Financial Results for the First Half of the Fiscal Year Ending March 31, 2007 (Consolidated)

November 22, 2006

Name of listed company: Nichii Gakkan Company
Exchange where listed: Tokyo Stock Exchange
Company code number: 9792
Location of headquarters: Tokyo
(URL: http://www.nichiigakkan.co.jp)
Representative Title: President and Representative Director Name: Takashi Mori
U.S. Accounting Standards: N/A

1. Consolidated results for the six months ended September 30, 2006 (April 1, 2006 - September 30, 2006)

(1) Consolidated results

	Net Sales		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Sep. 30, 2006	102,211	△1.1	1,328	△50.2	1,371	△50.9
Six months ended Sep. 30, 2005	103,333	3.4	2,670	29.8	2,791	28.9
Year ended Mar. 31, 2006	206,222	―	4,990	―	5,185	―

	Net Income		Net Income Per Share	Net Income Per Share after Adjusting for Latent Shares
	Millions of yen	%	Yen	Yen
Six months ended Sep. 30, 2006	484	△66.8	13.75	―
Six months ended Sep. 30, 2005	1,458	320.0	41.37	―
Year ended Mar. 31, 2006	1,974	―	55.03	―

Notes: 1. Equity-method investment profit (loss) Six months ended 30th September, 2006: - million yen Six months ended 30th September, 2005: - million yen
Year ended 31st March, 2006: - million yen
2. Average number of shares during the term (consolidated)
Six months ended 30th September, 2006: 35,223,871 shares Six months ended 30th September, 2005: 35,243,877 shares
Year ended 31st March, 2006: 35,234,670 shares
3. Changes in the method of accounting: None
4. Percentages indicated for Net sales, Operating income, Ordinary income and Net income are increases (decreases) compared to the same period of the previous fiscal year.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Shareholders' Equity Per Share
	Millions of yen	Millions of yen	%	Yen
Six months ended Sep. 30, 2006	94,505	51,954	54.8	1,471.19
Six months ended Sep. 30, 2005	90,373	51,856	57.4	1,472.06
Year ended Mar. 31, 2006	97,898	52,159	53.3	1,479.74

Note: Number of outstanding shares at the end of the term (consolidated)
Six months ended 30th September, 2006: 35,223,382 shares
Six months ended 30th September, 2005: 35,227,367 shares
Year ended 31st March, 2006: 35,224,427 shares

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the term
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Six months ended Sep. 30, 2006	389	△1,077	△2,472	9,230
Six months ended Sep. 30, 2005	2,587	△3,981	2,311	4,789
Year ended Mar. 31, 2006	6,672	△5,538	7,385	12,391

(4) Scope of consolidation and application of equity method
Number of consolidated subsidiaries: 7 companies
Number of unconsolidated subsidiaries subject to the equity method: None
Number of affiliates subject to the equity method: None

(5) Changes in companies subject to consolidation and equity method
Newly consolidated: None Newly unconsolidated: None Newly subjected to the equity method: None
Newly excluded from the equity method: None

2. Projected consolidated results for the Year ending 31st March, 2007 (April 1, 2006 - March 31, 2007)

	Net Sales	Ordinary Income	Net Income
	Millions of yen	Millions of yen	Millions of yen
Year ending Mar. 31, 2007	207,800	2,100	640

Supplementary information Projected Net income per share for the fiscal year: ¥18.17

Note: Fractions of one million yen are rounded down. The above projections are based on information available as of time of this announcement. Actual results may differ due to various factors. Refer to page 9 of the Attachment for details on the projections.

1. Status of the Corporate Group

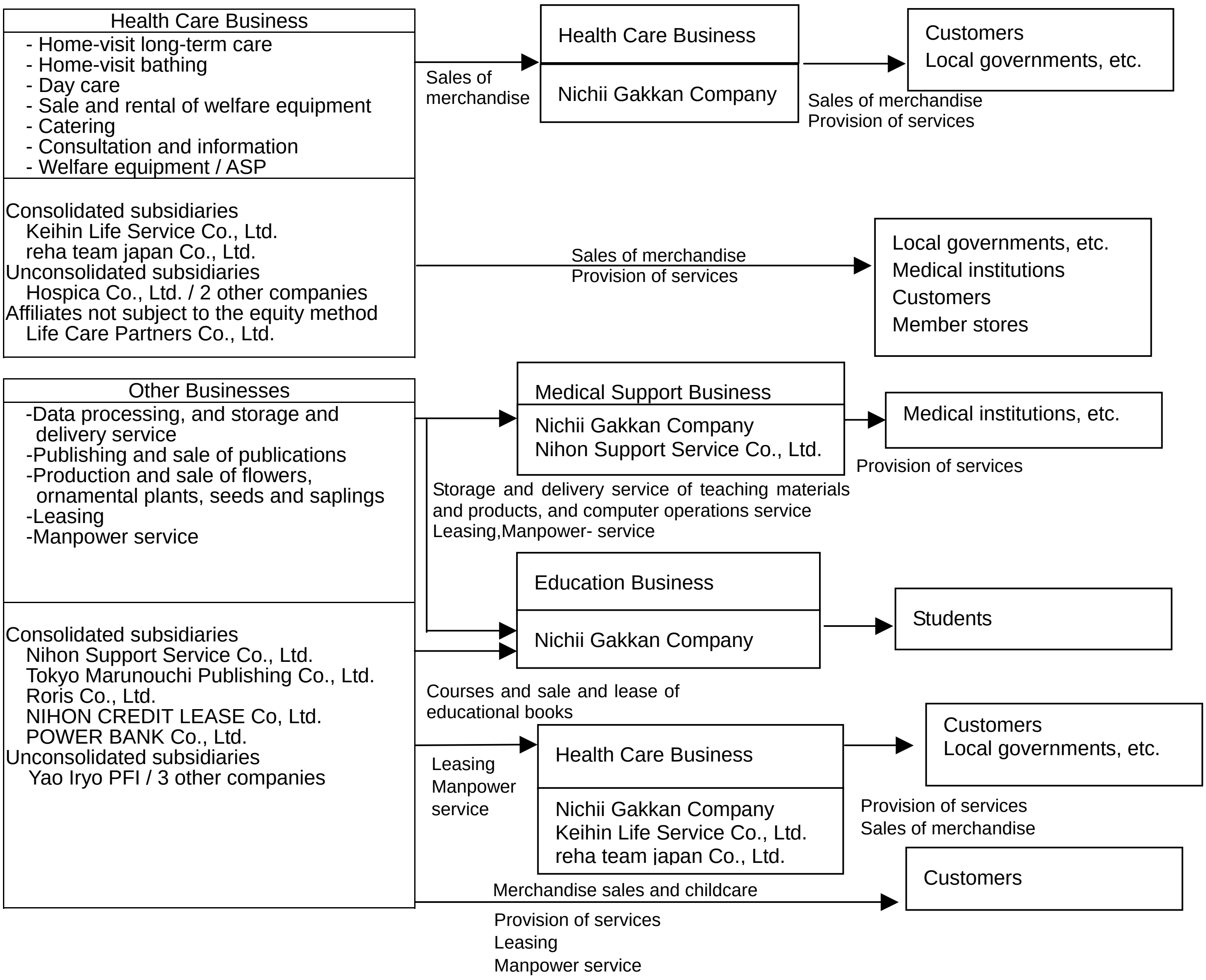
This consolidated corporate group consists of Nichii Gakkan Company, its 15 subsidiaries, and its 1 affiliate. The Group is engaged in four businesses (Medical Support Business, Health Care Business, Education Business, and Other Businesses). In Medical Support Business, the Group primarily provides medical practice services to medical institutions and pharmacies; sales, disinfection, and sterilization services for medical equipment; and medical affairs consulting. In Health Care Business, the Group provides home care services mainly under long-term care insurance (home-visit long-term care, home-visit bathing, day care), sale and rental of welfare equipment, catering, and other services. In Education Business, the Group provides educational programs primarily for medical office workers and home helpers. In Other Businesses, Nichii Gakkan Company's subsidiaries take the lead in providing data processing, storage and delivery service, book publication and sale, production and sale of flowers, ornamental plants, seeds and saplings, leasing, and manpower services.

The Group's businesses and positioning of each business are as shown below. The business categories correspond to those in the segment information by business category.

Business Category	Principal Businesses/Products	Principal Companies
Medical Support Business	Medical practice services such as reception, medical fee claims, accounting, computer operations, and medical record management, sell/disinfection/sterilization services for medical equipment, medical affairs consulting	Nichii Gakkan Company Nihon Support Service Co., Ltd.
Health Care Business	Home-visit long-term care, home-visit bathing, day care, rental/sale of welfare equipment, catering, etc.	Nichii Gakkan Company Keihin Life Service Co., Ltd. reha team japan Co., Ltd.
Education Business	Courses for medical office work, home helper training, babysitter training, and sign language	Nichii Gakkan Company
Other Businesses	Information processing, storage and delivery service, publication and sale of books, production and sale of flowers, ornamental plants, seeds and saplings, leasing, manpower service, etc.	Nihon Support Service Co., Ltd. Tokyo Marunouchi Publishing Co., Ltd. Roris Co., Ltd. NIHON CREDIT LEASE Co., Ltd. Power Bank Co., Ltd.

<Note> Power Bank Co., Ltd. halted business as of June 15, 2006 and we will liquidate the company.

The functions of the corporate group described above can be illustrated as shown below.



2. Management Principles

1. Basic Principles of Management

Based on our management concept of "contributing to the public's health and welfare", we make it a basic policy to conduct corporate activities in fields closely related to human well-being, such as Medical, Long-term care, and Education, and contribute to the improvement of living standards and the advancement and development of society.

Under our "user oriented" business concept, as a company able to respond to consumer needs and changes in the social environment flexibly and properly, we strive to achieve lasting growth and aggressively promote wide-ranging activities in the medical and welfare fields to contribute to society, in order to be a socially valuable company.

We also recognize that we must fulfill our social responsibilities as a company, comply with corporate ethics, and elevate the corporate brand value in our activities while deepening our trusting relationship with our shareholders and other stakeholders. In order to maximize our corporate value, we will continue to work actively to improve the autonomy of each organization and employee, enhance compliance, and carry out business activities that can contribute to the market penetration of the Nichii brand.

2. Basic Principles of Profit Distribution

We make it a basic policy to provide our stockholders with stable and continuous profit distributions. Considering business performance trends from a mid- to long-term standpoint, we will promote a consolidated dividend policy.

Retained earnings will be invested to continue our business growth and increasingly upgrade our corporate value. The investments include development of new businesses and backbone systems/software.

3. Management goals

From the view that our business is to provide human resources, the medical and welfare markets in which we operate are likely to continue to grow, and emphasis is to be placed on shareholder value, we set the following three points as our management goals.

1) Net sales growth →double-digit growth
2) Operating income to Net sales → 8% or higher
3) ROE (return on equity) → 15% or higher

4. Mid- to long-term strategies and issues to be handled

In the medical and welfare field, social security system benefits are expected to rise with the declining birthrate and aging population, and the Japanese government is contemplating a fundamental review of the medical and long-term care systems, as well as revisions and enforcement of public regulations.

Aiming to be a solid company capable of quick and adequate responses to changes in the business environment that may come along with changes in society, the Nichii Gakkan group is working on business growth strategies and structural reform.

For our business growth strategy, we set up a new "Information and Strategy Headquarters" at Kobe Port Island center on September 16, 2006, to promote strategic business development and adequately respond to customer needs and market environments in the medical, long-term care, and education fields. To streamline the entire business, our group strategy is to work on organizational reform, including liquidation of some subsidiary companies.

We recognize enhancement of human resource development as the basis of service, and have set it as a mid-term business strategy, while promoting aggressive investment strategies in human resources to establish our future business growth model.

The Nichii Gakkan group will carry out all of these business strategies in a comprehensive way, in order to provide high-quality services, develop service menus that adequately respond to various needs, and realize the recovery of profitability.

【Medical Support Business】

The national health insurance reform executed in April 2006, was the third major reform following the establishment of a universal health care system in 1961, and the formulation of laws for the welfare of the elderly in 1982. This latest reform shortened the average number of hospitalization days, established a new medical system for the elderly, and brought in a new medical and long-term care provision system, thus largely changing the business environment surrounding medical institutions. Therefore, medical institutions are now required to address management efficiency, in response to the changing environment.

To adequately deal with various problems faced by medical institutions, we aim to stabilize and improve utilization of human resources, and enhance human resources development.

As part of our mid-term business strategy, we will actively offer service proposals to medical institutions and provide high-value added services through enhancement of staff skills.

【Health Care Business】

In the April 2006 revision of the long-term care insurance system, under the basic principles of “Promotion of preventive care”, “Creation of community-based services”, “Clarification of roll assignment and cooperation between medical and long-term care”, and “Strengthened support for moderate-to-severe long-term care receivers living at home”, fundamental reforms have been implemented, which are compelling service providers to build new business models.

We had already set up about 200 complex-type care facilities, capable of providing services ranging from preventive care to long-term care, ahead of the insurance system revision, and have accumulated results from various preventive care programs. Based on these results, we are working to approach local governments, and offer our preventive care services to mild long-term care customers.

As Japan sees the baby-boom generation of 7 million people reaching mandatory retirement age in 2007, the service domain in the long-term care market is expected to scale up beyond the long-term care insurance policy limits. The Nichii Gakkan group will take a proactive stance in the creation of value-added services. In collaboration with local communities and other companies, we plan to secure new growth areas and maximize the synergy effect of our existing businesses, in order to adequately respond to diversifying customer needs.

【Education Business】

The national census of 2005 reported that the number of workers in the medical and welfare industries increased by 24.4% for the five year period from 2000 through 2005, and the number of home helpers, in particular, increased by 1.4 times, the largest increase by occupation, so that the number of people in this field utilizing the specialist qualification are tending to increase. In order to deal with the increasing elderly population, service quality improvements, reinforcement of the cooperation between medical and long-term care, and establishment of preventive care service are being carried out, and skills are being enhanced and diversified.

Based on the original business model of “Train and Employ”, the Education Business is a core area that provides human resources for our main businesses. Therefore, to raise awareness of our company and strengthen the human resources provision system, we started to air TV commercials in June 2006, advertise with mixed media, expand the class offerings to be more available for students, and promote sales increase measures.

We continue to offer home-helper training courses and medical office work courses as our main educational programs, and promote development and provision of value-added training courses to contribute to improvement of employment in the medical and welfare fields.

【Other Businesses】

Other businesses focus on support operations such as welfare equipment leasing and publication of books on medicine and welfare, taking advantage of our management resources in the medical and welfare services.

The welfare equipment leasing business is responsible for rejuvenating product distribution in the welfare equipment market and improving the medical and long-term care environment.

The publication business is making a contribution through improving the quality of personnel by providing the latest specialized information through publication of magazines specializing in medicine and welfare, and textbooks for the education business.

We will continue to implement our group strategies with the ideal form of organization in order to increase the corporate value of the Nichii Gakkan group.

5. Matters relating to the holding company

There are no relevant matters.

3. Business Results and Financial Condition

1. Business Results

1) Overview of the current interim accounting period

Japan's economy showed a continuous upturn in the current interim consolidated accounting period, with an increase in capital investment and improvement of the employment situation, supported by steady growth in corporate performance. Meanwhile, however, economic uncertainty prevailed with the prolonged inflation of oil prices and fear of rising interest rates.

The medical insurance and long-term care insurance systems are going through fundamental reforms in order to rebuild social security into a sustainable system. This is making the medical and long-term care market environment that surrounds our group even more severe. In April, the government carried out the first full-scale revision of the long-term care insurance system since its establishment. At the same time, they also implemented revisions to medical service payments and long-term care compensation. In the course of such revisions, the management environment for medical institutions and nursing care service providers is undergoing major changes.

Against such a backdrop, we have developed new service menus and improved the infrastructure, to be able to respond quickly to changes in the market, and have pursued sales promotion and business operations that take full advantage of “Our nationwide network”, “High-quality service” and “Brand image”. We are also advancing strategic investments toward “Development of the organization, human resources and IT”, our medium- and long-term business strategy.

Net sales in this period declined, influenced by the sale and liquidation of a consolidated subsidiary for group restructuring and revision of the long-term care insurance system.

Profit in the current interim consolidated accounting period was severely affected due to costs preceding profits, etc. It will be only in the second half of the year, or later, that we can expect to see the influence of the revision of the long-term care compensation system, the effects of course development pursuing student convenience, and the results of our investments in advertising.

As a result of these activities, Net sales during the current interim accounting period were ¥102,211 million (down 1.1% year on year), Ordinary income was ¥1,371 million (down 50.9% year on year), and Net income was ¥484 million (down 66.8% year on year).

2) Business results by segment

【Medical Support Business】

In the Medical Support Business, we strived to expand medical practice services for hospitals and clinics, and promoted support services for hospitals with DPC as well as those preparing to introduce DPC. We also took a proactive stance in sales promotion at community health care liaison centers, and have started to improve the system for future community health care liaisons (partnerships between medical services and long-term care, etc.).

In addition, we commenced introduction of a career improvement system, including better labor conditions, as a strategy for investment in human resources.

As a result of these activities, Net sales in the Medical Support Business during the current interim accounting period was ¥55,316 million (up 3.3% year on year) and Operating income was ¥5,171 million (down 0.7% year on year).

【Health Care Business】

In the Health Care Business, the use of preventive care services is undergoing a slow transition due to the moderate operational status of the "Regional comprehensive support center” as the contact point for the preventive care services newly established by the revision of the long-term care insurance system in April. Such circumstances limited the effect of the current interim period’s investment in integrated long-term care facilities, which we developed to establish a framework for providing preventive care services ahead of the system revision. The number of users of the preventive care services, however, is growing slowly but steadily. In October, rental service for welfare equipment, such as beds and wheelchairs for those requiring level 1 nursing care, lost insurance coverage. This change decreased the number of users of the service. On the other hand, the number of contracts showed solid growth with regard to services not covered by insurance, including the manpower service for welfare facilities. As a consequence, sales in this segment remained on a growth path.

As a result of these activities, Net sales for this segment were ¥39,532 million (up 1.0% year on year) and Operating income was ¥1,065 million (down 13.8% year on year).

【Education Business】

In the Education Business, we started aggressive efforts to promote sales using new advertisement strategies in mid June. While boosting the recognition of our corporate brand through TV commercials, we have run highly appealing advertisements carrying the same image in newspapers, magazines and on web sites. We also expanded and improved our services by renewing curriculums and course management to enhance convenience for students.

The number of students taking medical office work courses and home helper training courses was less than that of the previous year, but is showing signs that this downturn is coming to an end.

Meanwhile, we have undertaken a cost-reduction plan for earnings recovery, but are revising the original plan, because we are assessing the effect of the advertisement strategies, and promoting a forward-looking long-term strategy for enhanced convenience of students, to secure human resources for our future business.

As a result, Net sales for this segment amounted to ¥6,741 million (down 2.3% year on year) and Operating loss was ¥640 million (Operating loss of ¥820 million in period for the previous term.)

【Other Businesses】

In Other Businesses, we are engaging in such businesses as welfare equipment leasing, storage and delivery service, and production and sale of flowers, ornamental plants, seeds, and saplings.

We are advancing our business growth strategy, primarily concentrating on strengthening existing business and approaches to new business and services, and restructuring of group companies. As a part of such reforms, we decided to liquidate POWER BANK Co., Ltd. in the current fiscal year.

As a result, Net sales for this segment were ¥620 million (down 83.3% year on year) and Operating income was ¥46 million (down 19.3% year on year)

2. Financial Status

Cash flow in the current interim accounting period

During the current interim accounting period, cash and cash equivalents ("funds") amounted to ¥9,230 million, up ¥4,441 million from the same period the previous fiscal year. Cash flow from each activity and their factors are shown below.

【Cash flow from operating activities】

As a result of operating activities during the current interim accounting period, funds increased by ¥389 million (funds increased by ¥2,587 million in the same period of the previous fiscal year).
This mainly attributes to a decrease in Income before income taxes and an increase in the payment of income and other taxes.

【Cash flow from investing activities】

As a result of investing activities during the current interim accounting period, funds decreased by ¥1,077 million (funds decreased by ¥3,981 million in the same period of the previous fiscal year).
Principal investments include establishment of new facilities and expansion of existing facilities for day care service.

【Cash flow from financing activities】

As a result of financial activities during the current interim accounting period, funds decreased by ¥2,472 million (funds increased by ¥2,311 million in the same period of the previous fiscal year).
This is primarily due to short-term loans payable to the parent company.

Trends in cash flow indicators for the Group can be seen below.

	Year ended March 31, 2005		Year ended March 31, 2006		Year ending March 31, 2007
	First-half	Full year	First-half	Full year	First-half
Equity ratio (%)	62.1	60.1	57.4	53.3	54.8
Equity ratio based on present value (%)	126.3	133.7	108.0	98.2	68.8
Debt redemption (years)	-	10.3	1.6	2.0	14.7
Interest coverage ratio	-	11.1	103.1	114.5	13.2

Notes:
Shareholders' equity ratio: Shareholders' equity/total assets
Equity ratio based on present value: Total present value of stock/total assets
Debt redemption: Interest-bearing liabilities/operating cash flow
Interest coverage ratio: Operating cash flow/interest payments

1. Each indicator was calculated from consolidated financial results.
2. Total present value of stock is the product of closing stock price at end of term and total number of outstanding shares at the end of term (after deducting treasury stock).
3. Operating cash flow is equal to the cash flows from operating activities in the consolidated cash flow statement. Interest-bearing liabilities are all the liabilities on which interest is paid, out of the liabilities in the consolidated balance sheet. Interest payments are the interest payments as shown in the consolidated cash flow statement. Total present value of stock is the product of closing stock price at end of term and total number of outstanding shares at the end of term (after deducting treasury stock).
4. In calculating the debt redemption for the first-half result, the operating cash flow is doubled to annualize the figure.
5. The debt redemption and interest coverage ratio for the first-half of the year ended March 31, 2005 is not shown because the cash flow from operating activities was negative.

3. Outlook for the full year performance

In the Medical Support Business, the necessity of stronger partnerships between medical services and long-term care is increasing due to changes such as the reduced number of beds for long-term care. Under the circumstances, we plan to expand our sales by increasing the Net sales per medical institution, receiving commissions from the community health care liaison centers, and working actively in collaboration with home care support clinics.

Also, as a strategy to intensify the management support services for medical institutions, we will expand the hospital PFI business, support medical institutions with their introduction of DPC, and shift support services for efficient medical service management into full swing. As for profitability, we will promote the career improvement system, including better labor conditions, as a strategy for investment in human resources, aiming to secure and develop competitive human resources. In addition, we will continue our efforts to improve operational efficiency in the medical support area, establish self-directed organization in the field, and negotiate with medical institutions for improvement of contracts.

In the Health Care Business, due to the revision of the long-term care insurance system, people in need of mild long-term care are shifting to the new preventive benefit. This change is anticipated to reduce the users of long-term care benefit services, and at the same time, continue to slowly increase the number of users of preventive care services. Taking full advantage of our service infrastructure of unparalleled scale, we will appeal to local governments and users with the actual effectiveness and readiness of our preventive care program, which will help us to receive commissions for community support business and obtain new users of preventive care services. Also, for the welfare equipment leasing services, we are going to secure sales and obtain regular users by providing low-cost rental services beyond insurance coverage, for users in need of mild long-term care who lost insurance coverage due to the revision of the long-term care insurance system. In terms of profitability, we will expand services covered by the new preventive benefit and promote operation of self-pay services to increase sales and ensure profits.

In the Education Business, the severe environment for home-helper training courses is anticipated to continue, because the qualifications for long-term care workers have not yet been made clear. However, we are striving to boost our corporate brand power by continuing our new full-scale advertisement strategy using mixed media. Also, we will respond to student needs adequately by developing courses that are more convenient, and promote efficient class management by renewing course curriculums to improve the operating status of each class, thus trying to ensure profits.

In Other Businesses, we are centralizing our management resources by restructuring the subsidiaries. This category will contribute to our group management by establishing a group network that can provide better coordination and synergy effects with our core competence businesses, Medical Support Business, Health Care Business and Education Business.

In consideration of these situations and prospects, our outlook for performance in the year ending 31st March, 2007 is ¥207,800 million in Net sales (up 0.8% year on year), ¥2,100 million in Ordinary income (down 59.5% year on year), and Net income of ¥640 million (down 67.6% year on year).

4. Business Risks

Presented below are matters that may be of risk to the operations of each business of the Group. Although we mitigate such risks by dispersing and acknowledging them, in the event of an unforeseeable incident, such risks may cause serious effect on the business performance or financial conditions of the Group.

External factors and risk factors with low potential are also mentioned here from the standpoint of positive information disclosure on matters deemed important for those making investment decisions.

The matters below were determined to be potential risks by the Group upon preparing this data as of the end of the current interim accounting period, and may not cover all the risks related to investment in our stocks.

1) Risks to Business

<Medical Support Business>
The Group's Medical Support Business provides, among other services, medical practice services other than medical practice itself, medical-related duties, and health service management consultation services. Medical institutions will see major fluctuations in their medical revenues due to the revision of the medical service fee system approximately every two years and the medical insurance system reform (Article 2, Paragraph 2 of the Health Insurance Law Revision Law). As we provide services to medical institutions, such fluctuations can affect our contract amounts and contract provisions, particularly in a situation where higher management efficiency and improved service quality are required by medical institutions as a consequence of the medical service fee revision of April 2006, which has caused the largest-ever decrease of relevant compensation.

<Health Care Business>
Approximately 90% of our Group's Health Care Business can be attributed to services that are covered by public long-term care insurance. Therefore, a review of the long-term care insurance system or compensation can have a major effect on Net sales and profits. These services are regulated by the Long-term Care Insurance Law (Law No. 123, December 7, 1997) and various other laws and ordinances.

The entire system is subject to review every five years (Article 2 of Supplementary Provisions of the Long-term Care Insurance Law) and long-term care compensation is subject to review every three years. The service provision and care management is to undergo a great transformation with the revision of the Long-term Care Insurance Law to be implemented in April 2006, which will shift the current system to a “Preventive-care-focused system” with “new preventive benefits” and “community support activities,” and establish “community-based services” to enable those who require long-term care to keep living in their home community, and it is determined hereafter may have an impact on the profitability of our health care business.

<Education Business>
Our major educational program, the home helper training courses, is subject to the “ordinance concerning home-visit care providers” (Health, Labor and Welfare Ministry Ordinance No. 23), and is required to obtain certification from the prefectural government. The Japanese government plans to change the qualifications for long-term care workers (e.g. longer training and more difficult curriculums), but have not yet disclosed detailed information, timing of implementation, etc. Depending on the outcome of the revision of the qualification system and related trends, it may significantly affect the sales and profitability of the courses.

<Other Businesses>
The welfare equipment leasing business may come under the influence of interest-rate drift, changes in the accounting standards on leasing transactions, and tax reforms.

2) Risks due to the Internal Management System

The Nichii Gakkan group is working to strengthen the self-directed operational management framework as well as internal check functions, to prevent human errors and dishonesty of employees. However, future operational management problems could cause a loss of trust by stakeholders, and could affect our business performance.

<Risks due to personal information>

Each business segment of the Group handles personal information specified in the Personal Information Protection Law.

As we recognize the protection of personal information as an extremely important business challenge, we have established an “Information Privacy Committee” to ensure appropriate acquisition and handling of information, and are working to prevent leakage of personal information and reoccurrence of such problems, setting up privacy policies and providing in-house training.

However, a personal information leak could affect our business performance due to loss of confidence, claims for damage, etc.

3) Risks due to natural disasters and accidents

Large-scale natural disasters such as earthquakes or tsunami might impede staff and facilities from operating properly. If this causes unavailability of our services to users, it could reduce sales and incur special expenses.

4. Consolidated Financial Statement

(1) Consolidated Balance Sheets

Category	Note No.	First half of FY 2006 (As of September 30, 2005) Amount (Thousands of yen)		Share (%)	First half of FY 2007 (As of September 30, 2006) Amount (Thousands of yen)		Share (%)	Summer of consolidated Balance Sheets for FY2006 (As of March 31, 2006) Amount (Thousands of yen)		Share (%)
ASSETS										
I. Current assets										
1. Cash and deposits			4,971,127			9,414,600			12,557,413	
2. Notes and accounts receivable			25,419,684			25,512,929			25,343,630	
3. Inventories			3,877,947			1,877,408			1,943,892	
4. Short-term loans receivable			1,607,030			-			-	
5. Deferred tax assets			2,432,112			2,330,274			2,882,923	
6. Other current assets			3,606,706			2,824,452			2,650,723	
7. Allowance for doubtful accounts			△ 121,848			△ 109,616			△ 135,756	
Total current assets			41,792,760	46.2		41,850,049	44.3		45,242,826	46.2
II. Fixed assets										
(1) Tangible fixed assets										
1. Buildings and structures		21,006,743			26,830,136			24,699,677		
2. Land		7,958,054			7,828,496			7,844,328		
3. Other tangible fixed assets		2,293,588	31,258,385	34.6	783,007	35,441,640	37.5	2,571,600	35,115,605	35.9
(2) Intangible fixed assets										
1. Consolidated adjustment account		3,005,063			-			2,881,157		
2. Goodwill		-			2,774,831			-		
3. Other intangible fixed assets		897,667	3,902,731	4.3	1,237,157	4,011,988	4.2	1,114,903	3,996,060	4.1
(2) Investments and other assets										
1. Investment securities		1,783,054			921,848			1,219,031		
2. Long-term loans receivable		4,959,347			2,463,168			2,557,397		
3. Guarantee money deposited		4,983,087			4,955,686			4,977,231		
4. Deferred tax assets		1,661,649			3,412,716			3,307,304		
5. Other investments		1,399,845			3,981,483			4,020,965		
6. Allowance for doubtful accounts		△ 1,367,478	13,419,506	14.9	△ 2,532,638	13,202,266	14.0	△ 2,538,361	13,543,570	13.8
Total fixed assets			48,580,623	53.8		52,655,895	55.7		52,655,236	53.8
Total assets			90,373,384	100.0		94,505,944	100.0		97,898,062	100.0

Category	Note No.	First half of FY 2006 (As of September 30, 2005) Amount (Thousands of yen)	Share (%)	First half of FY 2007 (As of September 30, 2006) Amount (Thousands of yen)	Share (%)	Summer of consolidated Balance Sheets for FY2006 (As of March 31, 2006) Amount (Thousands of yen)	Share (%)
LIABILITIES							
I. Current liabilities							
1. Notes and accounts payable		1,640,093		1,425,359		1,736,727	
2. Short-term loans payable		7,959,000		395,000		13,063,000	
3. Current installments of long-term debt		70,716		49,546		55,171	
4. Current redemption of bonds		-		3,808,000		-	
5. Accrued expenses		14,827,968		16,282,914		15,402,527	
6. Consumption taxes payable		1,155,931		1,309,096		1,742,666	
7. Income taxes payable		2,376,850		598,588		2,074,565	
8. Allowance for employee bonuses		4,010,601		3,428,992		3,475,893	
9. Other current liabilities		3,459,344		4,918,485		5,017,256	
Total current liabilities		35,500,506	39.3	32,215,984	34.1	42,567,807	43.5
II. Long-term liabilities							
1. Bonds		-		7,192,000		-	
2. Long-term loans payable		45,677		27,110		39,345	
3. Allowance for employee retirement benefits		2,599,771		2,867,891		2,767,862	
4. Allowance for directors' and auditors' retirement benefits		125,407		128,006		129,209	
5. Other long-term liabilities		94,133		120,683		102,333	
Total long-term liabilities		28,64,990	3.1	10,335,692	10.9	3,038,751	3.1
Total liabilities		38,365,496	42.4	42,551,677	45.0	45,606,559	46.6
MINORITY INTERESTS							
Minority interest		151,055	0.2	-	-	132,488	0.1
SHAREHOLDERS EQUITY							
I. Common stock		11,933,790	13.2	-	-	11,933,790	12.2
II. Capital surplus		17,354,214	19.2	-	-	17,354,214	17.7
III. Retained earnings		28,207,232	31.2	-	-	28,723,606	29.4
IV. Gain or loss from revaluation of marketable securities		283,867	0.4	-	-	77,628	0.1
V. Treasury stock		△ 5,922,273	△ 6.6	-	-	△ 5,930,226	△ 6.1
Total shareholders' equity		51,856,832	57.4	-	-	52,159,014	53.3
Total liabilities, minority interests and shareholders' equity		90,373,384	100.0	-	-	97,898,062	100.0

Category	Note No.	First half of FY 2006 (As of September 30, 2005) Amount (Thousands of yen)	Share (%)	First half of FY 2007 (As of September 30, 2006) Amount (Thousands of yen)	Share (%)	Summer of consolidated Balance Sheets for FY2006 (As of March 31, 2006) Amount (Thousands of yen)	Share (%)
NET ASSETS							
I. Shareholders' equity							
1. Common stocks		-	-	11,933,790	12.6	-	-
2. Capital surplus		-	-	17,354,214	18.4	-	-
3. Retained earnings		-	-	28,396,360	30.0	-	-
4. Treasury stocks		-	-	△ 5,931,686	△ 6.2	-	-
Total shareholders' equity		-	-	51,752,679	54.8	-	-
II. Unrealized gains and adjustments							
1. Unrealized gains on other securities		-	-	67,437	0.1	-	-
Total unrealized gains and adjustments		-	-	67,437	0.1	-	-
III. Minority interest		-	-	134,151	0.1	-	-
Total net assets		-	-	51,954,267	55.0	-	-
Total liabilities and net assets		-	-	94,505,944	100.0	-	-

(2) Interim Consolidated Statements of Income

(In thousand yen)

Category		Note No.	First half of FY2006 (April 1, 2005 through September 30, 2005) Amount (Thousands of yen)		(%)	First half of FY2007 (April 1, 2006 through September 30, 2006) Amount (Thousands of yen)		(%)	Summary of consolidated Statement of Income for FY2006 (April 1, 2005 through March 31, 2006) Amount (Thousands of yen)		(%)
I.	Net sales			103,333,872	100.0		102,211,719	100.0		206,222,324	100.0
II.	Cost of sales			82,662,867	80.0		82,224,638	80.4		165,174,725	80.1
	Gross profit			20,671,005	20.0		19,987,080	19.6		41,047,599	19.9
III.	Selling, general and administrative expenses										
1	Advertising and promotion expenses		2,197,949			3,486,948			5,121,130		
2	Directors' compensation		71,245			76,798			151,158		
3	Salaries and benefits		6,507,085			5,993,677			13,563,532		
4	Transfer to allowance for bonuses		887,416			809,974			861,687		
5	Employee retirement benefits		211,720			164,007			422,501		
6	Allowance for directors' and auditors' retirement benefits		3,802			4,264			7,604		
7	Directors' and auditors' retirement benefits		-			86			320		
8	Legal welfare expenses		992,101			917,868			1,984,977		
9	Travel and transportation expenses		734,185			680,723			1,463,609		
10	Rent		1,881,477			1,730,481			3,604,763		
11	Transfer to allowance for doubtful accounts		44,717			5,372			101,661		
12	Depreciation expenses		319,877			316,417			674,210		
13	Amortization of consolidated adjustment account		107,011			-			215,964		
14	Amortization of goodwill		-			103,820			-		
15	Other selling, general and administrative expenses		4,042,353	18,000,944	17.4	4,368,069	18,658,508	18.3	7,884,440	36,057,561	17.5
	Operating income			2,670,060	2.6		1,328,571	1.3		4,990,037	2.4
IV.	Non-operating income										
1	Interest income		41,116			16,562			36,152		
2	Dividend income		19,790			12,493			27,911		
3	Commission on consignment of office work		43,571			44,095			91,952		
4	Income from lease of fixed assets		13,008			15,756			27,065		
5	Others		43,032	160,518	0.1	47,755	136,663	0.1	98,693	281,775	0.1
V.	Non-operating expenses										
1	Interest expenses		24,506			28,720			57,430		
2	Bond interest		-			15,158			-		
3	Compensation for damages		3,734			3,833			11,931		
4	Bond issue cost		-			32,940			-		
5	Others		11,328	39,569	0.0	12,841	93,493	0.1	17,101	86,463	0.0
	Ordinary income			2,791,009	2.7		1,371,741	1.3		5,185,349	2.5

Category	Note No.	First half of FY2006 (April 1, 2005 through September 30, 2005) Amount (Thousands of yen)		(%)	First half of FY2007 (April 1, 2006 thro+F47ugh September 30, 2006) Amount (Thousands of yen)		(%)	Summary of consolidated Statement of Income for FY2006 (April 1, 2005 through March 31, 2006) Amount (Thousands of yen)		(%)
VI. Extraordinary income										
1 Gain on sale of fixed assets		-			-			4		
2 Gain on sale of investment in securities		-			-			552,837		
3 Gain on sale of shares of related company		1,489,112	1,489,112	1.5	-	-	0.0	1,489,112	2,041,954	1.0
VII. Extraordinary losses										
1 Loss on retirement of fixed assets		32,143			17,393			74,997		
2 Loss on sale of fixed assets		-			-			55,325		
3 Loss on revaluation of shares of related company		27,494			-			118,492		
4 Transfer to allowance for doubtful accounts		1,308,488			-			2,455,000		
5 Loss on closedown of office		-			-			7,552		
6 Loss on impairment		131,098			52,560			131,098		
7 Loss on revaluation of inventories		657,000			-			2,422,614		
8 Loss on disengagement of lease		-			96,300			-		
9 Others		-	2,156,224	2.1	-	166,253	0.1	3,503	5,268,583	2.6
Income before income taxes			2,123,897	2.1		1,205,487	1.2		1,958,719	0.9
Income, inhabitants and business taxes		1,990,087			252,118			3,243,944		
Adjustments for income and other taxes		△ 1,340,306	649,780	0.7	454,223	706,341	0.7	△ 3,295,144	△ 51,199	△ 0.1
Minority interest			16,075	0.0		14,667	0.0		34,984	0.0
Net income			1,458,041	1.4		484,478	0.5		1,974,934	1.0

(3) Consolidated Statements of Retained Earnings
and Consolidated Statements of Changes in Shareholders' Equity (Summary)

Consolidated Statements of Retained Earnings

		First half of FY2006 (April 1, 2005 through September 30, 2005)		Summary of consolidated Statements of Retained Earnings for FY2006 (April 1, 2005 through March 31, 2006)	
Category	Note No.	Amount (Thousands of yen)		Amount (Thousands of yen)	
Capital surplus					
I. Capital surplus at beginning of the year			17,354,214		17,354,214
II. Capital surplus at end of the interim term			17,354,214		17,354,214
Retained earnings					
I. Retained earnings at beginning of year			27,562,047		27,562,047
II. Increase in retained earnings					
1. Net income		1,458,041	1,458,041	1,974,934	1,974,934
III. Decrease in retained earnings					
1. Dividends		776,050		776,050	
2. Bonuses for directors and auditors		36,000		36,000	
3. Loss on Liquidation of treasury stock		806	812,857	1,325	813,376
IV. Retained earnings at end of the interim term			28,207,232		28,723,606

Consolidated Statements of Changes in Shareholders' Equity (Summary)

(In thousand yen)

	Shareholders' equity				
	Common stocks	Capital surplus	Retained earnings	Treasury stocks	Total shareholder's equity
Balance as of March 31, 2006	11,933,790	17,354,214	28,723,606	△ 5,930,226	52,081,385
Amount of fluctuation during the consolidated interim term					
Dividend from retained earnings)			△ 774,937		△ 774,937
Directors' bonuses			△ 36,000		△ 36,000
Net income			484,478		484,478
Acquisition of Treasury stock				△ 2,891	△ 2,891
Retirement of Treasury stock			△ 786	1,430	643
Amount of fluctuation of items other than shareholders' equity during the consolidated interim term					
Amount of fluctuation during the consolidated interim term			△ 327,245	△ 1,460	△ 328,706
Balance as of September 30, 2006	11,933,790	17,354,214	28,396,360	△ 5,931,686	51,752,679

	Unrealized gains and adjustments		Minority interest	Total net assets
	Unrealized gains on other securities	Total unrealized gains and adjustments		
Balance as of March 31, 2006	77,628	77,628	132,488	52,291,502
Amount of fluctuation during the consolidated interim term				
Dividend from retained earnings)				△ 774,937
Directors' bonuses				△ 36,000
Net income				484,478
Acquisition of Treasury stock				△ 2,891
Retirement of Treasury stock				643
Amount of fluctuation of items other than shareholders' equity during the consolidated interim term	△ 10,191	△ 10,191	1,662	△ 8,528
Amount of fluctuation during the consolidated interim term	△ 10,191	△ 10,191	1,662	△ 337,235
Balance as of September 30, 2006	67,437	67,437	134,151	51,954,267

(4) Interim Consolidated Statements of Cash Flows

Category	Note No.	First half of FY2006 (April 1, 2005 through September 30, 2005) Amount (Thousands of yen)	First half of FY2007 (April 1, 2006 through September 30, 2006) Amount (Thousands of yen)	Summary of consolidated Statement of Cash Flow for FY2006 (April 1, 2005 through March 31, 2006) Amount (Thousands of yen)
I. Cash flow from operating activities				
1. Income before income taxes		2,123,897	1,205,487	1,958,719
2. Depreciation expenses		833,407	986,683	1,781,896
3. Increase in allowance for doubtful accounts		1,346,208	△ 31,862	2,530,998
4. Increase in allowance for employee bonuses		367,193	△ 46,901	△ 167,514
5. Increase in allowance for employee retirement benefits		191,602	100,028	359,693
6. Change in directors' and auditors' retirement benefits		△ 2,874	△ 1,202	927
7. Interest income and dividend income		△ 60,906	△ 29,056	△ 64,063
8. Interest expenses		24,506	43,878	57,430
9. Amortization of consolidated adjustment account		107,011	-	215,964
10. Amortization of goodwill		-	103,820	-
11. Gain on sale of investment securities		-	-	△ 552,837
12. Other incomes		-	0	△ 2,521
13. Loss on retirement of fixed assets		32,143	17,393	74,997
14. Loss on sale of fixed assets		-	-	55,325
15. Gain on sale of fixed assets		-	-	△ 4
16. Loss on impairment		131,098	52,560	131,098
17. Gain on sale of shares of related companies		△ 1,489,112	-	△ 1,489,112
18. loss on revaluation of shares of related companies		27,494	-	118,492
19. loss on revaluation of inventory		657,000	-	2,422,614
20. Other extraordinary loss		-	-	3,503
21. Increase in accounts receivable		△ 1,158,373	△ 176,568	△ 1,111,859
22. Decrease in inventory		5,280	66,483	173,720
23. Change in other current assets		139,768	△ 160,542	366,889
24. Change in accounts payable		△ 83,250	△ 311,367	13,383
25. Change in other current liabilities		△ 59,603	717,230	1,698,167
26. Decrease in unpaid consumption taxes, etc.		△ 47,898	△ 433,569	538,836
27. Decrease in other long-term liabilities		17,621	506	30,326
28. Increase in other long-term liabilities		4,806	18,350	13,006
29. Directors' bonuses paid		△ 36,000	△ 36,000	△ 36,000
Subtotal		3,071,020	2,085,353	9,122,079
Interest and dividends received		38,040	28,279	63,284
Interests paid		△ 25,084	△ 29,408	△ 58,274
Income and other taxes paid		△ 588,401	△ 1,694,691	△ 2,546,191
Income and other taxes refunded		91,492	-	91,923
Cash flow from operating activities		2,587,068	389,532	6,672,819
II. Cash flow from investing activities				
1. Net increase in time deposits		△ 188,500	△ 58,000	△ 378,500
2. Proceeds from time deposits		193,000	40,000	399,000
3. Acquisition of shares of consolidated subsidiaries		-	△ 6,000	△ 20,000
4. Acquisition of tangible fixed assets		△ 3,494,577	△ 1,225,579	△ 7,796,518
5. Proceeds from sales of tangible fixed assets		-	-	58,593
6. Acquisition of intangible fixed assets		△ 175,811	△ 221,587	△ 250,691
7. Purchases of investment in securities		△ 10,500	-	-
8. Proceeds form sales of investments in securities		200,000	300,000	874,633
9. Acquisition of shares of related companies		-	-	△ 260,500
10. Proceeds from shares of related companies		-	-	250,005
11. Expenditure for sale of subsidiary's shares with changes in the scope of consolidation		△ 165,159	-	-
12. Proceeds for sale of subsidiary's shares with changes in the scope of consolidation		-	-	434,841
13. Long-term prepaid expenses paid		△ 19,458	△ 10,346	△ 94,749
14. Loans extended		△ 182,342	△ 25,600	△ 232,942
15. Proceeds from repayment of loans		43,351	119,829	1,659,152
16. Deposits paid		△ 167,936	△ 150,004	△ 319,504
17. Proceeds from return of deposits		80,246	171,549	237,671
18. Other investments (net)		△ 93,712	△ 11,956	△ 99,005
Cash flow from investing activities		△ 3,981,400	△ 1,077,695	△ 5,538,514

		First half of FY2006 (April 1, 2005 through September 30, 2005)	First half of FY2007 (April 1, 2006 through September 30, 2006)	Summary of consolidated Statement of Cash Flow for FY2006 (April 1, 2005 through March 31, 2006)
Category	Note No.	Amount (Thousands of yen)	Amount (Thousands of yen)	Amount (Thousands of yen)
III. Cash flow from financing activities				
1. Proceeds from short-term loans		84,950,000	86,240,000	184,150,000
2. Repayment of short-term loans		△ 81,708,000	△ 98,908,000	△ 175,804,000
3. Proceeds from bond issued		-	11,000,000	-
4. Proceeds from long-term loans		26,611	11,933	42,109
5. Repayment of long-term loans		△ 46,773	△ 29,793	△ 84,149
6. Proceeds from sales of treasury stock		1,250	643	2,107
7. Acquisition of treasury stock		△ 132,696	△ 2,891	△ 142,025
8. Payment of dividends by parent company		△ 776,050	△ 780,035	△ 776,050
9. Payment of dividends minority shareholders		△ 2,400	△ 4,500	△ 2,400
Cash flow from financing activities		2,311,940	△ 2,472,642	7,385,590
IV. Effects of exchange rate changes on cash and cash equivalents		△ 0	△ 0	0
V. Change in cash and cash equivalents		917,608	△ 3,160,805	8,519,895
VI. Cash and cash equivalents at beginning of the year		3,871,610	12,391,506	3,871,610
VII. Cash and cash equivalents at end of the interim term		4,789,218	9,230,700	12,391,506

Basic Conditions to Prepare Consolidated Financial Statements

First half of FY2006 (April 1, 2005 through September 30, 2005)	First half of FY2007 (April 1, 2006 through September 30, 2006)	FY2006 (April 1, 2005 through March 31, 2006)
1. Scope of Consolidation	1. Scope of Consolidation	1. Scope of Consolidation
The accompanying consolidated financial statements include the account of the following 7 subsidiaries: Tokyo Marunouchi Publishing Co., Ltd., Nihon Support Service Co., Ltd., Roris Co., Ltd., Keihin Life Service Co., Ltd., reha team japan Co., Ltd., NIHON CREDIT LEASE Co, Ltd., POWER BANK Co., Ltd. (renamed from “NICHII POWER BANK Co., Ltd.”). Having sold Sun Medic Co., Ltd. as of September 30, 2005, we have only consolidated its income and loss in these statements. “Hospica Co., Ltd.” and 7 other subsidiaries are not included in the scope of consolidation because their total assets, Net sales, Net income and loss (corresponding to respective equity) and Retained earnings (corresponding to respective equity) are all small and have little effect on the financial statements as a whole. 2. Application of the Equity Method Investments in “Hospica Co., Ltd.” and 7 other unconsolidated subsidiaries and 1 affiliate are not covered by the equity method because their Net income and loss (corresponding to respective equity) and Retained earnings (corresponding to respective equity) have little effect on the financial statements, and have little importance as a whole. 3. The Interim Balance Sheet Dates of Consolidated Subsidiaries	The accompanying consolidated financial statements include the account of the following 7 subsidiaries: Tokyo Marunouchi Publishing Co., Ltd., Nihon Support Service Co., Ltd., Roris Co., Ltd., Keihin Life Service Co., Ltd., reha team japan Co., Ltd., NIHON CREDIT LEASE Co, Ltd., POWER BANK Co., Ltd. Having sold Sun Medic Co., Ltd. as of September 30, 2005, we have only consolidated its income and loss in these statements. “Hospica Co., Ltd.” and 6 other subsidiaries are not included in the scope of consolidation because their total assets, Net sales, Net income and loss (corresponding to respective equity) and Retained earnings (corresponding to respective equity) are all small, and have little effect on the financial statements as a whole. 2. Application of the Equity Method Investments in “Hospica Co., Ltd.” and 6 other unconsolidated subsidiaries and 1 affiliate are not covered by the equity method because their Net income and loss (corresponding to respective equity) and Retained earnings (corresponding to respective equity) have little effect on the financial statements, and have little importance as a whole. 3. The Interim Balance Sheet Dates of Consolidated Subsidiaries	The accompanying consolidated financial statements include the account of the following 7 subsidiaries: Tokyo Marunouchi Publishing Co., Ltd., Nihon Support Service Co., Ltd., Roris Co., Ltd., Keihin Life Service Co., Ltd., reha team japan Co., Ltd., NIHON CREDIT LEASE Co, Ltd., POWER BANK Co., Ltd. (renamed from “NICHII POWER BANK Co., Ltd.”). Having sold Sun Medic Co., Ltd. as of September 30, 2005, we have only consolidated its income and loss in these statements. “Hospica Co., Ltd.” and 6 other subsidiaries are not included in the scope of consolidation because their total assets, Net sales, Net income and loss (corresponding to respective equity) and Retained earnings (corresponding to respective equity) are all small and have little effect on the financial statements as a whole. 2. Application of the Equity Method Investments in “Hospica Co., Ltd.” and 6 other unconsolidated subsidiaries and 1 affiliate are not covered by the equity method because their Net income and loss (corresponding to respective equity) and Retained earnings (corresponding to respective equity) have little effect on the financial statements, and have little importance as a whole. 3. The Interim Balance Sheet Dates of Consolidated Subsidiaries
Shown below are accounting closing dates for some of the company’s consolidated subsidiaries. Keihin Life Service Co., Ltd. The end of Jun. NIHON CREDIT LEASE Co., Ltd. The end of Jun. Tokyo Marunouchi Publishing Co., Ltd. The end of Jul. Nihon Support Service Co., Ltd. The end of Aug. For the purpose of preparing these consolidated financial statements, we have used financial statement data for these companies as of their respective balance sheet dates. However, appropriate adjustments were made for material transactions during the periods from their respective balance sheet dates to September 31.	Same as on the left	Shown below are accounting closing dates for some of the company’s consolidated subsidiaries. Keihin Life Service Co., Ltd. The end of Dec. NIHON CREDIT LEASE Co., Ltd. The end of Dec. Tokyo Marunouchi Publishing Co., Ltd. The end of Jan. Nihon Support Service Co., Ltd. The end of Feb. For the purpose of preparing these consolidated financial statements, we have used financial statement data for these companies as of their respective balance sheet dates. However, appropriate adjustments were made for material transactions during the periods from their respective balance sheet dates to March 31.

First half of FY2006 (April 1, 2005 through September 30, 2005)	First half of FY2007 (April 1, 2006 through September 30, 2006)	FY2006 (April 1, 2005 through March 31, 2006)
4. Summary of Significant Accounting Policies (1) Valuation standard and method for significant assets (a) Securities Other Securities Securities with available fair market values are stated at fair market value based on the quoted market price as of the end of the interim consolidated period. The related valuation differences are directly charged or credited to the shareholders' equity, and cost of securities sold is computed using the moving average method. Securities without available fair market value are stated at a cost determined using the moving average method.	4. Summary of Significant Accounting Policies (1) Valuation standard and method for significant assets (a) Securities Other Securities Securities with available fair market values are stated at fair market value based on the quoted market price as of the end of the interim consolidated period. The related valuation differences are directly charged or credited to the net assets, and cost of securities sold is computed using the moving average method. Securities without available fair market value are stated at a cost determined using the moving average method.	4. Summary of Significant Accounting Policies (1) Valuation standard and method for significant assets (a) Securities Other Securities Securities with available fair market values are stated at fair market value based on the quoted market price as of the end of the fiscal year. The related valuation differences are directly charged or credited to the shareholders' equity, and cost of securities sold is computed using the moving average method. Securities without available fair market value are stated at a cost determined using the moving average method.
(b) Inventories (i) Merchandise is stated at a cost determined using the moving average method.	(b) Inventories (i) Same as on the left	(b) Inventories (i) Same as on the left
(ii) Teaching materials are stated at a cost determined using the moving average method.	(ii) Same as on the left	(ii) Same as on the left
(iii) Other inventories are mainly stated at a cost determined using the specific cost method.	(iii) Same as on the left	(iii) Same as on the left
(2) Depreciation method for significant depreciable assets (a) Tangible fixed assets Tangible fixed assets are depreciated using the declining balance method. However, buildings (except for building attachments) and day care facilities' building attachments, structures and fittings acquired on and after April 1, 1998 are depreciated using the straight-line method. The range of useful lives is as follows: Buildings and structures: 10 to 50 years Other assets (fittings): 3 to 6 years	(2) Depreciation method for significant depreciable assets (a) Tangible fixed assets Same as on the left	(2) Depreciation method for significant depreciable assets (a) Tangible fixed assets Same as on the left
(b) Intangible fixed assets Intangible fixed assets are depreciated using the straight-line method. Software for internal use is amortized using the straight-line method over the expected available period (5 years).	(b) Intangible fixed assets Same as on the left	(b) Intangible fixed assets Same as on the left

First half of FY2006 (April 1, 2005 through September 30, 2005)	First half of FY2007 (April 1, 2006 through September 30, 2006)	FY2006 (April 1, 2005 through March 31, 2006)
(3) Accounting for significant allowances and reserves (a) Allowance for doubtful accounts In the case of bad debt loss for accounts receivable, general allowances are provided using a rate determined by past bad debt experience for general accounts, and also specific allowances are provided in the estimated amounts considered to be uncollectible after reviewing certain doubtful accounts. (b) Allowance for employee bonuses To provide for payment of bonuses to employees, allowance for employee bonuses are recorded as the amount expected to be paid. (c) Allowance for employees' retirement benefits To provide for employees' retirement benefits, a reserve for retirement benefits deemed accrued at the end of the current interim consolidated accounting period is recorded, based on the projected retirement benefit obligations and related plan assets as of the current consolidated fiscal year end. Actuarial differences are amortized on a straight-line basis over certain years (5 years for regular and junior employees and managing service staff, and 4 years for non-managing service staff) within the average remaining years of service of employees, allocated proportionately starting from the year following the respective consolidated fiscal year of occurrence. (d) Allowance for directors' and auditors' retirement benefits To provide for benefits for retired directors and auditors, reserve for retirement benefits is recorded for the necessary payment amount as of the end of the interim consolidated period based on internal regulations. (4) — (5) Accounting for significant leases Finance lease transactions, other than those that are deemed to transfer the ownership of the leased assets to lessees, are accounted for using the method that is applicable to ordinary operating leases.	(3) Accounting for significant allowances and reserves (a) Allowance for doubtful accounts Same as on the left (b) Allowance for employee bonuses Same as on the left (c) Allowance for employees' retirement benefits Same as on the left (d) Allowance for directors' and auditors' retirement benefits Same as on the left (4) Accounting of deferred assets Bond issue costs are recorded in full at the time of occurrence. (5) Accounting for significant leases Same as on the left	(3) Accounting for significant allowances and reserves (a) Allowance for doubtful accounts Same as on the left (b) Allowance for employee bonuses Same as on the left (c) Allowance for employees' retirement benefits To provide for employees' retirement benefits, a reserve for retirement benefits is recorded based on the projected retirement benefit obligations and related plan assets as of the current consolidation fiscal year end. Actuarial differences are to be charged to income from the following consolidation fiscal year based on determined years; 5 years for regular and junior employees and managing service staff, and 4 years for non-managing service staff. (d) Allowance for directors' and auditors' retirement benefits To provide for benefits for retired directors and auditors, reserve for retirement benefits is recorded for the necessary payment amount as of the end of the fiscal year based on internal regulations. (4) — (5) Accounting for significant leases Same as on the left

First half of FY2006 (April 1, 2005 through September 30, 2005)	First half of FY2007 (April 1, 2006 through September 30, 2006)	FY2006 (April 1, 2005 through March 31, 2006)
(6) Other significant issues for presenting interim consolidated financial statements Accounting for consumption taxes National and local consumption taxes are accounted for based on the tax exclusion method. Nondeductible consumption taxes are treated as selling, general and administrative expenses. <u>5. Scope of Cash and Cash Equivalents in the Consolidated Statement of Cash Flow</u> The cash and cash equivalents consists of cash on hand, deposits with banks withdrawable on demand, and short-term investments which are readily convertible to cash subject to an insignificant risk of any change in their value and which were purchased with an original maturity of three months or less.	(6) Other significant issues for presenting interim consolidated financial statements Accounting for consumption taxes Same as on the left <u>5. Scope of Cash and Cash Equivalents in the Consolidated Statement of Cash Flow</u> Same as on the left	(6) Other significant issues for presenting interim consolidated financial statements Accounting for consumption taxes Same as on the left <u>5. Scope of Cash and Cash Equivalents in the Consolidated Statement of Cash Flow</u> Same as on the left

Change in Basic of Presenting Consolidated Financial Statements

First half of FY2006 (April 1, 2005 through September 30, 2005)	First half of FY2007 (April 1, 2006 through September 30, 2006)	FY2006 (April 1, 2005 through March 31, 2006)
(Accounting standards related to impairment losses on fixed assets) From the current interim consolidated period, we adopted the new accounting standard for impairment loss on fixed assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the implementation guidance for the accounting standard for impairment of fixed assets (The Financial Accounting Standard Implementation Guidance No. 6 issued on October 31, 2003). This resulted in a 131,098 thousand yen decrease in Income before income taxes for the current interim consolidated period. The accumulated impairment loss on fixed assets is deducted directly from the amount of each asset, based on the revised rules for consolidated financial statements.	—	(Accounting standards related to impairment losses on fixed assets) From the current consolidated fiscal year, we adopted the new accounting standard for impairment loss on fixed assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the implementation guidance for the accounting standard for impairment of fixed assets (The Financial Accounting Standard Implementation Guidance No. 6 issued on October 31, 2003). This resulted in a 131,098 thousand yen decrease in Income before income taxes for the current consolidated fiscal year. The accumulated impairment loss on fixed assets is deducted directly from the amount of each asset, based on the revised rules for consolidated financial statements.
—	(Accounting standards for presentation of net assets on balance sheet) Effective from the interim accounting period ended September 30, 2006, the Company has adopted the "Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standard board Statement No. 5)"" the "Implementation Guidance for Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standard Board Statement No. 8)" both issued by the Accounting Standards Board of Japan on December 9, 2005. The latest total shareholders' equity is equivalent to 51,820,116 thousand yen. Net assets are shown on the consolidated balance sheet for the current interim accounting period in line with amended guidelines for the preparation of interim consolidated financial statements.	—

Changes in Listing Method

First half of FY2006 (April 1, 2005 through September 30, 2005)	First half of FY2007 (April 1, 2006 through September 30, 2006)
—	(Interim consolidated Balance Sheets) The item named “Consolidated adjustment account” in the financial statements for the previous interim consolidated accounting period is presented as “Goodwill” from the current interim consolidated accounting period.
—	(Interim consolidated Statements of Income) The item named “Amortization of Consolidated adjustment account” in the financial statements for the previous interim consolidated accounting period is presented as “Amortization of goodwill” from the current interim consolidated accounting period.
—	(Interim consolidated Statements of Cash Flows) The item named “Amortization of consolidated adjustment account” in the financial statements for the previous interim consolidated accounting period is presented as “Amortization of goodwill” from the current interim consolidated accounting period.

Notes

(Interim consolidated Balance Sheets)

First half of FY 2006 (As of September 30, 2005)	First half of FY 2007 (As of September 30, 2006)	FY2006 (As of March 31, 2006)
*1. Accumulated depreciation related to tangible fixed assets ¥6,548,246 thousand Accumulated depreciation related to other investments and other assets (assets leased to others) ¥233,580 thousand	*1. Accumulated depreciation related to tangible fixed assets ¥8,050,370 thousand Accumulated depreciation related to other investments and other assets (assets leased to others) ¥264,240 thousand	*1. Accumulated depreciation related to tangible fixed assets ¥7,249,070 thousand Accumulated depreciation related to other investments and other assets (assets leased to others) ¥249,789 thousand
*2. —	*2. Accounting for notes matured at the end of the interim consolidated accounting period The Notes receivable to be matured on the book closing date at the end of the interim consolidated accounting period are settled on the date of bank clearing. As the end of the current interim consolidated accounting period was a bank holiday, the following notes matured at the end of the interim consolidated accounting period are included in the balance as of the end of the interim consolidated accounting period. Accounts receivable ¥1,224 thousand	*2. —
*3. In the current interim consolidated period, due to the receipt of governmental subsidies, advanced depreciation was undertaken for Buildings and structures (13,332 thousand yen) and for Others (3,617 thousand yen). Due to the receipt of governmental subsidies related to tangible fixed assets, accumulated advanced depreciation amounts to 161,570 thousand yen for Buildings and structures, 18,856 thousand yen for Others, and 180,426 thousand yen in total.	*3. Due to the receipt of governmental subsidies related to tangible fixed assets, accumulated advanced depreciation amounts to 161,570 thousand yen for Buildings and structures, 18,856 thousand yen for Others, and 180,426 thousand yen in total.	*3. In the current consolidated fiscal year, due to the receipt of governmental subsidies, advanced depreciation was undertaken for Buildings and structures (13,332 thousand yen) and for Others (3,617 thousand yen). Due to the receipt of governmental subsidies related to tangible fixed assets, accumulated advanced depreciation amounts to 161,570 thousand yen for Buildings and structures, 18,856 thousand yen for Others, and 180,426 thousand yen in total.
4. Guarantee liabilities The company is liable as guarantor for indebtedness of non-consolidated companies as follows: Keihin Recycle Jigyo-Kumiai ¥262,990 thousand	4. Guarantee liabilities The company is liable as guarantor for indebtedness of non-consolidated companies as follows: Keihin Recycle Jigyo-Kumiai ¥222,530 thousand	4. Guarantee liabilities The company is liable as guarantor for indebtedness of non-consolidated companies as follows: Keihin Recycle Jigyo-Kumiai ¥242,760 thousand

<table>
<tr><th>First half of FY 2006
(As of September 30, 2005)</th><th>First half of FY 2007
(As of September 30, 2006)</th><th>FY2006
(As of March 31, 2006)</th></tr>
<tr>
<td>5. Overdraft contract and credit commitments
The company and its consolidated subsidiaries (Nihon Support Service Co., Ltd. and 3 other companies) have an overdraft contract and credit commitments from seven banks in order to perform efficient financing. Based on these contracts, total unused credit available at the end of this interim consolidated period was as follows:

(Thousands of yen)
Total credit available and credit commitments 45,764,000
Total credit used 7,950,000
Balance 37,814,000</td>
<td>5. Overdraft contract
The company and its consolidated subsidiaries (Nihon Support Service Co., Ltd. and 1 other company) have an overdraft contract from five banks in order to perform efficient financing. Based on these contracts, total unused credit available at the end of this interim consolidated period was as follows:

(Thousands of yen)
Total credit available 24,500,000
Total credit used 388,000
Balance 24,112,000</td>
<td>5. Overdraft contract and credit commitments
The company and its consolidated subsidiaries (Nihon Support Service Co., Ltd. and 2 other companies) have an overdraft contract and credit commitments from six banks in order to perform efficient financing. Based on these contracts, total unused credit available at the end of this consolidated fiscal year was as follows:

(Thousands of yen)
Total credit available and credit commitments 37,818,000
Total credit used 13,051,000
Balance 24,767,000</td>
</tr>
</table>

(Consolidated Statements of Income)

First half of FY2006 (April 1, 2005 through September 30, 2005)

*1. Losses on retirement of fixed assets are itemized as follows:

Losses on retirement of fixed assets

(Thousands of yen)

Buildings and structures	27,775
Other tangible fixed assets	4,368
Total	32,143

*2. Impairment losses

The group recorded the following impairment losses in the previous interim consolidated period.

Location	Use	Category	Amount (Thousands of yen)
Kitakanto Sterilization Center (Kawasato-mura, Kitasaitama-gun, Saitama)	Sterilization facility	Buildings and structures	79,969
		Land	44,813
		Others	6,315

The group categorizes assets and applies asset-impairment accounting based on the smallest business units that generate cash flow independently.

The headquarters and properties such as training facilities are recognized as shared assets, as they do not generate cash flow by themselves.

The above-listed assets scheduled for sale have been accounted for as impaired assets, and the carrying amount was reduced to a recoverable value. Recoverable value is measured using net sale value. The calculation is based on the remaining balance of appraised value by a real estate appraiser after deducting estimated disposal cost.

First half of FY2007 (April 1, 2006 through September 30, 2006)

*1. Losses on retirement of fixed assets is itemized as follows:

Losses on retirement of fixed assets

(Thousands of yen)

Buildings and structures	14,454
Other tangible fixed assets	2,622
Other intangible fixed assets	316
Total	17,393

*2. Impairment losses

The group recorded the following impairment losses in the current interim consolidated period.

Location	Use	Category	Amount (Thousands of yen)
Airis CareShop (Kamakura-shi, Kanagawa)	Shop	Buildings and structures	36,570
		Land	15,831
		Others	158

The group categorizes assets and applies asset-impairment accounting based on the smallest business units that generate cash flow independently.

The headquarters and properties such as training facilities are recognized as shared assets, as they do not generate cash flow by themselves.

The above-listed assets scheduled for sale have been accounted for as impaired assets, and the carrying amount was reduced to a recoverable value. Recoverable value is measured using net sale value. The calculation is based on the remaining balance of the amount equivalent to the appraised value by a real estate appraiser after deducting estimated disposal cost.

FY2006 (April 1, 2005 through March 31, 2006)

*1. Gains on sales of fixed assets, losses on retirement of fixed assets and losses on sales of fixed assets are itemized as follows:

Gains on sales of fixed assets

(Thousands of yen)

Buildings and structures	3
Other tangible fixed assets	1
Total	4

Losses on retirement of fixed assets

(Thousands of yen)

Buildings and structures	66,044
Other tangible fixed assets	8,952
Total	74,997

Losses on sales of fixed assets

(Thousands of yen)

Land	55,325

*2. Impairment losses

The group recorded the following impairment losses in the previous fiscal year.

Location	Use	Category	Amount (Thousands of yen)
Kitakanto Sterilization Center (Kohnosu-shi, Saitama)	Sterilization facility	Buildings and structures	79,969
		Land	44,813
		Others	6,315

The group categorizes assets and applies asset-impairment accounting based on the smallest business units that generate cash flow independently.

The headquarters and properties such as training facilities are recognized as shared assets, as they do not generate cash flow by themselves.

The above-listed assets scheduled for sale have been accounted for as impaired assets, and the carrying amount was reduced to a recoverable value. Recoverable value is measured using net sale value. The calculation is based on the remaining balance of appraised value by a real estate appraiser after deducting estimated disposal cost.

(Statements of Shareholders' Equity)

The current interim consolidated period (April 1, 2006 through September 30, 2006)

1. Items regarding the type and total number of outstanding shares and the type and number of shares of treasury stocks (Shares)

	Number of shares at the end of FY2006 (As of March 31, 2006)	Increased number of shares in the first half of FY2007 (April 1, 2006 through September 30, 2006)	Decreased number of shares in the first half of FY2007 (April 1, 2006 through September 30, 2006)	Number of Shares at the end of the first half of FY 2007 (As of September 30, 2006)
Issued Stocks				
Common Stocks	36,508,976	-	-	36,508,976
Total	36,508,976	-	-	36,508,976
Treasury Stocks				
Common Stocks *	1,284,549	1,355	310	1,285,594
Total	1,284,549	1,355	310	1,285,594

*1. The increase in the number of common stock for treasury by 1,355 resulted from acquisition of fractional stock.

2. The decrease in the number of common stock for treasury by 310 resulted from additional acquisition of fractional stock.

2. Items regarding warrants

Category	Breakdown of warrants	Type of shares allocatable for warrants	Number of shares allocatable for warrants (Shares)				Balance at the end of First half of FY 2007 (As of Sep. 30, 2006) (Million of yen)
			The end of FY2006 (As of March 31, 2006)	Increased in the first half of FY2007 (April 1, 2006 through September 30, 2006)	Decreased in the first half of FY2007 (April 1, 2006 through September 30, 2006)	The end of the first half of FY 2007 (As of September 30, 2006)	
Company submitting these statements (Parent company)	Warrants of FY2001 *	Common stocks	207,408	—	207,408	—	—
	Warrants of FY2003	Common stocks	247,500	—	—	247,500	—
	Warrants as stock option	—	—	—	—	—	—
Consolidated subsidiaries	—	—	—	—	—	—	—
Total		—	454,908	—	207,408	247,500	—

* The decrease in the warrants in FY2001 resulted from termination of the period for the exercise of warrants

3. Items regarding dividends

(1) Amount of paid dividends

Resolution	Type of stock	Total amount of dividends (Thousands of yen)	Amount of dividends per share (yen)	Base date	Effective date
June 28, 2006 Annual meeting of shareholders	Common stock	774,937	22	March 31, 2006	June 29, 2006

(Consolidated Statements of Cash Flows)

<table>
<tr><th>First half of FY2006
(April 1, 2005 through
September 30, 2005)</th><th>First half of FY2007
(April 1, 2006 through
September 30, 2006)</th><th>FY2006
(April 1, 2005 through
March 31, 2006)</th></tr>
<tr><td>1. The reconciliations of cash and cash equivalents at the end of the interim period, and accounts in the consolidated balance sheets as of September 30, 2005 are as follows.

(Thousands of yen)
Cash and deposits 4,971,127
Time deposits maturing after three months △222,000
Marketable securities 40,091
Cash and cash equivalents 4,789,218</td><td>1. The reconciliations of cash and cash equivalents at the end of the interim period, and accounts in the consolidated balance sheets as of September 30, 2006 are as follows.

(Thousands of yen)
Cash and deposits 9,414,600
Time deposits maturing after three months △224,000
Marketable securities 40,099
Cash and cash equivalents 9,230,700</td><td>1. The reconciliations of cash and cash equivalents at the end of the fiscal year, and accounts in the consolidated balance sheets as of March 31, 2006 are as follows.

(Thousands of yen)
Cash and deposits 12,557,413
Time deposits maturing after three months △206,000
Marketable securities 40,093
Cash and cash equivalents 12,391,506</td></tr>
</table>

(i) Lease transactions

First half of FY2006 (April 1, 2005 through September 30, 2005)

1. Finance lease transactions other than those that are deemed to transfer the ownership of the leased assets to lessees

(1) Acquisition cost, accumulated depreciation (amortization) and period ending balance of leased assets.

(Thousands of yen)

	Acquisition cost	Accumulated depreciation or amortization	Period ending balance
Buildings and structures	86,577	41,072	45,505
Other tangible fixed assets	17,655,118	9,686,203	7,968,915
Other intangible fixed assets	2,764,007	1,568,052	1,195,955
Total	20,505,703	11,295,328	9,210,375

(2) Outstanding balance of future lease payments at the end of the period

(Thousands of yen)

Within one year	3,863,917
Over one year	5,577,445
Total	9,441,363

(3) Lease fee payments, depreciation expenses and interest expenses

(Thousands of yen)

Lease fee payments	2,413,120
Depreciation expenses	2,228,503
Interest expenses	143,197

(4) Accounting method for depreciation expenses

Calculated by assuming the lease term is the depreciable life and depreciating the remaining amount to zero using the straight-line method.

(5) Accounting method for interest expenses

Interest expenses for leased assets are calculated as the difference between the total lease payments and the acquisition price of the leased assets, and the amount is allocated to each period using the interest method.

First half of FY2007 (April 1, 2006 through September 30, 2006)

1. Finance lease transactions other than those that are deemed to transfer the ownership of the leased assets to lessees

(1) Acquisition cost, accumulated depreciation (amortization), accumulated impairment loss and period ending balance of leased assets.

(Thousands of yen)

	Acquisition cost	Accumulated depreciation or amortization	Period ending balance
Buildings and structures	42,809	20,147	22,661
Other tangible fixed assets	13,760,059	6,942,739	6,817,319
Other intangible fixed assets	2,144,290	1,244,216	900,073
Total	15,947,158	8,207,104	7,740,054

(2) Outstanding balance of future lease payments at the end of the period

(Thousands of yen)

Within one year	3,006,066
Over one year	4,918,663
Total	7,924,730

(3) Lease fee payments, reversal of the impairment of lease property、depreciation expenses, interest expenses and impairment losses

(Thousands of yen)

Lease fee payments	2,137,420
Depreciation expenses	1,989,065
Interest expenses	127,992

(4) Accounting method for depreciation expenses

Same as on the left

(5) Accounting method for interest expenses

Same as on the left

FY2006 (April 1, 2005 through March 31, 2006)

1. Finance lease transactions other than those that are deemed to transfer the ownership of the leased assets to lessees

(1) Acquisition cost, accumulated depreciation (amortization), accumulated impairment loss and period ending balance of leased assets.

(Thousands of yen)

	Acquisition cost	Accumulated depreciation or amortization	Period ending balance
Buildings and structures	74,767	38,552	36,215
Other tangible fixed assets	16,503,443	8,919,268	7,584,175
Other intangible fixed assets	2,625,050	1,684,959	940,091
Total	19,203,262	10,642,780	8,560,482

(2) Outstanding balance of future lease payments at the end of the period

(Thousands of yen)

Within one year	3,431,811
Over one year	5,334,166
Total	8,765,977

(3) Lease fee payments, reversal of the impairment of lease property, depreciation expenses, interest expenses and impairment losses

(Thousands of yen)

Lease fee payments	4,794,807
Depreciation expenses	4,434,909
Interest expenses	276,830

(4) Accounting method for depreciation expenses

Same as on the left

(5) Accounting method for interest expenses

Same as on the left

First half of FY2006 (April 1, 2005 through September 30, 2005)	First half of FY2007 (April 1, 2006 through September 30, 2006)	FY2006 (April 1, 2005 through March 31, 2006)
(6) Subleasing The above listed finance lease transactions as a lessee include those where the leased assets are subleased to related companies under generally identical conditions. In regard to such transactions, the outstanding balance of future lease payments as a less or at the end of the interim period is as follows: (Thousands of yen) Within one year 396,982 Over one year 565,485 Total 962,467	(6) Subleasing Same as on the left (Thousands of yen) Within one year 258,937 Over one year 475,966 Total 734,904	(6) Subleasing The above listed finance lease transactions as a lessee include those where the leased assets are subleased to related companies under generally identical conditions. In regard to such transactions, the outstanding balance of future lease payments as a less or at the end of the fiscal year is as follows: (Thousands of yen) Within one year 364,086 Over one year 549,705 Total 913,792
2. Operating lease transactions Future lease payments (Thousands of yen) Within one year 29,335 Over one year 70,579 Total 99,914	2. Operating lease transactions Future lease payments (Thousands of yen) Within one year 25,804 Over one year 41,188 Total 66,993	2. Operating lease transactions Future lease payments (Thousands of yen) Within one year 27,200 Over one year 54,366 Total 81,567
—	(Impairment losses) There is no loss on impairment allocated to leased assets.	(Impairment losses) Same as on the left

(ii) Securities

(The end of the previous interim consolidated period)
Securities
1. Other securities with market price (Thousands of yen)

	First half of FY 2006 (As of September 30, 2005)		
	Acquisition prices	Amount recorded on interim consolidated balance sheets	Difference
Stocks	142,572	621,189	478,616
Total	142,572	621,189	478,616

2. Securities without any market price (Thousands of yen)

	First half of FY 2006 (As of September 30, 2005)
	Amount recorded on interim consolidated balance sheet
Other securities	
Unlisted stocks	861,865
Unlisted foreign stocks	300,000

(The end of the current interim consolidated period)
Securities
1. Other securities with market price (Thousands of yen)

	First half of FY 2007 (As of September 30, 2006)		
	Acquisition prices	Amount recorded on interim consolidated balance sheets	Difference
Stocks	20,776	134,480	113,703
Total	20,776	134,480	113,703

2. Securities without any market price (Thousands of yen)

	First half of FY 2007 (As of September 30, 2006)
	Amount recorded on interim consolidated balance sheet
Other securities	
Unlisted stocks	787,368

(The end of the previous consolidated fiscal year)
Securities
1. Other securities with market price (Thousands of yen)

	FY2006 (As of March 31, 2006)		
	Acquisition prices	Amount recorded on interim consolidated balance sheets	Difference
Stocks	20,776	151,663	130,886
Total	20,776	151,663	130,886

2. Securities without any market price (Thousands of yen)

	FY2006 (As of March 31, 2006)
	Amount recorded on interim consolidated balance sheet
Other securities	
Unlisted stocks	767,368
Unlisted foreign stocks	300,000

(iii) Derivative Transactions

The previous interim consolidated period (April 1, 2005 through September 30, 2005)

The group did not have any derivative transactions in the first half of the previous interim consolidated period.

The current interim consolidated period (April 1, 2006 through September 30, 2006)

The group did not have any derivative transactions in the first half of the current interim consolidated period.

The previous consolidated fiscal year (April 1, 2005 through March 31, 2006)

The group did not have any derivative transactions in the previous consolidated fiscal year.

(iv) Stock Options

The current interim consolidated period (April 1, 2006 through September 30, 2006)

There are no relevant matters.

5) Segment Information

a. Information by Business Segment (Thousands of yen)

	Medical Support Business	Health Care Business	Education Business	Other Businesses	Total	Elimination or Unallocated	Consolidated
First half of FY2006 (April 1, 2005 through September 30, 2005)							
Net sales							
(1) Net sales to external customers	53,560,839	39,159,901	6,902,822	3,710,309	103,333,872	—	103,333,872
(2) Inter-segment Net sales or transfer	530	902,408	111	5,010,171	5,913,221	(5,913,221)	—
Total	53,561,369	40,062,310	6,902,933	8,720,480	109,247,093	(5,913,221)	103,333,872
Operating expenses	48,354,504	38,825,516	7,723,592	8,663,335	103,566,948	(2,903,137)	100,663,811
Operating income or loss (△)	5,206,865	1,236,793	△ 820,658	57,145	5,680,144	(3,010,084)	2,670,060
First half of FY2007 (April 1, 2006 through September 30, 2006)							
Net sales							
(1) Net sales to external customers	55,316,834	39,532,497	6,741,968	620,418	102,211,719	—	102,211,719
(2) Inter-segment Net sales or transfer	8,967	162,680	8,972	1,076,559	1,257,181	(1,257,181)	—
Total	55,325,802	39,695,178	6,750,941	1,696,978	103,468,900	(1,257,181)	102,211,719
Operating expenses	50,154,570	38,629,575	7,391,563	1,650,838	97,826,548	3,056,598	100,883,147
Operating income or loss (△)	5,171,231	1,065,602	△ 640,622	46,139	5,642,351	(4,313,779)	1,328,571
FY2006 (April 1, 2005 through March 31, 2006)							
Net sales							
(1) Net sales to external customers	108,086,864	79,347,354	13,593,306	5,194,799	206,222,324	—	206,222,324
(2) Inter-segment Net sales or transfer	4,209	1,555,340	6,043	6,878,124	8,443,717	(8,443,717)	—
Total	108,091,073	80,902,694	13,599,349	12,072,923	214,666,041	(8,443,717)	206,222,324
Operating expenses	96,652,991	78,891,726	16,019,094	12,030,988	203,594,801	(2,362,514)	201,232,287
Operating income or loss (△)	11,438,081	2,010,968	△ 2,419,744	41,935	11,071,240	(6,081,202)	4,990,037

(Notes)

1.The group's operations are classified into the above business segments with regard to the type of business and other similarities.

2. Principal businesses and products of each business segment

Business Segment	Principal Businesses/Products
Medical Support Business	Medical practice services such as reception, medical fee claims, accounting, computer operations, medical record management, sell/disinfection/sterilization services for medical equipment, medical affairs consulting, etc.
Health Care Business	Home-visit long-term care, home-visit bathing, day care, rental/sale of welfare equipment, catering, etc.
Education Business	Courses for medical office work, home helper training, babysitter training, sign language, etc.
Other Businesses	Information processing, storage and delivery service, publication and sale of books, production and sale of flowers, ornamental plants, seeds and saplings, leasing, manpower service, etc.

3. Non-allocatable operating expenses

The non-allocatable operating expenses included in the Elimination or Unallocated account of the operating expenses for the first half of FY2006, the first half of FY2007 and FY2006 are 3,052,210 thousand yen, 4,378,438 thousand yen and 6,140,035 thousand yen respectively. They mainly consist of expenses for the parent company's administrative sections such as general administration division and accounting division.

4. Additional information

Out of the Operating expenses non-chargeable to either segment directly, those related to the general administration section of the parent company's branch offices used to be allocated equally to the Medical support, Health care and Education Business segments for convenience sake. However, along with their growing importance to each segment's business performance, we decided to allocate them in proportion to the business hours spent for each of the said three business segments by the general administration section of the branch offices, starting from the current interim consolidated accounting period. As a result of this change in the accounting method, the operating expenses and income changed as follows in comparison to those by the previous method: Operating expenses for the Medical Support Business increased by 764,445 thousand yen and the operating income for it decreased by the same amount. The Operating expenses for the Health care business and Education Business decreased by 71,949 thousand yen and 692,496 thousand yen respectively, and the Operating income for them increased by the same amounts respectively.

b. Information by Geographical Segments

Geographic segment information is not presented because the company has had no overseas consolidated subsidiaries or significant ranches in the first half of FY2006, the first half of FY2007 and FY2006.

c. Overseas Sales

Overseas information is not presented because the company has had no overseas sales in the first half of FY2006, the first half of FY2007 and FY2006.

(Per Share Information)

First half of FY2006 (April 1, 2005 through September 30, 2005)	First half of FY2007 (April 1, 2006 through September 30, 2006)	FY2006 (April 1, 2005 through March 31, 2006)
Net assets per share ¥1,472.06 Net income per share ¥41.37 Diluted net income per share is not presented because there were no potential stocks with dilutive effect.	Net assets per share ¥1,471.19 Net income per share ¥13.75 Same as on the left	Net assets per share ¥1,479.74 Net income per share ¥55.03 Same as on the left

(Note) Shown below is the basis for calculation of Net income per share and Diluted net income per share in the first half of FY2007.

	First half of FY2006 (April 1, 2005 through September 30, 2005)	First half of FY2007 (April 1, 2006 through September 30, 2006)	FY2006 (April 1, 2005 through March 31, 2006)
Net income per share			
Net income	¥1,458,041 thousand	¥484,478 thousand	¥1,974,934 thousand
Amount not attributable to common stockholders	—	—	¥36,000 thousand
(Directors' bonuses through profit distribution included)	(—)	(—)	(¥36,000 thousand)
Net income relating to common stock	¥1,458,041 thousand	¥484,478 thousand	¥1,938,934 thousand
Average number of shares during the period	35,243 thousand shares	35,223 thousand shares	35,234 thousand shares
Net income per share – diluted			
Dilution of Net income	—	—	—
Increase in number of common stock	—	—	—
Outline of stock not included in Diluted net income per share due to lack of dilutive effect	(1) Warrants Number of shares for the warrants based on the resolution of the ordinary general meeting of shareholders held on June 28, 2001: 207,408 (2) Warrants Number of shares for the warrants based on the resolution of the ordinary general meeting of shareholders held on June 27, 2003: 2,250	(1) Warrants Number of shares for the warrants based on the resolution of the ordinary general meeting of shareholders held on June 27, 2003: 2,250	(1) Warrants Number of shares for the warrants based on the resolution of the ordinary general meeting of shareholders held on June 28, 2001: 207,408 (2) Warrants Number of shares for the warrants based on the resolution of the ordinary general meeting of shareholders held on June 27, 2003: 2,250

(Important Subsequent Events)

There are no relevant matters.

5. Sales Performance

Shown below are the sales performance results for each business segment for the first half of FY2006, the first half of FY2007 and FY2006.

(Thousands of yen)

Segment	First half of FY2006 (April 1, 2005 through September 30, 2005)	First half of FY2007 (April 1, 2006 through September 30, 2006)	FY2006 (April 1, 2005 through March 31, 2006)	Year on year
	Amount	Amount	Amount	
Medical Support Business	53,560,839	55,316,834	108,086,864	103.3%
Health Care Business	39,159,901	39,532,497	79,347,354	101.0%
Education Business	6,902,822	6,741,968	13,593,306	97.7%
Other Businesses	3,710,309	620,418	5,194,799	16.7%
Total	103,333,872	102,211,719	206,222,324	98.9%