
Nichii Gakkan Company
Interim Financial Results
Briefing Document
for the year ending March 2007

November 24, 2006

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All the profit targets and other future data including the number of contracts, number of users and goals contained in this document are forecasts based on the information that Nichii Group has at present. Such information is subject to influence by factors such as economic circumstances, relaxation of regulations and employment conditions.

Interim Financial Highlights

1. Net Sales 102,211 million yen

Liquidated a consolidated subsidiary to optimize the organization.

Influence of amendment to the long-term care insurance system.

2. Ordinary Income 1,371 million yen

Influence of amendment to the long-term care insurance system.

Pursuit of long-term strategies for Education Business.

3. Net Income 484 million yen

Extraordinary losses posted

(1) Impairment losses on transactions of fixed assets: 52 million yen

(2) Additional losses on liquidation of the subsidiary: 101 million yen

	End of Sep. 2005	End of Sep. 2006
Short-term loans payable	7,959 million yen	395 million yen
Current redemption of bonds	—	3,808 million yen
Bonds	—	7,192 million yen

Segmental Interim Financial Highlights

Medical Support

Net Sales 55,325 million yen
Operating Income 5,171 million yen

Enhanced management support services including DPC-related business.
Initiated recruitment system for permanent employees.
Set up for full-scale introduction of career improvement system.

Health Care

Net Sales 39,695 million yen **Operation**
Income 1,065 million yen

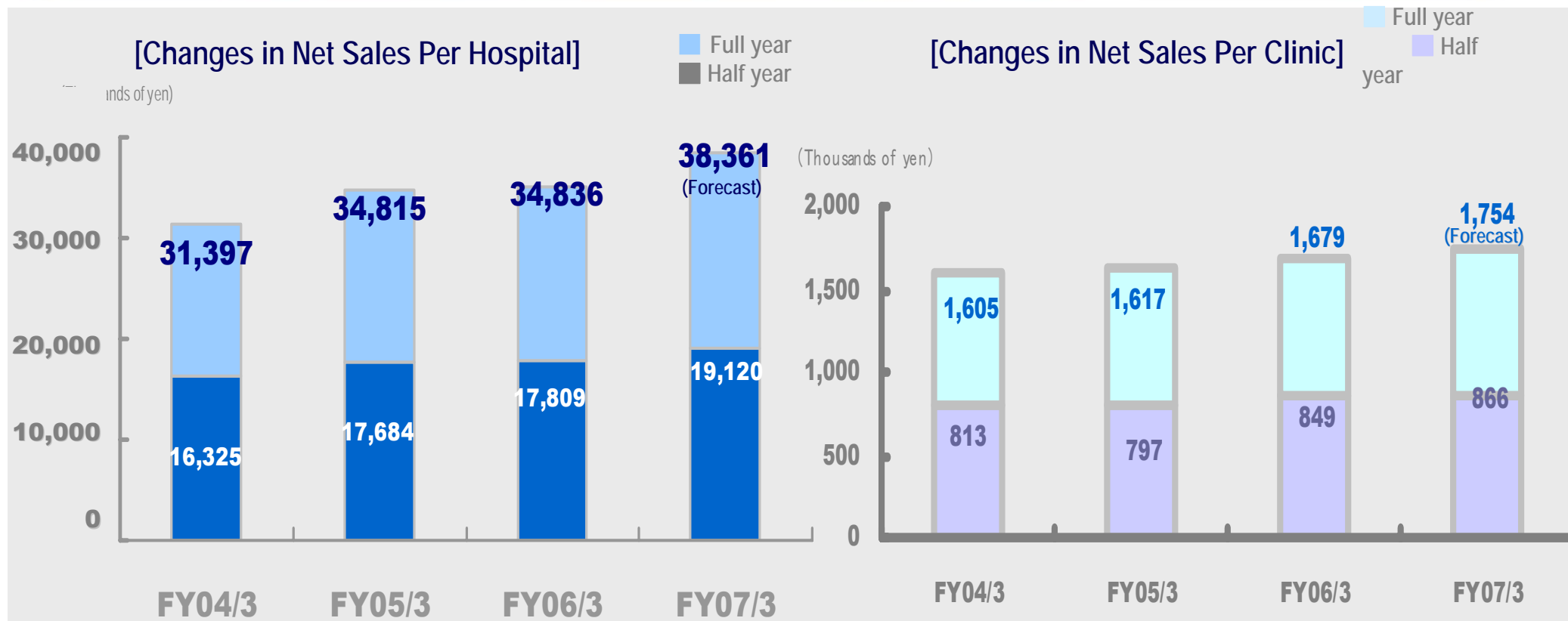
Providing preventive care services at about 250 facilities.
About 200 out of them are newly established or renovated facilities.
Promoted contracting for community support business.
Built up achievements in the preventive care program.

Education

Net Sales 6,750 million yen
Operation Income -640 million yen

Improved mixed media in advertisements

<Medical Support Business> Sales Increase Strategies



<Strategies>

Continue increasing Net sales per medical institution.

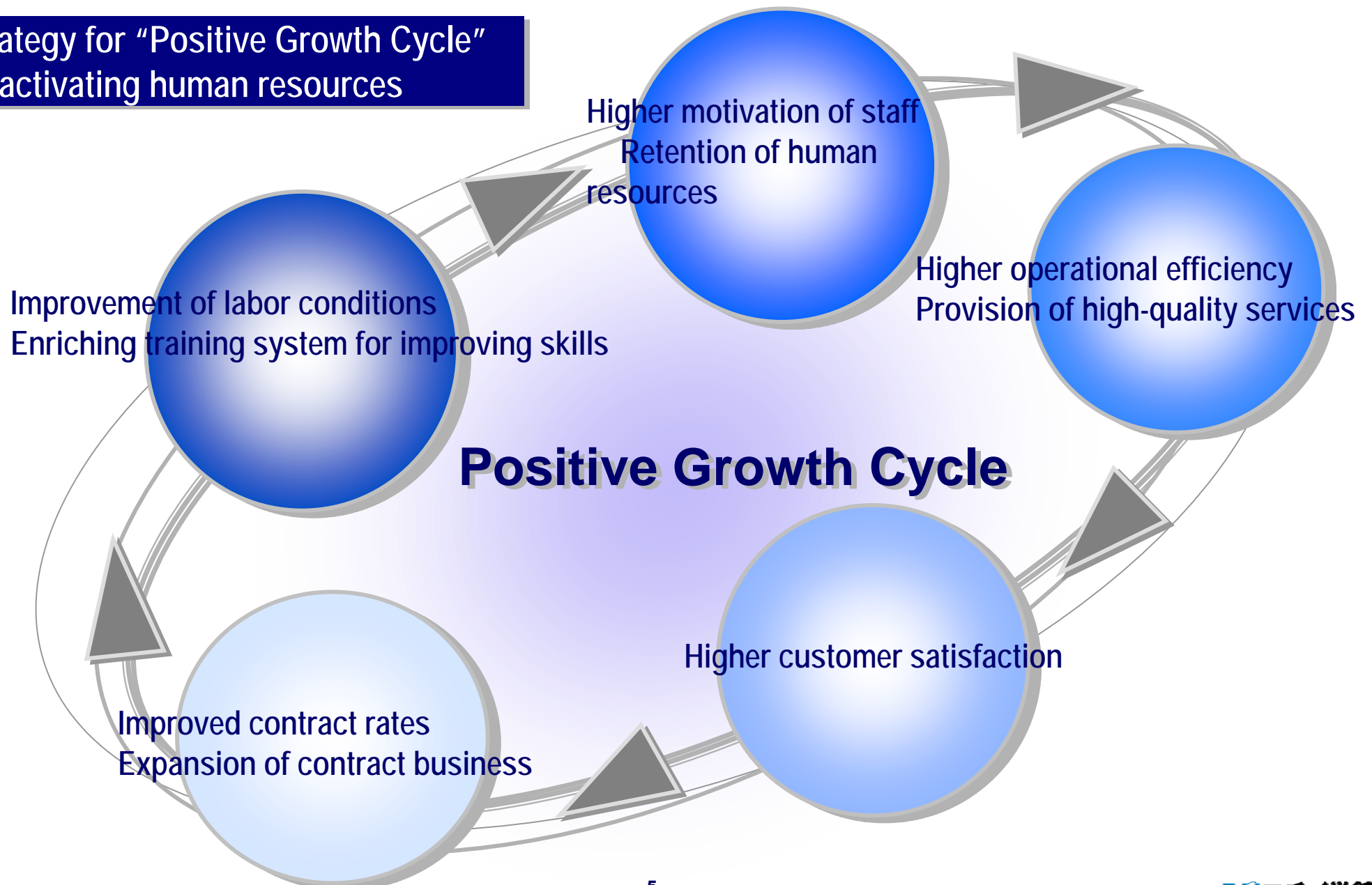
Improve contract rates.

Further promote expansion of contract business, focusing on spot operations and existing contracted operations.

Intensify negotiations to begin charging for the current free services.

<Medical Support Business> Developing and Securing Human Resources

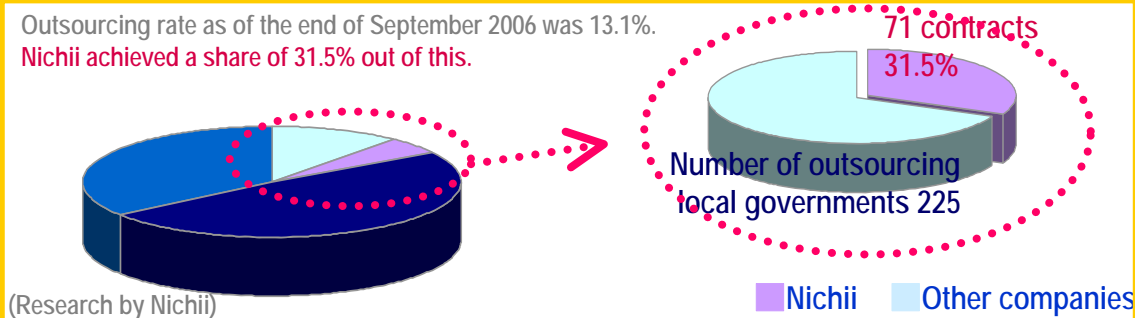
Strategy for "Positive Growth Cycle"
by activating human resources



<Health Care Business> Sales Increase Strategies

Contracts for community support business achieved

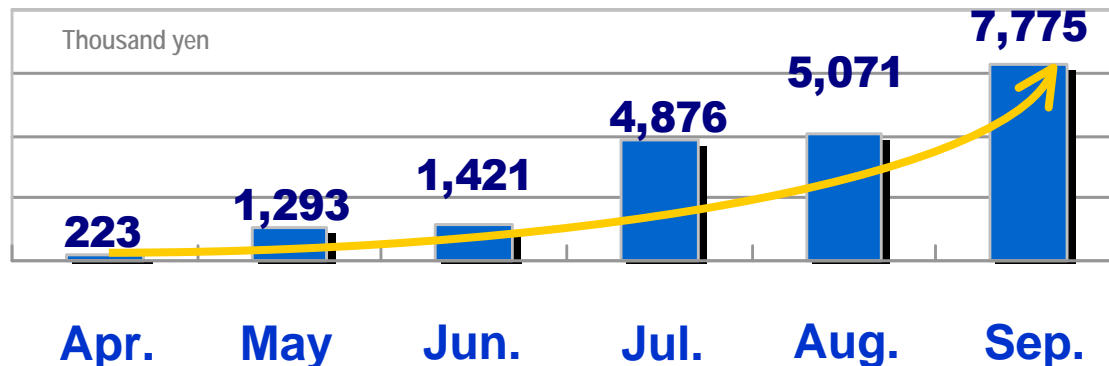
Outsourcing rate as of the end of September 2006 was 13.1%.
 Nichii achieved a share of 31.5% out of this.



Contract operations proposed

- Plan using Nichii's day service
 Services are provided utilizing Nichii's day care facilities, staff and program.
- Plan using Nichii's classroom
 Services are provided utilizing Nichii's classroom, staff and program
- Plan using government facilities
 (Entrusting type)
 Services are provided utilizing a location prepared by the local government and Nichii's staff and program.
 (Dispatching type)
 Location, staff and program are prepared by the local government, and Nichii is dispatching support staff.

Changes in sales from community support business



Results for the 1st half

- Developed infrastructure for preventive care services.
 - Increased facilities providing preventive day care services (Approx. 250 facilities)
 - Built up achievements in the preventive care program (See page 8).
- Number of community support business contracts achieved: 71 as of the end of Sep.
- Number of preventive care service users: 12,178 as of the end of Sep.

Sales increase strategies for the 2nd half

- Aggressive promotion of preventive care plan contracts
- Enhancing marketing efforts to local governments based on achievements
 - Aggressive promotion of community support business contracts
 - Acquiring users of preventive day care services.
- Preparation of application for qualification of specified service provider

<Education Business> Education Business Strategies

Revitalization and quantitative expansion strategies

1. Enhancement of advertising activities

- ◆ Improve mixed media in advertisements
(Active development of TV commercials and internet advertisements)
- ◆ Conduct campaigns for revitalizing the market

2. Improvement of education course plans

- ◆ Promote course plans based on student needs
- ◆ Run campaigns and provide a diversified (enriched) range of courses, to encourage existing students to take skill-enhancement programs.

Efficiency and quality improvement strategies

1. Improvement of class management efficiency

- ◆ Develop classes in line with the target market
- ◆ Promote effective utilization of classrooms

2. Enhancement of product attraction

- ◆ Improve the content of courses (to match actual practice)
- ◆ Establish a system to train instructors
- ◆ Introduce a new learning system to meet student needs.

<Reference Data> Nichii's Strength Training Evaluation Summary

Results of physical fitness measurement

<Implementation method>

The physical fitness measurement was carried out basically by preventive exercise instructors, based on the CGT*1 program of the Tokyo Metropolitan Institute of Gerontology.

<Implementation outline >

Subjects used the equipment of Nichii's day care service center.

[Composition of users]

Gender	Average age	Number of users
Male	78.1	640
Female	81.5	1,370
Total	80.4	2,010

[Breakdown of subjects]

Level of care required	Requiring support level 1	Requiring support level 2	Requiring care (Transitional)	Requiring care level 1
Number of users	263	357	199	648
Level of care required	Requiring care level 2	Requiring care level 3	Requiring care level 4	Requiring care level 5
Number of users	243	164	91	45

Item	Gender	Effective number ※2 (Number of people)	Value after improvement
BMI (Body Mass Index: degree of obesity)	Male	189	1.35%
	Female	358	1.33%
Grip strength (kg)	Male	201	5.28%
	Female	370	4.17%
Leg extension power (kg)	Male	149	16.28%
	Female	215	8.76%
Bending forward in the sitting position (cm)	Male	177	12.30%
	Female	299	9.12%
Functional reach (cm)	Male	181	9.17%
	Female	482	6.80%
Single-leg stand with eyes open (Sec.)	Male	182	39.68%
	Female	316	13.79%
Normal 5m walk (Sec.)	Male	183	14.46%
	Female	132	8.33%
Maximum 5m walk (Sec.)	Male	188	9.23%
	Female	328	11.11%
Timed Up & GO (Sec.)	Male	159	6.45%
	Female	261	9.32%

1. CGT: Comprehensive Geriatric Training. A method to improve muscle strength as well as flexibility, and sense of balance, in a comprehensive manner.
2. Effective number: Number of subjects who took the training, continued it for over 3 months, and had their values measured before and after the training.

<Reference Data> Nichii's shares by service (based on the number of times used)

Long-term care service + Preventive care service

[All-Japan data: All-Japan Federation of National Health Insurance Organizations]

Nichii's share (Units: number of times used)		2005						2006				
		Apr.	May	Jun.	Jul.	Sep.	Dec.	Mar.	Apr.	May	Jun.	Jul.
Home-visit long-term care	All Japan	1,226,000	1,258,000	1,265,000	1,267,000	1,280,000	1,292,000	1,281,000	1,231,000	1,263,100	1,263,300	1,259,900
	Year-on-year rate	7.0%	8.4%	7.6%	6.6%	6.3%	5.1%	4.0%	0.4%	0.4%	▲0.1%	▲0.6%
	Nichii	54,898	55,107	55,617	56,002	57,033	58,294	57,501	56,453	56,332	56,527	56,397
	Year-on-year rate	6.6%	7.1%	7.1%	6.9%	7.3%	6.9%	5.4%	2.8%	2.2%	1.6%	0.7%
	YoY rate variance (All)	▲0.3%	▲1.2%	▲0.4%	0.2%	1.0%	1.8%	1.4%	2.4%	1.8%	1.8%	1.3%
Day care	All Japan	1,022,000	1,047,000	1,062,000	1,068,000	1,080,000	1,095,000	1,094,000	1,038,000	1,088,600	1,094,100	1,099,400
	Year-on-year rate	9.9%	10.9%	10.9%	10.3%	10.1%	8.7%	9.1%	1.6%	4.0%	3.0%	2.9%
	Nichii	15,424	15,630	15,623	15,744	15,889	16,304	16,200	16,134	16,546	16,713	16,809
	Year-on-year rate	0.6%	2.3%	1.4%	2.0%	3.5%	6.2%	6.9%	4.6%	5.9%	7.0%	6.8%
	YoY rate variance (All)	▲9.3%	▲8.6%	▲9.4%	▲8.3%	▲6.6%	▲2.6%	▲2.2%	3.0%	1.9%	4.0%	3.8%
Welfare equipment rental	All Japan	1,015,000	1,045,000	1,056,000	1,063,000	1,075,000	1,091,000	1,090,000	1,050,000	1,076,900	1,063,600	1,047,000
	Year-on-year rate	10.7%	10.8%	11.2%	10.6%	10.4%	9.3%	8.7%	3.4%	3.1%	0.7%	▲1.5%
	Nichii	29,987	30,433	31,086	31,190	31,660	32,319	32,250	31,879	31,457	30,988	30,210
	Year-on-year rate	13.1%	12.3%	13.4%	11.8%	11.8%	10.4%	8.9%	6.3%	3.4%	▲0.3%	▲3.1%
	YoY rate variance (All)	2.4%	1.5%	2.2%	1.1%	1.4%	1.1%	0.2%	2.9%	0.3%	▲1.0%	▲1.6%

Monthly disclosed number of users of our home-visit long-term care service includes the users of home-visit bathing service. The above number of users of our home-visit long-term care service, however, excludes those of the home-visit bathing service.