

February 14, 2005

**Interim Financial Report (Stand-Alone)
for the First Half of the Fiscal Term Ending June 2005**

Name of listed company: The Goodwill Group, Inc.

Listed stock exchange: TSE

Ticker No.: 4723

Headquarter location: Tokyo

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

Representative: Masahiro Origuchi Representative Director and Chairman

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

Date of board of directors meeting on interim financial results: February 14, 2005

Adoption of Interim dividend payment system: Yes Interim dividend payment starting date: March 11, 2005

Adoption of unit share system: None

1. Interim Financial Results for the Half Year ending Dec. 2004 (July 1 ~ Dec. 31, 2004)

(1) Business Results (Rounded down to the nearest million)

	Revenues		Operating Income		Ordinary Income	
	MM Yen	%	MM Yen	%	MM Yen	%
HY ending Dec. 2004	6,668	(72.6)	620	(75.5)	104	(95.9)
HY ending Dec. 2003	24,322	40.6	2,534	30.2	2,519	27.0
FY ending June 2004	52,356	44.1	4,499	18.7	4,323	14.6

	Interim Net Income		Interim EPS
	MM Yen	%	Yen
HY ending Dec. 2004	153	(89.6)	241.40
HY ending Dec. 2003	1,470	39.4	7,957.30
FY ending June 2004	2,476	22.5	4,095.44

(Note)

Average number of shares during the term

HY ending 12/2004 633,813 shares

HY ending 12/2003 184,758 shares

FY ending 06/2004 582,636 shares

Changes in accounting principles applied: None

Percentages in the revenues, operating income, ordinary income, and net income sections indicate rate of year-on-year increase/decrease.

(2) Dividend Overview

	Interim Dividend per Share	Full Year Dividend per Share
	MM Yen	Yen
HY ending Dec. 2004	750.00	-
HY ending Dec. 2003	1,500.00	-
FY ending June 2004	-	2,500.00

(3) Financial Overview

(Rounded down to the nearest million)

	Total Assets	Shareholders' Equity	Equity Ratio	Shareholders' Equity per Share
	MM Yen	MM Yen	%	Yen
HY ending Dec. 2004	81,862	35,441	43.3	55,918.05
HY ending Dec. 2003	54,111	36,718	67.9	198,736.85
FY ending June 2004	74,608	38,041	51.0	59,671.53

(Note) 1. *Number of shares outstanding at end of the term*

HY ending 12/2004 627,383 shares

HY ending 12/2003 184,761 shares

FY ending 06/2004 636,004 shares

(Note) 2. *Number of treasury stocks at end of the term*

HY ending 12/2004 8,659 shares

HY ending 12/2003 9 shares

FY ending 06/2004 38 shares

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

	Revenues	Ordinary Income	Net Income	Full Year Dividend per Share	
				Yearend	
	MM Yen	MM Yen	MM Yen	Yen	Yen
Full year	7,300	(280)	0	750.00	1,500.00

(Reference) Forecasted EPS (Full year) 0.0 yen

The forecast is based on the information available as of the date of release of the subject material and leaves room for various uncertainties. As such, the actual business results could vary significantly, depending on various factors that may emerge going forward.

1. Interim Financial Statements

(1) Interim Balance Sheet

Items	Previous Half Year (As of December 31, 2003)		Current Half Year (As of December 31, 2004)		Balance Sheet Summary for the Previous Fiscal Year (As of June 30, 2004)	
	Amount ('000 Yen)	% Total	Amount ('000 Yen)	% Total	Amount ('000 Yen)	% Total
(Assets)						
I. Current Assets						
1. Cash and deposits	2 9,607,429		3,353,837		9,593,520	
2. Notes receivable	3 339,395		-		330,043	
3. Accounts receivable	7,354,342		-		6,640,549	
4. Deferred tax assets	191,218		32,268		274,736	
5. Others	1,188,684		2,072,538		514,654	
6. Allowance for doubtful accounts	(65,195)		(4,533)		(55,482)	
Total current assets	18,615,875	34.4	5,454,110	6.7	17,298,023	23.2
II. Fixed Assets						
1. Tangible assets	1 2,648,529		24,526,778		22,499,049	
2. Intangible assets	215,392		67,127		172,938	
3. Investments and other assets						
(1) Investment securities	30,891,737		50,408,488		32,599,478	
(2) Long-term loans	67,633		276,763		115,122	
(3) Bankruptcy claims	193,804		-		207,611	
(4) Deferred tax assets	183,140		22,115		187,559	
(5) Others	1,472,462		1,169,080		1,719,352	
(6) Allowance for doubtful accounts	(176,695)		(1,721)		(190,677)	
Total investments and other assets	32,632,082		51,874,726		34,638,447	
Total fixed assets	35,496,004	65.6	76,408,221	93.3	57,310,434	76.8
Total assets	54,111,880	100.0	81,862,332	100.0	74,608,457	100.0

Items	Previous Half Year (As of December 31, 2003)		Current Half Year (As of December 31, 2004)		Balance Sheet Summary for the Previous Fiscal Year (As of June 30, 2004)	
	Amount ('000 Yen)	% Total	Amount ('000 Yen)	% Total	Amount ('000 Yen)	% Total
(Liabilities)						
I. Current Liabilities						
1. Short-term borrowings	4,965,000		12,325,000		2,790,000	
2. Current portion of long-term borrowings	866,000		3,901,332		2,192,082	
3. Accounts payable	-		-		16,601,331	
4. Accrued expenses	2,349,542		605,887		2,150,925	
5. Accrued income taxes	1,130,822		192,530		1,051,774	
6. Accrued consumption taxes	532,609		-		560,931	
7. Others	473,795		29,339		508,341	
Total current liabilities	10,317,770	19.1	17,054,090	20.8	25,905,489	34.7
II. Fixed Liabilities						
1. Long-term borrowings	7,027,000		29,360,752		10,637,918	
2. Employees retirement benefits	20,198		3,537		21,728	
3. Directors' retirement benefits	26,666		-		-	
4. Others	1,980		2,340		1,980	
Total fixed liabilities	7,075,845	13.1	29,366,629	35.9	10,661,626	14.3
Total liabilities	17,393,616	32.1	46,420,719	56.7	36,567,116	49.0
(Shareholders' Equity)						
I. Paid-in capital	13,674,660	25.3	14,118,990	17.2	14,118,990	18.9
II. Capital surplus						
1. Capital reserve	3,418,665		3,577,179		3,577,179	
2. Other capital surplus	12,926,604		12,926,604		12,926,604	
Total capital surplus	16,345,269	30.2	16,503,783	20.2	16,503,783	22.1
III. Retained earnings						
1. Voluntary reserve	-		-		-	
2. Unappropriated earnings	6,645,535		6,801,375		7,374,373	
Total retained earnings	6,645,535	12.3	6,801,375	8.3	7,374,373	9.9
IV. Net unrealized holding loss on securities	56,803	0.1	6,510	0.0	51,897	0.1
V. Treasury stock	(4,004)	(0.0)	(1,989,047)	(2.4)	(7,703)	(0.0)
Total shareholders' equity	36,718,263	67.9	35,441,613	43.3	38,041,341	51.0
Total liabilities and shareholders' equity	54,111,880	100.0	81,862,332	100.0	74,608,457	100.0

(2) Interim Statement of Income

Items	Note	Previous Half Year (From July 1, 2003 To December 31, 2003)		Current Half Year (From July 1, 2004 To December 31, 2004)		Summary of Statement of Income for the Previous Fiscal Year (From July 1, 2003 To June 30, 2004)	
		Amount ('000 Yen)	% Total	Amount ('000 Yen)	% Total	Amount ('000 Yen)	% Total
I. Revenues		24,322,401	100.0	6,668,897	100.0	52,356,717	100.0
II. Cost of goods sold		15,904,102	65.4	3,685,775	55.3	34,484,969	65.9
Gross profit		8,418,298	34.6	2,983,121	44.7	17,871,748	34.1
III. Selling, general and administrative expenses		5,883,838	24.2	2,362,439	35.4	13,372,078	25.5
Operating Income		2,534,459	10.4	620,681	9.3	4,499,669	8.6
IV. Non-operating income	1	149,244	0.6	109,593	1.7	235,102	0.4
V. Non-operating expenses	2	163,943	0.6	626,181	9.4	411,595	0.8
Ordinary income		2,519,761	10.4	104,093	1.6	4,323,176	8.3
VI. Special income	3	84,609	0.3	344,663	5.2	84,787	0.2
VII. Special losses	4	44,514	0.2	83,923	1.3	61,704	0.1
Income before income taxes		2,559,855	10.5	364,834	5.5	4,346,259	8.3
Income, residence and enterprise taxes		1,110,000		100,007		1,975,000	
Adjustments on income taxes		(20,325)	4.5	111,819	3.2	(104,896)	3.6
Net income		1,470,180	6.0	153,006	2.3	2,476,156	4.7
Earnings carried forward from previous term		5,175,354		6,648,369		5,175,354	
Reversal of earned reserve		-		-		-	
Interim dividend		-		-		277,137	
Unappropriated earnings		6,645,535		6,801,375		7,374,373	

(3) Important basis of presenting interim financial statements

Items	Previous Half Year (From July 1, 2003 To December 31, 2003)	Current Half Year (From July 1, 2004 To December 31, 2004)	Previous Fiscal Year (From July 1, 2003 To June 30, 2004)
1 Valuation standard and method for significant assets	<p>(1) Marketable securities</p> <p>Shares of subsidiaries and affiliated companies</p> <p>Stated as cost using moving average.</p> <p>Other marketable securities</p> <p>Those that have fair market values:</p> <p>Marked-to-market at the end of interim period (Unrealized gains and losses from the reevaluation are directly charged or credited to the shareholders' equity, and the book value of securities sold is calculated by using moving average.)</p> <p>Those that have no fair market values:</p> <p>Stated as cost using moving average.</p>	<p>(1) Marketable securities</p> <p>Shares of subsidiaries and affiliated companies</p> <p>Same as left.</p> <p>Other marketable securities</p> <p>Those that have fair market values:</p> <p>Same as left.</p> <p>Those that have no fair market values:</p> <p>Same as left.</p>	<p>(1) Marketable securities</p> <p>Shares of subsidiaries and affiliated companies</p> <p>Same as left.</p> <p>Other marketable securities</p> <p>Those that have fair market values:</p> <p>Marked-to-market at the end of fiscal period (Unrealized gains and losses from the reevaluation are directly charged or credited to the shareholders' equity, and the book value of securities sold is calculated by using moving average.)</p> <p>Those that have no fair market values:</p> <p>Same as left.</p>
2 Depreciation method of significant depreciable assets	<p>(1) Tangible fixed assets</p> <p>Declining balance method. (Straight line method applied to buildings acquired after April 1, 1998 (excluding building attachment))</p> <p>With regard to useful life and residual value, the same basis as that of the method set forth by the Corporation Tax Law is applied.</p> <p>However, assets with acquisition costs over 100,000 yen and below 200,000 yen are depreciated uniformly over a three year period.</p> <p>(2) Intangible fixed assets</p> <p>Straight line method.</p> <p>With regard to useful life, the same basis as that of the method set forth by the Corporation Tax Law is applied.</p> <p>However, software (for internal use) is amortized by straight line method over the expected available periods (5 years).</p> <p>(3) Long-term prepaid expenses (in "Others" of "Investments and other assets" section)</p> <p>Straight line method.</p> <p>The same basis as that of the method set forth by the Corporation Tax Law is applied.</p>	<p>(1) Tangible fixed assets</p> <p>Same as left.</p> <p>(2) Intangible fixed assets</p> <p>Same as left.</p> <p>(3) Long-term prepaid expenses (in "Others" of "Investments and other assets" section)</p> <p>Same as left.</p>	<p>(1) Tangible fixed assets</p> <p>Same as left.</p> <p>(2) Intangible fixed assets</p> <p>Same as left.</p> <p>(3) Long-term prepaid expenses (in "Others" of "Investments and other assets" section)</p> <p>Same as left.</p>

Items	Previous Half Year (From July 1, 2003 To December 31, 2003)	Current Half Year (From July 1, 2004 To December 31, 2004)	Previous Fiscal Year (From July 1, 2003 To June 30, 2004)
3. Accounting for significant allowances	<p>(1) Allowance for doubtful accounts To reserve for potential credit losses on receivables, allowances are provided for potential losses on general credits by estimating uncollectible amounts using historical rates. For potential losses on specific problematic credits such as doubtful accounts and claims in bankruptcy, allowances are provided for by estimating uncollectible amounts through the assessment of individual collectibility.</p> <p>(2) Allowance for retirement benefits To provide for the employees' retirement benefits, reserve for retirement benefits is recorded based on the projected retirement benefit obligations up to the end of current interim period.</p> <p>(3) Allowance for retirement benefits for directors and auditors. To provide for the payment of retirement benefits for fulltime directors and auditors, reserve for such benefits are recorded on the basis of actual amount needed up to the end of current interim period as per the Company's internal regulations on the subject allowance.</p>	<p>(1) Allowance for doubtful accounts Same as left.</p> <p>(2) Allowance for retirement benefits Same as left.</p> <hr style="width: 10%; margin: 10px auto;"/>	<p>(1) Allowance for doubtful accounts Same as left.</p> <p>(2) Allowance for retirement benefits To provide for the employees' retirement benefits, reserve for retirement benefits is recorded based on the projected retirement benefit obligations up to the end of current fiscal year.</p> <p>(3) Allowance for retirement benefits for directors and auditors. To provide for the payment of retirement benefits for fulltime directors and auditors, reserve for such benefits are recorded on the basis of actual amount needed up to the end of current fiscal year as per the Company's internal regulations on the subject allowance.</p>
4. Treatment of significant lease transactions	With respect to the financial lease transactions that do not involve the transfer of ownership of the leased assets to lessee, such transactions are treated in accordance with the accounting method applied to ordinary lease transactions.	Same as left.	Same as left.

Items	Previous Half Year (From July 1, 2003 To December 31, 2003)	Current Half Year (From July 1, 2004 To December 31, 2004)	Previous Fiscal Year (From July 1, 2003 To June 30, 2004)
5. Important hedge accounting method	<p>(1) Hedge accounting method The Company conducts interest rate swaps according to the stipulations of its internal regulations concerning risk management. As interest rate swap qualifies for special accounting treatment, such accounting treatment is applied.</p> <p>(2) Means and object of hedging Means of hedging: interest rate swap Object of hedging: interest on borrowings</p> <p>(3) Hedging policy Interest rate swap is used for the purpose of hedging fluctuation risks associated with interests on borrowings.</p> <p>(4) Method to judge the validity of hedging As the interest rate swap qualifies for special accounting treatment, its validity is clear.</p>	<p>(1) Hedge accounting method Same as left</p> <p>(2) Means and object of hedging Same as left.</p> <p>(3) Hedging policy Same as left.</p> <p>(4) Method to judge the validity of hedging Same as left.</p>	<p>_____</p>
6. Other significant basis for presenting the interim financial statements (full year financial statements)	<p>(1) Accounting method for consumption taxes, etc. Taxes are excluded in the accounting treatment of consumption and local consumption taxes. Consumption taxes, etc. paid provisionally are offset with those received provisionally and are recorded under "Accrued consumption taxes".</p> <p>(2) Income, residence and enterprise taxes Tax amounts recorded are calculated assuming that the interim period was a full fiscal year.</p>	<p>(1) Accounting method for consumption taxes, etc. Same as left.</p> <p>(2) Income, residence and enterprise taxes Same as left.</p>	<p>(1) Accounting method for consumption taxes, etc. Taxes are excluded in the accounting treatment of consumption and local consumption taxes.</p> <p>_____</p>

Changes in the presentation of the financial statements

Previous Half Year (From July 1, 2003 To December 31, 2003)	Current Half Year (From July 1, 2004 To December 31, 2004)
<p style="text-align: center;">_____</p>	<p style="text-align: center;">_____</p>

Additional Information

Previous Half Year (From July 1, 2003 To December 31, 2003)	Current Half Year (From July 1, 2004 To December 31, 2004)	Previous Fiscal Year (From July 1, 2003 To June 30, 2004)
<p style="text-align: center;">_____</p>	<p style="text-align: center;">_____</p>	<p style="text-align: center;">_____</p>

Notes to the financial statements

(Interim balance sheet)

As of the End of the Previous Half Year (As of December 31, 2003)	As of the End of the Current Half Year (As of December 31, 2004)	As of the End of the Previous Fiscal Year (As of June 30, 2004)
<p>1. 1 Accumulated depreciation of tangible assets ('000 Yen) 1,106,110</p>	<p>1. 1 Accumulated depreciation of tangible assets ('000 Yen) 555,611</p>	<p>1. 1 Accumulated depreciation of tangible assets ('000 Yen) 2,208,542</p>
<p>2. Contingent liabilities</p> <p>(a) The Company provides loan guarantee for bank borrowings made by the following affiliated entities.</p> <p>(Company) (Guarantee balance) ('000 Yen)</p> <p>COMSN, Inc. 4,980,000</p> <p>Soar, Inc. 347,520</p>	<p>2. Contingent liabilities</p> <p>(a) The Company provides loan guarantee for bank borrowings made by the following affiliated entities.</p> <p>(Company) (Guarantee balance) ('000 Yen)</p> <p>COMSN, Inc. 5,575,000</p> <p>Soar, Inc. 70,000</p> <p><u>Foodscope, Inc. 1,220,000</u></p> <p>Total 6,865,000</p>	<p>2. Contingent liabilities</p> <p>(a) The Company provides loan guarantee for bank borrowings made by the following affiliated entities.</p> <p>(Company) (Guarantee balance) ('000 Yen)</p> <p>COMSN, Inc. 22,585,000</p> <p>Soar, Inc. 114,400</p> <p>Goodwill Engineering, Inc. 50,000</p> <p><u>Foodscope, Inc. 1,305,000</u></p> <p>Total 24,054,400</p>
<p>(b) The Company is committed to guarantee for liabilities associated with the lease contracts entered into by the following affiliated entity.</p> <p>(Company) (Guarantee balance) ('000 Yen)</p> <p>COMSN, Inc. 1,524,618</p>	<p>(b) The Company is committed to guarantee for liabilities associated with the lease contracts entered into by the following affiliated entity.</p> <p>(Company) (Guarantee balance) ('000 Yen)</p> <p>COMSN, Inc. 2,713,339</p> <p>Masseur Agency Center Co., Ltd. 666</p> <p>Foodscope, Inc. 901,444</p>	<p>(b) The Company is committed to guarantee for liabilities associated with the lease contracts entered into by the following affiliated entity.</p> <p>(Company) (Guarantee balance) ('000 Yen)</p> <p>COMSN, Inc. 2,438,060</p>
<p>3. 3 Treatment of notes maturing at end of current interim period</p> <p>Notes maturing at the end of the current interim period are settled on the note clearance dates.</p> <p>As the ending date of the current interim period fell on a bank holiday, the following matured notes were included in the current interim term ending balance.</p> <p>Notes receivable ('000 Yen) 17,761</p>	<p>3. 3 Treatment of notes maturing at end of current interim period</p> <p>Notes maturing at the end of the current interim period are settled on the note clearance dates.</p> <p>In connection with the Company's adoption of a pure holding company configuration, operating receivables are now being accepted through its operating company, Goodwill, Inc.</p> <p>As the ending date of the current interim period for Goodwill, Inc. fell on a bank holiday, the following matured notes were included in the current interim term ending balance.</p> <p>Notes receivable ('000 Yen) 19,691</p>	<p>_____</p>

(Interim statement of income)

Previous Half Year (From July 1, 2003 To December 31, 2003)	Current Half Year (From July 1, 2004 To December 31, 2004)	Previous Fiscal Year (From July 1, 2003 To June 30, 2004)
	<p>1. Operating income, cost of goods sold, SG&A expenses, and operating expenses</p> <p>Revenues following the adoption of pure holding company configuration comprise of dividend income from affiliated companies, rent income from assets under ownership, and income from business consignment. Expenses incurred in association with such revenues are recorded as cost of goods sold.</p>	
<p>1. 1 Principal non-operating income</p> <p style="text-align: right;">('000 Yen)</p> <p>Interest income 17,171</p> <p>Dividend income 86,054</p>	<p>2. 1 Principal non-operating income</p> <p style="text-align: right;">('000 Yen)</p> <p>Interest income 6,105</p> <p>Rent income 28,597</p>	<p>1. 1 Principal non-operating income</p> <p style="text-align: right;">('000 Yen)</p> <p>Interest income 37,873</p> <p>Dividend income 98,545</p> <p>Commission income 11,625</p> <p>Rent income 64,685</p> <p>Others 22,372</p>
<p>2. 2 Principal non-operating expense</p> <p style="text-align: right;">('000 Yen)</p> <p>Interest expense 93,204</p> <p>Loss on capital investment 6,819</p>	<p>3. 2 Principal non-operating expense</p> <p style="text-align: right;">('000 Yen)</p> <p>Interest expense 468,163</p> <p>Valuation loss on investment securities 1,749</p> <p>Financing commissions paid 50,000</p>	<p>2. 2 Principal non-operating expense</p> <p style="text-align: right;">('000 Yen)</p> <p>Interest expense 257,264</p> <p>Loss on capital investment 17,305</p>
<p>3. 3 Breakdown of special income</p> <p style="text-align: right;">('000 Yen)</p> <p>Gains on sale of fixed assets 1,161</p> <p>Gains on sale of investment securities 83,447</p>	<p>4. 3 Breakdown of special income</p> <p style="text-align: right;">('000 Yen)</p> <p>Gains on sale of fixed assets 167,912</p> <p>Gains on sale of investment securities 120,371</p>	<p>3. 3 Breakdown of special income</p> <p style="text-align: right;">('000 Yen)</p> <p>Gains on sale of fixed assets 1,162</p> <p>Gains on sale of investment securities 83,624</p>
<p>4. 4 Breakdown of special losses</p> <p style="text-align: right;">('000 Yen)</p> <p>Loss on disposal of fixed assets 5,811</p> <p>Loss on sale of investment securities 414</p> <p>Valuation loss on investment securities 1,546</p> <p>Loss associated with headquarter move 36,743</p> <p>Total 44,514</p>	<p>5. 4 Breakdown of special losses</p> <p style="text-align: right;">('000 Yen)</p> <p>Expenses associated with restructuring 83,923</p> <p>Total 83,923</p>	<p>4. 4 Breakdown of special losses</p> <p style="text-align: right;">('000 Yen)</p> <p>Loss on disposal of fixed assets 14,331</p> <p>Valuation loss on investment securities 1,576</p> <p>Loss on sale of investment securities 2,705</p> <p>Loss associated with headquarter move 43,121</p> <p>Total 61,704</p>
<p>5. Depreciation/amortization amounts</p> <p style="text-align: right;">('000 Yen)</p> <p>Tangible assets 322,819</p> <p>Intangible assets 40,148</p>	<p>6. Depreciation/amortization amounts</p> <p style="text-align: right;">('000 Yen)</p> <p>Tangible assets 252,390</p> <p>Intangible assets 7,548</p>	<p>5. Depreciation/amortization amounts</p> <p style="text-align: right;">('000 Yen)</p> <p>Tangible assets 834,454</p> <p>Intangible assets 80,264</p>

Lease transactions

Current Half Year (From July 1, 2003 To December 31, 2003)				Current Half Year (From July 1, 2004 To December 31, 2004)				Previous Fiscal Year (From July 1, 2003 To June 30, 2004)			
<Financial lease transactions that do not involve the transfer of ownership of the leased assets to lessee> 1. Effective purchase price, accumulated depreciation and net interim ending balance of the leased assets (000 Yen)				<Financial lease transactions that do not involve the transfer of ownership of the leased assets to lessee> 1. Effective purchase price, accumulated depreciation and net interim ending balance of the leased assets (000 Yen)				<Financial lease transactions that do not involve the transfer of ownership of the leased assets to lessee> 1. Effective purchase price, accumulated depreciation and net ending balance of the leased assets (000 Yen)			
	Effective purchase price	Accumulated depreciation	Net interim ending balance		Effective purchase price	Accumulated depreciation	Net interim ending balance		Effective purchase price	Accumulated depreciation	Net ending balance
Tangible fixed assets	155,414	47,839	107,574	Tangible fixed assets	-	-	-	Tangible fixed assets	259,685	68,354	191,331
Total	155,414	47,839	107,574	Total	-	-	-	Total	259,685	68,354	191,331
2. Effective interim ending balance of remaining lease payments ('000 Yen)				2. Effective interim ending balance of remaining lease payments ('000 Yen)				2. Effective ending balance of remaining lease payments ('000 Yen)			
Within one year 25,125				Within one year -				Within one year 47,314			
Over one year 81,499				Over one year -				Over one year 145,971			
Total 106,624				Total -				Total 193,286			
3. Lease expenses payable, depreciation expenses, and interests payable ('000 Yen)				3. Lease expenses payable, depreciation expenses, and interests payable ('000 Yen)				3. Lease expenses payable, depreciation expenses, and interests payable ('000 Yen)			
Lease payments 13,572				Lease payments 4,831				Lease payments 35,313			
Depreciation 13,288				Depreciation 4,176				Depreciation 34,532			
Interest payments 640				Interest payments 343				Interest payments 2,050			
4. Calculation methods of depreciation expenses and interests payable				4. Calculation methods of depreciation expenses and interests payable				4. Calculation methods of depreciation expenses and interests payable			
(a) Method of calculating effective depreciation expenses Straight line method in which the lease period is used as useful economic life and the residual value is assumed to be zero.				(a) Method of calculating effective depreciation expenses Same as left.				(a) Method of calculating effective depreciation expenses Same as left.			
(b) Method of calculating interests payable The difference between the total lease payments and the effective purchase price of the leased assets is considered the effective interest amount. Allocation to individual terms is based on the interest method.				(b) Method of calculating interests payable Same as left.				(b) Method of calculating interests payable Same as left.			

Current Half Year (From July 1, 2003 To December 31, 2003)	Current Half Year (From July 1, 2004 To December 31, 2004)	Previous Fiscal Year (From July 1, 2003 To June 30, 2004)																								
	<p>5. As a result of the business division conducted on August 1, 2004, a portion of the Company's lease agreements was succeeded by Goodwill, Inc.</p> <p>If the same basis as that of the previous term was to be applied, notes on lease transactions shall be as follows.</p> <p><Financial lease transactions that do not involve the transfer of ownership of the leased assets to lessee></p> <p>(1) Effective purchase price, accumulated depreciation and net interim ending balance of the leased assets</p> <table border="1" data-bbox="600 696 1034 902"> <thead> <tr> <th></th> <th>Effective purchase price</th> <th>Accumulated depreciation</th> <th>Net interim ending balance</th> </tr> </thead> <tbody> <tr> <td>Tangible fixed assets</td> <td>365,099</td> <td>63,250</td> <td>301,848</td> </tr> <tr> <td>Total</td> <td>365,099</td> <td>63,250</td> <td>301,848</td> </tr> </tbody> </table> <p>(000 Yen)</p> <p>(2) Effective interim ending balance of remaining lease payments ('000 Yen)</p> <table border="1" data-bbox="600 987 1034 1070"> <tbody> <tr> <td>Within one year</td> <td>77,014</td> </tr> <tr> <td>Over one year</td> <td>226,241</td> </tr> <tr> <td>Total</td> <td>303,255</td> </tr> </tbody> </table> <p>(3) Lease expenses payable, depreciation expenses, and interests payable ('000 Yen)</p> <table border="1" data-bbox="600 1144 1034 1227"> <tbody> <tr> <td>Lease payments</td> <td>36,562</td> </tr> <tr> <td>Depreciation</td> <td>34,679</td> </tr> <tr> <td>Interest payments</td> <td>2,278</td> </tr> </tbody> </table>		Effective purchase price	Accumulated depreciation	Net interim ending balance	Tangible fixed assets	365,099	63,250	301,848	Total	365,099	63,250	301,848	Within one year	77,014	Over one year	226,241	Total	303,255	Lease payments	36,562	Depreciation	34,679	Interest payments	2,278	
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Marketable Securities

Previous Interim Period (As of December 31, 2003)

There are no subsidiary or affiliated company shares with market value.

Current Interim Period (As of December 31, 2004)

Subsidiary and affiliated company shares with market value

	Amount recorded in the interim balance sheet (MM Yen)	Market value (MM Yen)	Difference (MM Yen)
Subsidiary shares	6,824	4,838	1,985

Previous Fiscal Period (As of June 30, 2004)

There are no subsidiary or affiliated company shares with market value.

(Per share information)

Entry is omitted as consolidated interim financial statements have been presented.

(Significant subsequent events)

Previous Half Year (From July 1, 2003 To December 31, 2003)	Current Half Year (From July 1, 2004 To December 31, 2004)	Previous Fiscal Year (From July 1, 2003 To June 30, 2004)												
<p>(Stock Split) Based on the resolution at the Company's board of directors' meeting held on October 27, 2003, new shares were issued through a stock split described herebelow.</p> <p>1. 3-for-1 split of common stocks effective January 20, 2004</p> <p>(1) Number of shares increasing through the stock split Common stock 369,536 shares</p> <p>(2) Method of stock split To split all shares that are held by shareholders listed/recorded in the final shareholders register and the effective shareholders register as of November 30, 2003 based on a 3 for 1 share ratio.</p> <p>2. Initial date for calculating dividends January 1, 2004</p> <p>(Share Exchange with COMSN, Inc.) The Company and its subsidiary, COMSN, Inc., resolved in their respective board meetings held on November 11, 2003 to conduct a share exchange for the purpose of realizing efficient mutual growth and maximizing corporate value for the Group as a whole, and signed the share exchange agreement on the same date.</p> <p>Subsequently, an exchange ratio amendment was resolved at the board meetings of the two companies on November 26, 2003, and a share exchange agreement reflecting the amendment was signed on the same date.</p> <p>The subject agreement was approved at the extraordinary general shareholders meeting held on January 20, 2004.</p> <p>Object of the share exchange To make the Company a 100% parent company and COMSN, Inc. a wholly-owned subsidiary.</p> <p>Date of share exchange February 24, 2004</p> <p>Share exchange ratio The Company: 1 COMSN, Inc.: 0.09903</p>	<p style="text-align: center;">—————</p>	<p>(Business Division) Upon resolution at the extraordinary general shareholders meeting held on June 11, 2004, the Company conducted a business division of its subcontracting operation on August 1, 2004 and shifted to a pure holding company configuration.</p> <p>(Acquisition of a company through share acquisition) The Company completed a tender offer for the shares of HU-MANAGEMENT JAPAN CO., LTD. on July 13, 2004, and as a result, made the subject entity a subsidiary. The summary of HU-MANAGEMENT JAPAN CO., LTD. is as follows.</p> <p>(1) Entity of which shares were acquired Name: HU-MANAGEMENT JAPAN CO., LTD. Address: Minato-ku, Tokyo Representative: Yoshiaki Saito Representative Director & President Paid-in capital: 640 million yen (as of July 6, 2004) Business: Re-employment support services, etc.</p> <p>(2) Financial condition and operating results The financial condition and the operating results of the HU-MANAGEMENT JAPAN CO., LTD. for the fiscal period ending March 2004 were as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">('000 Yen)</th> </tr> </thead> <tbody> <tr> <td>Revenues</td> <td style="text-align: right;">6,134,971</td> </tr> <tr> <td>Ordinary income</td> <td style="text-align: right;">1,611,220</td> </tr> <tr> <td>Net income</td> <td style="text-align: right;">779,349</td> </tr> <tr> <td>Total assets</td> <td style="text-align: right;">6,972,018</td> </tr> <tr> <td>Net assets</td> <td style="text-align: right;">3,654,590</td> </tr> </tbody> </table>		('000 Yen)	Revenues	6,134,971	Ordinary income	1,611,220	Net income	779,349	Total assets	6,972,018	Net assets	3,654,590
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Previous Half Year (From July 1, 2003 To December 31, 2003)	Current Half Year (From July 1, 2004 To December 31, 2004)	Previous Fiscal Year (From July 1, 2003 To June 30, 2004)
<p>Number of shares newly issued as a result of the share exchange</p> <p>The Goodwill Group, Inc. Common stock 81,739 shares</p> <p>Shares are not allocated for the 2,948,100 common shares of COMSN, Inc. already owned by the Company.</p> <p>With regard to capital and capital reserve, the amount derived by multiplying the amount of net assets owned by COMSN on the share exchange date by the percentage of COMSN's issued and outstanding shares that have been transferred to the Company due to the share exchange shall be reflected as an increase.</p>		