Year Ending September 2005

Overview of Interim-Term Financial Results and Performance (Excerpt)

April 25, 2005

(a) Operating Results

Net sales for the interim term (October 1, 2004, through March 31, 2005) increased 4.1% year over year to ¥573 million. This relatively low growth-rate of 4.1% in net sales was mainly caused by the delayed timing for recording net sales due to the increased number of corporations that approve of the "Ethics Charter on the Employment of New Staff"—a common consent for a freeze on hiring new staff issued by the Japan Federation of Employers' Associations that allows corporations to start screening university graduates only in and after April in view of scholastic curriculums that end in March. By service segment, Product sales increased 5.4% year over year to ¥227 million and Consultancy sales from rose 3.5% to ¥331 million, but Training sales fell 2.0% to ¥14 million.

Product sales, the Company's standard commercialized product, increased ¥11 million for the interim term under review compared with a year earlier. This sales rise was primarily attributable to ¥8 million in sales of *"e Hito,"* a new "Online Feed-back Counseling System" for *"Internal"* corporate customers. Consultancy sales advanced ¥11 million over a year earlier, primarily due to favorable sales of *"Tamatebako,"* an Internet screening system. Training sales remained almost flat year over year.

Operating income for the interim term ended March 31, 2005, totaled ¥110 million, up 3.9% year over year. The year-over-year rise in operating income totaled ¥4 million, taking into account such factors as a ¥22 million increase in net sales; a rise of ¥4 million, or 4.4%, to ¥112 million in cost of sales; and a ¥13 million increase in selling, general and administrative expenses. Major contributors to the increase in selling, general and administrative expenses were increases of ¥5 million in personnel expense and ¥4 million in sales promotion expense, as well as the newly recorded ¥3 million in tax and public dues in the form of pro forma standard taxation, which was newly introduced effective from the interim term ended March 31, 2005.

Ordinary income for the interim term under review declined 2.3% year over year, or ¥2 million, to ¥102 million. A year-over-year increase of ¥6 million in non-operating expenses was attributable to ¥4 million in new stock issuing expense and a ¥3 million as loss on the devaluation of investment securities (investment in limited partnership for investment business). An extraordinary loss of ¥6 million resulted from a loss on the retirement of obsolete test texts.

After taking into account income taxes—current and income taxes—deferred, net income for the interim term ended March 31, 2005, decreased 11.9% year over year to ¥55 million.

(b) Full-Year Overview (October 1, 2004, through September 30, 2005)

Consolidated net sales for the SHL Group in the interim term under review edged up 4.1% compared with nonconsolidated net sales a year earlier. This low growth-rate was mainly caused by the delayed timing for recording net sales due to the increased number of corporations that start screening university graduates only in and after April (as described in 3 (a) of this attachment), which had been anticipated. Consolidated ordinary income for the interim term decreased 2.3% compared with nonconsolidated ordinary income a year earlier, mainly due to increases in such nonoperating expenses as new stock issuing expense. Meanwhile, consolidated operating income increased 3.9% year over year.

As for an overview of the consolidated performance of the SHL Group, 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 year ending September 30, 2005, as per our previous guidance. A sizable increase of 20% in net sales is expected because 1) recruiting for new university graduates has become active and longer term as corporations rally to increase employment; 2) sales activity by major agencies that serve as a marketing channel has become successful; and 3) a sales increase from a sales subsidiary that handles an employee-assessment service (called *"Internal"*) is highly expected.

The Group's income structure has a feature that the rate of increase in profitability tends to be higher than that in net sales as the ratio of variable expenses is higher than the ratio of fixed expenses. Accordingly, ordinary income and net income are expected to increase 39.8% and 43.8%, respectively, on a consolidated basis over the corresponding previous interim term a year earlier, reflecting the predicted 20.0% rise in net sales.