

**Summary of 2nd Quarter Results for Fiscal Year Ending June 2004
(Consolidated and Standalone Bases)**

February 12, 2004

Name of listed company: The Goodwill Group, Inc.
(URL <http://www.gwg.co.jp>)

JASDAQ registered 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 (03-3405-9262)

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 2nd Quarter Operating Results for the Fiscal Year ending June 2004
(July 1, 2003 ~ December 31, 2003)**

(1) Operating results

(Rounded down to the nearest million)

| | Revenues | | Operating Income | | Ordinary Income | |
|---------------------------|----------|--------|------------------|--------|-----------------|--------|
| | MM Yen | % | MM Yen | % | MM Yen | % |
| 2Q FYE June 2004 | 42,464 | (46.4) | 3,246 | (30.5) | 3,107 | (26.4) |
| 2Q FYE June 2003 | 29,002 | (20.5) | 2,488 | (48.3) | 2,458 | (38.7) |
| (Reference) FYE June 2003 | 62,272 | (31.6) | 4,971 | (32.3) | 4,814 | (31.6) |

(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 with improvements seen in corporate earnings, increase in capital investments and exports. Meanwhile, public spending dropped, unemployment rate fluctuated at high levels, and the overall economy transitioned without being able to show truly significant recovery.

Under such conditions, in the area of subcontracting, the Group pursued an active TV commercial publicity campaign (mobaito.com) to secure staff registration to accommodate the thriving service demands. It also aggressively launched new branches to capitalize on economies of scale on a nationwide level, and succeeded in capturing large clients operating nationally. With regard to the nursing care/medical support business, in the home nursing care operation, the Group continued to expand service locations in response to the progressively heavy demand for home-call nursing care while actively hiring and training care managers and home helpers. It also actively introduced the highly demanded services of home-call bathing, welfare equipment sale/rental and home-call dental treatment support to the existing service locations to achieve synergy among the various operations. In terms of the institutional nursing care and training and education businesses, the Group began full-scale site development from the current interim period. As of the end of the current consolidated interim period, the number of group homes (communal life care facility with capacity to accommodate elderly with dementia) came to 33 locations, pay nursing home to 2 locations and schools for training/education to 10 locations. In the human resource related business, the driver dispatch and employee counseling program (EAP) operations showed steady growth.

As a result, the Group's consolidated revenues for the quarter increased by 13,462 million yen on a year on year basis and stood at 42,464 million yen, while ordinary income increased by 649 million yen on a year on year basis at 3,107 million yen.

(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 2004
(July 1, 2003 ~ June 30, 2004)**

| | Revenue Forecast | Ordinary Income Forecast | Net Income Forecast | Earnings per Share Forecast |
|-----------|------------------|--------------------------|---------------------|-----------------------------|
| | MM Yen | MM Yen | MM Yen | Yen |
| Full year | 85,000 | 5,900 | 3,000 | 5,412.19 |

[Qualitative information concerning the financial forecast]

No changes have been made to the original forecast.

(Reference)

1. Overview of Consolidated Revenues for the 2nd Quarter

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

| Items | | Period | 2Q FYE June 2004 (From Oct. 1, 2003 To Dec. 31, 2003) | 2Q FYE June 2003 (From Oct. 1, 2002 To Dec. 31, 2002) | % Increase/ Decrease |
|---------------------|----------------------------------|--------|---|---|-------------------------|
| | | | | | |
| Business Segment | Subcontracting | | 14,099,598 | 9,798,172 | 43.9% |
| | Human resource related | | 712,771 | 493,115 | 44.5% |
| | Nursing Care/ Medical Support | | 8,623,043 | 5,428,682 | 58.8% |
| | Total | | 23,435,413 | 15,719,970 | 49.1% |

(Note) 1. Above figures do not include consumption taxes.

2. Numerical figures 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

Subcontracting: Light labor (The Company and subsidiary, Soar, Inc.)

Human resource related: Employee Counseling Program (EAP) (subsidiary, Goodwill Career, Inc.), human resource dispatch/introduction (subsidiary, Goodwill Career, Inc.), driver dispatch (subsidiary, Soar, Inc.)

Nursing care/
medical support: Home nursing care, home-call nursing care, home-call dental treatment support, institutional nursing care, training (subsidiary, COMSN, Inc.)

5. Revenue figures above are unaudited.

(Reference)

Overview of Consolidated Revenues through the 2nd Quarter (Cumulative)

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

| Items | | Period | 2Q FYE June 2004 (From July 1, 2003 To Dec. 31, 2003) | 2Q FYE June 2003 (From July 1, 2002 To Dec. 31, 2002) | % Increase/ Decrease |
|---------------------|----------------------------------|--------|---|---|-------------------------|
| | | | | | |
| Business Segment | Subcontracting | | 24,887,183 | 17,834,821 | 39.5% |
| | Human resource related | | 1,194,174 | 875,709 | 36.4% |
| | Nursing Care/ Medical Support | | 16,383,165 | 10,291,802 | 59.2% |
| | Total | | 42,464,524 | 29,002,333 | 46.4% |

2. Consolidated Statement of Income for the 2nd Quarter

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

| Items | 2Q FYE June 2004 (From October 1, 2003 To December 31, 2003) (A) | | 2Q FYE June 2003 (From October 1, 2002 To December 31, 2002) (B) | | YoY Increase/Decrease | |
|--|---|---------|---|---------|-----------------------|---------|
| | Amount | % Total | Amount | % Total | Amount (A) - (B) | % Total |
| Revenues | 23,435,413 | 100.0 | 15,719,970 | 100.0 | 7,715,442 | 49.1 |
| Cost of goods sold | 15,481,651 | 66.1 | 10,648,454 | 67.7 | 4,883,196 | 45.4 |
| Gross profit | 7,953,762 | 33.9 | 5,071,515 | 32.3 | 2,882,246 | 56.8 |
| Selling, general and administrative expenses | 5,960,301 | 25.4 | 3,649,604 | 23.2 | 2,310,696 | 63.3 |
| (of which, amortization of consolidated adjustment accounts) | (136,336) | 0.6 | (94,394) | 0.6 | (41,941) | 44.4 |
| Operating income | 1,993,460 | 8.5 | 1,421,911 | 9.0 | 571,549 | 40.2 |
| Non-operating income | | | | | | |
| Interest income | 12,410 | 0.1 | 11,670 | 0.1 | 740 | 6.3 |
| Others | 20,536 | 0.1 | 37,088 | 0.2 | (16,552) | (44.6) |
| Non-operating expenses | | | | | | |
| Discount rate on interest paid | 69,880 | 0.3 | 42,026 | 0.3 | 27,854 | 66.3 |
| Others | 53,956 | 0.2 | 12,483 | 0.1 | 41,472 | 332.2 |
| Ordinary income | 1,902,571 | 8.1 | 1,416,160 | 9.0 | 486,410 | 34.3 |

(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.

$$\% \text{ Increase/Decrease} = \frac{\text{Results of the current 2Q} - (B) \text{ Results of the previous 2Q}}{(B) \text{ Results of the previous 2Q}} \times 100$$
- 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 2nd Quarter

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

| Items | 2Q FYE June 2004 (As of December 31, 2003) | |
|--|---|---------|
| | Amount ('000 Yen) | % Total |
| Current Assets | 30,970,328 | 65.6 |
| Fixed Assets | | |
| Tangible assets | 3,084,788 | 6.5 |
| Intangible assets | 8,645,919 | 18.3 |
| Investments and other assets | 1,508,130 | 9.6 |
| Total Assets | 47,209,166 | 100.0 |
| Current Liabilities | 19,528,680 | 41.4 |
| Fixed Liabilities | 8,365,849 | 17.7 |
| Total Liabilities | 27,894,530 | 59.1 |
| Minority Interest | 610,407 | 1.3 |
| Total Shareholders' Equity | 18,704,166 | 39.6 |
| Total Liabilities, Minority Interest, and Shareholders' Equity | 47,209,166 | 100.0 |

4. Overview of Revenues for the 2nd Quarter (Stand-alone basis)

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

| Items \ Period | | 2Q FYE June 2004 (From Oct. 1, 2003 To Dec. 31, 2003) | 2Q FYE June 2003 (From Oct. 1, 2002 To Dec. 31, 2002) | % Increase/ Decrease |
|-----------------------------|-------------------|---|---|-------------------------|
| Sub-contracting Business | Casting | 10,459,259 | 8,266,636 | 26.5% |
| | Construction | 1,361,311 | 389,027 | 249.9% |
| | Sales promotion | 706,918 | 360,491 | 96.1% |
| | Technical support | 382,316 | 184,968 | 106.7% |
| | Office support | 256,213 | 99,197 | 158.3% |
| | Events | 404,048 | 180,862 | 123.4% |
| | Others | 219,341 | 40,475 | 441.9% |
| Total | | 13,789,409 | 9,521,659 | 44.8% |

(Note) 1. Above figures do not include consumption taxes.

2. Numerical figures are omitted from the above as the subcontracting business operated by the Company involves varying number of employees and different assignment durations, which make the indication of such figures inherently difficult.

3. Segmentation

Subcontracted casting: subcontracting of general light labor operations
 Subcontracted construction: subcontracting of construction and interior finish work
 Subcontracted sales promotion: subcontracting of sales promotion work, etc. at store fronts
 Subcontracted technical support: subcontracting of multimedia related work
 Subcontracted office support: subcontracting of light office work
 Subcontracted event operation: subcontracting of facilities installation/removal work at event sites
 Others: Subcontracted work other than the aforementioned

4. Revenue figures above are unaudited.

(Reference) Overview of Stand-Alone Revenues through the 2nd Quarter (Stand-alone) (Cumulative)

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

| Items \ Period | | 2Q FYE June 2004 (From July 1, 2003 To Dec. 31, 2003) | 2Q FYE June 2003 (From July 1, 2002 To Dec. 31, 2002) | % Increase/ Decrease |
|-----------------------------|-------------------|---|---|-------------------------|
| Sub-contracting Business | Casting | 18,552,177 | 15,025,688 | 23.5% |
| | Construction | 2,472,257 | 755,314 | 227.3% |
| | Sales promotion | 1,247,353 | 645,013 | 93.4% |
| | Technical support | 667,165 | 315,901 | 111.2% |
| | Office support | 407,655 | 178,065 | 128.9% |
| | Events | 704,746 | 330,356 | 113.3% |
| | Others | 271,046 | 40,475 | 569.7% |
| Total | | 24,322,401 | 17,290,814 | 40.7% |

5. Statement of Income for the 2nd Quarter (Stand-alone basis)

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

| Items | 2Q FYE June 2004 (From October 1, 2003 To December 31, 2003) (A) | | 2Q FYE June 2003 (From October 1, 2002 To December 31, 2002) (B) | | YoY Increase/Decrease | |
|--|---|---------|---|---------|-----------------------|---------|
| | Amount | % Total | Amount | % Total | Amount (A) - (B) | % Total |
| Revenues | 13,789,409 | 100.0 | 9,521,659 | 100.0 | 4,267,750 | 44.8 |
| Cost of goods sold | 8,971,125 | 65.1 | 6,403,481 | 67.3 | 2,567,644 | 40.1 |
| Gross profit | 4,818,283 | 34.9 | 3,118,178 | 32.7 | 1,700,105 | 54.5 |
| Selling, general and administrative expenses | 3,229,185 | 23.4 | 1,953,118 | 20.6 | 1,276,067 | 65.3 |
| Operating income | 1,589,097 | 11.5 | 1,165,059 | 12.1 | 424,038 | 36.4 |
| Non-operating income | | | | | | |
| Interest income | 16,089 | 0.1 | 15,910 | 0.2 | 179 | 1.1 |
| Others | 27,324 | 0.2 | 53,433 | 0.6 | (26,109) | (48.9) |
| Non-operating expenses | | | | | | |
| Discount rate on interest paid | 48,110 | 0.3 | 28,885 | 0.3 | 19,225 | 66.6 |
| Others | 65,330 | 0.5 | 18,031 | 0.2 | 47,299 | 262.3 |
| Ordinary income | 1,519,070 | 11.0 | 1,187,485 | 12.5 | 331,585 | 27.9 |

(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.

$$\% \text{ Increase/Decrease} = \frac{\text{Results of the current 2Q} - (B) \text{ Results of the previous 2Q}}{(B) \text{ Results of the previous 2Q}} \times 100$$
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.

6. Balance Sheet for the 2nd Quarter (Stand-alone basis)

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

| Items | 2Q FYE June 2004 (As of December 31, 2003) | |
|---|---|---------|
| | Amount ('000 Yen) | % Total |
| Current Assets | 18,615,875 | 34.4 |
| Fixed Assets | | |
| Tangible assets | 2,648,529 | 4.9 |
| Intangible assets | 215,392 | 0.4 |
| Investments and other assets | 32,632,082 | 60.3 |
| Total Assets | <u>54,111,880</u> | 100.0 |
| Current Liabilities | 10,317,770 | 19.0 |
| Fixed Liabilities | 7,075,845 | 13.1 |
| Total Liabilities | <u>17,393,616</u> | 32.1 |
| Total Shareholders' Equity | 36,718,263 | 67.9 |
| Total Liabilities, and Shareholders' Equity | <u>54,111,880</u> | 100.0 |