and Consultancy increased 0.4% and 2.6%, respectively, to ¥54 million and ¥141 million, whereas sales from Training services decreased 68.9% to ¥0 million. The rise in Consultancy sales was principally due to the successful customization of Web-based aptitude tests and relatively favorable assessment agency services operating results by the Assessment Center.

In terms of profitability, the operating loss and the ordinary loss for the 1st quarter each totaled ¥7 million, declining ¥14 million from the year-earlier quarter. These losses were mainly caused by an increase of ¥4 million in the cost of sales and an ¥11 million rise in selling, general and administrative expenses despite an expansion of ¥2 million in net sales. A major contributor to the increase in selling, general and administrative expenses was an ¥8 million rise in personnel expenses, which were used to reinforce the sales department.

An extraordinary loss of ¥2 million resulted from a loss on the retirement of Product Master.

As a result, a net loss of ¥9 million was recorded for the 1st quarter.

(2) Changes in financial position (The amounts below one million yen are truncated.)

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share	
	Millions of yen	Millions of yen	%	Yen	%
1st quarter of the year, ended December 31, 2003	1,445	1,308	90.6	156,526	1
1st quarter of the year, ended December 31, 2002	1,308	1,188	90.8	142,401	89

(Reference) The year ended September 30, 2003	1,689	1,411	83.5	165,701	91
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【Qualitative information, etc., on changes in financial position】

Compared with the financial position as of September 30, 2003, cash and bank deposits in assets at December 31, 2003, decreased due principally to the payment of income taxes, year-end dividends and bonuses. As a result, accrued expenses and income taxes payable in liabilities decreased accordingly.

3. Others

Number of shares outstanding and residual securities

No shares of the Company were issued through an exercise of rights during the quarter under review. However, six contingent-fee warrant bonds and four stock options were exercised on January 23, 2004. As a result, as of January 30, 2004, the number of shares outstanding was 8,371, capital stock was ¥563,787 thousand and additional paid-in capital was ¥312,378 thousand. The Company had residual securities consisting of 82 contingent-fee warrant bonds and 62 stock options.

The Extraordinary General Meeting of Shareholders held on June 27, 2003, approved the issuance of stock options (as common shares with an upper limit of 230 shares). However, no resolution thereon has yet been adopted by the Board of Directors.