

Year ending September 2006

Consolidated Financial and Operating Results (Excerpt) for the First Quarter, Ended December 31, 2005

January 31, 2006

Listed Company: SHL-JAPAN Ltd. (Securities Code: 4327 G)

[Qualitative information regarding consolidated operating results]

Net sales for the quarter under review (October 1, 2005, through December 31, 2005) increased ¥48 million from the year-earlier quarter to ¥225 million, up 27.5% year over year.

By business segment, ¥72 million was “Product sales” (a 39.7% increase from the corresponding year-earlier period), ¥151 million was “Consultancy sales” (up 22.9%) and ¥1 million was “Training sales” (down 2.6%).

“Product sales” increased ¥20 million from the corresponding year-earlier period. Major contributors to this increase were favorable sales of “GAB” and “CAB,” aptitude test products used for employment screening of new graduates, and of “KESSAIBAKO,” an internal assessment tool for employees.

“Consultancy sales” rose ¥28 million year over year. This sales expansion reflected increased sales from the internal assessment service area centering on the “Assessment Center,” an innovative service for multifaceted evaluation to be made by several evaluators.

“Training sales” were flat compared with the corresponding year-earlier period.

Although a small consolidated operating loss was recorded for the quarter under review, the income situation improved compared with a ¥29 million operating loss for the year-earlier period. The improvement was largely the result of higher sales that almost absorbed increases in costs and expenses. Cost of goods sold increased ¥13 million, or 40.9% year over year, to ¥46 million. This rise in cost of goods sold was principally attributable to increases in “Product sales” and “Consulting sales,” which is based on a made-to-order production system.

Selling, general and administrative expenses rose ¥6 million, or 3.6%, to ¥180 million. Major factors of this rise were higher personnel expenses (¥4 million) due to the increased number of staff in the sales and administrative departments and a rise in sales promotion related expenses (¥2 million).

Consolidated ordinary income was recorded for the quarter under review despite a consolidated ordinary loss of ¥33 million in the year-earlier period. This improvement was mainly attributable to the improved operating income summary and the recording of return premiums for cancellation regarding directors’ life insurance as a nonoperating income item.

After taking into account the above factors and ¥2 million in income taxes—deferred, consolidated net income for the first quarter, ended December 31, 2005, was ¥2 million, thereby restoring profitability compared with a net loss of ¥23 million for the corresponding year-earlier period.

[Qualitative information regarding consolidated financial forecasts]

The SHL-JAPAN Group has not amended the consolidated financial forecasts for the year ending March 31, 2006, which were released on October 31, 2005, as the consolidated operating results for the quarter under review were as previously projected. Accordingly, we forecast net sales of ¥1,700 million (up 20.5% year over year), ordinary income of ¥590 million (up 23.7%) and net income of ¥342 million (up 24.3%) on a consolidated basis.