

**Summary of 2<sup>nd</sup> Quarter Results for Fiscal Year Ending June 2005  
(Consolidated and Stand-Alone Bases)**

February 14, 2005

Name of listed company: The Goodwill Group, Inc.  
(URL <http://www.goodwill.com>)

TSE listed securities  
Ticker No.: 4723

Representative: Masahiro Origuchi Representative Director and Chairman

Contact person: Akira Kanazaki Managing Director, General Manager of Administration, and  
Head of Chairman's Office (03-3405-9228)

**1. Underlying Assumptions in Preparing Quarterly Operating Result Summary**

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

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

**2. Summary of 2<sup>nd</sup> Quarter Operating Results for the Fiscal Year ending June 2005  
(July 1, 2004 ~ December 31, 2004)**

(1) Operating results

(Rounded down to the nearest million)

	Revenues		Operating Income		Ordinary Income	
	MM Yen	%	MM Yen	%	MM Yen	%
2Q FYE June 2005	67,959	(60.0)	3,583	(10.4)	2,955	(-4.9)
2Q FYE June 2004	42,464	(46.4)	3,246	(30.5)	3,107	(26.4)
(Reference) FYE June 2004	93,042	(49.4)	5,974	(20.2)	5,539	(15.1)

*(Note) Percentages in parentheses in the revenues, operating income and ordinary income sections indicate rate of increase/decrease from the same quarter of the previous fiscal year.*

[Supplementary comments concerning the operating results]

During the consolidated interim fiscal year, the domestic economy showed trends of mild recovery amid the backdrop of increase in exports and capital investments, improvement in corporate earnings, and decrease in unemployment rates.

Under such conditions, the Group adopted a pure holding company structure effective August 1, 2004 in pursuit of speedier decision-making and accelerated business execution, and accordingly, The Goodwill Group, Inc. became a pure holding company with responsibilities to oversee its group companies.

With regard to the individual businesses, in dispatching and subcontracting, the Group aggressively promoted sales so as to capture the rising outsourcing demands associated with the increasing employment mobility. In addition to continued efforts in the areas of TV commercial publicity campaign (mobaito.com) which targets staff registration and the aggressive launch of new service branches, in December 2004, the Group obtained a Privacy Mark certification in response to the rising concerns for information security. Through acquiring such certification, the Group aims to further improve credibility, and to establish an infrastructure that is secure and comfortable for both the registered staff and the client companies.

In terms of the nursing care/medical support business, in the home nursing care operation, the Group continued to expand service locations to meet the consistently heavy demand for home-call nursing care while also actively hiring and training care managers and home helpers. Meanwhile, in terms of institutional nursing care, in addition to the 102 group homes (communal life care facility with capacity to accommodate elderly with dementia) and the 3 pay nursing homes already under operation, the Group launched another pay nursing home in October 2004 in response to the demand increase projected in this field. With regard to the human resource related business, the employee counseling program showed stable growth as the public became more aware of such program's effectiveness vis-à-vis the current day social issues linked to stress and depression.

(2) Events having significant effects on the financial conditions and operating results of the company group during the quarter in review

Applicable events have not emerged.

**3. Forecast on Financial Results for the Consolidated Fiscal Year ending June 2005  
(July 1, 2004 ~ June 30, 2005)**

	Revenue Forecast	Ordinary Income Forecast	Net Income Forecast	Earnings per Share Forecast
	MM Yen	MM Yen	MM Yen	Yen
Full year	140,000	6,200	2,900	4,456.46

[Qualitative information concerning the financial forecast]

The Company announced an adjustment to the financial forecast on December 13, 2004.

## 1. Overview of Consolidated Revenues for the 2<sup>nd</sup> Quarter

(Unit: '000 Yen; Rounded down to nearest '000 Yen)

Period		2Q FYE June 2005 (From Oct. 1, 2004 To Dec. 31, 2004)
Items		
Business Segment	Dispatching and Subcontracting	22,625,578
	Human Resource Related	962,936
	Nursing Care/Medical Support	12,547,589
	Others	220,626
	Total	36,356,729

- (Note) 1. Above figures do not include consumption taxes.
2. Certain numerical figures pertaining to the operations are omitted from the above as the businesses operated by the Group involve varying number of employees and different assignment durations, which make the indication of such figures inherently difficult.
3. Businesses are segmented based on those classifications used for internal management purposes. Above figures are after the elimination of inter-segment sales and transfers.
4. Segmentation
- |                                   |  |
|-----------------------------------|--|
| Dispatching/<br>subcontracting:   | Human resource dispatching/subcontracting (subsidiaries, Goodwill, Inc., Soar, Inc., Goodwill Engineering, Inc. and HU-MANAGEMENT JAPAN CO., LTD.)   |
| Human resource related:           | Employee Counseling Program (EAP) (subsidiary, Goodwill Foresight, Inc.), human resource introduction (subsidiary, Goodwill Career, Inc.), re-employment support (subsidiary, HU-MANAGEMENT JAPAN CO., LTD.) |
| Nursing care/<br>medical support: | Home nursing care, home-call nursing care, home-call dental treatment support, institutional nursing care, training (subsidiary, COMSN, Inc.)  |
| Other businesses:                 | Child-care services (subsidiary of COMSN, Inc., Coty Co., Ltd.), pet-care services (subsidiary of COMSN, Inc., Adhoc Co., Ltd.)  |
5. Revenue figures above are unaudited.

## 2. Consolidated Statement of Income for the 2<sup>nd</sup> Quarter

(Unit: '000 Yen; Rounded down to nearest '000 Yen)

Items	2Q FYE June 2005 (From October 1, 2004 To December 31, 2004) (A)		2Q FYE June 2004 (From October 1, 2003 To December 31, 2003) (B)		YoY Increase/Decrease	
	Amount	% Total	Amount	% Total	Amount (A) - (B)	% Total
Revenues	36,356,730	100.0	23,435,413	100.0	12,921,317	55.1
Cost of goods sold	24,331,483	66.9	15,481,651	66.1	8,849,831	57.2
Gross profit	12,025,247	33.1	7,953,762	33.9	4,071,485	51.2
Selling, general and administrative expenses	9,962,903	27.4	5,960,301	25.4	4,002,602	67.2
[of which, amortization of consolidated adjustment accounts]	[429,446]	1.2	[136,336]	0.6	[293,110]	215.0
Operating income	2,062,343	5.7	1,993,460	8.5	68,883	3.5
Non-operating income						
Interest income	15,072	0.0	12,410	0.0	2,662	21.5
Others	75,295	0.2	20,536	0.1	54,759	266.6
Non-operating expenses						
Discount rate on interest paid	290,474	0.8	69,880	0.3	220,594	315.7
Others	115,654	0.3	53,956	0.2	61,698	114.3
Ordinary income	1,746,582	4.8	1,902,571	8.1	(155,988)	(8.2)

(Note)

- The above statement of income does not include items below special income and losses.
- Figures in the "YoY Increase/Decrease" column are calculated based on the following equation.  

$$\% \text{ Increase/Decrease} = \frac{(A) \text{ Results of the current 2Q} - (B) \text{ Results of the previous 2Q}}{(B) \text{ Results of the previous 2Q}} \times 100$$
- The figures above are from the preliminary report on financial results for the current quarter. The figures are unaudited and include portions that have not undergone ordinary settlement procedures.

### 3. Consolidated Balance Sheet for the 2<sup>nd</sup> Quarter

(Unit: '000 Yen; Rounded down to nearest '000 Yen)

Items	2Q FYE June 2005 (As of December 31, 2004)	
	Amount ('000 Yen)	% Total
Current Assets	42,736,154	38.9
Fixed Assets		
Tangible assets	27,003,447	24.6
Intangible assets	32,866,126	30.0
Investments and other assets	7,152,439	6.5
Total Assets	<u>109,758,167</u>	100.0
Current Liabilities	36,667,341	33.4
Fixed Liabilities	32,701,613	29.8
Total Liabilities	<u>69,368,955</u>	63.2
Minority Interest	1,849,042	1.7
Total Shareholders' Equity	<u>38,540,168</u>	35.1
Total Liabilities, Minority Interest, and Shareholders' Equity	<u>109,758,167</u>	100.0

#### 4. Statement of Income and Balance Sheet for the 2<sup>nd</sup> Quarter (Stand-alone basis)

On August 1, 2004, The Goodwill Group, Inc. implemented a business division and adopted a pure holding company configuration. While these events do not have any material impact on the actual financial standings or the state of businesses of the Group as a whole, with regard to the financial standings and operating results of the Company on a stand-alone basis, figures comparing year-on-year performances have been omitted and only the results for the current quarter are being indicated herebelow as there no longer exists a consistency between the current and the historical figures.

##### (Statement of Income)

(Unit: '000 Yen; Rounded down to nearest '000 Yen)

Items	2Q FYE June 2005 (From October 1, 2004 To December 31, 2004) (A)	
	Amount	% Total
Revenues	682,748	100.0
Cost of goods sold	43,484	6.4
Gross profit	639,263	93.6
Selling, general and administrative expenses	469,370	68.7
Operating income	169,892	24.9
Non-operating income		
Interest income	(3,291)	(0.5)
Others	46,851	6.9
Non-operating expenses		
Discount rate on interest paid	245,649	36.0
Others	98,022	14.4
Ordinary income	(130,219)	(19.1)

##### (Balance Sheet)

(Unit: '000 Yen; Rounded down to nearest '000 Yen)

Items	2Q FYE June 2005 (As of December 31, 2004)	
	Amount	% Total
Current Assets	5,454,110	6.7
Fixed Assets		
Tangible assets	24,526,778	30.0
Intangible assets	6,717	0.0
Investments and other assets	51,874,726	63.3
Total Assets	81,862,332	100.0
Current Liabilities	17,054,090	20.8
Fixed Liabilities	29,366,629	35.9
Total Liabilities	46,420,719	56.7
Total Shareholders' Equity	35,441,613	43.3
Total Liabilities, and Shareholders' Equity	81,862,332	100.0

##### (Note)

1. The above statement of income does not include items below special income and losses.
2. Figures in the "YoY Increase/Decrease" column are calculated based on the following equation.  

$$\% \text{ Increase/Decrease} = \frac{(A) \text{ Results of the current 2Q} - (B) \text{ Results of the previous 2Q}}{(B) \text{ Results of the previous 2Q}} \times 100$$
3. The figures above are from the preliminary report on financial results for the current quarter. The figures are unaudited and include portions that have not undergone ordinary settlement procedures.

**(Reference)**

**Overview of Consolidated Revenues for the 1<sup>st</sup> Quarter**

Upon conducting business division and adopting a pure holding company structure in August 2004, The Goodwill Group, Inc. streamlined and restructured its subsidiaries, implementing business transfers and mergers among the entities. The subcontracting business which was in principle operated through a separate company due to statutory restrictions that previously existed in human resource dispatching has since merited from deregulation, and in light of the expansion in the scope of operations that can be covered under the framework of dispatching, the Group has decided to offer those services formerly offered through subcontracting agreements now in principle through dispatch agreements. Accordingly, the Group consolidated the operations so that the human resource dispatching services are now basically offered by Goodwill, Inc. exclusively. Given such circumstances, for internal management purposes, the need to separate the subcontracting and dispatching businesses into separate segments became slim.

As a result of reevaluating the business segmentation of the entire Group, the human resource dispatching business previously included in the "human resource related" segment was consolidated with the "subcontracting segment" to be presented as the "dispatching/subcontracting" segment. Additionally, the "others" segment was established to accommodate those newly consolidated subsidiaries with operations that do not fall under the previous business categories.

When reclassified under the new segmentation, the first quarter revenue breakdown by segment announced on October 27, 2004 will be as follows.

(Unit: '000 Yen; Rounded down to nearest '000 Yen)

Former Segmentation			Current Segmentation		
Items		Period 1Q FYE June 2005 (From July 1, 2004 To Sep. 30, 2004)	Items		Period 1Q FYE June 2005 (From July 1, 2004 To Sep. 30, 2004)
Segment	Subcontracting	17,655,759	Segment	Dispatching/Subcontracting	18,619,164
	Human Resource Related	2,076,631		Human Resource Related	1,113,226
	Nursing Care/Medical Support	11,870,757		Nursing Care/Medical Support	11,682,163
				Others	188,593
Total		31,603,148	Total		31,603,148