

August 27, 2002

**Financial Report (Standalone)
for the Fiscal Term Ending June 2002**

Name of listed company: The Goodwill Group, Inc.

JASDAQ registered securities

Ticker No.: 4723

Headquarter location: Tokyo

(URL <http://www.gwg.co.jp>)

Contact person: Akira Kanezaki Managing Director, General Manager of Administration,
Head of Chairman's Office (03-3405-9228)

Date of board of directors meeting on financial results: August 27, 2002

Date of ordinary general shareholders meeting: September 26, 2002

Adoption of Interim dividend payment system: Yes

1. Financial Results for the Full Year ending June 2002 (July 1, 2001 ~ June 30, 2002)

(1) Business Results (Rounded down to the nearest million)

	Revenues		Operating Income		Ordinary Income	
	MM Yen	%	MM Yen	%	MM Yen	%
FY ending June 2002	25,664	(22.1)	2,805	(13.1)	2,773	(2.6)
FY ending June 2001	21,004	(69.1)	2,480	(63.3)	2,701	(94.9)

	Net Income		EPS	Fully Diluted EPS	Return on Equity	Ordinary Income to Total Assets	Ordinary Income to Net Sales
	MM Yen	%	Yen	Yen	%	%	%
FY ending June 2002	1,403	(-10.5)	7,655.70	---	4.1	6.4	10.8
FY ending June 2001	1,568	(125.9)	8,900.67	---	5.0	6.8	12.9

(Note)

Average number of shares during the term

FY ending 06/2002 183,300 shares

FY ending 06/2001 176,268 shares (Assuming share split took place at beginning of fiscal period)

Changes in accounting principles applied: None

Percentages in parentheses in the revenues, operating income, Ordinary Income, and net income sections indicate rate of year-on-year increase/decrease.

(2) Dividend Overview

	Full Year Dividend per Share			Total Dividends (Full Year)	Dividend Payout Ratio	Dividends to Equity
	Interim	Yearend				
	Yen	Yen	Yen	MM Yen	%	%
FY ending June 2002	1,000.00	250.00	750.00	184	13.1	0.5
FY ending June 2001	1,000.00	250.00	750.00	176	11.2	0.5

(3) Financial Overview

	Total Assets	Shareholders' Equity	Equity Ratio	Shareholders' Equity per Share
	MM Yen	MM Yen	%	Yen
FY ending June 2002	42,716	33,760	79.0	182,720.89
FY ending June 2001	39,500	31,546	79.9	178,971.44

(Note) Number of shares outstanding at end of the term

FY ending 06/2002 184,766 shares

FY ending 06/2001 176,268 shares

2. Forecast on Financial Results for the Full Year ending June 2003

(July 1, 2002 ~ June 30, 2003)

	Revenues	Ordinary Income	Net Income	Full Year Dividend per Share		
				Interim	Yearend	
	MM Yen	MM Yen	MM Yen	Yen	Yen	Yen
Interim	14,400	1,300	650	1,000.00	-	-
Full year	30,000	3,000	1,550	-	1,000.00	2,000.00

(Reference) Forecasted EPS (Full year) 8,388.89 yen

1. Financial Statements

(1) Balance Sheet

(Unit: '000 yen; rounded down to nearest '000 yen)

Items	Fiscal Year Ending June 2002 (As of June 30, 2002)		Fiscal Year Ending June 2001 (As of June 30, 2001)	
	Amount ('000 Yen)	% Total	Amount ('000 Yen)	% Total
(Assets)				
I. Current Assets				
1. Cash and deposits	2	6,118,226	4,237,566	
2. Notes receivable	4	274,157	90,870	
3. Accounts receivable	1	3,676,267	2,922,340	
4. Prepaid expenses	1	158,074	153,258	
5. Deferred tax assets		150,022	127,014	
6. Short-term loans	1	-	2,183,000	
7. Accrued revenues		748,905		
8. Others	1	396,358	126,976	
9. Allowance for doubtful accounts		(31,325)	(29,219)	
Total current assets		11,490,686	9,811,806	24.8
II. Fixed Assets				
1. Tangible assets				
(1) Buildings		423,333	144,411	
Accumulated depreciation		120,642	30,238	114,172
(2) Cars and transport vehicles		115,675	84,837	
Accumulated depreciation		87,202	49,105	35,731
(3) Furniture and fixtures		961,793	786,156	
Accumulated depreciation		541,957	293,686	492,470
(4) Land	2	331,200	162,625	
(5) Construction in progress		-	36,409	
Total tangible assets		1,082,200	841,410	2.1
2. Intangible assets				
(1) Trademark rights		8,251	9,260	
(2) Software		47,165	200,995	
(3) Telephone subscription rights		261,141	31,530	
Total intangible assets		316,559	241,787	0.6
3. Investments and other assets				
(1) Investment securities		1,535,930	154,000	
(2) Shares of affiliates		25,631,727	26,717,515	
(3) Long-term loans		776,954		
(4) Long-term loans to affiliates		1,275,100	1,180,000	
(5) Bankruptcy claims		180,791	112,417	
(6) Long-term prepaid expenses		34,460	50,911	
(7) Deferred tax assets		81,813	29,830	
(8) Rent deposit		283,690	259,302	
(9) Others		174,949	202,816	
(10) Allowance for doubtful accounts		(148,273)	(101,289)	
Total investments and other assets		29,827,143	28,605,505	72.4
Total fixed assets		31,225,093	29,688,703	75.2
Total assets		42,716,590	39,500,510	100.0

(Unit: '000 yen; rounded down to the nearest '000 yen)

Items	Fiscal Year Ending June 2002 (As of June 30, 2002)		Fiscal Year Ending June 2001 (As of June 30, 2001)	
	Amount ('000 Yen)	% Total	Amount ('000 Yen)	% Total
(Liabilities)				
I. Current Liabilities				
1. Short-term borrowings	6,409,400		5,480,000	
2. Current portion of long-term borrowings	244,000		-	
3. Accounts payable	23,865		71,012	
4. Accrued income taxes	640,946		475,831	
5. Accrued consumption taxes	355,266		779,654	
6. Accrued expenses	948,174		1,045,635	
7. Deposits received	116,096		47,177	
8. Others	41,864		32,968	
Total current liabilities	8,779,614	20.5	7,932,279	20.1
II. Fixed Liabilities				
1. Long-term borrowings	125,570		-	
2. Employees retirement benefits	25,003		1,625	
3. Directors' retirement benefits	21,083		19,666	
4. Others	4,630		-	
Total fixed liabilities	176,286	0.4	21,291	0.0
Total liabilities	8,955,901	20.9	7,953,571	20.1
(Shareholders' Equity)				
I. Paid-in capital	13,674,660	32.0	13,632,160	34.5
II. Capital reserve	16,345,269	38.2	15,357,399	38.9
III. Retained earnings	47,826	0.1	31,606	0.1
IV. Other surplus				
1. Unappropriated retained earnings for the term	3,705,415		2,525,773	
Total other surplus	3,705,415	8.6	2,525,773	6.4
V. Net unrealized holding gain on securities	(11,953)	0.0	-	-
VI. Treasury stock	(529)	0.0	-	-
Total shareholders' equity	33,760,689	79.0	31,546,939	79.9
Total liabilities and shareholders' equity	42,716,590	100.0	39,500,510	100.0

(2) Statement of Income

(Unit: '000 yen; rounded down to nearest '000 yen)

Items	Fiscal Year ending June 2002 (From July 1, 2001 To June 30, 2002)			Fiscal Year ending June 2001 (From July 1, 2000 To June 30, 2001)			
	Amount ('000 Yen)	% Total		Amount ('000 Yen)	% Total		
I. Revenues		25,664,531	100.0		21,004,224	100.0	
II. Cost of goods sold		16,745,351	65.2		13,533,028	64.4	
Gross profit		8,919,180	34.7		7,471,195	35.6	
III. Selling, general and administrative expenses							
1. Executive compensation		97,571			87,597		
2. Salary and other allowances		2,947,914			2,197,142		
3. Provision for accrued employee retirement benefits		3,168			1,625		
4. Provision for accrued directors' retirement benefits		6,083			7,000		
5. Legal welfare expenses		321,328			253,020		
6. Rent		626,369			390,504		
7. Communication expenses		438,488			378,753		
8. Supplies expenses		95,443			161,038		
9. Depreciation and amortization		293,559			285,602		
10. Advertising expenses		92,861			337,051		
11. Advertising expenses for recruiting		199,049			44,593		
12. Allowance for doubtful accounts		49,604			128,274		
13. Others		941,942	6,113,385	23.8	718,769	4,990,972	23.8
Operating Income			2,805,794	10.9		2,480,223	11.8
IV. Non-operating income							
1. Interest income	1	17,061			217,665		
2. Dividend income	1	68,316			60,539		
3. Dividend income on investment trusts		-			2,885		
4. Others		35,122	120,499	0.4	32,725	313,816	1.5
V. Non-operating income							
1. Interest expenses		92,811			72,718		
2. Losses on capital investment		49,056			-		
3. Others		10,544	152,412	0.5	20,012	92,730	0.4
Ordinary income			2,773,881	10.8		2,701,308	12.9
VI. Special income							
1. Gains on sale of investment securities		-			2,020		
2. Gains on sale of affiliate shares		-			146,178		
3. Gains on reversal of allowance on doubtful accounts		-	-	-	39,327	187,526	0.8
VII. Special losses							
1. Valuation loss on investment securities		85,871			42,941		
2. Loss on sale of investment securities		17,799			-		
3. Loss on disposal of fixed assets	2	65,089			3,359		
4. Loss on sale of fixed assets	3	2,425			10		
5. Loss on debt waiver		8,497	179,683	0.7	-	46,311	0.2
Income before income taxes			2,594,198	10.1		2,842,524	13.5
Income, residence and enterprise taxes		1,230,000			1,350,000		
Adjustments on income taxes		(39,092)	1,190,907	4.6	(76,379)	1,273,620	6.0
Net income			1,403,290	5.4		1,568,904	7.5
Retained earnings brought forward			2,347,351			1,005,342	
Interim dividends			46,191			44,067	
Retained reserve for interim dividends			-			4,406	
Unappropriated retained earnings for the terms			3,704,450			2,525,773	

Cost of Sales Statement

(Unit: '000 yen; rounded down to nearest '000 yen)

Items	Fiscal Year ending June 2002 (From July 1, 2001 To June 30, 2002)		Fiscal Year ending June 2001 (From July 1, 2000 To June 30, 2001)			
	Amount ('000 Yen)	% Total	Amount ('000 Yen)	% Total		
I. Labor cost		14,011,513	83.6		11,355,029	84.8
II. Expenses						
1. Travel and transportation expenses	2,397,044				1,980,905	
2. Supplies expenses	81,286				48,946	
3. Outsourcing expenses	194,340				134,780	
4. Others	61,210	2,733,882	16.3	13,366	2,177,999	15.2
Cost of sales		16,745,351	100.0		13,533,028	100.0

(3) Statement of Appropriation of Retained Earnings

(Unit: '000 yen; rounded down to nearest '000 yen)

Items	Fiscal Year ending June 2002 (September 10, 2002)		Fiscal Year ending June 2001 (September 26, 2001)	
	Amount ('000 Yen)	Amount ('000 Yen)	Amount ('000 Yen)	Amount ('000 Yen)
I. Unappropriated retained earnings for the term		3,704,450		2,525,773
II. Appropriation of retained earnings				
1. Earned reserve	-		16,220	
2. Dividend	138,574		132,201	
3. Bonuses for directors and auditors (Of which, bonuses for auditors)	30,000 (1,000)	168,574	30,000 (1,000)	178,421
III. Earnings carried forward		3,535,875		2,347,351

(Note) Dates in parentheses are the dates of approval (scheduled) at the general shareholders meeting.

(4) Important basis of presenting consolidated financial statements

Items	Fiscal Year ending June 2002 (From July 1, 2001 To June 30, 2002)	Fiscal Year ending June 2001 (From July 1, 2000 To June 30, 2001)
1 Valuation standard and method for marketable securities	<p>(1) Shares of subsidiaries and affiliated companies Stated as cost using moving average.</p> <p>(2) Other marketable securities Those that have fair market values: Marked-to-market at the end of fiscal period (Unrealized gains and losses from the reevaluation are directly charged or credited to the shareholders' equity, and the book value of securities sold is calculated by using moving average.) Those that have no fair market values: Stated as cost using moving average.</p>	<p>(1) Shares of subsidiaries and affiliated companies Same as left.</p> <p>(2) Other marketable securities Same as left.</p>
2 Depreciation method of fixed assets	<p>(1) Tangible fixed assets Declining balance method. With regard to useful life and residual value, the same basis as that of the method set forth by the Corporation Tax Law is applied. However, assets with acquisition costs over 100,000 yen and below 200,000 yen are depreciated uniformly over a three year period.</p> <p>(2) Intangible fixed assets Straight line method. With regard to useful life, the same basis as that of the method set forth by the Corporation Tax Law is applied. However, software (for internal use) is amortized by straight line method over the expected available periods (5 years).</p> <p>(3) Long-term prepaid expenses Straight line method. The same basis as that of the method set forth by the Corporation Tax Law is applied.</p>	<p>(1) Tangible fixed assets Same as left.</p> <p>(2) Intangible fixed assets Same as left.</p> <p>(3) Long-term prepaid expenses Same as left.</p>

Items	Fiscal Year ending June 2002 (From July 1, 2001 To June 30, 2002)	Fiscal Year ending June 2001 (From July 1, 2000 To June 30, 2001)
3. Treatment of deferred assets	(1) Costs associated with new stock issuances are all recorded at the time of actual expenditure.	_____
4. Accounting for significant allowances	<p>(1) Allowance for doubtful accounts To reserve for potential credit losses on receivables, allowances are provided for potential losses on general credits by estimating uncollectible amounts using historical rates. For potential losses on specific problematic credits such as doubtful accounts and bad loans, allowances are provided for by estimating uncollectible amounts through the assessment of individual collectibility.</p> <p>(2) Allowance for retirement benefits To provide for the employees' retirement benefits, allowance for retirement benefits is recorded based on the projected retirement benefit obligations up to the end of current fiscal year.</p> <p>(3) Allowance for retirement benefits for directors and auditors To provide for the payment of retirement benefits for fulltime directors and auditors, reserve for such benefits are recorded on the basis of actual amount needed up to the end of current fiscal year as per the Company's internal regulations on the subject allowance.</p>	<p>(1) Allowance for doubtful accounts Same as left.</p> <p>(2) Allowance for retirement benefits To provide for the employees' retirement benefits, allowance for retirement benefits is recorded based on the projected retirement benefit obligations up to the end of current fiscal year.</p> <p><Additional Information> Allowance for retirement benefits is being recorded as of the current term due to the emergence of retirement benefit obligations to satisfy certain requirements associated with the length of service of some employees.</p> <p>(3) Allowance for retirement benefits for directors and auditors Same as left.</p>
5. Treatment of significant lease transactions	With respect to the financial lease transactions that do not involve the transfer of ownership of the leased assets to lessee, such transactions are treated in accordance with the accounting method applied to ordinary lease transactions.	Same as left.
6. Accounting treatment of consumption taxes, etc.	Taxes are excluded in the accounting treatment of consumption and local consumption taxes.	Same as left.

(5) Additional Information

Fiscal Year ending June 2002 (From July 1, 2001 To June 30, 2002)	Fiscal Year ending June 2001 (From July 1, 2000 To June 30, 2001)
<p>_____</p>	<p>1. Application of Financial Product Accounting</p> <p>With respect to financial products, financial standards for financial products (“Opinion Relating to the Establishment of Accounting Standards for Financial Products” (January 11, 1999, Business Accounting Council)) have been adopted from the current consolidated fiscal year.</p> <p>By this adoption, the valuation method applied to securities has been changed. With this change, compared to the results had the historically used method been applied, there is no impact on the Income and losses and there is no impact on the balance sheet.</p>

(6) Changes in the presentation of financial statements

Fiscal Year ending June 2002 (From July 1, 2001 To June 30, 2002)	Fiscal Year ending June 2001 (From July 1, 2000 To June 30, 2001)
<p>(Balance sheet)</p> <p>“Short-term loans” listed independently in the previous fiscal year (current year balance of said item at 183.298 million yen) is included in “others” of the current assets section from the current fiscal year as the amount is no longer material.</p>	<p>_____</p>

(7) Notes to the financial statements

(Balance sheet)

Fiscal Year ending June 2002 (As of June 30, 2002)	Fiscal Year ending June 2001 (As of June 30, 2001)																																				
<p>1. 1 Assets and liabilities pertaining to affiliated companies</p> <p>Assets and liabilities pertaining to affiliated companies in addition to those items listed independently are as follows.</p> <p style="text-align: right;">('000 Yen)</p> <table><tr><td>Accounts receivables</td><td style="text-align: right;">22,955</td></tr><tr><td>Current assets "Others"</td><td style="text-align: right;">2,511</td></tr><tr><td>Accrued expenses</td><td style="text-align: right;">28,862</td></tr></table>	Accounts receivables	22,955	Current assets "Others"	2,511	Accrued expenses	28,862	<p>1. 1 Assets and liabilities pertaining to affiliated companies</p> <p>Assets and liabilities pertaining to affiliated companies in addition to those items listed independently are as follows.</p> <p style="text-align: right;">('000 Yen)</p> <table><tr><td>Accounts receivables</td><td style="text-align: right;">101,471</td></tr><tr><td>Prepaid expenses</td><td style="text-align: right;">1,888</td></tr><tr><td>Short-term loans</td><td style="text-align: right;">2,183,000</td></tr><tr><td>Current assets "Others"</td><td style="text-align: right;">99,005</td></tr><tr><td>Accounts payable</td><td style="text-align: right;">2,500</td></tr><tr><td>Accrued expenses</td><td style="text-align: right;">62,117</td></tr></table>	Accounts receivables	101,471	Prepaid expenses	1,888	Short-term loans	2,183,000	Current assets "Others"	99,005	Accounts payable	2,500	Accrued expenses	62,117																		
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<p>2. 2 The Company's time deposits amounting to 500.0 million yen are collateralized in connection with the affiliated companies' bank borrowings of 500.0 million yen.</p> <p>The assets collateralized in connection with the short-term borrowings of 185.65 million yen and long-term borrowings of 150.0 million yen are as follows.</p> <p style="text-align: right;">('000 Yen)</p> <table><tr><td>Cash and deposits</td><td style="text-align: right;">773,000</td></tr><tr><td>Land</td><td style="text-align: right;">91,299</td></tr></table>	Cash and deposits	773,000	Land	91,299	<p>2. 2 The Company's time deposits amounting to 500.0 million yen are collateralized in connection with the affiliated companies' bank borrowings of 500.0 million yen.</p>																																
Cash and deposits	773,000																																				
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<p>3. Contingent liabilities</p> <p>(1) The Company provides loan guarantee for bank borrowings made by the following affiliated entity.</p> <table><tr><td>(Company)</td><td style="text-align: right;">(Guarantee balance)</td></tr><tr><td></td><td style="text-align: right;">('000 Yen)</td></tr><tr><td>COMSN, Inc.</td><td style="text-align: right;">1,000,000</td></tr></table> <p>(2) The Company is committed to guarantee for liabilities associated with the lease contracts entered into by the following affiliated entities.</p> <table><tr><td>(Company)</td><td style="text-align: right;">(Guarantee balance)</td></tr><tr><td></td><td style="text-align: right;">('000 Yen)</td></tr><tr><td>COMSN, Inc.</td><td style="text-align: right;">883,253</td></tr><tr><td>Goodwill Career, Inc.</td><td style="text-align: right;">2,387</td></tr><tr><td><u>Total</u></td><td style="text-align: right;"><u>885,640</u></td></tr></table>	(Company)	(Guarantee balance)		('000 Yen)	COMSN, Inc.	1,000,000	(Company)	(Guarantee balance)		('000 Yen)	COMSN, Inc.	883,253	Goodwill Career, Inc.	2,387	<u>Total</u>	<u>885,640</u>	<p>3. Contingent liabilities</p> <p>(1) The Company provides loan guarantee for bank borrowings made by the following affiliated entity.</p> <table><tr><td>(Company)</td><td style="text-align: right;">(Guarantee balance)</td></tr><tr><td></td><td style="text-align: right;">('000 Yen)</td></tr><tr><td>COMSN, Inc.</td><td style="text-align: right;">2,123,000</td></tr></table> <p>(2) The Company is committed to guarantee for liabilities associated with the lease contracts entered into by the following affiliated entities.</p> <table><tr><td>(Company)</td><td style="text-align: right;">(Guarantee balance)</td></tr><tr><td></td><td style="text-align: right;">('000 Yen)</td></tr><tr><td>COMSN, Inc.</td><td style="text-align: right;">1,408,449</td></tr><tr><td>Goodwill Communication, Inc.</td><td style="text-align: right;">30,316</td></tr><tr><td>Goodwill Express, Inc. (Note)</td><td style="text-align: right;">18,593</td></tr><tr><td><u>Goodwill Career, Inc.</u></td><td style="text-align: right;"><u>7,456</u></td></tr><tr><td><u>Total</u></td><td style="text-align: right;"><u>1,446,221</u></td></tr></table> <p><i>(Note) The company name was changed from Hi-Touch, Inc. to Goodwill Express, Inc. in September 2000.</i></p>	(Company)	(Guarantee balance)		('000 Yen)	COMSN, Inc.	2,123,000	(Company)	(Guarantee balance)		('000 Yen)	COMSN, Inc.	1,408,449	Goodwill Communication, Inc.	30,316	Goodwill Express, Inc. (Note)	18,593	<u>Goodwill Career, Inc.</u>	<u>7,456</u>	<u>Total</u>	<u>1,446,221</u>
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<p>4. 3 Total authorized and outstanding stocks</p> <table><tr><td>Total authorized stocks</td><td style="text-align: right;">700,000 shares</td></tr><tr><td>Total outstanding stocks</td><td style="text-align: right;">184,768 shares</td></tr></table>	Total authorized stocks	700,000 shares	Total outstanding stocks	184,768 shares	<p>4. 3 Total authorized and outstanding stocks</p> <table><tr><td>Total authorized stocks</td><td style="text-align: right;">326,400 shares</td></tr><tr><td>Total outstanding stocks</td><td style="text-align: right;">176,268 shares</td></tr></table>	Total authorized stocks	326,400 shares	Total outstanding stocks	176,268 shares																												
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Fiscal Year ending June 2002 (As of June 30, 2002)	Fiscal Year ending June 2001 (As of June 30, 2001)
<p>5. 4 Accounting treatment of notes maturing at term end</p> <p>Notes maturing at the end of the current fiscal year are settled on the note clearance dates.</p> <p>As the ending date of the current fiscal period fell on a bank holiday, the following matured notes were included in the current term ending balance.</p> <p style="text-align: right;">Notes receivable (‘000 Yen) 20,804</p>	<p>5. 4 Accounting treatment of notes maturing at term end</p> <p>Notes maturing at the end of the current fiscal year are settled on the note clearance dates.</p> <p>As the ending date of the current fiscal period fell on a bank holiday, the following matured notes were included in the current term ending balance.</p> <p style="text-align: right;">Notes receivable (‘000 Yen) 2,438</p>

(Statement of income)

Fiscal Year ending June 2002 (As of June 30, 2002)	Fiscal Year ending June 2001 (As of June 30, 2001)
<p>1. 1 Transactions with affiliated companies</p> <p style="text-align: right;">(‘000 Yen)</p> <p style="padding-left: 20px;">Interest income 12,689</p> <p style="padding-left: 20px;">Dividend income 21,306</p> <p>2. 2 The breakdown of “loss on disposal of fixed assets” is as follows.</p> <p style="text-align: right;">(‘000 Yen)</p> <p style="padding-left: 20px;">Buildings 8,808</p> <p style="padding-left: 20px;">Cars and transport vehicles 432</p> <p style="padding-left: 20px;">Furniture and fixtures 596</p> <p>3. 3 The breakdown of “loss on sale of fixed assets” is as follows.</p> <p style="text-align: right;">(‘000 Yen)</p> <p style="padding-left: 20px;">Cars and transport vehicles 2,129</p> <p style="padding-left: 20px;">Furniture and fixtures 296</p>	<p>1. 1 Transactions with affiliated companies</p> <p style="text-align: right;">(‘000 Yen)</p> <p style="padding-left: 20px;">Interest income 212,506</p> <p style="padding-left: 20px;">Dividend income 59,939</p> <p>2. 2 The breakdown of “loss on disposal of fixed assets” is as follows.</p> <p style="text-align: right;">(‘000 Yen)</p> <p style="padding-left: 20px;">Buildings 2,816</p> <p style="padding-left: 20px;">Furniture and fixtures 543</p> <p>3. 3 The breakdown of “loss on sale of fixed assets” is as follows.</p> <p style="text-align: right;">(‘000 Yen)</p> <p style="padding-left: 20px;">Cars and transport vehicles 10</p>

(Lease transactions)

Fiscal Year ending June 2002 (From July 1, 2001 To June 30, 2002)	Fiscal Year ending June 2001 (From July 1, 2000 To June 30, 2001)																																				
<Financial lease transactions that do not involve the transfer of ownership of the leased assets to lessee>																																					
1. Effective purchase price, accumulated depreciation and net ending balance of the leased assets																																					
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(Marketable securities)

The Company did not have in possession any subsidiary or affiliated company shares with market value during the 7th year of operation (from July 1, 2000 to June 30, 2001) as well as the 8th year of operation (from July 1, 2001 to June 30, 2002).

(Tax effect accounting)

Fiscal Year ending June 2002 (As of June 30, 2002)	Fiscal Year ending June 2001 (As of June 30, 2001)																																				
<p>1. Breakdown of deferred tax assets/liabilities by principal engendering causes</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">(Deferred tax assets)</td> <td style="text-align: right;">('000 Yen)</td> </tr> <tr> <td>Allowance for doubtful accounts exceeding limit</td> <td style="text-align: right;">47,067</td> </tr> <tr> <td>Losses on software exceeding the deductible limit</td> <td style="text-align: right;">38,953</td> </tr> <tr> <td>Accrued enterprise taxes</td> <td style="text-align: right;">100,920</td> </tr> <tr> <td>Provisions for accrued directors' retirement benefits</td> <td style="text-align: right;">8,865</td> </tr> <tr> <td>Others</td> <td style="text-align: right;"><u>36,573</u></td> </tr> <tr> <td>Total deferred tax assets</td> <td style="text-align: right;">232,380</td> </tr> <tr> <td> (Deferred tax liabilities)</td> <td style="text-align: right;"><u>544</u></td> </tr> <tr> <td>Net deferred tax assets</td> <td style="text-align: right;"><u>231,836</u></td> </tr> </table>	(Deferred tax assets)	('000 Yen)	Allowance for doubtful accounts exceeding limit	47,067	Losses on software exceeding the deductible limit	38,953	Accrued enterprise taxes	100,920	Provisions for accrued directors' retirement benefits	8,865	Others	<u>36,573</u>	Total deferred tax assets	232,380	 (Deferred tax liabilities)	<u>544</u>	Net deferred tax assets	<u>231,836</u>	<p>1. Breakdown of deferred tax assets/liabilities by principal engendering causes</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">(Deferred tax assets)</td> <td style="text-align: right;">('000 Yen)</td> </tr> <tr> <td>Allowance for doubtful accounts exceeding limit</td> <td style="text-align: right;">33,083</td> </tr> <tr> <td>Losses on software exceeding the deductible limit</td> <td style="text-align: right;">21,082</td> </tr> <tr> <td>Accrued enterprise taxes</td> <td style="text-align: right;">92,510</td> </tr> <tr> <td>Provisions for accrued directors' retirement benefits</td> <td style="text-align: right;">8,269</td> </tr> <tr> <td>Others</td> <td style="text-align: right;"><u>1,898</u></td> </tr> <tr> <td>Total deferred tax assets</td> <td style="text-align: right;">156,845</td> </tr> <tr> <td> (Deferred tax liabilities)</td> <td style="text-align: right;"><u>-</u></td> </tr> <tr> <td>Net deferred tax assets</td> <td style="text-align: right;"><u>156,845</u></td> </tr> </table>	(Deferred tax assets)	('000 Yen)	Allowance for doubtful accounts exceeding limit	33,083	Losses on software exceeding the deductible limit	21,082	Accrued enterprise taxes	92,510	Provisions for accrued directors' retirement benefits	8,269	Others	<u>1,898</u>	Total deferred tax assets	156,845	 (Deferred tax liabilities)	<u>-</u>	Net deferred tax assets	<u>156,845</u>
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<p>2. Breakdown of principal causes of the difference between effective statutory tax rate and the burden rate of income taxes, etc. after tax effect accounting applied.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Effective statutory tax rate</td> <td style="text-align: right;">42.1%</td> </tr> <tr> <td>(Adjustment)</td> <td></td> </tr> <tr> <td>Permanently non-deductible items such as entertainment expenses</td> <td style="text-align: right;">0.3</td> </tr> <tr> <td>Parity taxation of resident tax</td> <td style="text-align: right;">4.7</td> </tr> <tr> <td>Others</td> <td style="text-align: right;"><u>(1.2)</u></td> </tr> <tr> <td>Burden rate of income taxes, etc. after tax effect accounting applied</td> <td style="text-align: right;"><u>45.9</u></td> </tr> </table>	Effective statutory tax rate	42.1%	(Adjustment)		Permanently non-deductible items such as entertainment expenses	0.3	Parity taxation of resident tax	4.7	Others	<u>(1.2)</u>	Burden rate of income taxes, etc. after tax effect accounting applied	<u>45.9</u>	<p>2. Breakdown of principal causes of the difference between effective statutory tax rate and the burden rate of income taxes, etc. after tax effect accounting applied.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Effective statutory tax rate</td> <td style="text-align: right;">42.1%</td> </tr> <tr> <td>(Adjustment)</td> <td></td> </tr> <tr> <td>Permanently non-deductible items such as entertainment expenses</td> <td style="text-align: right;">0.5</td> </tr> <tr> <td>Parity taxation of resident tax</td> <td style="text-align: right;">2.2</td> </tr> <tr> <td>Others</td> <td style="text-align: right;"><u>0.0</u></td> </tr> <tr> <td>Burden rate of income taxes, etc. after tax effect accounting applied</td> <td style="text-align: right;"><u>44.8</u></td> </tr> </table>	Effective statutory tax rate	42.1%	(Adjustment)		Permanently non-deductible items such as entertainment expenses	0.5	Parity taxation of resident tax	2.2	Others	<u>0.0</u>	Burden rate of income taxes, etc. after tax effect accounting applied	<u>44.8</u>												
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(Per share information)

Fiscal Year ending June 2002 (From July 1, 2001 To June 30, 2002)	Fiscal Year ending June 2001 (From July 1, 2000 To June 30, 2001)
Net asset per share	¥182,719.35
Earning per share (EPS)	¥7,655.70
<p>(Note) While a subscription rights-method Stock Option Program was already in place during the term, the fully diluted EPS is not indicated as premiums associated with subject rights did not emerge.</p>	
Net asset per share	¥178,971.44
Earning per share (EPS)	¥8,900.67
<p>(Note) While a subscription rights-method Stock Option Program was already in place during the term, the fully diluted EPS is not indicated as premiums associated with subject rights did not emerge.</p>	

(Significant subsequent events)

Fiscal Year ending June 2002 (From July 1, 2001 To June 30, 2002)	Fiscal Year ending June 2001 (From July 1, 2000 To June 30, 2001)										
	<p>1. Movements in Subsidiaries</p> <p>From a comprehensive review of future business prospects and development of each of the Group companies, we have determined that, at this point in time and over the future, concentration of management resources to other business areas would promote the growth of the Group. Consequently, it was decided to divest the following subsidiaries.</p> <p>(i) Divestiture of All Shares of the Goodwill Communications, Inc.</p> <p>The Company, on July 2, 2001, divested its entire holding of the stock of the Goodwill Communications, Inc. (6,000 shares with Book Value of ¥302,201) to Esfront Co., Ltd. for consideration of ¥300,000 thousand. As a result, the Goodwill Communications, Inc. is no longer a consolidated subsidiary of the Company.</p> <p>The financial conditions and management performance of the Goodwill Communications, Inc. in the fiscal period ending June 2001 were as follows:</p> <p style="text-align: right;">(¥ 000)</p> <table><tbody><tr><td>Revenues</td><td>2,541,676</td></tr><tr><td>Ordinary Income</td><td>148,272</td></tr><tr><td>Net Income for the Period</td><td>(99,933)</td></tr><tr><td>Total Asset</td><td>3,839,483</td></tr><tr><td>Net Assets</td><td>937,511</td></tr></tbody></table> <p>(ii) Partial Divestiture of Creek, Inc.</p> <p>The Company, on July 2, 2001 sold the part of the shares of the Company's subsidiary, Creek, Inc. (shares owned was 940 shares with Book Value of ¥2,400,760 thousand of which 480 shares were sold with Book Value of ¥1,225,920 thousand) to Creek, Inc. reducing the Company's share of ownership from 40.1% to 19.6% and Creek, Inc. no longer was a subsidiary of the Company.</p>	Revenues	2,541,676	Ordinary Income	148,272	Net Income for the Period	(99,933)	Total Asset	3,839,483	Net Assets	937,511
Revenues	2,541,676										
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Net Income for the Period	(99,933)										
Total Asset	3,839,483										
Net Assets	937,511										

The financial conditions and management performance of Creek, Inc. in the fiscal period ending June 2001 were as follows.

(¥ 000)

Revenue	12,429,458
Ordinary Income	493,534
Net Income for the Period	95,222
Total Assets	11,388,538
Net Assets	2,904,384

2. Conversion of Line Up, Inc. into Wholly Owned Subsidiary by Share Exchange

Share Exchange Agreement in accordance with Commercial Code Article 352 was implemented as below, based on the resolution passed at the Meeting of the Board of Directors held July 9, 2001.

Our objective was to achieve further stabilization and strengthening of management foundations and achieve mutual complementation of management resources in addition to expansion of business through diversification of human resource services.

(i) Company Converted into Wholly Owned Subsidiary

Name:	Line Up, Inc.
Address:	Shibuya-ku, Tokyo
Representative	Representative Director and President Koshiro Onishi
Paid in Capital	¥63,300 thousand
Business Details	Subcontracting of light labor

(ii) Date of Share Exchange September 1, 2001

(iii) Number of shares issued in the share exchange
8,500 shares of the

Company's Common Shares

(iv) Initial Day of Reckoning of Dividends for the New Shares
July 1, 2001

(v) Other

In accordance with the provisions contained in the Commercial Code Article 358 Clause 1, the share exchange was affected

based on the Share Exchange Agreement without obtaining the approval of the shareholders.

Financial conditions and management performance of Line Up, Inc. in the fiscal period ending March 2001 were as follows.

(¥ 000)

Revenues	6,138,014
Ordinary Income	517,838
Net Income for the Period	218,388
Total Asset	3,282,171
Net Assets	982,963