

Summary of 4th Quarter Operating Results for Fiscal Year Ending June 2004 (Consolidated)

August 11, 2004

Company Name: The Goodwill Group, Inc. (TSE 1 Code: 4723)
(URL: <http://www.goodwill.com>)

Chief Executive: Position: Chief Executive Officer
Name: Masahiro Origuchi

Contact Person: Position: Senior Managing Director, General Manager of Administration Division
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1. Underlying Assumptions in Preparing Quarterly Operating Result Summary

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

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

2. Summary of 4th Quarter Operating Results for Fiscal Year Ending June 2004 (July 1, 2003 – June 30, 2004)

(1) Operating Results

(Unit: Rounded down to nearest MM Yen)

	Revenue		Operating Profit		Recurring Profit	
	MM Yen	(%)	MM Yen	(%)	MM Yen	(%)
4Q FYE June 2004	93,042	(49.4)	5,974	(20.1)	5,539	(15.0)
4Q FYE June 2003	62,272	(31.6)	4,971	(32.3)	4,814	(31.6)

(Note) The percentages indicate increase/decrease from the same quarter of the previous fiscal year.

[Supplementary comments concerning the operating results]

The Japanese macroeconomic trends have shown some signs of improvement, albeit unstable ones, over the last quarter lead by an increase in exports and capital expenditure, while unemployment rate remained high at 5%.

Under such circumstances, The Goodwill Group performed well during the quarter by increasing the number of branches in response to a rapidly increasing demand for “outsourcing service” in the field of HR. In an effort to strengthen its specialty, the Company also undertook a series of acquisitions, including the acquisition of Kyodo Engineering Co., Ltd. and Toohoo Adrise Co., Ltd., the companies that specialize

in the in-premise labor outsourcing, in April and June 2004, respectively.

The nursing care/medical support business also performed well during the quarter, thanks to the continued market growth. In an effort to serve the rapidly increasing number of people requiring nursing service, the Company increased the number of facilities providing at-home nursing service by 98 this quarter to the total of 804. The facility nursing care also performed well, with 37 new “Group Home” facilities added this quarter to reach the total of 80. All 3 existing paid nursing homes are operated substantially at their full capacity as well.

With regards to the human resource-related businesses, thanks to the increasingly understaffed companies due to the recent rounds of streamlining, compounded by the rise in our Company’s recognition, the employee counseling program (EAP) business grew solid. The driver dispatching business also continued to perform well.

As a result, the consolidated revenue for the quarter has increased year-on-year by 9,578 million yen to 26,657 million yen, and recurring profit increased year-on-year by 4 million yen to 1,209 million yen.

(2) Events that have had significant effects on the financial conditions and operating results of the corporate group

None

(Reference)

1. Breakdown of the Consolidated Revenues for the Quarter

(Unit: 000 Yen, Rounded down to nearest 000 Yen)

Items	Period	4Q FYE June 2004	4Q FYE June 2003	% Increase / Decrease
		From: Apr. 1, 2004 To: June 30, 2004	From: Apr. 1, 2003 To: June 30, 2003	
Business Segments	Business Outsourcing	14,988,329	9,583,866	56.4%
	Human Resource-Related	928,040	470,856	97.1%
	Nursing Care/Medical Support	10,740,972	7,024,129	52.9%
	Total	26,657,342	17,078,852	56.1%

(Notes)

1. The above figures do not include consumption taxes.
2. Because the company's business operations involve varying number of employees and have different durations, numerical figures are omitted from the above due to entailing difficulties.
3. The above segmentation is in accordance with the segmentation used for internal control purposes. The above figures are after the elimination of inter-segment sales and transfers.
4. Segmentation:
 - Business Outsourcing ... light labor outsourcing (Goodwill, Inc. and Soar Co., Ltd.), in-premise labor outsourcing (Goodwill, Inc., Kyodo Engineering Co., Ltd., Toohoo Adrise Co., Ltd. and N and S Planning Co., Ltd.)
 - Human Resource-Related ...Employee counseling program (EAP) (Goodwill Career, Inc. and Goodwill Foresight, Inc.), recruiting support (Goodwill Career, Inc.), driver dispatching business (Soar Co., Ltd.)
 - Nursing Care/Medical Support ... nursing at home, nursing at facilities, visiting dental treatment support (COMSN Co., Ltd.), operation of day care center (COTY Co.,Ltd.)
5. All figures above are unaudited.

(Reference)

1. Breakdown of the Consolidated Revenues through the Fourth Quarter (Cumulative)

(Unit: 000 Yen, Rounded down to nearest 000 Yen)

Items	Period	4Q FYE June 2004	4Q FYE June 2003	% Increase / Decrease
		From: July 1, 2003 To: June 30, 2004	From: July 1, 2002 To: June 30, 2003	
Business Segments	Business Outsourcing	53,721,679	37,383,642	43.7%
	Human Resource-Related	2,817,700	1,787,753	57.6%
	Nursing Care/Medical Support	36,502,728	23,101,525	58.0%
	Total	93,042,107	62,272,920	49.4%

2. Consolidated Income Statement for the 4th Quarter

(Unit: 000 Yen, Rounded down to nearest 000 Yen)

Items	Term	4Q FYE June 2004 From: April 1, 2004 To: June 30, 2004 (A)		4Q FYE June 2003 From: April 1, 2003 To: June 30, 2003 (B)		Increase/Decrease Year-on-Year Basis	
		Amount	% Total	Amount	% Total	Amount	% Inc/Dec
Revenue		26,657,342	100.0%	17,078,852	100.0%	9,578,489	56.0%
Cost of Goods Sold		18,244,016	68.5%	11,515,130	67.5%	6,728,886	58.3%
(Gross Profit)		8,413,326	31.5%	5,563,721	32.5%	2,849,604	51.1%
SG & A Costs		6,787,940	25.5%	4,500,230	26.3%	2,287,710	50.7%
(Of which is amortization of consolidated adjustments)		(377,951)	(1.4%)	(168,368)	(1.0%)	(209,583)	(124.4%)
(Operating Profit)		1,625,384	6.1%	1,063,491	6.1%	561,892	52.7%
Non-Operating Profit							
Interest Income		12,785	0.0%	12,734	0.0%	51	0.5%
Other		45,660	0.1%	17,241	0.1%	28,419	164.7%
Non-Operating Expenses							
Discount Rate on Interest Paid		174,964	0.7%	43,522	0.3%	131,441	301.9%
Other		67,889	0.2%	73,320	0.3%	(5,431)	-6.8%
(Recurring Profit)		1,440,975	5.4%	976,624	5.7%	464,351	47.5%

(Note)

1. The above income statement does not include the items below extraordinary gains and losses.
2. The Year-on-Year change figures are calculated based on the following.

$$\% \text{ Increase/Decrease} = \frac{(\text{A}) \text{ Results of the 4Q this year} - (\text{B}) \text{ Results of the 4Q last year}}{(\text{B}) \text{ Results of the 4Q last year}} \times 100$$

3. The above figures are unaudited.

(Reference) Consolidated Income Statement through the 4th Quarter (Cumulative)

(Unit: 000 Yen, Rounded down to nearest 000 Yen)

Items	4Q FYE June 2004 From: July 1, 2003 To: June 30, 2004 (A)		4Q FYE June 2003 From: July 1, 2002 To: June 30, 2003 (B)		Increase/Decrease Year-on-Year Basis	
	Amount	% Total	Amount	% Total	Amount	% Inc/Dec
Revenue	93,042,107	100.0%	62,272,920	100.0%	30,769,186	49.3%
Cost of Goods Sold	62,301,828	67.1%	41,909,483	67.4%	20,392,345	48.6%
(Gross Profit)	30,740,278	32.9%	20,363,437	32.6%	10,376,840	50.9%
SG & A Costs	24,766,210	26.6%	15,391,604	24.7%	9,374,606	60.8%
(Of which is amortization of consolidated adjustments)	(788,780)	(0.8%)	(457,464)	(0.7%)	(331,316)	(72.3%)
(Operating Profit)	5,974,068	6.4%	4,971,833	7.9%	1,002,234	20.1%
Non-Operating Profit						
Interest Income	27,303	0.0%	30,899	0.0%	3,596	-11.5%
Other	108,919	0.0%	79,244	0.1%	29,675	37.3%
Non-Operating Expenses						
Discount Rate on Interest Paid	417,218	0.4%	179,592	0.3%	237,625	132.2%
Other	153,844	0.1%	88,088	0.1%	65,756	75.2%
(Recurring Profit)	5,539,229	6.0%	4,814,296	7.7%	724,933	15.1%

(Note)

1. The above income statement does not include the items below extraordinary gains and losses.
2. The Year-on-Year change figures are calculated based on the following.

$$\% \text{ Increase/Decrease} = \frac{\text{(A) Results of the 4Q this year} - \text{(B) Results of the 4Q last year}}{\text{(B) Results of the 4Q last year}} \times 100$$

3. The above figures are unaudited.

3. Consolidated Balance Sheet as at the end of the 4th Quarter

(Unit: 000 Yen, Round down to nearest 000 Yen)

Items	Term	4Q FYE June 2004	4Q FYE June 2003	Increase/Decrease	
		As of June 30, 2004	As of June 30, 2003	Year-on-Year Basis	
		Amount	Amount	Amount	% Inc/Dec
Current Assets		31,335,414	23,377,355	26,507,509	34.0%
Fixed Assets					
Fixed tangible assets		23,288,925	1,771,883	24,666,348	1214.4%
Fixed intangible assets		28,596,077	9,145,231	24,270,138	212.7%
Investments and other assets		5,446,150	4,191,253	1,922,779	29.9%
Deferred Assets		-	21	21	-100.0%
Total Assets		88,666,567	38,485,745	77,366,754	130.3%
Current Liabilities		26,464,344	19,889,436	25,477,669	33.0%
Fixed Liabilities		22,263,325	613,530	28,903,969	3528.6%
Total Liabilities		48,727,670	20,502,966	54,381,637	137.6%
Minority Interest		42,818	443,913	1,342,667	-90.5%
Total Shareholders' Equity		39,896,078	17,538,865	21,642,451	127.5%
Total Liabilities/Minority Interest/ Shareholders' Equity		88,666,567	38,485,745	77,366,756	130.3%

(Note)

1. The above figures are unaudited.

4. Divisional Sales Breakdown for the 4th Quarter

(Unit: 000 Yen, Round down to nearest 000 Yen)

Items \ Term		4Q FYE June 2004	4Q FYE June 2003	Increase/Decrease %
		From: April 1, 2004 To: June 30, 2004 (A)	From: April 1, 2003 To: June 30, 2003 (B)	
Business Outsourcing Areas	Casting	10,717,454	7,889,655	35.8%
	Construction	1,251,675	407,137	207.4%
	Sales Promotion	782,267	490,419	59.5%
	Technical Support	441,450	233,148	89.3%
	Office Support	302,438	131,819	129.4%
	Event	392,562	186,102	110.9%
	Others	582,940	846	68805.4%
	Total	14,470,788	9,339,128	54.9%

(Note)

1. The above figures do not include consumption taxes.
2. Because the company's business operations involve varying number of employees and have different durations, numerical figures are omitted from the above due to entailing difficulties.
3. Segmentation:
 - Business Outsourcing/Casting ... Outsourcing of general light labor
 - Business Outsourcing/Construction... Outsourcing of construction and interior work-related labor
 - Business Outsourcing/Sales Promotion ... Outsourcing of in-store sales promotion works
 - Business Outsourcing/Technical Support ... Outsourcing of multimedia-related works
 - Business Outsourcing/Office Support ... Light labor works in the office
 - Business Outsourcing/Event ... Event premise set up and removal works
 - Business Outsourcing/Others ... Other outsourced labor
4. All figures above are unaudited.

(Reference) Divisional Sales Breakdown through the 4th Quarter (Cumulative)

(Unit: 000 Yen, Round down to nearest 000 Yen)

Term		4Q FYE June 2004 From: July 1, 2003 To: June 30, 2004 (A)	4Q FYE June 2003 From: July 1, 2002 To: June 30, 2003 (B)	Increase/Decrease %
Items				
Business Outsourcing Areas	Casting	39,346,566	31,249,971	25.9%
	Construction	5,113,674	1,588,592	221.9%
	Sales Promotion	2,703,790	1,517,262	78.2%
	Technical Support	1,550,871	771,232	101.1%
	Office Support	1,001,228	431,594	132.0%
	Event	1,452,272	673,161	115.7%
	Others	1,188,313	78,616	1411.5%
	Total	52,356,717	36,310,431	44.2%

5. 4th Quarter Income Statement on a Stand-alone Basis

(Unit: 000 Yen, Rounded down to nearest 000 Yen)

Items	Term	4Q FYE June 2004 From: April 1, 2004 To: June 30, 2004 (A)		4Q FYE June 2003 From: April 1, 2003 To: June 30, 2003 (B)		Increase/Decrease Year-on-Year Basis	
		Amount	% Total	Amount	% Total	Amount	% Inc/Dec
Revenue		14,470,789	100.0%	9,339,128	100.0%	5,131,660	54.8%
Cost of Goods Sold		9,744,119	67.4%	6,199,452	66.5%	3,544,667	57.1%
(Gross Profit)		4,726,669	32.6%	3,139,675	33.5%	1,586,993	50.4%
SG & A Costs		3,643,972	25.2%	2,467,568	26.4%	1,176,404	47.6%
(Operating Profit)		1,082,697	7.5%	672,107	7.1%	410,589	61.0%
Non-Operating Profit							
Interest Income		16,143	0.1%	12,710	0.1%	3,433	27.1%
Other		40,837	0.2%	15,188	0.1%	25,649	168.8%
Non-Operating Expenses							
Discount Rate on Interest Paid		88,917	0.6%	26,061	0.3%	62,855	241.1%
Other		43,778	0.2%	37,813	0.3%	5,965	16.4%
(Recurring Profit)		1,006,983	6.9%	636,131	6.8%	370,852	58.3%

(Note)

1. The above income statement does not include the items below extraordinary gains and losses.
2. The Year-on-Year change figures are calculated based on the following.

$$\% \text{ Increase/Decrease} = \frac{(\text{A}) \text{ Results of the 4Q this year} - (\text{B}) \text{ Results of the 4Q last year}}{(\text{B}) \text{ Results of the 4Q last year}} \times 100$$

3. The above figures are unaudited.

(Reference) 4th Quarter Income Statement on a Stand-alone Basis (Cumulative)

(Unit: 000 Yen, Rounded down to nearest 000 Yen)

Items	Term	4Q FYE June 2004 From: July 1, 2003 To: June 30, 2004 (A)		4Q FYE June 2003 From: July 1, 2002 To: June 30, 2003 (B)		Increase/Decrease Year-on-Year Basis	
		Amount	%Total	Amount	%Total	Amount	%Inc/Dec
Revenue		52,356,717	100.0%	36,310,431	100.0%	16,046,285	44.1%
Cost of Goods Sold		34,484,969	66.0%	24,139,083	66.6%	10,345,886	42.8%
(Gross Profit)		17,871,748	34.0%	12,171,348	33.4%	5,700,399	46.7%
SG & A Costs		13,372,078	25.5%	8,381,129	23.1%	4,990,949	59.4%
(Operating Profit)		4,499,669	8.6%	3,790,219	10.3%	709,449	18.6%
Non-Operating Profit							
Interest Income		37,873	0.1%	39,445	0.1%	1,572	-3.9%
Other		197,228	0.3%	115,583	0.2%	81,645	70.5%
Non-Operating Expenses							
Discount Rate on Interest Paid		257,264	0.5%	116,498	0.3%	140,765	120.7%
Other		154,331	0.2%	57,606	0.1%	96,725	168.5%
(Recurring Profit)		4,323,176	8.2%	3,771,141	10.4%	552,035	14.6%

(Note)

1. The above income statement does not include the items below extraordinary gains and losses.
2. The Year-on-Year change figures are calculated based on the following.

$$\% \text{ Increase/Decrease} = \frac{(\text{A}) \text{ Results of the 4Q this year} - (\text{B}) \text{ Results of the 4Q last year}}{(\text{B}) \text{ Results of the 4Q last year}} \times 100$$

3. The above figures are unaudited.

6. Stand-alone Balance Sheet as at the end of the 4th Quarter

(Unit: 000 Yen, Round down to nearest 000 Yen)

Items	Term	4Q FYE June 2004	4Q FYE June 2003	Increase/Decrease	
		As of June 30, 2004	As of June 30, 2003	Year-on-Year Basis	
		Amount	Amount	Amount	% Inc/Dec
Current Assets		17,298,023	12,951,541	26,507,509	33.6%
Fixed Assets					
Fixed tangible assets		22,499,049	1,344,934	24,666,348	1572.9%
Fixed intangible assets		172,938	252,595	24,270,138	-31.5%
Investments and other assets		34,638,447	32,250,511	1,922,779	7.4%
Deferred Assets		-	-	21	-100.0%
Total Assets		74,608,457	46,799,583	77,366,754	59.3%
Current Liabilities		25,905,489	10,925,446	25,477,669	137.0%
Fixed Liabilities		10,661,626	390,286	28,903,969	2631.6%
Total Liabilities		36,567,116	11,315,733	54,381,637	223.1%
Total Shareholders' Equity		38,041,341	35,456,849	21,642,451	7.3%
Total Liabilities/Minority Interest/ Shareholders' Equity		74,608,457	46,772,583	76,024,089	59.4%

(Note)

1. The above figures are unaudited.