

August 23, 2005



Fiscal Year Ending June 2005

Summary of Consolidated Results for The Goodwill Group, Inc.

- Revenues up, profits down for the fiscal year ending June 2005
- Revenues and gross profits at record highs
- Operating profits, recurring profits and net income declined due to higher upfront investments

※ Profits down due to acceleration of upfront investments as part of aggressive program to open new branches and locations in the two core businesses of “Goodwill” and “COMSN,” both of which are experiencing market expansion and strong demand.

The Goodwill Group, Inc. (Minato-Ku Tokyo; Representative Director and Chairman: Masahiro Origuchi) reports as follows in summary of its publication of results for the fiscal year ending June 2005 (July 1, 2004 to June 30, 2005).

(1) Summary of consolidated results

(Unit: ¥1 million; all figures rounded down)

	FYE June 2004	FYE June 2005	Year-on-year increase (decrease)
Revenues	93,042	142,157	+52.8%
Gross Profits	30,740	45,966	+49.5%
*1 Amortization of Consolidated Adjustment Account	788	1,725	+118.7%
Operating Profits	5,974	5,621	-5.9%
*2 Interest Expenses	417	1,158	+177.8%
*3 Recurring Profits	5,539	4,320	-22.0%
*4 Net Income	2,704	1,463	-45.9%

Consolidated revenues increased by ¥49,114 million year-on-year to reach ¥142,157 million; consolidated gross profits increased ¥15,226 million year-on-year to reach ¥45,966 million.

Consolidated recurring profits declined ¥1,218 million year-on-year to reach ¥4,320 million; consolidated net income declined ¥1,241 million to reach ¥1,463 million.

During the year, the company accelerated its upfront investments for the expansion of its network, primarily by opening new branches and locations. This enabled it to create a base from which to achieve competitive strength and differentiation that will allow it to prevail against the competition in both of its core businesses, the human resources business and nursing care services.

***1 Increase in amortization of consolidated adjustment account**

Amortization of the consolidated adjustment account increased by ¥936 million year-on-year to reach ¥1,725 million.

<Breakdown>	Amortization of consolidated adjustment account			
	COMSN, Inc.	...		¥1,428 million
	HU-MANAGEMENT JAPAN CO., LTD	...		¥248 million
	Others	...		¥49 million

***2 Increase in interest expenses**

Interest expenses increased by ¥741 million year-on-year to reach ¥1,158 million.

This was primarily due to higher interest expenses (¥357 million) generated by increased capital investments in the purchase of land etc. for the "COMSN Garden" luxury, pay nursing homes and the "Barrington House" residential communities with health-care services in COMSN Inc. institutional nursing care services, and to higher interest expenses in conjunction with increases in operating capital and M&A funding (¥800 million). These capital investments will begin to have a full effect on profits in or after the fiscal year ending June 2006.

***3 Decline in recurring profits**

Recurring profits declined by ¥1,218 million year-on-year to reach ¥4,320 million.

The company accelerated its upfront investments for the expansion of its network, primarily by opening new branches and locations, thereby creating a solid base for growth and achieving a dominant differentiation from the competition in both of its core businesses, the human resources business (The Goodwill Inc.) and nursing care services (COMSN, Inc.).

<Reference>

※ Branch/location plans for FYE June 2005

Number of branches	FYE June 2005 initial plan	FYE June 2005 results	Increase in branches/locations in excess of plan
The Goodwill Inc.	700	865	+165
COMSN, Inc.	1,000	1,106	+106

※ Number of branches/locations as at the end of FYE June 2004

The Goodwill Inc.: 500 branches; COMSN, Inc.: 804 locations

※ Negative impact on P/L from new branch/location openings

	Per-branch cost until profitability	Branches/location in excess of plan	Negative impact on P/L
The Goodwill Inc.	¥5 million	165	≒¥850 million
COMSN, Inc.	¥8 million	106	≒¥850 million

Cost: Includes initial costs and running costs

Total ≒ ¥1,700 million

***4 Decline in net income**

Net income declined by ¥1,241 million year-on-year to reach ¥1,463 million.

Upfront investments to actively expand locations etc. resulted in increases in initial investment costs and amortization of the consolidated adjustment account, leading to higher selling and general administrative expenses and lower operating profits. In addition, higher borrowings resulted in an increase in interest expenses.

(2) Summary of consolidated results for the 4th quarter

Previous 4th quarter: April 1, 2004– June 30, 2004/This 4th quarter: April 1, 2005–June 30, 2005

(Unit: ¥1 million; all figures rounded down)

	Previous 4 th quarter	This 4 th quarter	Year-on-year increase (decrease)
Revenues	26,657	38,123	+43.0%
Gross profits	8,413	11,182	+32.9%
*1 Amortization of consolidated adjustment account	377	432	+14.4%
Operating profits	1,625	1,058	-34.9%
*2 Interest expenses	174	321	+84.0%
Recurring profits	1,440	665	-53.8%

During this 4th quarter (3 months from April 1, 2005 to June 30, 2005), the company's consolidated revenues increased by ¥11,466 million compared to the previous 4th quarter to reach ¥38,123 million, with consolidated gross profits increasing ¥2,769 million compared to the previous 4th quarter to reach ¥11,182 million.

Consolidated recurring profits declined by ¥775 million compared to the previous 4th quarter to reach ¥665 million.

The decline in profits was the result of active expansion of the company's network, primarily through the opening of new branches/locations in both core businesses (this 4th quarter: Goodwill 71 branches: COMSN 107 locations) and also the result of higher upfront investments in the institutional nursing care services of COMSN, Inc.

*1 Increase in amortization of consolidated adjustment account

Amortization of the consolidated adjustment account increased by ¥54 million compared to the previous 4th quarter to reach ¥432 million.

<Breakdown>	Amortization of consolidated adjustment account			
	COMSN, Inc.	...		¥357 million
	HU-MANAGEMENT JAPAN CO., LTD	...		¥62 million
	Others	...		¥13 million

*2 Increase in interest expenses

Interest expenses increased by ¥146 million compared to the previous 4th quarter to reach ¥321 million. The increase in interest expenses was primarily due to the purchase of land for the "COMSN Garden" luxury, pay nursing homes and "Barrington House" residential communities with health-care services in the institutional nursing care services of COMSN, Inc.

(3) Summary of results for core businesses and operations

The Goodwill Inc.

(Unit: ¥1 million; all figures rounded down)

		FYE June 2004	FYE June 2005	Year-on-year increase (decrease)
*1	Revenues	52,356	83,944	+60.3%
*2	Gross profits	17,871	28,941	+61.9%
*3	Recurring profits	4,323	5,773	+33.5%
	Net income	2,476	3,219	+30.0%

Revenues increased by ¥31,587 million year-on-year to reach ¥83,944 million; gross profits increased ¥11,069 million year-on-year to reach ¥28,941 million.

Recurring profits increased by ¥1,450 million year-on-year to reach ¥5,773 million; net income increased ¥743 million year-on-year to reach ¥3,219 million.

As a result of enhancements to the company's networking capacity and supply capacity during the year, its number of branches at the end of June 2005 rose by 365 from the 500 branches at the end of the previous fiscal year to reach a total of 865 branches. The number of registered companies rose by 9,270 from the 30,291 at the end of the previous fiscal year to reach 39,561. The number of registered staff likewise rose by 470,000 people from the 1,380,000 people at the end of the previous fiscal year to reach 1,850,000 people.

Increase in *1 revenues and *2 gross profits

The company aggressively expanded its network of branches so as to better meet the growing needs and demands of its clients. It also achieved stable order unit prices by using IT systems to provide high-accuracy, high-value added matching services capable of change on a daily basis.

*3 Increasing recurring profits

Recurring profits were able to absorb the upfront investments in new branches and continue to grow.

<Reference> The Goodwill Inc. quarterly results

Number of branches (branches)

1Q	2Q	3Q	4Q	Total
+128	+82	+84	+71	+365

Number of registered companies (companies)

1Q	2Q	3Q	4Q	Total
+2,487	+2,380	+2,551	+1,852	+9,270

Number of registered staff (people)

1Q	2Q	3Q	4Q	Total
+ 110,000	+ 110,000	+ 130,000	+ 120,000	+ 470,000

(4) Summary of results for core businesses

COMSN, Inc.

		FYE June 2004	FYE June 2005	Year-on-year increase (decrease)
*1	Revenues	36,503	50,911	+39.5%
	Gross profits	11,479	14,940	+30.1%
*2	Recurring profits	1,781	1,560	-12.4%
	Net income	1,411	1,158	-17.9%

Revenues increased by ¥14,407 million year-on-year to reach ¥50,911 million; gross profits increased ¥3,460 million year-on-year to reach ¥14,940 million.

Recurring profits declined by ¥221 million year-on-year to reach ¥1,560 million; net income declined ¥253 million year-on-year to reach ¥1,158 million.

Like the previous fiscal year, the company continued to expand its number of locations this year. By the end of June 2005, the number of locations had increased by 302 from the 804 at the end of the previous fiscal year to reach a total of 1,106 locations. The number of customers for visiting nursing services rose by 13,855 from the 48,431 at the end of the previous fiscal year to reach a total of 62,286 people. The number of employees likewise rose by 4,330 from the 17,496 at the end of the previous fiscal year to reach a total of 21,826 people.

*1 Increase in revenues

The company used its high brand power to strengthen its marketing abilities, improved its infrastructure with an aggressive program of new location openings, and enhanced its supply capacity by increasing the number of care staff members. As a result of these efforts, it emerged as a leading company in the nursing industry, and particularly as the top company in the visiting nursing services industry when measured in terms of number of customers.

*2 Decline in recurring profits

Recurring profits declined due to an acceleration of upfront investments, primarily for new location openings to expand the company's network and the addition of new care staff members.

<Reference> COMSN, Inc. quarterly results

Number of locations (locations)

1Q	2Q	3Q	4Q	Total
+42	+67	+86	+107	+302

Number of visiting nursing customers (people)

1Q	2Q	3Q	4Q	Total
+3,330	+4,180	+2,269	+4,076	+13,855

Number of employees (people)

1Q	2Q	3Q	4Q	Total
+629	+1,434	+2,404	-137	+4,330

(5) Consolidated financial status

Key points on the consolidated balance sheet

(Unit: ¥1 million; all figures rounded down)

	FYE June 2004 As at June 30, 2004	FYE June 2005 As at June 30, 2005	Change	Year-on-year increase (decrease)	
(Assets)					
*1	Liquid assets	31,335	48,822	+17,487	+55.8%
*2	Fixed assets	57,331	76,636	+19,305	+33.7%
	Tangible fixed assets	23,288	34,065	+10,777	+46.3%
	Intangible fixed assets	28,596	32,791	+4,195	+14.7%
	Investments and other assets	5,446	9,779	+4,333	+79.6%
	Deferred assets	—	—	—	—
	Total assets	88,666	125,459	+36,792	+41.5%
(Liabilities)					
*3	Liquid liabilities	26,464	39,254	+12,789	+48.3%
*4	Fixed liabilities	22,263	48,830	+26,567	+119.3%
	Total liabilities	48,727	88,084	+39,356	+80.8%
(Minority shareholder equity)					
	Minority shareholder equity	42	1,244	+1,201	+2806.5%
(Capital)					
	Capital	14,118	14,118	0	0.0%
	Capital surplus	36,047	36,047	0	0.0%
	Retained earnings	- 10,314	- 10,151	+162	-1.6%
	Net unrealized gain on other securities	52	1	- 50	-97.1%
	Treasury shares	- 7	- 3,885	- 3,877	+50341.4%
*5	Total capital	39,896	36,130	- 3,765	-9.4%
	Total liabilities, minority shareholder equity and capital	88,666	125,459	+36,792	+41.5%

***1 Liquid assets**

Liquid assets increased by ¥17,487 million to reach ¥48,822 million. (55.8% year-on-year gain)

This was primarily the result of increases in revenues etc. at The Goodwill Inc. and COMSN, Inc., which resulted in a ¥5,801 million increase in the aggregate amount of trade notes, accounts receivable and accrued operating receivables, and the result of the conversion of Hu-Management Japan Co., Ltd. into a subsidiary, which increased cash and deposits by ¥9,241 million.

***2 Fixed assets**

Fixed assets increased by ¥19,305 million to reach ¥76,636 million. (33.7% year-on-year gain)

This was primarily the result of the acquisition of land and buildings for the institutional nursing care services of COMSN, Inc., which caused an increase of ¥24,457 million for land and ¥1,110 million for buildings (¥14,992 million on the building suspense account), and the result of M&A transactions which increased the consolidated adjustment account by ¥4,114 million to ¥32,262 million.

***3 Liquid liabilities**

Liquid liabilities increased by ¥12,789 million to reach ¥39,254 million. (48.3% year-on-year gain)

This was primarily the result of an increase of ¥4,678 million in short-term borrowings which brought total short-term borrowings to ¥22,088 million, and the result of increased expenses in conjunction with higher revenues, which increased accrued expenses by ¥2,639 million to ¥8,265 million.

***4 Fixed liabilities**

Fixed liabilities increased by ¥26,567 million to reach ¥48,830 million. (119.3% year-on-year gain)

This was primarily the result of fund-raising for the purchase of land for the institutional nursing care services of COMSN, Inc. and the concentration of fund-raising functions due to the conversion of the company into a pure holding company. Because of this, long-term borrowings increased by ¥26,160 million to ¥47,560 million.

***5 Shareholders' equity**

Shareholders equity declined by ¥3,765 million to reach ¥36,130 million. (9.4% year-on-year decline)

This was primarily the result of a ¥3,877 million purchase of treasury shares.

Key points on the consolidated profit/loss statement

(Unit: ¥1 million: all figures rounded down)

	FYE June 2004 As at June 30, 2004	FYE June 2005 As at June 30, 2005	Change	Year-on-year increase (decrease)
	93,042	142,157	+49,114	+52.8%
	62,301	96,190	+33,888	+54.4%
	30,740	45,966	+15,226	+49.5%
	24,766	40,345	+15,579	+62.9%
*1	5,974	5,621	- 352	-5.9%
	136	300	+163	+120.3%
	571	1,601	+1,030	+180.4%
	5,539	4,320	- 1,218	-22.0%
	84	553	+468	+552.7%
	458	411	- 46	-10.2%
	5,165	4,462	- 703	-13.6%
	2,429	3,192	+763	+31.4%
	- 106	- 180	- 74	+70.4%
	137	-13	- 150	-109.5%
*2	2,704	1,463	- 1,241	-45.9%

*1 Operating profits

Operating profits declined by ¥353 million to reach ¥5,621 million. (5.9% year-on-year decline)

While higher revenues increased gross profits by ¥15,226 million, upfront investments for the aggressive development of the company's branch/location network resulted in higher initial investment costs and increases in the amortization of the consolidated adjustment account, which produced an increase of ¥15,579 million in selling and general administrative expenses.

*2 Net income

Net income declined by ¥1,241 million to reach ¥1,463 million. (45.9% year-on-year decline [訳注:1])

This was primarily the result of the decline in operating profits described above plus an increase of ¥741 million in interest expenses for total interest expenses of ¥1,158 million.

Key points on the consolidated cash flows

(Unit: ¥1 million: all figures rounded down)

	FYE June 2004 As at June 30, 2004	FYE June 2005 As at June 30, 2005	Change	
*1	Cash flows from operating activities	792	414	-377
*2	Cash flows from investing activities	- 23,847	- 16,921	+6,926
*3	Cash flows from financing activities	24,945	25,413	+468
	Conversion discrepancies for cash and cash equivalents	—	—	—
	Increase in cash and cash equivalents	1,889	8,907	+7,017
	Cash and cash equivalents balance at beginning of term	12,052	13,942	+1,889
	Cash and cash equivalents balance at end of term	13,942	23,187	+9,245

*1 Cash flows from operating activities

Cash increased by ¥414 million as a result of operating activities (¥792 million increase in cash for the previous fiscal year). This was primarily due to solid performance by The Goodwill Inc. and COMSN, Inc. However, the increase in interest on borrowings due to aggressive expansion of the branch/location network and capital investments in institutional nursing care services caused the overall amount of increase in cash to contract in comparison with the previous year.

*2 Cash flows from investing activities

Cash declined by ¥16,921 million as a result of investing activities (decline of ¥23,847 million for the previous fiscal year). This was primarily due to the purchase of land and construction of buildings for the institutional nursing care services of COMSN, Inc., and due to the increase in subsidiaries because of M&A activities.

*3 Cash flows from financing activities

Cash increased by ¥25,413 million as a result of financing activities (¥24,945 million increase in cash for the previous fiscal year).

This was primarily due to the raising of funds by borrowing money for the land acquisitions etc. and M&A activities described under investing activities.

(6) Results forecast for the fiscal year ending June 2006 (July 1, 2005 to June 30, 2006)

The fiscal year ending June 2006 is forecast to see a shift from the upfront investment stage in which the company has been to this point in time towards the profit-earning stage. This is in line with the company's growth trajectory.

Results forecast for the fiscal year ending June 2006 (Unit: ¥1 million: all figures rounded down)

	FYE June 2005	FYE June 2006	Year-on-year increase (decrease)
Revenues	142,157	180,000	+26.6%
Operating profits	5,621	7,500	+33.4%
Recurring profits	4,320	6,500	+50.5%
Net income	1,463	3,000	+105.0%

Results forecast for the fiscal half-year ending Dec. 2005

	HY ending December 2005
Revenues	80,000
Operating profits	2,500
Recurring profits	2,000
Net income	500

<Reference data> Consolidated quarterly results

Revenues	1Q	2Q	3Q	4Q	Full year
FYE June 2003	13,282	15,719	16,191	17,078	62,272
FYE June 2004	19,029	23,435	23,920	26,657	93,042
FYE June 2005	31,603	36,356	36,073	38,123	142,157
Quarter-on-quarter increase (decrease)	+66.1%	+55.1%	+50.8%	+43.0%	+52.8%

Gross profits	1Q	2Q	3Q	4Q	Full year
FYE June 2003	4,431	5,071	5,297	5,563	20,363
FYE June 2004	6,449	7,953	7,923	8,413	30,740
FYE June 2005	10,447	12,025	12,311	11,182	45,966
Quarter-on-quarter increase (decrease)	+62.0%	+51.2%	+55.4%	+32.9%	+49.5%

Operating profits	1Q	2Q	3Q	4Q	Full year
FYE June 2003	1,066	1,421	1,419	1,063	4,971
FYE June 2004	1,253	1,993	1,102	1,625	5,974
FYE June 2005	1,520	2,062	979	1,058	5,621
Quarter-on-quarter increase (decrease)	+21.4%	+3.5%	-11.1%	-34.9%	-5.9%

Recurring profits	1Q	2Q	3Q	4Q	Full year
FYE June 2003	1,041	1,416	1,379	976	4,814
FYE June 2004	1,204	1,902	990	1,440	5,539
FYE June 2005	1,209	1,746	699	665	4,320
Quarter-on-quarter increase (decrease)	+0.3%	-8.2%	-29.4%	-53.8%	-22.0%

Net income	Full year
FYE June 2003	2,548
FYE June 2004	2,704
FYE June 2005	1,463
Year-on-year increase (decrease)	-45.9%

<Reference Data> The Goodwill Inc. quarterly branches and results

Number of branches	1Q	2Q	3Q	4Q	Full year
FYE June 2003	+13	+18	+26	+51	301
FYE June 2004	+54	+62	+58	+25	500
FYE June 2005	+128	+82	+84	+71	865

Revenues	1Q	2Q	3Q	4Q	Full year
FYE June 2003	7,769	9,521	9,680	9,339	36,310
FYE June 2004	10,532	13,789	13,563	14,470	52,356
FYE June 2005	17,670	22,189	21,490	22,594	83,944
Quarter-on-quarter increase (decrease)	+67.8%	+60.9%	+58.4%	+56.1%	+60.3%

Gross profits	1Q	2Q	3Q	4Q	Full year
FYE June 2003	2,573	3,118	3,340	3,139	12,171
FYE June 2004	3,601	4,818	4,726	4,726	17,871
FYE June 2005	6,129	7,637	7,453	7,721	28,941
Quarter-on-quarter increase (decrease)	+70.2%	+58.5%	+57.7%	+63.4%	+61.9%

Operating profits	1Q	2Q	3Q	4Q	Full year
FYE June 2003	781	1,165	1,171	672	3,790
FYE June 2004	945	1,589	882	1,082	4,499
FYE June 2005	1,689	1,646	1,207	1,353	5,895
Quarter-on-quarter increase (decrease)	+78.7%	+3.6%	+36.8%	+25.0%	+31.0%

Recurring profits	1Q	2Q	3Q	4Q	Full year
FYE June 2003	795	1,187	1,152	636	3,771
FYE June 2004	1,000	1,519	796	1,006	4,323
FYE June 2005	1,605	1,649	1,193	1,326	5,773
Quarter-on-quarter increase (decrease)	+60.4%	+8.6%	+49.9%	+31.7%	+33.6%

Net income	1Q	2Q	3Q	4Q	Full year
FYE June 2003	420	633	630	335	2,020
FYE June 2004	543	927	434	571	2,476
FYE June 2005	868	903	655	791	3,219
Quarter-on-quarter increase (decrease)	+59.9%	-2.3%	+50.9%	+38.4%	+30.0%

<Reference Data> COMSN, Inc. quarterly locations and results

Number of locations	1Q	2Q	3Q	4Q	Full year
FYE June 2003	+63	+53	+19	+25	510
FYE June 2004	+94	+52	+50	++98	804
FYE June 2005	+42	+67	+86	+107	1,106

Revenues	1Q	2Q	3Q	4Q	Full year
FYE June 2003	4,863	5,428	5,784	7,025	23,101
FYE June 2004	7,760	8,624	9,378	10,741	36,503
FYE June 2005	11,682	12,547	12,680	14,001	50,911
Quarter-on-quarter increase (decrease)	+50.5%	+45.5%	+35.2%	+30.4%	+39.5%

Gross profits	1Q	2Q	3Q	4Q	Full year
FYE June 2003	1,654	1,738	1,754	2,211	7,359
FYE June 2004	2,583	2,801	2,836	3,257	11,479
FYE June 2005	3,602	3,957	3,677	3,702	14,940
Quarter-on-quarter increase (decrease)	+39.4%	+41.3%	+29.7%	+13.7%	+30.1%

Operating profits	1Q	2Q	3Q	4Q	Full year
FYE June 2003	346	281	244	501	1,373
FYE June 2004	352	449	345	811	1,959
FYE June 2005	532	774	357	51	1,715
Quarter-on-quarter increase (decrease)	+50.9%	+72.2%	+3.6%	-93.7%	-12.4%

Recurring profits	1Q	2Q	3Q	4Q	Full year
FYE June 2003	334	290	225	456	1,307
FYE June 2004	335	430	321	695	1,781
FYE June 2005	504	736	327	- 7	1,560
Quarter-on-quarter increase (decrease)	+50.6%	+71.1%	+1.8%	-101.1%	-12.4%

Net income	1Q	2Q	3Q	4Q	Full year
FYE June 2003	336	368	231	357	1,294
FYE June 2004	220	305	246	639	1,411
FYE June 2005	370	702	188	-102	1,158
Quarter-on-quarter increase (decrease)	+67.8%	+129.2%	-23.6%	-116.0%	-17.9%