

Comsn achieves profitability in April; Increase of approximately 17 billion yen in capital

Comsn, since the introduction last year of the nursing care insurance system, has experienced three stages of growth: the marketing stage; the restructuring stage; and the business expansion stage, and is now able to announce profits for April. (Ordinary profit of 15 million yen) The continuity rate of service recipients in the nursing care sector is high, and servicing periods range from several months to several years. Based on this background, Comsn expects continued profitability in the future.

The Goodwill Group will use this turning point as an opportunity to resolve Comsn's excessive debts by converting the approximately 17 billion yen in loans to stock.

Comsn had approximately 14.6 billion yen in excessive debt as of end February 2001. This is due to the aggressive initial investing conducted in order to establish a firm standing in the nursing care industry. Amortizing of excessive leases and assets (cars, copying machines, telephones) caused by company restructuring up to March 2001 will amount to approximately 1.2 billion yen. (*These leases and assets are now in safekeeping and will be utilized in future business expansions, where they will not be listed as expenses on earning statements.) Along with amortization of all leases and assets, Comsn experienced extraordinary losses resulting from restructuring in March (approximately 500 million yen), loss from sale of subsidiary company stock (approximately 200 million yen), and ordinary losses in March. This, combined with corporate income tax, totaled an excess of debt of approximately 16.8 million yen as of end March 2001. Meanwhile, Goodwill has loaned Comsn approximately 17 billion yen, and after conversion into stock Comsn's excess debts will be eliminated completely.

This will increase the number of stocks issued by Comsn by only around 23%. For the capital increase by private placement in March 2000, 25,000 yen was allotted for face value of 500 yen. (These shares were accepted **by major life insurance companies, a telecommunication firm, financial service companies, venture capital firms, and others.**) As 50 times the face value of stock will be allocated for the current capital increase by Goodwill, the number of issued stock is increased by only around 23%. Common is an unlisted company, and the total market value of shares already issued is approximately 72.8 billion yen. With approximately 17 billion yen of further capital increase, total market value amounts to approximately 89.7 billion yen.

Meanwhile, Goodwill's holdings are increased from around 66% to around 73%. This is regarded as an appropriate rate for a parent company. The loan from Goodwill is funded by the approximately 17 billion yen raised from public offerings of stock and has no impact on Goodwill's cash flow. As the population of senior citizens is expected to rise steadily until 2050, the elderly nursing care service market will definitely continue expanding, and Comsn is determined to play a leading role. With a stable financial base for Comsn, the corporate value of Goodwill Group as a whole will be improved.

Approximately 1.9 billion yen will be allocated to cover Comsn's extraordinary losses this March, and approximately 60 million yen to increase capital stock in June. Comsn will have a deficit of approximately 8.3 billion yen (after tax) for this fiscal year, and Goodwill Group's consolidated account will have a deficit of approximately 7.7 billion yen after tax. Comsn will, however, be able to completely delete past debts, and this will allow new opportunities as it continues to expand. Comsn has, for example, increased its recurring profit estimate by 60% for the next fiscal year (from an initial estimate of 500 million yen to 800 million yen), and doubled profit estimate for this fiscal year (from an initial estimate of 300 million yen to 600 million yen).

The Goodwill Group has enjoyed stable growth in the past, and combined with Comsn, which is in a market with vast growth potential, it is expected to become a highly profitable enterprise with continuous profit growth. The fundamental footing for stable and accelerated growth has been set, and the Group will continue to place utmost importance on increasing share value.