Year Ended September 30, 2004

Overview of Financial Results and Performance (Excerpt)

November 5, 2004

(a) Operating Results

Consolidated net sales for the fiscal year under review (October 1, 2003, through September 30, 2004) decreased 2.7% year over year, to ¥1,256 million. By service segment, sales from testing services increased 2.5%, to ¥488 million; sales from consulting services declined 6.1%, to ¥737 million; and sales from training services were up 3.9%, to ¥29 million.

Product sales, the Company’s standard commercialized product, were ¥488 million, an increase of ¥11 million compared with a year earlier. This mainstay product focuses on screening tests, and the sales increase was likely supported by the nationwide economic recovery that enabled corporations to screen and employ more university graduates. On the other hand, sales from consulting services, primarily the “SOFT”(SHL original filter testing system design), mainly directed at large corporations, fell ¥47 million, to ¥737 million, compared with a year earlier. The year-over-year decline of ¥103 million in sales from consulting services at the end of the third quarter of the fiscal year (October 2003 through June 2004) was successfully reduced up to ¥47 million for the full fiscal year under review by our brisk sales efforts during the fourth quarter (July through September 2004). The substantial decline in revenues was caused by intensive and inappropriate sales tactics by competitors. However, the decline was minimized by our strengthened efforts during the fourth quarter toward the upcoming employment market for next year. In addition, we resorted to lawsuits to claim damages against competitors who used inappropriate sales strategies with our clients. This legal process is under way. Sales from training services are almost the same compared with a year earlier.

Consolidated operating income for the fiscal year ended September 30, 2004, declined 19.8%, to ¥376 million. The ¥93 million year-over-year decline in operating income was mainly attributable to a ¥34 million decrease in net sales, a ¥6 million hike in the cost of sales, and a ¥51 million jump in selling, general and administrative expenses. The rise in cost of sales was mainly owing to an increase of ¥9 million in personnel expenses in the manufacturing department. Major contributors to the increase in selling, general and administrative expenses were ¥22 million higher personnel expenses to reinforce the sales department, ¥20 million in legal fees, and an ¥8 million rise in the costs related to consulting services.

Consolidated ordinary income for the fiscal year under review declined 20.8% year over year, or ¥97 million, to ¥371 million. The ¥400 million year-over-year increase in non-operating expenses is mainly attributed to ¥3 million for the issuance of new shares following the stock split.

An extraordinary loss of ¥3 million resulted from the retirement of Product Master. As a result, consolidated net income for the fiscal year ended September 30, 2004, decreased 21.8% year over year, to ¥208 million.

(b) Outlook of the next consolidated fiscal year (October 1, 2004, through September 30, 2005)

Although the employment condition and overall economic situation show signs of a gradual recovery, a continuous sluggish situation is predicted, and the entire personnel assessment business field will likely still face difficult management conditions, for which optimistic predictions are not foreseeable yet.

The Company plans to aggressively pursue the recovery of its performance and development by the following efforts: expansion of Kansai market through our Osaka office, which recently marked its fourth year of operation; increased sales of e-learning tool systems in employment markets; reinforcement of sales cooperation with other personnel service companies (agencies); and business development for the personnel assessment market based on diagnoses of systems, personnel, and administrative staff including our affiliated companies for consolidation.

Consolidated net sales of ¥1,508 million (up 20.0% year over year), ordinary income of ¥518 million (up 39.8%), and net income of ¥299 million (up 43.8%) are projected for the fiscal year ending September 30, 2005.

As for dividends in the forthcoming fiscal year, all the common shares held by the shareholders of record and the beneficiary shareholders shall be split two for one as of November 19, 2004, which will result in substantially the same dividend of ¥3,250 as for this fiscal year ended September 30, 2004. Interim dividends should be ¥1,625, with the year-end dividend at ¥1,625.