



July 22, 2008

To whom it may concern:

Company: The Goodwill Group, Inc.
Representative: Shinichi Horii
Representative Director and President
(Code No. 4723 TSE 1st Section)
Contact: Tomoyuki Maeda
General Manager
Investor Relations Department
Management Planning Division
(TEL: 03-3405-9262)

Notice of Extraordinary Loss and Revisions of Consolidated Results Forecast for FYE June 2008 (14th term)

We have revised our consolidated financial results forecast for FYE June 2008 (July 1, 2007 to June 30, 2008), which was most recently published on May 30, 2008.

Details

1. Revisions to consolidated results forecast figures (July 1, 2007 to June 30, 2008)

(Unit: 1 million yen)

	Revenues	Operating profits	Recurring profits	Net income or loss (-)	Net income or loss (-) per share
Previously-announced forecast (A)	580,000	-9,000	-15,000	-9,000	Yen Sen -3,531 74
Current revised forecast (B)	580,000	-9,000	-15,000	-30,000	Yen Sen -11,772 47
Change (B-A)	-	-	-	-21,000	-
Rate of change (%)	- %	- %	- %	- %	-
(For reference) Prior results (FYE June 2007)	509,001	9,945	6,794	-40,708	Yen Sen -19,510 20

2. Reasons for revisions

The previous forecast for the consolidated results has been revised due to the following reasons:

- Change in the consolidated net income (loss)

Consolidated net income is expected to be -30 billion yen (previously forecasted -9 billion yen); there is a decline of 21 billion yen from the previous forecast.

A breakdown of the decline includes an estimated loss of 15 billion yen from discontinued operations at subsidiary Goodwill, Inc., impairment and related losses of 2 billion yen, additional income taxes for the prior year of 1 billion yen, and a reversal of deferred tax assets of 3 billion yen.

(1) Extraordinary loss

(Unit: 100 million yen)

Details	Amount
(i) Loss from discontinued operations at subsidiary Goodwill, Inc.	150
(ii) Loss on impairments, etc.	20
Total	170

(i) Loss from discontinued operations at subsidiary Goodwill, Inc.

As we have announced in “Discontinuation of Operations at Subsidiary Goodwill, Inc.” on June 30, 2008, we plan to discontinue all the operations at subsidiary Goodwill, Inc. with a target date of July 31, 2008. The accompanying liquidation is estimated to involve impairment loss on goodwill of approximately 6.5 billion yen and loss on liquidation of approximately 8.5 billion yen.

(ii) Loss on impairments

As disclosed in “Notice of assignment of fixed assets owned by subsidiary ” as of June 20, 2008, about 700 million yen of impairment loss has been accrued due to the assignment of fixed assets which had been owned by Goodwill Premier, Inc.

With the decline in expected operating and recurring profits of our group companies, impairments of goodwill and fixed assets are estimated to show a loss of 1,300 million yen.

(2) Income taxes for prior fiscal year

The Tokyo Regional Taxation Bureau has conducted a regular tax examination on The Goodwill Group, Inc. and our group companies, with regard to income and other taxes for FYE June 2005 through FYE June 2007, which resulted in a reassessment of taxes. We believe that we have filed the appropriate tax returns. However, Goodwill Group, Inc. and our group companies also acknowledged that there is room for improvement, and thus filed an amended tax return in accordance with the notice (part of assessment in process .) As a result, we expect to owe additional income taxes for the prior year of approximately 1 billion yen in the group total (including local tax of 130 million yen and substantial additional tax of, by our estimate, 120 million yen.)

The additional tax is mostly due to the reassessment of some M&A-related expenses to be charged.

(3) Reversal of deferred tax assets

Because of the discontinued operations at subsidiary Goodwill, Inc., we expect to reverse deferred tax assets to be able to recognize deferred income taxes of approximately 3 billion yen.

[Notice regarding results forecast]

The above forecasts have been prepared based on information available as of the date of announcement, and may vary from actual results due to a number of factors.

End of document