

## Summary of Operating Results for Fiscal Year Ending June 2004 (Consolidated)

August 11, 2004

Company Name: Goodwill Group, Inc.

Listing Exchange: Tokyo

Code Number: 4723

Domicile Prefecture of Head Office:

Tokyo

(URL: <http://www.goodwill.com>)

Representative Title: Representative Director and Chairman and Chief Executive Officer

Name: Masahiro Origuchi

Point of Contact: Responsible Officer: Managing Director and General Manger of Administration and Head of the Chairman's Office

Name: Akira Kanezaki TEL:03-3405-9228

Date of Meeting of the Board of Directors for Financial Settlement: August 11, 2004

Adoption of United States Accounting Standards: N

### 1. Consolidated Business Performance for the Year Ended June 2004 (July 1, 2003 – June 30, 2004)

#### (1) Consolidated Management Results

	Revenues		Operating Income		Ordinary Income	
	¥ Million	%	¥ Million	%	¥ Million	%
Year Ending June 2004	93,042	(49.4)	5,974	(20.1)	5,539	(15.0)
Year Ending June 2003	62,272	(31.6)	4,971	(32.3)	4,814	(31.6)

	Net Income	Net Earnings per Primary Share		Fully Diluted Net Earnings per Share		Return on Equity	Ordinary Income Return on Assets	Ordinary Income Return on Revenues
		¥ Million	%	Yen	Sen			
Year Ending June 2004	2,704 (6.1)		4,490.63		-	6.7	6.2	5.9
Year Ending June 2003	2,548 (6.1)		13,466.65		-	14.5	12.5	7.7

(Note) 1. Investment Losses under the Equity Method: Year ended June 2004: None Year ended June 2003: None

2. Average Number of Shares during the Year (Consolidated basis): Year ended June 2004: 582,315

184,761

Year ended June 2003:

3. Changes in the Accounting Treatment: None

4. Figures in the parentheses in the Revenues, Operating Income, Ordinary Income, and Net Income columns indicate percentage change over the prior year.

(2) Consolidated Financial Conditions

	Total Assets	Shareholders Equity	Equity Ratio	Equity per Share
	¥ Million	¥ Million	%	Yen Sen
Year Ending June 2004	88,666	39,896	45.0	62,587.77
Year Ending June 2003	38,485	17,538	45.6	94,604.10

(Note) Number of Shares Outstanding at Year end (Consolidated basis): Year ended June 2004:  
636,004

Year ended June 2003:

184,758

(3) Consolidated Cash Flow

	Cash Flow from Operating Activities	Cash Flow from Investing activities	Cash Flow from Financing Activities	End of Year Change in Cash and Cash Equivalents
	¥ Million	¥ Million	¥ Million	¥ Million
Year Ending June 2004	792	(-) 23,847	24,945	13,942
Year Ending June 2003	3,089	(-) 2,925	4,855	12,052

(4) Scope of Consolidation and Application of the Equity Method

Number of Consolidated Subsidiaries: 8 Unconsolidated Subsidiaries Applying the Equity Method:

-

Affiliated Companies Applying the Equity Method : -

(5) Changes to the Scope of Consolidation and Application of the Equity Method

Number of Consolidated Subsidiaries (De Novo) 5 (Exclusion) 0 Equity Method (De Novo) 0  
(Exclusion) 0

2. Projected Consolidated Performance for Year Ending June 2005 (July 1, 2004 – June 30, 2005)

	Revenues	Ordinary Income	Net Income
	¥ Million	¥ Million	¥ Million
Interim Period	50,000	2,000	1,000
Full Year	120,000	5,500	2,000

(Reference) Projected Net Earnings per Share (Full Year) : ¥3003.12

\*With respect to the performance projections, it has been prepared based on information available at the time of the announcement and there are uncertainties inherent within the projections and the actual performance may vary from the projected figures.

### 1. Overview of the Affiliated Companies

The group is constituted by the Goodwill Group, Inc. (the Company) and 8 subsidiary companies and is a group engaged in “Total Human Resource Services” which respond to diverse needs relating to human resources including subcontracting of primarily light labor, human resource related services with a focus on employee counseling program (EAP), and nursing care / medical support services focusing on providing home nursing care. The details of the businesses and the positioning of each affiliated company in each business and segmental classification of the businesses are as described in the following table.

Business Type	Name	Address	Capital	Principle Line of Business	Voting Rights Ownership (%)	Affiliation Details	Remarks
Contracting Business	Goodwill Group, Inc (the Company)	Minato-ku, Tokyo	(¥000) 14,118,990	Contracting of light labor	-	-	
	Goodwill, Inc.	Meguro-ku, Tokyo	120,000	Contracting of light labor	100	4 officers concurrently serving on the board	
	Kyodo Engineering, Inc.	Minato-ku, Tokyo	90,000	Contracting of factory work	100 (83.3)	Outsourcing part of operations. 2 officers serving concurrently	
	N&S Planning Inc.	Minato-ku, Tokyo	3,000	Holding company for Kyodo Engineering Inc.	100	1 officer serving concurrently.	
	Touhouadrise Inc.	Chiba-shi, Chiba	350,000	Contracting of factory work	100	Outsourcing part of operations. 2 officers serving concurrently.	
	Soar, Inc.	Meguro-ku, Tokyo	400,000	Contracting of light labor Driver dispatch service	100	Outsourcing part of operations. 3 officers serving concurrently.	
Temporary Staffing Services	Goodwill Career, Inc.	Minato-ku, Tokyo	492,000	Employee counseling services (EAP), recruitment support service	92.4	In addition to temporary staffing, conduct placement of advertisement. 2 officers serving concurrently.	
Nursing Care and Medical Support Services	COMSN, Inc.	Minato-ku, Tokyo	14,148,350	Home nursing care service	100	3 officers serving concurrently.	
	Coty Co., Ltd.	Sapporo, Hokkaido	217,500	Operation of nursery	78.1 (78.1)	1 officer serving concurrently.	

(Note) 1. Figures enclosed in parentheses in the Voting Rights Ownership column denote indirect ownership percentage.

2. With respect to Goodwill, Inc. it was established on April 7, 2004 as a wholly owned subsidiary and after a corporate spin-off on August 1, 2004, it has succeeded the subcontracting businesses from Goodwill Group, Inc.

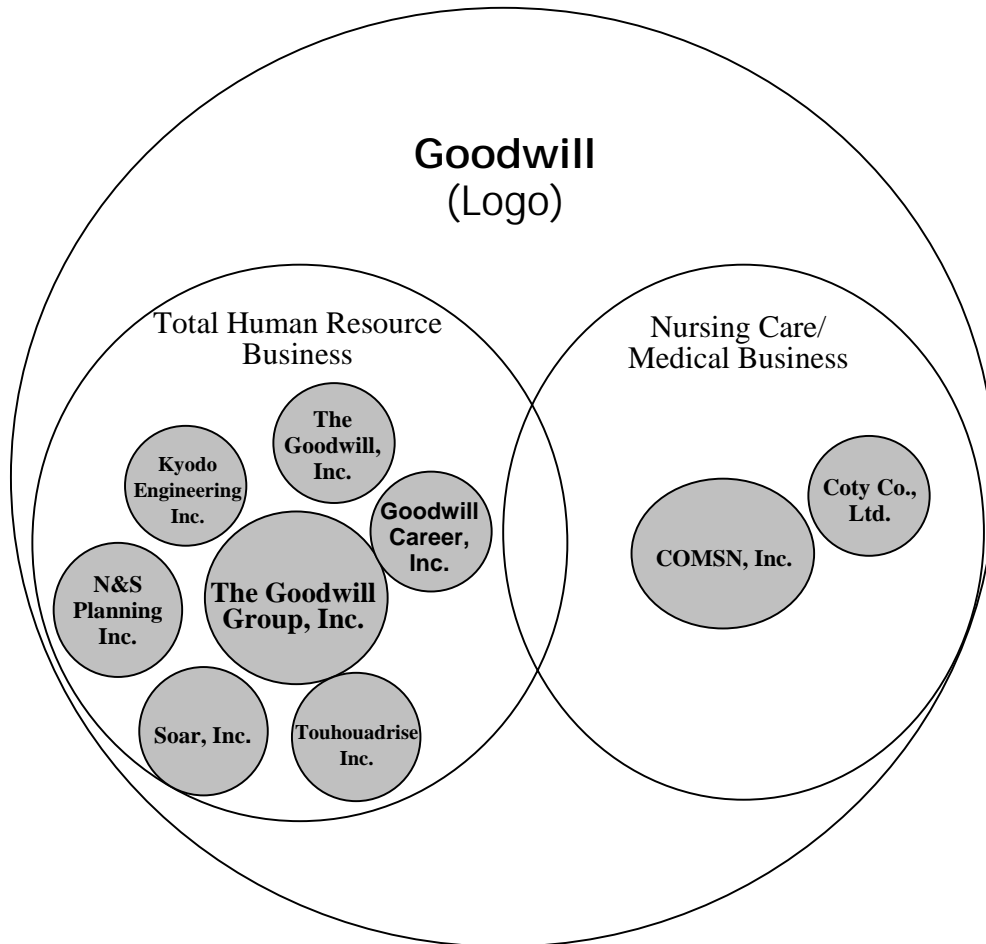
3. With respect to Kyodo Engineering, Inc. 100% of the shares were acquired (including 83.3% of indirectly owed portion by N&S Planning) on April 1, 2004 to make it a subsidiary.

4. With respect to N&S Planning Inc., 100% of the holdings was acquired on April 1, 2004 to make it a subsidiary.

5. With respect to Touhouadrise Co., Ltd., 100% of the shares were acquired on June 8, 2004 to make it a subsidiary.

6. With respect to Coty Co., Ltd., 78.18% of its shares were acquired by COMSN, Inc. on June 4, 2004 to make it a subsidiary.
7. With respect to COMSN, Inc., through a share exchange dated February 24, 2004, it has become a wholly owned subsidiary.

The group of companies above represented schematically is as follows.



## 2. Management Policies

(1) The Group has been continuously pursuing its philosophy of “unrelenting venture spirit” and “expansion, contribution to society and self-realization”. We recognize that in conditions such as those existing today where changes in the world are rapid and severe, not fearing the change but to always embrace new challenges and absorb the new knowledge, technologies and skills will add to the development of our Group. Together with the dramatic growth of the Group, it is one of the corporate missions that we recognize our responsibility of being aware of our role as a member of the society and to make the most significant contribution to the society that we can and, particularly in an economic environment such as today where the employment environment is deteriorating, much are expected of us in fulfilling our role as a receptacle for employment opportunities as a member of the human resource industry.

Further, in addition to the growth and social contribution as corporate entity, it is important to recognize that the corporation supports the growth and social contribution of each and every employee and we firmly believe that by providing a forum in which each employee can reflect upon his or her future toward which he or she can strive will, in turn, lead to the further growth and success of the Group.

### (2) Basic Policies Regarding Distribution of Profits

Distribution of profits to the shareholders is positioned as one of the highest management priorities for the Company and the group companies. While giving consideration to the maintenance of a stable management foundation, it is our objective to implement a stable dividend distribution. Specifically, for the past year an interim dividend of ¥1,000 and a year-end dividend of ¥1,000, together totaling ¥2,000 were distributed. For this current interim period, we plan to make an interim dividend payment of ¥1,500 (before the split) and a final year-end dividend payment (after a 1:3 stock split) of ¥1,000 (regular dividend of ¥500 and a commemorative dividend of ¥500 to commemorate the listing on the Tokyo Stock Exchange), together totaling ¥2,500. (If the share had been held from the beginning of the period before the implementation of the stock split, this would correspond to an annual dividend of ¥4,500 per share.)

### (3) Regarding the Philosophy and Policy with respect to Reduction of Investment Unit

The Company, in order to expand the base of our shareholders and to enhance our liquidity, has set the investment unit as 1 share. During the current year, the Company has implemented a 3 for 1 stock split effective on January 20, 2004.

### (4) Target Management Indices

To maximize the enterprise value, the Group places the greatest importance on capital efficiency that is to say, improving the Return on Equity (ROE). The Group, which is in the business of providing total human resource services, recognizes that particularly human resources are the most important assets. Minimize assets that can be quantified while taking care of human resources which cannot be quantified. In other words, the Company believes that minimizing the holding of surplus assets and assets with low utilization are important in the enhancement of capital efficiency. The Company also places priority on the optimization of redistribution of resources. The Company intends to make aggressive investments of resources into businesses in which continued growth can be expected and where there are particular requirements for human capital and establish a strong presence and foreseeing the future, invest capital aggressively into new businesses in which growth can be expected. The organizational structure which is being pursued by the Group is one in which each human resource is able to realize his or her full potential while pursuing profitability utilizing the least amount of assets.

### (4) Management Strategy for the Medium and Long Term

The single most important objective in management held by the Group is the maximization of corporate value, i.e. maximizing the market capitalization of the shares. We believe that by

growing the profit through steady growth that is befitting for “the leading company in the total human resource services” will lead to the achievement of enhancement of asset values for our shareholders. We strongly recognize that expected rate of return is the “cost of capital” for the Group and it is our view that achievement of ROE well in excess of the expected return will lead to the maximization of shareholder value and ergo the maximization of corporate value. In order to achieve this, the Group will always pursue the optimum capital structure and enhance the cycle of growth and make efforts to achieve improvements and fulfillment of financial indices over the medium term.

The Group will also make efforts to strengthen the Group’s overall growth strategies through optimizing the allocation of Group’s management resources. As one measure toward this goal, the Group has made the transition to becoming a pure holding company effective August 1, 2004. In other words, major businesses are spun off into independent companies to enhance the level of awareness of bottom line accountability of each business in order to maximize profits at an earlier stage. However, where a need for centralization of management resources is thought to exist in order to pursue changes in management environment and to pursue the benefits of scale, centralization will be pursued in our constant pursuit of optimum allocation of management resources.

#### (5) Basic Philosophy Regarding Corporate Governance and State of Implementation

The Group, in maximizing the corporate value and shareholder value, is deeply aware of the importance of corporate governance and the importance of the emphasis on compliance. Effective August 1, 2004, the Company has transformed into a pure holding company with the responsibility for the management control to manage and coordinate each group company. While respecting the independence and specialty of each of the group companies, the Group will strengthen the group control with the board of directors of the Company playing a focal role and enhance the pace of the growth of group companies.

In the board of directors, the Company had not historically appointed external directors but in the extraordinary meeting held in June 2004, an external director was appointed. We feel that the external director will be able to provide valuable views with respect to corporate management from a neutral external position and a specialist perspective.

In the audit committee, of the 4 auditors 3 are external auditors of whom 1 is a full-time auditor (currently there are 2 positions of full-time auditor). With the full-time auditor playing the focal role, in addition to implementing audits of branches and other businesses, auditors provide their views in the meetings of the board of directors and provide supervision over the execution of the duties of the directors.

With respect to compliance, a person with responsibility for compliance was posted in the General Affairs and Personnel Division but an internal legal counsel has been appointed and legal inspections have been strengthened. A compliance committee meeting is held monthly examining items relating to compliance and efforts are being increased with respect to compliance of laws.

With respect to the prevention of breaches in legal compliance, a system has been established in which an “internal reporting line” that, based on specific actual instance, provides for transmission routes for information to departments with primary responsibility and relevant departments with the objective of early problem resolution with the competent officer taking charge.

In the area of public relations and IR, based upon the awareness of the responsibility of a publicly traded company to actively provide timely and fair disclosure of information to the shareholders and interested parties, a Public Relations and IR Division, which is dedicated to this function, has been established to strengthen the Company’s efforts in information dissemination. In addition to the traditional disclosure of quarterly information, a timely provision of other information including materials relating to financial results presentation and business presentations are made available through providing access to the IR Web-site. In order to avoid timing and content gaps among investors, the Company is making efforts to create understanding of our businesses across as widely as possible. On the IR Internet site, in addition to financial information, descriptive

materials and press releases, messages from top management and IR schedule among others are presented and are accessible at any time. The Group is actively holding meetings with institutional investors including analysts and fund managers from both domestic and overseas in order to actively provide information relating to business strategies and management information. Going forward, we are also taking measures that will increase the level of understanding of the Company by individual shareholders.

(6) Issues Facing the Company

In spite of some optimistic signs appearing in the domestic economy, the overall economy continues to be caught in the quagmire and employment conditions remain quite severe. We anticipate acceleration in the trend for increased liquidity in the mode of employment to continue. In addition, the full-time employee system and the lifetime employment system have effectively become fluid with the significant changes taking place in the attitudes of Japanese people toward work. Concept of transforming personnel expenses from fixed expense to current expense as an effective measure for improving management efficiencies by the employers is becoming accepted. This is a trend, which we believe, is not transitory but a permanent one. The role of the Company is transforming from an “outsourcing business” to becoming a “replacement business” (replacement of own full-time and part-timers by staff provided by the Company) enhancing our raison d’etre and significance.

Under these conditions, the Group has identified the following as priority issues to be addressed:

- (i) Through continuously embracing the corporate motto “unrelenting venture spirit” as the basic philosophy by all of the employees, establish high profitability orientation and management foundations that is balanced and expand profits through stable growth. Through the achievement of these objectives, enhance the corporate value or maximize the asset values of the shareholders.
- (ii) The corporate philosophies which we hold are “growth and development”, “contributing to society” and “self-realization” and we believe that ever expanding reproduction in a capitalist society is the engine of corporate growth. We have imposed on ourselves the responsibility to employ the benefits of scale economies taking from our philosophy of “growth and development” to hold even greater influence in order for us to make an even greater “contribution to society” and pursue our businesses to contribute to the greater fulfillment of “self-realization” by employees, customers, and you, the shareholders.

With respect to nursing care services, we see the issues as being securing of capabilities to provide services to respond to the demand in the home nursing care service, which is expected to continue to expand and further improve the quality of service. For this purpose, we are actively enhancing our capacity through expansion of outlets, and human resources through recruitment and training of care managers and home-helpers. By also establishing facilities for home bathing service, sales and rental of nursing apparatus, and home dental treatment support service along side the home nursing care outlets, synergies and support among businesses can be achieved. In addition to these existing businesses, outlet development at full-scale of group home business will be pursued and getting the fee-based senior citizen center, nursing care taxi service, and home helper development business that were started up this year on track is also an important issue facing the Company.

(7) Other Material Items in the Management of the Company

No applicable items.

### 3. Management Results and Financial Conditions

#### (1) Overview of the Current Accounting Year

During the current consolidated fiscal year, while trend for a steady recovery of the economy was seen in the country's economy including improvements over the yearend in corporate earnings, increases in capital investments, increase in exports and recovery in personal consumption as well as improvements in the employment situation, optimistic outlook for the future was still premature.

Under such conditions, subcontracting services has begun to be accepted as a social infrastructure function and outsourcing appears to have come of age and the business has shown steady expansion under these favorable conditions,

In the nursing care industry, along with the acceleration in the pace of aging of the population, the number of people requiring nursing care also increased. As of end of March 2004, there are some 3.89 million people in this category which was a 12% increase over the same month the previous year and the benefits paid out for March 2004 totaled some ¥58.4 billion which also was an 18% increase over the same month the previous year, showing a steady expansion.

Under such conditions, the Company pursued active expansion in the outlets in order to respond to the strong demand. In addition, the Group relocated and centralized the head offices of the group companies to Roppongi Hills in August 2004 to centralize head office functions and to strengthen the management organization. The Company also gained listing on the First Section of the Tokyo Stock Exchange on March 29, 2004. All of these are due in great part to the support given by you, the shareholders as well as all of the related parties to which we express our gratitude.

With respect to the corporate performance during the current consolidated fiscal year, the Company achieved Revenues of ¥93,042 million (increase by 49.4% over previous year) while on the profit side achieved Operating Income of ¥5,974 million (20.1% increase over previous year), Ordinary Income of ¥5,539 million (15.0% increase over previous year) with Net Income for the Year of ¥2,704 million (6.1% increase over previous year) and increased revenues and profits were achieved while undertaking aggressive investments into the future.

Overviews of results for each segment are presented below.

#### (Subcontracting Business)

In the subcontracting business, new branches were opened at an accelerated pace in response to surging demand and, as a result, the number of branches of the Company, which was the principal company operating in the subcontracting business, grew significantly from the 301 in June 2003 to 500. In terms of new business development, the Company accelerated the launch of branches specializing in "Food Casting" or the subcontracting of services in restaurants. There were 21 such branches as of the end of the fiscal year. In addition, the Company expanded its businesses by newly establishing a Retail Distribution Business Division which provides human resource services to the distribution sector such as supermarkets and drugstores. It also pursued an active advertisement campaign featuring TV commercials to secure staff registration and improve brand image. As a result, the number of registered staff reached 1.38 million as of the end of the fiscal year.

With respect to the financial results for the subcontracting business, Revenues amounted to ¥53,721 million (increase of 43.7% over the previous year), and Operating Income reached ¥4,509 million (an increase of 18.1% over the previous year).

#### (Human Resource Related Services)

In the area of the human resources related services, the Company restructured from the previous year its businesses focusing on the employee counseling program (EAP) and the driver dispatch businesses. With respect to the EAP, there has been a recent increase in the workload per employee partly as a result of the corporate restructurings and the rising public awareness of the services has been heightened and this, in combination with the increased interest among corporate clients, led the segment to achieve strong financial results. In the driver dispatch business, again

with the increase in public awareness of the service, the Company expanded operations by expanding the total number of driver dispatch locations from 9 at June 2003 to 25, establishing a base for nationwide service coverage. In the retail distribution sector, which is the largest single customer base for the Group and an industry which had traditionally held conservative views with respect to liquidity in the job market has appeared to be facing a turning point and the Company was able to observe a significant rise in the number of customers. Consequently, the Revenues for the year from the human resource related services reached ¥2,817 million (increase of 57.6% over the previous year) and Operating Income rose to ¥268 million (increase of 65.3% over the previous year).

(Nursing Care and Medical Support Services)

In the area of nursing care and medical support services, backed by the sustained high level of growth in the market, the Group expanded the number of business locations from the previous fiscal year. The total number of home-call nursing outlets was increased by 294 branches from the end of previous fiscal year to 804 locations at the end of the year in review while the Group also actively recruited care managers and home helpers.

As for group homes, with the shortage of facilities being a constant issue facing the entire country, the Group expanded operations to 80 homes as of the end of the fiscal year, marking an increase by 78 homes on a year on year basis.

In terms of fee-based nursing homes, in addition to the one home in operation during the past term, the Group opened “COMSN Home Haruhino” in August 2003 and “COMSN Home Tachikawa” in December 2003. The new homes have maintained nearly full occupancy since their opening, establishing a successful business model for fee-based nursing homes.

In the area of home-helper training business, the number of training schools increased by 13 locations from the previous fiscal year, bringing the total to 14. The business was able to record its first single month profit in February 2004 and foundation has been laid for its future success.

As a result of the above, Revenues from the nursing care and medical support services reached ¥36,502 million (increase of 58.0% over the previous year) with an Operating Income of ¥1,185 million (increase of 20.2% over the previous year).

## (2) Financial Conditions

### (Cash Flows)

The balance of Cash and Cash Equivalents (hereinafter the “Cash”) as of the end of the fiscal year increased by ¥1,889 million over the previous year end to ¥13,942 million. The conditions and factors behind each of the cash flow movements are outlined below.

#### (i) Cash Flows From Operating Activities

Cash generated by operating activities during the current consolidated fiscal year was ¥792 million (cash generated during the previous fiscal year was ¥3,089 million). Although the Group, with the strong performances in the subcontracting and nursing care and medical support services, posted ¥5,165 million in Net Income before adjustments for Taxes, the margin of Cash generation was reduced from the previous year due to increases in accounts receivables associated with the revenue increase and increased tax burden.

#### (ii) Cash flows from investing activities

Cash from investing activities recorded a net outflow of ¥23,847 million (outflow in the previous fiscal year was ¥2,925 million) primarily as a result of the acquisition of land for COMSN’s institutional nursing care business, along with the addition of subsidiaries through M&A activities.

#### (iii) Cash flows from financing activities

Cash generated from financing activities was ¥24,945 million (cash generated in the previous fiscal year was ¥4,855 million), primarily due to borrowings to finance the land acquisition noted in the investment activities section.

## (3) Outlook for the Next Year

With the Japanese economy overall follows a path to recovery, the subcontracting business is expected to continue to be relatively strong aided by the aggressive expansion in outlets undertaken during the current period and the transition of labor expenses from fixed to current expenses. In the nursing care and medical support services, with the increase in the eligible recipients of home-delivered nursing care, the demand for nursing care services is projected to enjoy continued growth. With respect to the institutionalized nursing care business that is currently being pursued, however, it will take some time before the business will make a positive profit contribution and next year is expected to continue to be a year to bear expenses for building the business. In addition, there will be increases in amortization of the Consolidation Adjustment Account resulting from conversion of COMSN into a fully owned subsidiary and the acquisition of HU-Management Japan Co., Ltd., which is noted in the Material Subsequent Events section.

With respect to the human resources related services, principally the driver dispatching service and the EAP employee-counseling program, are expected to expand steadily over the year.

With the above outlook, Revenues of ¥120 billion, Ordinary Income of ¥5.5 billion with Net Income for the Year of ¥2.0 billion are projected. In addition, a dividend distribution of ¥1,500 per share is planned.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: ¥ 000 rounded down to nearest unit)

Item	Current Consolidated Fiscal Year (as of June 30, 2004)		Prior Consolidated Fiscal Year (as of June 30, 2003)	
	Amount	Composition	Amount	Composition
(Assets)		%		
I. Current Assets				
1. Cash and Deposits	13,946,527		12,053,670	
2. Trade Notes and Account Receivables*3	7,909,300		4,999,280	
3. Accrued Revenues	8,263,469		5,571,231	
4. Deferred Tax Assets	306,494		246,556	
5. Prepaid Expenses	728,162		404,403	
6. Other	260,966		160,826	
7. Allowance for Doubtful Accounts	(-) 79,506		(-) 58,613	
Total Current Assets	31,335,414	35.3	23,377,355	60.7
II. Fixed Assets				
1. Tangible Fixed Assets				
(1) Buildings	1,623,619		680,221	
Accumulated Depreciation	(-) 406,884	1,216,734	(-) 231,781	448,439
(2) Aircraft	3,604,655		-	
Accumulated Depreciation	(-) 54,069	3,550,585	-	
(3) Furniture & Fixtures	3,208,145		2,106,008	
Accumulated Depreciation	(-) 1,625,025	1,583,120	(-) 1,153,577	952,430
(4) Land		498,316		331,200
(5) Construction in Progress*1		16,406,519		-
(6) Other	156,211		147,008	
Accumulated Depreciation	(-) 122,562	33,648	(-) 107,195	39,812
Total Tangible Fixed Assets		23,288,925		1,771,883
2. Intangible Fixed Assets		26.3		4.6
(1) Consolidation Adjustment Account		28,148,546		8,648,282
(2) Software		232,569		289,198
(3) Other		214,960		207,750
Total Intangible Fixed Assets		28,596,077		9,145,231
3. Investments and Other Assets		32.3		23.8
(1) Investment Securities*2		2,013,333		1,632,052
(2) Long Term Loans		115,222		77,985
(3) Deferred Tax Assets		187,311		162,031
(4) Bankruptcy Claims, etc		214,812		187,691
(5) Rent Deposits		2,598,893		1,830,394
(6) Long Term Prepaid Expenses		374,224		329,506
(7) Other *1		138,498		142,561
(8) Allowance for Doubtful Accounts		(-) 196,147		(-) 170,971
Total Investment and Other Assets		5,446,150		4,191,253
Total Fixed Assets		57,331,152	6.164 .7	15,108,368
III. Deferred Assets				
1. Other		-		21
Total Deferred Assets		-		21
Total Assets		88,666,567	100.0	38,485,745

Term Item	Current Consolidated Fiscal Year (as of June 30, 2004)		Prior Consolidated Fiscal Year (as of June 30, 2003)	
	Amount	Composition	Amount	Composition
(Liabilities)				
I. Current Liabilities				
1. Short Term Borrowings*1	17,410,116		12,826,010	
2. Bonds Coming Due within 1 Year	-		51,000	
3. Accrued Expenses	5,626,137		4,005,852	
4. Accrued Income Taxes	1,460,713		1,569,508	
5. Accrued Consumption Tax	1,052,399		610,994	
6. Other	914,977		826,070	
Total Current Liabilities	26,464,344	29.8	19,889,436	51.7
II. Fixed Liabilities				
1. Long Term Borrowings*1	21,400,039		358,600	
2. Reserve for Retirement Benefits	28,100		23,147	
3. Reserve for Directors' Retirement Benefits	-		23,499	
4. Other	835,184		208,283	
Total Fixed Liabilities	22,263,325	25.1	613,530	1.6
Total Liabilities	48,727,670	55.0	20,502,966	53.3
(Minority Interest)				
Minority Interest	42,818	0.0	443,913	1.1
(Capital)				
I. Paid-in-Capital	14,118,990	15.9	13,674,660	35.5
II. Capital Surplus	36,047,102	40.7	16,345,269	42.5
III. Retained Earnings	(-) 10,314,800	(-) 11.6	(-) 12,497,870	(-) 32.5
IV. Net Unrealized Gains and Losses on Securities	52,489		20,245	0.1
V. Treasury Stocks*3	(-) 7,703	(-) 0.0	(-) 3,439	(-) 0.0
Total Capital	39,896,078	45.0	17,538,865	45.6
Total Liabilities, Minority Interest and Capital	88,666,567	100.0	38,485,745	100.0

## (2) Consolidated Statement of Income

(Unit: ¥ 000 Figures rounded down to nearest unit)

Item	Term	Current Consolidated Fiscal Year (Commencing July 1, 2003 Ending June 30, 2004)		Prior Consolidated Fiscal Year (Commencing July 1, 2002 Ending June 30, 2003)	
		Amount	%	Amount	%
		I. Revenues		93,042,107	100.0
II. Cost of Goods Sold		62,301,828	67.0	41,909,483	67.3
Gross Profit		30,740,278	33.0	20,363,437	32.7
III. Sales and General Administration Expenses					
1. Salaries and Allowances	10,795,613			6,955,627	
2. Provisions for Reserve for Retirement Benefits	4,130			2,750	
3. Provisions for Reserve for Directors' Retirement Benefits	6,416			6,166	
4. Rent	1,921,338			1,254,550	
5. Communication Expenses	1,273,563			831,227	
6. Amortization of Consolidation Adjustment Account	788,780			384,969	
7. Depreciation	919,573			457,464	
8. Provisions for Allowance for Doubtful Accounts	40,091			39,531	
9. Advertisement Expense	2,667,526			1,050,291	
10. Other	6,349,177	24,766,210	26.6	4,409,023	24.7
Operating Income		5,974,068	6.4	4,971,833	8.0
IV. Non-Operating Income					
1. Interest Income	27,303			30,899	
2. Dividend Income	12,622			9,362	
3. Commission Income	30,198			36,198	
4. Rental Income	24,068			13,258	
5. Other	42,030	136,223	0.1	20,424	0.2
V. Non-Operating Expenses					
1. Interest Expenses	417,218			179,592	
2. Losses on Capital Investments	17,305			20,223	
3. Commission Expense	60,551			36,432	
4. Other	75,987	571,062	0.6	31,431	0.5
Ordinary Income		5,539,229	6.0	4,814,296	7.7
VI. Extraordinary Income					
1. Gains on Disposal of Fixed Assets*1	1,162			-	
2. Gains on Disposal of Investment Securities	83,624			-	
3. Gains on Revision of Prior Year Earnings	-			9,263	
4. Gains on Contributions*2	-	84,787	0.1	1,356,731	2.2

	Current Consolidated Fiscal Year (Commencing July 1, 2003 Ending June 30, 2004)			Prior Consolidated Fiscal Year (Commencing July 1, 2002 Ending June 30, 2003)		
	Amount	Amount	Ratio	Amount	Amount	Ratio
VII. Extraordinary Losses						
1. Losses from Removal of Fixed Assets*3	27,759			43,868		
2. Valuation Losses on Investment Securities	1,546			21,242		
3. Losses on Disposal of Investment Securities	2,705			1,174,840		
4. Losses from Termination of Leases	-			-		
5. Losses on Changes in Holdings	243,921			148,294		
6. Losses Related to Head Office Relocation*4	<u>182,094</u>	<u>458,027</u>	0.5	-	<u>1,388,244</u>	2.2
Income before Adjustments for Taxes		5,165,989	5.6		4,792,047	7.7
Income Tax, Inhabitant Tax and Enterprise Tax	2,429,367			2,129,920		
Tax Adjustments	<u>(-) 106,132</u>	2,323,234	2.5	<u>(-) 157,017</u>	1,972,902	3.2
Minority Interest Income		<u>137,788</u>	0.1		<u>271,032</u>	0.4
Net Income for the Year		<u>2,704,966</u>	2.9		<u>2,548,112</u>	4.1

### (3) Consolidated Statement of Surplus

(Unit: ¥ 000 Figures rounded down to nearest unit)

Item	Term	Current Consolidated Fiscal Year (Commencing July 1, 2003 Ending June 30, 2004)		Prior Consolidated Fiscal Year (Commencing July 1, 2002 Ending June 30, 2003)	
		Amount	Amount	Amount	Amount
<b>(Capital Surplus)</b>					
I.	Capital Surplus Beginning Balance		16,345,269		16,345,269
II.	Increase in Capital Surplus				
1.	Gains in Subsidiaries from Disposition of Parent Stock	74,742		-	
2.	Increase in Capital Surplus due to Stock Exchange	19,627,090	19,711,833	-	
III.	Capital Surplus Ending Balance		36,047,102		16,345,269
<b>(Retained Earnings)</b>					
I.	Retained Earnings Beginning Balance		(-) 12,497,870		(-) 14,692,647
II.	Increase in Retained Earnings				
1.	Net Income for the Year	2,704,966	2,704,966	2,548,112	2,548,112
III.	Reductions in Retained Earnings				
1.	Dividends	461,896		323,335	
2.	Directors Bonuses	60,000	521,896	30,000	353,335
IV.	Retained Earnings Ending Balance		(-) 10,314,800		(-) 12,497,870

## (4) Consolidated Statement of Cash Flow

(Unit: ¥ 000 Figures rounded down to the nearest unit)

Item	Term	Current Consolidated Fiscal	Prior Consolidated Fiscal
		Year (Commencing July 1, 2003 Ending June 30, 2004)	Year (Commencing July 1, 2002 Ending June 30, 2003)
		Amount	Amount
<b>I. Cash Flow from Operating Activities</b>			
	Net Income for the Year before Adjustments for Taxes	5,165,989	4,792,047
	Depreciation	1,099,081	637,788
	Gains on Disposal of Fixed Assets	(-) 1,162	-
	Losses from Removal of Fixed Assets	27,759	43,868
	Amortization of Consolidation Adjustment Account	788,780	384,969
	Amortization of Long Term Prepaid Expenses	90,297	48,624
	Increase in Allowance for Doubtful Accounts	39,556	45,729
	Changes in Reserve for Retirement Benefits	4,953	(-) 3,870
	Changes in the Reserve for Directors' Retirement Benefits	(-) 127,106	2,416
	Interest and Dividend Income	(-) 39,926	(-) 40,262
	Interest Expense	417,218	179,592
	Losses on Capital Investments	17,305	20,223
	Gains on Disposal of Investment Securities	(-) 83,624	-
	Losses on Changes in Holdings	243,921	148,294
	Gains on Contributions	-	(-) 1,356,731
	Losses on Disposal of Investment Securities	2,705	1,174,840
	Valuation Losses on Investment Securities	1,546	21,242
	Losses Relating to Head Office Relocation	92,159	-
	Changes in Trade Notes and Account Receivable	(-) 2,639,941	(-) 851,848
	Increases in Accrued Revenues	(-) 2,692,238	(-) 1,904,616
	Changes in Rent Deposits	(-) 440,416	(-) 433,751
	Increase in Accrued Expenses	1,374,403	1,556,701
	Other	326,936	163,245
	Subtotal	3,668,197	4,628,503
	Interest and Dividends Received	42,763	33,417
	Interest Paid	(-) 378,440	(-) 185,841
	Taxes Paid	(-) 2,540,299	(-) 1,386,972
	Cash Flow from Operating Activities	792,220	3,089,106
<b>II. Cash Flow from Investing Activities</b>			
	Net Changes in Fixed Deposits	51,000	37,553
	Income from Disposition of Investment Securities	161,511	693,718
	Expenditures for Acquisition of Investment Securities	(-) 22,590	(-) 1,206,700
	Expenditure for Additional Acquisition of Subsidiary Shares	(-) 798	(-) 1,976,384
	Expenditure from Acquisition of Subsidiary Shares Associated with Change in the Scope of Consolidation	(-) 962,163	-
	Expenditure for Acquisition of Unconsolidated Subsidiaries	(-) 370,011	-
	Expenditure for the Acquisition of Tangible Fixed Assets	(-) 22,651,515	(-) 390,264
	Income from Disposition of Tangible Fixed Assets	4,121	-
	Expenditure for Acquisition of Intangible Fixed Assets	(-) 74,413	(-) 29,351
	Expenditure for Loans	(-) 151,920	(-) 447,030
	Income from Recovery of Loans	163,501	1,172,936
	Expenditure for Acquisition of Guarantee Money	-	(-) 782,909
	Other	5,759	2,989
	Cash Flow from Investing Activities	(-) 23,847,508	(-) 2,925,442
<b>III. Cash Flow from Financing Activities</b>			
	Net Changes in Short Term Borrowings	1,276,500	5,054,100
	Income from Increase in Long Term Borrowings	25,150,000	500,000
	Expenditure for Repayment of Long Term Borrowings	(-) 1,091,710	(-) 403,397
	Stock Payment Income from Minority Shareholders	30,000	40,000
	Expenditure for Redemption of Corporate Bonds	(-) 30,000	(-) 10,000
	Other	(-) 389,655	(-) 324,850
	Cash Flow from Financing Activities	24,945,134	4,855,852
<b>IV. Conversion Difference Relating to Cash and Cash Equivalents</b>			
		-	-
<b>V. Change in Cash and Cash Equivalent</b>			
		1,889,846	5,019,517
<b>VI. Cash and Cash Equivalents Beginning Balance</b>			
		12,052,670	7,033,152
<b>VII. Cash and Cash Equivalents Ending Balance</b>			
		13,942,516	12,052,670

Material Items which are the Basis for the Preparation of the Consolidated Financial Statements

	Current Consolidated Fiscal Year (Commencing July 1, 2003 Ending June 30, 2004)	Prior Consolidated Fiscal Year (Commencing July 1, 2002 Ending June 30, 2003)
1. Items relating to the scope of consolidation	<p>Consolidated subsidiaries are the following 8 companies: Goodwill Career, Inc. COMSN, Inc. Soar, Inc. The Goodwill, Inc. Kyodo Engineering Inc. N &amp; S Planning Inc. Touhouadrise Inc. Coty Co., Ltd.</p> <p>The Goodwill, Inc. was established by the Company as a consolidated subsidiary on April 7, 2004.</p> <p>The shares of Kyodo Engineering Inc. were acquired by the Company on April 1, 2004 and became a consolidated subsidiary from the current consolidated fiscal year.</p> <p>Holdings in N &amp; S Planning Inc. were acquired by the Company on April 1, 2004 and it became a consolidated subsidiary beginning the current consolidated fiscal year.</p> <p>The shares of Touhouadrise Inc. were acquired by the Company on Jun 8 2004 and it became a consolidated subsidiary beginning the current consolidated fiscal year.</p> <p>The shares of Coty Co., Ltd. were acquired by COMSN Inc., a subsidiary of the Company, and it became a consolidated subsidiary beginning the current consolidated fiscal year.</p> <p>The Company's overseas subsidiaries, Ru yi bang ren li gufen Co., Ltd. and Gui dou wei li jituan Co., Ltd. and Goodwill Engineering which is a</p>	<p>Consolidated subsidiaries are the following 3 companies: Goodwill Career, Inc. COMSN, Inc. Soar, Inc.</p> <p>With regard to Ru yi bang ren li gufen Co., Ltd., the Company's overseas subsidiary, and Gui dou wei li jituan Co., Ltd. and Advanced K.K., which became the Company's consolidated subsidiaries from the current consolidated fiscal year are all small and scale and the effect on the total gross assets, revenues, net income, retained earnings are not material; therefore, they have been omitted from consolidation.</p>

	Current Consolidated Fiscal Year (Commencing July 1, 2003 Ending June 30, 2004)	Prior Consolidated Fiscal Year (Commencing July 1, 2002 Ending June 30, 2003)
2. Items relating to the Equity Method	<p>subsidiary of the Company and Adhoc Inc. and Masseur Agency Center Co., Ltd. which are subsidiary of the Company's subsidiary COMSN Inc. are all small in size and the effect on the total gross assets, revenues, net income, retained earnings and the like are not material; therefore, they have been omitted from consolidation.</p> <p>Companies to which the Equity Method is not being applied:</p> <p>Ru yi bang ren li gufen Co., Ltd. Gui dou wei li jituan Co., Ltd. The Goodwill Engineering, Inc. Adhoc Inc. Masseur Agency Center Co., Ltd.</p> <p>(Reason for the non-application of the Equity Method) The net income for the year and the retained earnings of the above 5 companies are each not material in terms of their impact on the consolidated financial statements and are not material as a group; therefore, they have been excluded from the application of the Equity Method.</p>	<p>Companies to which the Equity Method is not being applied:</p> <p>Ru yi bang ren li gufen Co., Ltd. Gui dou wei li jituan Co., Ltd. Advanced K.K.</p> <p>(Reason for the non-application of the Equity Method) The net income for the year and the retained earnings of the above 3 companies are each not material in terms of their impact on the consolidated financial statements and are not material as a group; therefore, they have been excluded from the application of the Equity Method.</p>
3. Items relating to the fiscal years of the consolidated subsidiaries.	<p>The financial settlement date of the consolidated subsidiaries match the consolidated financial settlement date.</p>	<p>The financial settlement date of the consolidated subsidiaries match the consolidated financial settlement date.</p>
4. Items relating to the Accounting Standards (1) Standards and Method for Valuation of Material Assets	<p>(I) Securities (i) Other Securities • Securities with market prices Market Value Method based on the market price on the last day of the fiscal settlement period (Unrealized gains and losses from the reevaluation are directly charged or credited to the shareholders' equity, and the</p>	<p>(I) Securities (i) Other Securities  Same as left</p>

	Current Consolidated Fiscal Year (Commencing July 1, 2003 Ending June 30, 2004)	Prior Consolidated Fiscal Year (Commencing July 1, 2002 Ending June 30, 2003)
(2) Method of Depreciation for Material Depreciable Assets	<p>book value of securities sold is calculated by using moving average method)</p> <ul style="list-style-type: none"> <li>• Securities without market prices</li> </ul> <p>Cost Method using moving averages</p> <p>(II) Derivatives Market Value Method (mark to market)</p> <p>(I) Tangible Fixed Assets Declining Balance Method With respect to the useful lives and residual values, for aircraft expected usable life and expected residual value are used while for other assets the same standards as those stipulated under the Corporate Tax Law are applied.</p> <p>However, for assets whose acquisition cost is ¥100,000 or more but less than ¥200,000 equal depreciation over 3 years is applied.</p> <p>(II) Intangible Fixed Assets Straight Line Method With respect to the useful lives and residual values, the same standards as those stipulated under the Corporate Tax Law are applied.</p> <p>However, with respect to software (for internal use) a straight-line method based on expected usable life is applied.</p> <p>(III) Long Term Prepaid Expenses Straight Line Method With respect to the useful lives and residual values, the same standards as those stipulated under the Corporate Tax Law are applied.</p>	<p>(I) Tangible Fixed Assets Declining Balance Method With respect to the useful lives and residual values, the same standards as those stipulated under the Corporate Tax Law are applied.</p> <p>However, for assets whose acquisition cost is ¥100,000 or more but less than ¥200,000 equal depreciation over 3 years is applied.</p> <p>(II) Intangible Assets Same as left</p> <p>(III) Long Term Prepaid Expenses Same as left</p> <p>(I) Allowance for Doubtful Accounts Same as left</p>
(3) Standards for the recording material reserves		

	Current Consolidated Fiscal Year (Commencing July 1, 2003 Ending June 30, 2004)	Prior Consolidated Fiscal Year (Commencing July 1, 2002 Ending June 30, 2003)
	<p>(I) Allowance for Doubtful Accounts As a precautionary measure against projected losses arising from bad loans, amount of unrecoverable loans is recorded by applying the actual historical default rate in the case of general claims and estimate of unrecoverable amounts are recorded based on examination of the likelihood of recovery of each claim in cases of doubtful claims and claims in bankruptcy or revitalization.</p> <p>(II) Reserve for Retirement Benefits In order to prepare for the payment of employee retirement benefits, based on the projected retirement benefit obligation as of the end of the current consolidated fiscal year, an amount recognized as being accrued during the current consolidated fiscal period is recorded.</p>	<p>(II) Reserve for Retirement Benefits Same as left</p> <p>(III) Reserve for Directors and Auditors Retirement Benefits At the Company, in order to prepare for payment of retirement benefits to the full-time directors, amount of retirement benefits required to be paid to the directors and auditors at the end of the year is reserved based on internal regulations.</p> <p>Same as left</p>
(4) Accounting treatment for material lease transactions		
(5) Accounting treatment for material hedging transactions	<p>Finance leases other than those in which the ownership of the leased asset is deemed to transfer to the lessee are accounted for using the accounting treatment applied to ordinary lease transactions.</p> <p>(I) Method of Hedge Accounting Based on the internal regulations</p>	

	Current Consolidated Fiscal Year (Commencing July 1, 2003 Ending June 30, 2004)	Prior Consolidated Fiscal Year (Commencing July 1, 2002 Ending June 30, 2003)
(6) Other material items in the preparation of the consolidated financial statements	<p>relating to Risk Management Rules, the Company engages in interest rate swap transactions. Said interest rate swaps meet the requirement for special accounting treatment and, therefore, such accounting treatment is applied.</p> <p>(II) Hedging Tools and Hedge Targets Hedging Tool: Interest Rate Swap Hedge Target: Interest Rate on Borrowings</p> <p>(III) Hedging Policy Interest rate swap transactions are entered into with the objective of hedging the risk of volatility of the interest rate on borrowings.</p> <p>(IV) Method of Assessing Hedge Efficacy As it is deemed that the requirements for special accounting treatment for interest rate swaps are met, such determination is applied in lieu of assessment.</p> <p>(I) Accounting Treatment for Consumption Tax Taxes are excluded in the accounting treatment of Consumption and Local Consumption Taxes.</p>	<p>(I) Accounting Treatment for Consumption Tax Same as left</p> <p>(II) Accounting Standards Relating to Treasury Stocks and Reversals of Statutory Reserves As of the current consolidated fiscal year, the Company has adopted the "Accounting Standards for Treasury Stocks and Reversal of Statutory Reserves" (Corporate Accounting Standards No. 1). The impact of such application on the consolidated results for the current fiscal year is not material. With the amendments to the Rules for Consolidated Financial Statements the Capital and Consolidated Statement of Surplus sections of the consolidated balance sheet have been prepared using the amended Rules for Consolidated Financial Statements.</p> <p>(III) Per Share Information The Company has adopted from the current consolidated fiscal year the "Accounting Standards relating to</p>

	Current Consolidated Fiscal Year (Commencing July 1, 2003 Ending June 30, 2004)	Prior Consolidated Fiscal Year (Commencing July 1, 2002 Ending June 30, 2003)
5. Items relating to assets and liabilities of consolidated subsidiaries		Earnings per Share” (Corporate Accounting Standards No. 2) and the “Application Guidance for Accounting Standards relating to Earnings per Share” (Corporate Accounting Standards Application Guidance No. 4). Impact from such adoption is detailed in the “Notes Relating to Per Share Information” section.
6. Items relating to Consolidation Adjustment Account		Same as left
7. Treatment of Items for Appropriation of Retained Earnings	Assets and liabilities of consolidated subsidiaries are valued entirely using market valuation method.	Same as left
8. Scope of Cash in the Statement of Consolidated Cash Flow	The Consolidation Adjustment Account is being amortized equally over 20-years.  Statement of Consolidated Appropriation of Retained Earnings is prepared based on the appropriations of profits or losses determined during the consolidated fiscal year with respect to disposition of profits or losses of the consolidated company.  Cash in the Statement of Consolidated Cash Flow (Cash and Cash Equivalents) is defined to include cash on hand, deposit that can be readily withdrawn, short term securities that are readily convertible to cash with only a small amount of risk of volatility in value and whose	Same as left

	Current Consolidated Fiscal Year (Commencing July 1, 2003 Ending June 30, 2004)	Prior Consolidated Fiscal Year (Commencing July 1, 2002 Ending June 30, 2003)
	maturity arriving within 3 months of the date of purchase.	

Changes in the Method of Presentation

Current Consolidated Fiscal Year (Commencing July 1, 2003 Ending June 30, 2004)	Prior Consolidated Fiscal Year (Commencing July 1, 2002 Ending June 30, 2003)
—	—  (Consolidated Statement of Income) Historically, “Interest Income” and “Rental Income” had been included in “Other” in the Non-Operating Income. However, as of the current consolidated fiscal year, as the amounts thereof exceeded 10/100 of the gross non-operating income amount, the items have been included as independent item classifications. Interest Income and Rental Income included in “Other” in the prior consolidated fiscal year were ¥7,976 thousand and ¥11,337 thousand respectively.

Notes to the Financial Statement  
(Consolidated Balance Sheet)

Current Consolidated Fiscal Year (as of June 30, 2004)	Prior Consolidated Fiscal Year (as of June 30, 2003)						
<p>1. Contingent Liabilities The Company provides guarantees to the banks for the borrowings of the following companies.</p> <table style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;"><u>Borrower</u></th> <th style="text-align: left;"><u>Guarantee Outstanding</u></th> </tr> </thead> <tbody> <tr> <td>Goodwill Engineering, Inc</td> <td>¥50,000,000</td> </tr> <tr> <td>Food Scope Inc.</td> <td>¥1,305,000,000</td> </tr> </tbody> </table> <p>2. *1 Pledged Assets Assets pledged as security for borrowings from banks and the respective obligations that are being secured are as follows:</p> <p>(1) Assets being pledged: Construction in Progress ¥16,406,519,000</p> <p>(2) Borrowings against the above: Short Term Borrowings ¥6,600,000 <u>Long Term Borrowings ¥9,050,000</u> Total <u>¥15,650,000</u></p> <p>3. *2 For non-consolidated subsidiaries they are as follows: Investment Securities (Stocks) ¥44,619,000</p> <p>4. *3 Number of Treasury Shares Held The number of shares of the stock of consolidated financial statement filing subsidiaries held by the consolidated company is as follows. Common Stock 38 shares</p>	<u>Borrower</u>	<u>Guarantee Outstanding</u>	Goodwill Engineering, Inc	¥50,000,000	Food Scope Inc.	¥1,305,000,000	<p>3. *2 For non-consolidated subsidiaries they are as follows: Investment Securities (Stocks) ¥71,618,000</p> <p>4. *3 Number of Treasury Shares Held The number of shares of the stock of consolidated financial statement filing subsidiaries held by the consolidated company is as follows. Common Stock 9 shares</p>
<u>Borrower</u>	<u>Guarantee Outstanding</u>						
Goodwill Engineering, Inc	¥50,000,000						
Food Scope Inc.	¥1,305,000,000						

## (Consolidated Statement of Income)

Current Consolidated Fiscal Year (Commencing July 1, 2003 Ending June 30, 2004)	Prior Consolidated Fiscal Year (Commencing July 1, 2002 Ending June 30, 2003)																																						
<p>1. *1 Details of Gains from Disposal of Fixed Assets are as follows:</p> <p>Vehicles and Transportation Equipment ¥1,162,000</p> <p>2. *3 Details of the Losses from Removal of Fixed Assets are as follows:</p> <table data-bbox="279 689 654 907"> <tr> <td></td> <td style="text-align: right;">(¥ 000)</td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">4,398</td> </tr> <tr> <td>Furniture &amp; Fixtures</td> <td style="text-align: right;">8,682</td> </tr> <tr> <td>Vehicles and Transportation Equipment</td> <td style="text-align: right;">614</td> </tr> <tr> <td><u>Software</u></td> <td style="text-align: right;"><u>14,063</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">27,759</td> </tr> </table> <p>3. *4 Details of Loss Relating to Head Office Relocation are as follows:</p> <table data-bbox="279 1003 782 1249"> <tr> <td></td> <td style="text-align: right;">(¥ 000)</td> </tr> <tr> <td>Losses from Removal of Building</td> <td style="text-align: right;">54,716</td> </tr> <tr> <td>Losses on Removal of Furniture &amp; Fixtures</td> <td style="text-align: right;">37,442</td> </tr> <tr> <td>Relocation and Conveyance Expense</td> <td style="text-align: right;">25,616</td> </tr> <tr> <td>Restoration Expense</td> <td style="text-align: right;">30,480</td> </tr> <tr> <td><u>Other</u></td> <td style="text-align: right;"><u>33,838</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">182,094</td> </tr> </table>		(¥ 000)	Buildings	4,398	Furniture & Fixtures	8,682	Vehicles and Transportation Equipment	614	<u>Software</u>	<u>14,063</u>	Total	27,759		(¥ 000)	Losses from Removal of Building	54,716	Losses on Removal of Furniture & Fixtures	37,442	Relocation and Conveyance Expense	25,616	Restoration Expense	30,480	<u>Other</u>	<u>33,838</u>	Total	182,094	<p>1. *2 Gains on Contributions are the gains on receipt of shares totaling ¥1,175,000,000 which were to compensate for losses totaling ¥1,174,840 recorded in “Losses on Disposal of Investment Securities” in the Extraordinary Losses.</p> <p>2. *3 Details of the Losses from Removal of Fixed Assets are as follows:</p> <table data-bbox="861 689 1236 907"> <tr> <td></td> <td style="text-align: right;">(¥ 000)</td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">17,120</td> </tr> <tr> <td>Furniture &amp; Fixtures</td> <td style="text-align: right;">20,454</td> </tr> <tr> <td>Software</td> <td style="text-align: right;">6,063</td> </tr> <tr> <td>Vehicles and Transportation Equipment</td> <td style="text-align: right;"><u>229</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">43,868</td> </tr> </table>		(¥ 000)	Buildings	17,120	Furniture & Fixtures	20,454	Software	6,063	Vehicles and Transportation Equipment	<u>229</u>	Total	43,868
	(¥ 000)																																						
Buildings	4,398																																						
Furniture & Fixtures	8,682																																						
Vehicles and Transportation Equipment	614																																						
<u>Software</u>	<u>14,063</u>																																						
Total	27,759																																						
	(¥ 000)																																						
Losses from Removal of Building	54,716																																						
Losses on Removal of Furniture & Fixtures	37,442																																						
Relocation and Conveyance Expense	25,616																																						
Restoration Expense	30,480																																						
<u>Other</u>	<u>33,838</u>																																						
Total	182,094																																						
	(¥ 000)																																						
Buildings	17,120																																						
Furniture & Fixtures	20,454																																						
Software	6,063																																						
Vehicles and Transportation Equipment	<u>229</u>																																						
Total	43,868																																						

## (Consolidated Statement of Cash Flow)

Current Consolidated Fiscal Year (Commencing July 1, 2003 Ending June 30, 2004)	Prior Consolidated Fiscal Year (Commencing July 1, 2002 Ending June 30, 2003)
1. The relationship between Cash and Cash Equivalents ending balance and items and the amounts listed on the Consolidated Balance Sheet.	1. The relationship between Cash and Cash Equivalents ending balance and items and the amounts listed on the Consolidated Balance Sheet.
(¥ 000)	(¥ 000)
Cash and Deposits 13,946,527	Cash and Deposits 12,053,670
Fixed Deposits having due dates Longer than 3 months (-)	Fixed Deposits having due dates Longer than 3 months (-)
<u>4,010</u>	<u>1,000</u>
Cash and Cash Equivalents <u>13,942,516</u>	Cash and Cash Equivalents <u>12,052,670</u>
2. Breakdown of assets and liabilities of the companies that newly became consolidated subsidiaries resulting from acquisition of shares.	
The breakdown of assets and liabilities at the time of initial consolidation associated with being newly consolidated from acquisition of shares and the relationship between the cost of shares acquired and the expenditures (net) for such acquisition are as follows:	
N & S Planning Inc. and its subsidiary Kyodo Engineering, Inc. (as of March 31, 2004)	
(¥ 000)	
Current Assets 504,737	
Fixed Assets 37,525	
Consolidation Adjustment Account 437,613	
Current Liabilities (-) 144,056	
Fixed Liabilities (-) <u>155,107</u>	
Acquisition price for N & S Planning 531,812	
Acquisition price for Kyodo Engineering Inc. 148,900	
Cash and Cash Equivalents held by N & S Planning and Kyodo Engineering <u>212,630</u>	
Net: Expenditure for the acquisition of N & S Planning and Kyodo Engineering <u>468,082</u>	
Touhouadrise Inc. (as of June 30, 2004)	
(¥ 000)	
Current Assets 123,707	
Fixed Assets 20,159	
Consolidation Adjustment Account 184,615	

Current Consolidated Fiscal Year (Commencing July 1, 2003 Ending June 30, 2004)	Prior Consolidated Fiscal Year (Commencing July 1, 2002 Ending June 30, 2003)
Current Liabilities (-) 91,039 Fixed Liabilities (-) <u>7,943</u> Acquisition price for Touhouadrise 229,500 Cash and Cash Equivalents held By Touhouadrise <u>28,809</u> Net: Expenditure for the acquisition of Touhouadrise Inc. <u>200,690</u>	
Coty Co., Ltd. (as of June 30 2004) (¥ 000) Current Assets 123,853 Fixed Assets 110,148 Consolidation Adjustment Account 427,058 Current Liabilities (-)215,342 Fixed Liabilities (-) <u>105,618</u> Acquisition price for Coty Co., Ltd. 340,100 Cash and Cash Equivalents held By Coty Co., Ltd. <u>46,709</u> Net: Expenditure for the acquisition of Coty Co., Ltd. <u>293,390</u>	
3. Material Non-Cash Transactions (¥ 000) Increase in Capital Surpluss associated with share exchange ¥ 19,627,090	

(Material Subsequent Events)

Current Consolidated Fiscal Year (Commencing July 1, 2003 Ending June 30, 2004)	Prior Consolidated Fiscal Year (Commencing July 1, 2002 Ending June 30, 2003)
<ul style="list-style-type: none"><li>• Corporate acquisition by acquisition of shares The Company completed a public takeover of HU-Management Japan Co., Ltd. on July 13, 2004 consequently converting the company into a subsidiary of the Company. Synopsis of HU-Management Japan Co., Ltd. is as follows:  (1) Company whose shares were acquired Name: HU-Management Japan Co., Ltd. Address: Minato-ku, Tokyo Representative: Representative Director and President Yoshiaki Saito Paid-in-Capital: ¥ 640,000,000 (as of July 6, 2004) Business Line: Job placement services and the like  (2) Financial Conditions and Management Results The financial conditions and management results of HU-Management Japan Co., Ltd for the fiscal period ended March 2004 are as follows:  Sales (¥ 000) 6,134,971 Ordinary Income 1,611,220 Profit for the Period 779,349 Gross Assets 6,972,018 Net Assets 3,654,590</li></ul>	

## (Per Share Information)

Current Consolidated Fiscal Year (Commencing July 1, 2003 Ending June 30, 2004)		Prior Consolidated Fiscal Year (Commencing July 1, 2002 Ending June 30, 2003)	
Net Assets Per Share sen	62,587yen 77	Net Assets Per Share sen	94,604yen 10
Earnings Per Share sen	4,490 yen 63	Earnings Per Share sen	13,466 yen 65
With respect to fully diluted earnings per share, as there are no latent stocks, it has been omitted.		With respect to fully diluted earnings per share, as there are no latent stocks with dilutive effect, it has been omitted.	
		As of the current consolidated fiscal year the “Accounting Standard for Earnings Per Share” (Corporate Accounting Standards No. 2) and the “Application Guidance for Accounting Standards relating to Earnings per Share” (Corporate Accounting Standards Application Guidance No. 4) have been adopted. Per Share Information for the current consolidated fiscal year under the historically adopted method is as follows:	
		Net Assets Per Share sen	94,928yen 85
		Earnings Per Share sen	13,791 yen 39
		With respect to fully diluted earnings per share, as there are no latent stocks with dilutive effect, it has been omitted.	

(Note) The basis for the computation of Earnings Per Share for the year is as follows:

	Current Consolidated Fiscal Year (Commencing July 1, 2003 Ending June 30, 2004)	Prior Consolidated Fiscal Year (Commencing July 1, 2002 Ending June 30, 2003)
Net Income for the Year (¥ 000)	2,704,966	2,548,112
Amounts Not Attributable to Common Shareholders (¥ 000)	90,000	60,000
(Of which appropriated as Directors' Bonuses)	(90,000)	(60,000)
Net Income for the Year Attributable to Common Shares (¥ 000)	2,614,966	2,488,112
Average Number of Shares during the Year (shares)	582,315	184,761
Summary of latent shares not included in the calculation of Fully Diluted Earnings Per Share due to the fact of not having a dilutive effect	No applicable items	Stock warrants under the former Commercial Code Article 280 – 19 (number of shares for the stock warrant: 3,560 shares)

(Lease Transactions)

Current Consolidated Fiscal Year (Commencing July 1, 2003 Ending June 30, 2004)						Prior Consolidated Fiscal Year (Commencing July 1, 2002 Ending June 30, 2003)				
<Finance lease transactions other than those in which the ownership is deemed to transfer to the lessee>						<Finance lease transactions other than those in which the ownership is deemed to transfer to the lessee>				
1. Purchase price equivalent, accumulated depreciation equivalent and net ending balance of the leased assets						1. Purchase price equivalent, accumulated depreciation equivalent and net ending balance of the leased assets				
(¥ 000)						(¥ 000)				
	Furniture & Fixtures	Vehicles and Transport Equip	Software	Other	Total		Furniture & Fixtures	Software	Other	Total
Purchase Price Equivalent	2,348,836	2,101,274	458,527	2,175	4,910,813	Purchase Price Equivalent	1,569,289	357,549	1,249,141	3,175,979
Accumulated Depreciation Equivalent	951,722	1,108,885	154,953	2,175	2,289,736	Accumulated Depreciation Equivalent	755,578	73,020	875,162	1,703,761
Net Ending Balance	1,397,114	920,389	303,573	-	2,621,077	Net Ending Balance	813,710	284,528	373,978	1,472,217
2. Effective Ending Balance of Payment Obligations						2. Effective Ending Balance of Payment Obligations				
(¥ 000)						(¥ 000)				
1 Year less						1 Year less				
814,139						678,100				
Over 1 year						Over 1 year				
1,858,106						853,059				
Total						Total				
2,672,246						1,531,160				
3. Lease Payment, Depreciation Equivalent and Interest Equivalent						3. Lease Payment, Depreciation Equivalent and Interest Equivalent				
(¥ 000)						(¥ 000)				
Lease Payment						Lease Payment				
1,005,353						845,588				
Depreciation Equivalent						Depreciation Equivalent				
933,634						786,766				
Interest Equivalent						Interest Equivalent				
82,872						58,044				
4. Computation Method of Depreciation Equivalent and Interest Equivalent						4. Computation Method of Depreciation Equivalent and Interest Equivalent				
(1) Method of computing Depreciation Equivalent						(1) Method of computing Depreciation Equivalent				
Assuming the lease term as the useful life and setting the residual value to zero, depreciation is calculated using a straight line method.						Assuming the lease term as the useful life and setting the residual value to zero, depreciation is calculated using a straight line method.				
(2) Method of computing Interest Equivalent						(2) Method of computing Interest Equivalent				
Assume the difference between the gross lease payable and purchase price equivalent as being the Interest Equivalent and interest is allocated over the periods using the interest method.						Assume the difference between the gross lease payable and purchase price equivalent as being the Interest Equivalent and interest is allocated over the periods using the interest method.				

## (Tax Effect Accounting)

Current Consolidated Fiscal Year (as of June 30, 2004)	Prior Consolidated Fiscal Year (as of June 30, 2003)																																																																						
<p>1. Breakdown of Deferred Tax Assets and Liabilities by principal causal factors:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">(Deferred Tax Assets)</td> <td style="text-align: right;">(¥ 000)</td> </tr> <tr> <td>Accrued Enterprise Tax</td> <td style="text-align: right;">174,040</td> </tr> <tr> <td>Excess Provisions for Allowance for Doubtful Accounts</td> <td style="text-align: right;">67,633</td> </tr> <tr> <td>Losses Carried Forward</td> <td style="text-align: right;">9,255</td> </tr> <tr> <td>Losses on Software exceeding the deductible limit</td> <td style="text-align: right;">205,520</td> </tr> <tr> <td>Excess Provisions for Reserve for Retirement Benefits</td> <td style="text-align: right;">7,742</td> </tr> <tr> <td>Other</td> <td style="text-align: right;"><u>66,450</u></td> </tr> <tr> <td>Total Deferred Tax Assets</td> <td style="text-align: right;">530,372</td> </tr> <tr> <td colspan="2"> (Deferred Tax Liabilities)</td> </tr> <tr> <td>Net Unrealized Holding Gains/Losses on securities</td> <td style="text-align: right;">35,975</td> </tr> <tr> <td>Other</td> <td style="text-align: right;"><u>589</u></td> </tr> <tr> <td>Total Deferred Tax Liabilities</td> <td style="text-align: right;"><u>36,565</u></td> </tr> <tr> <td>Net Deferred Tax Assets</td> <td style="text-align: right;"><u>493,806</u></td> </tr> </table> <p>2. Breakdown of principal causes of the difference between statutory effective tax rate and the burden rate of income taxes, etc. after the application of tax effect accounting.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Statutory Effective Tax Rate (Adjustments)</td> <td style="text-align: right;">40.7%</td> </tr> <tr> <td>Unrecorded Deferred Taxes</td> <td style="text-align: right;">(-)14.0*</td> </tr> <tr> <td>IT Investment Tax Credit</td> <td style="text-align: right;">(-) 1.6</td> </tr> <tr> <td>Equal Installment of Inhabitant Tax</td> <td style="text-align: right;">10.5</td> </tr> <tr> <td>Consolidation Adjustment Account</td> <td style="text-align: right;">6.2</td> </tr> <tr> <td>Losses on Changes to Holdings</td> <td style="text-align: right;">1.9</td> </tr> <tr> <td>Items permanently excluded from Deductible items including Entertainment Expense</td> <td style="text-align: right;">0.4</td> </tr> <tr> <td>Other</td> <td style="text-align: right;"><u>0.9</u></td> </tr> <tr> <td>Tax Burden Rate for Corporate Income Tax and the Like after application of Tax Effect Accounting</td> <td style="text-align: right;"><u>45.0</u></td> </tr> </table> <p>* This is due to non-recording in some of the subsidiaries as a result of examination of the recoverability of deferred taxes.</p>	(Deferred Tax Assets)	(¥ 000)	Accrued Enterprise Tax	174,040	Excess Provisions for Allowance for Doubtful Accounts	67,633	Losses Carried Forward	9,255	Losses on Software exceeding the deductible limit	205,520	Excess Provisions for Reserve for Retirement Benefits	7,742	Other	<u>66,450</u>	Total Deferred Tax Assets	530,372	 (Deferred Tax Liabilities)		Net Unrealized Holding Gains/Losses on securities	35,975	Other	<u>589</u>	Total Deferred Tax Liabilities	<u>36,565</u>	Net Deferred Tax Assets	<u>493,806</u>	Statutory Effective Tax Rate (Adjustments)	40.7%	Unrecorded Deferred Taxes	(-)14.0*	IT Investment Tax Credit	(-) 1.6	Equal Installment of Inhabitant Tax	10.5	Consolidation Adjustment Account	6.2	Losses on Changes to Holdings	1.9	Items permanently excluded from Deductible items including Entertainment Expense	0.4	Other	<u>0.9</u>	Tax Burden Rate for Corporate Income Tax and the Like after application of Tax Effect Accounting	<u>45.0</u>	<p>1. Breakdown of Deferred Tax Assets and Liabilities by principal causal factors:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">(Deferred Tax Assets)</td> <td style="text-align: right;">(¥ 000)</td> </tr> <tr> <td>Accrued Enterprise Tax</td> <td style="text-align: right;">163,590</td> </tr> <tr> <td>Reserves for Directors Retirement Benefits</td> <td style="text-align: right;">9,562</td> </tr> <tr> <td>Excess Provisions for Allowance for Doubtful Accounts</td> <td style="text-align: right;">55,833</td> </tr> <tr> <td>Losses Carried Forward</td> <td style="text-align: right;">24,889</td> </tr> <tr> <td>Losses on Software exceeding the deductible limit</td> <td style="text-align: right;">144,646</td> </tr> <tr> <td>Excess Provisions for Reserve for Retirement Benefits</td> <td style="text-align: right;">10,719</td> </tr> <tr> <td>Other</td> <td style="text-align: right;"><u>15,543</u></td> </tr> <tr> <td>Total Deferred Tax Assets</td> <td style="text-align: right;">424,785</td> </tr> <tr> <td colspan="2"> (Deferred Tax Liabilities)</td> </tr> <tr> <td>Net Unrealized Holding Gains/Losses on securities</td> <td style="text-align: right;"><u>16,197</u></td> </tr> <tr> <td>Total Deferred Tax Liabilities</td> <td style="text-align: right;"><u>16,197</u></td> </tr> <tr> <td>Net Deferred Tax Assets</td> <td style="text-align: right;"><u>408,588</u></td> </tr> </table> <p>2. Breakdown of principal causes of the difference between statutory effective tax rate and the burden rate of income taxes, etc. after the application of tax effect accounting.</p> <p>The difference between statutory effective tax rate and the burden rate of income taxes, etc. after the application of tax effect accounting is less than five one hundredth of the statutory effective tax rate, thus, note has been abbreviated.</p> <p>3. In accordance with the "Law to Partially Amend the Local Tax Law" (2003 Law No. 9) promulgated on March 31, 2003, the statutory effective tax rate applied in the calculation of deferred tax assets/ liabilities to those temporary differences existing at fiscal yearend but which are expected to be reconciled after July 1, 2004 has been amended from 42.1% to 40.7%. As a result of this change, the amount of deferred tax assets (after deduction of deferred tax liabilities) decreased by 1.194 million yen, while the amount recorded in the debit column of "adjustment to income taxes, etc." increased by 1.194 million yen.</p>	(Deferred Tax Assets)	(¥ 000)	Accrued Enterprise Tax	163,590	Reserves for Directors Retirement Benefits	9,562	Excess Provisions for Allowance for Doubtful Accounts	55,833	Losses Carried Forward	24,889	Losses on Software exceeding the deductible limit	144,646	Excess Provisions for Reserve for Retirement Benefits	10,719	Other	<u>15,543</u>	Total Deferred Tax Assets	424,785	 (Deferred Tax Liabilities)		Net Unrealized Holding Gains/Losses on securities	<u>16,197</u>	Total Deferred Tax Liabilities	<u>16,197</u>	Net Deferred Tax Assets	<u>408,588</u>
(Deferred Tax Assets)	(¥ 000)																																																																						
Accrued Enterprise Tax	174,040																																																																						
Excess Provisions for Allowance for Doubtful Accounts	67,633																																																																						
Losses Carried Forward	9,255																																																																						
Losses on Software exceeding the deductible limit	205,520																																																																						
Excess Provisions for Reserve for Retirement Benefits	7,742																																																																						
Other	<u>66,450</u>																																																																						
Total Deferred Tax Assets	530,372																																																																						
 (Deferred Tax Liabilities)																																																																							
Net Unrealized Holding Gains/Losses on securities	35,975																																																																						
Other	<u>589</u>																																																																						
Total Deferred Tax Liabilities	<u>36,565</u>																																																																						
Net Deferred Tax Assets	<u>493,806</u>																																																																						
Statutory Effective Tax Rate (Adjustments)	40.7%																																																																						
Unrecorded Deferred Taxes	(-)14.0*																																																																						
IT Investment Tax Credit	(-) 1.6																																																																						
Equal Installment of Inhabitant Tax	10.5																																																																						
Consolidation Adjustment Account	6.2																																																																						
Losses on Changes to Holdings	1.9																																																																						
Items permanently excluded from Deductible items including Entertainment Expense	0.4																																																																						
Other	<u>0.9</u>																																																																						
Tax Burden Rate for Corporate Income Tax and the Like after application of Tax Effect Accounting	<u>45.0</u>																																																																						
(Deferred Tax Assets)	(¥ 000)																																																																						
Accrued Enterprise Tax	163,590																																																																						
Reserves for Directors Retirement Benefits	9,562																																																																						
Excess Provisions for Allowance for Doubtful Accounts	55,833																																																																						
Losses Carried Forward	24,889																																																																						
Losses on Software exceeding the deductible limit	144,646																																																																						
Excess Provisions for Reserve for Retirement Benefits	10,719																																																																						
Other	<u>15,543</u>																																																																						
Total Deferred Tax Assets	424,785																																																																						
 (Deferred Tax Liabilities)																																																																							
Net Unrealized Holding Gains/Losses on securities	<u>16,197</u>																																																																						
Total Deferred Tax Liabilities	<u>16,197</u>																																																																						
Net Deferred Tax Assets	<u>408,588</u>																																																																						

(Reserves for Retirement Benefits)

Current Consolidated Fiscal Year (Commencing July 1, 2003 Ending June 30, 2004)	Prior Consolidated Fiscal Year (Commencing July 1, 2002 Ending June 30, 2003)
<p>1. Overview of the retirement benefit system being adopted</p> <p>The Company and the domestic consolidated subsidiaries have adopted the Defined Benefit Plan as the one-time retirement benefit payment system.</p> <p>2. Items relating to the Retirement Benefit Obligation</p> <p><u>Retirement Benefit Obligation</u> ¥ 28,100,000 Reserve for Retirement Benefits 28,100,000</p> <p>(Note) In computing the Retirement Benefit Obligation, a summary method has been employed.</p> <p>3. Items relating to the Retirement Benefit Expense</p> <p><u>Service Expense</u> ¥ 4,130,000 Retirement Benefit Expense 4,130,000</p>	<p>1. Overview of the retirement benefit system being adopted</p> <p>The Company and the domestic consolidated subsidiaries have adopted the Defined Benefit Plan as the one-time retirement benefit payment system.</p> <p>2. Items relating to the Retirement Benefit Obligation</p> <p><u>Retirement Benefit Obligation</u> ¥ 23,147,000 Reserve for Retirement Benefits 23,147,000</p> <p>(Note) In computing the Retirement Benefit Obligation, a summary method has been employed.</p> <p>3. Items relating to the Retirement Benefit Expense</p> <p><u>Service Expense</u> ¥ 2,750,000 Retirement Benefit Expense 2,750,000</p>

## (Segment Information)

## a. Segment Information by Type of Business

Prior consolidated fiscal year (commencing July 1, 2002 and ending June 30, 2003) (Unit: ¥ 000)

	Subcontracting	Human Resources Related	Nursing Care and Medical Support	Total	Deletion or Corporate Common	Consolidated
I. Revenues and Operating Income/Losses						
(1) External Sales	37,383,642	1,787,753	23,101,525	62,272,920	-	62,272,920
(2) Inter-segmental sales or Transfer	38,566	255,107	-	293,673	(-) 293,673	-
Total	37,422,208	2,042,860	23,101,525	62,566,594	(-) 293,673	62,272,920
Operating Expenses	33,604,837	1,880,801	22,116,049	57,601,688	(-) 300,601	57,301,087
Operating Income	3,817,370	162,059	985,475	4,964,905	6,927	4,971,833
II. Assets, Depreciation and Capital Expenditures						
Assets	27,606,062	723,168	10,156,514	38,485,745	-	38,485,745
Depreciation Expense	439,953	31,626	166,207	637,788	-	637,788
Capital Expenditure	676,130	28,830	17,718	722,679	-	722,679

## (Note) 1.Details of Each Business

- (1) Subcontracting Services: Light labor and administrative tasks
- (2) Human Resource Related Services: Employee Counseling Program (EAP), temporary staffing, employee search, advertisement agency
- (3) Nursing Care and Medical Support Services: Home nursing care and home dental treatment support

The segment which until the fiscal year ending June 2002 that had been indicated as “Medical and Nursing Care Business” has been renamed to “Nursing Care and Medical Support Services” as of the current consolidated fiscal year to better reflect the current nature of business.

With respect to Finance Business included in the fiscal year ending June 2004 has been excluded, as the company is no longer subject to consolidation.

Current Consolidated Fiscal Year (commencing July 1, 2003 and ending June 30, 2004) (Unit: ¥ 000)

	Subcontracting	Human Resources Related	Nursing Care and Medical Support	Total	Deletion or Corporate Common	Consolidated
I. Revenues and Operating Income/Losses						
(1) External Sales	53,721,679	2,817,700	36,502,728	93,042,107	-	93,042,107
(2) Inter-segmental sales or Transfer	78,115	51,052	1,085	130,253	(-) 130,253	-
Total	53,799,794	2,868,752	36,503,813	93,172,360	(-) 130,253	93,042,107
Operating Expenses	49,290,683	2,600,708	35,318,637	87,210,029	(-) 141,990	87,068,038
Operating Income	4,509,111	268,044	1,185,175	5,962,331	11,737	5,974,068
II. Assets, Depreciation and Capital Expenditures						
Assets	45,545,692	1,243,854	58,398,142	105,187,690	(-) 16,521,122	88,666,567
Depreciation Expense	875,135	60,907	163,038	1,099,081	-	1,099,081
Capital Expenditure	22,050,419	77,253	487,314	22,614,987	-	22,614,987

(Note) 1.Details of Each Business

- (1) Subcontracting Services: Light labor and administrative tasks
- (2) Human Resource Related Services: Employee Counseling Program (EAP), recruit support services, driver dispatch service
- (3) Nursing Care and Medical Support Services: Home-delivered nursing care and institutionalized nursing care and home-delivered dental treatment support and management of nurseries

b. Geographic Segments

Prior Consolidated Fiscal Year (commencing July 1, 2002 and ending June 30, 2003)

During the prior consolidated fiscal year, there are no consolidated subsidiary in locations other than in Japan; therefore, there are no applicable items to report.

Current Consolidated Fiscal Year (commencing July 1, 2003 and ending June 30, 2004)

During the current consolidated fiscal year, there are no consolidated subsidiary in locations other than in Japan; therefore, there are no applicable items to report.

c. Overseas Revenues

Prior Consolidated Fiscal Year (commencing July 1, 2002 and ending June 30, 2003)

There were no revenues generated from overseas during the prior fiscal year, thus, there are no applicable items.

Current Consolidated Fiscal Year (commencing July 1, 2003 and ending June 30, 2004)

There were no revenues generated from overseas during the current fiscal year, thus, there are no applicable items.

(Securities)

Prior Consolidated Fiscal Year (commencing July 1, 2002 and ending June 30, 2003)

(1) Other Securities with Market Value

(Unit: ¥ 000)

Classification	Purchase Price	As Recorded on the Consolidated Balance Sheet as of the End of the Consolidated Fiscal Year	Difference
Those whose market values exceed value recorded on the consolidated balance sheet			
(i) Stocks	64,916	100,990	36,073
(ii) Bonds	-	-	-
(iii) Other	21,350	22,235	885
Subtotal	86,266	123,225	36,985
Those whose market values do not exceed the value recorded on the consolidated balance sheet			
(i) Stocks	11,440	10,635	(-) 805
(ii) Bonds			
(iii) Other	20,400	17,656	(-) 2,744
Subtotal	31,840	28,291	(-) 3,549
Total	118,106	151,516	33,409

(2) Other Securities Sold During the Prior Consolidated Fiscal Year

(Unit:

¥ 000)

Amount Sold	Total Gains on Sale	Total Losses on Sale
7,500	-	1,174,840

(3) Securities Not Valued at Market

(i) Other Securities

(Unit:

¥ 000)

Details	Value Recorded on the Consolidated Balance Sheet
(i) Unlisted Stocks	505,917
(ii) Unlisted Bonds	900,000
(iii) Other	3,000
Total	1,408,917

(4) Of Other Securities, Amount of Redemptions for Securities Having Maturities Coming Due After the Consolidated Financial Closing Date

(Unit: ¥ 000)

Classification	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Bonds	-	-	900,000	-
Total	-	-	900,000	-

Current Consolidated Fiscal Year (commencing July 1, 2003 and ending June 30, 2004)

(1) Other Securities with Market Value

(Unit: ¥ 000)

Classification	Purchase Price	As Recorded on the Consolidated Balance Sheet as of the End of the Consolidated Fiscal Year	Difference
Those whose market values exceed value recorded on the consolidated balance sheet			
(iv) Stocks	66,146	157,642	91,495
(v) Bonds	-	-	-
(vi) Other	-	-	-
Subtotal	66,146	157,642	91,495
Those whose market values do not exceed the value recorded on the consolidated balance sheet			
(iv) Stocks	-	-	-
(v) Bonds	-	-	-
(vi) Other	-	-	-
Subtotal	-	-	-
Total	66,146	157,642	91,495

(2) Other Securities Sold During the Prior Consolidated Fiscal Year

(Unit: ¥ 000)

Amount Sold	Total Gains on Sale	Total Losses on Sale
161,511	83,624	2,705

(3) Securities Not Valued at Market

(i) Other Securities

(Unit: ¥ 000)

Details	Value Recorded on the Consolidated Balance Sheet
(iv) Unlisted Stocks	511,071
(v) Unlisted Bonds	900,000
(vi) Other	3,000
Total	1,414,071

(4) Of the Other Securities, Amount of Redemption of Other Securities with Maturities Coming Due After Consolidated Financial Closing Date

(Unit: ¥ 000)

Classification	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Bonds	-	300,000	600,000	-
Total	-	300,000	600,000	-

(Derivative Transactions)

(1) Items relating to the status of transactions.

Current Consolidated Fiscal Year (Commencing July 1, 2003 Ending June 30, 2004)	Prior Consolidated Fiscal Year (Commencing July 1, 2002 Ending June 30, 2003)
<p>(1) Transaction Details and Purpose of Use The Company and some of the consolidated subsidiaries utilize interest rate swaps in derivative transactions. The purpose of its use is to contain the scope of the impact of changes in the interest rates relating to the floating interest rate on the borrowings.</p> <p>(2) Policies on the Transactions It is the policy of the Company, with respect to the use by the Company and some of the consolidated subsidiaries of interest rate related derivative products, to undertake such transaction only for the purpose of reducing the risk of interest rate volatility relating to the funds borrowed and not with the objective of speculation.</p> <p>(3) Risk Relating to the Transactions With respect to interest rate swaps that the Company and some of the consolidated subsidiary undertake, such transactions are undertaken only to the extent of minimizing the risk of interest rate volatility relating to the funds borrowed and it is our opinion that with respect to such transactions very little risk is associated.</p> <p>(4) Risk Control of Transactions Derivative transactions undertaken by the Company and some of the consolidated subsidiaries have individually been approved by board of directors and based on this, operations relating to the execution of such contracts are under the responsibility of the department in charge of finance and accounting. In addition, at each board meeting held for the semi-annual financial settlements for each company, the responsible officer provides reports on the status of transactions.</p>	

(2) Items Relating to the Market Value

Hedge Accounting is applied, therefore, notation is abbreviated.

## (Dealings with Interested Parties)

Prior Consolidated Fiscal Year (commencing July 1, 2002 and ending June 30, 2003)

(Unit: ¥ 000)

Attribute	Name of Company	Address	Capital or Investment	Business or Profession	Voting Rights Ownership (or Owned)(%)	Details of the Relationship		Details Regarding Dealings	Transaction Amount	Account	Ending Balance
						Concurrent officer	Business Relationship				
Officer and Relatives	Masahiro Origuchi	Setagaya-ku, Tokyo	-	Representative Director and Chairman of the Company	5.80%	-	-	Receipt COMSN Inc Stocks for no consideration (Note 1)	1,175,000	-	-
								Purchase of shares of COMSN Inc and Goodwill Career Inc (Note 1)	1,228,224	-	-
	Shinichiro Kawakami	Setagaya-ku Tokyo	-	Director and President of the Company	0.92%	-	-	Purchase of COMSN Inc shares (Note 1)	50,000	-	-
	Akira Kanezaki	Nerima-ku, Tokyo	-	Managing Director of the Company	0.00%	-	-	Purchase of shares of COMSN Inc and Goodwill Career Inc (Note 1)	275,285	-	-
	Akifumi Jimo	Minato-ku, Tokyo	-	Managing Director of the Company	0.77%	-	-	Purchase of COMSN Inc shares (Note 1)	50,000	-	-
	Koshiro Onishi	Suginami-ku, Tokyo	-	Director and Advisor to the Company	3.34%	-	-	Purchase of COMSN Inc shares (Note 1)	50,000	-	-
Dissolution of guarantee obligations on bank borrowing (Note 1)								443,720	-	-	
Companies in which officer or relatives hold majority of voting rights (including subsidiaries of such companies)	Origuchi Soken	Minato-ku, Tokyo	3,000	Management consulting and asset management	15.20	1 Concurrent officer	-	Purchase of COMSN Inc shares (Note 1)	37,875	-	-
	International Marketing	Minato-ku, Tokyo	10,000	Asset management company	-	1 Concurrent officer	-	Purchase of COMSN Inc shares (Note 1)	125,000	-	-

Attribute	Name of Company	Address	Capital or Investment	Business or Profession	Voting Rights Ownership (or Owned)(%)	Details of the Relationship		Details Regarding Dealings	Transaction Amount	Account	Ending Balance
						Business Relationship	Concurrent officer				
Court Investment	Court Investment	Minato-ku, Tokyo	3,000,000	Financing Business	-	-	-	Loans (Note 2)	100,000	Other Current Assets	-
								Receipt of Claims (Notes 1,3)	439,230	-	-
								Receipt of Securities (Notes 1,3)	159,855	-	-
								Receipt of Interest (Note 2)	4,309	Accrued Income	-
Sidework K.K.	Minato-ku, Tokyo	10,000	Financing Business	-	-	-	Assignment of claims (Note 1)	194,000	-	-	

(Notes): 1. Terms and conditions of the transaction and the policy for the determination of the terms and conditions of the transaction.

The transaction values are based on fair valuation amount or based on the face amount of the claim.

2. With respect to loan of funds, reasonable interest rate is set taking into consideration of market interest rates.
3. With respect to receipt of claims and receipt of securities, these are in receipt as a repayment of loans made to Court Investments (formerly GW Capital KK).

Current Consolidated Fiscal Year (commencing July 1, 2003 and ending June 30, 2004)

1. Officers and Major Individual Shareholders

(Unit:

¥ 000)

Attribute	Name of Company	Address	Capital or Investment	Business or Profession	Voting Rights Ownership (or Owned)(%)	Details of the Relationship		Details Regarding Dealings	Transaction Amount	Account	Ending Balance
						Business Relationship	concurrent director				
Companies in which officer or relatives hold majority of voting rights (including subsidiaries of such companies)	Food Scope Inc.	Shibuya-ku, Tokyo	340,000	Management of Eating Establishments	-	-	-	Guarantee on bank borrowing	1,305,000	-	-
								Rent payment on behalf	-	Advances	17,797
								Accrued Loan Interest	-	Accrued Income	1,121
								Underwriting of Bonds and Stock Warrants	-	Investment Securities	903,000

(Note): With respect to Food Scope Inc., it became an interested party as of end of June 2004, thus transactions with the subject prior to this date have not been included in the disclosure.

2. Subsidiaries

Attribute	Name of Company	Address	Capital or Investment	Business or Profession	Voting Rights Ownership (or Owned)(%)	Details of the Relationship		Details Regarding Dealings	Transaction Amount	Account	Ending Balance
						Business Relationship	concurrent director				
Subsidiary	Goodwill Engineering Inc.	Minato-ku, Tokyo	100,000	Temporary assignment of technicians	100%	-	3 concurrent directors	Guarantee on bank borrowing	50,000	-	-

(Other)

- Material legal actions

No applicable items to note.