

Financial Results Briefing Document

For the Second Quarter
of the Year Ending March 2009
(2Q FY2009)

November 19, 2008

1. Overview of 2Q FY2009 and Mid-term Business Perspective

- (1) Overview of 2Q FY2009
- (2) Overview 1
- (3) Overview 2
- (4) Overview 3
- (5) Business cycle of Health Care Business
- (6) Mid-term business perspective

2. 2Q FY2009 Financial Highlights and FY2009 Forecasts

- (1) Summary of 2Q FY2009 financial results
- (2) 2Q FY2009 financial results
- (3) FY2009 quarterly segment information
- (4) Primary strategies
to performance improvement
- (5) FY2009 forecasts
- (6) Major factors to change FY2009 forecasts
- (7) Medical Support Business:
2Q FY2009 financial results
- (8) Medical Support Business:
Expanding management support service
- (9) Health Care Business: 2Q FY2009 financial results
- (10) Health Care Business: Sales by business type
- (11) Health Care Business:
Facility-care service performance
- (12) Education Business: 2Q FY2009 financial results
- (13) Education Business's new course:
Medical Records Clerk Course
- (14) Other Businesses: 2Q FY2009 financial results
- (15) Balance sheets (as of Sept. 30, 2008)
- (16) Consolidated cash flows
- (17) Dividends and share buyback

**Overview of 2Q FY2009 and
Mid-term Business Perspective**

**President and Representative Director
Takashi Mori**



Overview of 2Q FY2009

2Q FY2009	<Consolidated>	<Non-consolidated>
Net sales	¥ 105,958 million	¥ 88,540 million
Operating income	¥ (1,181) million	¥ 207 million
Ordinary income	¥ (1,313) million	¥ 381 million
Net income	¥ (1,539) million	¥ 38 million

1. First increase in net sales in three years

Health Care Business – Sales grew at a double-digit pace, thanks to the increase in facility-care services sales

Education Business – Courses for medical office work expanded 7.9% year on year

2. Medical support business – Moving forward with standardization of contracts

Shift from a strategy focusing on sales to one focusing on profits

3. Improvement in the business environment

Health Care Business – 3% increase in long-term care payments in April 2009

Education Business – Employment environment and economic conditions



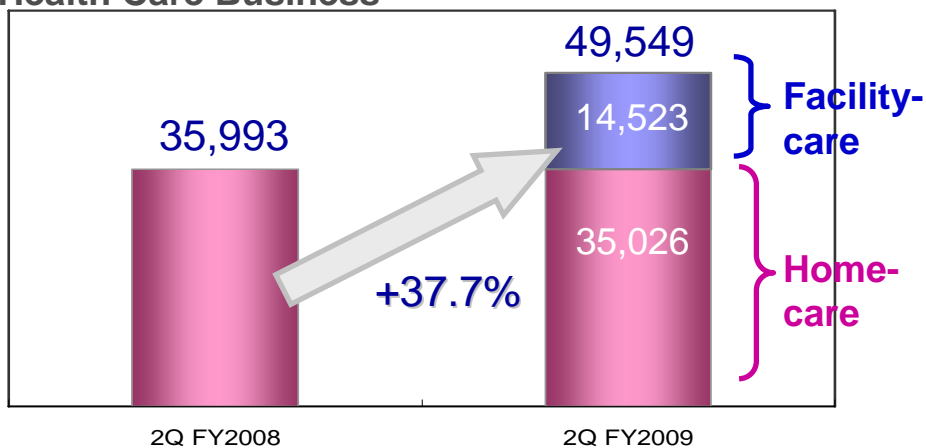
Overview of 2Q FY2009 - 1

- First increase in net sales in three years -

Health Care Business – Sales grew at a double-digit pace, thanks to the increase in facility-care services sales

Consolidated net sales of Health Care Business

(Million yen)



2Q FY2009 net sales of facility-care companies

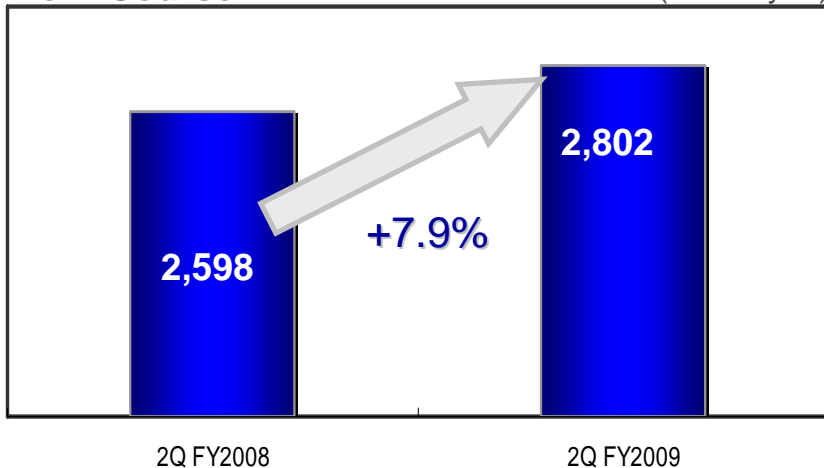
(Million yen)

Nichii Care Palace	5,684
Nichii no Hohoemi	6,073
Nichii no Kirameki	1,560
Nichii Home	1,205
Total facility-care net sales	14,523

Education business – Courses for medical office work expanded

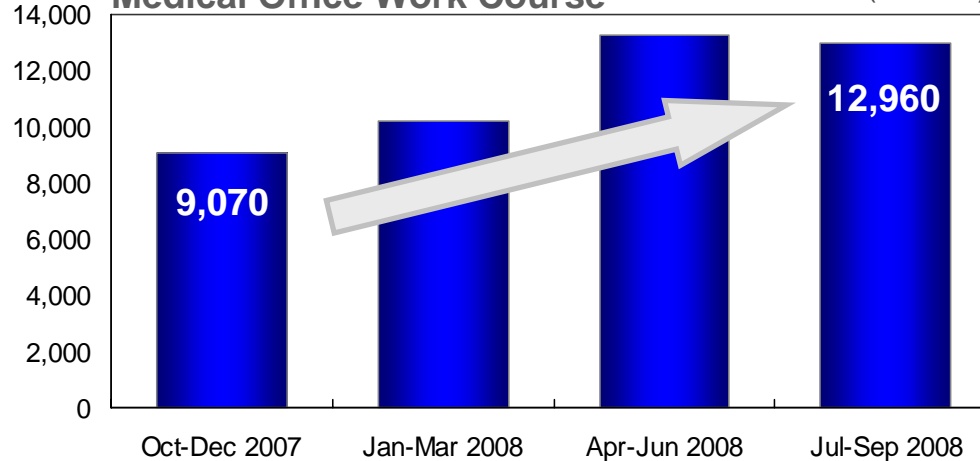
Net sales of Medical Office Work Course

(Million yen)



Number of students of Medical Office Work Course

(Person)





■ Strategy to build an revenue base

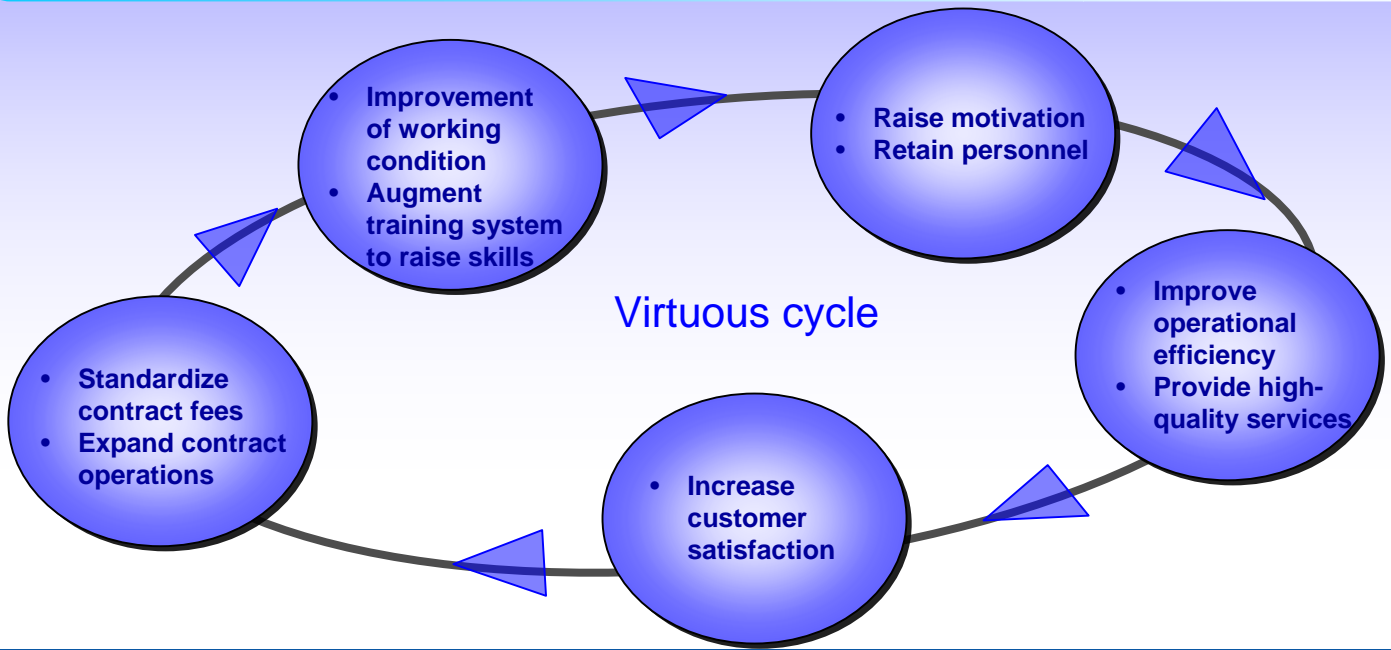
FY2009 —————> FY2013
Improve profitability and establish market dominance

Third Stage
Promoted in the next five
year plan

Third stage
FY2009- Standardize contracts – review contracts

Second stage
FY2008- Differentiate the company in the market – expand sales support services

First stage
FY2007- Invest in human resources – expand the career improvement system





Schedule for fee revisions

October 30	<p>Additional economic stimulus package by the government</p> <p>Improvement in compensation for care providers as a result of long-term care payment revision</p> <p>Efforts are being made to improve the treatment of care providers based on several measures including long-term care payment revision (+3.0%) for FY2009 and sudden jumps in premiums for long-term care insurance are being held down</p>
November-December	Debate in the Subcommittee on Long-term Care and Benefits of the Social Security Council
Middle of December	Organization and summary of basic opinion on payments and standards
Compilation of the 2009 government budget	
End of January 2009	Advice and report on revision rate for long-term care payment

Main items under examination

- Home-care support – Review of basic fees
- Home-visit care – Review of requirements for assigning a service manager
- Review of unit fee for each region – Review of rates of premium and employment cost for each region



Business cycle of Health Care Business

Upward trend in sales and profit after FY2009

Fiscal year of Long-term care insurance system	Health Care Business Cycle	Trend of systems	Net sales	Operating income
FY2000	First Stage	Long-term care insurance system started	¥20,346 million	¥(11,760) million
FY2001			¥43,448 million	¥(3,585) million
FY2002			¥60,557 million	¥ 3,203 million
FY2003	Second Stage	2003 fee revisions Outline: Focus on home care and support for independence Details: Restructure nursing into two categories – physical nursing and housework support, etc. Revision rate: -2.3%	¥71,004 million	¥ 4,572 million
FY2004			¥75,889 million	¥ 2,213 million
FY2005			¥80,902 million	¥ 2,010 million
FY2006	Third Stage	2006 fee revisions Outline: Maintain the dignity and support the independence of the elderly Details: Focus on preventive nursing, etc. Revision rate: -2.4% (including the part for FY05)	¥78,272 million	¥ 1,820 million
FY2007			¥79,702 million	¥ 190 million
FY2008			¥101,400 million (Forecast)	¥ 400 million (Forecast)
FY2009	Forth Stage	Focus on 2009 fee revisions 1. Revise up 3% 2. Improve the compensation for care workers 3. Focus on major cities 4. Expand the services whose quality is evaluated	<ul style="list-style-type: none"> Expansion of non-insurance services Expansion of inherited facility care services 	Create a business structure that is robust to changes in the system
FY2010				
FY2011				



1. Business environment

- Hike in long-term care payments
- Aging of society
- Social security system reform

2. Shift to a business structure that is robust to changes in the business environment

- Medical Support Business – Strategy that stresses profits
- Health Care Business – Change in the sales composition ratio
(Facility care service) –

3. Upward trend in sales

- Health Care Business Two consecutive years of growing sales
- Education Business First growth in sales in five years

2Q FY2009 Financial Highlights and FY2009 Forecasts

Vice President and Representative Director
Daisuke Terada



1. First increase in sales in three years

Maintain the upward trend on a quarterly basis

2. Health Care Business

- Facility care service: Moving as projected
- Home care service: Improving cost ratio
(2Q FY2008: 87.3% ⇒ 2Q FY2009: 84.2%)
- Total long-term care service

3. Development of new services

- Health Care Business: Homemaker service
- Education Business: Practical Dietary Education Course,
Medical Records Clerk Course



2Q FY2009 financial results

Consolidated

(Million yen)

	FY2008	FY2009			
	2Q	2Q			
	Amount	Amount (Forecast)	Amount (Result)	Difference	Change
Net sales	96,701	108,400	105,958	9,257	9.6%
Operating income	880	17	(1,181)	(2,061)	-
%	0.9%	0.0%	(1.1)%		
Ordinary income	966	(138)	(1,313)	(2,279)	-
%	1.0%	(0.1)%	(1.2)%		
Net income	13	(960)	(1,539)	(1,552)	-
%	0.0%	(0.9)%	(1.5)%		

Non-consolidated

(Million yen)

	FY2008	FY2009			
	2Q	2Q			
	Amount	Amount (Forecast)	Amount (Result)	Difference	Change
Net sales	93,865	91,000	88,540	(5,325)	(5.7)%
Operating income	757	1,350	207	(550)	(72.7)%
%	0.8%	1.5%	0.2%		
Ordinary income	888	1,600	381	(507)	(57.1)%
%	0.9%	1.8%	0.4%		
Net income	321	900	38	(283)	(88.2)%
%	0.3%	1.0%	0.0%		



FY2009 quarterly segment information

(Million yen)

		FY2007				FY2008								FY2009			
		1Q	2Q	3Q	4Q	1Q		2Q		3Q		4Q		1Q		2Q	
		Amount	Amount	Amount	Amount	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change
Medical Support		27,623	27,702	27,942	27,699	27,475	(0.5)%	27,470	(0.8)%	27,382	(2.0)%	26,890	(2.9)%	25,343	(7.8)%	25,380	(7.6)%
Health Care		19,778	19,917	19,783	18,794	18,131	(8.3)%	17,862	(10.3)%	20,622	4.2%	23,087	22.8%	24,610	35.7%	24,939	39.6%
Education		3,471	3,279	2,992	2,736	2,856	(17.7)%	2,545	(22.4)%	2,432	(18.7)%	2,325	(15.0)%	2,736	(4.2)%	2,618	2.9%
Other		1,029	667	621	476	463	(55.0)%	502	(24.7)%	560	(9.8)%	445	(6.5)%	596	28.7%	611	21.7%
Elimination/Corporate		(806)	(451)	(384)	(321)	(301)	-	(303)	-	(375)	-	2,230	-	(470)	-	(407)	-
Net sales		51,096	51,115	50,954	49,384	48,624	(4.8)%	48,077	(5.9)%	50,622	(0.7)%	52,474	6.3%	52,815	8.6%	53,143	10.5%
Medical Support	%	2,424	2,747	2,656	2,997	2,405	(0.8)%	2,711	(1.3)%	2,625	(1.2)%	2,959	(1.3)%	1,791	(25.5)%	1,945	(28.3)%
		8.8%	9.9%	9.5%	10.8%	8.8%		9.9%		9.6%		11.0%		7.1%		7.7%	
Health Care	%	265	800	532	223	238	(10.2)%	203	-	1	-	(252)	-	(690)	-	(143)	-
		1.3%	4.0%	2.7%	1.2%	1.3%		1.1%		0.0%		(1.1)%		(2.8)%		(0.6)%	
Education	%	(315)	(325)	(605)	(464)	(351)	-	(469)	-	(372)	-	(601)	-	(281)	-	(606)	-
		(9.1)%	(9.9)%	(20.2)%	(17.0)%	(12.3)%		(18.4)%		(15.3)%		(25.8)%		(10.3)%		(23.1)%	
Other	%	39	7	169	39	43	10.3%	(22)	-	164	(3.0)%	30	(23.1)%	55	27.9%	64	-
		3.8%	1.0%	27.2%	8.2%	9.3%		(4.4)%		29.3%		6.7%		9.2%		10.5%	
Elimination/Corporate		(2,153)	(2,160)	(1,990)	(2,252)	(2,107)	-	(1,771)	-	(1,501)	-	(1,760)	-	(1,756)	-	(1,560)	-
Operating income	%	260	1,068	763	544	229	(11.9)%	651	-	916	-	375	(31.1)%	(881)	-	(300)	-
		0.5%	2.1%	1.5%	1.1%	0.5%		1.4%		1.8%		0.7%		(1.7)%		(0.6)%	

Net sales bottomed out in the second quarter of FY2008 and are on an upward trend
 Operating income will bottom out in the first quarter of FY2009 and will be on a recovery trend



The points to determine the degree of recovery from next fiscal year

Profitability

- (1) Two consecutive years of profit growth for the parent company → Recovery in the profitability of the whole company
- (2) Medical Support Business – plan to standardize contracts → Stable improvement in profitability and improvement in the quality and productivity of operations
- (3) Facility care business – improvement in earnings → Maintain the increase in profitability of the Health Care Business
- (4) Health Care Business – increase in revenue → Business foundation that can benefit from the favorable turn around in the business environment including hikes in long-term care payments

FY2009 forecasts

(Million yen)

Consolidated	FY2008	FY2009				
	Full year	Full year				
	Amount	Amount (Forecast at beginning of the term)	Change	Amount (Revised forecast)	Difference	Change
Net sales	199,797	222,000	11.1%	215,000	(15,203)	7.6%
Operating income	2,171	3,140	44.6%	1,000	(1,171)	(53.9)%
%	1.1%	1.4%		0.5%		
Ordinary income	2,042	2,720	33.2%	580	(1,462)	(71.6)%
%	1.0%	1.2%		0.3%		
Net income	(834)	50	-	(720)	114	-
%	(0.4)%	0.0%		(0.3)%		

(Million yen)

Non-consolidated	FY2008	FY2009				
	Full year	Full year				
	Amount	Amount (Forecast at beginning of the term)	Change	Amount (Revised forecast)	Difference	Change
Net sales	185,557	185,500	(0.0)%	179,000	(6,557)	(3.5)%
Operating income	2,660	4,700	76.7%	2,750	90	3.4%
%	1.4%	2.5%		1.5%		
Ordinary income	2,983	5,140	72.3%	3,140	157	5.3%
%	1.6%	2.8%		1.8%		
Net income	954	2,730	186.2%	1,520	566	59.3%
%	0.5%	1.5%		0.8%		



Major factors to change FY2009 forecasts

Net sales

Medical Support Business	Hospitals	¥(2,050) million
	Clinics, etc.	¥ (650) million
Health Care Business	Home-visit care	¥(2,800) million
	Facility care	¥ (590) million
Education Business	Medical Office Work Course	¥ (100) million
	Home Helper Course	¥ (200) million

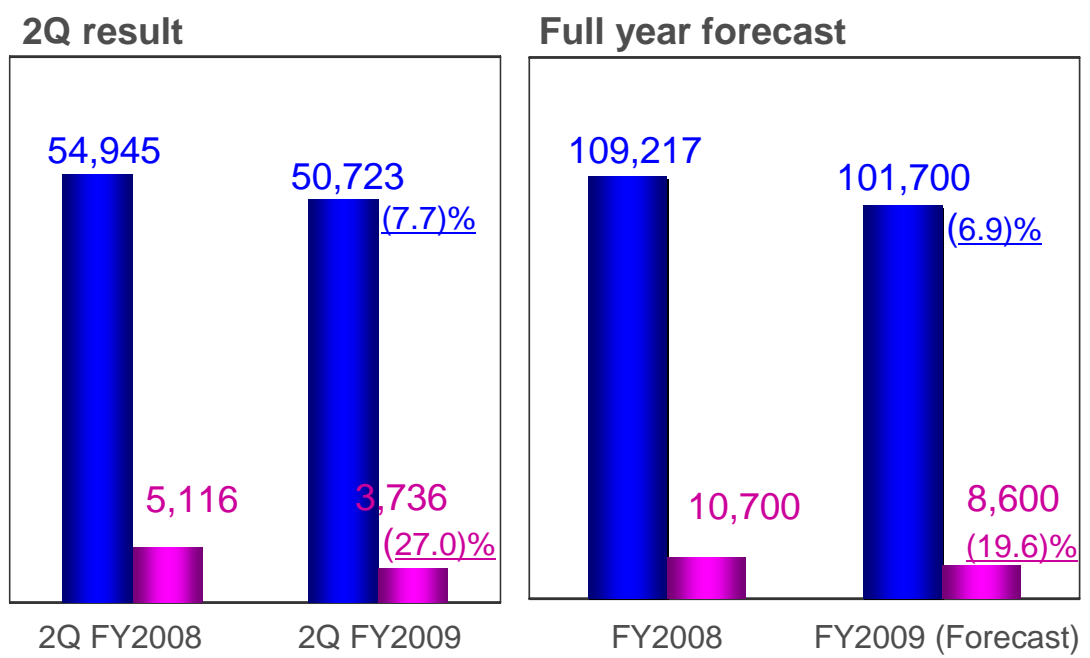
Operating income

Medical Support Business	¥(1,000) million
Health Care Business	¥ (300) million
Education Business	¥ (300) million



Medical Support Business 2Q FY2009 financial results

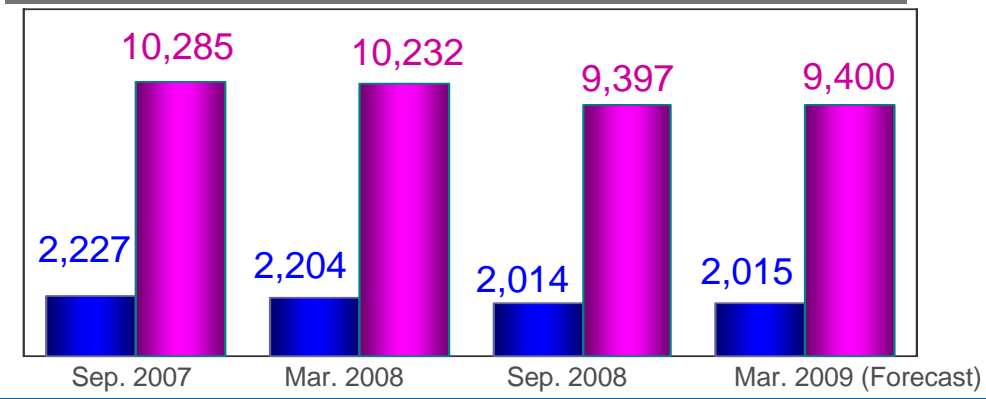
Consolidated ■ **Net sales** ■ **Operating income** (Million yen)

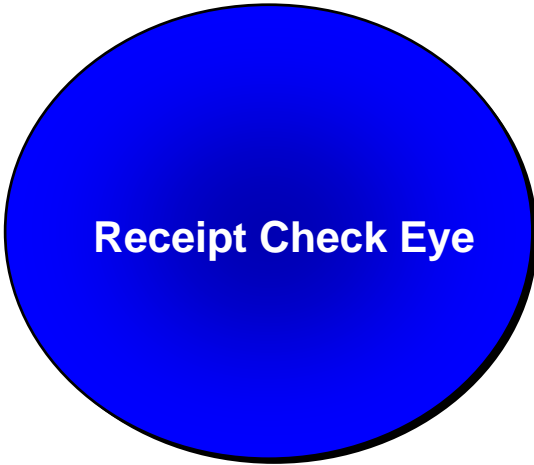


Major issues for FY2009

- (1) Strengthen standardization of contracts**
 - Review contracts based on a strategy of stressing profits
- (2) Expand management support services**
 - Strengthen response to introduction of IT
 - Launch sales of Receipt Check 2.0
- (3) Improve employee retention**
 - Augment career improvement system
 - Expand all the training system

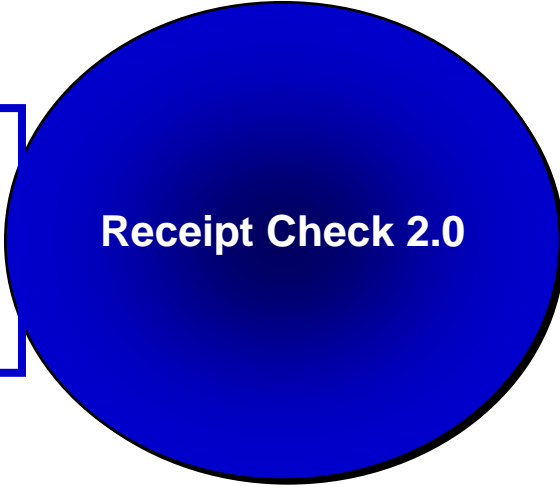
Number of contracted medical institutions ■ **Hospitals** ■ **Clinics**





Receipt Check Eye
Product details: Receipt Check system that incorporates Nichii's know-how related to receipt checks
Main target: Hospitals with at least 200 beds

Receipt Check 2.0
Product details: Detailed examination of receipt and comparative analysis of examination scope with other clinics
Main target: Clinics specializing in internal medicine

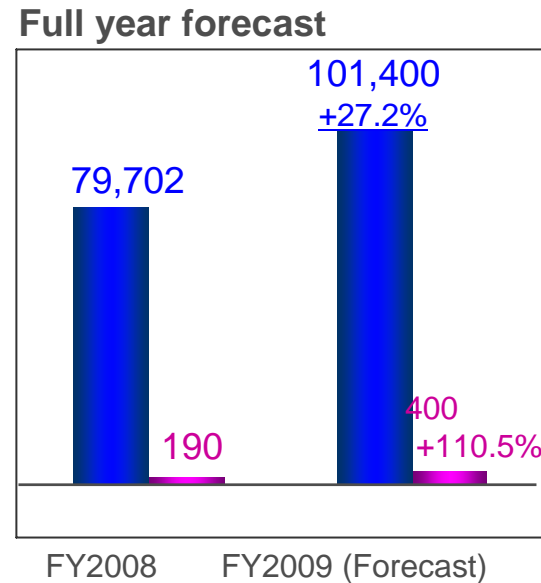
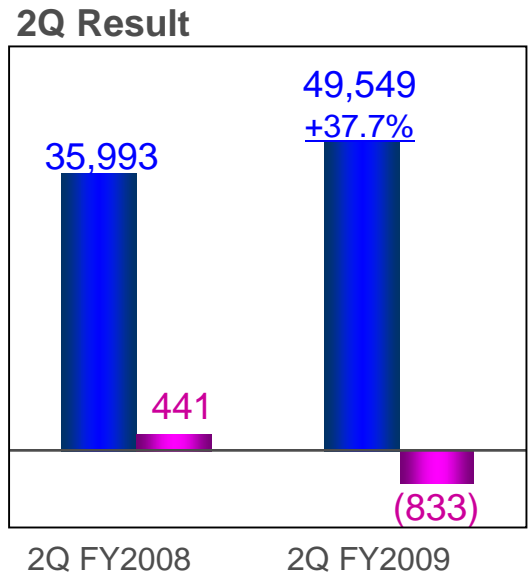


Marketing Eye
Product details: Comprehensive analysis of business conditions for medical facilities by conducting surveys and collecting data related to the number of patients visiting the facility and shifting to a management that matches the area and environment.
Main target: Hospitals



Health Care Business 2Q FY2009 financial results

Consolidated ■ Net sales ■ Operating income (Million yen)



Major issues for FY2009

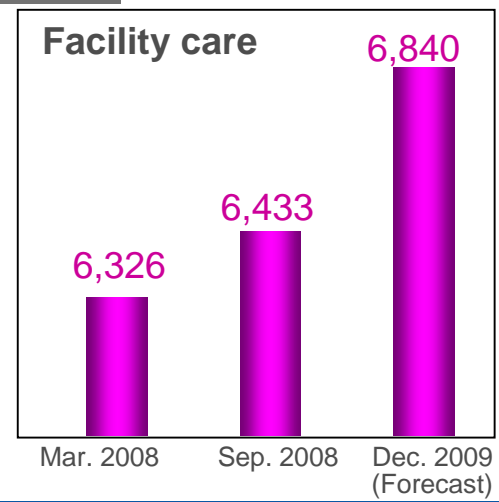
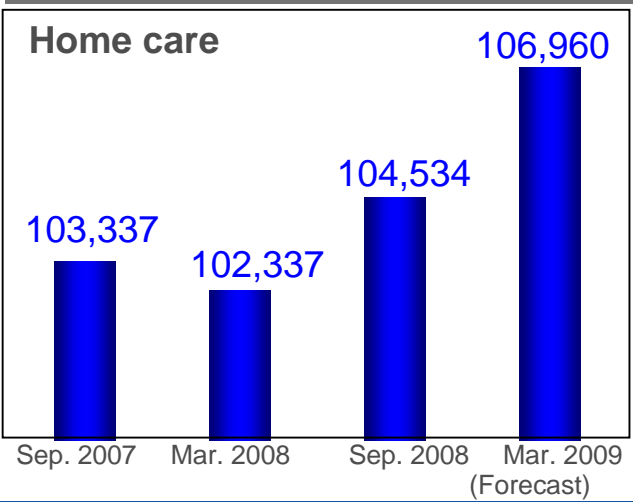
Home care

- Strengthen sales of the home-visit care and day care services
- Create a network to provide services to support the independence of people with handicaps
- Expand non-insurance services (homemaker service)
- Thoroughly implement compliance

Facility care

- Quickly open facility care facilities
- Create a nation-wide sales system
- Introduce new occupancy payment system
- Thoroughly implement compliance

Numbers of users by service (Case)



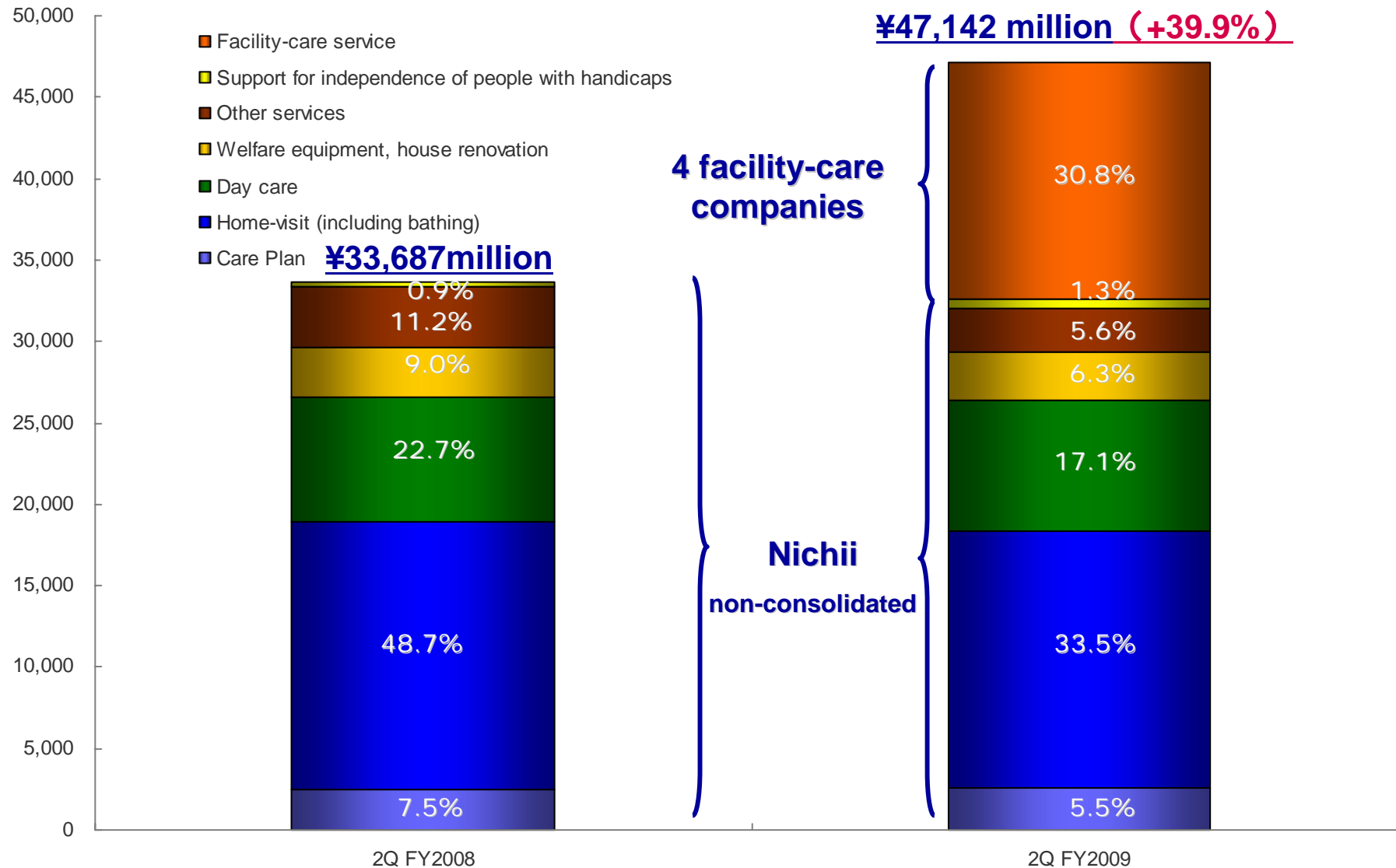


Health Care Business Sales by business type

Nichii Gakkan Co., Ltd. + 4 Facility-care companies

*Figures in the bracket is a change from the same time of the previous year.

(Million yen)





Health Care Business Facility-care service performance

(Million yen)

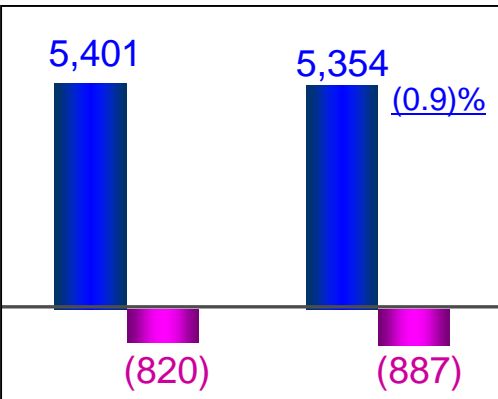
		FY2008	FY2009			
		Full year	2Q (Forecast at beginning of the term)	2Q (Result)	Full year (Forecast at beginning of the term)	Full year (Revised forecast)
			Amount	Amount	Amount	Amount
	Hohoemi		5,978	6,073	12,107	12,360
	Kirameki		1,627	1,560	3,917	3,570
	Home		1,273	1,205	2,865	2,620
	Care Palace	2,731	5,712	5,684	11,621	11,360
Net sales		2,731	14,590	14,523	30,510	29,910
	Hohoemi		(92)	56	0	429
	%		(1.5)%	0.9%	0.0%	3.5%
	Kirameki		(592)	(797)	(972)	(1,330)
	%		(36.4)%	(51.1)%	(24.8)%	(37.3)%
Home			(318)	(449)	(469)	(745)
	%		(25.0)%	(37.3)%	(16.4)%	(28.4)%
Care Palace		(189)	(355)	(68)	(370)	5
	%	(6.9)%	(6.2)%	(1.2)%	(3.2)%	0.0%
Operating income		(189)	(1,357)	(1,258)	(1,811)	(1,641)
%		(6.9)%	(9.3)%	(8.7)%	(5.9)%	-



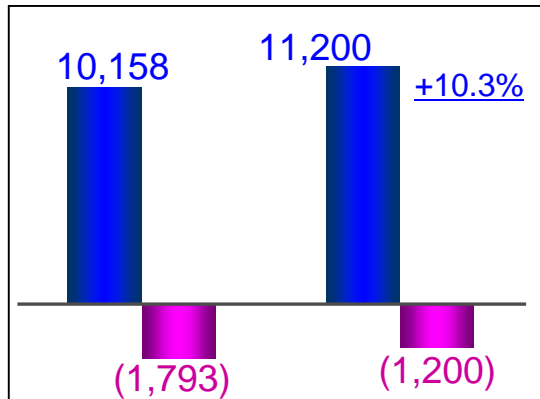
Education Business 2Q FY2009 financial results

Consolidated ■ **Net sales** ■ **Operating income** (Million yen)

2Q Result

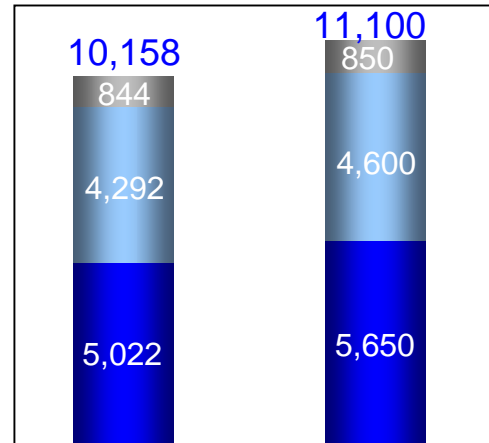
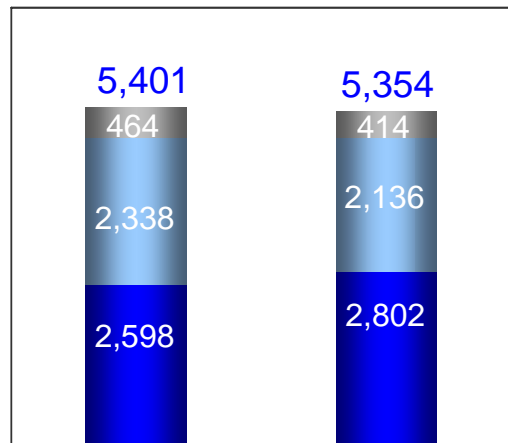


Full year forecast



2Q FY2008 2Q FY2009 FY2008 FY2009 (Forecast)

Net sales by course ■ Medical office work course ■ Other ■ Home helper course (Million yen)



2Q FY2008 2Q FY2009 FY2008 FY2009 (Forecast)

Major issues for FY2009

- Develop new courses**
 Develop and introduce
 Practical Dietary Education Course
 and Medical Records Clerk Course
- Promote job search for course graduates**
 Actively hold work consultations
 Introduce a Manabi-Net Plus
 Expand Career Net
- Undertake effective advertising**
 Run cost-effective advertisements
- Promote education related to medical service and care giving**
 Hold course explanatory meetings



Background for developing courses

1. An environment is necessary in which medical workers can solely focus on work requiring specialization
2. From April 2008: Assignment of personnel to support clerical work at a doctor's office is covered in evaluations of medical service fees

Growing need for support work as the shortage of doctors becomes more serious

Summary of course

Doctors Office Work Support Education Course (course length – approx. 5.5 months; cost – 171,230 yen (tax included))

- * Participants who have taken a medical office work course or have actual experience will be exempted from parts of the course (course length – approx. 2.5 months; course cost – 89,250 yen (tax included))

After completing the medical office work course and doctors office work support course and becoming qualified, graduates can register for temporary positions as medical office staff or doctor's office work aid with Nichii

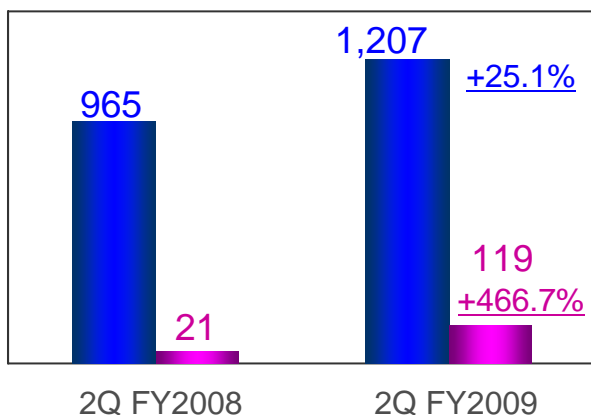
Making the most of Nichii's business model of "Education creates Employment"



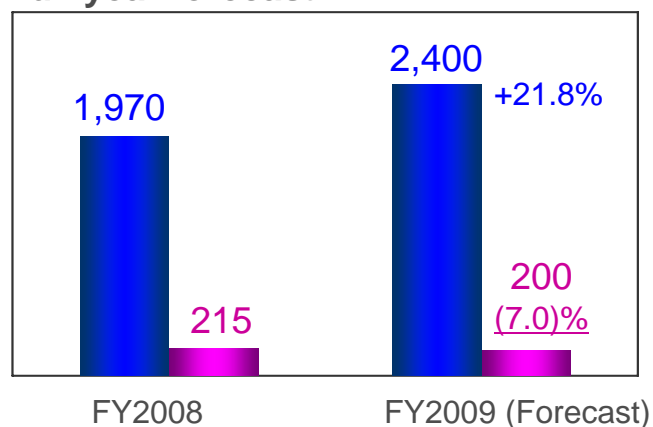
Other Businesses 2Q FY2009 financial results

(Group-wide) Consolidated ■ Net sales ■ Operating income (Million yen)

2Q result



Full year forecast



(Group-wide) Consolidated subsidiaries

Nihon Support Service Co., Ltd.	<ul style="list-style-type: none"> Information technology Storage and delivery service 	Nihon Credit Lease Co., Ltd.	Leasing
Tokyo Marunouchi Publishing Co., Ltd.	<ul style="list-style-type: none"> Publishing and sale of books Publishing and sale of course materials 	Roris Co., Ltd.	Production and sale of flowers, seeds, etc.



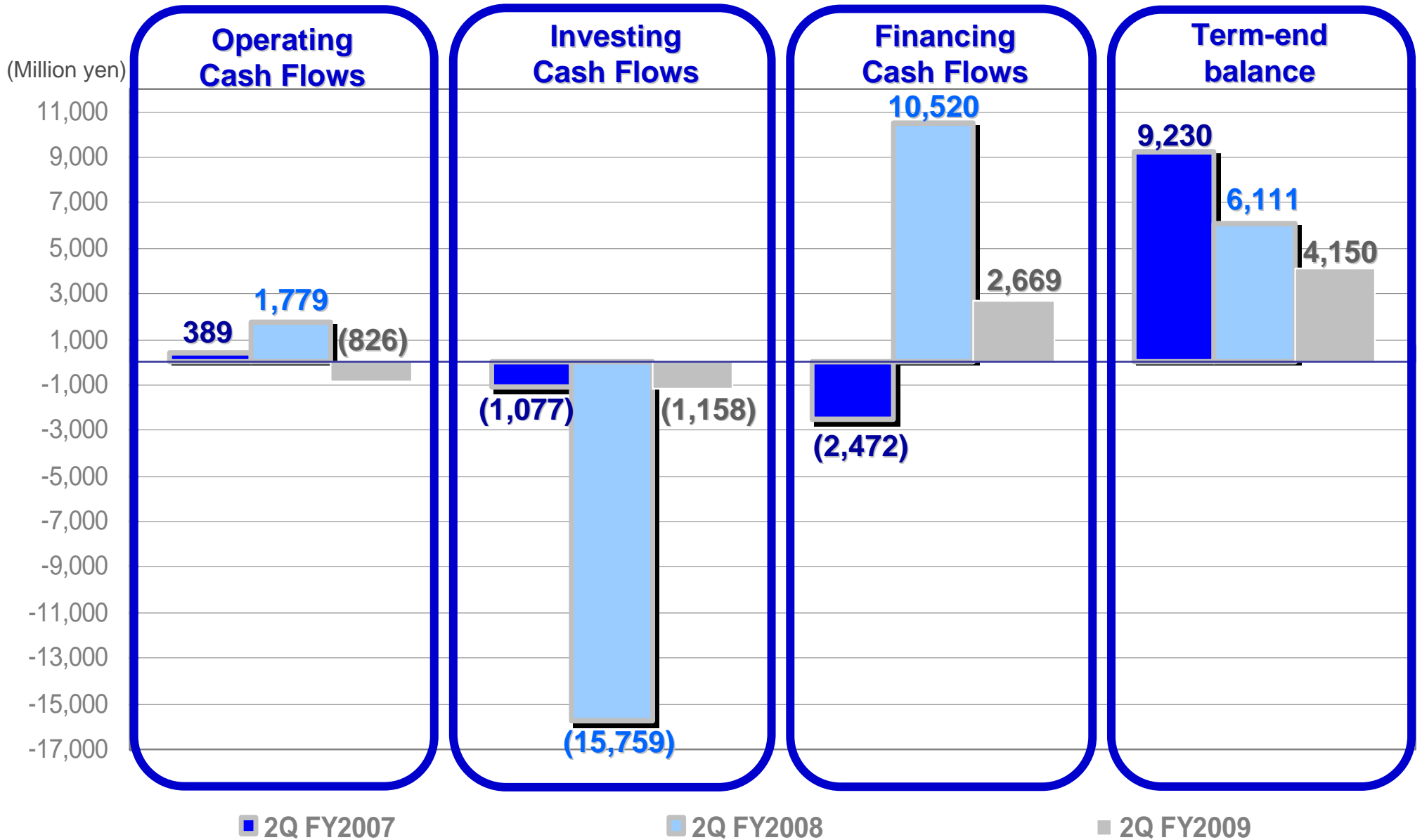
Consolidated balance sheets (as of Sept. 30, 2008)

(Million yen)

		As of Mar. 2008	As of Sep. 2008	Differences
Current assets		38,850	38,751	(99)
Fixed assets	Tangible	37,420	37,005	(415)
	Intangible	22,580	23,168	588
	Investment and others	22,432	22,389	(43)
Total assets		121,284	121,315	31
Current liabilities		31,008	34,623	3,615
Fixed liabilities		39,666	38,385	(1,281)
Total liabilities		70,675	73,008	2,333
Net assets		50,609	48,306	(2,303)
Total liabilities and net assets		121,284	121,315	31

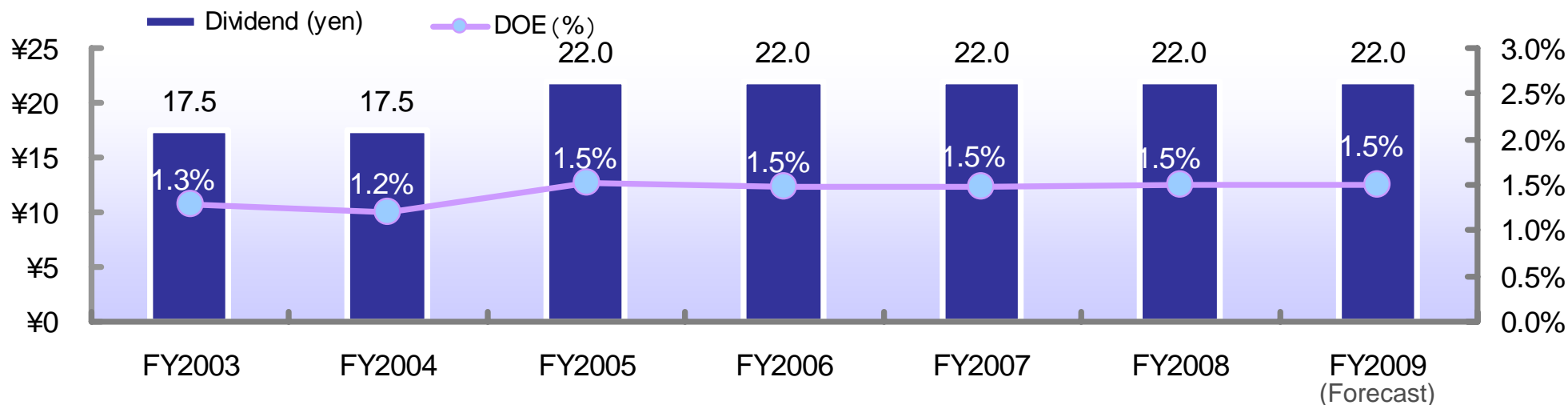


Consolidated cash flows





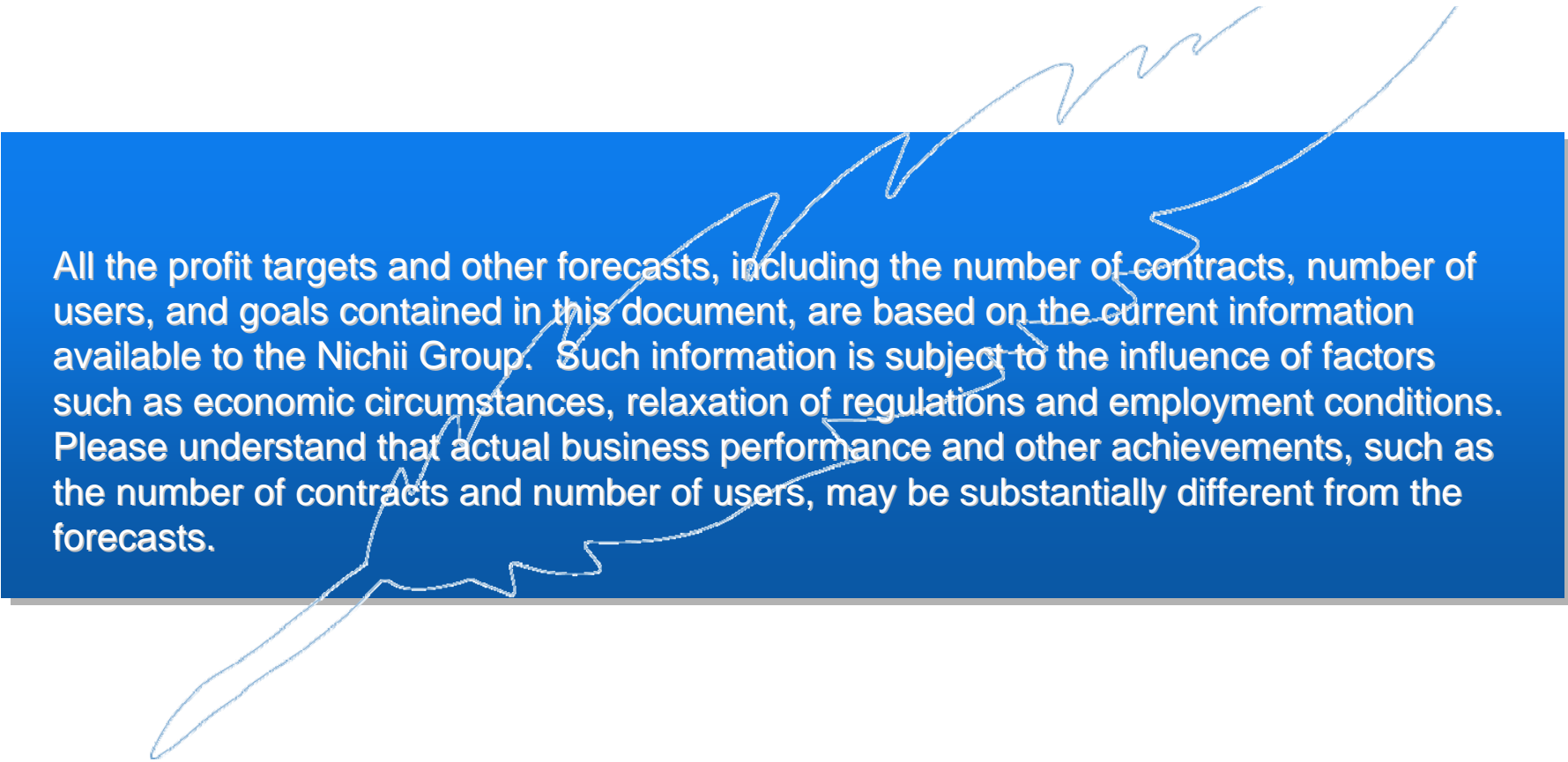
Dividends and share buyback



* This year an interim dividend will be paid (expected interim dividend is 11 yen/share)

Share buyback (based on articles of association as stipulated by article 165.2 of the Company Law)

1. Objective of buyback – in order to respond to changes in the business environment and implement a flexible capital strategy
2. Target shares – Company's common shares
3. Total number of shares that can be purchased and total amount – 500,000 shares (upper limit), 500 million yen (upper limit)
4. Timing: (1) October 14-October 31, (2) November 20-January 31
5. The number of shares purchased and amount used for shares purchased during the above period – 74,300 shares, 73,355,000 yen



All the profit targets and other forecasts, including the number of contracts, number of users, and goals contained in this document, are based on the current information available to the Nichii Group. Such information is subject to the influence of factors such as economic circumstances, relaxation of regulations and employment conditions. Please understand that actual business performance and other achievements, such as the number of contracts and number of users, may be substantially different from the forecasts.