

Financial Results  
Briefing Document  
for the Year Ended March 2009  
(FY2009)

May 28, 2009



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# Information Meeting of Financial Report for the Year Ended March 31, 2009

President and Representative Director  
Daisuke Terada



# FY2009 Financial results

## Consolidated

(Million yen)

	FY2008	FY2009		
	Amount	Amount (Revised forecast)	Amount (Result)	YoY
<b>Net sales</b>	<b>199,797</b>	<b>215,000</b>	<b>213,601</b>	<b>6.9%</b>
<b>Operating income</b>	<b>2,171</b>	<b>1,000</b>	<b>1,013</b>	<b>(53.3)%</b>
%	1.1%	0.5%	0.5%	
<b>Ordinary income</b>	<b>2,042</b>	<b>580</b>	<b>800</b>	<b>(60.8)%</b>
%	1.0%	0.3%	0.4%	
<b>Net income (loss)</b>	<b>(834)</b>	<b>(720)</b>	<b>(1,090)</b>	<b>-</b>
%	(0.4)%	(0.3)%	(0.5)%	

## Non-Consolidated

(Million yen)

	FY2008	FY2009		
	Amount	Amount (Revised forecast)	Amount (Result)	YoY
<b>Net sales</b>	<b>185,557</b>	<b>179,000</b>	<b>177,871</b>	<b>(4.1)%</b>
<b>Operating income</b>	<b>2,660</b>	<b>2,750</b>	<b>2,853</b>	<b>7.3%</b>
%	1.4%	1.5%	1.6%	
<b>Ordinary income</b>	<b>2,983</b>	<b>3,140</b>	<b>3,301</b>	<b>10.7%</b>
%	1.6%	1.8%	1.9%	
<b>Net income</b>	<b>954</b>	<b>1,520</b>	<b>1,312</b>	<b>37.5%</b>
%	0.5%	0.8%	0.7%	



# Overview of FY2009 (1)

## **1 Net sales hit a record-high**

Health Care Business sales grew 25.2% year on year

Education Business sales grew 17.3% year on year

## **2 Health Care Business sales hit a new high of ¥99,770 million**

Full-year facility care contribution

Operating income before goodwill amortization moved into the black

## **3 Education Business achieved first sales increase in five years (reducing losses)**

Fourth-quarter operating income moved into the black

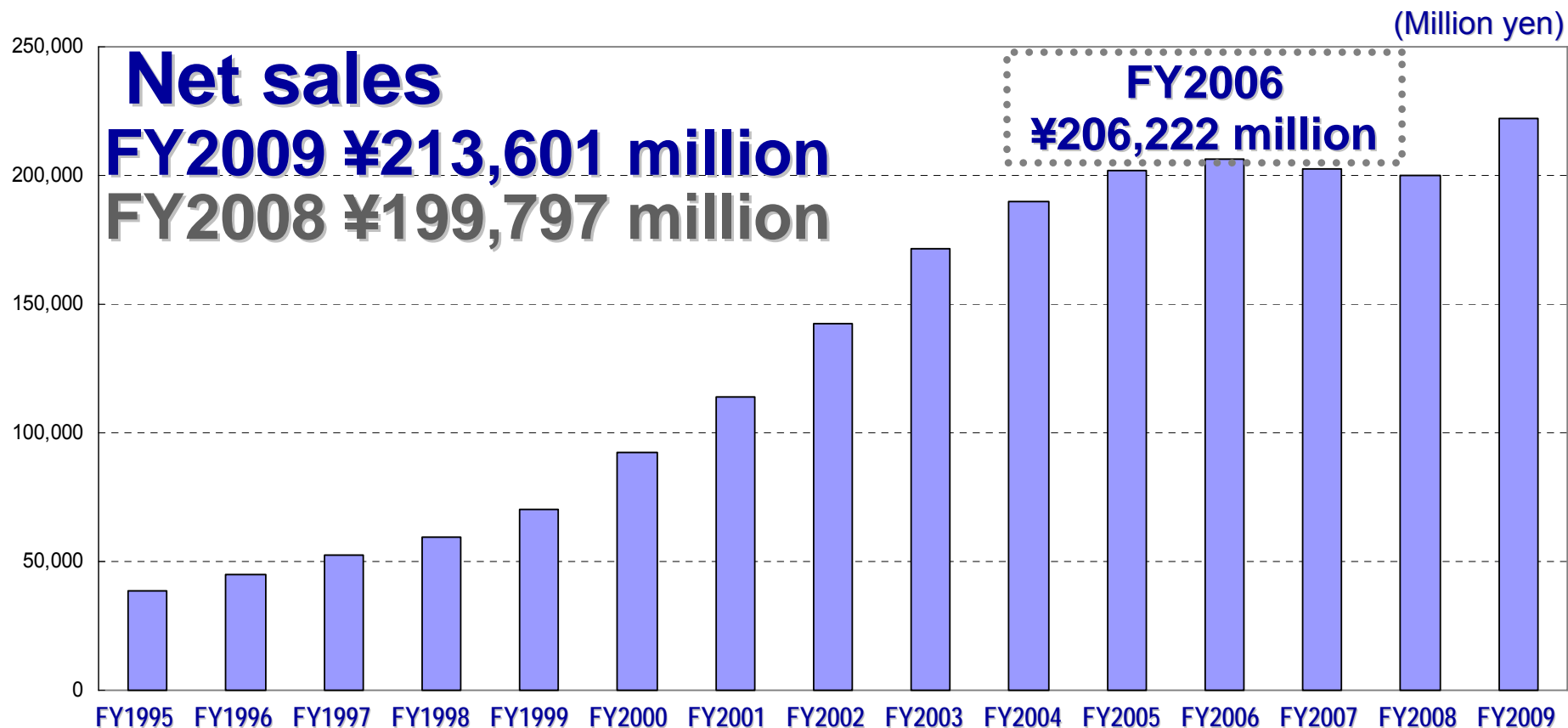


# Overview of FY2009 (2)

## Net sales hit a record-high

Health Care Business Net sales ¥99,770 million, grew 25.2%

Education Business Net sales ¥11,914 million, grew 17.3%



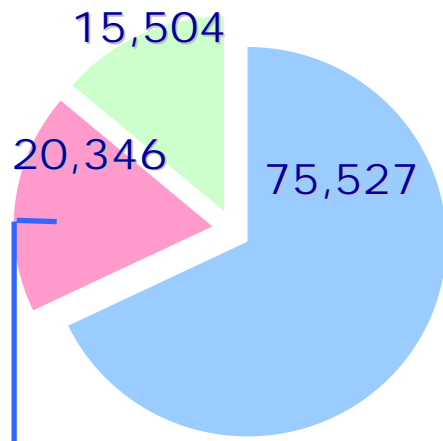


# Sales breakdown

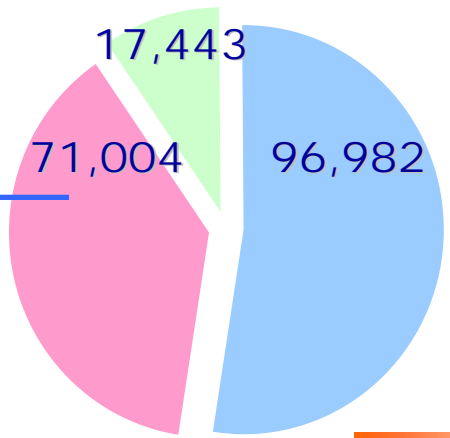
## Sales by business

- Medical Support Business
- Health Care Business
- Education Business

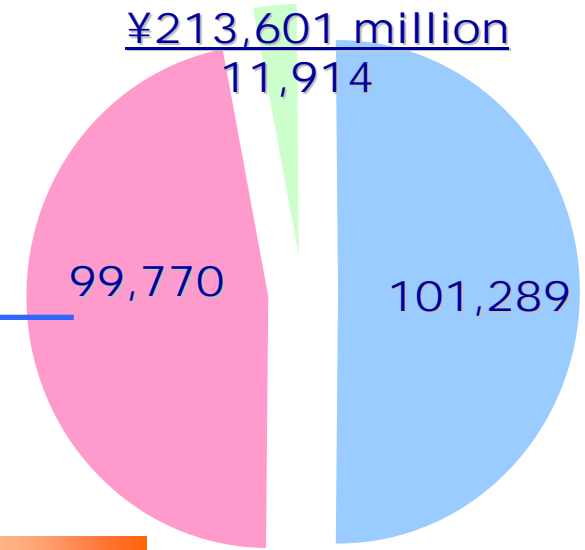
**FY2001**  
¥114,226 million



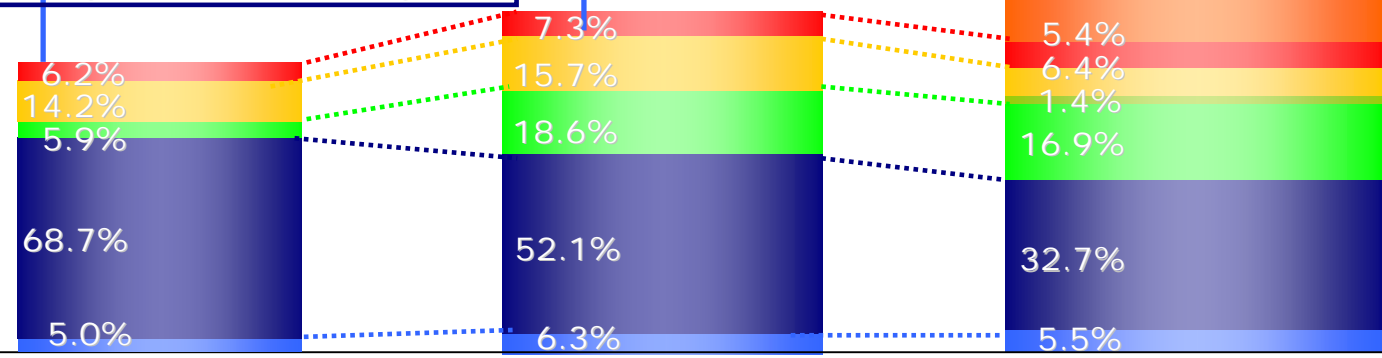
**FY2004**  
¥189,987 million



**FY2009**  
¥213,601 million



## Health Care Business Sales by business type



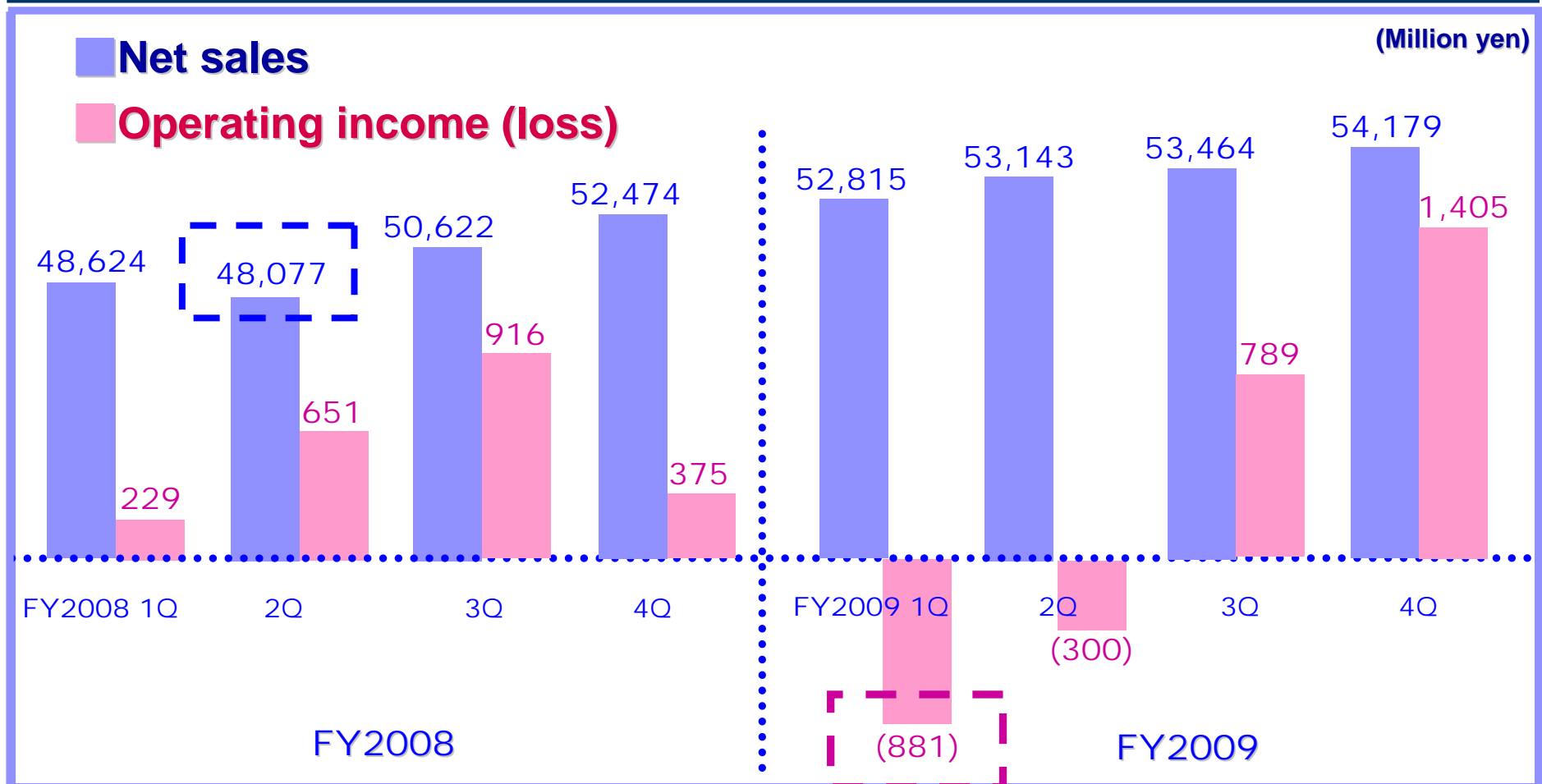
- Facility care service
- Other services
- Welfare equipment, house renovation
- Welfare services for the handicapped
- Day care
- Home-visit (including bathing)
- Care plan



# Financial results by quarter

Net sales bottomed out in the second quarter of FY2008 and are on an upward trend

Operating income bottomed out in the first quarter of FY2009 and are on a recovery trend







# Primary strategies to performance improvement

## Indicators showing upturn in performance

Point	Progress				
<p><b>Two consecutive years of profit growth for the parent company</b></p> <p>Recovery in the profitability of the whole company</p>	<p>FY2009 Operating income ¥2,853 million (YoY+7.3%)            FY2008 Operating income ¥2,660 million (YoY+6.1%)</p> <p>Improved profitability in Education Business</p>				
<p><b>Medical Support Business – plan to update contract terms</b></p> <p>Stable improvement in operating income to net sales and improvement in the quality and productivity of operations</p>	<table border="0"> <tr> <td data-bbox="810 683 1429 762">1<sup>st</sup> year of five-year plan</td> <td data-bbox="1429 683 2125 762">2<sup>nd</sup> year</td> </tr> <tr> <td data-bbox="810 762 1429 970">4<sup>th</sup> quarter operating income improvement</td> <td data-bbox="1429 762 2125 970">           → Improved productivity            Greater profitability            Increase in staff compensation         </td> </tr> </table>	1 <sup>st</sup> year of five-year plan	2 <sup>nd</sup> year	4 <sup>th</sup> quarter operating income improvement	→ Improved productivity Greater profitability Increase in staff compensation
1 <sup>st</sup> year of five-year plan	2 <sup>nd</sup> year				
4 <sup>th</sup> quarter operating income improvement	→ Improved productivity Greater profitability Increase in staff compensation				
<p><b>Facility care business – improvement in earnings</b></p> <p>Maintain the increase in profitability</p>	<p>4<sup>th</sup> quarter operating income before goodwill amortization moved into the black</p> <p>Transferred companies improved earnings</p>				
<p><b>Health Care Business – increase in revenue</b></p> <p>Business foundation that can benefit from the favorable turn around in the business environment including hikes in long-term care payments</p>	<p>Upward trend in customer numbers maintained</p> <p>DUSKIN Zero-Care operations acquired</p>				



## FY2009 Net sales and operating income by segment (consolidated)

(Million yen)

### Net sales

	FY2008 Result	FY2009 Result	YoY
			%
Medical Support Business	109,217	101,289	(7.3)%
Health Care Business	79,702	99,770	25.2%
Education Business	10,158	11,914	17.3%
Other Businesses	1,970	2,488	26.3%
Eliminations	(1,251)	(1,861)	-
<b>Total</b>	<b>199,797</b>	<b>213,601</b>	<b>6.9%</b>

(Million yen)

### Operating income

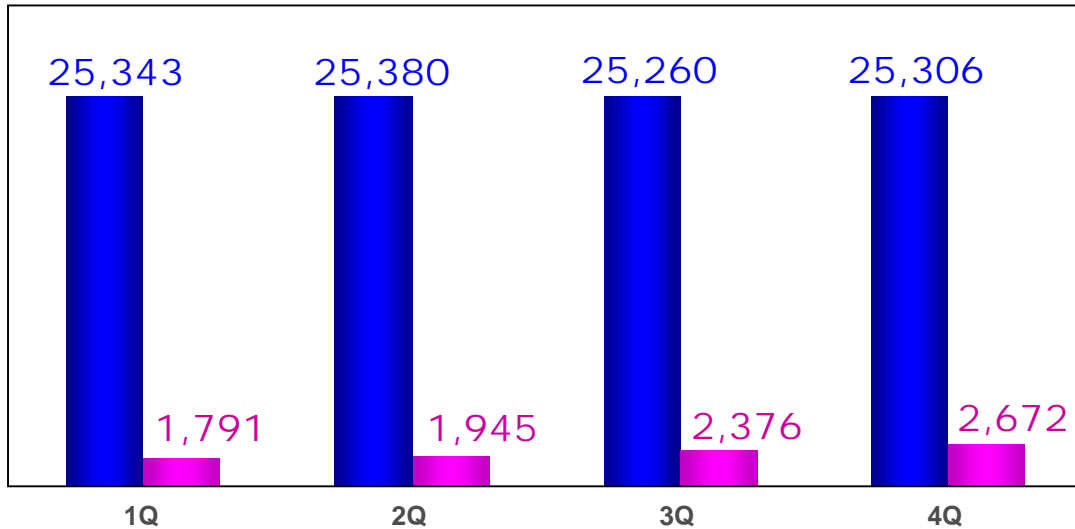
	FY2008 Result	FY2009 Result	YoY
			%
Medical Support Business	10,700	8,784	(17.9)%
Health Care Business	190	(758)	-
Education Business	(1,793)	(677)	-
Other Businesses	215	409	90.2%
Eliminations	(7,139)	(6,743)	-
<b>Total</b>	<b>2,171</b>	<b>1,013</b>	<b>(53.3)%</b>



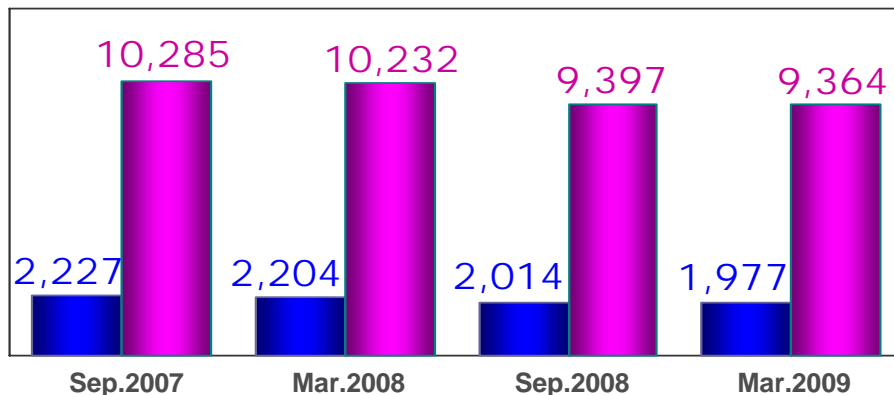
# Medical Support Business FY2009 Financial results

Consolidated ■ Net sales ■ Operating income (Million yen)

Full year result (Apr. 1, 2008 – Mar. 31, 2009)



Number of contracted medical institutions ■ Hospitals ■ Clinics



## FY2009

Net sales **¥101,289 million**

Operating income **¥8,784 million**

### Overview of financial results for FY2009

#### Stronger push to update contract terms resulted in a temporary decline in clients

- Implementation of contract updates in accordance with selection and concentration business strategy

#### Expand medical management support service

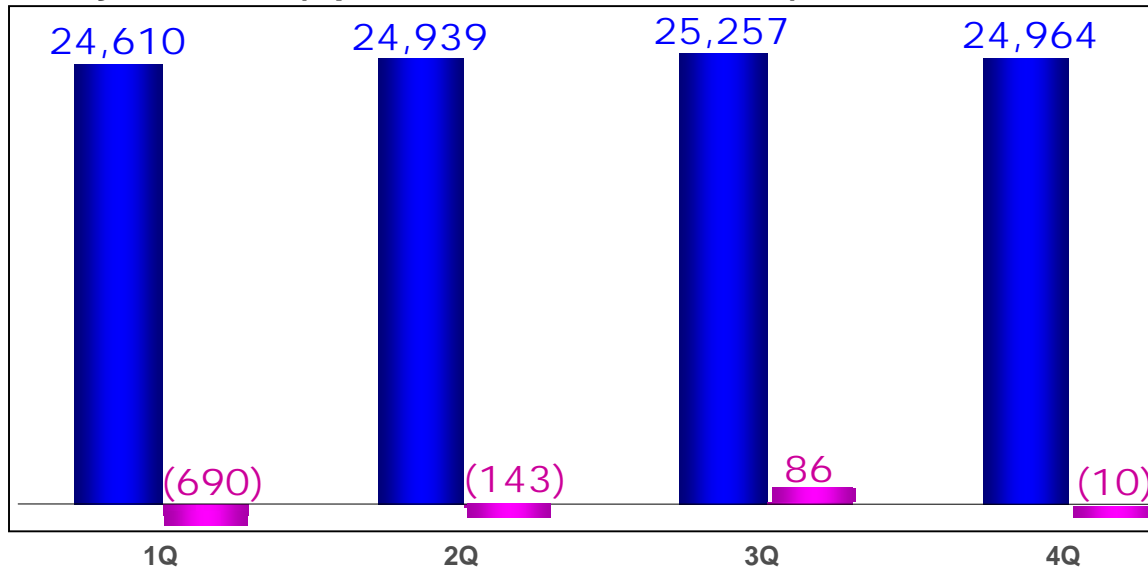
- Response to introduction of IT strengthened
- Marketing service launched
- Sales of Medical Receipt Check 2.0 launched
- Medical management consulting division established



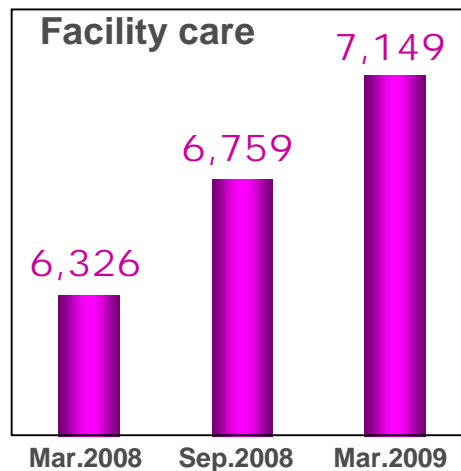
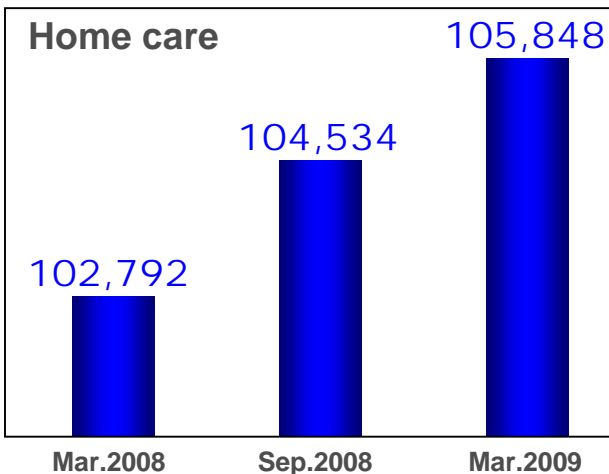
# Health Care Business FY2009 Financial results

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

Full year result (Apr. 1, 2008 – Mar. 31, 2009)



Number of users by service (Cases)



## FY2009

Net sales **¥99,770 million**

Operating loss **¥(758) million**

### Overview of financial results for FY2009

#### Home care, non-insurance services

- (1) Number of care plans increased
- (2) Home-visit care and day care service customers increased
- (3) Welfare services for the handicapped expanded
- (4) Homemaker service launched

#### Facility care service

- (1) 20 in-progress facility care locations opened
- (2) Nation-wide sales system implemented
- (3) Occupancy increased (10.1% increase)  
Beginning of year (Jan. 2008): 74.0%  
End of year (Dec. 2008): 84.1%



# Health Care Business FY2009 Financial results

-Facility care service-

(Million yen)

	FY2008			FY2009				
	3Q (Cumulative)	4Q	Full year	1Q	2Q	3Q	4Q	Full year (result)
Hohoemi		2,002	2,002	3,031	3,042	3,138	3,337	12,548
Kirameki		458	458	743	817	943	1,102	3,605
Home		394	394	560	645	664	748	2,617
Care Palace	2,731	2,797	5,528	2,863	2,821	2,791	2,865	11,340
<b>Net Sales</b>	<b>2,731</b>	<b>5,652</b>	<b>8,383</b>	<b>7,200</b>	<b>7,323</b>	<b>7,535</b>	<b>8,052</b>	<b>30,110</b>
Hohoemi		(11)	(11)	(9)	65	159	220	435
%		(0.5)%	(0.5)%	(0.3)%	2.1%	5.1%	6.6%	3.5%
Kirameki		(199)	(199)	(388)	(409)	(346)	(227)	(1,370)
%		(43.4)%	(43.4)%	(52.2)%	(50.1)%	(36.7)%	(20.6)%	(38.0)%
Home		(94)	(94)	(257)	(192)	(193)	(175)	(817)
%		(23.9)%	(23.9)%	(45.9)%	(29.8)%	(29.1)%	(23.4)%	(31.2)%
Care Palace	(189)	(188)	(377)	(11)	(57)	6	56	(6)
%	(6.9)%	(3.3)%	(4.5)%	(0.4)%	(2.0)%	0.2%	2.0%	(0.1)%
<b>Operating income (loss)</b>	<b>(189)</b>	<b>(492)</b>	<b>(682)</b>	<b>(667)</b>	<b>(591)</b>	<b>(374)</b>	<b>(127)</b>	<b>(1,759)</b>
%	(6.9)%	(8.7)%	(8.1)%	(9.3)%	(8.1)%	(5.0)%	(1.6)%	(5.8)%

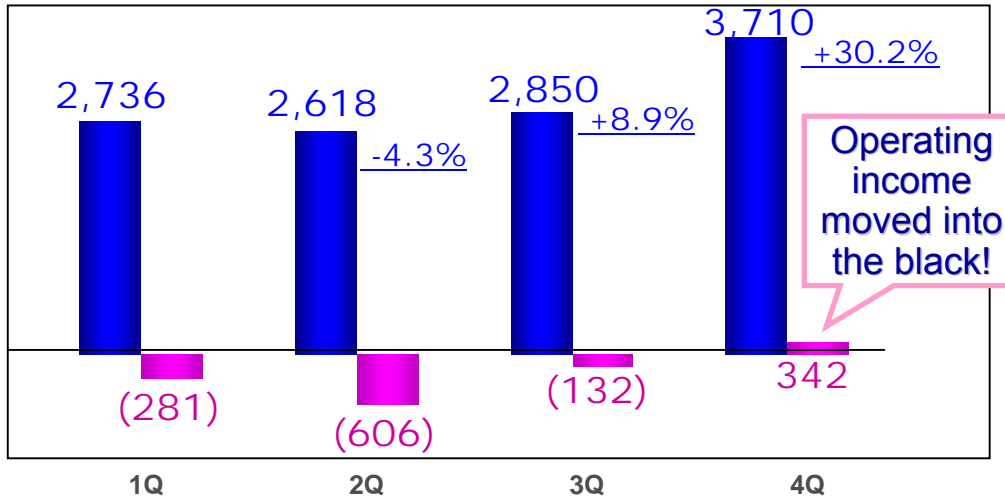


# Education Business FY2009 Financial results

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

**FY2009 Net sales** **¥11,914 million**  
**Operating loss** **¥(677) million**

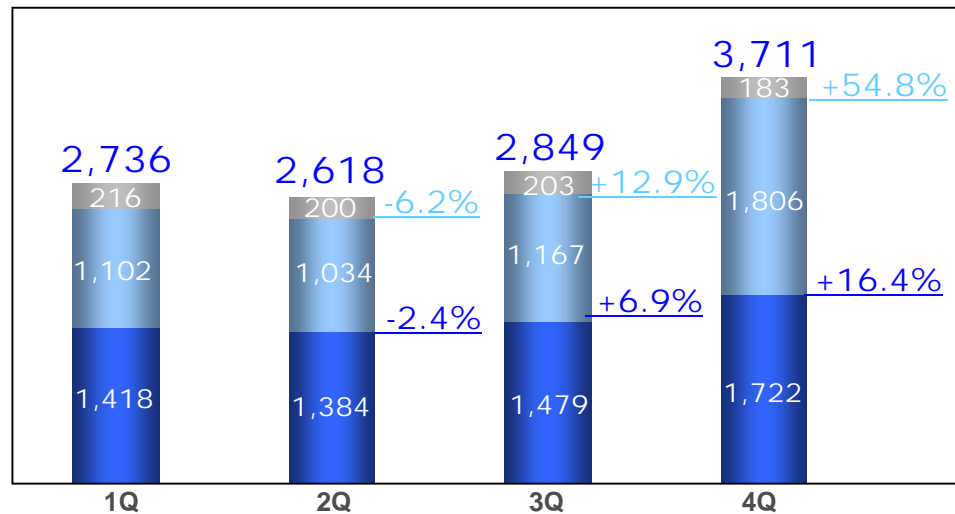
Full year result (Apr. 1, 2008 – Mar. 31, 2009)



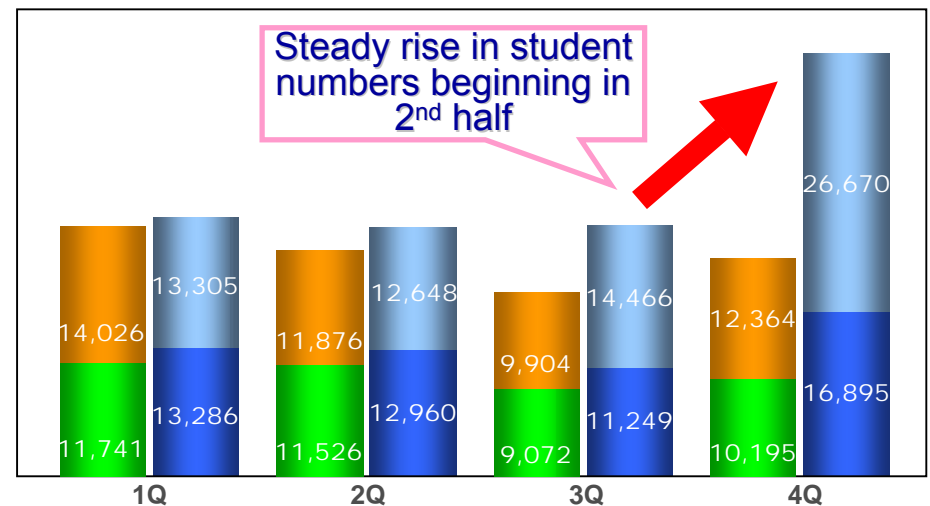
## Reasons for swing black in FY2009

- ◆ Increase in students particularly for 2 principal courses
  - Recoveries for all courses in 2<sup>nd</sup> half
    - Medical Office Work course : 70% growth in March
    - Home Helper course : 130% growth in March
- ◆ Medical Office Clerical Workers course started

Net sales by course  
 ■ Home Helper course ■ Other  
 ■ Medical Office Work course (Million yen)



Number of students in 2 principal courses  
 ■ Home Helper course ■ Medical Office Work course  
 ■ FY2008 ■ FY2009 (Students)

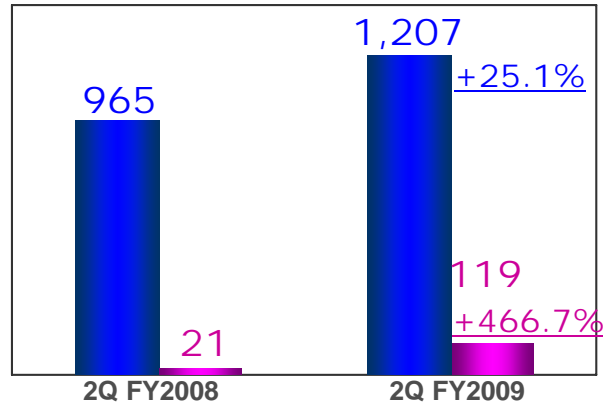




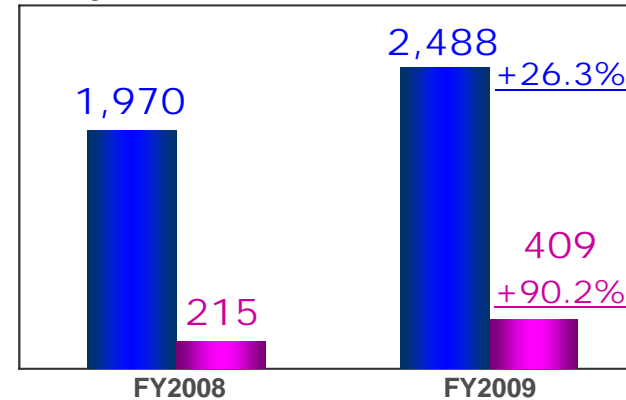
# Other Businesses FY2009 Financial results

Consolidated ■ Net sales ■ Operating income (Million yen)

2Q (cumulative) result



Full year result



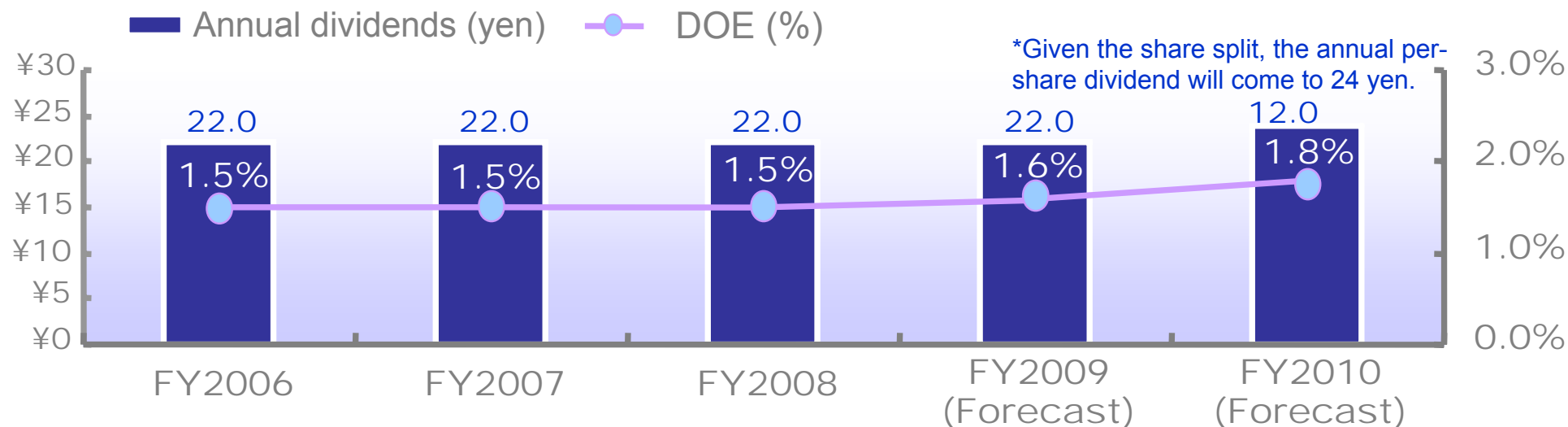
## Consolidated subsidiaries

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

\*On March 10, 2009, Roris Co., Ltd. changed its name to Nichii Green Farm Co., Ltd. Moving forward, Nichii Green Farm Co., Ltd. will expand its business activities to include agricultural endeavors.



# Dividends



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

Period of acquisition	Oct. 14 - 22, Nov.20 - 30, and Dec.1 - 16, 2008
Total number of shares purchased	466,000 shares
Total amount	¥499,999,300

## 2. Share split

A 2-for-1 share split was executed on April 1, 2009 for shareholders of record as of March 31, 2009.

(Pre-split shares issued and outstanding: 36,508,976 shares)

(Post-split shares issued and outstanding: 73,017,952 shares)

## 3. FY2010 ¥1 per share (post-split) dividend increase

FY2009 Annual dividend (¥11)

FY2010 Annual dividend (¥12)



# FY2010 Forecasts



# FY2010 Forecasts

## Consolidated

(Million yen)

	FY2009 Result	FY2010 Forecast	
	Amount	Amount (Forecast)	YoY
Net sales	213,601	236,000	10.5%
Operating income	1,013	5,470	440.0%
%	0.5%	2.3%	
Ordinary income	800	5,350	568.8%
%	0.4%	2.3%	
Net income (loss)	(1,090)	2,500	-
%	(0.5)%	1.1%	

## Non-consolidated

(Million yen)

	FY2009 Result	FY2010 Forecast	
	Amount	Amount (Forecast)	YoY
Net sales	177,871	200,900	12.9%
Operating income	2,853	5,500	92.8%
%	1.6%	2.7%	
Ordinary income	3,301	5,700	72.7%
%	1.9%	2.8%	
Net income	1,312	3,100	136.3%
%	0.7%	1.5%	



## **1 Second consecutive year of record sales**

Health Care Business: Sales reach ¥100,000 million (Double-digit increase)

Education Business: Sales increase 21.7 % to ¥14,500 million

## **2 Operating income goes to ¥ 5,470 million (First increase in six periods)**

Higher sales and earnings in all three principal businesses

## **3 Health Care Business exceeds ¥100,000 million for new record**

Facility care operating income swings to black

## **4 Implementation of staff compensation increase**



## FY2010 Net sales and operating income by segment (Consolidated)

(Million yen)

Net sales	FY2009	FY2010	YoY
	Results	Forecasts	%
Medical Support Business	101,289	102,000	0.7%
Health Care Business	99,770	119,000	19.3%
Education Business	11,914	14,500	21.7%
Other Businesses	2,488	2,200	(11.6)%
Eliminations	(1,861)	(1,700)	-
<b>Total</b>	<b>213,601</b>	<b>236,000</b>	<b>10.5%</b>

(Million yen)

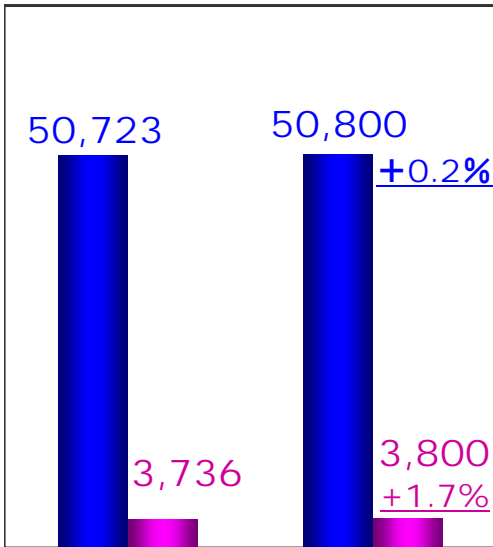
Operating income	FY2009	FY2010	YoY
	Results	Forecasts	%
Medical Support Business	8,784	8,800	0.2%
Health Care Business	(758)	2,500	-
Education Business	(677)	800	-
Other Businesses	409	70	(82.9)%
Eliminations	(6,743)	(6,700)	-
<b>Total</b>	<b>1,013</b>	<b>5,470</b>	<b>440.0%</b>



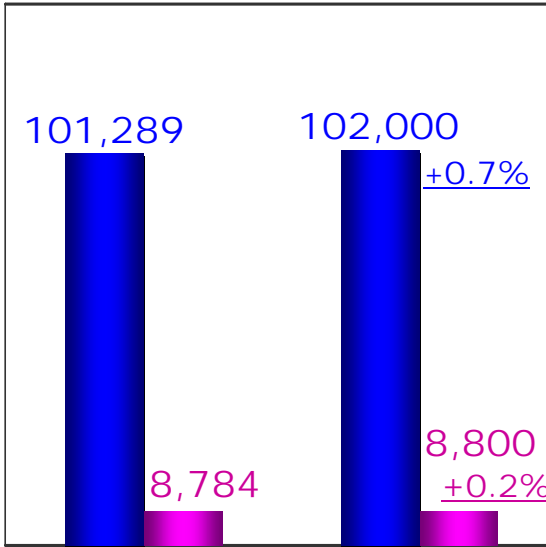
# Medical Support Business FY2010 Forecast

Consolidated ■ Net sales ■ Operating income (Million yen)

### 2Q (cumulative) forecast



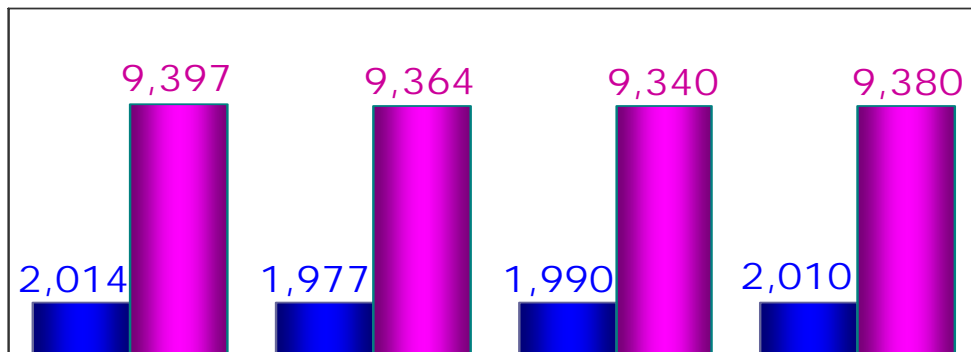
### Full year forecast



2Q FY2009    2Q FY2010 (Forecast)

FY2009    FY2010 (Forecast)

Number of contracted medical institutions ■ Hospitals ■ Clinics



Sep.2008

Mar.2009

Sep.2009 (Forecast)

Mar.2010 (Forecast)

## Major issues for FY2010

### 2<sup>nd</sup> year for contract update plan

- Improved productivity
- Greater profitability
- Increase in staff compensation

### Promotion of medical management consulting service

- Establishment of Nichii Research Co., Ltd.
- Comprehensive service development and provision

### Improvement of medical services quality

- Management consulting
- Reinforcement of compliance efforts

### Expansion of the childcare business

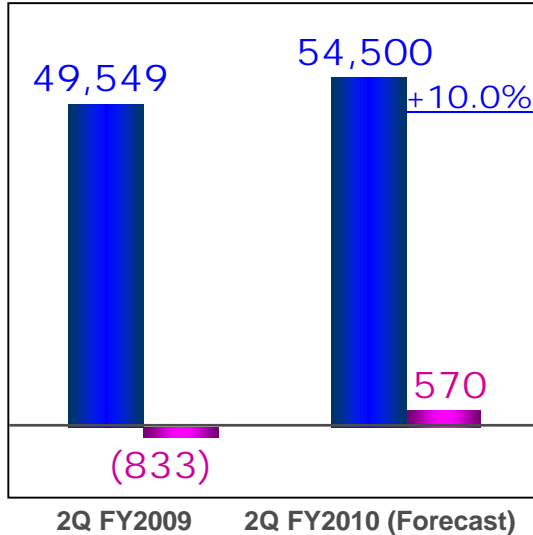
- Establishment of childcare business division
- Strengthening of sales efforts for child-care centers within medical institutions and offices



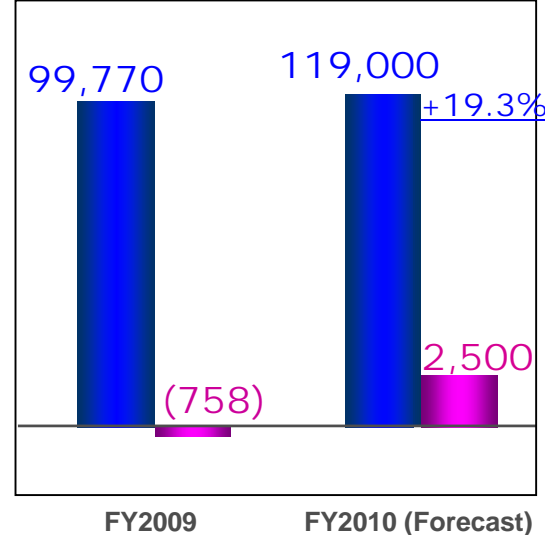
# Health Care Business FY2010 Forecast

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

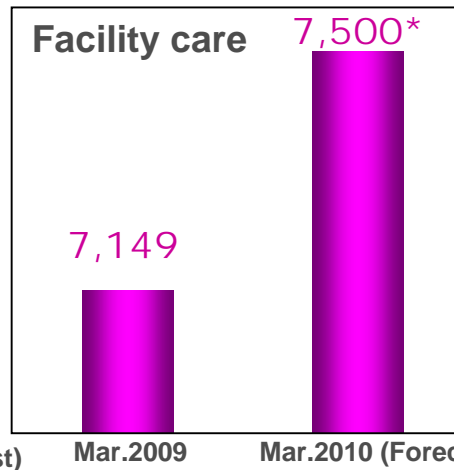
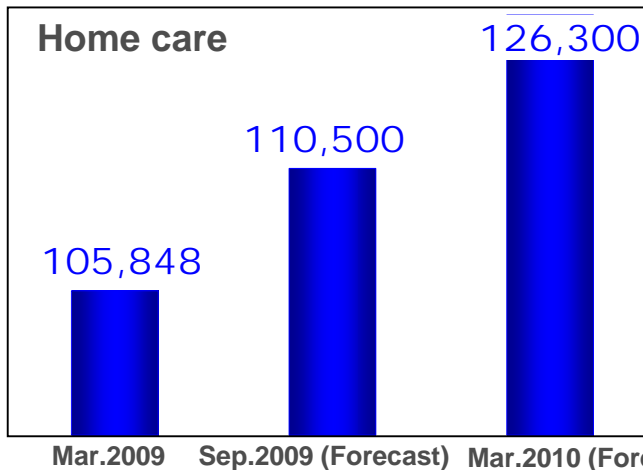
2Q (cumulative) forecast



Full year forecast



Number of users by service (Cases)



## Major issues for FY2010

### Home care services

- (1) Increase number of care plans per person
- (2) Strengthen sales of home-visit care services
- (3) Enhance service delivery network

### Non-insurance services

- (1) Strengthen development of welfare services for the handicapped
- (2) Expand offering of homemaker services to nationwide scale

### Facility care service

- (1) Increase facility occupancy
- (2) Improve operational efficiency by restructuring transferred operations

### Increase in staff compensation

\*Figures for Nichii Home Co., Ltd. and Nichii Care Palace Co., Ltd. are forecasts as of December 2008.



# Health Care Business FY2010 Forecast -Facility care service-

(Million yen)

	FY2009		FY2010	
	2Q (Cumulative)	Full year	2Q (Cumulative) (Forecast)	Full year (Forecast)
Hohoemi (Nichii Gakkan)	6,073	12,548	7,410	18,680
Kirameki (Nichii Gakkan)	1,560	3,605	2,450	6,430
Home (Nichii Care Palace)	1,205	2,617	1,680	3,500
Care Palace	5,684	11,340	5,590	11,570
<b>Net sales</b>	<b>14,523</b>	<b>30,110</b>	<b>17,130</b>	<b>40,180</b>
Hohoemi (Nichii Gakkan)	56	435	460	1,300
%	0.9%	3.5%	6.2%	7.0%
Kirameki (Nichii Gakkan)	(797)	(1,370)	(220)	(190)
%	(51.1)%	(38.0)%	(9.0)%	(3.0)%
Home (Nichii Care Palace)	(449)	(817)	(200)	(270)
%	(37.3)%	(31.2)%	(11.9)%	(7.7)%
Care Palace	(68)	(6)	(80)	60
%	(1.2)%	(0.1)%	(1.4)%	0.5%
<b>Operating income (loss)</b>	<b>(1,258)</b>	<b>(1,759)</b>	<b>(40)</b>	<b>900</b>
%	(8.7)%	(5.5)%	(0.2)%	2.2%

\*Nichii no Hohoemi Co., Ltd. and Nichii no Kirameki, Co., Ltd. are scheduled to be absorbed into Nichii Gakkan Company, and Nichii Home Co., Ltd. is scheduled to be absorbed into Nichii Care Palace Co., Ltd. on October 1, 2009.

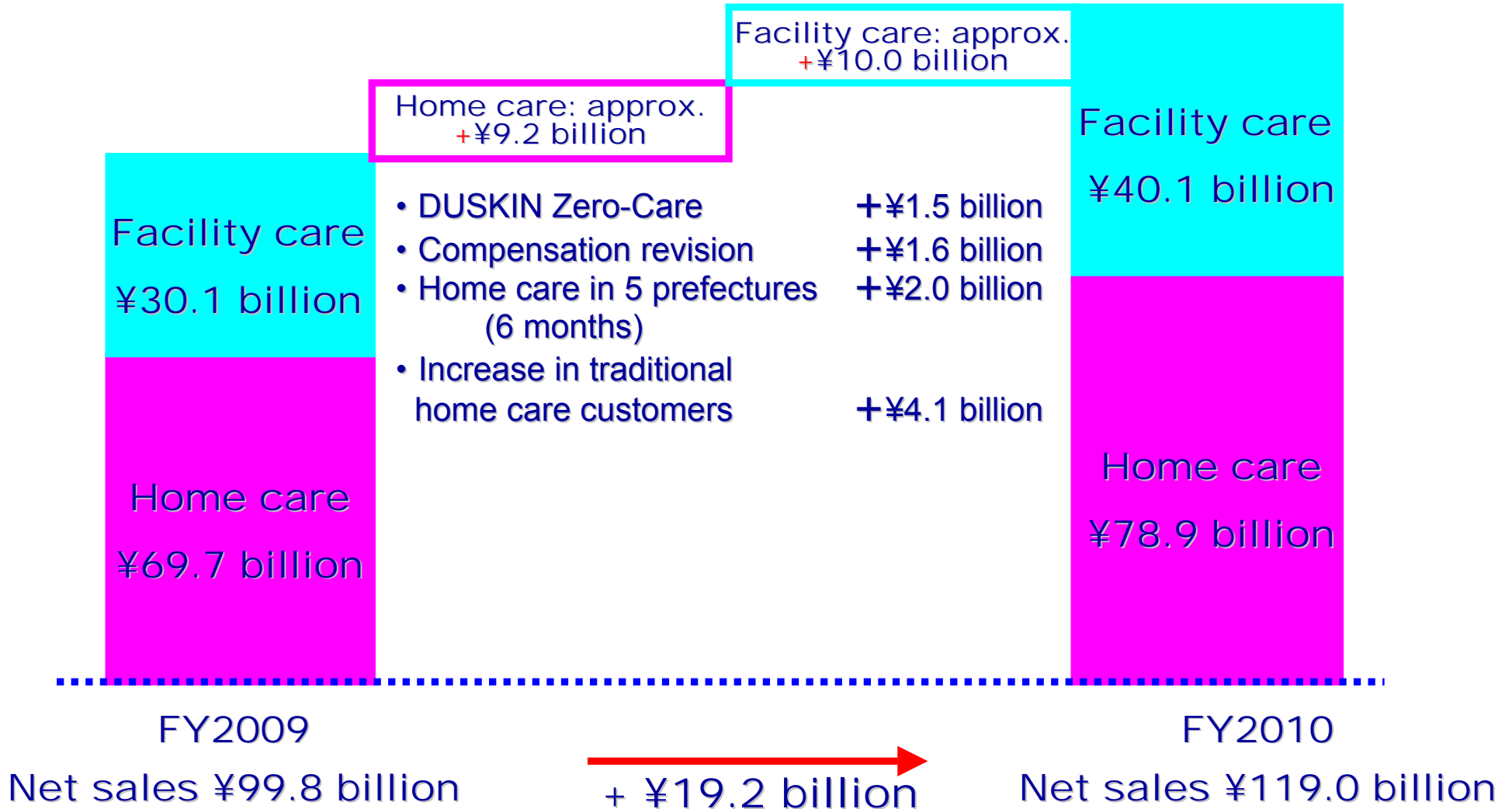


# Health Care Business FY2010 Forecast

-Breakdown of sales increase factor-

Consolidated net sales

- Increase in residents under the traditional standard +¥4.9 billion
- Merger + 3 months (Hohoemi and Kirameki) +¥5.1 billion



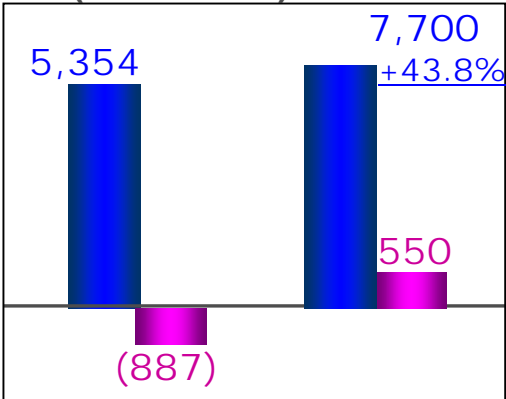




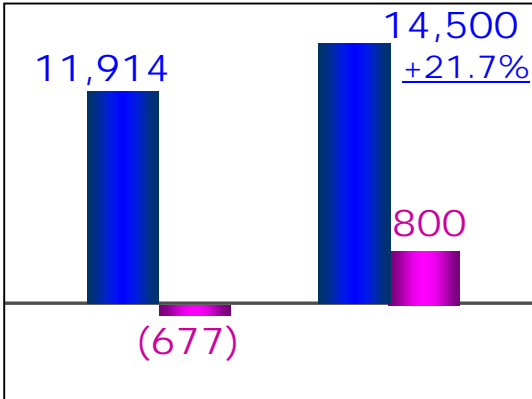
# Education Business FY2010 Forecast

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

2Q (cumulative) forecast



Full year forecast

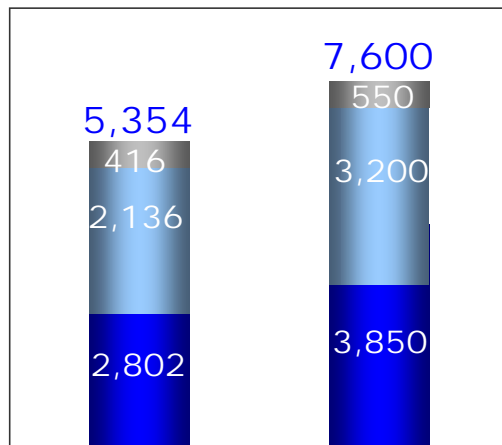


2Q FY2009 2Q FY2010 (Forecast)

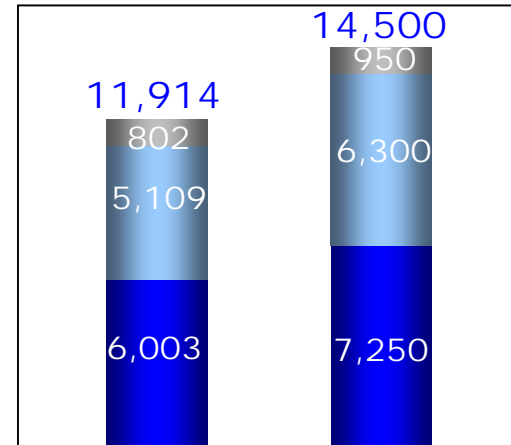
FY2009 FY2010 (Forecast)

## Net sales by course

■ Home Helper course ■ Medical Office Work course ■ Other (Million yen)



2Q FY2009 2Q FY2010 (Forecast)



FY2009 FY2010 (Forecast)

## Major issues for FY2010

### ◆ Enhancement of existing courses

Text revision in connection with the long-term care payment revision implemented in April

Active development of the Medical Office Clerical Workers course

Sales development in line with the government's employment creation policies

### ◆ Course development

#### -Expansion from medical and long-term care services, to daily life services-

- Mental Training course (Started February 2008)
- Practical Dietary Education course (Started June 2008)



## Social security policies

<b>Oct. 2008</b>	<b>Decision to increase long-term care payment 3% in government's supplemental economic stimulus measures</b>
<b>Nov. 2008</b>	<b>Final Report of the Government and Social Security Citizens' Commission Strengthening of social security functions, and "Medium Welfare/Medium Burden" proposal</b>
<b>Dec. 24, 2008</b>	<b>Government/Cabinet Decision "Medium-Term Program for Building a Sustainable Social Security and Securing Stable Financing"</b>
<b>Apr. 2009</b>	<b>Long-term care payment increased 3% Decision to implement supplementary measures for the medical and long-term care service fields in government's supplemental economic stimulus measures</b>

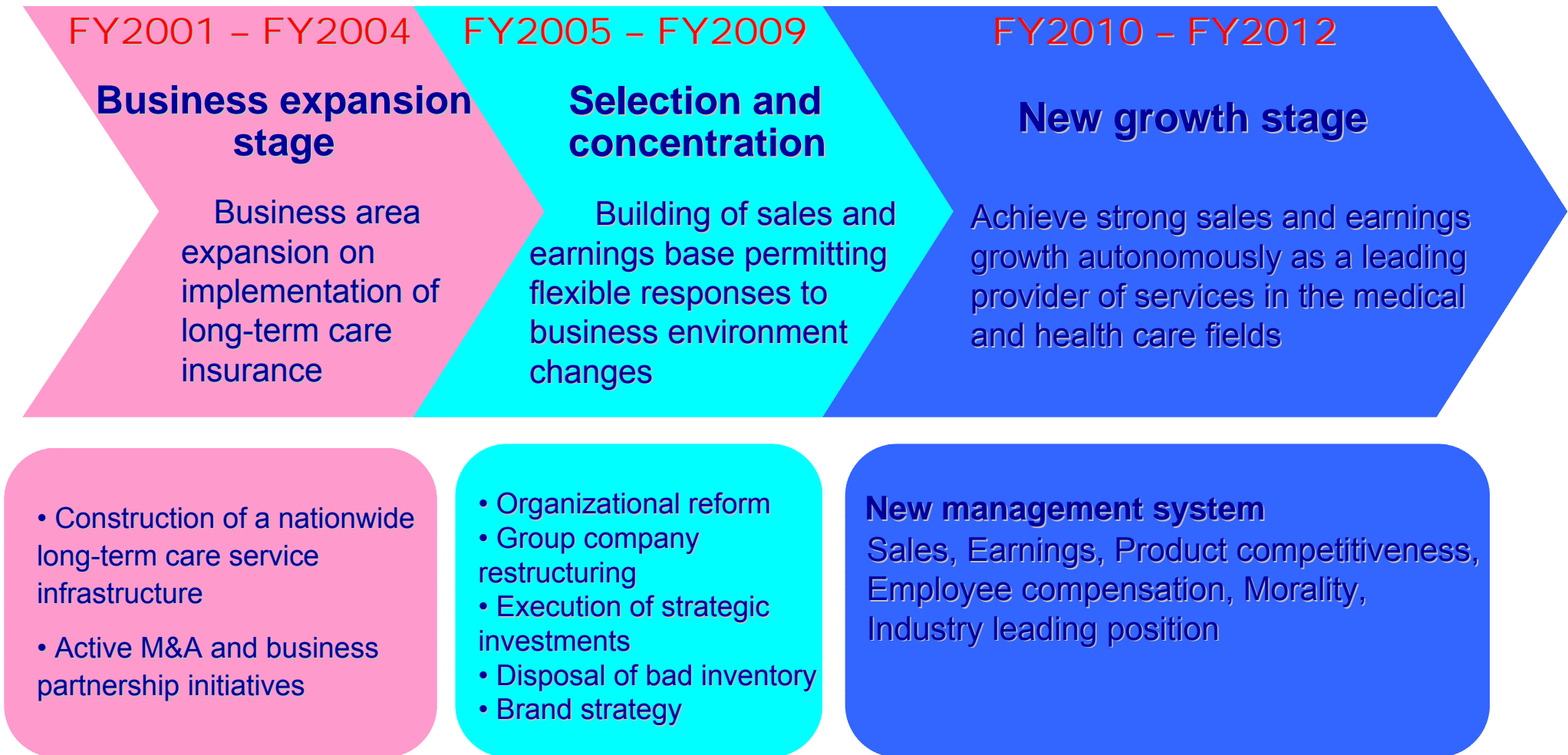
## Forecast of social security expenses

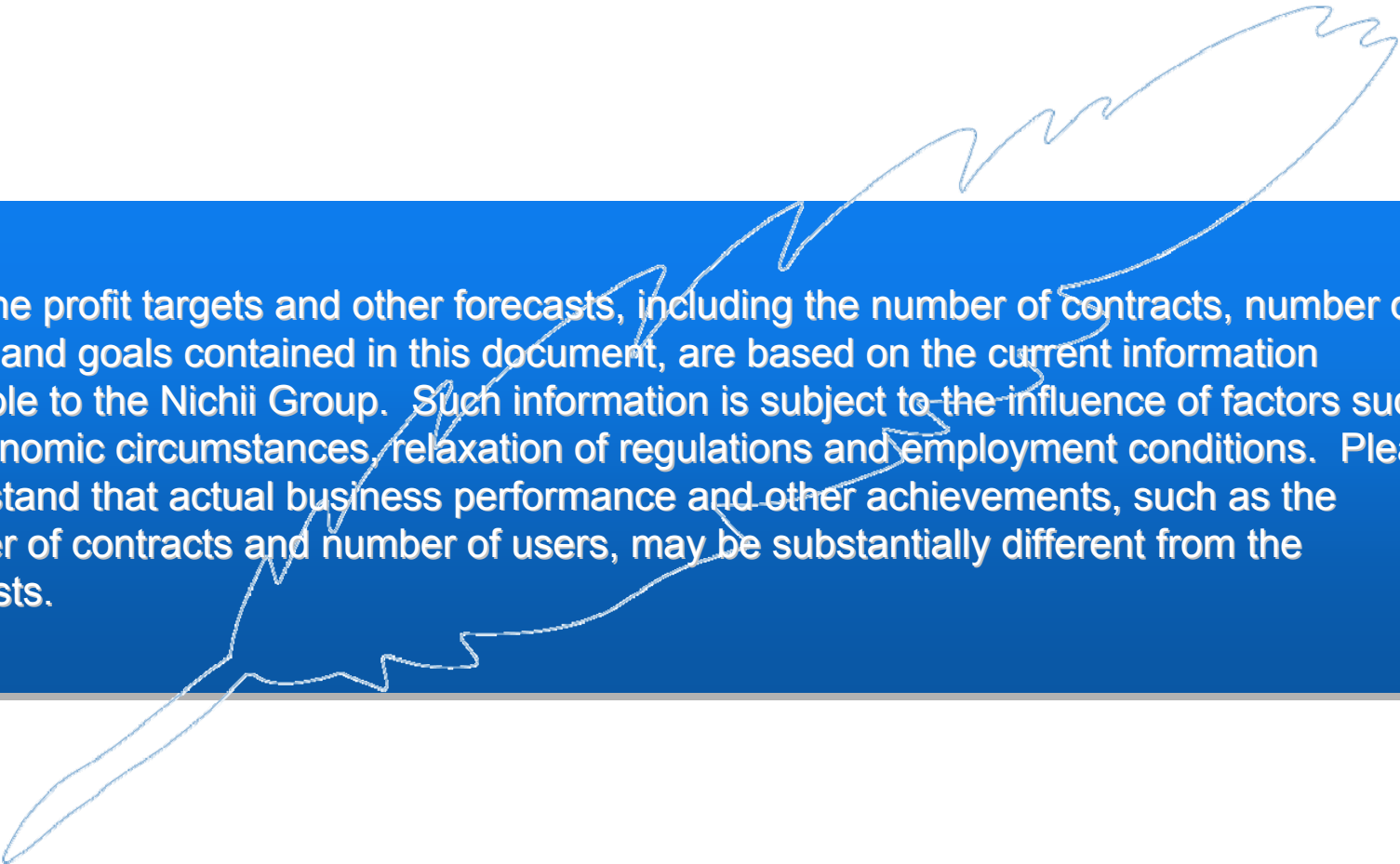
	<b>2006</b>	<b>2011</b>	<b>2015</b>	(Change from 2006)
<b>Social security benefit expense (trillion yen)</b>	<b>81.5</b>	<b>95.0</b>	<b>106.0</b>	
<b>Ratio against personal incomes (%)</b>	<b>21.7%</b>	<b>21.9%</b>	<b>23.1%</b>	<b>30.1%</b>
<b>Pension benefit expense (trillion yen)</b>	<b>47.4</b>	<b>54.0</b>	<b>59.0</b>	
<b>Ratio against personal incomes (%)</b>	<b>12.6%</b>	<b>12.5%</b>	<b>12.8%</b>	<b>24.5%</b>
<b>Medical insurance expense (trillion yen)</b>	<b>27.5</b>	<b>32.0</b>	<b>37.0</b>	
<b>Ratio against personal incomes (%)</b>	<b>7.3%</b>	<b>7.4%</b>	<b>8.0%</b>	<b>34.5%</b>
<b>Long-term care insurance expense (trillion yen)</b>	<b>6.6</b>	<b>9.0</b>	<b>10.0</b>	
<b>Ratio against personal incomes (%)</b>	<b>1.8%</b>	<b>2.0%</b>	<b>2.3%</b>	<b>51.5%</b>
<b>Personal incomes (trillion yen)</b>	<b>375.6</b>	<b>433.0</b>	<b>461.0</b>	<b>22.7%</b>

(Note) Figures for 2006, 2011, and 2015 are from the Ministry of Health, Labour and Welfare's Social Security Benefit Payments and Contributions Outlook (published May 2006).



# FY2001 - FY2012 The Challenge toward a new growth stage





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.