

Summary of 1st Quarter Results for Fiscal Year Ending June 2004 (Consolidated)

October 28, 2003

Name of listed company: The Goodwill Group, Inc.
(URL <http://www.gwg.co.jp>)

JASDAQ registered securities
Ticker No.: 4723

Representative: Masahiro Origuchi Representative Director and Chairman

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

1. Underlying Assumptions in Preparing Quarterly Operating Result Summary

Difference in accounting methods between the previous consolidated fiscal year and this quarterly business report: None

Changes in the scope of consolidation and the application of equity method: None

2. Summary of 1st Quarter Operating Results for the Fiscal Year ending June 2004 (July 1, 2003 ~ September 30, 2003)

(1) Operating results

(Rounded down to the nearest million)

| | Revenues | | Operating Income | | Ordinary Income | |
|---------------------------|----------|--------|------------------|--------|-----------------|--------|
| | MM Yen | % | MM Yen | % | MM Yen | % |
| 1Q FYE June 2004 | 19,029 | (43.3) | 1,253 | (17.5) | 1,204 | (15.6) |
| 1Q FYE June 2003 | 13,282 | (20.5) | 1,066 | (48.3) | 1,041 | (38.7) |
| (Reference) FYE June 2003 | 62,272 | (31.6) | 4,971 | (32.3) | 4,814 | (31.6) |

(Note) Percentages in parentheses in the revenues, operating income and ordinary income sections indicate rate of increase/decrease from the same quarter of the previous fiscal year.

[Supplementary comments concerning the operating results]

In terms of the domestic economic trends for the quarter under review, the export environment took a favorable turn, business sentiments surrounding domestic companies improved and capital investment showed mild recovery. Meanwhile, given the consistently low consumer spendings, reduction of public spendings, and the yen being strong against the dollar, future prospects were overcast by unstable factors, and whether or not the economy was steering toward strong recovery remained uncertain.

Under such conditions, the Group consolidated the headquarter functions of its companies in Roppongi Hills in an effort to further reinforce group solidarity and to improve operational efficiency. With regard to the subcontracting business, 54 branches were newly launched so as to enhance convenience for both the customers and the registered staff while measures to further specialize the services were also taken. Additionally, the three departments of Construction Management, Office Management and Expert Management were integrated into one Expert Management Department with an objective to improve customer satisfaction levels. The nursing care/medical support business showed strong performance, as the Group continued to aggressively expand service locations for its home nursing care operation, newly launching 94 locations just within the subject quarter. With regard to the institutional nursing care business, in its core "group home business", the Group opened a total of four new institutions including "Hohoemi Hiratsuka" which was founded in July 2003 as the third group home for the Group. In the pay nursing home business, the Group opened its second pay nursing home, "COMSN Home Haruhino", in August 2003. In the human resource related business, the driver dispatch and employee counseling program (EAP) operations showed steady growth.

As a result, the Group's consolidated revenues for the quarter increased by 5,746 million yen on a year on year basis and stood at 19,029 million yen, and ordinary income increased by 186 million yen to 1,253 million yen.

(2) Events having significant effects on the financial conditions and operating results of the company group during the quarter in review

Applicable events have not emerged.

**3. Forecast on Financial Results for the Consolidated Fiscal Year ending June 2004
(July 1, 2003 ~ June 30, 2004)**

| | Revenue Forecast | Ordinary Income Forecast | Net Income Forecast | Earnings per Share Forecast |
|-----------|------------------|--------------------------|---------------------|-----------------------------|
| | MM Yen | MM Yen | MM Yen | Yen |
| Interim | 37,500 | 2,900 | 1,350 | 7,306.85 |
| Full year | 80,000 | 5,900 | 3,000 | 16,237.45 |

[Qualitative information concerning the financial forecast]

No changes have been made to the original forecast.

(Reference)

1. Overview of Consolidated Revenues for the 1st Quarter

(Unit: '000 Yen; Rounded down to nearest '000 Yen)

| Items \ Period | | 1Q FYE June 2004 (From July 1, 2003 To Sep. 30, 2003) | 1Q FYE June 2003 (From July 1, 2002 To Sep. 30, 2002) | % Increase/ Decrease |
|---------------------|----------------------------------|---|---|-------------------------|
| Business Segment | Subcontracting | 10,787,585 | 8,036,648 | 34.2% |
| | Human resource related | 481,403 | 382,594 | 25.8% |
| | Nursing Care/ Medical Support | 7,760,121 | 4,863,120 | 59.6% |
| | Total | 19,029,110 | 13,282,362 | 43.3% |

- (Note) 1. Above figures do not include consumption taxes.
2. Numerical figures are omitted from the above as the businesses operated by the Group involve varying number of employees and different assignment durations, which make the indication of such figures inherently difficult.
3. Businesses are segmented based on those classifications used for internal management purposes. Above figures are after the elimination of inter-segment sales and transfers.
4. Segmentation
- Subcontracting: Light labor (The Company and subsidiary, Soar, Inc.)
- Human resource related: Employee Counseling Program (EAP) (subsidiary, Goodwill Career, Inc.), recruitment support (subsidiary, Goodwill Career, Inc.), driver dispatch (subsidiary, Soar, Inc.)
- Nursing care/
medical support: Home nursing care, institutional nursing care, home-call dental treatment support (subsidiary, COMSN, Inc.)
5. Revenue figures above are unaudited.

2. Consolidated Statement of Income for the 1st Quarter

(Unit: '000 Yen; Rounded down to nearest '000 Yen)

| Items | 1Q FYE June 2004 (From July 1, 2003 To September 30, 2003) (A) | | 1Q FYE June 2003 (From July 1, 2002 To September 30, 2002) (B) | | YoY Increase/Decrease | |
|--|---|---------|---|---------|-----------------------|---------|
| | Amount | % Total | Amount | % Total | Amount (A) - (B) | % Total |
| Revenues | 19,029,110 | 100.0 | 13,282,362 | 100.0 | 5,746,747 | 43.3 |
| Cost of goods sold | 12,579,854 | 66.1 | 8,851,243 | 66.6 | 3,728,610 | 42.1 |
| Gross profit | 6,449,256 | 33.9 | 4,431,119 | 33.4 | 2,018,137 | 45.5 |
| Selling, general and administrative expenses | 5,196,175 | 27.3 | 3,364,626 | 25.3 | 1,831,549 | 54.4 |
| (of which, amortization of consolidated adjustment accounts) | (96,242) | (0.5) | (94,396) | (0.7) | (1,845) | (2.0) |
| Operating income | 1,253,080 | 6.6 | 1,066,492 | 8.0 | 186,587 | 17.5 |
| Non-operating income | | | | | | |
| Interest income | 1,119 | 0.0 | 3,924 | 0.0 | (2,804) | (71.5) |
| Others | 22,339 | 0.1 | 13,160 | 0.1 | 9,178 | 69.7 |
| Non-operating expenses | | | | | | |
| Discount rate on interest paid | 71,130 | 0.4 | 41,008 | 0.3 | 30,122 | 73.5 |
| Others | 499 | 0.0 | 646 | 0.0 | (146) | (22.6) |
| Ordinary income | 1,204,909 | 6.3 | 1,041,922 | 7.8 | 162,987 | 15.6 |

(Note)

- The above statement of income does not include items below special income and losses.
- Figures in the "YoY Increase/Decrease" column are calculated based on the following equation.

$$\% \text{ Increase/Decrease} = \frac{\text{Results of the current 1Q} - (B) \text{ Results of the previous 1Q}}{(B) \text{ Results of the previous 1Q}} \times 100$$
- The figures above are unaudited.

3. Consolidated Balance Sheet for the 1st Quarter (Supplement)

(Unit: '000 Yen; Rounded down to nearest '000 Yen)

| Items | 1Q FYE June 2004 (As of September 30, 2003) | |
|--|--|---------|
| | Amount ('000 Yen) | % Total |
| Current Assets | 31,291,441 | 66.0 |
| Fixed Assets | | |
| Tangible assets | 2,924,590 | 6.2 |
| Intangible assets | 9,051,489 | 19.1 |
| Investments and other assets | 4,123,517 | 8.7 |
| Deferred Assets | 21 | 0.0 |
| Total Assets | 47,391,059 | 100.0 |
| Current Liabilities | 24,074,959 | 50.8 |
| Fixed Liabilities | 4,994,083 | 10.5 |
| Total Liabilities | 29,069,043 | 61.3 |
| Minority Interest | 485,228 | 1.0 |
| Total Shareholders' Equity | 17,836,786 | 37.6 |
| Total Liabilities, Minority Interest, and Shareholders' Equity | 47,391,059 | 100.0 |

(Note) 1. The figures above are unaudited.

4. Overview of Revenues for the 1st Quarter (Stand-alone basis)

(Unit: '000 Yen; Rounded down to nearest '000 Yen)

| Period | | 1Q FYE June 2004 (From July 1, 2003 To Sep. 30, 2003) | 1Q FYE June 2003 (From July 1, 2002 To Sep. 30, 2002) | % Increase/ Decrease |
|-----------------------------|-------------------|---|---|-------------------------|
| Sub-contracting Business | Casting | 8,092,917 | 6,759,052 | 19.7% |
| | Construction | 1,110,946 | 366,286 | 203.3% |
| | Sales promotion | 540,435 | 284,522 | 89.9% |
| | Technical support | 284,848 | 130,932 | 117.6% |
| | Office support | 151,441 | 78,868 | 92.0% |
| | Events | 300,697 | 149,493 | 101.1% |
| | Others | 51,705 | - | - |
| | Total | 10,532,992 | 7,769,155 | 35.6% |

(Note) 1. Above figures do not include consumption taxes.

2. Numerical figures are omitted from the above as the subcontracting business operated by the Company involves varying number of employees and different assignment durations, which make the indication of such figures inherently difficult.

3. Segmentation

| | |
|----------------------------------|---|
| Subcontracted casting: | subcontracting of general light labor operations |
| Subcontracted construction: | subcontracting of construction and interior finish work |
| Subcontracted sales promotion: | subcontracting of sales promotion work, etc. at store fronts |
| Subcontracted technical support: | subcontracting of multimedia related work |
| Subcontracted office support: | subcontracting of light office work |
| Subcontracted event operation: | subcontracting of facilities installation/removal work at event sites |
| Others: | Subcontracted work other than the aforementioned |

4. Revenue figures above are unaudited.

5. Statement of Income for the 1st Quarter (Stand-alone basis)

(Unit: '000 Yen; Rounded down to nearest '000 Yen)

| Items | 1Q FYE June 2004 (From July 1, 2003 To September 30, 2003) (A) | | 1Q FYE June 2003 (From July 1, 2002 To September 30, 2002) (B) | | YoY Increase/Decrease | |
|--|---|---------|---|---------|-----------------------|---------|
| | Amount | % Total | Amount | % Total | Amount (A) - (B) | % Total |
| Revenues | 10,532,992 | 100.0 | 7,769,155 | 100.0 | 2,763,837 | 35.6 |
| Cost of goods sold | 6,931,913 | 65.8 | 5,195,732 | 66.9 | 1,736,181 | 33.4 |
| Gross profit | 3,601,079 | 34.2 | 2,573,423 | 33.1 | 1,027,656 | 39.9 |
| Selling, general and administrative expenses | 2,655,717 | 25.2 | 1,792,057 | 23.1 | 863,660 | 48.2 |
| Operating income | 945,361 | 9.0 | 781,366 | 10.0 | 163,995 | 21.0 |
| Non-operating income | | | | | | |
| Interest income | 1,081 | 0.0 | 8,276 | 0.1 | (7,195) | (86.9) |
| Others | 104,749 | 1.0 | 35,798 | 0.5 | 68,951 | 192.6 |
| Non-operating expenses | | | | | | |
| Discount rate on interest paid | 45,093 | 0.4 | 29,727 | 0.4 | 15,366 | 51.7 |
| Others | 5,408 | 0.1 | 477 | 0.0 | 4,931 | 1,033.8 |
| Ordinary income | 1,000,690 | 9.5 | 795,237 | 10.2 | 205,453 | 25.8 |

(Note)

1. The above statement of income does not include items below special income and losses.
2. Figures in the "YoY Increase/Decrease" column are calculated based on the following equation.

$$\% \text{ Increase/Decrease} = \frac{\text{Results of the current 1Q} - (B) \text{ Results of the previous 1Q}}{(B) \text{ Results of the previous 1Q}} \times 100$$
3. The figures above are unaudited.

6. Balance Sheet for the 1st Quarter (Stand-alone basis) (Supplement)

(Unit: '000 Yen; Rounded down to nearest '000 Yen)

| Items | 1Q FYE June 2004 (As of September 30, 2003) | |
|---|--|---------|
| | Amount ('000 Yen) | % Total |
| Current Assets | 19,036,077 | 35.3 |
| Fixed Assets | | |
| Tangible assets | 2,493,331 | 4.6 |
| Intangible assets | 254,095 | 0.5 |
| Investments and other assets | 32,133,990 | 59.6 |
| Total Assets | 53,917,494 | 100.0 |
| Current Liabilities | 13,615,426 | 25.3 |
| Fixed Liabilities | 4,546,860 | 8.4 |
| Total Liabilities | 18,162,287 | 33.7 |
| Total Shareholders' Equity | 35,755,207 | 66.3 |
| Total Liabilities, and Shareholders' Equity | 53,917,494 | 100.0 |

(Note) 1. The figures above are unaudited.