

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2010

August 10, 2009

Name of listed company: Nichii Gakkan Company
 Listed on: Tokyo Stock Exchange 1st Section
 Securities code: 9792 URL: <http://www.nichiigakkan.co.jp>
 Representative: Daisuke Terada, President and Representative Director
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 Scheduled date of filing quarterly financial report: August 13, 2009
 Scheduled date of start dividends distribution: -

(Figures shown are rounded down to the nearest million yen.)

1. Consolidated financial results for the first quarter ended June 30, 2009 (April 1, 2009 – June 30, 2009)

(1) Consolidated operating results

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2009	56,174	6.4	1,046	-	989	-	109	-
Three months ended June 30, 2008	52,815	-	(881)	-	(943)	-	(943)	-

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended June 30, 2009	1.57	-
Three months ended June 30, 2008	(26.78)	-

Note: Since we have executed a 2-for-1 common share split on April 1, 2009, the figure of net income per-share for the three months ended June 2008 did not reflect the split.

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2009	119,557	47,257	39.4	681.43
As of March 31, 2009	120,491	47,873	39.6	1,372.06

Reference: Shareholders' equity: First quarter ended June 30, 2009: 47,062 million yen Year ended March 31, 2009: 47,682 million yen

Note: Since we have executed a 2-for-1 common share split on April 1, 2009, the figure of net assets per share for the year ended March 2009 did not reflect the split.

2. Dividends

Dividends per Share (Yen)					
(Record date)	First Quarter	Second Quarter	Third Quarter	Year-End	Annual
Year ended March 31, 2009	-	11.00	-	11.00	22.00
Year ending March 31, 2010	-				
Year ending March 31, 2010 (Forecast)		6.00	-	6.00	12.00

Note: Change in the forecast of dividends in the first quarter of the fiscal year ending March 31, 2010: None

Note: Since we have executed a 2-for-1 common share split on April 1, 2009, the figure of dividend per share for the year ended March 2009 did not reflect the split.

3. Consolidated financial result forecasts for the year ending March 31, 2010

(Percentage figures indicate the rate of change from the same period in the 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
First six months	113,300	6.9	1,600	-	1,500	-	500	-	7.19
Full year	236,000	10.5	5,470	439.6	5,350	568.4	2,500	-	35.97

Note: Revision of the forecasts in the first quarter of the fiscal year ending March 31, 2010: None

4. Others

(1) Significant changes to subsidiaries during the term (transfers of specific subsidiaries with changes in the scope of consolidation): None

(2) Adoption of the simplified accounting as well as specific accounting for preparing the quarterly consolidated financial statements: Yes

Note: For details, please refer to Page 4, "4. Others" of "Qualitative information and financial statements."

(3) Changes in accounting policies, procedures and methods of presentation for preparing the quarterly consolidated financial statements (changes described in the section of "Changes in significant matters forming the basis of preparing the quarterly consolidated financial statements")

1) Changes due to the revision of accounting standard, etc.: None

2) Changes other than 1): None

(4) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding at the end of each period (including treasury stock)

As of June 30, 2009:	73,017,952 shares	As of March 31, 2009:	36,508,976 shares
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2) Number of treasury stock at the end of each period

As of June 30, 2009:	3,954,692 shares	As of March 31, 2009:	1,756,599 shares
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3) Average number of shares issued and outstanding in each period (quarterly consolidated cumulative period)

First quarter ended June 30, 2009:	69,305,787 shares	First quarter ended June 30, 2008:	35,220,178 shares
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Note: Since we have executed a 2-for-1 common share split on April 1, 2009, above figures representing the number of shares issued and outstanding (including treasury stock) and the number of treasury stock as of March 31, 2009, as well as the average number of shares issued and outstanding (quarterly consolidated cumulative period) for the first quarter ended June 30, 2008 did not reflect the split.

*** Explanation concerning the appropriate use of estimated business results and other special notes**

The future prospects of the business results, etc., described in this material is based on information that the company has acquired as of the announcement date of financial report, and there is a possibility that actual business results, etc., will be materially different depending on various factors.

[Qualitative information and financial statements]

1. Qualitative Information on Consolidated Business Results

With respect to the business environment of the health care industry during the first quarter under review, further reinforcement of social security functions has been carried out. This includes the first upward revision of compensation for long-term care workers since the introduction of the long-term care insurance system, and the government's decision, as part of the "Policy Package to Address Economic Crisis in the Field of Health Care," to subsidize compensation for long-term care workers as well as urgent improvement of care facilities and infrastructure.

Under the new executive management system, the Nichii Group has worked on mid- to long-term strategies for business growth which can maximize the performance of its business model "Education creates Employment." Such efforts include improving the service provision platform within the Group as well as reinforcing its human resources system.

Net sales for the first quarter under review posted a record-high along with a substantial improvement in earnings, thanks to a steady growth in the number of facility-care service users in the Health Care Business as well as a sharp rise in the number of students in the Education Business with a heightened demand for professional qualifications.

As a result, net sales during the three months ended June 30, 2009 were 56,174 million yen (52,815 million yen in the same period of the previous year), operating income was 1,046 million yen (881 million yen of operating loss in the same period of the previous year), ordinary income was 989 million yen (943 million yen of ordinary loss in the same period of the previous year) and net income was 109 million yen (943 million yen of net loss in the same period of the previous year).

Business results by segment were as follows.

<Medical Support Business>

In the Medical Support Business, we continued to review and ensure the reasonableness of the contract terms and the price with existing medical institution clients from a medium to long-term perspective, and have successfully achieved most of our plans and goals by increasing the number of contracts with existing medical institution clients and upgrading the contract unit price under negotiation.

In the medical management support service, we worked on further business expansion, focusing on development and provision of new services to support medical management operations in various ways. Consequently, we have launched new services such as "DPC Revolution" and "Research on Interchangeability of Generic Drugs." We also established a 100% subsidiary Nichii Research Institute Co., Ltd. in May 2009, thereby reinforcing our operation base to prepare to begin a full-fledged business in the medical affairs consulting services.

To secure human resources that are a key factor for future business growth, we are using a part of our excess earnings from the negotiated contract prices to improve working conditions for our staff in the current fiscal year.

As a result, net sales of the Medical Support Business were 25,124 million yen (25,343 million yen in the same period of the previous year), and operating income was 1,667 million yen (1,791 million yen in the same period of the previous year).

<Health Care Business>

In the Health Care Business, along with the revision of compensation for long-term care workers which was implemented in April, we have taken initiatives to enhance the convenience and quality of our services for users under a new compensation system, while upgrading working conditions for our staff and promoting registration for a special facility to be added to the point-system calculation.

For home-care services and facility-care services, both performed well in line with our projection. The number of home-care service users including users of care planning, home-visit care, and day care services was increased steadily. At the same time, facility-care service users saw a strong growth as a result of enhancing marketing activities through our branch network nationwide.

In addition, focusing on expanding our health care facilities, we have opened three group homes under the Third Health Care Business Project, which took place in each prefecture, and acquired seven group homes as a result of the transfer of health care business from DUSKIN Zero-Care Co., Ltd. in April (after the business transfer, we have added eight offices for home-care support facilities, twenty four offices for home-visit care, and seven offices for day care).

As a result, net sales of the Health Care Business were 26,382 million yen (24,595 million yen in the same period of the previous year), and operating income was 97 million yen (690 million yen of operating loss in the same period of the previous year).

<Education Business>

In the Education Business, we continued to focus on fostering human resources with our mainstay courses of "Medical Office Administration" and "Home-Helper Training," while the industry saw some progress in developing and securing a stable source of workforce that takes an important role in the social security system, through improvement in working conditions for long-term care workers and a promotion of professional training by the local governments in the area of medical and health care.

In addition, we have strengthened development efforts for the “Medical Office Clerical Workers” and “Long-term Care Workers Basic Training” courses as well as other related courses which can foster well-trained and proficient personnel to meet the needs of the industry.

These efforts resulted in a considerably stronger performance during the period under review. Therefore, net sales posted 4,528 million yen (2,733 million yen in the same period of the previous year) and operating income 1,319 million yen (281 million yen of operating loss in the same period of the previous year).

<Other Businesses>

As a result of our efforts to streamline operations within the Group while focusing on our core businesses, net sales were 138 million yen (143 million yen in the same period of the previous year) and operating income 76 million yen (55 million yen in the same period of the previous year).

2. Qualitative Information on Consolidated Financial Position

Total assets at the end of the first quarter under review decreased by 933 million yen compared with the figure at the end of the previous fiscal year to 119,557 million yen. This is mainly because fixed assets decreased by 2,650 million yen due to decreases in investments and other assets, although current assets increased by 1,716 million yen due to increases in cash and deposits and notes and accounts receivable.

Liabilities decreased by 317 million yen compared with the figure at the end of the previous fiscal year to 72,300 million yen. This is mainly because long-term liabilities decreased by 411 million yen from the decrease of long-term loans payable, whereas current liabilities increased by 94 million yen.

Net assets decreased compared with the figure at the end of the previous fiscal year by 616 million yen to 47,257 million yen.

3. Qualitative Information on Consolidated Financial Result Forecasts for the Year Ending March 31, 2010

There is no change in the consolidated financial result forecasts for the year ending March 31, 2010 which was released on May 19, 2009.

4. Others

(1) Significant changes to subsidiaries during the term (transfers of specific subsidiaries with changes in the scope of consolidation)

There is no related information.

(2) Adoption of the simplified accounting as well as specific accounting for preparing the quarterly consolidated financial statements

*Adoption of simplified method in the accounting method

Method used to value inventories

Inventories at the end of the first quarter under review were calculated in a reasonable manner, omitting partial inventory taking, based on the physical inventory taking carried out at the end of the previous fiscal year.

Write-downs on inventory carrying values were made only on inventories with clearly diminished commercial value based on the estimated net disposal value.

(3) Changes in accounting policies, procedures and methods of presentation for preparing the quarterly consolidated financial statements

There is no related information.

5. Quarterly Consolidated Financial Statements**(1) Quarterly consolidated balance sheets**

	(Thousands of yen)	
	As of June 30, 2009	As of March 31, 2009
Assets		
Current assets		
Cash and deposits	5,649,851	4,727,904
Notes and accounts receivable	27,055,636	25,720,516
Merchandise and finished goods	351,231	311,592
Work in progress	1,653	3,100
Raw materials and supplies	165,284	155,076
Others	6,141,181	6,722,029
Allowance for doubtful accounts	(114,597)	(106,666)
Total current assets	39,250,242	37,533,553
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	27,536,955	27,033,300
Others (net)	9,353,567	9,535,703
Total tangible fixed assets	36,890,523	36,569,004
Intangible fixed assets		
Goodwill	19,621,867	19,920,273
Others	4,237,153	4,135,517
Total intangible fixed assets	23,859,021	24,055,790
Investments and other assets		
Others	20,250,815	23,028,576
Allowance for doubtful accounts	(692,661)	(695,206)
Total investments and other assets	19,558,154	22,333,369
Total fixed assets	80,307,698	82,958,164
Total assets	119,557,940	120,491,717
Liabilities		
Current liabilities		
Notes and accounts payable	1,045,747	803,676
Short-term loans payable	8,360,000	8,668,002
Income taxes payable	502,650	870,677
Accrued expenses	13,399,333	12,800,370
Allowance for employee bonuses	1,928,838	2,626,995
Allowance for directors' bonuses	25,733	32,400
Others	11,928,999	11,294,730
Total current liabilities	37,191,301	37,096,853
Long-term liabilities		
Long-term loans payable	25,920,626	26,622,366
Allowance for employee retirement benefits	3,836,902	3,704,320
Allowance for directors' retirement benefits	144,301	142,044
Others	5,207,516	5,052,291
Total long-term liabilities	35,109,346	35,521,022
Total liabilities	72,300,648	72,617,875

	(Thousands of yen)	
	As of June 30, 2009	As of March 31, 2009
Net assets		
Shareholders' equity		
Common stock	11,933,790	11,933,790
Capital surplus	17,354,214	17,354,214
Retained earnings	24,546,857	24,820,390
Treasury stock	(6,788,150)	(6,436,143)
Total shareholders' equity	47,046,712	47,672,252
Unrealized gains and adjustments		
Unrealized gains on other securities	15,339	10,028
Total unrealized gains and adjustments	15,339	10,028
Minority interests	195,240	191,560
Total net assets	47,257,292	47,873,842
Total liabilities and net assets	119,557,940	120,491,717

(2) Quarterly consolidated statements of income
(Three months ended June 30, 2009)

	(Thousands of yen)	
	Three months ended June 30, 2008	Three months ended June 30, 2009
Net sales	52,815,977	56,174,054
Cost of sales	44,178,398	44,914,458
Gross profit	8,637,579	11,259,596
Selling, general and administrative expenses	9,519,480	10,213,116
Operating income (loss)	(881,901)	1,046,480
Non-operating income		
Interest income	7,760	7,769
Commission on consignment for office work	21,523	29,076
Income from lease of fixed assets	26,933	-
Rent income	-	33,174
Others	32,216	33,219
Total non-operating income	88,433	103,239
Non-operating expenses		
Interest expenses	124,768	132,849
Bond interest	13,004	2,568
Rent expenses	-	15,403
Others	12,614	9,559
Total non-operating expenses	150,387	160,381
Ordinary income (loss)	(943,854)	989,338
Extraordinary income		
Gain on sales of fixed assets	-	350
Reversal of allowance for doubtful accounts	2,857	-
Gain on prior periods bad debts recovered	-	69,757
Total extraordinary income	2,857	70,108
Extraordinary losses		
Loss on retirement of fixed assets	2,964	8,293
Loss on valuation of investment securities	-	120,945
Loss on liquidation of business	-	3,192
Total extraordinary losses	2,964	132,431
Net income (loss) before income taxes and minority interests	(943,961)	927,014
Income taxes	146,325	314,034
Income taxes–deferred	(155,289)	495,761
Total income and other taxes	(8,963)	809,795
Minority interests income of consolidated subsidiaries	8,370	8,179
Net income (loss)	(943,368)	109,039

(3) Notes on premise of a going concern

There is no related information.

(4) Notes on significant fluctuation in amounts of shareholders' equity

There is no related information.