

We are accelerating the expansion of our businesses by building a solid sales base and infrastructure in growth markets.



I would like to express our hopes for the continued prosperity and happiness of our shareholders, and our sincere gratitude for their support.

The two main businesses of the Goodwill Group are human resources outsourcing and nursing care. These businesses will be in growth markets over the medium term, and with large untapped markets remaining, there is still much room for growth. In the fiscal year under review, we gave top priority to increasing revenues and market share, and we actively accelerated our initial investments in opening new branches, acquiring more staff, and the like. This enabled us to build a solid sales base, and take on greater demand. We have established a position as a leading company in each of these industries, and we remain committed to expanding our businesses.

In the future, we will move from the stage of initial investment to that of collecting profits, in accordance with the growth of our enterprises. We are confident of our continued growth.

Masahiro Origuchi
Chairman and CEO
The Goodwill Group, Inc.

Q1 Please provide an overview of the businesses of the Group as a whole during the 11th reporting year.

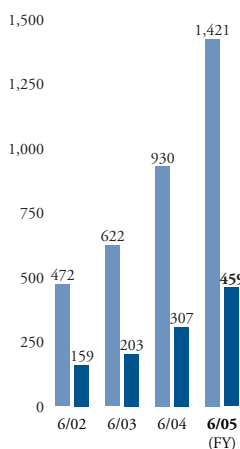
A... Driven by strong economies in Asia and the United States, the Japanese economy showed good overall growth, especially in the manufacturing sector. Nevertheless, many uncertainties remain in the domestic-demand picture, such as high oil prices and exchange-rate fluctuations. Thus, again this year we are unable to take an optimistic view.

Our Group's core businesses are human resources outsourcing and nursing care, and the markets for these businesses remained strong, with growing markets and diversifying needs.

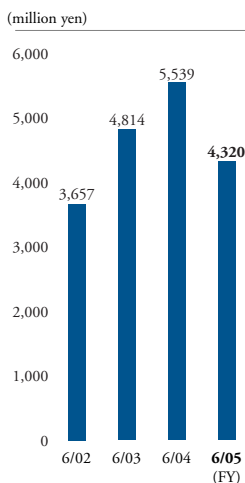
In the human resources outsourcing business, the economic recovery is fueling increasing demand by companies for human resources, while demand for outsourcing and dispatching is surging, as companies strive to manage their businesses more efficiently. In order to respond to this demand, The Goodwill, Inc. enhanced its supply capabilities by accelerating its opening of new branches, building its network capabilities, and registering more staff. Through these efforts, we achieved a high level of growth.

In our human resources outsourcing-related business, we are working to establish a full lineup of services in order to meet the diverse needs of our clientele. We are expanding in the areas of staff placement, outplacement support, and employee counseling, augmented by our efforts to restructure some of our existing business models.

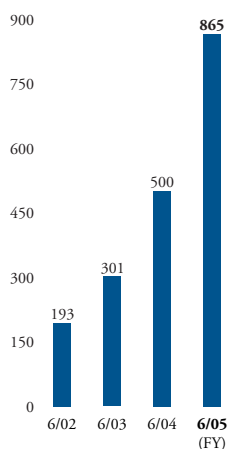
Revenue
Gross Profits
(100 million yen)



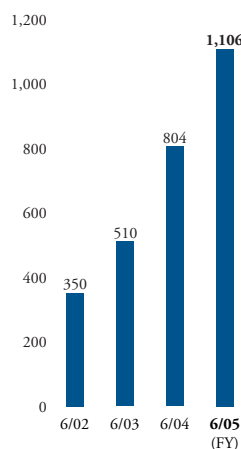
Recurring Profit



Trends in Numbers of The Goodwill, Inc. Branches



Trends in Numbers of COMSN, Inc. Care Centers



In our nursing care and medical business, the market has been expanding due to increasing recognition and penetration of nursing care insurance, and the increasing age of the population. Amidst these circumstances, we laid the foundations for a strong COMSN brand, building our supply capabilities by enhancing our marketing capabilities, building infrastructure by actively opening new facilities, and increasing our care staff. As a result, we have built a strong name in the home nursing business and become the top enterprise in this business in Japan.

In our 11th reporting year, consolidated revenue grew by 49.114 billion yen to 142.157 billion yen (a 52.8% year-on-year increase). Our consolidated gross profits increased by 15.226 billion yen, to 45.966 billion yen (a 49.5% year-on-year increase). Our consolidated recurring profit decreased by 1.218 billion yen, to 4.320 billion yen (a 22.0% year-on-year decrease). Our consolidated net income decreased by 1.241 billion yen, to 1.463 billion yen (a 45.9% year-on-year decrease).

In the fiscal year under review, we focused on building infrastructure in order to enhance and differentiate our overwhelming competitive advantage over our rivals in the human resources outsourcing and nursing care businesses, mainly expanding our facilities by opening new branches, and accelerating our forward-looking investment. We are now moving to a new stage of enhancing our profitability through the use of this infrastructure.

Q2 What are your thoughts on the current market environment for the human resources outsourcing business?

A We believe that the size of the latent market will depend on the extent to which companies replace their full and part-time staff with registered Goodwill staff.

As a reference, in Japan, the size of the blue-collar workforce, which comprises light and unskilled labor, is 15 million people, while the blue-collar wage market is worth 44 trillion yen; the size of the white-collar workforce, which includes general office workers, is 12 million people, and the wage market for this workforce is worth 35 trillion yen. That is a total of 27 million potential replacement workers, with a value of 79 trillion yen.

The size of the wage market for workers who have already been replaced using outsourcing has reached 1 trillion yen in the blue-collar field, and 2 trillion yen in the white-collar field, for a total of about 3 trillion yen. The 3 trillion yen for current replacement workers is just 3.8% of the 79 trillion-yen market I just mentioned; we believe that there is a very high probability that this proportion will reach 10 to 15% in the near future.

Even when companies are doing well financially, they strive to manage their businesses more efficiently by making effective use of outsourcing and dispatching, rather than hiring more full-time employees. This trend continues to grow stronger. Employment statistics show that non full-time employees already account for more than 30% of all employees, and this proportion is continuing to grow. The public's knowledge of dispatching has advanced substantially.

The Goodwill, Inc. plays a leading role in our human resources outsourcing business. This company's light-labor dispatching services, which outsource warehouse work, moving, and the like, has seen increasing contracts combined with falling prices, thanks to growing corporate outsourcing needs driven by the economic recovery. Orders in the food catering business for restaurants, product sales-promotion outsourcing, and the like also recorded strong growth. Additionally, deregulation last year removed prohibitions on the dispatching of human resources to the manufacturing sector. Consequently, we greatly increased our dispatching to factories and the like.

In order to respond to increasing demand, we focused strongly on accelerating our opening of new branches over the fiscal year, increasing the size of our registered staff, and winning new registered clients.



Q3 Please comment on the future of the human resources outsourcing business, and our future business development.

A The strengths of our human resources outsourcing business are our outstanding IT system and our massive database of more than 1,850,000 people. Leveraging these strengths, we are able to provide highly accurate matching on a daily basis. Companies are able to control and reduce their costs by securing the personnel and human resources they want, for precisely how long they want them, while our registered staff are able to do the work they want, when they want to do it, without being tied to a schedule, and get paid that day for their work. Thus, we offer high added value to both sides of the equation. Moreover, increasing the pace of our new branch openings is effective for both marketing and recruiting, creating a network of branches while at the same time ensuring the convenience of daily cash payments for our registered staff, and building trust through geographical convenience for our clients.

In the human resources outsourcing-related business, Japan is facing a crisis known as the "Year 2007 Problem"; this is the year in which 7 million members of the baby-boomer generation will retire. We are thus expanding our human resources dispatching businesses targeting older persons. In anticipation of new elderly needs in the market, Hu-Management Japan Co., Ltd. is actively committed to its senior dispatching business, in addition to its outplacement businesses to date.

Additionally, we are also expanding our engineer dispatching business, with Goodwill Engineering, Inc. dispatching engineers with high levels of skill in four fields: machinery, electronics & electricity, IT, and controls.

Q4 How were the market and business situations for the nursing care business for the fiscal year?

A Japan's population is rapidly aging, and consequently, the nursing care business is growing very quickly. In fiscal 2004, exactly five years after the creation of nursing-care insurance, payments were 5.5 trillion yen, and we expect this amount to exceed 20 trillion yen by 2015.

The Goodwill Group offers comprehensive nursing-care services, with a focus on the home nursing-care services offered by COMSN Inc., and including group homes, private nursing homes, and other institutional nursing care as well. Making use of television and other advertising, COMSN has achieved brand penetration on a nationwide scale. Public recognition exceeds 80%, bringing it head and shoulders alongside Japan's top companies. This has given the company an overwhelming advantage in differentiating itself from its rivals in both marketing and recruiting.

The most important things in nursing-care services are to provide the clients using these services with high-quality



services, as well as comfort and hospitality. Creating a sense of appreciation in our clients—feeling more cheerful and happier when a certain helper comes, and feeling that one is receiving compassionate service—will lead to both repeat business and new business through word of mouth.

During the fiscal year under review, we worked to increase our number of home-nursing facilities, while at the same time acquire new clients and expand our care staff.

COMSN's main method of opening new facilities is by splitting existing facilities. When a new facility opens, it acquires a certain number of clients, which become the basis for its business. Dividing up coverage into smaller

areas with facilities closely linked to their local communities makes it possible for active partnerships with local governments, hospitals, and other businesses, which makes it easier to receive client referrals. Additionally, we have a growing number of young staff, as epitomized by the fact that we were Japan's number-one hirers of new high-school graduates in fiscal 2004 and 2005. Our care staff is represented by a wide range of ages. This enables us to provide high-quality service, while at the same time enabling flexibility, such as providing nursing-care services on holidays and at night. Our clients are very happy with our services.

Q5 How have you responded to changes in the environment, such as revisions to the nursing-care insurance system?

A The main changes to nursing-care services created by the revisions to the nursing-care insurance system are as follows.

People classified under the old system as "in need of support," and some of those classified as "need of care level 1" were re-classified under the new system as "in need of support" level 1 or 2. The support for these persons in need of relatively lower levels of care was limited to such things as help with household chores, and further changed to a new "care and preventative services" allowance program including rehabilitation elements, such as strength training and instruction in nutritional improvement.

The categories themselves are different, and there is a new care and preventative services program being provided. Another point is that we already have a track record providing oral care. We have already conducted studies and research on providing instruction in nutritional improvement, strength training, and the like, and we have built up sufficient expertise and skills to provide these through our traditional nursing-care services. We are confident that the greater the demand for added value in nursing-care services, the more uniform the level of service will become, and the greater will be the relative advantage of COMSN, which is at a high level now. We have already begun looking into preventative home nursing and the like.

We also believe that the benefits of our involvement in institutional nursing care will be harnessed anew; our COMSN Home private nursing homes are introducing training machines in order to provide institutional strength training. The goal of this program is to make clients more active in their daily lives by improving the decreased mobility and strength that accompany advanced age. We are planning to introduce such programs into the six to eight new nursing facilities we will open each year. The ability to put appropriate services into practice while verifying their effectiveness is a major strength.

Additionally, future efforts by local governments to create small-scale, multifunctional home nursing programs and local support programs to train care workers are new markets for COMSN. We are aiming to contract such programs for local governments, leveraging the trust, brand power, expertise, human resources, and nationwide network of facilities we have cultivated to date.

Starting in October 2005, the co-payments for hotel costs (room and board costs) of public institutional nursing care facilities (special nursing-care homes and welfare facilities for the elderly) that have not been privatized will be greatly raised, reducing the gap in costs between public and private facilities.

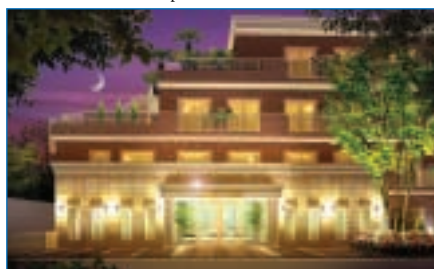
Q6 Please discuss the development of institutional nursing care.

A . . . There are currently statistics that show only 6% of elderly persons would prefer to be cared for by their families. A demand has surfaced for an independent way of living in one's later years, without being dependent upon one's family. In 1990, the Gold Plan was created as a measure for Japan's aging population. Over the years, the plan has been renamed, and its targets moved upward several times. The plan continued until 2004, undergoing continual revision. Starting in 2005, it was called the Post Gold Plan, and its focus shifted from public-sector to private-sector implementation, and toward facilities for the elderly. Over the past 15 years, facilities have been built with a cumulative capacity of



COMSN Garden Yoga no Mori

COMSN Garden Nanpeidai



nursing station and other medical facilities, a sports gym, and restaurant, these homes will offer a hotel-like lifestyle with the peace of mind of nursing and medical care. These will be luxury residences, with entry fees ranging between 50 million to more than 200 million yen, depending on residence type. It will open in Tokyo's Bajikoen, Setagaya in May 2006. Another will open in Tokyo's Kichijoji the following year.

Patients of institutional nursing care pay a large proportion of their fees out of pocket, and the impact of nursing-care insurance is low. For this reason, we believe that this will contribute greatly to stabilizing our management. Currently, revenue from institutional nursing care accounts for about 16% of COMSN's revenue, but as the number and types of facilities increase, we expect home nursing care and institutional nursing care to develop into two of our many sources of revenue.

Q7 Please tell us of our commitments for our 12th reporting year (year ending June 2006).

A . . . Our management strategy is to be the industry leader in all segments at all times, through overwhelming growth of business scale, and by strengthening our brand and offering high added value.

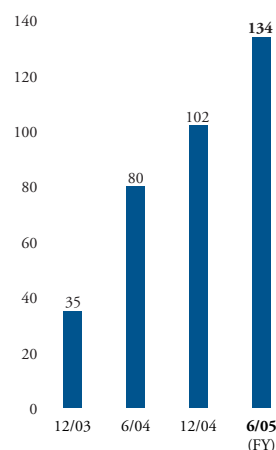
In order to increase the scale of our businesses, we are committed to putting the customer first at all times, and continually building a relationship of trust. We will also leverage our high level of service to attain quantitative growth. The Goodwill Group is in growth markets; we will expand our businesses with overwhelming growth.

We train our staff to never act incorrectly, and always choose the correct way. As this shows, our number-one priority for strengthening our brand is to never betray our trust. We are involved in a business that contributes to society to a high degree. Thus, we must and strive to build our brand, remaining aware of compliance and corporate governance in our management at all times.

In order to offer high added value, we will efficiently utilize our IT systems, effectively leveraging them for business management, as well as to build an environment to harness maximum performance. We will also build up and cultivate our business performance, motivation management, expertise, and skills.

In the future, we will move from the stage of initial investment we have practiced to date to that of collecting profits, in accordance with our stage of growth.

Trends in Numbers of Group Homes



Working to further build our networks and enhance our supply capabilities based on the largest database in the Japanese human-resource services industry.

The Goodwill, Inc. Results

(July 1, 2004 to June 30, 2005)

- **Revenue**

Revenue increased 31,587 billion yen to 83,944 billion yen.
(60.3% year-on-year increase)

- **Recurring Profit**

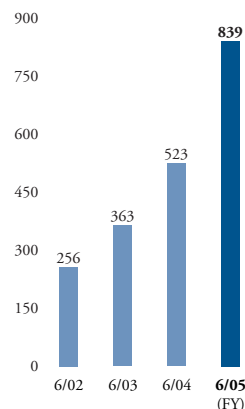
Recurring profit increased 1,450 billion yen to 5,773 billion yen.
(33.5% year-on-year increase)

- **Net Income**

Net income increased 743 million yen to 3,219 billion yen.
(30.0% year-on-year increase)

Note: In August 2004, The Goodwill Group, Inc. became a pure holding company, and The Goodwill, Inc. became its wholly owned subsidiary. For this reason, the results from the month of July were added for purposes of comparison.

Trends in Revenue by Goodwill (100 million yen)



Activities and Results

The environment in the human resources dispatching industry was favorable to us, with increasing awareness of dispatching and accelerated outsourcing as companies put more efficient management practices into effect. Future growth of the market is also expected, with the elimination of the ban on dispatching to the manufacturing sector in March 2004, and further deregulation predicted in the future.

In this environment, The Goodwill, Inc worked to further diversify its service menu as a comprehensive human resource outsourcing business, in order to better respond to customer needs. It also aggressively expanded its facilities in order to address burgeoning demand. As a result of expanding its network and supply capabilities during the fiscal year under review, as of end-June the total number of branches has increased by 365 from 500 in the previous year, to 865 branches total. The number of registered companies increased by 9,270, from 20,291 to 39,561.

Meanwhile, the number of registered staff increased by 470,000, from 1,380,000 in the previous fiscal year to 1,850,000. This made our database the largest in the human-resource services industry. Securing a larger number of human resources and companies is an advantageous condition in the human-resources business.

We also continued to enhance our publicity through television commercials and other means, with the goal of improving our brand image and increasing the efficacy of our marketing and recruiting. We also increased our level of trust through certification for the privacy logo.

Note that The Goodwill, Inc. was ordered by the Tokyo Labor Bureau to improve its operations, due to the dispatch of workers for construction work in conflict with the Worker Dispatch Law in some of its sales activities. We wish to sincerely apologize to our shareholders as well as everyone else involved with our company.

We have established a dedicated construction company specialized in construction as a wholly owned subsidiary of The Goodwill, Inc., and are meeting customer needs through a commitment to increasing our level of specialization and improving our level of service and compliance.

Outlook for the Coming Fiscal Year

Overall, the Japanese economy is showing signs of recovery, and amidst these circumstances, outsourcing in the human-resources outsourcing business continues to accelerate as a way to change personnel expenses from a fixed to a variable expense, a means by companies to manage their businesses more efficiently. We also expect corporate needs for dispatching to continue to grow.

Amidst these circumstances, we plan to shift into a stage of stable profit growth in the coming fiscal year, through a relative slowdown in the opening of new branches, due to the facts that we have build network capabilities through the massive opening of new branches during the fiscal year under review, and secured greater supply capacity through an increase in registered staff.

Principal Service Fields of Goodwill

Manufacturing

Production line assembly, inspection line, packaging

Warehouse

Warehouse work, full warehouse outsourcing

Moving/Office Relocation

General moving, office relocation

Driving Operation

Route delivery, lightweight freight delivery/long and mid-distance delivery, forklift

Filling-station Attendant

Refueling, car wash, campaign staff

Sales Promotion

Sampling, sales assistance

Marketing

Surveys, traffic volume research

IT-related Works

PC set-up, help desk operation, software development assistance, WEB program

Office Support

Administrative work, sales support

Sales Staff Dispatching

New client development, route sales, planning and proposal sales, dispatching of securities representatives, outbound calls

Amusement Facility

General services for pachinko parlors and amusement facilities

Stores

General services for distribution industry including sales personnel, cashiers, and back-lot work.

Food Business

Waiting services in izakaya bars and fast food restaurants, food preparation

Security

Escort, security, patrol

Medical

Doctors, nurses, pharmacists, medical administration
(dispatching to medical institutions with potential permanent hiring option)
clinical technologists, pharmacists, nurses, etc.
(dispatching to corporations with potential permanent hiring option)

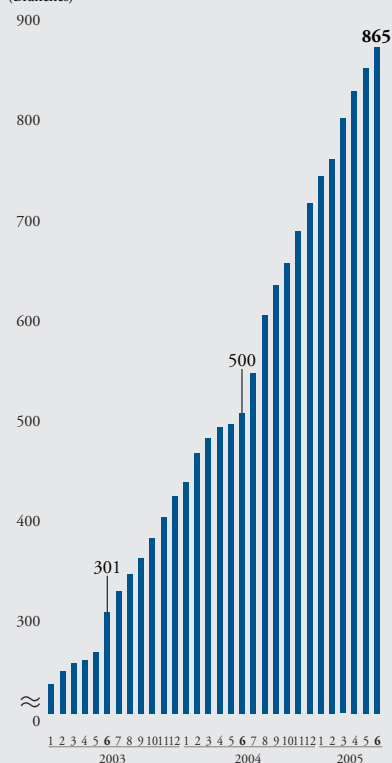
Others

Senior dispatching, female part timers, etc.

(As of June 30, 2005)

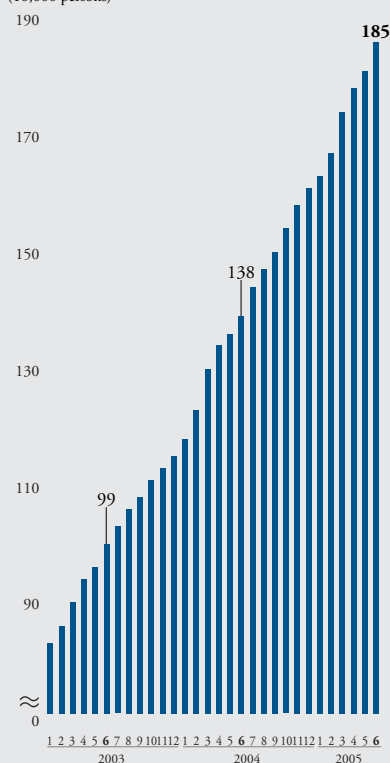
Number of Branches

(Branches)



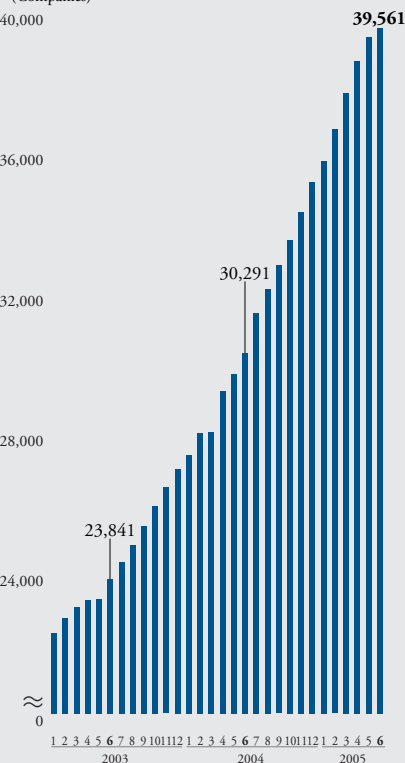
Number of Registered Staff

(10,000 persons)



Number of Registered Companies

(Companies)



We have the top number of home-nursing clients in Japan.

We continue to expand our service fields as the top company in nursing care.

COMSN, Inc. Results

(July 1, 2004 to June 30, 2005)

• Revenue

Revenue increased 14.408 billion yen to 50.911 billion yen.
(39.5% year-on-year increase)

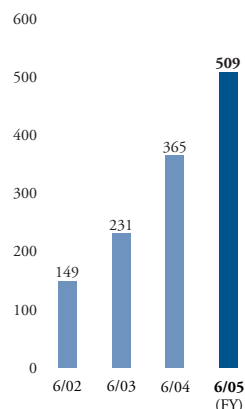
• Recurring Profit

Recurring profit decreased 221 million yen to 1,560 billion yen.
(12.4% year-on-year decrease)

• Net Income

Net income decreased 253 million yen to 1.158 billion yen.
(17.9% year-on-year decrease)

Trends in Revenue by COMSN (100 million yen)



Activities and Results

A full five years after the Nursing Care Insurance Law went into effect, the market for the nursing care business continues to grow. 3,000 public-sector organizations and 10,000 private-sector businesses are participating in the market, and competition is growing fierce.

Against the backdrop of this market environment, COMSN continued its efforts to increase its number of facilities from the previous year. As a result, as of end-June it has increased its number of facilities by 302, from 804 in the previous fiscal year to 1,106 this fiscal year.

Meanwhile, it increased its employees by 4,330 (of whom 1,700 were new graduates), from 17,496 in the previous fiscal year to 21,826 this fiscal year. Despite the fact that this is a difficult industry in which to secure human resources, COMSN was able to significantly increase its staffing. COMSN harnessed the high level of recognition and marketing capabilities through fomenting its brand, and as a result, its number of home-nursing clients rose to the highest in the industry in May 2005. COMSN has become a true leading company.

Client needs for institutional nursing care have also surfaced, and as of end-June, the company became the industry leader in number of elderly facilities, at 140. These facilities break down as follows: group homes increased by 54, from 80 in the previous fiscal year to 134, and nursing homes increased from 3 to 6. Both types of facility continue to maintain high occupancy rates, and profits from these facilities are expected to grow stably in the future.

This situation appears favorable for COMSN, with an expected future mismatch between supply and demand for nursing facilities, and hotel costs to be collected by public facilities starting October 2005, reducing the price gap with private-sector facilities.

Outlook for the Coming Fiscal Year

Demand for our nursing-care business is expected to grow strongly. COMSN is gradually changing its marketing style for both its home and institutional nursing-care businesses from B2B to B2C, and amidst these circumstances, COMSN boasts a strong brand, marketing capabilities, and benefits of scale. In the home nursing care business, the company will work to enhance its bottom line and secure profits by slowing down its forward investment in new branches, which it had continued to the present.

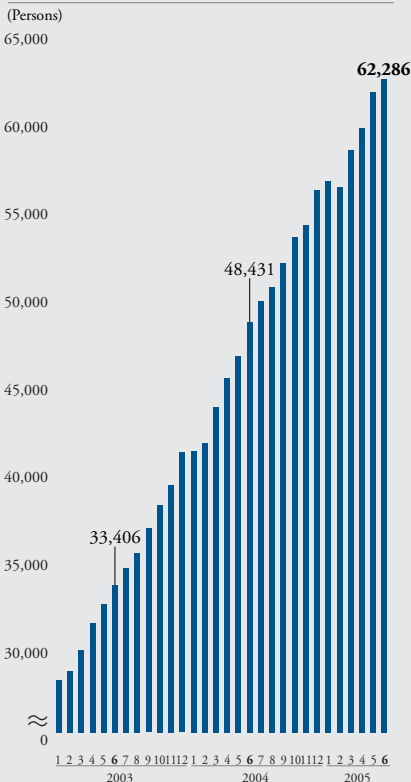
In the institutional nursing care business, the move from bearing the costs of forward investment to reaping profits is expected to contribute to stable profits.

Service Fields of COMSN

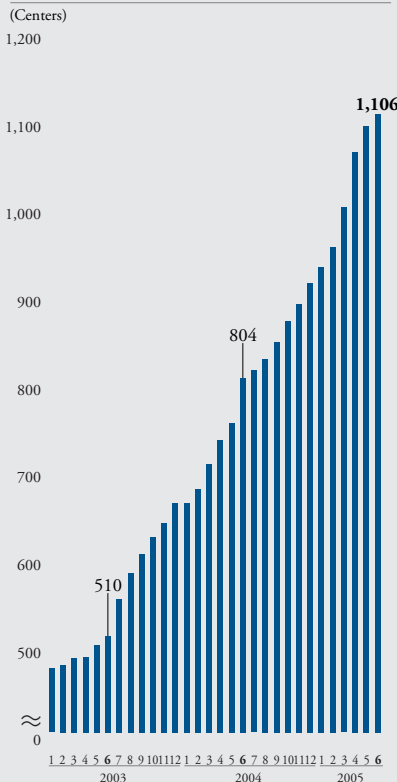


(As of June 30, 2005)

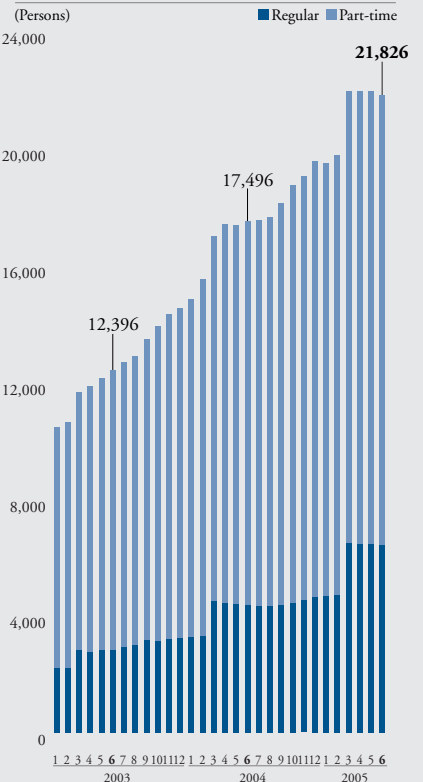
Number of Customers



Number of Care Centers



Number of Employees



Consolidated Financial Statements (Summarized Version)

Consolidated Balance Sheet

(In thousand yen, rounded off to thousands)

	FY 6/03 As of June 30, 2003	FY 6/04 As of June 30, 2004	FY 6/05 As of June 30, 2005
Assets			
Current assets	23,377,355	31,335,414	48,822,530
Fixed assets	15,108,368	57,331,152	76,636,604
Property plant and equipment	1,771,883	23,288,925	34,065,794
Intangible assets	9,145,231	28,596,077	32,791,278
Investments & other assets	4,191,253	5,446,150	9,779,531
Deferred assets	21	—	—
Total assets	38,485,745	88,666,567	125,459,134
Liabilities			
Current liabilities	19,889,436	26,464,344	39,254,040
Fixed liabilities	613,530	22,263,325	48,830,369
Total liabilities	20,502,966	48,727,670	88,084,410
Minority interest			
Minority interest	443,913	42,818	1,244,502
Shareholders' equity			
Common stock	13,674,660	14,118,990	14,118,990
Capital surplus	16,345,269	36,047,102	36,047,102
Retained Earnings	(12,497,870)	(10,314,800)	(10,151,863)
Unrealized holding loss on securities	20,245	52,489	1,498
Treasury stock	(3,439)	(7,703)	(3,885,504)
Total shareholders' equity	17,538,865	39,896,078	36,130,222
Total liabilities, minority interest & shareholders' equity	38,485,745	88,666,567	125,459,134

Consolidated Statement of Income

(In thousand yen, rounded off to thousands)

	FY 6/03 From July 1, 2002 To June 30, 2003	FY 6/04 From July 1, 2003 To June 30, 2004	FY 6/05 From July 1, 2004 To June 30, 2005
Turnover	62,272,920	93,042,107	142,157,037
Cost of sales	41,909,483	62,301,828	96,190,280
Gross profits	20,363,437	30,740,278	45,966,757
Selling, general & administrative expenses	15,391,604	24,766,210	40,345,332
Operating income	4,971,833	5,974,068	5,621,425
Non-operating income	110,144	136,223	300,108
Non-operating expenses	267,681	571,062	1,601,268
Recurring profit	4,814,296	5,539,229	4,320,265
Extraordinary gains	1,365,995	84,787	553,403
Extraordinary losses	1,388,244	458,027	411,536
Income before income taxes and other adjustments	4,792,047	5,165,989	4,462,132
Income taxes-current	2,129,920	2,429,367	3,192,457
Income taxes-deferred	(157,017)	(106,132)	(180,828)
Minority interest	271,032	137,788	(13,055)
Net income	2,548,112	2,704,966	1,463,558

Consolidated Balance Sheet Highlights

• Current Assets

Current assets increased by 17.487 billion yen to 48.822 billion yen (a 55.8% increase against the previous consolidated accounting year). This increase was due primarily to trade accounts and note receivable and accrued operation revenue increasing by 5.801 billion yen due to increased revenues and the like The Goodwill, Inc. and COMSN, Inc., as well as an increase in cash and cash equivalents of 9.241 billion yen due to the conversion of Hu-Management Japan Co., Ltd. and others.

• Fixed Assets

Fixed assets increased by 19.305 billion yen to 76.636 billion yen (a 33.7% increase against the previous consolidated accounting year). This increase was primarily due to COMSN's purchase of land and buildings for its institutional nursing care business and the like, and the consequent increase of land value by 24.457 billion yen, and buildings by 1.110 billion yen (construction in progress decreased by 14.992 billion yen), as well as mergers and acquisitions, which increased the consolidated adjustment account by 4.114 billion yen to 32.262 billion yen.

• Current Liabilities

Current liabilities increased by 12.789 billion yen to 39.254 billion yen (a 48.3% increase against the previous consolidated accounting year). This increase was primarily due to an increase in short-term debt by 4.678 billion yen, to 22.088 billion yen, and accrued amount payable due to increasing sales expenses consequent to growing sales increasing by 2.639 billion yen to 8.265 billion yen.

• Fixed Liabilities

Fixed liabilities increased by 26.567 billion yen to 48.830 billion yen (a 119.3% increase against the previous consolidated accounting year). This increase was primarily due to an increase in long-term debt by 26.160 billion yen to 47.560 billion yen, due to concentrated fundraising in order to make the Goodwill Group into a pure holding company, and financing the purchase of land for use by COMSN, Inc.'s institutional nursing care business.

• Shareholder's Equity

Shareholders' equity decreased by 3.765 billion yen to 36.130 billion yen (a 9.4% decrease against the previous consolidated accounting year). This was primarily due to the purchase of 3.877 billion yen in treasury stock.

Consolidated Statement of Income Highlights

• Operating Profit

Operating profit decreased by 352 million yen to 5.621 billion yen (a 5.9% decrease against the previous consolidated accounting period). This was primarily due to an increase in consolidated adjustment account depreciation by 15.579 billion yen due to bearing initial investment costs for the active forward investment in facilities and the like, and increase in selling, general and administrative expenses, despite an increase in gross profits by 15.226 billion yen due to increases in revenues.

• Net Income

Net income decreased by 1.241 billion yen to 1.463 billion yen (a 45.9% decrease against the previous consolidated accounting period). This was primarily due to the above-mentioned decrease in operating profits, as well as an increase in interest expenses by 741 million yen, to 1.158 billion yen, due to increased borrowings.

Consolidated Adjustment Account (Goodwill) Depreciation

Depreciation for the fiscal year was 1.428, due to making COMSN, Inc. a wholly owned subsidiary, and 248 million yen due to making Hu-Management Japan Co., Ltd. a subsidiary via TOB, as well as depreciation from subsidiaries created via M&A of 490,000 yen, for a total depreciation of 1.725 billion yen. Depreciation was 789 million yen in the previous fiscal year, representing a 936 million-yen increase this year.

Consolidated Statement of Retained Earnings

(In thousand yen, rounded off to thousands)

	FY 6/03 From July 1, 2002 To June 30, 2003	FY 6/04 From July 1, 2003 To June 30, 2004	FY 6/05 From July 1, 2004 To June 30, 2005
Capital surplus			
Beginning balance of capital surplus	16,345,269	16,345,269	36,047,102
Increase in capital surplus	—	19,701,833	—
Interim balance of capital surplus	16,345,269	36,047,102	36,047,102
Retained earnings			
Beginning balance of retained earnings	(14,692,647)	(12,497,870)	(10,314,800)
Increase in retained earnings	2,548,112	2,704,966	1,469,132
Decrease in retained earnings	353,335	521,896	1,306,195
Interim balance of retained earnings	(12,497,870)	(10,314,800)	(10,151,863)

Consolidated Cash Flow Statement

(In thousand yen, rounded off to thousands)

	FY 6/03 From July 1, 2002 To June 30, 2003	FY 6/04 From July 1, 2003 To June 30, 2004	FY 6/05 From July 1, 2004 To June 30, 2005
Net cash (used in) provided by operating activities	3,089,106	792,220	414,802
Net cash used in investing activities	(2,925,442)	(23,847,508)	(16,921,092)
Net cash provided by financing activities	4,855,852	24,945,134	25,413,328
Increase in cash & cash equivalents	5,019,516	1,889,846	8,907,038
Cash & cash equivalents at beginning of period	7,033,153	12,052,670	13,942,516
Increase in cash & cash equivalents			
through increase in consolidated subsidiaries	—	—	238,842
Increase in cash & cash equivalents			
through change in accounting term	—	—	99,385
Cash & cash equivalents at end of period	12,052,670	13,942,516	23,187,783

Consolidated Cash Flow Statement Highlights

Our cash and cash equivalents (“cash”) for the consolidated accounting period under review was 23.187 billion yen, representing a 9.245 billion yen increase against the previous period.

• Cash Flow from Operating Activities

Cash provided by operating activities came to 414 million yen (a 792 million-yen increase in capital against the previous period). This was primarily due to an overall reduction in the increase in capital against the previous period, due to an increased interest burden due to active capital investment for the institutional nursing care business and facilities, despite strong performance by The Goodwill, Inc. and COMSN, Inc.

• Cash Flow from Investing Activities

Cash used in investing activities came to 16.921 billion yen (a 23.847 million-yen decrease against the previous period). This was primarily due to construction and land acquisition for the institutional nursing care business of COMSN, Inc., and the increase in new subsidiaries through mergers and acquisitions.

• Cash Flow from Financing Activities

Cash provided by financing activities came to 25.413 billion yen (a 24.945 billion-yen increase in capital against the previous period). This was primarily due to financing obtained via loans in order to fund the acquisition of land and M&As described in investment activities, above.

Non-Consolidated Financial Statements (Summarized Version)

Non-consolidated Balance Sheet

(In thousand yen, rounded off to thousands)

	FY 6/03 As of June 30, 2003	FY 6/04 As of June 30, 2004	FY 6/05 As of June 30, 2005
Assets			
Current assets	12,951,541	17,298,023	5,792,294
Fixed assets	33,848,041	57,310,434	99,351,700
Property, plant and equipment	1,344,934	22,499,049	31,489,336
Intangible assets	252,595	172,938	14,652
Investments & other assets	32,250,511	34,638,447	67,847,711
Total assets	46,799,583	74,608,457	105,143,994
Liabilities			
Current liabilities	10,952,446	25,905,489	22,438,557
Fixed liabilities	390,286	10,661,626	49,684,623
Total liabilities	11,342,733	36,567,116	72,123,180
Shareholders' equity			
Common stock	13,674,660	14,118,990	14,118,990
Additional paid-in capital	16,345,269	16,503,783	16,503,783
Retained earnings	5,420,113	7,374,373	6,283,210
Unrealized holding loss on securities	20,245	51,897	334
Treasury stock	(3,439)	(7,703)	(3,885,504)
Total shareholders' equity	35,456,849	38,041,341	33,020,813
Total liabilities & shareholders' equity	46,799,583	74,608,457	105,143,994

Non-consolidated Statement of Income

(In thousand yen, rounded off to thousands)

	FY 6/03 From July 1, 2002 To June 30, 2003	FY 6/04 From July 1, 2003 To June 30, 2004	FY 6/05 From July 1, 2004 To June 30, 2005
Turnover	36,310,431	52,356,717	5,522,880
Operating profits	—	—	2,967,312
Cost of sales	24,139,083	34,484,969	3,640,129
Gross profits	12,171,348	17,871,748	(1,882,750)
Selling, general & administrative expenses	8,381,129	13,372,078	1,425,104
Operating expenses	—	—	2,340,081
Operating income	3,790,219	4,499,669	1,084,877
Non-operating income	155,028	235,102	215,042
Non-operating expenses	174,105	411,595	1,283,849
Recurring profit	3,771,141	4,323,176	16,070
Extraordinary gain	1,175,000	84,787	344,663
Extraordinary loss	1,225,776	61,704	98,922
Income before income taxes and other adjustment	3,720,365	4,346,259	261,811
Income taxes-current	1,870,000	1,975,000	76,234
Income taxes-deferred	(169,841)	(104,896)	80,198
Net income	2,020,206	2,476,156	105,378
Unappropriated retained earnings brought forward	3,535,875	5,175,354	6,648,369
Reversal of legal reserve of retained earnings	47,826	—	—
Interim dividends	184,761	277,137	470,537
Unappropriated retained earnings	5,419,148	7,374,373	6,283,210

Statement of Appropriation of Retained Earnings

(In thousand yen, rounded off to thousands)

	FY 6/03 September 10, 2003	FY 6/04 September 10, 2004	FY 6/05 September 9, 2005
Unappropriated retained earnings at end of term	5,419,148	7,374,373	6,283,210
Reversal of voluntary reserve	964	—	—
Appropriation of Retained Earnings	244,758	726,004	524,537
Dividends	184,758	636,004	464,537
Bonus paid to directors	60,000	90,000	60,000
(Bonus paid to auditors included)	(3,000)	(4,000)	(4,000)
Balance to be carried forward	5,175,354	6,648,369	5,758,672

(Note) Date is the day approved the general meeting of shareholders

Company Overview

Company Name	The Goodwill Group, Inc.
Address	Roppongi Hills Mori Tower 35F, Roppongi 6-10-1, Minato-ku, Tokyo
Representative	Masahiro Origuchi
Date Founded	February 1, 1995
Paid-in Capital	¥14,118,990,000
Business Description	Pure Holding Company
Employees	Regular: 89 (8,321 consolidated) Part-time*: 12 (18,730 consolidated)
Auditor	Chuo Aoyama Audit Corporation

* The number of part-time employees is the average over the fiscal year under review.

Directors and Auditors (As of September 9, 2005)

Chairman and CEO:	Masahiro Origuchi
President and COO:	Shinichiro Kawakami
Managing Director and CFO:	Akira Kanezaki
Director:	Kazuo Tsubota
Statutory Auditor:	Tadashi Minobe
Statutory Auditor:	Takao Suginoou
Auditor:	Nariaki Ishii
Auditor:	Yasuhiko Tanaka
Executive Officer:	Akifumi Jinno
Executive Officer:	Koichi Higuchi
Executive Officer:	Tatsuya Nishihara
Executive Officer:	Satoshi Aoyama
Executive Officer:	Hideaki Kawakami
Executive Officer:	Kazuaki Nakamoto
Executive Officer:	Yasufumi Irie
Executive Officer:	Mitsuhiro Hanata
Executive Officer:	Kazuo Osako
Executive Officer:	Takeo Isaji

Homepage

Overviews of quarterly results, business reports, and other financial information, as well as press releases, are posted on The Goodwill homepage. Please feel free to access our homepage at the following address:

www.goodwill.com/gwg/english/index.html



Note 1: Director Kazuo Kubota is an outside director appointed as per the Commercial Code, Article 188-2-7-2.

Note 2: Tadashi Minobe, Takao Suginoou, Nariaki Ishii, and Yasuhiko Tanaka are outside auditors appointed as per the Law Concerning Special Exceptions to the Commercial Code on Audit, etc. of Corporations, Article 18-1. After the revisions to the regulations in question, statutory auditor Tadashi Minobe became an outside auditor in accordance with Article 10 of the bylaws of the Law for the Partial Revision of Laws Relating to the Commercial Code and Auditors of Stock Companies, Etc. (law 149 of 2001).

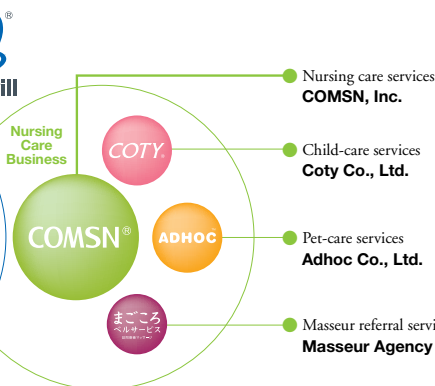
Note 3: Akifumi Jinno retired as managing director on July 31, 2004. He became a full-time director of The Goodwill, Inc., and was appointed executive officer of the company on August 1.

The Goodwill Group, Inc. Pure Holding Company

- Comprehensive HR service
The Goodwill, Inc.
- Staff placement
Goodwill Career, Inc.
- EAP counseling
Goodwill Foresight, Inc.
- Outplacement
Hu-Management Japan Co., Ltd.
- Engineer dispatch
Goodwill Engineering, Inc.
- Sales promotion
Soar, Inc.



- Nursing care services
COMSN, Inc.
- Child-care services
Coty Co., Ltd.
- Pet-care services
Adhoc Co., Ltd.
- Masseur referral services
Masseur Agency Center Co., Ltd.



(As of June 30, 2005)

Shares

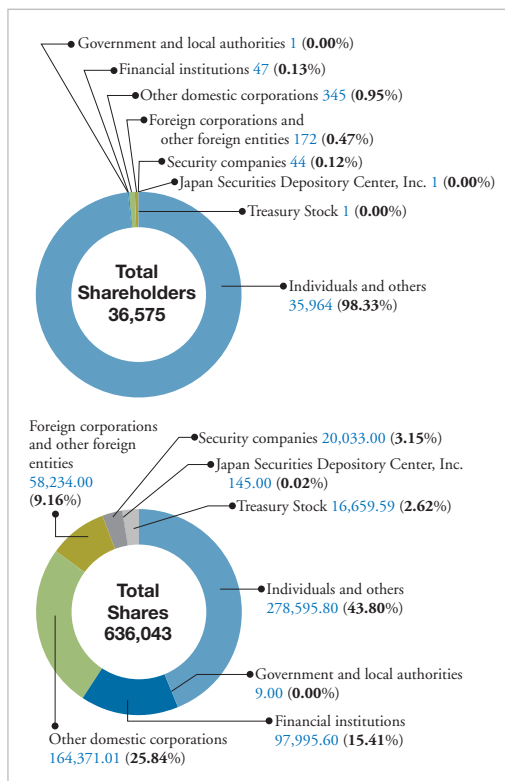
Total Issued Shares	2,100,000 shares
Shares Outstanding	636,043 shares
Total Shareholders	36,575

Leading Shareholders

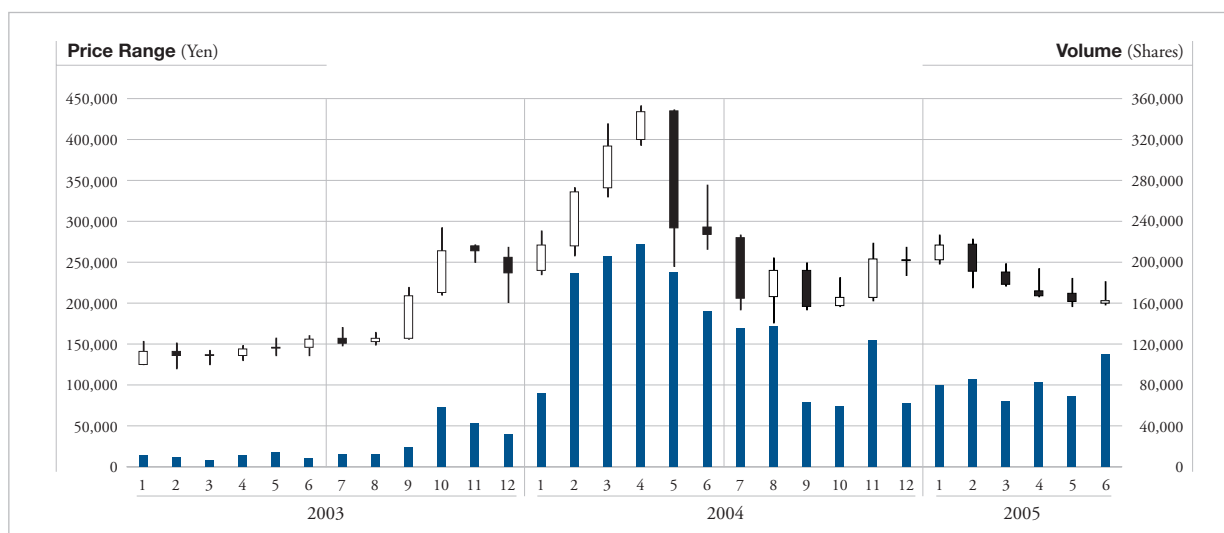
Shareholder	Shares	% of Voting Rights
Origuchi Soken Ltd.	84,240	13.24
Esfront, Ltd.	63,801	10.03
Masahiro Origuchi	32,160	5.05
Japan Trustee Services Bank, Ltd. (shares held in trust)	28,901	4.54
The Master Trust Bank of Japan, Ltd. (shares held in trust)	19,125	3.00
Morgan Stanley & Co. International Limited	7,781	1.22
World Nichiei Frontier Securities Co., Ltd.	6,200	0.97
Nippon Life Insurance Company (Special Pension Account)	5,944	0.93
Trust and Custody Service Bank, Ltd. (shares held in B trust)	5,501	0.86

Note: The company has 16,659.80 shares of treasury stock. However, as treasury stock has no voting right, the Company is excluded from the above leading shareholders.

Shareholders by Type



Share Price and Trading Volume



* Share price data has been adjusted retroactively to reflect the effect of stock splits.

Shareholder's Information

- **End of fiscal period**

June 30th

- **Annual general shareholder's meeting**

September

- **Reference date**

June 30th unless advertised in advance when necessary

- **Transfer agent**

The Chuo Mitsui Trust and Banking Co., Ltd.,
3-33-1 Shiba, Minato-ku, Tokyo

- **Place where transfer services are performed**

The Chuo Mitsui Trust and Banking Co., Ltd.,
Custody Service Department, 168-0063, 2-8-4 Izumi,
Suginami-ku, Tokyo

Tel. 03-3323-7111 (main number)

- **Places where shareholders may address transfer-related matters**

Nationwide branch offices of The Chuo Mitsui Trust and Banking Co., Ltd., and head quarters and nationwide branch offices of Japan Securities Agents, Ltd.

Company Credo

“Unyielding Start-Up Spirit”

10 Rules of The Goodwill Group

- Take the customer's perspective and provide unsurpassed satisfaction.
- Hold on to dreams and ambitions, and meet challenges head on.
- Glory waits on the other side of difficulty. Strive to overcome adversity.
- See the true nature of things. Don't be moved by the superficial.
- There is a cause, so there is a result. Make fair judgments.
- Take bold action. Defense is the first step toward defeat.
- Speed is strength, change is an opportunity.
- Have confidence, but also be humble and compassionate.
- Smile and have a positive attitude.
- Always do the right thing and make the right choice.

The COMSN Pledge

- We will protect the dignity and independence of as many elderly people as possible and remain strictly customer-oriented.
- We respect bright smiles, the loving hearts, and the feelings of appreciation.
- With the sense of service always in our minds, we conduct nursing care services from our hearts.
- We take responsibility in maintaining our customer's privacy.



Inquiries: Public Relations/ IR Division
Roppongi Hills Mori Tower 35F, Roppongi 6-10-1,
Minato-ku, Tokyo, 106-6135
Tel: 03-3405-9262/ 03-3405-9385 Fax: 03-3405-9448
Website: www.goodwill.com