

**Summary of 1st Quarter Financial and Operating Results for
Fiscal Year Ending June 2006 (Consolidated)**



October 27, 2005

Name of listed The Goodwill Group, Inc. (TSE listed securities Ticker No.: 4723)
 (URL <http://www.goodwill.com>)
 Representative Title Representative Director, Chairman and CEO
 Name Masahiro Origuchi
 Contact person: Title Managing Director and CFO
 Name Akira Kanazaki Tel: 03-3405-9228

1 Underlying Assumptions in Preparing Quarterly Result Summary

- (1) Use of simplified methods of accounting treatment: No
 (2) Change of accounting methods from the most recent consolidated financial year: No
 (3) Changes in the scope of consolidation and equity-method application: Yes
 Consolidation (new) 2 companies (excluded) - companies
 Equity-method (new) - companies (excluded) - companies

2 Summary of 1st Quarter Results for the Fiscal Year Ending June 2006 (July 1, 2005-September 30, 2005)
 Progress of Operating Results (consolidated)

(Unit: Rounded down to the nearest 1 million yen)

	Revenues		Gross Profits	
	MM Yen	%	MM Yen	%
1Q FYE June 2006	40,803	(29.1)	13,107	(25.5)
1Q FYE June 2005	31,603	(66.1)	10,447	(33.1)
(Reference) FYE June 2005	142,157	(52.8)	45,966	(49.5)

	Operating Profits		Recurring Profits	
	MM Yen	%	MM Yen	%
1Q FYE June 2006	1,307	(-14.0)	1,004	(-16.9)
1Q FYE June 2005	1,520	(21.4)	1,209	(0.3)
(Reference) FYE June 2005	5,621	(-5.9)	4,320	(-22.0)

(Note) Percentages under "revenues," "gross profits," "operating profits" and "recurring profits" represent rate of change from the same quarter the previous fiscal year.

3 Forecast on Financial Results for the Consolidated Fiscal Year Ending June 2006 (July 1, 2005-June 30, 2006)

	Revenue Forecast		Recurring Profits Forecast	
	MM Yen		MM Yen	
Mid-term	80,000		2,000	
Full year	180,000		6,500	

	Net Income Forecast		Earnings per Share Forecast	
	MM Yen		Yen	
Mid-term	500		807.25	
Full year	3,000		4,746.65	

[Qualitative information concerning the financial forecasts]

Results forecasts have not changed from the forecast published on August 23, 2005 in the "Summary of Consolidated Results for Fiscal Year Ending June 2005."

Note that the forecasts presented above are based on the information available on the date of publication. Actual results may differ significantly from forecasts due to a variety of factors.

4 Changes in Consolidated Financial Status

(Unit: Rounded down to the nearest 1 million yen)

	Total Assets		Shareholders' Equity		Equity Ratio	Shareholders' Equity per Share
	MM Yen	%	MM Yen	%	%	Yen
1Q FYE June 2006	161,557	(29.5)	35,629	(-9.8)	22.1	57,523 .55
1Q FYE June 2005	124,757	(163.2)	39,479	(121.3)	31.6	62,073 .96
(Reference) FYE June 2005	125,459	(41.5)	36,130	(-9.4)	28.8	58,235 .69

(Note) Percentages under "total assets" and "shareholders' equity" represent rate of change from the same quarter the previous year.

[Qualitative information concerning changes in consolidated financial status]

At the end of the current 1st quarter, the company had total assets of 161,557 million yen, an increase of 36,098 million yen from the end of the previous consolidated financial year. Shareholders' equity was 35,629 million yen, down 501 million yen from the end of the previous consolidated financial year.

The major change on the assets side was an increase of 35,100 million yen in current assets compared to the end of the previous consolidated financial year, resulting in current assets at the end of the quarter of 83,922 million yen. In addition, cash and cash equivalents increased by 29,157 million yen compared to the end of the previous consolidated financial year to reach 52,344 million yen, primarily due to fund-raising. Likewise, trade notes and accounts receivable increased by 3,028 million yen compared to the end of the previous consolidated financial year to reach 14,111 million yen at the end of the quarter.

On the liability side, fixed liabilities increased by 32,996 million yen compared to the end of the previous consolidated financial year to reach 81,826 million yen. This was primarily due to an increase of 25,000 million yen from the issue of a convertible bond on September 16, 2005 for the purpose of expanding and enhancing institutional nursing care services.

Attachments to Results Bulletin

Consolidated results for the 1st quarter of the fiscal year ending June 2006 show record-high revenues and gross profits.

(1) Highlights of 1st Quarter Consolidated Results

This 1st quarter: July 1, 2005-September 30, 2005 / Previous 1st quarter: July 1, 2004-September 30, 2004

(Unit: Rounded down to the nearest 1 million yen)

	This 1st quarter	Previous 1st quarter	Year-on-year increase (decrease)
Revenues	40,803	31,603	29.1%
Cost of sales	27,696	21,156	30.9%
Gross profits	13,107	10,447	25.5%
*1 Amortization of consolidated adjustment account	446	431	3.4%
Operating profits	1,307	1,520	-14.0%
*2 Interest expenses	297	260	14.2%
Recurring profits	1,004	1,209	-16.9%

*1 Increase in amortization of consolidated adjustment account

Increased by 14 million yen compared to the same quarter the previous year to reach 446 million yen.

<Breakdown> Amortization of consolidated adjustment account

COMSN, Inc.: 357 million yen

HU-MANAGEMENT JAPAN CO., LTD.: 72 million yen

Others: 17 million yen

*2 Increase in interest expenses

Increased by 36 million yen compared to the same quarter the previous year to reach 297 million yen.

The increase in interest expenses was primarily due to higher capital investments for the "COMSN Garden," luxury, resident-paid nursing homes, and "Barrington House," residential communities with health-care services, in the institutional nursing care services of COMSN, Inc.

The company's results for this 1st quarter (3-month period from July 1, 2005 to September 30, 2005) show consolidated revenues of 40,803 million yen, up 9,200 million yen compared to the same quarter the previous year and consolidated gross profits of 13,107 million yen, up 2,659 million yen compared to same quarter the previous year.

Recurring profits declined 204 million yen compared to the same quarter the previous year to reach 1,004 million yen. This was due to active expansion of both core businesses, including an ambitious new-location opening program. We are now in the recouping stage for those investments.

<Overview of the Quarter in Review>

The domestic economic environment was generally solid, particularly in manufacturing sectors, supported by strong performance in the US and Asian economies. However, the situation did not allow for over-optimism because of skyrocketing oil prices, volatile exchange rates and other factors for uncertainty.

Within this economic environment, the group expanded its human resources services, one of its core businesses, by offering corporate clients means of bringing more flexibility to their staffing and reducing their costs. More specifically, the company offers programs that enable staffing allocations to be changed flexibly on a day-to-day basis as work volumes change, thereby transforming personnel expenses from fixed to floating costs. From the worker's perspective, these programs enable workers to choose their hours and assignments without being bound to set schedules. Goodwill, Inc. also provides a unique daily cash payment service, which adds value from the worker's perspective and helps to accommodate different styles of working. Our IT systems have enormous databases of clients and registered staff that can be matched to both corporate and worker needs, and this has been one of the driving forces in the growth of our business. In particular, Goodwill, Inc. has achieved sustained, stable This quarter it had 898 offices around Japan, with 1.98 million registered staff and 42,614 registered companies, giving it a predominant position in this industry. (Note: This includes 42 offices, 40,000 registered staff and 9,941 companies transferred to a construction subsidiary.) Recent years have seen increasing liquidity in the labor force, which is serving to increase the public demand for the services offered by the Goodwill Group.

In our other core business of nursing and health care support services, the growing recognition and penetration of nursing care insurance is resulting in greater demand from customers for both home and institutional nursing care. Meanwhile, there are many entrants into the nursing care market and stiff competition for both home and institutional nursing care services. COMSN, Inc. is using its brand and marketing strengths to expand its business within this environment. In terms of networking power, the company had 1,131 visiting nursing care locations and 149 geriatric care facilities (142 group homes, 7 nursing homes) throughout Japan this quarter. It is also engaged in ongoing staff recruiting in order to continue to supply these services. In May 2005 (previous fiscal year), COMSN emerged as the top company in the nursing care services industry when measured in terms of customer numbers. The company is now moving to the stage where it can fully exploit its competitive

In the human resources business, the group is developing a full lineup of services to meet all of its customers' needs, rebuilding its business model around the core focuses of personnel referrals, reemployment support services and employee counseling services. It is at the startup-investment stage in all of these businesses. As a result of these efforts and programs, the group recorded consolidated first-quarter revenues of 40,803 million yen, 9,200 million yen over the same quarter the previous year. Recurring profits declined by 204 million yen compared to the same quarter the previous year, coming in at 1,004 million yen.

(Reference)

1 Breakdown of Quarterly Consolidated Revenues by Segment

(Unit: Rounded down to the nearest 1,000 yen)

Product/service		Term	1Q FYE June 2006	1Q FYE June 2005	Year-on-year increase (decrease)
			(From July 1, 2005 To September 30, 2005)	(From July 1, 2004 To September 30, 2004)	
Segment	Human resources dispatching business		24,899,983	18,660,231	33.4%
	Human resources business		691,566	1,072,159	-35.5%
	Nursing and health care support business		14,965,720	11,688,134	28.0%
	Other businesses		246,522	182,623	35.0%
Total			40,803,792	31,603,148	29.1%

Notes: 1. The amounts above do not include consumption tax etc.

2. Not presented because the staffing numbers and periods etc. for the operations of the group fluctuate widely and do not lend themselves to numerical presentation.

3. Business categories are the categories employed for internal management purposes. The amounts above have been adjusted for internal revenues and transfers between segments.

There have been no changes in business segmentation since the mid-term consolidated accounts for FYE June 2005. Categories for the previous-year quarterly figures have been adjusted to the current categories in order to facilitate year-on-year comparisons.

4. Revenue figures are unaudited.

2 Overview of Operations in Specific Segments

(Human resources dispatching business)

The human resources dispatching business is increasing its momentum thanks to higher public recognition for staffing services and effective utilization of outsourcing on the corporate side as a means of providing efficient management support.

Within this context, the company is working actively to expand its locations at a nationwide level so as to better serve the demands of its clients. It is successfully sustaining and stabilizing the qualitative and quantitative expansion of both its service volumes and service levels, which are already predominant in the domestic market. In addition, it is developing a "full lineup" of services in this area by adding, for example, engineering and senior referrals.

As a result, the human resources business generated revenues of 24,899 million yen during the quarter, up 6,239 million

(Human resources business)

The human resources business has benefited from the impact of the economic upturn, which has increased corporate demand for talented staff and, together with the introduction of early retirement systems and other innovations, has accelerated the liquidation of staff. Within this environment, personnel referral services are performing solidly thanks to high demand from both the corporate and the worker sides. The demand for reemployment support services has declined because corporate restructuring programs have largely subsided. The core business for the counseling services unit is employee assistance programs (EAP), and demand is solid for programs to deal with depression and employee stress, increasingly visible problems in Japan in recent years, and also to improve productivity.

As a result, the human resources business generated revenues of 691 million yen during the quarter, down 380 million yen compared to the same quarter the previous year.

(Nursing and health care support business)

In light of the growing needs for home and institutional nursing care services, we will continue to expand locations and customers in this area, utilizing the brand and marketing strengths of COMSN, Inc., one of our core businesses.

While the company emerged in May 2005 (previous fiscal year) as the top firm in the industry when measured in terms of customer numbers, management policies call for a renewed emphasis on institutional nursing care, and convertible bonds were issued for the purpose of securing the funding and operating capital required to develop the "COMSN Garden," luxury, resident-paid nursing homes, and "Barrington House," residential communities with health-care services. We anticipate further expansions in the demand for nursing care services and consider the maintenance and enhancement of service supply capacities to be one of our top-priority issues. We are addressing this issue by hiring and training more home helpers and we are also developing a wider lineup of customer services (home bathing services, welfare equipment sales and rentals, home dental support services, nursing care taxis, etc.) that will generate new synergies.

As a result, the nursing and health care support business generated revenues of 14,965 million yen during the quarter, up 3,277 million yen compared to the same quarter the previous year.

(Other businesses)

In other businesses, the child day care services market is poised for expansion as more women join the workforce, the infrastructure is put in place to assist with child-rearing, and demand for day care services rises.

In the pet services market, recent scientific studies on the health benefits of pets have resulted in substantial increases in the rates of singles and senior citizens keeping pets, and this market is expected to continue to expand in the future.

As a result of these programs and efforts, other businesses generated revenues of 246 million yen, up 63 million yen compared to the same quarter the previous year.

2 Consolidated Profit/Loss Statement for the First Quarter (Summary)

(Unit: Rounded down to the nearest 1,000 yen)

Account \ Term	1Q FYE June 2006 (From July 1, 2005 To September 30, 2005) (A)		1Q FYE June 2005 (From July 1, 2004 To September 30, 2004) (B)		Year-on-year increase (decrease)	
	Amount	Percentage	Amount	Percentage	Amount (A)-(B)	Year-on-year increase (decrease)
Revenues	40,803,792	100.0%	31,603,148	100.0%	9,200,643	29.1%
Cost of sales	27,696,711	67.9%	21,156,014	67.0%	6,540,697	30.9%
[Gross profits]	13,107,080	32.1%	10,447,134	33.0%	2,659,946	25.5%
Selling and general administrative expenses	11,799,493	28.9%	8,926,228	28.2%	2,873,264	32.1%
(Of which, amortization of consolidated adjustment account)	(446,132)	(1.0%)	(431,352)	(1.3%)	(14,779)	(3.4%)
[Operating profits]	1,307,587	3.2%	1,520,905	4.8%	-213,317	-14.0%
Non-operating profits						
Interest income	2,553	0.0%	2,539	0.0%	14	0.5%
Others	104,615	0.2%	60,092	0.1%	44,522	74.0%
Non-operating expenses						
Interest expenses						
discount fees	297,488	0.7%	260,591	0.8%	36,896	14.2%
Others	112,565	0.2%	113,942	0.3%	-1,377	-1.2%
[Recurring profits]	1,004,703	2.5%	1,209,003	3.8%	-204,300	-16.9%

- (Notes) 1. The profit/loss statements above omit entries for items below "extraordinary profit or loss."
2. Year-on-year increase (decrease) calculated with the following formula.

$$\text{Year-on-year increase (decrease)} = \frac{(\text{A}) \text{ This 1st quarter} - (\text{B}) \text{ Previous 1st quarter}}{(\text{B}) \text{ Previous 1st quarter}} \times 100$$

3. The figures above are unaudited.

3 Consolidated Balance Sheet for the First Quarter (Summary)

(Unit: Rounded down to the nearest 1,000 yen)

Term Account	1Q FYE June 2006 As at September 30, 2005 (A)		1Q FYE June 2005 As at September 30, 2004 (B)		Year-on-year increase (decrease)	
	Amount	Percentage	Amount	Percentage	Amount (A)-(B)	Year-on-year increase (decrease)
Current assets	83,922,646	52.0%	57,798,950	46.3%	26,123,696	45.2%
Fixed assets						
Tangible fixed assets	34,295,979	21.2%	27,590,938	22.1%	6,705,041	24.3%
Intangible fixed assets	32,394,849	20.0%	33,321,627	26.7%	-926,778	-2.8%
Investments and other assets	10,944,226	6.8%	6,046,296	4.9%	4,897,930	81.0%
Deferred assets	-	-	-	-	-	-
Total assets	161,557,701	100.0%	124,757,813	100.0%	36,799,888	29.5%
Liquid liabilities	42,855,078	26.5%	49,552,628	39.7%	-6,697,550	-13.5%
Fixed liabilities	81,826,796	50.6%	33,898,052	27.2%	47,928,744	141.4%
Minority shareholder equity	1,246,690	0.8%	1,827,895	1.5%	-581,205	-31.8%
Total capital	35,629,136	22.1%	39,479,237	31.6%	-3,850,101	-9.8%
Total liabilities, minority shareholder equity and capital	161,557,701	100.0%	124,757,813	100.0%	36,799,888	29.5%

(Notes) 1. The figures above are unaudited.

2. Year-on-year increase (decrease) calculated with the following formula.

$$\text{Year-on-year increase (decrease)} = \frac{(\text{A}) \text{ This 1st quarter} - (\text{B}) \text{ Previous 1st quarter}}{(\text{B}) \text{ Previous 1st quarter}} \times 100$$