Financial Results for the First Half of the Fiscal Year Ending March 31, 2008

November 22, 2007

Name of listed company: Nichii Gakkan Company
Location of headquarters: Tokyo Exchange where listed: Tokyo Stock Exchange
Company code number: 9792 (URL: http://www.nichiigakkan.co.jp)
Representative: President and Representative Director: Takashi Mori
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Scheduled date of filing securities report: December 20, 2007

Amounts less than one million yen have been rounded down.

1. Consolidated Results for the Half-Year Ended September 30, 2007 (April 1, 2007 - September 30, 2007)

(1) Consolidated Results

(Percentage figures represent changes from same period of previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Half-Year ended Sep. 30, 2007	96,701	(5.4)	880	(33.7)	966	(29.6)	13	(97.2)
Half-Year ended Sep. 30, 2006	102,211	(1.1)	1,328	(50.2)	1,371	(50.9)	484	(66.8)
Year ended Mar. 31, 2007	202,549	-	2,635	-	2,709	-	774	-

	Net Income per Share	Net Income Per Share after Adjusting for Latent Shares
	Yen	Yen
Half-Year ended Sep. 30, 2007	0.39	-
Half-Year ended Sep. 30, 2006	13.75	-
Year ended Mar. 31, 2007	22.00	-

(Notes) Equity-method investment profit (loss): Half-year ended Sep. 30, 2007: ¥ - million; Half-year ended Sep. 30, 2006: ¥ - million;
Year ended March 31, 2007: ¥ - million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	%	Yen
Half-Year ended Sep. 30, 2007	108,721	51,480	47.2	1,457.06
Half-Year ended Sep. 30, 2006	94,505	51,954	54.8	1,471.19
Year ended Mar. 31, 2007	92,115	52,247	56.6	1,479.10

(Notes) Shareholders' Equity: Half-Year ended Sep. 30, 2007: ¥51,318 million; Half-year ended Sep. 30, 2006: ¥51,820 million;
Year ended March 31, 2007: ¥52,096 million

(3) Consolidated Cash Flows

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents at End of Year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Half-Year ended Sep. 30, 2007	1,779	(15,759)	10,520	6,111
Half-Year ended Sep. 30, 2006	389	(1,077)	(2,472)	9,230
Year ended Mar. 31, 2007	2,656	(1,090)	(4,386)	9,570

2. Dividends

	Dividends per Share (Yen)		
	Interim	Year-end	Full Year
	Yen	Yen	Yen
Year ended Mar. 31, 2007		22.00	22.00
Year ended Mar. 31, 2008 (Result)			22.00
Year ended Mar. 31, 2008 (Forecast)		22.00	

3. Forecast of Consolidated Results for the Year Ending March 2008 (April 1, 2007 - March 31, 2008)

(Percentage figures represent changes from previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	200,300	(1.1)	1,700	(35.5)	1,800	(33.6)	10	(98.7)	0.28

4. Others

(1) Changes in significant subsidiaries during the term (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting principles, procedures and method of presentation associated with preparation of the consolidated financial statements (the matters to be included in the section, changes in basic important matters for preparation of consolidated financial statements)

1) Changes due to revisions of accounting standards etc.: Yes

2) Changes other than 1): None

Note: Please refer to "Basis of Presenting Consolidated Financial Statements", for details.

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of the term (including treasury stock):
Half-year ended Sep. 30, 2007: 36,508,976 shares; Half-year ended Sep. 30, 2006: 36,508,976 shares;
Year ended March 31, 2007: 36,508,976 shares

2) Number of shares of treasury stock at the end of the term:
Half-year ended Sep. 30, 2007: 1,288,314 shares; Half-year ended Sep. 30, 2006: 1,285,594 shares;
Year ended March 31, 2007: 1,287,351 shares

(Note) Please refer to changes in basis for the calculation of net assets per share of consolidated financial statements, for details.

(Reference) Overview of the Non-Consolidated Business Results

1. Non-Consolidated Results for the Half-Year Ended September 30, 2007 (April 1, 2007 - September 30, 2007)

(1) Non-Consolidated Operating Results (Percentage figures represent changes from the same period of previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Half-Year ended Sep. 30, 2007	93,865	(6.1)	757	(42.1)	888	(36.1)	321	(35.8)
Half-Year ended Sep. 30, 2006	99,972	2.1	1,307	(50.0)	1,391	(49.5)	500	9.7
Year ended Mar. 31, 2007	198,099	-	2,506	-	2,682	-	856	-

	Net Income Per Share
	Yen
Half-Year ended Sep. 30, 2007	9.12
Half-Year ended Sep. 30, 2006	14.22
Year ended Mar. 31, 2007	24.30

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	%	Yen
Half-Year ended Sep. 30, 2007	97,012	47,899	49.4	1,359.98
Half-Year ended Sep. 30, 2006	90,316	48,028	53.2	1,363.53
Year ended Mar. 31, 2007	86,811	48,369	55.7	1,373.29

(Notes) Shareholders' Equity: Half-year ended Sep. 30, 2007:¥47,899 million; Half-year ended Sep. 30, 2006:¥48,028 million;
Year ended March 31, 2007: ¥48,369 million

2. Forecast of Non-Consolidated Results for the Year Ending March 2008 (April 1, 2007 - March 31, 2008)

(Percentage figures represent changes from previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	186,200	(6.0)	2,600	3.8	2,800	4.4	1,100	28.5	31.23

The amounts as above are rounded off to the nearest million yen.
The above projections are based on information available as of time of this announcement. Actual results may differ due to various factors.

1. Business Results

(1) Analysis of Business Results

1) Overview of Business Results

The Japanese economy over the first half of the current fiscal year 2008 has continued to be on track to recover due to the good performance of domestic companies, resulting in increases in plant and equipment investments and the improvement of the employment situation, though the economic outlook is somewhat uncertain because of the financial unrest triggered by the global credit risk originating from the U.S. sub-prime loan problems.

Regarding the current market environment, the long-term care insurance system was amended in April 2006, and this system and other medical care systems will undergo step-by-step reform in the next and subsequent years.

Under these circumstances, in the first half of the fiscal year 2008, we have carried out radical organizational reforms to quickly address changes in the market. These reform activities included the establishment of “business segment-specific branch shops” that specialize in a particular type of business, and a transition to an “area-based management of operations” that allows us to manage operations according to each of 18 areas. We have also made efforts to integrate our Group’s brand and establish a structure with a more efficient and focused management.

In addition, we have attempted to develop our strategic products and services on a medium and long-term basis such as “Receipt Check Eye” which is a service of the Medical Support Business, and “Nurse Assistant Training Course”, a training course for nursing care.

The Health Care Business has experienced an important turning point for creating a new business portfolio. In July, we established the "Nichii Living Company" that manages the business of rental housing for elderly people, as a first step in implementing facility care services. In August and September, we decided to acquire all the facility care services and home care services in five prefectures (Nagano, Gifu, Aichi, Kyoto and Hyogo) managed by COMSN, Inc.

In parallel with the acquisition of COMSN’s services, and in order to further strengthen the basis of our Health Care Business, we acquired all shares of both Japan-Silver Inc. (now the Nichii Care Palace Co., Ltd.), which is an affiliated company of the Goodwill Group, Inc. that manages pay nursing home “Outohen”, and COMSN Kanto, Inc. (now the Nichii Kanto Company) that manages day-care centers mainly in the Kanto area. The Nichii Care Palace Co., Ltd. has become a consolidated subsidiary.

Sales during the first half of the fiscal year 2008 decreased primarily due to the fact that the care business got more competitive than expected, and the number of students for our education programs decreased. Thus profits also decreased due to fewer sales and other factors.

As a result of these activities, net sales during the term were ¥96,701 million (down 5.4% year on year), operating income was ¥880 million (down 33.7% year on year), ordinary income was ¥966 million (down 29.6% year on year), and net income was ¥13 million (down 97.2% year on year).

2) Business Results by Segment

Medical Support Business

As for the Medical Support Business, we tried to achieve efficient allocation of human resources by raising the sales per hospital, and efficient management of services in hospital by providing existing users with new lines of services, for the purpose of improving customer satisfaction and increasing profits.

In order to improve the profit-generating structure, we are making investments in human resource development and employment, strengthening the career-enhancement system and training programs, improving labor conditions, improving staff skills, and increasing the retention of the work force.

In view of medium and long-term business growth, we have strived to develop and provide new services in order to enhance our hospital support services and support computerization in medical institutions. One of these approaches includes the release of the “Receipt Check Eye” which has been developed based on the medical service payment system experience we have accumulated over the past 30 years.

As a result of these activities, sales during the term were ¥54,945 million (down 0.7% year on year) and operating income was ¥5,116 million (down 1.1% year on year).

Health Care Business

Concerning the Health Care Business, in accordance with the amendment of the long-term care insurance system in April 2006, we have been gradually changing the service for mild-level users (formerly users with a support/nursing care requirement of level 1) to preventive care service. The performance of the Health Care Business segment continued to be weak for reasons such as a decrease in the average service fee per home-visit nursing care service, a decrease in the number of users who rent welfare equipment through the long-term care insurance system, and a nationwide, simultaneous audit of the private businesses who are providing nursing care services, which was conducted after violations of the law by some care service providers were discovered.

Sales for this term were ¥35,954 million (down 9.1% year on year) and operating income was ¥441 million (down 58.6% year on year).

The shift of the service to preventive care for the mild-level users has almost been completed, and the number of contracts relating to local support business, as well as the number of preventive care users, has steadily increased. Thus we believe that the performance of the health care business segment in the second half of the fiscal year and subsequent periods is on the road to recovery.

Profit from the day-care centers, which had temporarily declined because of prior investment, has shown a tendency toward improvement, indicating a possible improvement in profit margins from services under long-term care insurance in the future.

We have transferred the welfare equipment wholesale service sector and the house repair service sector of the welfare equipment rental service segment to the consolidated subsidiary Nichii Carenet Co., Ltd. We also have been involved in achieving efficient management of inventory, effective operations of the business activities in the group, and a structure that allows us to provide services effectively.

Regarding compliance with laws covering standards for staff assignments, a “Long-term Care Service Audit Room” was established on August 16, 2007 to provide a proper management system and training programs for staff members. This approach will allow for more appropriate office management.

Education Business

Due to the lack of clarity of the home-helper qualification in the future and improvement in employment environment, the number of students enrolled in our main classes of “medical office administration” and “home-helper level 2” declined. Sales for this term were ¥5,401 million (down 19.9% year on year) and operating loss was ¥820 million (operating loss of ¥640 million in the previous fiscal year).

The Education Business, which is the backbone of manpower supply to the Medical Support Business and the Health Care Business, was strengthened in sales by simultaneously trying to increase recognition of our corporate brand and by a highly-appealing advertising campaign in newspapers, magazines, and web sites.

In order to attract and develop talented employees, we have been frequently providing “work consultations” for applicants, and also have been developing and providing training programs and seminars that will immediately improve personal skills, including a “Nurse Assistant Training Course”.

From the viewpoint of efficient business processes, we are engaged in the reduction of labor costs and classroom rental fees by effectively managing training programs and seminars through a system of specialized branch shops. We believe that this approach will contribute to performance in the second half of the fiscal year and subsequent periods.

Other Businesses

In the Other Businesses, we are engaging in such businesses as information processes, 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 result, net sales for this segment were ¥400 million (down 35.4% year on year) and operating income was ¥21 million (down 53.2% year on year).

3) Outlook for the Full Year Performance

Medical Support Business

In view of the Medical Support Business, it is expected that, in the second half of the fiscal year and subsequent terms, medical institutions will actively respond to changes caused by reforms of the health insurance system and the medical service payment system, scheduled for April 2008.

As a result, we may receive inquiries or orders from medical institutions requesting short-term support for the reformed medical service payment system and computer-based processes. It is also anticipated that such institutions or hospitals may seek collaborative business opportunities with us in terms of our facility care services and home care services. For these reasons, we will make efforts to obtain more contracts relating to various support activities, primarily with our existing medical institution customers, in order to increase sales and improve customer satisfaction.

We will continue to develop the career-enhancement system, which will include improving labor conditions and promoting the retention of staff members and the improvement of their skills, and at the same time improve the quality and efficiency of our contracts, in order to strengthen the basis of our business and increase sales in the next fiscal year and subsequent periods.

Health Care Business

Concerning the Health Care Business, since the shift of the service to preventive care for mild-level users (those with the support/nursing care requirement of level 1) due to the amendment of the long-term care insurance system has almost been completed, it is expected that the number of users who receive services will increase steadily, though slowly, in the second half of the fiscal year and subsequent periods.

Maximizing use of our deep and extensive service infrastructures, by appealing to local governments and users with our achievement records and response capabilities of preventive cure programs, we seek to acquire contracts for our regional support business and new users of preventive cure services, in order to acquire users of services covered by long-term care insurance.

Our aims also include nationwide implementation of “disabled independence support services”, the development of new services, the acquisition of users of such services, and the enhancement of the quality and potential of other services.

As for the transfer of COMSN’s nursing care business, we plan to acquire all their facility care services (pay nursing homes and group homes) and the home care services provided in Nagano, Gifu and Aichi prefectures from November 1, 2007. On and after December 1, 2007, it is planned to acquire the home care services provided in Kyoto and Hyogo prefectures. Through these operations, we can expand the scope of our services and service areas.

Upon completion of the acquisitions, we will have 7,500 new employees, a total of 209 bases for facility care services, and a total of 95 bases for home care services, giving us the largest market share, providing about 130,000 users with such services. Since the fiscal year of the companies transferred to us ends on December 31, the two months from November to December will be taken into account for our consolidated fiscal year ending March 31, 2008.

The consolidated statements for this fiscal year ending March 31, 2008 will include the financial results of four subsidiaries: Nichii Care Palace Co., Ltd. (that provides facility care services: for the first half of the fiscal year, only the balance sheet will be included), Nichii-no Hohoemi, Ltd., Nichii-no Kirameki, Ltd., and Nichii Home, Ltd. Consequently, we have a total of 10 consolidated subsidiaries (out of 10 subsidiaries, six are in the Health Care Business) and the sales in the Health Care Business in the next fiscal year and subsequent periods are estimated to be similar to that for the Medical Support Business.

Education Business

The performance of the Education Business is expected to remain weak under the current temporary decrease in the need for qualification due to the economic recovery and other factors. However, we will strive to attract and enroll more students and improve profitability through a multiple-media advertising technique that primarily uses the advertising media that generates the highest response, class management that offers convenience and effectiveness for students, and a reformed curriculum.

Because the planned change in the requirements for care workers was postponed to April 1, 2012, we will develop and deliver training courses that are more advantageous to students, such as those for home helper level 2 and actual care practices.

In addition, aiming at the next level of the Education Business, we will make efforts to further develop and enhance the "Nursing-Care Worker Basic Training Course". At the same time, our plans include the development and delivery of a variety of new courses that can broaden the student base, such as courses and seminars that are useful for elderly people and family members who care for the elderly at home.

In order to attract and develop talented human resources, we will continue to actively provide "work consultations" for job applicants, and will make efforts also in the second half of the fiscal year and subsequent periods, with the aim of launching an "Employment Support Site" at as early a stage as possible.

Other Businesses

In Other Businesses, 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 March 31, 2008 is ¥200,300 million in net sales (down 1.1% year on year), ¥1,700 million in operating income (down 35.5% year on year), ¥1,800 million in ordinary income (down 33.6% year on year) and ¥10 million in net income (down 98.7% year on year).

(2) Analysis of Financial Position

1) Conditions of Assets, Liabilities and Net Assets

The total assets at the end of current consolidated fiscal term was ¥108,721 million, increasing by ¥16,606 million from the previous fiscal year.

This is primarily due to an increase in short-term loans receivable, tangible fixed assets, and goodwill, etc. resulting from the acquisition of other companies as subsidiaries, including the COMSN-owned companies providing nursing care services (Nichii-no Hohoemi, Ltd., Nichii-no Kirameki, Ltd. and Nichii Home, Ltd.), Nichii Care Palace Co., Ltd., and Nichii Kanto Company.

The total liabilities at the end of current consolidated fiscal term was ¥57,241 million, increasing by ¥17,373 million.

This is primarily due to an increase in short-term loans payable resulting from the acquisition of other companies as subsidiaries, including the COMSN-owned companies providing nursing care services, Nichii Care Palace Co., Ltd., and Nichii Kanto Company.

Additionally, bond decreased.

The net assets at the end of current consolidated fiscal term was ¥51,480 million, decreasing by ¥766 million from the previous fiscal year. This is mainly due to decrease of retained earnings.

2) Conditions of Cash Flows

During the current accounting period, cash and cash equivalents (“funds”) amounted to ¥ 6,111million, down ¥3,119 million year on 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 term, funds increased by ¥1,779 million (in the same period of the previous fiscal year, funds increased by ¥389 million).

This is mainly due to refund of corporation tax, etc.

<Cash Flow from Investing Activities>

As a result of investing activities during the term, funds decreased by ¥15,789 million (in the same period of the previous fiscal year, funds decreased by ¥1,077 million).

This is primarily due to an increase in expenditures, loans receivable, etc. resulting from the acquisition of other companies as subsidiaries, including the COMSN-owned companies providing nursing care services (Nichii-no Hohoemi, Ltd., Nichii-no Kirameki, Ltd. and Nichii Home, Ltd.), Nichii Care Palace Co., Ltd., and Nichii Kanto Company.

<Cash Flow from Financing Activities>

As a result of financing activities during the term, funds increased by ¥10,520 million (in the same period of the previous fiscal year, funds decreased by ¥2,472 million). This is primarily due to an increase in short-term loans, etc. by the parent company.

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

	Year ended Mar.31, 2006		Year ended Mar.31, 2007		Year ending Mar.31, 2008
	Interim	Year-end	Interim	Year-end	Interim
Equity ratio (%)	57.4	53.3	54.8	56.6	47.2
Equity ratio based on present value (%)	108.0	98.2	68.8	81.3	64.2
Debt redemption (years)	1.6	2.0	14.7	3.6	5.9
Interest coverage ratio (times)	103.1	114.5	13.2	31.1	28.3

(Notes) 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 the end of period and the total number of outstanding shares at the end of period (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.
4. Calculation of Debt Redemption Years was based on multiplying the amount of operating cash flow by 2 to attain a one year figure.

(3)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, backbone systems/software and M&A.

(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 accounting period, and may not cover all the risks related to investment in our stocks.

1) Risks to Business

Medical Support Business

Our Group’s Medical Support Business provides, among other services, medical office administrative services other than medical practice itself, medical-related duties, and medical business consulting services.

Medical institutions will see major fluctuations in their medical revenues due to the revision of the medical service payment system approximately every two years and the medical insurance system reform (Article 2, Paragraph 2 of the Health Insurance Law Revision Law).

Health Care Business

Our Group's Health Care Business is mainly 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. These revisions hereafter may have an impact on the profitability of our health care business.

Though the acquisition of COMSN-owned companies providing nursing care services will be subject to due diligence, we may experience some unexpected problems.

Therefore, we have introduced a risk hedge safety measure by depositing 5% of the cost needed to acquire the COMSN facility care companies into escrow.

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 requirements for care workers are planned to change on April 1, 2012 (changes in training hours and curriculums that workers must take). This may have an effect on the sales and profits from the training courses for care workers.

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.

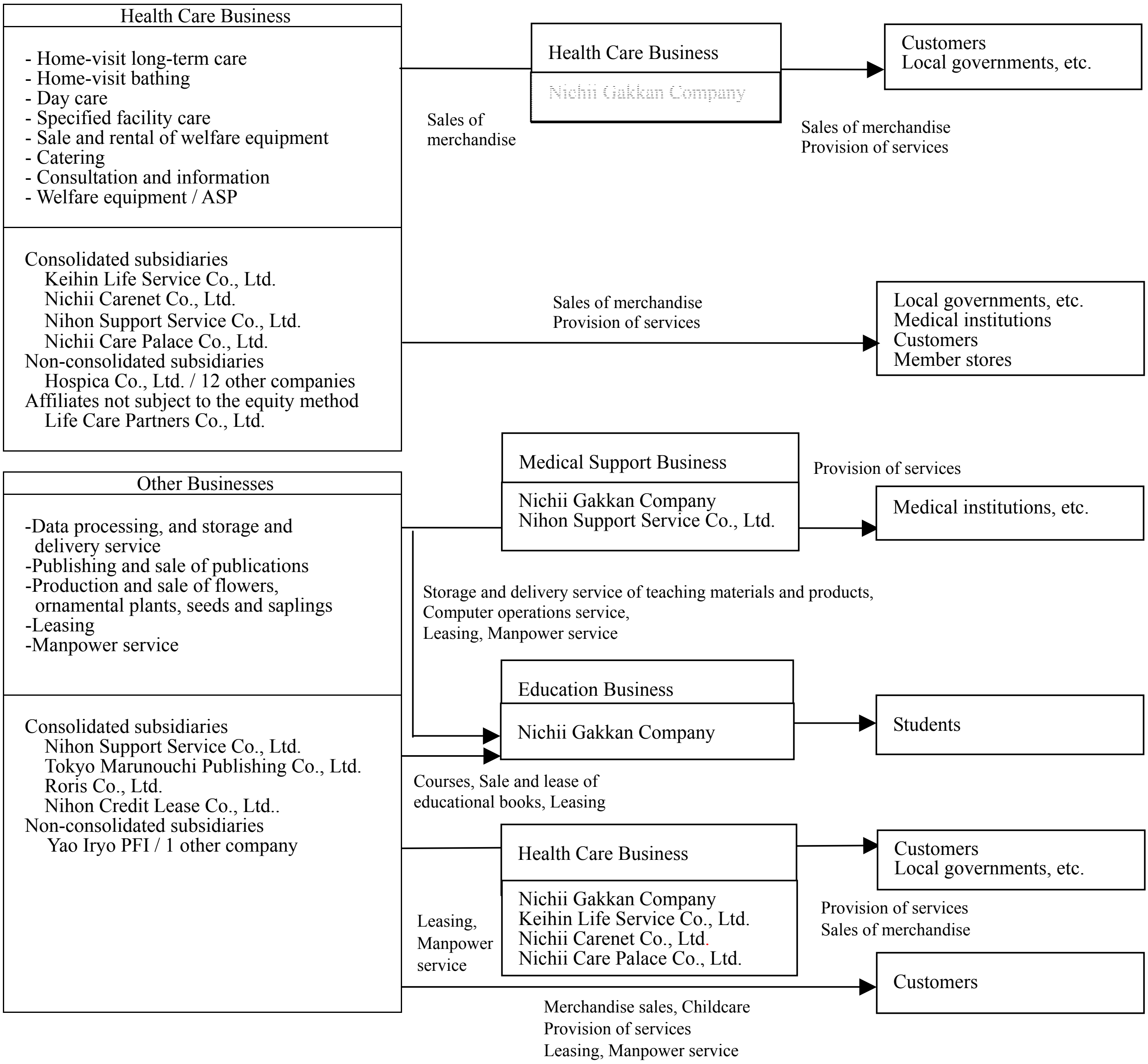
2. Status of the Corporate Group

This consolidated corporate group consists of Nichii Gakkan Company, its 22 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 office administrative services to medical institutions and pharmacies; sales, disinfection, and sterilization services (inside the hospital) 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), specified facility care service, 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 office administrative services such as reception, medical fee claims, accounting, computer operations, and medical record management, sell/disinfection/sterilization services (inside the hospital) 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, specified facility care, sale and rental of welfare equipment, catering, etc.	Nichii Gakkan Company Keihin Life Service Co., Ltd. Nichii Carenet Co., Ltd. Nihon Support Service Co., Ltd. Nichii Care Palace 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.

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



3. Management Principles

(1) Basic Principles of Management

Based upon the management philosophy of "Contributing to the health and welfare of society", our company aims to be recognized as contributing to the improvement and furthering the quality of life and society in three fields; the medical support business, nursing care and education for daily living.

Nichii's mission

1) Assist stable management of healthcare institutions in healthcare related fields.
2) Create an environment where people can live a full life through nursing care without worries.
3) Support educational activities, to encourage self-improvement.

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 achieve this goal, we wish to spread the idea of self-improvement to each organizational structure and employee as well as aggressively maximizing our corporate value based on the slogan, **"Strength through kindness."**

(2) Management Goals

Our long-term goal includes taking the following three points into consideration 1) our core business is manpower dispatching services, 2) the business of medical support and those businesses in the welfare field are expected to expand in the future and 3) share value should be focused upon;

1) Net sales growth →double-digit growth
2) Operating income to Net sales → 7% or higher
3) ROE (return on equity) → 15% or higher

(3) Mid- to Long-Term Strategies

Japan is becoming a society that faces a decline in population due to a low birthrate and an aging population. Given the situation, our Group is putting into effect a business growth strategy and organizational reform with an aim of establishing a robust corporate structure that quickly and adequately responds to the changes in business environment.

Regarding our business growth strategy, the office is tackling the concepts of reinforcing existing businesses, expanding business operations and creating new businesses for each division. The head office (Information and Strategy Headquarters) at the Port Island Center is now involved in the development of new services and products, including the development of "Receipt Check Eye" which is a new product for the Medical Support Business.

Although multiple brands existed in our group, we integrated all these brands into one brand, "Nichii" and are carrying out corporate activities aiming at improving our brand value.

The acquisition of the COMSN companies that provide nursing care services allows us to provide comprehensive care services ranging from preventive care service to facility care service. Furthermore, synergistic effects with our existing business operations will be achieved, enabling us to provide high-quality services and efficient delivery of services in all segments of our business.

While leveraging our know-how regarding facility care services, we are committed to develop and provide quality services, and at the same time to improve the structure of the group, so that further synergetic effects and more efficient business management will be achieved.

(4) Issues to be Handled

Medical Support Business

Because the law relating to the reform of the medical/health insurance system was passed in 2006, it is expected that medical/health insurance system reform will begin in 2008, including “moderation in health care costs”, and “improvement of the local care system” and “the medical care system for ‘late elderly’ people”. This reform includes the strengthening of the collaboration between medical care and long-term nursing care. As a result of the reform, medical institutions will be requested to realize optimal and effective management by taking full advantage of existing medical resources. We believe this situation will facilitate the differentiation of functions (hospitals and care services) and the strengthening of the medical care and nursing collaboration in local areas.

In order to support medical institutions as our partners, we will strive to build and develop collaboration between medical care and long-term nursing care by utilizing our business resources (facility care services and home care services).

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 a mid- and long-term business strategy, we will promote expansion of system resource related services aiming at improving information technology such as online processing of receipts and the use of electronic medical charts for healthcare institutions and will aggressively develop and provide “Healthcare management support services” to produce better value services including the enhancement of staff members’ skills.

Health Care Business

As a result of the amendment of the long-term care insurance system in April 2006, the number of recipients of long-term care insurance in 2006 decreased by 2.3% from the previous year. It was the first time that the number of recipients decreased since the start of this insurance system, marking a significant turning point. It is expected that other reforms will be introduced in a step-by-step fashion in order to provide care services that satisfy the needs of the elderly, including provision of housing, until the year 2015 when all members of the “Dankai” generation will be 65 or older.

In order to address such changes, we are making efforts to effectively attract and retain service users, and develop services that are not covered by the long-term care insurance, which are less subject to the changes and reforms of the medical/insurance system.

To effectively attract and enroll users, we have built up an infrastructure for “preventive care service” at an early stage, and have been consistently providing this service. Based on our results and experience, we will continue to focus on the development and management of “Comprehensive Regional Support Centers” and pursue more contracts for local support business.

Our efforts will also include further development and strengthening of services for the handicapped, in order to promote disabled independence support services, and the strengthening of services covered by long-term care insurance, including preventive care services.

The market for services covered by long-term care insurance is most likely to grow, so we will endeavor to expand the use of such services and improve the profitability of this business segment by increasing the quality of services.

As one of the services not covered by long-term care insurance, we offer “facility care service”. We have already established the “Nichii Living Co., Ltd.”, that provides rental residences for the elderly, and we are aiming to build this type of facilities primarily in the Tokyo metropolitan area.

As a result of the acquisition of the COMSN companies and Japan-Silver Inc. (now the Nichii Care Palace Co., Ltd.), we have 183 group homes and 63 pay nursing homes, and one home for the elderly, in Japan. We will ensure smooth management of these facilities and provide quality services, and at the same time will try to complete the 23 in-progress facilities promptly.

By leveraging five types of service infrastructure (preventive care, home care, rental residence for the elderly, group homes and pay nursing homes), we will provide seamless services for all users, from those who do not require immediate nursing care to those who require a nursing level of middle or high. We endeavor to provide high-quality services that satisfy our users.

In parallel with organizational reform, we will continue to train and educate our employees at all facilities to ensure compliance with applicable laws, including the standards/rules for personnel allocation. Our efforts also include the proper management of offices and facilities, the improvement and expansion of our services, and an increase in customer satisfaction.

By providing consistent services covered by long-term care insurance and contributing to the development of the nursing-care industry, we will maintain our position as the leading company in the field.

Education Business

With the declining birthrate and aging population, the number of workers in nursing care and social services totaled about 3,280,000 in 2005, about 4.6 times that in 1994, 710,000 workers. The Cabinet Office estimates that we will see a society where one out of every twenty workers must be engaged in nursing care services by 2030. If the number of long-term care beds in hospitals is further reduced according to official policies, "family caregivers" are likely to increase. Under these conditions, it is expected that even people who do not wish to work as a care worker will have to gain nursing care knowledge and skills.

We are developing and providing several training courses related to nursing care and welfare, all of which are based on our long-term care services know-how, changes in legal frameworks and policies, and information on the purposes and skills of the people involved in nursing care. We are also creating and providing training courses that deal with the medical field, which are popular among those who seek employment in medical institutions, including a medical office worker course that concentrates on the computerized processing of medical records, and a nursing assistant training course. We will continue to attract more students to take these courses.

The Education Business is operated on the basis of our unique concept "education will lead to employment," and, in that sense, it serves as a source of employees for our business segments. Our education business maintains its lead against competitors under the situation where staffing shortages are getting worse in the medical and nursing care fields.

We have positioned the Education Business as a fundamental strategic service that also supplies us with human resources. For this reason, we will execute promotional activities through the prioritized use of advertising media that can achieve high response rates, including TV commercials and the Web, and, at the same time, will implement effective classroom/course management best suited for the scheme of specialized branch offices and a specific area, in order to improve the profitability of this business segment.

Other Businesses

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

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 Concerning Parent Company

There are no relevant matters.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(thousands of yen)

Category	Note No.	Half-Year ended Sep. 30, 2006 Amount	Share (%)	Half-Year ended Sep. 30, 2007 Amount	Share (%)	Year ended Mar. 31, 2007 Amount	Share (%)
(ASSETS)							
I Current assets							
1. Cash and deposits		9,414,600		6,402,420		9,872,547	
2. Notes and accounts receivable	*2	25,512,929		25,031,145		24,124,838	
3. Inventories		1,877,408		1,233,228		1,475,298	
4. Short-term loans receivable		-		10,325,600		900	
5. Deferred tax assets		2,330,274		3,423,444		3,766,302	
6. Other current assets		2,824,452		2,882,191		3,329,580	
7. Allowance for doubtful accounts		(109,616)		(93,066)		(105,039)	
Total current assets		41,850,049	44.3	49,204,962	45.3	42,464,428	46.1
II Fixed assets							
(1) Tangible fixed assets	*1						
1. Buildings and structures	*3	26,830,136		29,413,803		26,351,745	
2. Land		7,828,496		8,205,304		7,681,997	
3. Other tangible fixed assets	*3	783,007		736,416		440,157	
Total tangible fixed assets		35,441,640	37.5	38,355,524	35.3	34,473,899	37.4
(2) Intangible fixed assets							
1. Goodwill		2,774,831		6,149,280		2,670,896	
2. Other intangible fixed assets		1,237,157		1,093,079		1,133,609	
Total intangible fixed assets		4,011,988	4.2	7,242,360	6.6	3,804,505	4.1
(3) Investments and other assets							
1. Investment in securities		921,848		1,298,575		1,201,807	
2. Long-term loans receivable		2,463,168		3,032,733		2,444,542	
3. Guarantee money deposited		4,955,686		5,246,133		4,763,833	
4. Deferred tax assets		3,412,716		1,578,469		1,525,228	
5. Other investments and other assets	*1	3,981,483		3,462,763		2,169,636	
6. Allowance for doubtful accounts		(2,532,638)		(700,005)		(732,681)	
Total investments and other assets		13,202,266	14.0	13,918,670	12.8	11,372,368	12.4
Total fixed assets		52,655,895	55,7	59,516,555	54,7	49,650,772	53.9
Total assets		94,505,944	100.0	108,721,517	100.0	92,115,200	100.0

(thousands of yen)

Category	Note No.	Half-Year ended Sep. 30, 2006 Amount	Share (%)	Half-Year ended Sep. 30, 2007 Amount	Share (%)	Year ended Mar. 31, 2007 Amount	Share (%)
(LIABILITIES)							
I Current liabilities							
1. Notes and accounts payable		1,425,359		931,780		1,144,987	
2. Short-term loans payable		395,000		13,613,000		402,000	
3. Current installments of long-term debt		49,546		23,287		33,178	
4. Current redemption of bonds		3,808,000		3,808,000		3,808,000	
5. Accrued expenses		16,282,914		16,704,525		16,011,429	
6. Consumption tax payable		1,309,096		1,360,771		1,574,166	
7. Income taxes payable		598,588		556,077		154,193	
8. Allowance for employee bonuses		3,428,992		3,554,612		3,320,330	
9. Allowance for directors' bonuses		-		22,680		36,000	
10. Other current liabilities		4,918,485		5,060,849		4,891,422	
Total current liabilities		32,215,984	34.1	45,635,584	42.0	31,375,708	34.1
II Long-term liabilities							
1. Bonds		7,192,000		3,384,000		5,288,000	
2. Long-term loans payable		27,110		20,732		19,118	
3. Long-term advance received		-		4,654,523		-	
4. Allowance for employee retirement benefits		2,867,891		3,262,066		2,941,991	
5. Allowance for directors' retirement benefits		128,006		136,346		132,243	
6. Other long-term liabilities		120,683		147,861		110,927	
Total long-term liabilities		10,335,692	10.9	11,605,531	10.6	8,492,282	9.2
Total liabilities		42,551,677	45.0	57,241,115	52.6	39,867,990	43.3
(NET ASSETS)							
I Shareholders' equity							
1. Common stock		11,933,790	12.6	11,933,790	11.0	11,933,790	13.0
2. Capital surplus		17,354,214	18.4	17,354,214	16.0	17,354,214	18.8
3. Retained earnings		28,396,360	30.0	27,924,858	25.7	28,686,400	31.1
4. Treasury stock		(5,931,686)	(6.2)	(5,936,267)	(5.5)	(5,934,751)	(6.4)
Total shareholders' equity		51,752,679	54.8	51,276,596	47.2	52,039,654	56.5
II Unrealized gains and adjustments							
1. Unrealized gains on other securities		67,437	0.1	42,128	0.0	56,826	0.0
Total unrealized gains and adjustments		67,437	0.1	42,128	0.0	56,826	0.0
III Minority interests		134,151	0.1	161,677	0.2	150,729	0.2
Total net assets		51,954,267	55.0	51,480,402	47.4	52,247,210	56.7
Total liabilities and net assets		94,505,944	100.0	108,721,517	100.0	92,115,200	100.0

(2) Consolidated Statements of Income

(thousands of yen)

Category	Note No.	Half-Year ended Sep. 30, 2006 Amount	Share (%)	Half-Year ended Sep. 30, 2007 Amount	Share (%)	Year ended Mar. 31, 2007 Amount	Share (%)
I Net sales		102,211,719	100.0	96,701,923	100.0	202,549,097	100.0
II Cost of sales		82,224,638	80.4	78,699,549	81.4	163,310,893	80.6
Gross profit		19,987,080	19.6	18,002,373	18.6	39,238,203	19.4
III Selling, general and administrative expenses							
1. Advertising and promotion expenses		3,486,948		2,758,168		6,938,565	
2. Directors' compensation		76,798		73,636		152,406	
3. Salaries and benefits		5,993,677		5,668,484		12,621,856	
4. Transfer to allowance for bonuses		809,974		858,511		808,351	
5. Transfer to allowance for directors' bonuses		-		-		36,000	
6. Retirement benefit expenses		164,007		157,644		326,118	
7. Transfer to allowance for directors' retirement benefits		4,264		4,102		8,501	
8. Directors' retirement benefits		86		-		86	
9. Legal welfare expenses		917,868		942,717		1,857,519	
10. Travel and transportation expenses		680,723		661,483		1,362,105	
11. Rent		1,730,481		1,542,018		3,439,362	
12. Transfer to allowance for doubtful accounts		5,372		-		29,184	
13. Depreciation expenses		316,417		315,074		662,828	
14. Amortization of goodwill		103,820		103,533		207,389	
15. Others		4,368,069		4,036,426		8,152,111	
Total selling, general and administrative expenses		18,658,508	18.3	17,121,801	17.7	36,602,387	18.1
Operating income		1,328,571	1.3	880,572	0.9	2,635,815	1.3
IV Non-operating income							
1. Interest income		16,562		39,383		26,342	
2. Dividend income		12,493		5,292		12,838	
3. Commission on consignment for office work		44,095		43,714		90,904	
4. Income from lease of fixed assets		15,756		18,337		30,985	
5. Interest on refund of income taxes and others		-		30,210		-	
6. Income from lease of facilities		-		23,166		-	
7. Others		47,755		34,323		137,690	
Total non-operating income		136,663	0.1	194,427	0.2	298,762	0.1
V Non-operating expenses							
1. Interest expenses		28,720		24,810		40,451	
2. Bond interest		15,158		39,128		57,409	
3. Compensation for damages		3,833		5,943		27,262	
4. Bond issue cost		32,940		-		32,940	
5. Loss on disengagement of guarantee money deposited		-		34,607		41,063	
6. Others		12,841		4,207		25,500	
Total non-operating expenses		93,493	0.1	108,696	0.1	224,627	0.1
Ordinary income		1,371,741	1.3	966,303	1.0	2,709,950	1.3

(Thousands of yen)

		Half-Year ended Sep. 30, 2006		Half-Year ended Sep. 30, 2007		Year ended Mar. 31, 2007	
Category	Note No.	Amount	(%)	Amount	(%)	Amount	(%)
VI Extraordinary income							
1. Gain on sale of fixed assets	*1	-		489		29,320	
2. Gain on sale of investment in securities		-		-		2,850	
3. Reversal of allowance for doubtful accounts		-		62,377		-	
4. Other extraordinary income		-		-		634	
Total extraordinary income		-	0.0	62,866	0.1	32,804	0.1
VII Extraordinary losses							
1. Loss on retirement of fixed assets	*1	17,393		25,468		59,472	
2. Loss on sale of fixed assets	*1	-		-		22,147	
3. Loss on revaluation of inventories		-		216,258		274,665	
4. Loss on impairment	*2	52,560		-		52,560	
5. Loss on disengagement of lease		96,300		-		103,395	
6. Cost for the settlement		-		180,000		-	
7. Expenses for change of brands		-		34,580		-	
Total extraordinary losses		166,253	0.1	456,307	0.5	512,242	0.3
Income before income taxes		1,205,487	1.2	572,862	0.6	2,230,512	1.1
Income, inhabitants and business taxes		252,118		242,451		510,409	
Adjustments for income and other taxes		454,223		299,698		912,722	
Minority interests		14,667	0.0	16,986	0.0	32,612	0.0
Net income		484,478	0.5	13,725	0.0	774,768	0.4

(3) Consolidated Statements of Changes in Shareholders' Equity

The current consolidated fiscal term (April 1, 2007 to September 30, 2007)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	11,933,790	17,354,214	28,686,400	(5,934,751)	52,039,654
Amount of fluctuation during the consolidated fiscal term					
Dividends from retained earnings			(774,875)		(774,875)
Net income			13,725		13,725
Purchase of treasury stock				(2,184)	(2,184)
Retirement of treasury stock			(391)	668	276
Amount of fluctuation of items other than shareholders' equity during the consolidated fiscal term					
Total amount of fluctuation during the consolidated fiscal term	-	-	(761,541)	(1,516)	(763,057)
Balance as of September 30, 2007	11,933,790	17,354,214	27,924,858	(5,936,267)	51,276,596

	Unrealized gains and adjustments		Minority interests	Total net assets
	Unrealized gains on other securities	Total unrealized gains and adjustments		
Balance as of March 31, 2007	56,826	56,826	150,729	52,247,210
Amount of fluctuation during the consolidated fiscal term				
Dividends from retained earnings				(774,875)
Net income				13,725
Purchase of treasury stock				(2,184)
Retirement of treasury stock				276
Amount of fluctuation of items other than shareholders' equity during the consolidated fiscal term	(14,698)	(14,698)	10,947	(3,750)
Total amount of fluctuation during the consolidated fiscal term	(14,698)	(14,698)	10,947	(766,808)
Balance as of September 30, 2007	42,128	42,128	161,677	51,480,402

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

Category	Note No.	Half-Year ended Sep. 30, 2006 Amount	Half-Year ended Sep. 30, 2007 Amount	Year ended Mar. 31, 2007 Amount
I Cash flows from operating activities				
1. Income before income taxes		1,205,487	572,862	2,230,512
2. Depreciation expenses		986,683	1,001,775	2,021,741
3. Decrease in allowance for doubtful accounts		(31,862)	(65,188)	(1,836,397)
4. Increase (decrease) in allowance for employee bonuses		(46,901)	200,282	(155,563)
5. Increase(decrease) in allowance for directors' and auditors' bonuses		-	(13,320)	36,000
6. Increase in allowance for employee retirement benefits		100,028	157,125	174,129
7. Increase (decrease) in allowance for directors' and auditors' retirement benefits		(1,202)	4,102	3,034
8. Interest and dividends income		(29,056)	(44,676)	(39,181)
9. Interest expenses		43,878	63,939	97,860
10. Loss on disagreement of guarantee money deposited		-	34,607	-
11. Amortization of goodwill		103,820	103,533	207,389
12. Gain on sale of investment in securities		-	-	(2,850)
13. Other incomes		0	1	(8,148)
14. Loss on retirement of fixed assets		17,393	25,468	59,472
15. Loss on sale of fixed assets		-	-	22,147
16. Gain on sale of fixed assets		-	(489)	(29,320)
17. Loss on impairment		52,560	-	52,560
18. Cost for the settlement		-	180,000	-
19. Loss on revaluation of inventories		-	216,258	274,665
20. (Increase) decrease in accounts receivable		(176,568)	(54,818)	1,135,841
21. Decrease in inventories		66,483	29,472	193,928
22. Increase in other current assets		(164,542)	(236,598)	(718,806)
23. Decrease in claims provable in bankruptcies		-	12,215	1,842,880
24. Decrease in accounts payable		(311,367)	(213,206)	(591,739)
25. (Decrease) increase in other current liabilities		717,230	(717,040)	513,686
26. Decrease in consumption tax payable		(433,569)	(337,087)	(168,499)
27. Decrease in other fixed assets		506	431	73
28. Increase in other long-term liabilities		18,350	1,534	8,593
29. Directors' and auditors' bonuses paid		(36,000)	-	(27,850)
Subtotal		2,085,353	921,182	5,296,163
Interest and dividends received		28,279	26,753	38,253
Interest paid		(29,408)	(62,909)	(85,398)
Income and other taxes paid		(1,694,691)	(148,918)	(2,592,692)
Income and other taxes refunded		-	1,223,751	-
Amount of the settlement		-	(180,000)	-
Cash flows from operating activities		389,532	1,779,859	2,656,325

(Thousands of yen)

Category	Note No.	Half-Year ended Sep. 30, 2006 Amount	Half-Year ended Sep. 30, 2007 Amount	Year ended Mar. 31, 2007 Amount
II Cash flows from investing activities				
1. Payments for time deposits		(58,000)	(255,000)	(396,000)
2. Proceeds from time deposits		40,000	266,000	300,000
3. Acquisition of new consolidated subsidiaries		-	(4,591,675)	-
4. Acquisition of shares of consolidated subsidiaries		(6,000)	(1,000)	(7,000)
5. Acquisition of tangible fixed assets		(1,225,579)	(554,098)	(1,340,623)
6. Proceeds from sale of tangible fixed assets		-	1,326	160,977
7. Acquisition of intangible fixed assets		(221,587)	(142,688)	(132,451)
8. Purchases of investment in securities		-	-	(300,000)
9. Proceeds from sale of investment in securities		300,000	-	305,000
10. Proceeds from sale of shares of related companies		-	20,000	-
11. Acquisition of shares of related companies		-	(140,000)	-
12. Long-term prepaid expenses paid		(10,346)	(10,928)	(47,022)
13. Loans payable		(25,600)	(10,349,100)	(61,400)
14. Proceeds from return of loans		119,829	66,370	173,355
15. Payments for guarantee money deposited		(150,004)	(226,517)	(210,196)
16. Proceeds from collection of guarantee money deposited		171,549	158,581	423,594
17. Other investments (net)		(11,956)	(600)	41,359
Cash flows from investing activities		(1,077,695)	(15,759,331)	(1,090,406)
III Cash flows from financing activities				
1. Proceeds from short-term loans		86,240,000	204,990,000	170,540,000
2. Repayments of short-term loans		(98,908,000)	(191,779,000)	(183,201,000)
3. Proceeds from bond issued		11,000,000	-	11,000,000
4. Payments for redemption of bonds		-	(1,904,000)	(1,904,000)
5. Proceeds from long-term loans		11,933	12,144	15,689
6. Repayments for long-term loans		(29,793)	(20,421)	(57,909)
7. Proceeds from sale of treasury stock		643	276	808
8. Acquisition of treasury stock		(2,891)	(2,184)	(6,370)
9. Payments for dividends by parent company		(780,035)	(771,968)	(769,594)
10. Payments for dividends to minority shareholders		(4,500)	(4,500)	(4,500)
Cash flows from financing activities		(2,472,642)	10,520,345	(4,386,876)
IV Effect of exchange rate changes on cash and cash equivalents		(0)	(1)	(1)
V Change in cash and cash equivalents		(3,160,805)	(3,459,127)	(2,820,958)
VI Cash and cash equivalents at beginning of the year		12,391,506	9,570,547	12,391,506
VII Cash and cash equivalents at end of the year		9,230,700	6,111,420	9,570,547

Basis of Presenting Consolidated Financial Statements

Half-Year ended Sep. 30, 2006	Half-Year ended Sep. 30, 2007	Year ended Mar. 31, 2007
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. “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.	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., Nichii Carenet Co., Ltd., Nihon Credit Lease Co., Ltd., Nichii Care Palace Co., Ltd. Please note that the financial results for the Nichii Care Palace Co., Ltd. have been included in the results for the first half of the current consolidated fiscal year ending March 31, 2008, because it became a consolidated subsidiary by the acquisition of stock in September 2007. Also note that only the balance sheet for Nichii Care Palace Co., Ltd. has been included in the first half of the current consolidated fiscal year, since the deemed date of acquisition is the last date of the first half period. “Hospica Co., Ltd.” and 14 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.	1. Scope of Consolidation The accompanying consolidated financial statements include the account of the following 6 subsidiaries: Tokyo Marunouchi Publishing Co., Ltd., Nihon Support Service Co., Ltd., Roris Co., Ltd., Keihin Life Service Co., Ltd., Nichii Carenet Co., Ltd. (renamed from “Reha Team Japan Co., Ltd.”), Nihon Credit Lease Co., Ltd. Having liquidated Power Bank Co., Ltd. as of March 27, 2007, we have only consolidated its income and loss in these statements. “Hospica Co., Ltd.” and 5 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.	2. Application of the Equity Method Investments in “Hospica Co., Ltd.” and 14 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.	2. Application of the Equity Method Investments in “Hospica Co., Ltd.” and 5 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 Balance Sheet Dates of Consolidated Subsidiaries Shown below are interim 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 30.	3. The Balance Sheet Dates of Consolidated Subsidiaries Shown below are interim 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. Nichii Care Palace 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 30.	3. The 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 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.

Half-Year ended Sep. 30, 2006	Half-Year ended Sep. 30, 2007	Year ended Mar. 31, 2007
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 values are stated at a cost determined using the moving average method. (b) Inventories 1) Merchandise is stated at a cost determined using the moving average method. 2) Teaching materials are stated at a cost determined using the moving average method. 3) Other inventories are mainly stated at a cost determined using the specific cost method. (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	4. Summary of Significant Accounting Policies (1) Valuation standard and method for significant assets (a) Securities Other Securities Securities with available fair market values Same as on the left. Securities without available fair market values Same as on the left. (b) Inventories 1) Same as on the left. 2) Same as on the left. 3) 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 (Change in Accounting Policy) In line with amendments to the Corporation Tax Law, and effective as of the first half of the current consolidated fiscal year, Nichii Gakkan Company and its domestic consolidated subsidiaries have changed the depreciation method applied to tangible fixed assets acquired on or after April 1, 2007, according to the change in the depreciation method stipulated by the revised Corporation Tax Law. This change has had only a slight influence on profit and loss.	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 consolidated fiscal year. 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 Same as on the left. (b) Inventories 1) Same as on the left. 2) Same as on the left. 3) 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

Half-Year ended Sep. 30, 2006	Half-Year ended Sep. 30, 2007	Year ended Mar. 31, 2007
	(Additional Information) In line with amendments to the Corporation Tax Law, Nichii Gakkan Company and its domestic consolidated subsidiaries record the assets acquired on and before March 31, 2007, in such a way that the difference between an amount equivalent to 5% of the acquisition price and the memorandum value is depreciated equally over five years from the fiscal year following the year in which the remaining value reached 5% of the acquisition price calculated based on the depreciation method under the previous Corporation Tax Law. The resulting depreciation amount is included in the allowance for depreciation account. This change has had only a slight influence on profit and loss.	
(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.
(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.	(3) Accounting for significant allowances and reserves (a) Allowance for doubtful accounts 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 To provide for payment of bonuses to employees, allowance for employee bonuses are recorded as the amount expected to be paid.	(b) Allowance for employee bonuses Same as on the left.	(b) Allowance for employee bonuses Same as on the left.
(c) Allowance for directors' bonuses —	(c) Allowance for directors' bonuses The amount set aside for the allowance for directors' bonuses is based on the estimated amount appropriate for the Half-Year ended September 30, 2007.	(c) Allowance for directors' bonuses The amount set aside for the allowance for directors' bonuses is based on the estimated amount appropriate for the Year ended March 31, 2007. (Change in accounting policy) Effective including the Year ended March 31, 2007, the Company has adopted the "Accounting Guidelines for Directors' Bonuses" (Business Accounting Guideline No.4, November 29, 2005). When compared with the previous accounting policy, operating income, ordinary income and net income before tax decreased by ¥36,000 thousand, respectively.

Half-Year ended Sep. 30, 2006	Half-Year ended Sep. 30, 2007	Year ended Mar. 31, 2007
(d) Allowance for employees' retirement benefits To provide for employees' retirement benefits, a reserve for retirement benefits deemed accrued at the end of the interim consolidated accounting is recorded, based on the projected retirement benefit obligations and related plan assets as of the end of year ended Mar. 31, 2007. 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 employees' retirement benefits Same as on the left.	(d) Allowance for employees' retirement benefits To provide for employees' retirement benefits, a reserve for retirement benefits deemed accrued at the end of the consolidated accounting year is recorded, based on the projected retirement benefit obligations and related plan assets as of the end of year ended Mar. 31, 2007. 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) allocated proportionately starting from the year following the respective consolidated fiscal year of occurrence.
(e) Allowance for directors' 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 accounting period based on internal regulations.	(e) Allowance for directors' retirement benefits Same as on the left.	(e) Allowance for directors' retirement benefits To provide for benefits for retired directors, reserve for retirement benefits is recorded for the necessary payment amount as of the end of the consolidated fiscal year based on internal regulations.
(4) Accounting of deferred assets Bond issue costs are recorded in full at the time of occurrence.	(4) Accounting of deferred assets —	(4) Accounting for deferred assets Bond issue costs are recorded in full at the time of occurrence.
(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.	(5) Accounting for significant leases Same as on the left.	(5) Accounting for significant leases Same as on the left.
(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.	(6) Other significant issues for presenting interim consolidated financial statements Accounting for consumption taxes Same as on the left.	(6) Other significant issues for presenting consolidated financial statements Accounting for consumption taxes Same as on the left.
5. Scope of Cash and Cash Equivalents in the Interim Consolidated Statement of Cash Flows 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 3 months or less.	5. Scope of Cash and Cash Equivalents in the Interim Consolidated Statement of Cash Flows Same as on the left.	5. Scope of Cash and Cash Equivalents in the Consolidated Statement of Cash Flows Same as on the left.

Change in Basis of Presenting Consolidated Financial Statements

Half-Year ended Sep. 30, 2006	Half-Year ended Sep. 30, 2007	Year ended Mar. 31, 2007
(Accounting Standard for Presentation of Net Assets on Balance Sheet) Effective from the interim consolidated 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 of Japan, Statement No. 5, December 9, 2005) and the “Implementation Guidance for Accounting Standard for Presentation of Net Assets in the Balance Sheet” (Accounting Standard Board of Japan, Guideline No. 8, December 9, 2005). The latest total shareholders' equity is equivalent to ¥51,820,116 thousand. Net assets are shown on the consolidated balance sheet for the interim consolidated accounting period in line with amended guidelines for the preparation of interim consolidated financial statements.	—	(Accounting Standard for Presentation of Net Assets on Balance Sheet) Effective including the year ended March 31, 2007, the Company has adopted the “Accounting Standard for Presentation of Net Assets on Balance Sheet” (Accounting Standards Board of Japan, Statement No.5, December 9, 2005) and the “Implementation Guidance for Presentation of Net Assets on Balance Sheet” (Accounting Standards Board of Japan, Guidance No.8, December 9, 2005). The amount corresponding to the previous sum of Shareholders’ Equity in the balance sheet is ¥52,096,481 thousand. Net assets are shown on the consolidated balance sheet for the consolidated accounting year in line with amended guidelines for the preparation of consolidated financial statements.

Changes in Listing Method

Half-Year ended Sep. 30, 2006	Half-Year ended Sep. 30, 2007
(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 Income) In the previous interim consolidated accounting period, the “interest on refund of income taxes and others” and the “income from lease of fixed assets” were collectively included in “Others” under the non-operating income section. However, because the amount of each of these accounts in the current interim consolidated accounting period has exceeded 10% of the total amount of the non-operating income, they have been recorded as separate accounts. The amounts of ”interest on refund of income taxes and others” and “income from lease of fixed assets” in the previous interim consolidated accounting period were ¥130,000 and ¥9,761,000, respectively. In the previous interim consolidated accounting period, the “loss on disengagement of guarantee money deposited” was included in “Others” under the non-operating expenses section. However, because the amount of this account in the first half of the current consolidated fiscal year has exceeded 10% of the total amount of the non-operating expenses, it has been recorded as a separate item. The amount of this account in the previous interim consolidated accounting period was ¥402,000.
(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.	(Interim Consolidated Statements of Cash Flows) —

Notes

(Consolidated Balance Sheets)

Half-Year ended Sep. 30, 2006	Half-Year ended Sep. 30, 2007	Year ended Mar. 31, 2007
*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 ¥11,496,161 thousand Accumulated depreciation related to other investments and other assets (assets leased to others) ¥292,489 thousand	*1. Accumulated depreciation related to tangible fixed assets ¥8,621,106 thousand Accumulated depreciation related to other investments and other assets (assets leased to others) ¥278,690 thousand
*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 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. 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 ¥690 thousand	*2. Accounting for note matured at the end of the consolidated accounting year The notes receivable to be matured on the book closing date at the end of the consolidated accounting year are settled on the date of bank clearing. As the end of the consolidated accounting year was a bank holiday, the following notes matured at the end of the consolidated accounting year are included in the balance as of the end of the consolidated accounting year. Accounts receivable ¥749 thousand
*3. Due to the receipt of governmental subsidies related to tangible fixed assets, accumulated advanced depreciation amounts to ¥161,570 thousand for buildings and structures, ¥18,856 thousand for others, and ¥180,426 thousand in total.	*3. Due to the receipt of governmental subsidies related to tangible fixed assets, accumulated advanced depreciation amounts to ¥304,077 thousand for buildings and structures, ¥21,422 thousand for others, and ¥325,499 thousand in total.	*3. In the year ended March 31, 2007, the Company carried out advanced depreciation for ¥142,506 thousand worth of buildings and structures and ¥2,565 thousand worth of others by accepting governmental subsidies. The cumulative total of advanced depreciation of tangible fixed assets through acceptance of governmental subsidies amounts to ¥304,077 thousand for buildings and structures, ¥21,422 thousand for others, and ¥325,499 thousand in total.
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 ¥182,070 thousand	4. Guarantee liabilities The company is liable as guarantor for indebtedness of non-consolidated companies as follows: Keihin Recycle Jigyo-Kumiai ¥202,300 thousand
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 accounting period was as follows: (Thousands of yen) Total credit available 24,500,000 Total credit used 388,000 Balance 24,112,000	5. Overdraft contract The company and its consolidated subsidiaries (Nihon Support Service Co., Ltd.) 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 accounting period was as follows: (Thousands of yen) Total credit available 24,300,000 Total credit used 13,598,000 Balance 10,702,000	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 the consolidated accounting year was as follows: (Thousands of yen) Total credit available 24,470,000 Total credit used 380,000 Balance 24,090,000

(Consolidated Statement of Income)

<table>
<tr><th>Half-Year ended Sep. 30, 2006</th><th>Half-Year ended Sep. 30, 2007</th><th>Year ended Mar. 31, 2007</th></tr>
<tr><td>*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</td><td>*1. Gains on sales of fixed assets, losses on retirement of fixed assets are as follows:

Gains on sales of fixed assets
(Thousands of yen)
Other tangible fixed assets 38
Land 450
Total 489

Losses on retirement of fixed assets
(Thousands of yen)
Buildings and structures 23,361
Other tangible fixed assets 2,107
Total 25,468</td><td>*1. Gains on sales of fixed assets, losses on retirement of fixed assets and losses on sales of fixed assets are as follows:

Gains on sales of fixed assets
(Thousands of yen)
Land 29,320

Losses on retirement of fixed assets
(Thousands of yen)
Buildings and structures 32,526
Other tangible fixed assets 5,189
Other intangible fixed assets 21,756
Total 59,472

Losses on sales of fixed assets
(Thousands of yen)
Buildings and structures 451
Land 21,695
Total 22,147</td></tr>
<tr><td>*2. Impairment losses
The group recorded the following impairment losses in the interim consolidated accounting period.

Location
Airis CareShop
(Kamakura-shi, Kanagawa)
Use
Shop
Category and amount
(Thousands of yen)
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.</td><td>—</td><td>*2. Impairment losses
The group recorded the following impairment losses in the consolidated accounting year.

Location
Airis CareShop
(Kamakura-shi, Kanagawa)
Use
Shop
Category and amount
(Thousands of yen)
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 head office 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.</td></tr>
</table>

(Consolidated Statements of Changes in Shareholders' Equity)

The current consolidated fiscal term (April 1, 2007 to September 30, 2007)

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

	Number of shares at the end of FY2007	Increased number of shares in Half-Year ended Sep. 30, 2007	Decreased number of shares in Half-Year ended Sep. 30, 2007	Number of Shares at the end of Half-Year ended Sep. 30, 2007
Issued and outstanding stock				
Common stock	36,508,976	-	-	36,508,976
Total	36,508,976	-	-	36,508,976
Treasury stock				
Common stock*	1,287,351	1,108	145	1,288,314
Total	1,287,351	1,108	145	1,288,314

(Notes)1. The increase in the number of common stock for treasury stock by 1,108 resulted from acquisition of fractional stock.

2. The decrease in the number of common stock for treasury stock by 145 resulted from additional acquisition of fractional stock.

2. Items regarding stock acquisition rights and treasury stock acquisition rights.

Category	Breakdown of stock acquisition rights	Type of shares	Number of shares (shares)				Balance at the end of Half-Year ended Sep. 30, 2007 (Millions of yen)
			At the end of FY2007	Increased in Half-Year ended Sep. 30, 2007	Decreased in Half-Year ended Sep. 30, 2007	At the end of Half-Year ended Sep. 30, 2007	
Company submitting these statements (parent company)	FY2003*	Common stock	247,500	-	247,500		-
	Stock option	-	-	-	-	-	-
Consolidated subsidiaries	-	-	-	-	-	-	-
Total		-	247,500	-	247,500	-	-

(Note) The decrease in stock acquisition rights in FY2003 resulted from termination of the period for the exercise of the rights.

3. Items regarding dividends

(1) Amount of paid dividends

(Resolutions)	Type of shares	Total amount of dividends (Thousands of yen)	Amount of dividends per share (yen)	Base date	Effective date
June 27, 2007 Annual meeting of shareholders	Common stock	774,875	22	March 31, 2007	June 28, 2007

(Consolidated Statements of Cash Flows)

Half-Year ended Sep. 30, 2006	Half-Year ended Sep. 30, 2007	Year ended Mar. 31, 2007
1. The reconciliations of cash and cash equivalents at the end of the interim period, and accounts in theconsolidated balance sheets as of September 30, 2006 are as follows. (Thousands of yen) Cash and deposits 9,414,600 Time deposits maturing after 3months (224,000) Marketable securities 40,099 Cash and cash equivalents 9,230,700	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, 2007 are as follows. (Thousands of yen) Cash and deposits 6,402,420 Time deposits maturing after 3 months (291,000) Cash and cash equivalents 6,111,420	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, 2007 are as follows. (Thousands of yen) Cash and deposits 9,872,547 Time deposits maturing after 3months (302,000) Cash and cash equivalents 9,570,547

(Lease Transactions)

Half-Year ended Sep. 30, 2006	Half-Year ended Sep. 30, 2007	Year ended Mar. 31, 2007
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, accumulated impairment loss and period ending balance of leased assets. (Thousands of yen) Buildings and structures Acquisition cost 42,809 Accumulated depreciation 20,147 Period ending balance 22,661 Other tangible fixed assets Acquisition cost 13,760,059 Accumulated depreciation 6,942,739 Period ending balance 6,817,319 Other intangible fixed assets Acquisition cost 2,144,290 Accumulated depreciation 1,244,216 Period ending balance 900,073 Total acquisition cost 15,947,158 Total accumulated depreciation 8,207,104 Total period ending balance 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 Calculated by assuming the lease term is the depreciable life and depreciating the remaining amount to zero using the straight-line method.	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, accumulated impairment loss and period ending balance of leased assets. (Thousands of yen) Buildings and structures Acquisition cost 25,010 Accumulated depreciation 15,473 Period ending balance 9,536 Other tangible fixed assets Acquisition cost 12,324,806 Accumulated depreciation 6,942,649 Period ending balance 5,382,156 Other intangible fixed assets Acquisition cost 1,372,059 Accumulated depreciation 785,831 Period ending balance 586,227 Total acquisition cost 13,721,876 Total accumulated depreciation 7,743,955 Total period ending balance 5,977,920 (2) Outstanding balance of future lease payments at the end of the period (Thousands of yen) Within one year 2,546,815 Over one year 3,598,833 Total 6,145,649 (3) Lease fee payments, reversal of the impairment of lease property, depreciation expenses, interest expenses and impairment losses (Thousands of yen) Lease fee payments 1,530,768 Depreciation expenses 1,421,999 Interest expenses 91,417 (4) Accounting method for depreciation expenses Same as on the left.	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, accumulated impairment loss and period ending balance of leased assets. (Thousands of yen) Buildings and structures Acquisition cost 25,120 Accumulated depreciation 13,303 Period ending balance 11,817 Other tangible fixed assets Acquisition cost 12,278,706 Accumulated depreciation 6,525,034 Period ending balance 5,753,671 Other intangible fixed assets Acquisition cost 1,967,320 Accumulated depreciation 1,252,832 Period ending balance 714,487 Total acquisition cost 14,271,146 Total accumulated depreciation 7,791,170 Total period ending balance 6,479,976 (2) Outstanding balance of future lease payments at the end of the period (Thousands of yen) Within one year 2,609,739 Over one year 4,045,305 Total 6,655,044 (3) Lease fee payments, reversal of the impairment of lease property, depreciation expenses, interest expenses and impairment losses (Thousands of yen) Lease fee payments 3,862,102 Depreciation expenses 3,601,903 Interest expenses 235,552 (4) Accounting method for depreciation expenses Same as on the left.

Half-Year ended Sep. 30, 2006	Half-Year ended Sep. 30, 2007	Year ended Mar. 31, 2007
(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.	(5) Accounting method for interest expenses Same as on the left.	(5) Accounting method for interest expenses Same as on the left.
(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 258,937 Over one year 475,966 Total 734,904	(6) Subleasing Same as on the left. (Thousands of yen) Within one year 175,888 Over one year 335,079 Total 510,967	(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 205,500 Over one year 393,163 Total 598,663
2. Operating lease transactions Future lease payments (Thousands of yen) Within one year 25,804 Over one year 41,188 Total 66,993 (Loss on impairment) There is no impairment loss allocated to lease assets.	2. Operating lease transactions Future lease payments (Thousands of yen) Within one year 29,202 Over one year 25,921 Total 55,124 (Loss on impairment) Same as on the left.	2. Operating lease transactions Future lease payments (Thousands of yen) Within one year 29,408 Over one year 38,615 Total 68,024 (Loss on impairment) Same as on the left.

(Marketable Securities)

(Half-Year ended September 30, 2006)

1. Other Marketable Securities with Market Value

(Thousands of yen)

	Half-Year ended Sep. 30, 2006		
	Acquisition cost	Value stated on interim consolidated balance sheet	Difference
Stock	20,776	134,480	113,703
Total	20,776	134,480	113,703

2. Marketable Securities without Market Value

(Thousands of yen)

	Half-Year ended Sep. 30, 2006
	Value stated on interim consolidated balance sheet
Other marketable securities Unlisted stocks	787,368

(Half-Year ended September 30, 2007)

1. Other Marketable Securities with Market Value

(Thousands of yen)

	Half-Year ended Sep. 30, 2007		
	Acquisition cost	Value stated on interim consolidated balance sheet	Difference
Stock	20,776	91,808	71,031
Total	20,776	91,808	71,031

2. Marketable Securities without Market Value

(Thousands of yen)

	Half-Year ended Sep. 30, 2007
	Value stated on interim consolidated balance sheet
Other marketable securities Unlisted stocks	742,212

(Year ended March 31, 2007)

1. Other Marketable Securities with Market Value

(Thousands of yen)

	Year ended Mar. 31, 2007		
	Acquisition cost	Value stated on consolidated balance sheet	Difference
Stock	20,776	116,590	95,813
Total	20,776	116,590	95,813

2. Marketable Securities without Market Value

(Thousands of yen)

	Year ended Mar. 31, 2007
	Value stated on consolidated balance sheet
Other marketable securities Unlisted stocks	1,085,217

(Derivative Transactions)

The group did not have any derivative transactions in the Half-Year ended September 30, 2006, Half-Year ended September 30, 2007, and Year ended March 31, 2007.

(Stock Options)

There are no relevant matters in the Half-Year ended September 30, 2006 and Half-Year ended September 30, 2007.

Year ended March 31, 2007 (April 1, 2006 to March 31, 2007)

1. Contents, scale and changes of stock options

(1) Contents of stock options

	FY2001	FY2003
Classification and number of persons for grant	Director 16 Employee 323	Director 16 Employee 586 Subsidiaries' director 11 Subsidiaries' auditor 1 Subsidiaries' employee 14
Number of stock option*1	Common stock 207,408 shares	Common stock 247,500 shares
Date of grant	June 28, 2001	June 27, 2003
Condition of vested right	Holders of stock acquisition rights are required to act as directors, executive officers, auditors or employees of the Company or affiliated companies at the execution of such stock acquisition rights. This requirement however, does not apply to those holders who resigned as directors or auditors of the Company or affiliated companies at the expiration of their term of office or to those holders who retired as employees of the Company or affiliated companies at the compulsory age of retirement.	Holders of stock acquisition rights are required to act as directors, executive officers, auditors or employees of the Company or affiliated companies at the execution of such stock acquisition rights. This requirement however, does not apply to those holders who resigned as directors or auditors of the Company or affiliated companies at the expiration of their term of office or to those holders who retired as employees of the Company or affiliated companies at the compulsory age of retirement.
Requisite service period*2	-	-
Exercise period	July 1, 2003 to June 30, 2006	July 1, 2005 to June 29, 2007

(Notes) 1. The number of stock options is indicated as the converted number of shares.
2. Requisite service period was not specified.

(2) Scale and changes of stock options

This section covers stock options existent in the Year ended March 31, 2007, and the number of stock options is indicated as the converted number of shares.

1) Number of stock option (Shares)

	FY2001	FY2003
Before the right is vested		
End of the previous fiscal year	-	-
Right granted	-	-
Invalidation	-	-
Right vested	-	-
Unvested stock options	-	-
After the right is vested		
End of the previous fiscal year	207,408	247,500
Right vested	-	-
Exercise of right	-	-
Invalidation	207,408	-
Unexercised stock options	-	247,500

2) Unit information (Yen)

	FY2001	FY2003
Price at execution of right	4,930	5,746
Market average at execution of right	-	-
Fair assessed unit price (date of grant)	-	-

(Segment Information)

a. Information by Business Segment

Half-Year ended Sep. 30, 2006 (April 1, 2006 to September 30, 2006) (Thousands of yen)

	Medical Support Business	Health Care Business	Education Business	Other Businesses	Total	Elimination or Unallocated	Consolidated
Net sales and operating income							
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 amounts	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	5,171,231	1,065,602	(640,622)	46,139	5,642,351	(4,313,779)	1,328,571

Half-Year ended Sep. 30, 2007 (April 1, 2007 to September 30, 2007) (Thousands of yen)

	Medical Support Business	Health Care Business	Education Business	Other Businesses	Total	Elimination or Unallocated	Consolidated
Net sales and operating income							
Net sales							
(1) Net sales to external customers	54,945,566	35,954,011	5,401,841	400,503	96,701,923	-	96,701,923
(2) Inter-segment net sales or transfer amounts	-	39,130	130	564,853	604,114	(604,114)	-
Total	54,945,566	35,993,142	5,401,972	965,357	97,306,038	(604,114)	96,701,923
Operating expenses	49,829,155	35,551,834	6,222,579	943,751	92,547,320	3,274,030	95,821,350
Operating income	5,116,410	441,307	(820,607)	21,605	4,758,717	(3,878,145)	880,572

Year ended March 31, 2007 (April 1, 2006 to March 31, 2007) (Thousands of yen)

	Medical Support Business	Health Care Business	Education Business	Other Businesses	Total	Elimination or Unallocated	Consolidated
Net sales and operating income							
Net sales							
(1) Net sales to external customers	110,956,722	78,027,908	12,469,297	1,095,168	202,549,097	-	202,549,097
(2) Inter-segment net sales or transfer amounts	9,723	245,007	9,216	1,698,138	1,962,085	(1,962,085)	-
Total	110,966,445	78,272,916	12,478,513	2,793,307	204,511,182	(1,962,085)	202,549,097
Operating expenses	100,141,959	76,452,322	14,187,667	2,538,341	193,320,291	6,592,990	199,913,281
Operating income	10,824,486	1,820,593	(1,709,154)	254,965	11,190,891	(8,555,075)	2,635,815

(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	Medical practice services such as reception, medical fee claims, accounting, computer operations, and medical record management, sales/disinfection/sterilization services for medical equipment, medical affairs consulting
Health Care	Home-visit long-term care, home-visit bathing, day care, rental/sale of welfare equipment, catering, etc.
Education	Courses for medical office work, home helper training, babysitter training, and sign language
Other	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. Unallocatable operating expenses
The unallocatable operating expenses included in the "Elimination or Unallocated" account of the operating expenses for Half-Year ended Sep. 30, 2006, Half-Year ended Sep. 30, 2007 and Year ended March 31, 2007 are ¥4,378,438 thousand, ¥3,923,210 thousand, ¥8,595,030 thousand, respectively. They mainly consist of expenses for the parent company's administrative sections such as general administration division and accounting division.

b. Information by Geographical Segments

Geographic segment information is not presented because the company has had no overseas consolidated subsidiaries or significant ranches in Half-Year ended Sep. 30, 2006, Half-Year ended Sep. 30, 2007 and Year ended March 31, 2007.

c. Overseas Sales

Overseas information is not presented because the company has had no overseas sales in Half-Year ended Sep. 30, 2006, Half-Year ended Sep. 30, 2007 and Year ended March 31, 2007.

(Per Share Information)

Half-Year ended Sep. 30, 2006	Half-Year ended Sep. 30, 2007	Year ended Mar. 31, 2007
Net assets per share ¥1,471.19 Net income per share ¥13.75 Diluted net income per share is not presented because there were no potential stocks with dilutive effect.	Net assets per share ¥1,457.06 Net income per share ¥0.39 Diluted net income per share is not presented because there were no potential stocks.	Net assets per share ¥1,479.10 Net income per share ¥22.00 Diluted net income per share is not presented because there were no potential stocks with dilutive effect.

Note: Shown below is the basis for calculation of net income per share and diluted income per share.

	Half-Year ended Sep. 30, 2006	Half-Year ended Sep. 30, 2007	Year ended Mar. 31, 2007
Net income per share			
Net income (Thousands of yen)	484,478	13,725	774,768
Amount not attributable to common stockholders (Thousands of yen)	-	-	-
(Directors' and auditors' bonuses through profit distribution included)	-	-	-
Net income relating to common stock (Thousands of yen)	484,478	13,725	774,768
Average number of shares during the fiscal year (Thousands of shares)	35,223	35,221	35,223
Net income per share – diluted			
Dilution of net income (Thousands of yen)	-	-	-
Increase in amount of common stock (Thousands of yen)	-	-	-
(Stock acquisition rights included)	-	-	-
Outline of stock not included in diluted net income per share due to lack of dilutive effect	Stock acquisition rights Number of shares for the stock acquisition rights based on the resolution of the annual meeting of shareholders held on June 27, 2003: 2,250 shares	-	Stock acquisition rights Number of shares for the stock acquisition rights based on the resolution of the annual meeting of shareholders held on June 27, 2003: 2,250 shares

(Important Subsequent Events)

There are no relevant matters.