

# NICHII GAKKAN COMPANY 【9792】

Financial Results Briefing Document  
for the year ended March 2005

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May 27, 2005



<http://www.nichiigakkan.co.jp>

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All the profit targets and other future data including the number of contracts, number of users and goals contained in this document are forecasts based on the information that Nichii Group has a grasp of at present. Such information is subject to influence of uncertain factors such as economic circumstances, relaxation of regulations and employment conditions. Please understand, therefore, that actual outcome of business performance and other achievements such as the number of contracts and number of users may be substantially different from the forecast.

# 1. Income Statement for Account Settlement

# Income Statement (Consolidated)

## Consolidated

(Millions of Yen)

	FY Mar. 2004				FY Mar. 2005					FY Mar. 2006 (Forecast)			
	Half-year		Full-year		Half-year		Full-year (Forecast)	Full-year (Result)		Half-year		Full-year	
	Amount	Change	Amount	Change	Amount	Change	Amount	Amount	Change	Amount	Change	Amount	Change
Net Sales	94,085	13.8%	189,987	10.9%	99,927	6.2%	203,000	<b>201,590</b>	6.1%	106,900	7.0%	223,700	11.0%
Operating Income	6,645	19.7%	13,869	7.4%	2,057	▲69.0%	5,730	<b>5,284</b>	▲61.9%	3,600	75.0%	11,080	109.7%
%	7.1%		7.3%		2.1%		2.8%	<b>2.6%</b>		3.4%		5.0%	
Ordinary Income	6,748	23.1%	14,045	9.0%	2,165	▲67.9%	5,960	<b>5,472</b>	▲61.0%	3,680	70.0%	11,230	105.2%
%	7.2%		7.4%		2.2%		2.9%	<b>2.7%</b>		3.4%		5.0%	
Net Income	3,670	25.3%	7,762	11.1%	347	▲90.5%	2,620	<b>2,029</b>	▲73.9%	1,900	447.6%	6,230	207.0%
%	3.9%		4.1%		0.3%		1.3%	<b>1.0%</b>		1.8%		2.8%	

# Income Statement (Non-consolidated)

## Non-consolidated

(Millions of Yen)

	FY Mar. 2004				FY Mar. 2005					FY Mar. 2006 (Forecast)			
	Half-year		Full-year		Half-year		Full-year (Forecast)	Full-year (Result)		Half-year		Full-year	
	Amount	Change	Amount	Change	Amount	Change	Amount	Amount	Change	Amount	Change	Amount	Change
Net Sales	89,532	13.4%	180,608	11.0%	95,189	6.3%	192,100	<b>190,638</b>	5.6%	101,000	6.1%	211,500	10.9%
Operating Income	6,551	17.8%	13,510	5.9%	3,045	▲53.5%	6,840	<b>6,188</b>	▲54.2%	3,570	17.2%	10,670	72.4%
%	7.3%		7.5%		3.2%		3.6%	<b>3.2%</b>		3.5%		5.0%	
Ordinary Income	6,681	21.1%	13,764	7.4%	3,174	▲52.5%	7,110	<b>6,438</b>	▲53.2%	3,670	15.6%	10,870	68.8%
%	7.5%		7.6%		3.3%		3.7%	<b>3.4%</b>		3.6%		5.1%	
Net Income	3,726	21.9%	7,728	8.8%	1,589	▲57.4%	3,780	<b>3,407</b>	▲55.9%	2,040	28.4%	6,190	81.7%
%	4.2%		4.3%		1.7%		2.0%	<b>1.8%</b>		2.0%		2.9%	

# Segmental Results (Consolidated)

## Consolidated

(Millions of Yen)

	FY Mar. 2004				FY Mar. 2005					FY Mar. 2006 (Forecast)			
	Half-year		Full-year		Half-year		Full-year (Forecast)	Full-year (Result)		Half-year		Full-year	
	Amount	Change	Amount	Change	Amount	Change	Amount	Amount	Change	Amount	Change	Amount	Change
Medical Support Business	47,855	8.5%	96,982	7.3%	52,041	8.7%	105,000	<b>104,678</b>	7.9%	54,800	5.3%	112,500	7.5%
Health Care Business	34,772	18.2%	71,004	17.3%	37,524	7.9%	76,370	<b>75,889</b>	6.9%	41,700	11.1%	89,700	18.2%
Education Business	9,339	15.5%	17,443	5.5%	8,424	▲9.8%	16,500	<b>15,448</b>	▲11.4%	7,500	▲11.0%	15,500	0.3%
Others	4,987	17.3%	9,531	13.7%	16,411	229.1%	34,230	<b>35,211</b>	269.4%	9,100	▲44.5%	18,400	▲47.7%
Eliminations	▲ 2,868	—	▲ 4,973	—	▲ 14,475	—	▲ 29,100	<b>▲ 29,637</b>	—	▲ 6,200	—	▲ 12,400	—
Net Sales	94,085	13.8%	189,987	10.9%	99,927	6.2%	203,000	<b>201,590</b>	6.1%	106,900	7.0%	223,700	11.0%
Medical Support Business %	4,059	▲14.5%	10,646	9.4%	3,256	▲19.8%	9,000	<b>8,876</b>	▲16.6%	5,270	61.9%	12,260	38.1%
	8.5%		11.0%		6.3%		8.6%	<b>8.5%</b>		9.6%		10.9%	
Health Care Business %	2,728	81.4%	4,572	42.7%	1,233	▲54.8%	2,500	<b>2,213</b>	▲51.6%	1,220	▲1.1%	3,840	73.5%
	7.8%		6.4%		3.3%		3.3%	<b>2.9%</b>		2.9%		4.3%	
Education Business %	2,136	5.1%	3,093	▲21.2%	493	▲76.9%	550	<b>83</b>	▲97.3%	90	▲81.7%	830	900.0%
	22.9%		17.7%		5.9%		3.3%	<b>0.5%</b>		1.2%		5.4%	
Others %	71	—	307	139.8%	▲110	—	▲320	<b>▲355</b>	—	▲100	—	30	—
	1.4%		3.2%		▲0.7%		▲0.9%	<b>▲1.0%</b>		▲1.1%		0.2%	
Eliminations	▲ 2,350	—	▲ 4,750	—	▲ 2,816	—	▲ 6,000	<b>▲ 5,532</b>	—	▲ 2,880	—	▲ 5,880	—
Operating Income %	6,644	19.7%	13,869	7.4%	2,057	▲69.0%	5,730	<b>5,284</b>	▲61.9%	3,600	75.0%	11,080	109.7%
	7.1%		7.3%		2.1%		2.8%	<b>2.6%</b>		3.4%		5.0%	

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# Segmental Results (Non-consolidated)

## (Non-consolidated)

(Millions of Yen)

	FY Mar. 2004				FY Mar. 2005					FY Mar. 2006 (Forecast)			
	Half-year		Full-year		Half-year		Full-year (Forecast)	Full-year (Result)	Change	Half-year		Full-year	
	Amount	Change	Amount	Change	Amount	Change	Amount	Amount		Amount	Change	Amount	Change
Medical Support Business	47,709	8.4%	96,682	7.3%	51,867	8.7%	104,500	104,314	7.9%	54,600	5.3%	112,000	7.4%
Health Care Business	32,483	21.0%	66,482	18.4%	34,896	7.4%	71,100	70,875	6.6%	38,900	11.5%	84,000	18.5%
Education Business	9,339	15.5%	17,443	5.5%	8,424	▲9.8%	16,500	15,448	▲11.4%	7,500	▲11.0%	15,500	0.3%
Net Sales	89,531	13.4%	180,608	11.0%	95,189	6.3%	192,100	190,638	5.6%	101,000	6.1%	211,500	10.9%
Medical Support Business %	40,359	13.2%	79,643	9.2%	44,378	10.0%	87,950	87,971	10.5%	45,600	2.8%	92,300	4.9%
	84.6%		82.4%		85.6%		84.2%	84.3%		83.5%		82.4%	
Health Care Business %	25,460	17.4%	52,877	17.0%	28,316	11.2%	58,200	58,080	9.8%	31,600	11.6%	68,500	17.9%
	78.4%		79.5%		81.1%		81.9%	81.9%		81.2%		81.5%	
Education Business %	3,399	▲1.0%	6,716	2.0%	3,651	7.4%	7,400	7,115	5.9%	3,300	▲9.6%	6,500	▲8.6%
	36.4%		38.5%		43.3%		44.8%	46.1%		44.0%		41.9%	
Cost of Sales	69,219	13.9%	139,237	11.7%	76,346	10.3%	153,550	153,167	10.0%	80,500	5.4%	167,300	9.2%
%	77.3%		77.1%		80.2%		79.9%	80.3%		79.7%		79.1%	
Medical Support Business %	7,349	▲11.8%	17,039	▲0.8%	7,488	1.9%	16,550	16,343	▲4.1%	9,000	20.2%	19,700	20.5%
	15.4%		17.6%		14.4%		15.7%	15.7%		16.5%		17.6%	
Health Care Business %	7,023	36.3%	13,604	24.2%	6,580	▲6.3%	12,900	12,794	▲6.0%	7,300	10.9%	15,500	21.2%
	21.6%		20.5%		18.9%		18.1%	18.1%		18.8%		18.5%	
Education Business %	5,939	27.7%	10,726	7.9%	4,772	▲19.6%	9,100	8,333	▲22.3%	4,200	▲12.0%	9,000	8.0%
	63.6%		61.5%		56.7%		55.2%	53.9%		56.0%		58.1%	
Gross Profit	20,311	12.0%	41,370	8.7%	18,842	▲7.2%	38,550	37,471	▲9.4%	20,500	8.8%	44,200	18.0%
%	22.7%		22.9%		19.8%		20.1%	19.7%		20.3%		20.9%	
Medical Support Business %	3,870	▲20.4%	8,627	▲6.8%	4,462	15.3%	9,810	9,954	15.4%	5,300	18.8%	10,750	8.0%
	8.1%		8.9%		8.6%		9.4%	9.5%		9.7%		9.6%	
Health Care Business %	4,973	22.9%	9,948	19.5%	6,238	25.4%	12,840	12,627	26.9%	7,250	16.2%	14,180	12.3%
	15.3%		15.0%		17.9%		18.1%	17.8%		18.6%		16.9%	
Education Business %	4,916	34.1%	9,284	19.9%	5,094	3.6%	9,060	8,700	▲6.3%	4,380	▲14.0%	8,600	▲1.1%
	52.6%		53.2%		60.5%		54.9%	56.3%		58.4%		55.5%	
Selling, General and Administrative Expenses	13,759	9.5%	27,860	10.0%	15,796	14.8%	31,710	31,282	12.3%	16,930	7.2%	33,530	7.2%
%	15.4%		15.4%		16.6%		16.5%	16.4%		16.8%		15.9%	
Medical Support Business %	3,478	0.2%	8,411	6.2%	3,026	▲13.0%	6,740	6,388	▲24.0%	3,700	22.3%	8,950	40.1%
	7.3%		8.7%		5.8%		6.4%	6.1%		6.8%		8.0%	
Health Care Business %	2,050	85.4%	3,656	38.9%	342	▲83.3%	60	167	▲95.4%	50	▲85.4%	1,320	690.4%
	6.3%		5.5%		1.0%		0.1%	0.2%		0.1%		1.6%	
Education Business %	1,022	4.0%	1,442	▲34.4%	▲322	▲131.5%	40	▲367	▲125.4%	▲180	44.1%	400	-
	10.9%		8.3%		▲3.8%		0.2%	▲2.4%		▲2.4%		2.6%	
Operating Income	6,551	17.8%	13,510	5.9%	3,045	▲53.5%	6,840	6,188	▲54.2%	3,570	17.2%	10,670	72.4%
%	7.3%		7.5%		3.2%		3.6%	3.2%		3.5%		5.0%	

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## 2. Financial Highlights

High-  
Light



## Financial Highlights (1)

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1. Net sales have reached ¥200 billion
2. Began fundamental reform of the organization for stable growth over a long period
3. Started practical development of “Multi-functional Care Center Project”

# Financial Highlights (2)

## Key points for each business segment

### Medical Support Business

- Continuous activities to improve medical practical operations have increased on-site cost consciousness.
- We began improving our contracts with medical institutions. Field managers took part in the contract negotiations.
- The PFI project for Yao City Hospital was started in May 2004.

### Health Care Business

- We are developing facilities for nursing care services and are building the framework for self-directed business promotion.
- We created a program to set up facilities for home-visit nursing care services (The number of facilities increased by 217 to 889 as of the end of March 2005.)
- We launched the “multi-functional care center project” in October 2004, and started “preventive care service” and “overnight care service.”

### Education Business

- We have begun to discuss the impact on our courses from the changes in requirements for helper qualifications.
- Improvements have been made for greater diversity of marketing activities, including launching “Manabi Net” , the web site specializing in medical and nursing care education curriculums.
- We are reviewing ways to implement education courses, utilizing our education experience developed over 30 years.

High-  
Light

### 3. Corporate Innovation and Business Strategy



# Promotion program for fundamental structural reform (1)

- To continue our corporate growth -

## Fiscal 2005

**Corporate innovation and  
establishment of competitive leadership**

## Fiscal 2006 and onward

**Upgrading the corporate value  
of the Nichii Group companies**

### Reconstructing the management base of the headquarters

- Revitalization of the organization by renewing the management system
- Supporting branch offices for better business performance, taking advantage of the headquarter functions
- Promotion of strategic business development toward market expansion

### Establishing business base of Nichii Group companies

- Realizing autonomy for all Nichii Group companies
- Establishing a business base to maximize corporate value
- To become a corporation with a strong presence as an industry leader

# Promotion program for fundamental structural reform (2)

- To continue our corporate growth -

**Fiscal 2003** (30<sup>th</sup> anniversary)

**Fiscal 2004**

**Fiscal 2005**

Building a new framework in the field

Establishing the organization under the new framework

**Health Care Business**

Jun. 2003 - Mar. 2005

Launched "Operational Improvement Project" and completed the 1<sup>st</sup> phase

Apr. 2005 and onward  
The 2<sup>nd</sup> phase progresses

**Medical Support Business**

Aug. 2003 - Mar. 2005

Launched "Operational Improvement Project" and completed the 1<sup>st</sup> phase

Apr. 2005 and onward  
The 2<sup>nd</sup> phase progresses

**Education Business**

Jun. 2004 and onward

Launched "Operational Improvement Project" which is now in progress

**Goal of the operational improvement plan**

- (1) Promote autonomy of employees
- (2) Re-enforce the field-first policy
- (3) Further enhance the sales force
- (4) Introduce performance-achievement linking system on a facility basis

**Reform the framework of branch shop/branch office/headquarters**

**Apr. 2004: Implementation of organizational reform**

**Headquarters:** Abolish divisional headquarters system and restructure the organization to manage sales and profit in a cross-sectional manner.

**Branch offices:** Change the segment from 5 divisions to 11 branch offices and strengthen control in each area.

**Branch shops:** Active recruitment of new managers

**Reform the sales system**

**Apr. 2005: Expansion and improvement of sales division, and holding marketing strategy meetings on a regular basis**

Hold marketing strategy meetings with branch shops, branch offices and the head office in order to share the same goals and to work together to accomplish the business plan.



# 4. Medical Support Business



# Medical Support Business (Non-consolidated)

- Sales breakdown and number of contracted medical institutions-

## Sales Breakdown

(Millions of Yen)

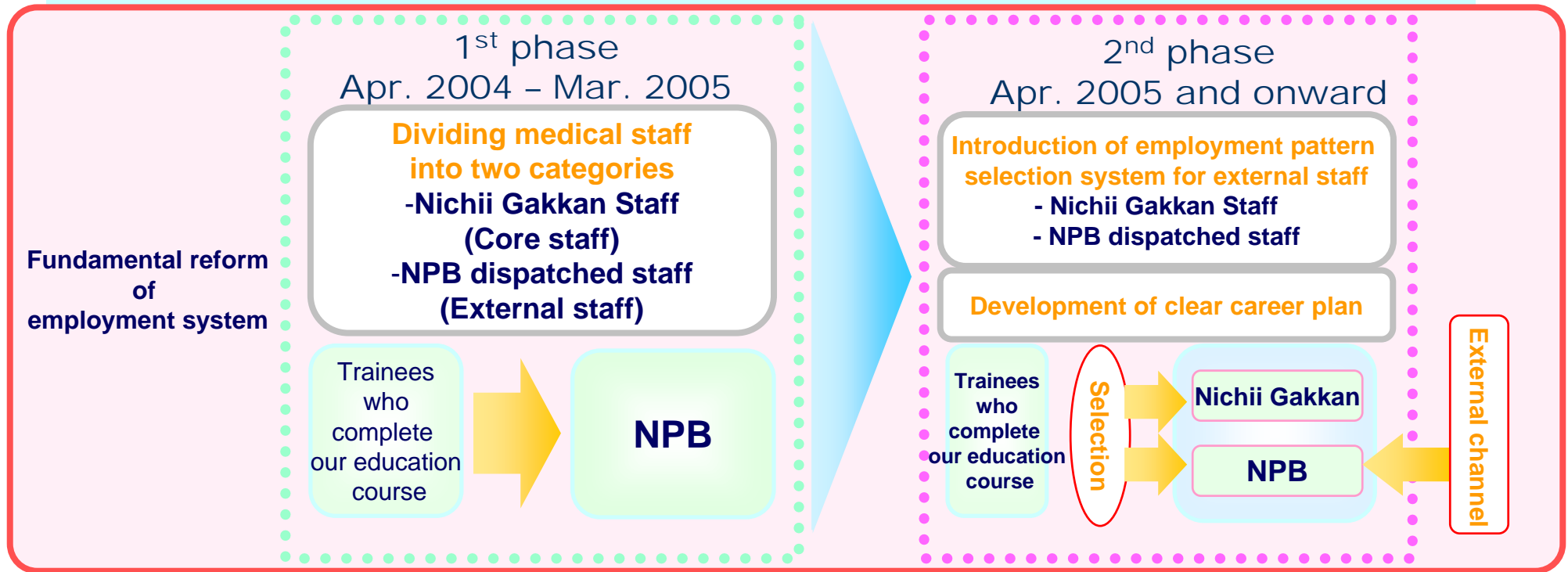
		FY Mar. 2004		FY Mar. 2005			FY Mar. 2006 (Forecast)	
		Half-year	Full-year	Half-year	Full-year (Forecast)	Full-year (Result)	Half-year	Full-year
	Hospitals	38,772	78,555	43,097	87,000	<b>86,236</b>	45,300	92,500
	Clinics and Pharmacies etc.	8,936	18,126	8,770	17,500	<b>18,078</b>	9,300	19,500
TOTAL		47,709	96,682	51,867	104,500	<b>104,314</b>	54,600	112,000

## Number of contracted medical institutions

(Number of facilities)

		FY Mar. 2004		FY Mar. 2005			FY Mar. 2006 (Forecast)	
		End of Sep.	End of Mar.	End of Sep.	End of Mar. (Forecast)	End of Mar. (Result)	End of Sep.	End of Mar.
	Hospitals	2,375	2,502	2,437	2,600	<b>2,477</b>	2,520	2,550
	Clinics and Pharmacies etc.	10,998	11,290	11,002	11,300	<b>11,178</b>	11,200	11,350
TOTAL		13,373	13,792	13,439	13,900	<b>13,655</b>	13,720	13,900

# Renewal of Employment System



\* NPB stands for Nichii Power Bank.

## Effects of employment system renewal on the selection system

- Thorough cost control and drastic cost reductions
- Improved profitability of both companies (Nichii Gakkan and NPB) and enhanced independence of NPB
- Advancement in finding and utilizing personnel across the group



# Measures to Increase Sales

## Efforts to increase sales in fiscal 2005

### New users

Drastic increase in the sales staff of branch offices and branch shops

Aggressive development of medical practice consulting service

Promoting training of experts with medical office skills for clinics

#### Hospitals

The sales staff will perform sales activities effectively, targeting important clients based on our business results.

We will offer medical system reform seminars to gain a foothold with aggressive sales activities.

#### Clinics

We will promote training of experts with medical office skills, and intensify sales to clinics in order to cultivate new market.

### Existing users

Continuous negotiation for payment for services currently not paid for

Intensification of sales to expand contractual coverage

Forming a solid foundation of human resources

#### Hospitals

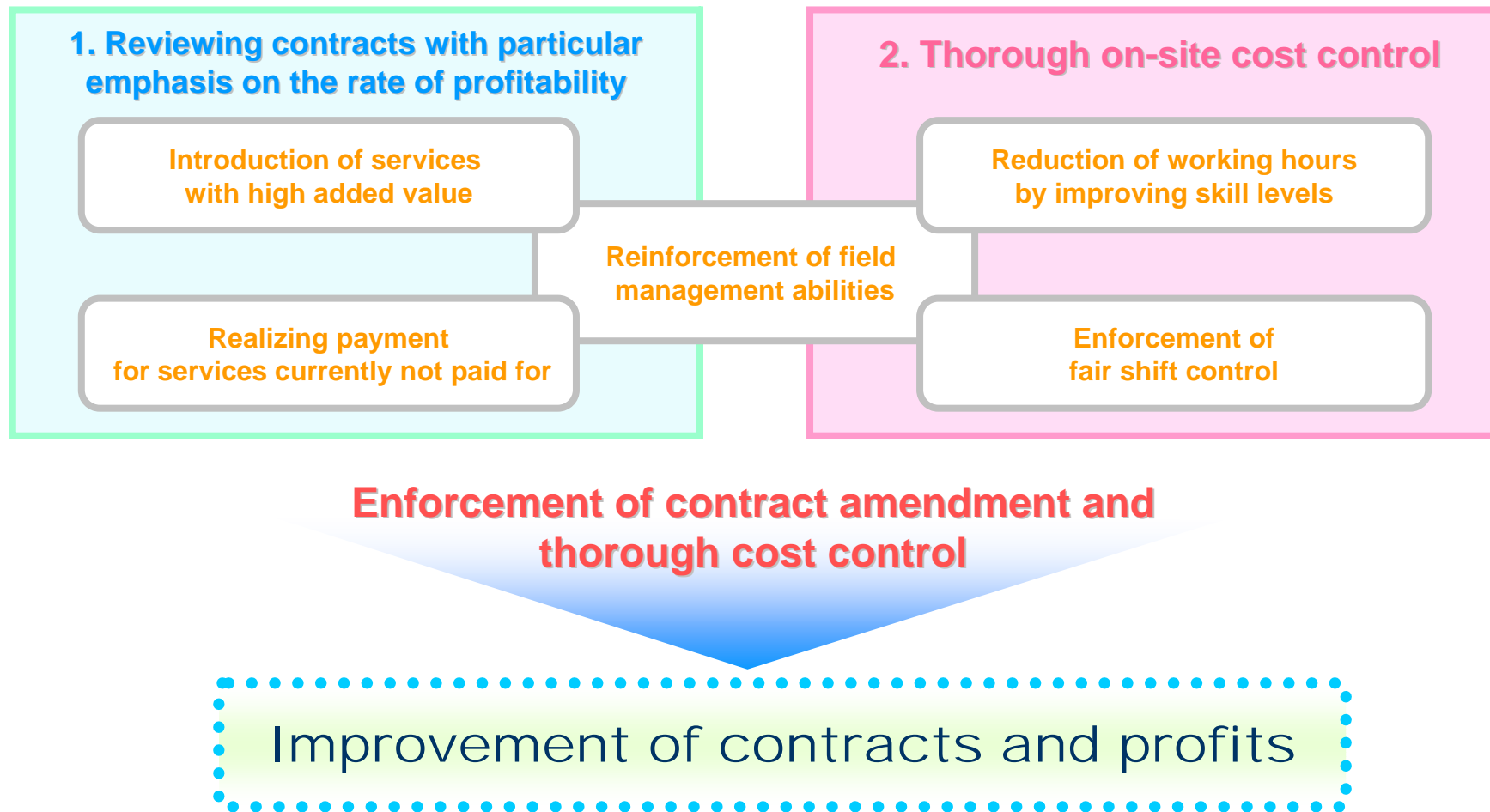
On-site administrative staff will make efforts to improve contract details, including payment for services currently not paid for, and to solicit expansion of services more intensely.

#### Hospitals & Clinics

We will strive to increase the stability of the work force and to improve skill levels for greater satisfaction of clients, and promote sharing human resources on a branch office basis.

# Development of Stable Profit Structure

Efforts to ensure fair profits in fiscal 2005



# 5. Health Care Business



# Health Care Business (Non-consolidated)

- Sales breakdown and  
the number of services used -

## Sales Breakdown

(Millions of Yen)

	FY Mar. 2004		FY Mar. 2005			FY Mar. 2006 (Forecast)	
	Half-year	Full-year	Half-year	Full-year (Forecast)	Full-year (Result)	Half-year	Full-year
Home-visit nursing care service	19,279	38,830	20,356	41,200	<b>40,724</b>	21,200	44,300
Day care service	6,146	12,371	6,592	13,200	<b>13,026</b>	7,200	15,700
Rental/selling of welfare equipment, housing improvement service	4,924	10,443	5,339	10,800	<b>11,096</b>	6,200	13,200
Other services	2,133	4,838	2,608	5,900	<b>6,027</b>	4,300	10,800
Net Sales	32,483	66,482	34,896	71,100	<b>70,875</b>	38,900	84,000

\* Home-visit nursing care service includes home-visit bathing service and care planning. Other services include catering service, etc.

## Number of services used (Number of contracts)

(Number of facilities)

	FY Mar. 2004		FY Mar. 2005			FY Mar. 2006 (Forecast)	
	End of Sep.	End of Mar.	End of Sep.	End of Mar. (Forecast)	End of Mar. (Result)	End of Sep.	End of Mar.
Number of care planning users	37,409	39,481	42,123	45,800	<b>44,315</b>	49,400	52,700
Home-visit nursing care service	55,651	57,586	59,430	61,800	<b>60,699</b>	66,300	73,800
Day care service	15,063	15,147	15,346	15,600	<b>15,159</b>	17,300	19,900
Rental of welfare equipment	24,628	26,000	28,315	29,400	<b>29,614</b>	31,400	33,700
TOTAL (Number of service users)	95,342	98,733	103,091	106,800	<b>105,472</b>	115,000	127,400

\* Home-visit nursing care service includes home-visit bathing service.



# To increase the users of home-visit nursing care

## Reinforcement of infrastructure

Goal of fiscal year 2004

Completed establishment of **200** additional facilities for home-visit nursing care.

The number of facilities for home-visit nursing care as of the end of March 2005

**889**

\* Facilities for home-visit bathing services are included.

**(Increased by 217 in one year)**

## Increase in new users

(1) Establishment of evaluation method at the facility level

→ Clarify the criteria used to evaluate the increase in users

(2) Enhancement of user introductions by stronger partnerships with medical institutions

→ Partnership with 13,600 contracted medical institutions based on our network across the country

Achieve the

**"PLUS 1" program**

by raising the average monthly net increase pace per facility by 1 user compared to the previous year.

# Report on the Multi-functional Care Center Project (1)

[Plan published at the “Multi-functional care center briefing session” held on Sep. 27, 2004]

Number of facilities established	FY Mar. 2005	FY Mar. 2006	FY Mar. 2007	TOTAL
Expanded day-care facilities	100	0	0	100
New day-care facilities	10	82	0	92
New day-care facilities + group homes	0	8	0	8
Pay nursing homes	0	6	54	60

The plan was revised to improve the infrastructure, considering the direction of long-term care insurance system amendments and trends of local governments.

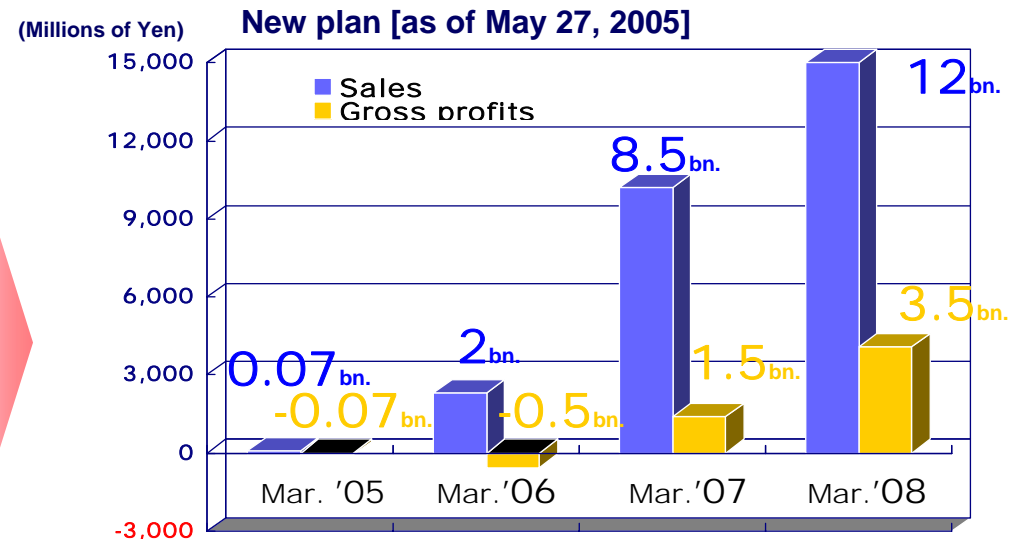
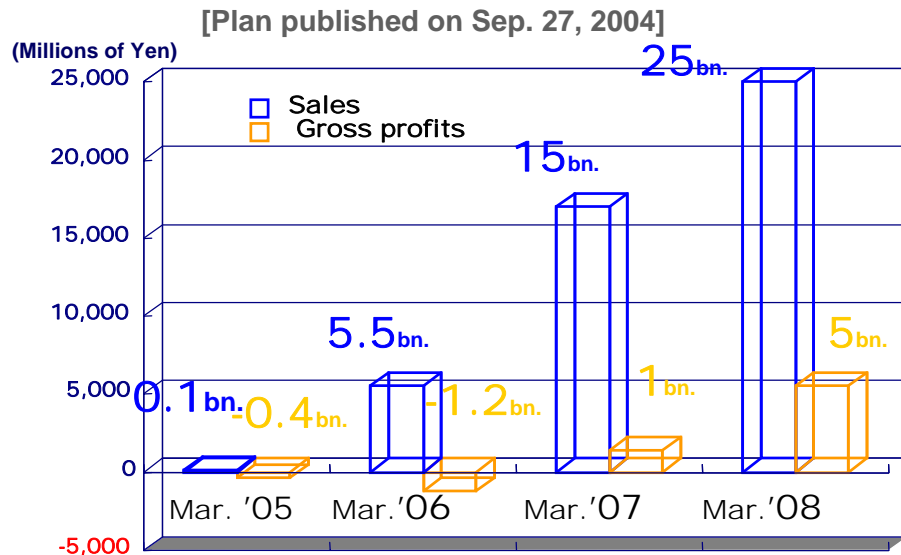
## New establishment plan [as of May 27, 2005]

Number of facilities established	FY Mar. 2005 (result)	FY Mar. 2006 (forecast)	FY Mar. 2007 (forecast)	TOTAL
Expanded day-care facilities	2	98	0	100
New day-care facilities	11	50	0	61
New day-care facilities + group homes	0	1	1	2
* Pay nursing homes	0	1	1	2

\* As to the change in the plan for pay nursing homes, we are now looking into the development of new types of habitation services, because the government is reviewing the qualifications for care of those placed in specified facilities. The project is proceeding in a manner that minimizes investment risks.

# Report on the Multi-functional Care Center Project (2)

## Changes in sales and gross profits [FY Mar. 2005 – FY Mar. 2008]



## Capital investment plan

[Plan published on Sep. 27, 2004]

Account	FY Mar. 2005	FY Mar. 2006	FY Mar. 2007	FY Mar. 2008
Capital investment	9,038	9,716	1,726	—
Allowance for depreciation	48	614	576	576

## New plan [as of May 27, 2005]

(Millions of Yen)

Account	FY Mar. 2005 (Result)	FY Mar. 2006 (Forecast)	FY Mar. 2007 (Forecast)	FY Mar. 2008 (Forecast)
Capital investment	3,000	9,100	150	—
Allowance for depreciation	20	320	420	420

Project Revised

\* We will cut capital investment by about 8 billion yen compared with the original plan, and spend the capital intensively on the highly functional “Day-care centers”. The ROI (return on investment) for the year ending March 2008 and onward is expected to exceed 14%.

# 6. Education Business



## Education Business (non-consolidated) - Sales breakdown -

### Sales Breakdown

(Millions of Yen)

		FY Mar. 2004		FY Mar. 2005			FY Mar. 2006 (Forecast)	
		Half-year	Full-year	Half-year	Full-year (Forecast)	Full-year (Result)	Half-year	Full-year
	Medical office work course	3,268	6,242	3,193	6,300	6,081	3,000	6,170
	Home helper training course	5,795	10,636	4,856	9,300	8,689	4,180	8,700
	Babysitter training course and others	275	564	374	900	678	320	630
TOTAL		9,339	17,443	8,424	16,500	15,448	7,500	15,500

# Measures for Earnings Recovery

## Sales

1. Increase sales by raising awareness of education **business development** at branch shops
2. Enhance promotion of course enrollment by differentiated marketing
3. Promote searches for new students



Increase sales by enforcement of the basic strategy of advertising

## Profits

1. Conduct efficient marketing activities
2. Enforce management of income and expenditure by classroom
3. Control course offerings as instructed by the head office



Profit recovery through thorough cost control

## New course offered – Preventive Care Project Instructor Training Course –

The long-term care insurance system is to be amended in 2006, and preventive care will be institutionalized.

### Preventive care project instructor training course

- Time: May 28, 2005 The course opened at 100 classrooms across the country.
- Learning style: Day school (curriculum of 30 hours consisting of 14 subjects including lectures and exercises)
- Target: Care managers, nurses, care workers, physical therapists, occupational therapists, persons with a certification of home helper level 1, persons with a certification of home helper level 2 and over 2 years of work experience

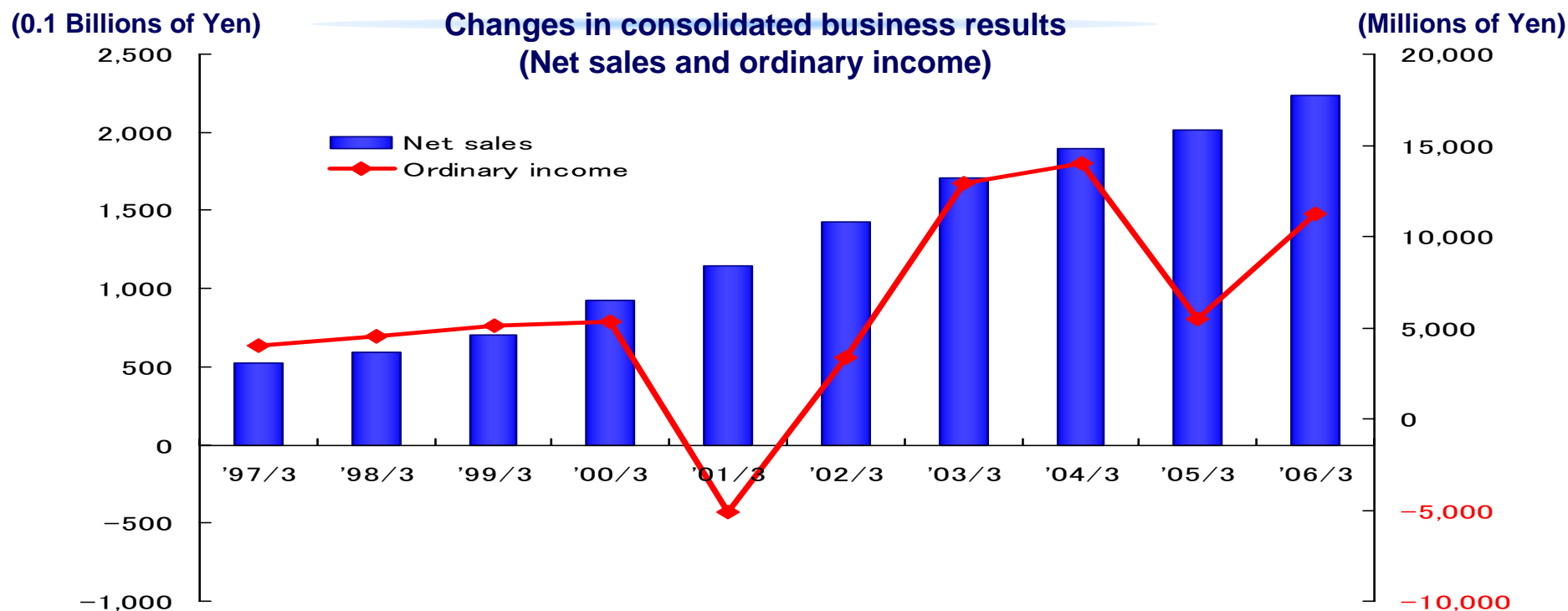
Supply of human resources  
to the preventive care business at our nursing facilities

Meet the human resource needs resulting from the introduction of preventive care services.

# 7. Reference Data



# Changes in Income Statement Results and Forecast for the Current Period



	FY Mar. 1997	FY Mar. 1998	FY Mar. 1999	FY Mar. 2000	FY Mar. 2001	FY Mar. 2002	FY Mar. 2003	FY Mar. 2004	FY Mar. 2005	FY Mar. 2006 (Forecast)
Net Sales	52,653	59,475	70,379	92,178	114,226	142,386	171,293	189,987	201,590	223,700
Operating Income	3,975	4,376	4,880	5,143	▲5,135	3,339	12,912	13,869	5,284	11,080
Ordinary Income	3,991	4,552	5,119	5,343	▲5,074	3,342	12,891	14,045	5,472	11,230
Net Income	1,794	2,374	2,548	4,186	▲3,999	1,092	6,988	7,762	2,029	6,230

Data

## Capital Investment and Allowance for Depreciation [Non-consolidated]

### Changes in capital investment and allowance for depreciation

(Millions of Yen)

	FY Mar. 2005	FY Mar. 2006 (Forecast)
	Full year	Full year
Capital Investment *1)	3,974	9,100
Allowance for Depreciation *2)	1,251	1,700

\*1) Capital Investment includes tangible fixed assets only.

\*2) Allowance for depreciation includes tangible and intangible fixed assets, as well as investments.

# Approach to Preventive Care

To respond to amendment to the long-term care insurance system quickly and flexibly,

We are entering the "Preventive Care Business".

## <Approach in fiscal 2005>

### Preventive care project instructor training course

We opened the course across the country from the end of May 2005. The course intends to train specialists to undertake preventive care service.

### Preventive care service

To introduce strength training, we established 23 day-care centers capable of the training (as of May 2005), and plan to further increase the number to about 160 by the end of fiscal 2005.

### Sale of strength training equipment

We are selling strength training equipment made in Finland, and using it in our day-care service and training course. We will also promote our total package (human resources + equipment) to other establishments

## <Approach in the next and subsequent fiscal years>

- Qualified personnel dispatching business
- Home-visit preventive nursing care
- Preventive day care

As a pioneer in the preventive care business, we offer human resources development, business entrustment from local governments, and merchandising.

Data

# Childcare Business

## 1. Childcare centers under direct management

- A new brand of Nichii Gakkan childcare service,  **アイリスキッズ** has been launched!  
Iris Kids
  - Iris Kids Kashiwa Childcare Center (Kashiwa city, Chiba)
  - Iris Kids Takanawa Childcare Center (Minato ward, Tokyo)

## 2. Other childcare centers

- Government-financed and privately operated childcare centers: 1
  - Kamiichi-machi Yumisho Public Childcare Center (Kamiichi-machi, Nakaniikawa-gun, Toyama)
- Childcare centers in hospitals: 10

- Our unique approach -

Provision of eurythmics and English education

Interaction between the elderly and children

Enriched feeding program



\* Eurythmics: Education program by special instructors which teaches appreciation of music and personality improvement

## Future Strategy

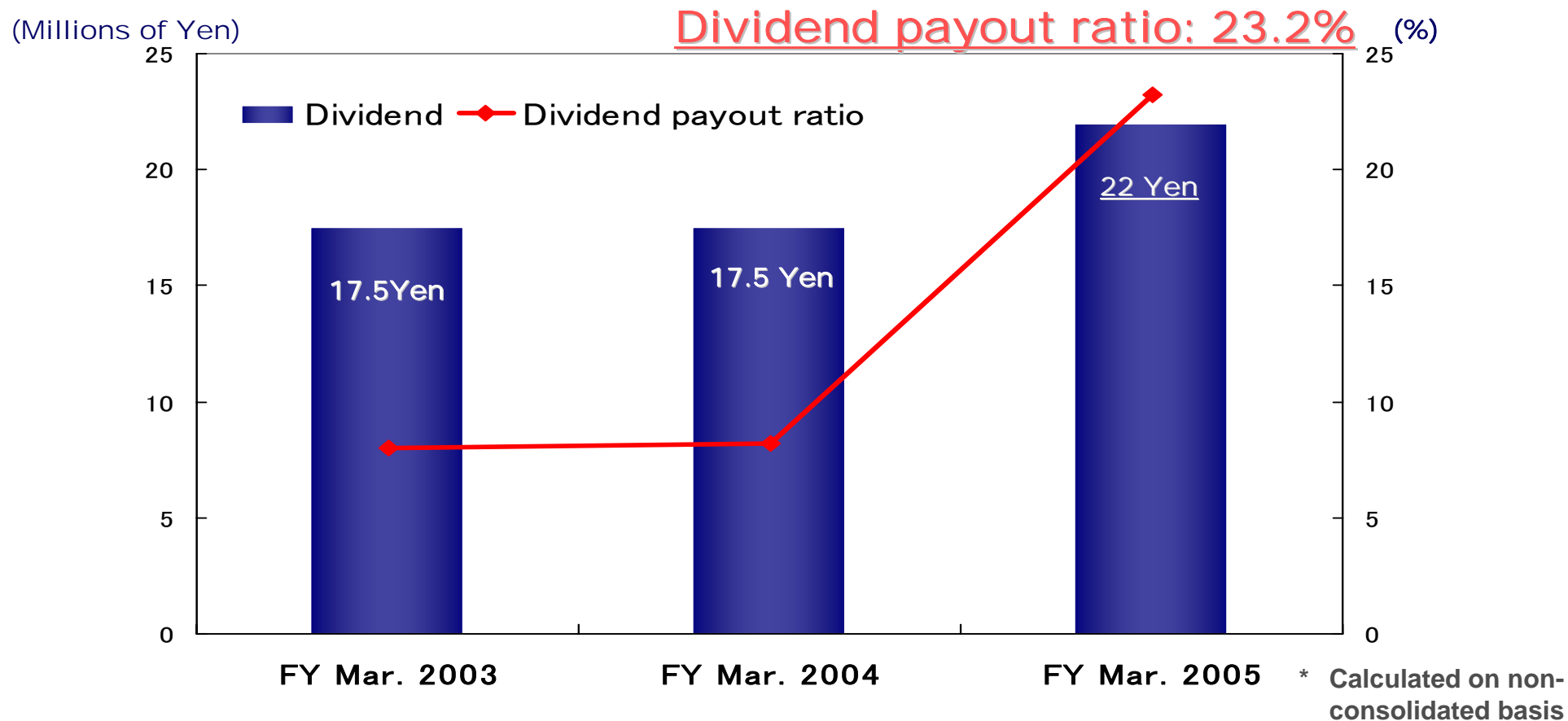
1. Aggressive development of childcare centers under direct management, focusing on the local communities which can receive public financial assistance.
2. Promotion of childcare in hospitals, utilizing the experience accumulated from our medical support business.
3. Gaining contracts for on-site day care services in accordance with the laws concerning the promotion of measures for childcare support.

Data



# Dividend Policy

## Recent dividend situation



**We expect to pay an increased dividend for the year ended March 2005 and promote enhancement of profit return to shareholders. Return to shareholders will continue to be a priority for us, and further efforts will be made to heighten the corporate value.**

Data