



September 12, 2008

To whom it may concern,

Company: The Goodwill Group, Inc.
Representative: Shinichi Horii
Representative Director and President
(Code No. 4723 TSE 1st Section)
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Notes regarding Assumptions as an Ongoing Concern

This is to inform you that the Board of Directors, meeting on September 12, 2008, approved the following notes regarding assumptions as an ongoing concern in the financial highlights and securities report for FYE June 2008.

Details

1. Consolidated financial statements for FYE June 2008

Events and circumstances raising material questions regarding assumptions as an ongoing concern

The group posted an operating loss of 6.683 billion yen and net loss of 27.416 billion yen for FYE June 2008. These large losses come on the heels of a net loss of 40.708 billion yen for FYE June 2007 and are due primarily to the withdrawal from COMSN, Inc. during the previous consolidated accounting period and the closure of Goodwill, Inc. during this consolidated accounting period. As a result, the group's shareholders equity was in insolvency by 2.691 billion yen for FYE June 2008.

Because of these results, at the end of this consolidated accounting period the company had 75.754 billion yen in debts that contravened the financial restriction clauses in the loan agreements with some of its correspondent financial institutions, including Promontoria Investments I B.V., its largest lender. It lost the right not to pay before due date with respect to these obligations. In addition, similar financial restrictions are conditions precedent for the agreement to underwrite a capital increase by third-party allotment of 15.5 billion yen in Class A preferred shares as part of a deal with Promontoria Investments I B.V. for the equitization of debt scheduled for December 25, 2008. The company was in contravention of these restrictions as at the end of this consolidated accounting period.

Furthermore, as at July 28 the company had borrowings from 24 financial institutions for which it had requested moratorium on principal repayment obligations for a period of 1 year. It is still in negotiation regarding the principal that came due on and after the end of July and has therefore generated temporary arrears during the period required to negotiate the repayment moratorium.

As a result of the circumstances, there are material questions regarding the assumptions of the group as an ongoing concern.

To address the circumstances, the company is moving forward in collaboration with Promontoria Investments I B.V. on business reforms that will improve its corporate value and achieve the medium-term business plan outlined below. These initiatives are based on "Revival Plan 2012," the Management Guidelines under the New Management Organization already announced. It should be noted that Promontoria Investments I B.V. underwrote 500,000 shares of common stock (16.73%) on April 25, 2008 and made new loans to the company during July.

(Description of medium-term business plan)

1 "Selection and concentration" of businesses

We will concentrate our management resources on the core businesses of the group: engineer referral services and manufacturing referral services. In doing this, we will seek to achieve appropriate profits. Conversely, we have completely withdrawn from the day-worker referral business, which is expected to see significant contraction in market size due to stiffer regulations, and we will also withdraw from the highly competitive restaurant business. These moves will improve our profit margins. In addition, we will sell all idle assets, working to reduce both our assets and our interest-bearing debt.

2 Expansion of international operations

The global worker referral market continues to expand over the medium and long terms and we will seek continued, stable expansion in our revenues by growing existing businesses and increasing the number of countries in which we do business. As we do this, we will seek cost savings by concentrating head office functions for international operations, thereby ensuring that these operations are profitable.

3 Fundamental overhaul of head office organizations and substantial reduction in sales, general and administrative expenses

In light of the reduction in the scale of revenues resulting from the process of selection and concentration described above, we will make substantial cuts in sales, general and administrative expenses for the holding company.

4 Rebuilding brand image with new name

A series of scandals has injured our credibility. To restore this credibility and build a new brand image, we will change the name of the company to "RADIA HOLDINGS, INC." beginning October 2008 and will move forward with the rebuilding of the group under the new name.

With respect to the existing borrowings as at the end of July 2008, we have already received the consent of financial institutions (including Promontoria Investments I B.V.) accounting for more than 94% of the outstanding borrowings for which we have requested moratorium on principal repayment, and have therefore recovered the right not to pay before due date. To receive the consent of Promontoria Investments I B.V., the group agreed to implement plans to further improve its profitability, including further cost reductions.

The company plans a capital increase by third-party allotment of 15.5 billion yen in Class A preferred shares, which will be issued to Promontoria Investments I B.V. as part of a program for the equitization of debt. This is scheduled to take place on December 25, 2008, and while we are in contravention of the conditions precedent in the underwriting agreement (see above), we are planning to use the capital increase to resolve the insolvency and also reduce interest-bearing debt.

The company plans to welcome Mr. Charles J. Abadie, a manager with a track record in rebuilding a human resources referral company in the United States, as its new representative director. The company will be working to improve profitability and cash flow while also raising funds through the sale of the group's real estate holdings. We anticipate that these efforts will bring stability to both management and cash flow.

For these reasons, the consolidated financial statements for this consolidated accounting period have been created on the assumption that the company is an ongoing concern, and we have not reflected the impact of these material questions in the consolidated financial statements.

2. Non-consolidated financial statements for FYE June 2008

Events and circumstances raising material questions regarding assumptions as an ongoing concern

The company posted a net loss of 30.523 billion yen for FYE June 2007 and a net loss of 30.877 billion yen for FYE June 2008. These large losses were due to appraisal losses etc. for subsidiary COMSN, Inc. during previous business year and for subsidiary Goodwill, Inc. during this business year. As a result, the company's shareholders equity was in insolvency by 460 million yen for FYE June 2008.

Because of these results, at the end of this business year the company had 75.754 billion yen in debts that contravened the financial restriction clauses in the loan agreements with some of its correspondent financial institutions, including Promontoria Investments I B.V., its largest lender. It lost the right not to pay before due date with respect to these obligations. In addition, similar financial restrictions are conditions precedent for the agreement to underwrite a capital increase by third-party allotment of 15.5 billion yen in Class A preferred shares as part of a deal with Promontoria Investments I B.V. for the equitization of debt scheduled for December 25, 2008. The company was in contravention of these restrictions as at the end of this business year.

Furthermore, as at July 28 the company had borrowings from 24 financial institutions for which it had requested moratorium on principal repayment obligations for a period of 1 year. It is still in negotiation regarding the principal that came due on and after the end of July and has therefore generated temporary arrears during the period required to negotiate the repayment moratorium.

As a result of the circumstances, there are material questions regarding the assumptions of the company as an ongoing concern.

To address the circumstances, the company is moving forward in collaboration with Promontoria Investments I B.V. on business reforms that will improve its corporate value and achieve the medium-term business plan outlined below. These initiatives are based on "Revival Plan 2012," the Management Guidelines under the New Management Organization already announced. It should be noted that Promontoria Investments I B.V. underwrote 500,000 shares of common stock (16.73%) on April 25, 2008 and made new loans to the company during July.

(Description of medium-term business plan)

1 "Selection and concentration" of businesses

We will concentrate our management resources on the core businesses of the company's subsidiaries: engineer referral services and manufacturing referral services. In doing this, we will seek to achieve appropriate profits. Conversely, we have completely withdrawn from the day-worker referral business, which is expected to see significant contraction in market size due to stiffer regulations, and we will also withdraw from the highly competitive restaurant business. These moves will improve our profit margins. In addition, we will sell all idle assets, working to reduce both our assets and our interest-bearing debt.

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The company plans a capital increase by third-party allotment of 15.5 billion yen in Class A preferred shares, which will be issued to Promontoria Investments I B.V., as part of a program for the equitization of debt. This is scheduled to take place on December 25, 2008, and while we are in contravention of the conditions precedent in the underwriting agreement (see above), we are planning to use the capital increase to resolve the insolvency and also reduce interest-bearing debt.

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For these reasons, the financial statements for this business year have been created on the assumption that the company is an ongoing concern, and we have not reflected the impact of these material questions in the financial statements.

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