



NICHII GAKKAN

To our shareholders

Introduction to our web site

At our group web site, you can view the latest information related to company profile, service facilities, business guides, IR, and recruitment, and enjoy on-line shopping for food delivery services, or search through and apply for various training courses. In particular, the top message, financial highlights, and IR library are available for shareholders and investors.

Company Profile

Registered name: Nichii Gakkan Company
 Location: 2-9 Kanda-Surugadai, Chiyoda-ku, Tokyo, 101-8688 Japan
 TEL: +81-3-3291-2121 (Rep.),
 TEL: +81-3-3291-3954 (Public & Investor relations)
 Established: August, 1973
 Number of employees: 5,585 (Consolidated), 5,204 (Non-consolidated)
 Offices: 10 branch offices and 98 branch shops,
 17 sales offices and 887 Iris care centers.

Stock Information

Total number of shares authorized to be issued:	110,000,000
Total issued and outstanding shares:	36,508,976
Capital:	11,933,790,500 yen
Number of shareholders:	21,982

Revision of medical and long-term care insurance system for FY 2006

Nichii Gakkan group services are so closely related to the country's social security system that periodic revisions of the system or service fees may largely affect the operating results and service operations.

The revision of the long-term care insurance system and the revision of medical service fees and long-term care benefits were concurrently conducted in April 2006. We consider these revisions to offer new business opportunities and challenge to new services including "preventive care service."

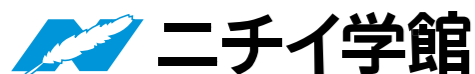
► Our Future Mission

As the No. 1 company in medical support services and home care services, we will earnestly promote cooperation between Medical and Long-term care in the future.

From now on in Japan, patients cannot remain in a hospital for extended periods, and then patients are required to recover at home. As liaison for patients, we will cooperate with hospitals to formulate a plan for the patients leaving the hospital to receive home care, and assume an important role in facilitating cooperation between Medical and Long-term care, providing high-quality services that satisfy customer needs. We will aggressively promote preventive care services to support the aged.



CORPORATE BROCHURE



Nichii Gakkan Company
 Location: 2-9 Kanda-Surugadai, Chiyoda-ku, Tokyo, 101-8688 Japan
 TEL: 03-3291-2121 (Rep.), 03-3291-3954 (Public & Investor relations)
<http://www.nichiigakkan.co.jp/>

Forward-looking Statements

Business forecasts and future outlook-related matters stated here are based on currently available information. Please note, however, that actual results may differ from these forecasts due to various factors.

Business Creed

Sincerity, Pride, and Passion



Nichii Gakkan, since our foundation in 1968, has marketed medical support business centered on medical practice services, and constructed a consistent and original “Train and Employ” business model as our guide in expanding our business.

We started long-term care services in 1996 and have achieved rapid sales growth since the long-term care insurance system began in 2000.

Japan is becoming a quickly aging society. It is assumed that one out of every three Japanese will be aged, and the medical costs for the elderly and long-term care benefits will reach 30 trillion yen and 19 trillion yen respectively, during the period from 2025 through 2030.

To respond to such a social environment promptly and adequately and build a solid business structure capable of achieving dynamic growth, the Nichii Gakkan group is striving to work for the expansion and enhancement of our services, revitalizing the organization and fortifying management, and achieving efficient operation and concentration of management resources by reconstructing the group.

As a leading medical and welfare company, we will strive to be a continuously growing company capable of contributing to a healthy and rich living environment for our aging society.

Chairman and representative director
Akihiko Terada

Management Principles

We think of “Sincerity” as a creed for social participation, recognize the social mission of our company business, work with pride, approach unlimited future possibilities with youthful passion, and dedicate ourselves to the enhancement of human life through development of our company business.



The Nichii Gakkan group works as a leading medical and welfare company in the rapidly changing social environment in Japan. To continuously promote business growth for the next ten years, we will work to maximize corporate value with three new business strategies.

The first is our “Organizational Strategy.” To construct an organizational form suitable to the changing business field and improve profits, we actively work to restructure the group and build a solid group foundation.

The second is our “Human Resources Strategy.” Stabilizing human resource provision by systematically securing of training course-Completed trainees upgrading individual skills through our career-enhancement system, and providing high-value added services, will enhance the competitive business power of our group.

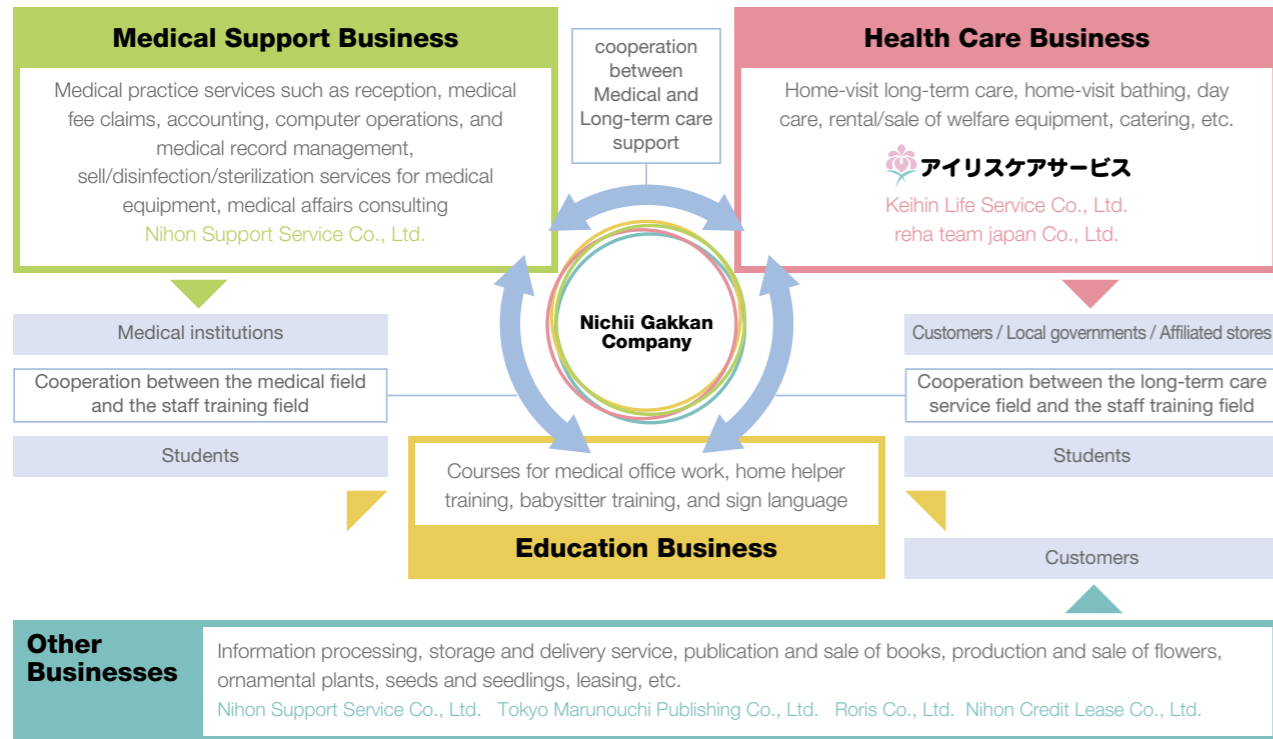
The third is our “IT Strategy.” We will construct a knowledge management system capable of promptly sharing management and market information to fortify customer acquisition, improve productivity, and develop new products.

These new business strategies, I believe, help the medical support services, long-term care services, and education services produced by the Nichii Gakkan group, advance the group synergy, and provide strong business power and growth capability.

We will continue to contribute to society as a valuable company, responsible for supporting Japan and making efforts to gain the trust of and meet the expectations of our stakeholders.

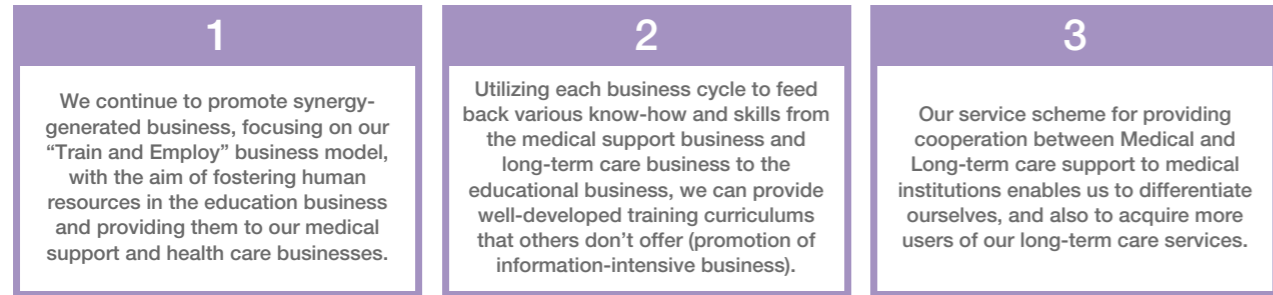
President and Representative Director
Takashi Mori

Business Domain



Our Group's Advantages

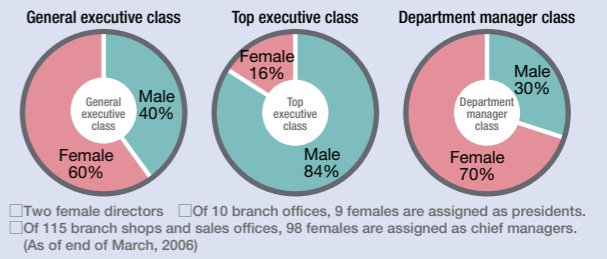
Synergetic effects generated from medical services, long-term care services, and education services



CSR Activities

Approach to employees

- Approach to utilization of female employees
Proportion of youth executives is high.
- Active appointment of youth executives
- Provision of school-event holidays
Provision of three school-event holidays annually for employees who have elementary-school children.



Social contribution activities

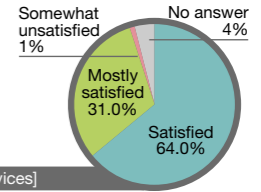
Acceptance of junior high school students of Chiyoda-ku area for internship at one of our care facilities (Tokyo) (July through August 2005)



By providing practical training opportunities at care facilities to junior high school students, we help them improve their communication abilities and understand the value of the elderly.

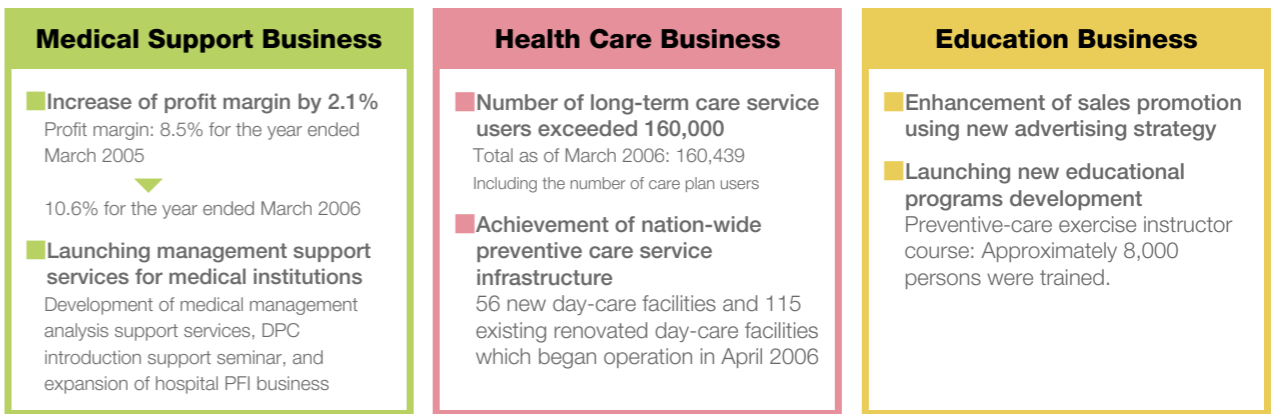
Customer satisfaction survey

Since 2001, an anonymous survey has been conducted annually by selecting 30% of the users for each service from among our home-care service users using a random-sampling method. The survey results are disclosed on our web site and are fed back to the on-site care service staff, so as to improve service quality and help solve problems.

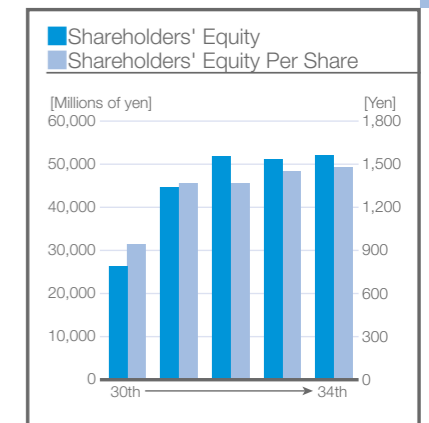
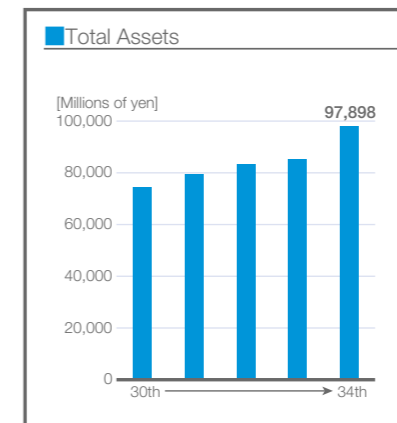
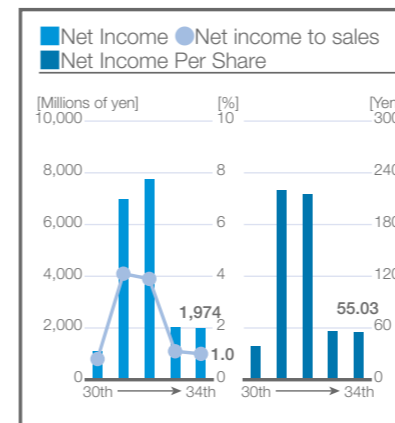
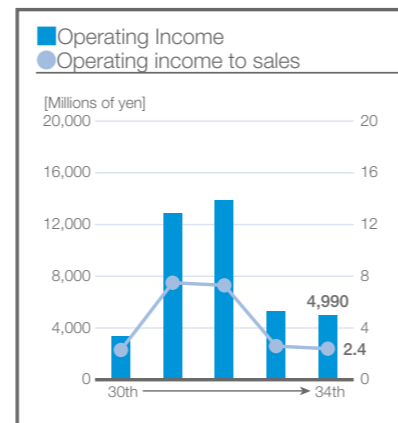
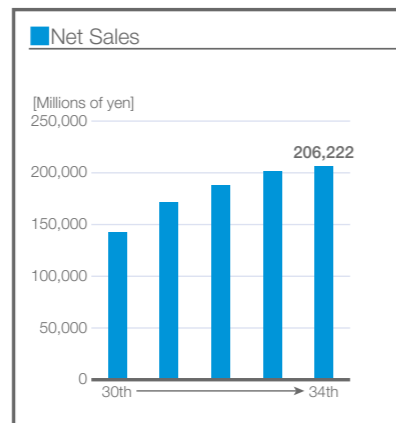


Results of the 2005 survey [For all services]

Business activity points for the year ended March 2006



FINANCIAL HIGHLIGHT



Mid- to Long-term Strategies for Our Group

1 Organizational Strategy Aimed at Strong Enterprise Power

Fiscal years 2003 through 2005

Restructuring the Nichii Group

Realizing organizational form best-suited to business field surrounding Nichii Group

Organizational strategy for Nichii Gakkan (Parent company)

Fortifying headquarter management system / Strengthening the management system by restructuring branch offices and branch shops / Organizational expansion by restructuring the sales system / 3 outside auditors were selected to fortify the internal audit division

Respective business operation strategies

Launch "business improvement projects" for each business to shorten the distance between on-site staff and management teams, and establish a scheme to promptly address various on-site problems

Other strategies

Brand strategy: Constructing brand concepts

IT strategy: Utilization of managerial information resources by launching and promoting the "IT Project."

Human resources and organization: Accumulation and enhancement of corporate culture, and recruitment of younger staff.

FY 2006 (Current year) or later

Organizational strategy

Respective business organizational strategies

► "Business improvement projects" for each business to shorten the distance between on-site staff and management teams, shifted into the second stage.

Human resources strategy

Aggressively invest in human resources and establish a sustainable business growth model for the future

► Improving career-enhancement system and promoting full-fledged employee recruitment system

IT strategy

Goes into full-scale operation in FY 2008 in cooperation with consulting company.

► Full-scale utilization of management information, intensification of customer acquisition power, productivity improvement, new product development, and others.

2 Respective Business Strategies

Medical Support Business

Provision of high value added solution by shifting from labor-intensive to knowledge-intensive business

Health Care Business

Expansion of market size / Expansion of service providers / Expansion of insurance-uncovered service menus and volume on a basis of long-term care insurance service

Education Business

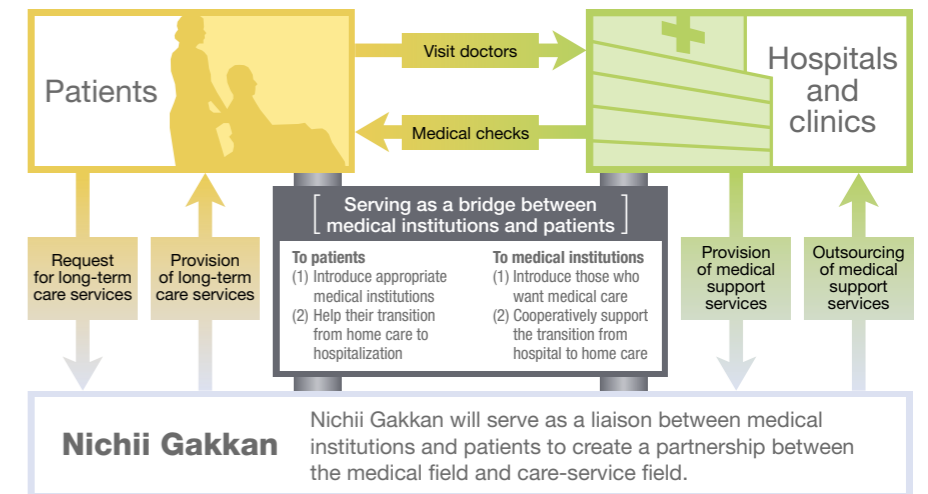
Generate company brand-name awareness, develop and extend training courses suited to customer needs, aiming to produce high-profit services

Aiming to attain 300 billion yen in company-wide consolidated sales by fiscal year 2010

Scheme for strengthening the partnership between the medical and long-term care fields

In Japan, with the rapid aging of society, fundamental reforms are being advanced, in order to construct a sustainable social security system. In particular, this requires the reduction of prolonged hospital stays, with a shift into a home-care-centered lifestyle, so that it is urgent to strengthen the cooperation between the medical and long-term care fields.

Utilizing our close relationships with various medical institutions across the country, gained through our provision of medical support services, we can serve as a liaison to help patients transition from hospitalization to home care, and promote the service scheme construction.

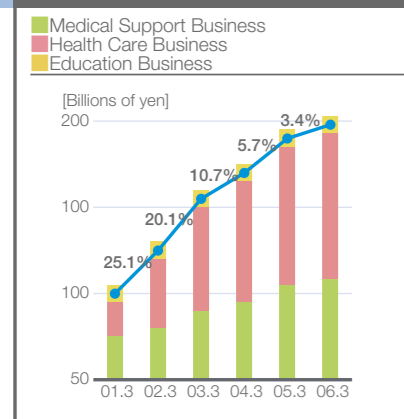


Brand strategy

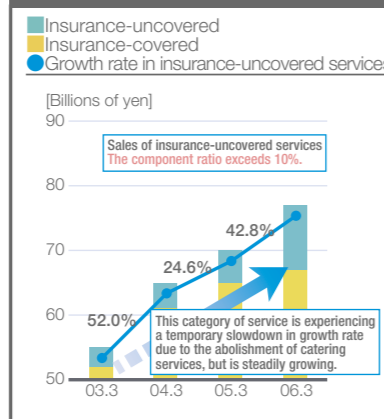
We started a new advertising strategy with various interlinked media in the middle of June 2006. By appealing to the public with a united image, we work to raise awareness of our company and enhance the respective sales promotion activities. We will develop new training courses that meet customer needs and provide well-developed training curriculums to increase the sales of our educational services.



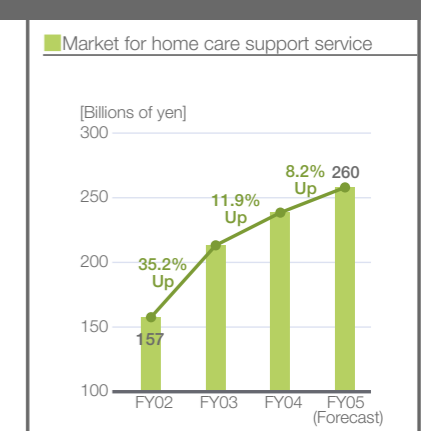
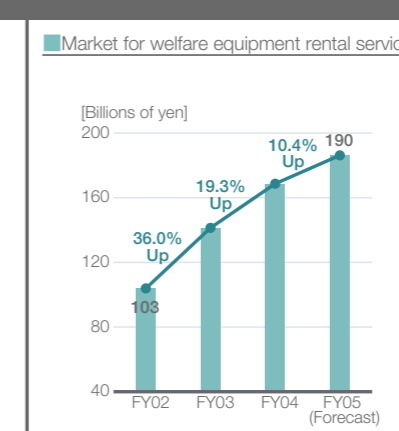
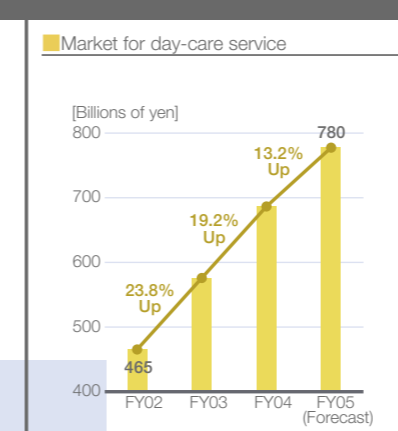
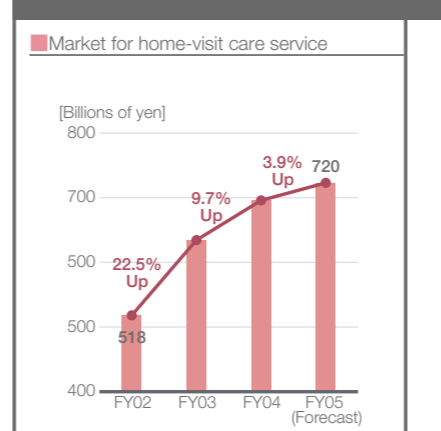
Changes in Sales and Growth Rate for Each Business



Expanding Healthcare Insurance-uncovered Services



Sales of insurance-uncovered services



Source: Health, Labour and Welfare Ministry database