

Interim (Consolidated) Financial Statements for FYE June 2007

March 30, 2007

Name of listed company: The Goodwill Group, Inc.

Listed exchange: TSE

Code No: 4723

Prefecture in which head office located: Tokyo

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

Position of representative: Representative Director, Chairman and CEO

Name: Masahiro Origuchi

Position of responsible contact: Managing Director and CFO

Name: Akira Kanezaki

Tel: 03-3405-9228

Date of Board of Directors meeting to approve accounts: March 30, 2007

US accounting standards used: No

1. Consolidated results for the interim term ending December 2006 (July 1, 2006 to December 31, 2006)

(1) Consolidated business results

Notes: Amounts are presented rounded down to the nearest 1 million yen.

	Revenues		Operating profits		Recurring profits	
	million yen	%	million yen	%	million yen	%
Fiscal half-year ending December 2006	129,046	47.4	3,947	-0.1	2,326	-29.6
Fiscal half-year ending December 2005	87,543	28.8	3,952	10.3	3,302	11.8
Fiscal year ending June 2006	185,948		7,895		6,704	
	Interim (current) net income or loss (-)		Interim (current) net income or loss (-) per share		Interim (current) net income per share adjusted for latent shares	
	million yen	%	yen		yen	
Fiscal half-year ending December 2006	-28,790	-	-13,836.49		-	
Fiscal half-year ending December 2005	1,304	-13.5	2,105.79		1,887.30	
Fiscal year ending June 2006	3,429		1,743.22		-	

Notes: 1) Equity method investment profit/loss:

Fiscal half-year ending December 2006 N/A

Fiscal half-year ending December 2005 N/A

Fiscal year ending June 2006 N/A

2) Average number of shares during term (consolidated):

Fiscal half-year ending December 2006 2,080,756 shares

Fiscal half-year ending December 2005 619,383 shares

Fiscal year ending June 2006 1,967,608 shares

3) Change in accounting methods

No

4) Percentages shown for revenues, operating profits, recurring profits and interim (current) net income or loss (-) represent year-on-year rates of change.

(2) Consolidated financial status

Notes: Amounts are presented rounded down to the nearest 1 million yen.

	Total assets	Net assets	Capital ratio	Net assets per share
	million yen	million yen	%	yen
Fiscal half-year ending December 2006	397,729	45,722	5.4	10,191.57
Fiscal half-year ending December 2005	144,896	36,908	25.5	59,588.53
Fiscal year ending June 2006	139,541	50,733	35.4	23,783.09

Notes: Issued and outstanding shares at end of term (consolidated)

Fiscal half-year ending December 2006 2,092,355 shares

Fiscal half-year ending December 2005 619,383 shares

Fiscal year ending June 2006 2,076,767 shares

(3) Consolidated cash flow

Notes: Amounts are presented rounded down to the nearest 1 million yen.

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Term-end balance of cash and cash equivalents
	million yen	million yen	million yen	million yen
Fiscal half-year ending December 2006	-1,711	-35,995	115,975	94,584
Fiscal half-year ending December 2005	-2,068	-4,086	10,376	28,047
Fiscal year ending June 2006	7,138	-13,526	-1,124	16,315

(4) Matters related to the scope of consolidation and application of the equity method

Number of consolidated subsidiaries 88 companies Number of non-consolidated equity-method subsidiaries -- companies
 Number of equity-method affiliates -- companies

(5) Changes in scope of consolidation and application of equity method

Consolidation (new) 70 companies(excluded) -- companies Equity-method (new) -- companies(excluded) -- companies

2. FYE June 2007 (July 1, 2006-June 30, 2007) consolidated results forecast

	Revenues		Recurring profits		Net income	
		million yen		million yen		million yen
Full year	500,000		10,000		-30,000	

(Reference) Forecast net loss per share (full-year): 14,337.91 yen

1. Business results and financial status

a. Business results

Consolidated results for the interim term of the fiscal year ending June 2007 showed solid revenues and gross profits. On an earnings basis, recurring profits declined to 2,326 million yen for a net loss of 28,790 million yen due to the M&A expenses and interest burdens generated primarily by the conversion of the Crystal Group to consolidated subsidiaries in October 2006, together with the application of impairment accounting standards.
 For the interim term, the results of the Crystal Group companies, as consolidated subsidiaries, are reflected on the balance sheet only.

Results highlights for the interim accounts of the fiscal year ending June 2007

(Unit: 1 million yen)

	This interim consolidated accounting term	Previous interim consolidated accounting term	Rate of change
Revenues	129,046	87,543	47.4
Cost of sales	87,767	58,606	49.8
Gross profits	41,278	28,937	42.7
Depreciation of goodwill	1,219	885	37.7
Operating profits	3,947	3,952	-0.1
Interest and fees payable	1,896	680	178.8
Recurring profits	2,326	3,302	-29.6
Impairment	28,146	-	-
Net income	-28,790	1,304	-

Overview of this interim consolidated accounting term

The Japanese economy was generally solid during the interim consolidated accounting term, particularly for export-related industries, which were driven by strong performance in the US and Asian economies. With respect to employment conditions, the expansionary trend in the economy produced modest declines in the full unemployment rate, resulting in an ongoing perception of staff shortages at companies.

Within this environment, The Goodwill Group enjoyed solid performance from its core business of "human-resources referral and outsourcing services," thanks to increases in the numbers of referrals and subcontractors placed. Economic recovery caused corporate staffing needs to rise, while efforts to reduce costs and increase management efficiency produced substantial expansion in the demand for temporary staffing, outsourcing and similar services. Increased awareness of "temporary staffing and outsourcing services" enabled The Goodwill, Inc. to attract new accounts at enterprises in both the "small and medium" and the "large" categories. Booming demand resulted in significant back orders, and the company was able to take advantage of increases in registered staff and new office openings to enhance its network and supply capacity, generating continued growth. In outsourcing services, Keibi Seko Management, Inc. performed solidly thanks to its rigorous emphasis on compliance. Goodwill Hu-Management, Inc. (merged with and absorbed by The Goodwill, Inc. on March 1, 2007) focused on senior referrals, an area for which growth is expected in the future. Goodwill Engineering, Inc. achieved rapid growth due to its improved name recognition and ability to attract staff, enabling it to respond to the difficulties experienced by the booming industrial machinery, electrical equipment, electronics and information industries in hiring engineers and technicians. Economic recovery also brought about an increase in large commercial events held by corporations, and Soar Co., Ltd. actively sought orders for their planning, installation and administration etc., achieving strong results.

In "nursing and health care support services," COMSN, Inc. expanded from its base of home nursing care services to build a comprehensive nursing-care business that extends from the home through to institutional care, and is in the process of reorienting its business structure towards institutional care. It is also developing supporting businesses that address the needs of the elderly living at home and enable it to identify their nursing care requirements. Examples include sales of welfare equipment, support for home dental checkups, nursing-care

taxi, barrier-free design services and masseuse referrals. Amendments to the nursing care insurance system in April 2006 resulted in significant changes to the visiting nursing care business model that made it difficult for the company to achieve earnings this term. There have also been large burdens for investments and other expenses related to day service operations in order to adapt to preventative nursing care services. COMSN will be rebuilding its operations by focusing on institutional care services as a major profit center.

In July 2006, NSS Corporation, a long-established firm in the nursing home sector, was added as a subsidiary. Synergies with COMSN, Inc. enable the companies to share resources, particularly staff, brands and management, which has resulted in improved occupancy rates and profitability.

In “restaurants and senior residences services,” Food Scope, Inc. operates restaurants (primarily Japanese cuisine) both in Japan and internationally. COMSN, Inc. operates residences that suit the new lifestyles of Japan’s senior citizens. “Barrington House Baji Koen” opened in May 2006 and enjoys high levels of satisfaction among residents. Occupancy rates have remained solid.

In “other businesses,” Goodwill Career, Inc., which specializes in staff referrals, and Goodwill Hu-Management, Inc., which provides re-employment support services (merged with and absorbed by The Goodwill, Inc. on March 1, 2007) benefited from the increasing liquidity in the labor market, as did Goodwill Foresight, Inc., which provides “EAP” employee counseling programs. The Goodwill Group is able to offer a full lineup of staffing services and other value-added services, including staff referrals, reemployment support and employee counseling, and this has enabled it to accurately respond to the increasing demand for quality staff.

Coty, Co., Ltd. provides children’s day care-related services. Declining birth rates have joined aging demographics as one of the priority issues for the government of Japan and day care centers play an important role in resolving this. The company will be increasing the number of day care centers that it operates and also providing more outsourcing and babysitting services for companies, hospitals and other institutions. Adhoc, Co., Ltd. provides pet services that respond to the pet boom of recent years.

As a result, consolidated revenues for this consolidated accounting term rose 41,502 million yen year-on-year to reach 129,046 million yen. Substantial increases in revenues were achieved by the continued strong performance of mainline human resources referrals and outsourcing services and also by M&A deals. Consolidated recurring profits declined by 976 million yen year-on-year to 2,326 million yen because of M&A costs and the consequent interest burdens. During the consolidated accounting term, impairment treatment for goodwill etc. resulted in a consolidated interim net loss of 28,790 million yen.

Below are the results for individual business segments for the interim consolidated accounting term. Note that the new segmentation is applied to business categories beginning this interim consolidated accounting term. In order to aid comparability, this presentation reorganizes business categories for the previous interim consolidated accounting term according to the new segmentation rules.

(Human resources and outsourcing services)

(Unit: 1 million yen)

	This Year	Last Year	Rate of increase (%)
Revenues from outside customers	80,941	54,720	47.9
Inter-segment revenues	303	171	76.6
Total revenues	81,244	54,891	48.0
Operating profits	5,514	4,237	30.1
Depreciation of goodwill	106	14	647.6
Operating profit prior to depreciation of goodwill	5,621	4,251	32.2

During the interim consolidated accounting term, “human resources and outsourcing services” benefited from the economic recovery, which has increased corporate staffing needs and made it more difficult for companies to attract human resources over both the short and long terms. Rather than merely increasing their ordinary, full-time staff in response to the recovery, companies are turning to more part-timers and temporary staff in order to reduce costs, restrain fixed expenses and improve efficiency. This environment has produced significant increases in the demand for temporary staff etc.

The Goodwill Group provides a broad range of human resources services within this sector. The Goodwill, Inc. has approximately 2.53 million registered staff (including approximately 50,000 in a construction subcontracting subsidiary for which business rights were conveyed), giving it the largest human resources database in Japan. A proprietary IT system developed by the company enables it to place reservations for its registered staff in response to work orders from clients, which in principle results in extremely precise, daily matching. In the current economic boom, companies that wish to hire more staff face recruiting expenses for advertising etc. and also increases in human resources management and labor management burdens. Use of the Goodwill, Inc. matching system enables them to change their staffing according to the volume of work to be done, which improves cost controls. Meanwhile, the system also benefits registered staff, who are able to choose the hours they work and the nature of the work they perform.

The Goodwill, Inc. offers a very high value-added system that is able to match the skills and numbers required by companies with the varied forms of work desired by workers, and this has been one of the keys to its strong growth.

Other factors in its continuing growth include the Mobaito.Com web site and active promotion of the “Goodwill” name, both of which help to increase The Goodwill, Inc.’s general recognition and brand strength. In addition to conventional advertising in paper media, the company began to make more efficient use of television commercials and other mass media approximately 4 years ago, and this strategy has been instrumental in achieving high recognition rates and increasing brand strength. These factors are in turn effective in both recruiting and marketing activities.

The company's ability to furnish its clients with stable staffing is another factor that increases its competitive advantage. Efficient utilization of IT systems has the benefit of restraining hiring costs. Growth business sectors include manufacturing and inspection lines (due to the 2004 relaxation of restrictions on temporary staff referrals to manufacturing plants, which has significantly expanded demand), restaurants and general offices.

Temporary staffing services and subcontracting services are fully segregated in order to comply with legal and governance requirements. Keibi Seko Management, Inc. is responsible for the group's subcontracting services. In technical staff referrals, Goodwill Engineering, Inc. has seen rapid expansion in four segments: industrial machinery, electrical/electronic equipment, information processing and control. Fusione Techno Solutions Co., Ltd. was added as a subsidiary in July 2006 and was merged with Goodwill Engineering, Inc. in October 2006, which resulted in the company becoming the No. 4 ranked firm in domestic engineer referrals. The subsequent acquisition of Crystal Co., Ltd. by the group added the Crystal Group's engineering referral unit to this, making Goodwill Engineering, Inc. Japan's largest engineer referral company in terms of both the size of its operations and the number of engineers on its staff. Goodwill Hu-Management, Inc. offers senior referral services, an area of high potential as the "baby boom" generation reaches retirement. Economic recovery has made companies more aggressive and resulted in an increase in large commercial events. Soar Co., Ltd. specializes in meeting that demand.

As a result, the company's "human resources and outsourcing services" business produced revenues of 80,941 million yen and operating profits of 5,514 million yen during the interim consolidated accounting term.

(Nursing and health care support services)

(Unit: 1 million yen)

	This Year	Last Year	Rate of increase (%)
Revenues from outside customers	40,741	31,026	31.3
Inter-segment revenues	0	0	-
Total revenues	40,741	31,026	31.3
Operating profits	-1,226	557	-
Depreciation of goodwill	798	714	11.7
Operating profit prior to depreciation of goodwill	-428	1,271	-

During the interim consolidated accounting term, nursing and health care support services saw the emergence of new demand in response to the rapid aging of Japanese demographics. Up until this point, there had been an upwards trend in nursing care insurance benefits. Meanwhile, health insurance benefits also increased within the larger framework of social security spending.

Substantial rises are expected for nursing care insurance benefits, which are estimated to go from approximately 5.5 trillion yen in FY2004 to a minimum budget of 12 trillion yen in 2012 and more than 20 trillion yen in 2025. Likewise, calculations for health care insurance benefits estimate that the budget will increase from approximately 28 trillion yen in FY2006 to 40 trillion yen in 2012 and more than 56 trillion yen in 2025. The government is seeking more effective administration of social security spending in order to address the fiscal problems created by these increases, and it is expected that nursing care and health care will have an increasingly complementary and coordinated relationship in the future.

Unfortunately, amendments to the nursing care insurance system in April 2006 resulted in significant changes to the visiting nursing care business model that made it difficult for the company to achieve earnings this term. There have also been large burdens for investments and other expenses related to day service operations in order to adapt to preventative nursing care services. COMSN will be rebuilding its operations by focusing on institutional care services as a major profit center.

In institutional care, the company added NSS Corporation, a long-standing firm that operates the "Outouen" brand of resident-paid nursing homes in the Greater Tokyo area, to its subsidiaries in July 2006. Synergies with COMSN, Inc. enable the companies to share resources, particularly staff, brands and management, which have resulted in improved occupancy rates and profitability.

As a result, this segment produced revenues of 40,741 million yen for operating losses of 1,226 million yen during the interim consolidated accounting term.

(Senior residence and restaurant business)

(Unit: 1 million yen)

	This Year	Last Year	Rate of increase (%)
Revenues from outside customers	5,581	-	-
Inter-segment revenues	404	-	-
Total revenues	5,986	-	-
Operating profits	-767	-529	-
Depreciation of goodwill	104	-	-
Operating profit prior to depreciation of goodwill	-662	-529	-

In the restaurant business, Food Scope, Inc. benefited this interim consolidated accounting term from its reputation for quality food and attractive store designs and decorations to expand its restaurant operations both in Japan and overseas. The company serves primarily Japanese cuisine. As a restaurant services company, Food Scope, Inc. also provides food services to the nursing institutions operated by COMSN, Inc., including Barrington House (see above), COMSN Garden, COMSN Home, COMSN No Hohoemi (group home) and COMSN No Kirameki (budget nursing home). Group nursing institutions endeavored to “offer the best food in Japan,” and this has achieved strong satisfaction on the part of residents, helping to improve occupancy rates. This is one concrete example of the group synergies between COMSN facilities.

There are currently 2 Barrington House projects underway in the “senior residence” sector, and these institutions provide new residential concepts and options for senior citizens. Facilities are open to senior citizens aged 55 and above and are designed for residents who are basically healthy. The business model relies primarily on payments by residents rather than nursing care insurance benefits. As luxury urban housing, the selection of location is an important factor in differentiation and results in the ownership of land and building assets.

“Barrington House Baji Koen” (opened May 2006) provides full nursing and health care support with hotel-style residential spaces, facilities and hospitality, and has achieved a very strong reputation with residents. Steady progress is also being made on the second project, “Barrington House Kichijoji,” (scheduled to open in June 2007).

As a result, this segment produced revenues of 5,581 million yen for operating losses of 767 million yen during the interim consolidated accounting term.

(Other businesses)

(Unit: 1 million yen)

	This Year	Last Year	Rate of increase (%)
Revenues from outside customers	1,781	1,797	-0.9
Inter-segment revenues	10	6	58.5
Total revenues	1,792	1,803	-0.6
Operating profits	-322	-346	-
Depreciation of goodwill	210	157	34.1
Operating profit prior to depreciation of goodwill	-112	-189	-

In “other businesses” during the interim consolidated accounting term, the human resources business took steps to round out its lineup so as to accurately respond to increasing demand as job-market liquidity accelerates. Goodwill Career, Inc. is responsible for personnel referrals; Goodwill Hu-Management, Inc. (name changed on November 2, 2006) for reemployment support services; and Goodwill Foresight, Inc. for employee counseling programs (EAP).

The synergies created by cross-functional utilization of management resources among group companies enable us to provide clients with a wide range of tailor-made services.

In the children’s day care market, the government is focusing on declining birth rates as a priority issue on par with aging demographics. Within the group, Coty, Co., Ltd. provides day care services.

We see greater demand for day care services as more women enter the workforce, lifestyles become more diversified, and new emphasis is placed on creating infrastructure and environments that are more conducive to child-rearing as a means of counteracting declining birth rates. With the enactment of the “Law to Promote the Assistance in Rearing the Next Generation,” we are also seeing growth in specific requests for child day care services from companies, government agencies, medical institutions, schools and other organizations placing new emphasis on childcare support programs and plans.

Adhoc, Co., Ltd. provides pet-related services. The data confirms the potential for significant expansion in this market as the number of pets kept indoors exceeds those kept outdoors and large increases are seen in the percentage of singles and senior citizens who keep pets. Adhoc, Co., Ltd. is working from its track record and experience in the pet-related services market to provide expertise for pet-friendly condominiums and hotels, operate pet-related facilities and offer trimming and other pet services in shopping malls. This business continues to be in the “advance investment” stage as it rebuilds its model.

As a result, this segment produced revenues of 1,781 million yen for operating losses of 322 million yen during the interim consolidated accounting term.

b. Financial status

Overview of this interim consolidated accounting term

Cash and cash equivalents (“cash” hereinafter) grew 66,537 million yen (year-on-year) during interim consolidated accounting term to reach 94,584 million yen. Below is an overview of cash flows and driving factors.

(Cash flows from operating activities)

Cash decreased by 1,711 million yen as a result of operating activities (2,068 million yen decline during last year’s interim). The primary factors in this were an initial investment of 1,002 million yen for the opening of new facilities, payment of last year’s accrued payables of 2,902 million yen for the construction of Barrington House, payment of 1,177 million yen in interest on borrowings and an increase of 3,216 million yen in resident security deposits.

(Cash flows from investing activities)

Cash decreased by 35,995 million yen as a result of investing activities (4,086 million yen decline during last year’s interim). This was primarily the result of a net expenditure of 34,286 million yen for the acquisition of the Crystal Group etc.

(Cash flows from financing activities)

Cash increased by 115,975 million yen as a result of financing activities (10,376 million yen increase during last year’s interim). This was primarily the result of the raising of 87.1 billion yen in funding for the acquisition of the Crystal Group and 147 billion yen in short-term borrowings for the acquisition of other companies and for operating capital, together with the repayment of 120.4 billion yen in short-term borrowings.

Outlook for the full consolidated accounting year

To this point in time, the core businesses of The Goodwill Group have been human resources services, led by The Goodwill, Inc., and comprehensive nursing care services, led by COMSN, Inc.

On October 31, 2006, the Group acquired Crystal Co., Ltd., an unlisted company that is Japan’s largest human resources services firm. As a result, the Crystal Group is included in the scope of consolidation.

The consolidation of the Goodwill Group and Crystal Group has produced Japan’s largest human resources services provider. Indeed, the group is ranked No. 5 by size in the global human resources services industry, confirming that the stage has been set for dramatic growth in the future.

The inclusion of the Crystal Group and its consolidated subsidiaries has given The Goodwill Group a full lineup of human resources services. More specifically, The Goodwill, Inc. has an extraordinarily large database and proprietary IT system to provide matching services that give it strengths in short-term referrals, while Crystal Co., Ltd. has strengths in manufacturing referrals and subcontracting, engineering and technician referrals, and other longer-term services. The integration of the two groups will produce synergies as they take advantage of the credibility and brand power they enjoy as a First Section TSE listed company, the increased public recognition, the potential for operational cooperation, and the ability to provide mutually complementary services.

The Crystal Group already has international staff referral services, something The Goodwill Group has not previously provided, adding a new vector for future business growth. In terms of results, we plan to include the Crystal Group in consolidated results for the full year. The current recovery in the Japanese economy is producing strong demand that is raising corporate staffing needs and making it more difficult for companies to recruit the staff to respond this demand.

By joining hands, the Goodwill Group and Crystal Group have a combined work force of approximately 140,000 people, giving them predominate competitive advantages in recruiting staff in the human resources services market.

In the future, we will be working quickly to integrate the groups’ staff, organizations, operations, sales, management, compliance and governance systems so as to ensure stable profitability and make the transition to the growth stage.

For the full consolidated accounting year, The Goodwill Group forecasts consolidated revenues of 500 billion yen, for consolidated recurring profits of 10 billion yen and a consolidated net loss of 30 billion yen.

4. Consolidated Interim Financial Statements

(1) Consolidated Interim Balance Sheet

Classification	Note number	End of previous interim consolidated accounting term (December 31, 2005)		End of this interim consolidated accounting term (December 31, 2006)		Previous consolidated accounting term summary consolidated balance sheet (June 30, 2006)		
		Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)	
(Assets)								
I Current assets								
1. Cash and deposits		28,047		96,057		16,315		
2. Trade notes and accounts receivable	*2	16,985		94,260		15,108		
3. Accrued operating receivables		12,524		15,169		13,320		
4. Inventories		736		2,577		599		
5. Deferred tax assets		499		7,647		1,229		
6. Prepaid expenses		1,356		6,129		1,950		
7. Others		1,058		12,624		1,393		
8. Reserve against defaults		-132		-2,238		-142		
Total current assets		61,077	42.2	232,228	58.4	49,775	35.7	
II Fixed assets								
1. Tangible fixed assets								
(1) Buildings and structures	*1	8,292		28,191		14,719		
Cumulative depreciation and amortization		1,535	6,757	6,049	22,141	1,896	12,823	
(2) Aircraft		3,604		3,604		3,604		
Cumulative depreciation and amortization		367	3,237	561	3,043	467	3,137	
(3) Fixtures and equipment		5,707		11,524		6,863		
Cumulative depreciation and amortization		3,285	2,422	6,971	4,553	3,749	3,113	
(4) Land	*1		24,968		27,456		23,948	
(5) Construction suspense account			2,008		4,636		2,415	
(6) Others		170		1,535		166		
Cumulative depreciation and amortization		131	38	795	739	124	41	
Total tangible fixed assets			39,433	27.2	62,569	15.7	45,479	32.6
2. Intangible fixed assets								
(1) Goodwill			-		65,213		32,978	
(2) Consolidation adjustment account			33,700		-		-	
(3) Software			253		1,563		346	
(4) Others			268		7,984		215	
Total intangible fixed assets			34,222	23.6	74,761	18.8	33,540	24.0

Classification	Note number	End of previous interim consolidated accounting term (December 31, 2005)		End of this interim consolidated accounting term (December 31, 2006)		Previous consolidated accounting term summary consolidated balance sheet (June 30, 2006)	
		Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)
3. Investments and other assets							
(1) Investment securities		1,514		4,203		743	
(2) Long-term loans		989		6,105		896	
(3) Deferred tax assets		389		1,385		627	
(4) Bankrupt credits etc.		279		323		286	
(5) Lease guarantee money		5,085		11,068		5,588	
(6) Long-term prepaid expenses		1,862		4,593		2,460	
(7) Others		304		4,854		439	
(8) Reserve against defaults		-262		-1,627		-295	
(9) Reserve against investment losses		-		-2,738		-	
Total investments and other assets		10,162	7.0	28,168	7.1	10,746	7.7
Total fixed assets		83,819	57.8	165,500	41.6	89,766	64.3
Total assets		144,896	100.0	397,729	100.0	139,541	100.0
(Liabilities)							
I Current liabilities							
1. Bills payable and accounts payable		370		8,009		483	
2. Bonds scheduled for redemption within 1 year		-		3,922		-	
3. Short-term borrowings	*1	11,005		161,341		19,532	
4. Accrued expenses		10,814		56,307		10,719	
5. Accrued corporate taxes etc.		2,175		11,092		2,974	
6. Accrued consumption tax etc.		1,047		6,393		1,567	
7. Reserve for bonuses		-		8,696		-	
8. Reserve for order-booking losses		-		341		-	
9. Others		6,867		24,114		7,501	
Total current liabilities		32,280	22.3	280,220	70.5	42,778	30.6
II Non-current liabilities							
1. Bonds		-		8,467		-	
2. New share acquisition rights		25,000		-		-	
3. Long-term borrowings	*1	45,813		49,153		40,274	
4. Reserve for retirement benefits		35		2,985		41	
5. Others		3,539		11,180		5,713	
Total non-current liabilities		74,388	51.3	71,786	18.0	46,029	33.0
Total liabilities		106,669	73.6	352,006	88.5	88,808	63.6

Classification	Note number	End of previous interim consolidated accounting term (December 31, 2005)		End of this interim consolidated accounting term (December 31, 2006)		Previous consolidated accounting term summary consolidated balance sheet (June 30, 2006)	
		Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)
(Minority shareholder equity)							
Minority shareholder equity		1,318	0.9	-	-	-	-
(Capital)							
I Capital		14,118	9.7	-	-	-	-
II Capital surplus		32,169	22.2	-	-	-	-
III Retained earnings		-9,409	-6.4	-	-	-	-
IV Net valuation discrepancy on other securities		-0	-0.0	-	-	-	-
V Foreign currency translation adjustment account		36	0.0	-	-	-	-
VI Treasury shares		-8	-0.0	-	-	-	-
Total capital		36,908	25.5	-	-	-	-
Total liabilities, minority shareholder equity and capital		144,896	100.0	-	-	-	-
(Net assets)							
I Shareholders' equity							
1. Capital		-	-	26,618	6.7	26,618	19.1
2. Capital surplus		-	-	35,980	9.0	35,620	25.5
3. Retained earnings		-	-	-38,659	-9.7	-8,830	-6.3
4. Treasury shares		-	-	-2,506	-0.6	-3,978	-2.9
Total shareholders equity		-	-	21,434	5.4	49,431	35.4
II Valuation/translation discrepancy etc.							
1. Net unrealized gain on other securities		-	-	4	0.0	6	0.0
2. Deferred profit/loss on hedges		-	-	-115	-0.0	-59	-0.0
3. Foreign currency translation adjustment account		-	-	1	0.0	14	0.0
Total valuation/translation discrepancy etc.		-	-	-109	-0.0	-39	-0.0
III Minority shareholder equity		-	-	24,398	6.1	1,341	1.0
Total net assets		-	-	45,722	11.5	50,733	36.4
Total net assets and liabilities		-	-	397,729	100.0	139,541	100.0

(2) Consolidated Interim Profit and Loss Statement

Classification	Note number	Previous interim consolidated accounting term (From July 1, 2005 to December 31, 2005)			This interim consolidated accounting term (From July 1, 2006 to December 31, 2006)			Previous consolidated accounting term summary consolidated profit/loss statement (From July 1, 2005 to June 30, 2006)		
		Amount (in million yen)		Percentage (%)	Amount (in million yen)		Percentage (%)	Amount (in million yen)		Percentage (%)
I Revenues			87,543	100.0		129,046	100.0		185,948	100.0
II Cost of sales			58,606	67.0		87,767	68.0		123,779	66.6
Gross profits			28,937	33.0		41,278	32.0		62,168	33.4
III Selling, general and administrative expenses										
1. Wages and allowances		10,425			15,758			23,275		
2. Retirement benefit expenses		26			74			25		
3. Leases		2,150			3,713			4,976		
4. Communications expenses		1,045			1,207			2,200		
5. Amortization of consolidated adjustment account		885			-			-		
6. Depreciation of goodwill		-			1,219			1,838		
7. Depreciation and amortization		700			1,284			1,871		
8. Allocation to reserve against defaults		133			225			176		
9. Advertising expenses		2,357			2,283			3,502		
10. Recruitment expenses		-			2,288			-		
11. Others		7,260	24,985	28.5	9,275	37,331	28.9	16,406	54,273	29.2
Operating profits			3,952	4.5		3,947	3.1		7,895	4.2
IV Non-operating revenues										
1. Interest and dividend income		28			37			54		
2. Fees receivable		8			11			-		
3. Rent receivable		75			228			221		
4. Refund add-on		54			-			56		
5. Appraisal profit on interest-rate swaps		-			153			-		
6. Foreign exchange profit		-			84			-		
7. Others		50	216	0.3	77	593	0.4	147	480	0.3
V Non-operating expenses										
1. Interest expenses		593			959			1,140		
2. Loss on equity investments		2			-			8		
3. Fees payable		86			936			138		
4. Others		182	865	1.0	318	2,214	1.7	382	1,671	0.9
Recurring profits			3,302	3.8		2,326	1.8		6,704	3.6
VI Extraordinary profits										
1. Profit on restatement of previous term profit/loss	*1	-			-			50		

Classification	Note number	Previous interim consolidated accounting term (From July 1, 2005 to December 31, 2005)		This interim consolidated accounting term (From July 1, 2006 to December 31, 2006)		Previous consolidated accounting term summary consolidated profit/loss statement (From July 1, 2005 to June 30, 2006)	
		Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)
2. Profit on sale of fixed assets	*2	-		654		202	
3. Profit on sale of investment securities		1		-		3	
4. Refund to reserve against defaults		-	1	8	663	-	256
			0.0		0.5		0.1

Classification	Note number	Previous interim consolidated accounting term (From July 1, 2005 to December 31, 2005)		This interim consolidated accounting term (From July 1, 2006 to December 31, 2006)		Previous consolidated accounting term summary consolidated profit/loss statement (From July 1, 2005 to June 30, 2006)	
		Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)
VII Extraordinary losses							
1. Loss on sale of fixed assets	*3	0		0		0	
2. Loss on disposal of fixed assets	*4	12		61		139	
3. Impairment	*5	-		28,146		84	
4. Appraisal loss on investment securities		-		61		55	
5. Director severance benefits		-		-		50	
6. Others		-	12	685	28,955	-	330
			0.0		22.4		0.1
Previous interim net income or loss (-) before adjustment for taxes etc.			3,292		-25,965		6,630
			3.8		-20.1		3.6
Corporate tax, residential tax and business tax		2,094		2,233		4,326	
Corporate tax etc. adjustment		-70	2,024	670	2,903	-1,000	3,325
			2.3		2.2		1.8
Minority shareholder losses			36		78		124
			0.0		0.0		0.0
Interim net income or loss (-)			1,304		-28,790		3,429
			1.5		-22.3		1.8

Consolidated Interim Surplus Statement and Consolidated Interim Shareholders Equity etc. Statement

Consolidated Interim Surplus Statement

		Previous interim consolidated accounting term (From July 1, 2005 to December 31, 2005)	
Classification	Note number	Amount (in million yen)	
(Capital surplus)			
I Capital surplus at start of term			36,047
II Decline in capital surplus			
III Write-off of treasury shares		3,877	3,877
IV Balance of capital surplus at end of term			32,169
(Retained earnings)			
I Retained earnings at start of term			-10,151
II Increase in retained earnings			
1. Interim net income		1,304	1,304
III Decrease in retained earnings			
1. Dividends		464	
2. Bonuses to directors and corporate auditors		60	
3. Decrease in retained earnings due to increase in subsidiaries		36	561
IV Balance of earned surplus at end of term			-9,409

Consolidated Interim Shareholders Equity Statement

This interim consolidated accounting term (from July 1, 2006 to December 31, 2006)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders equity
Balance as at June 30, 2006 (in million yen)	26,618	35,620	-8,830	-3,978	49,431
Change during interim consolidated accounting term					
Surplus dividend	-	-	-1,038	-	-1,038
Interim net loss	-	-	-28,790	-	-28,790
Acquisition of treasury shares	-	-	-	-682	-682
Share swap	-	359	-	2,154	2,514
(Net) Change in accounts other than shareholders equity during the interim consolidated accounting term	-	-	-	-	-
Total change during interim consolidated accounting term (in million yen)	-	359	-29,828	1,472	-27,997
Balance as at December 31, 2006 (in million yen)	26,618	35,980	-38,659	-2,506	21,434

	Valuation/translation discrepancy etc.				Minority shareholder equity	Total net assets
	Net unrealized gain on other securities	Deferred profit/loss on hedges	Foreign currency translation adjustment account	Total valuation/translation discrepancy etc.		
Balance as at June 30, 2006 (in million yen)	6	-59	14	-39	1,341	50,733
Change during interim consolidated accounting term						
Surplus dividend	-	-	-	-	-	-1,038
Interim net loss	-	-	-	-	-	-28,790
Acquisition of treasury shares	-	-	-	-	-	-682
Share swap	-	-	-	-	-	2,514
(Net) Change in accounts other than shareholders equity during the interim consolidated accounting term	-2	-55	-12	-70	23,056	22,986
Total change during the interim consolidated accounting term (in million yen)	-2	-55	-12	-70	23,056	-5,010
Balance as at December 31, 2006 (in million yen)	4	-115	1	-109	24,398	45,722

Previous consolidated accounting term (From July 1, 2005 to June 30, 2006)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders equity
Balance as at June 30, 2005 (in million yen)	14,118	36,047	-10,151	-3,885	36,128
Change during this consolidated accounting term					
Issuance of new shares	12,500	12,499	-	-	24,999
Surplus dividend	-	-	-1,161	-	-1,161
Director bonuses from allocation of profits	-	-	-60	-	-60
Net income	-	-	3,429	-	3,429
Acquisition of treasury shares	-	-	-	-13,869	-13,869
Write-off of treasury shares	-	-12,926	-850	13,776	-
Decrease in retained earnings due to increase in subsidiaries	-	-	-36	-	-36
(Net) Change in accounts other than shareholders equity during the consolidated accounting term	-	-	-	-	-
Total change during the consolidated accounting term (in million yen)	12,500	-426	1,321	-92	13,302
Balance as at June 30, 2006 (in million yen)	26,618	35,620	-8,830	-3,978	49,431

	Valuation/translation discrepancy etc.				Minority shareholder equity	Total net assets
	Net unrealized gain on other securities	Deferred profit/loss on hedges	Foreign currency translation adjustment account	Total valuation/translation discrepancy etc.		
Balance as at June 30, 2005 (in million yen)	1	-	-	1	1,244	37,374
Change during this consolidated accounting term						
Issuance of new shares	-	-	-	-	-	24,999
Surplus dividend	-	-	-	-	-	-1,161
Director bonuses from allocation of profits	-	-	-	-	-	-60
Net income	-	-	-	-	-	3,429
Acquisition of treasury shares	-	-	-	-	-	-13,869
Write-off of treasury shares	-	-	-	-	-	-
Decrease in retained earnings due to increase in subsidiaries	-	-	-	-	-	-36
(Net) Change in accounts other than shareholders equity during the consolidated accounting term	5	-59	14	-40	97	56
Total change during the consolidated accounting term (in million yen)	5	-59	14	-40	97	13,358
Balance as at June 30, 2006 (in million yen)	6	-59	14	-39	1,341	50,733

(3) Consolidated Interim Cash Flow Statement

		Previous interim consolidated accounting term (From July 1, 2005 to December 31, 2005)	This interim consolidated accounting term (From July 1, 2006 to December 31, 2006)	Previous consolidated accounting year (From July 1, 2005 to June 30, 2006)
Classification	Note number	Amount (in million yen)	Amount (in million yen)	Amount (in million yen)
I Cash flows from operating activities				
1. Previous interim (current) net income or loss (-) before adjustment for taxes etc.		3,292	-25,965	6,630
2. Depreciation and amortization		819	1,836	2,146
3. Impairment		-	28,146	84
4. Profit on sale of fixed assets		-	-654	-202
5. Loss on disposal and sale of fixed assets		12	62	140
6. Depreciation of goodwill		-	1,219	1,838
7. Amortization of consolidated adjustment account		885	-	-
8. Write-off of long-term prepaid expenses		103	306	307
9. Change in reserve against defaults		133	216	176
10. Change in reserve for retirement benefits		5	-26	11
11. Interest and dividends receivable		-28	-47	-64
12. Interest expenses		593	959	1,140
13. Loss on equity investments		2	-	-
14. Profit on sale of investment securities		-1	-	-3
15. Appraisal loss on investment securities		-	61	55
16. Increase in trade notes and accounts receivable		-5,587	-5,181	-3,716
17. Change in accrued operating receivables		-1,633	530	-2,429
18. Decrease in inventories		63	197	202
19. Increase in lease guarantee money		-1,122	-674	-1,136
20. Increase in accrued expenses		2,062	2,657	1,969
21. Payment of director bonuses		-60	-	-
22. Increase in deposits received		-	3,216	3,756
23. Increase in long-term prepaid expenses		-	-1,002	-
24. Decline in accounts payable		-	-1,986	-
25. Others		1,736	-1,854	1,479
Subtotal		1,277	2,016	12,385
26. Interest and dividends received		105	176	45
27. Interest paid		-663	-1,177	-1,162

		Previous interim consolidated accounting term (From July 1, 2005 to December 31, 2005)	This interim consolidated accounting term (From July 1, 2006 to December 31, 2006)	Previous consolidated accounting year (From July 1, 2005 to June 30, 2006)
Classification	Note number	Amount (in million yen)	Amount (in million yen)	Amount (in million yen)
28. Corporate tax etc. paid		-2,789	-2,726	-4,130
Cash flows from operating activities		-2,068	-1,711	7,138

		Previous interim consolidated accounting term (From July 1, 2005 to December 31, 2005)	This interim consolidated accounting term (From July 1, 2006 to December 31, 2006)	Previous consolidated accounting year (From July 1, 2005 to June 30, 2006)
Classification	Note number	Amount (in million yen)	Amount (in million yen)	Amount (in million yen)
II Cash flows from investing activities				
1. Net increase in time deposits		-	-	-300
2. Proceeds from sale of investment securities		15	2	98
3. Expenditures for additional acquisition of consolidated subsidiary equity		-25	-451	-101
4. Expenditures for acquisition of subsidiary equity in conjunction with change of scope of consolidation		-562	-34,286	-562
5. Expenditures for acquisition of tangible fixed assets		-2,229	-5,250	-13,021
6. Expenditures for acquisition of non-consolidated subsidiary equity		-50	-516	-102
7. Proceeds from sale of tangible fixed assets		2	4,754	1,293
8. Expenditures for acquisition of intangible fixed assets		-17	-176	-169
9. Expenditures for loans		-2,502	-39	-2,847
10. Proceeds from collection of loans		1,202	39	1,527
11. Expenditures in conjunction with reorganization		-	-11	-
12. Others		79	-58	659
Cash flows from investing activities		-4,086	-35,995	-13,526
III Cash flows from financing activities				
1. Net change in short-term borrowings		-13,220	113,697	-8,870
2. Proceeds from long-term borrowings		2,500	18,900	5,720
3. Expenditures for repayment of long-term borrowings		-3,309	-14,786	-7,892
4. Expenditures for redemption of bonds		-	-273	-

		Previous interim consolidated accounting term (From July 1, 2005 to December 31, 2005)	This interim consolidated accounting term (From July 1, 2006 to December 31, 2006)	Previous consolidated accounting year (From July 1, 2005 to June 30, 2006)
Classification	Note number	Amount (in million yen)	Amount (in million yen)	Amount (in million yen)
5. Expenditures for acquisition of treasury shares		-0	-682	-13,869
6. Proceeds from issue of bonds		24,971	-	24,956
7. Others		-565	-879	-1,169
Cash flows from financing activities		10,376	115,975	-1,124
IV Conversion discrepancies for cash and cash equivalents		-	0	0
V Change in cash and cash equivalents		4,221	78,269	-7,510
VI Cash and cash equivalents at beginning of term		23,187	16,315	23,187
VII Increase in cash and cash equivalents from increase in consolidated subsidiaries		638	-	638
VIII Balance of cash and cash equivalents at end of interim term (end of year)		28,047	94,584	16,315