

Financial Results Briefing Document

For the First Half
of the Year Ending March 2010
(1H FY2010)

November 19, 2009

Information Meeting of
Financial Report for the First Half of
FY2010

Nichii Gakkan Company
President and Representative Director
Daisuke Terada

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1H FY2010 financial results

Consolidated

(Million yen)

	1H FY2009	1H FY2010		
	Amount	Amount (Current-term initial forecast)	Amount (Result)	YoY
Net sales	105,958	113,300	112,643	6.3%
Operating income (loss)	(1,181)	1,600	2,398	-
%	(1.1)%	1.4%	2.1%	
Ordinary income (loss)	(1,313)	1,500	2,293	-
%	(1.2)%	1.3%	2.0%	
Net income (loss)	(1,539)	500	677	-
%	(1.5)%	0.4%	0.6%	



1. Another record-high sales

Health Care Business: Net sales reached a record high of ¥53,632 million (up 8.2% year on year)

Education Business: Net sales reached ¥8,333 million (up 55.6% year on year)

2. Operating income improved significantly: a 49.9% increase compared with the current-term initial forecast

Education Business: Open courses by taking full advantage of our nationwide classroom network

Operating income: ¥1,923 million (profit margin 23.1%), successfully moved into the black

Health Care Business: Earnings from home care service and facility care service have been improved substantially

3. Cash flow improved significantly

Operating cash flow: ¥5,175 million (1H FY2009: -¥826 million)

Free cash flow: ¥6,115 million (1H FY2009: -¥1,984 million)



1H FY2010 net sales and operating income by segment

Consolidated net sales

(Million yen)

	1H FY 2009	1H FY 2010	YoY
	Result	Result	%
Medical Support Business	50,723	50,435	(0.6)%
Health Care Business	49,549	53,632	8.2%
Education Business	5,354	8,333	55.6%
Other Businesses	1,207	1,340	11.0%
Eliminations	(877)	(1,098)	-
Total	105,958	112,643	6.3%

Consolidated operating income

(Million yen)

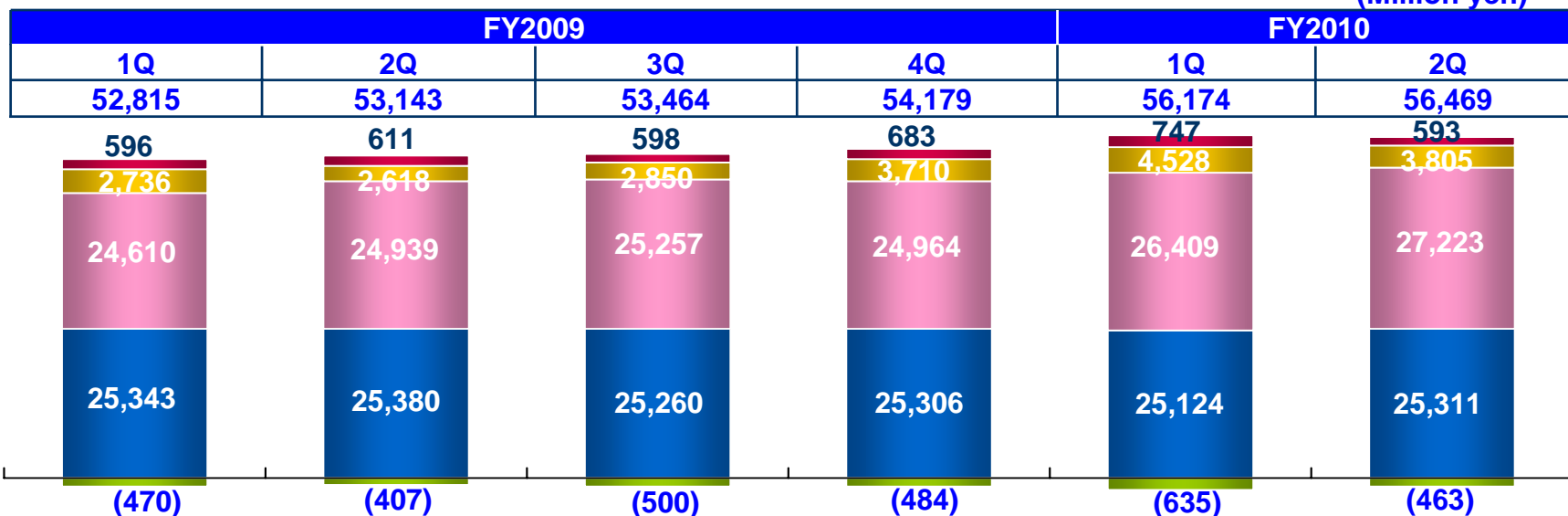
	1H FY 2009	1H FY 2010	YoY
	Result	Result	%
Medical Support Business	3,736	3,680	(1.5)%
Health Care Business	(833)	731	-
Education Business	(887)	1,923	-
Other Businesses	119	185	55.5%
Eliminations	(3,316)	(4,123)	-
Total	(1,181)	2,398	-



Quarterly net sales and operating income by segment

Consolidated net sales

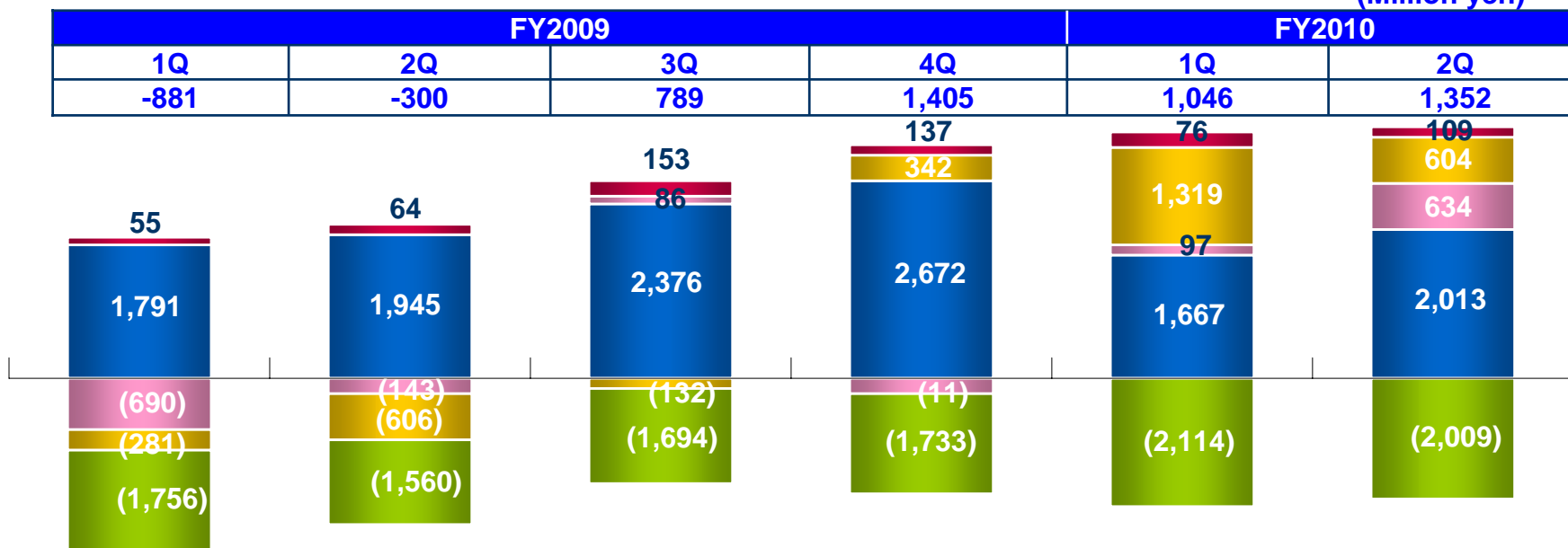
(Million yen)



- Eliminations
- Other Businesses
- Education Business
- Health Care Business
- Medical Support Business

Consolidated operating income

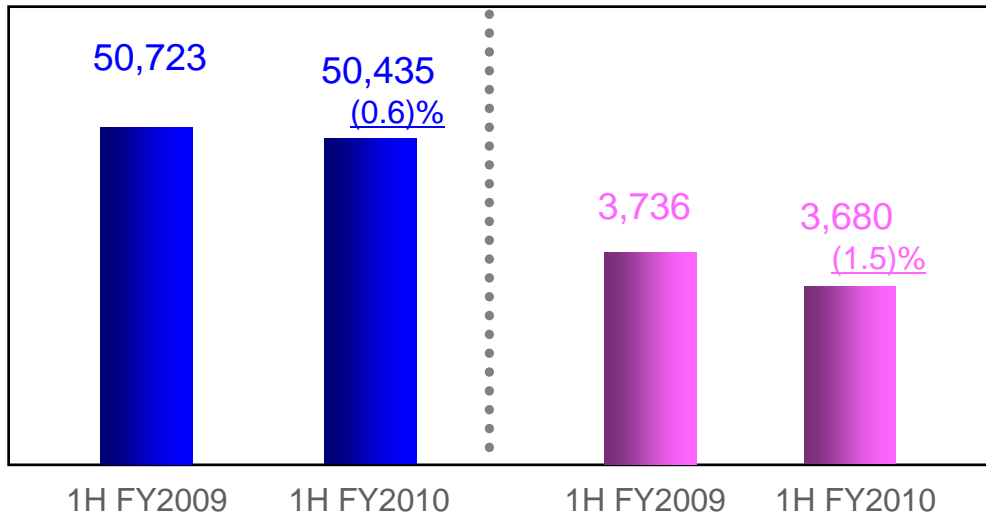
(Million yen)



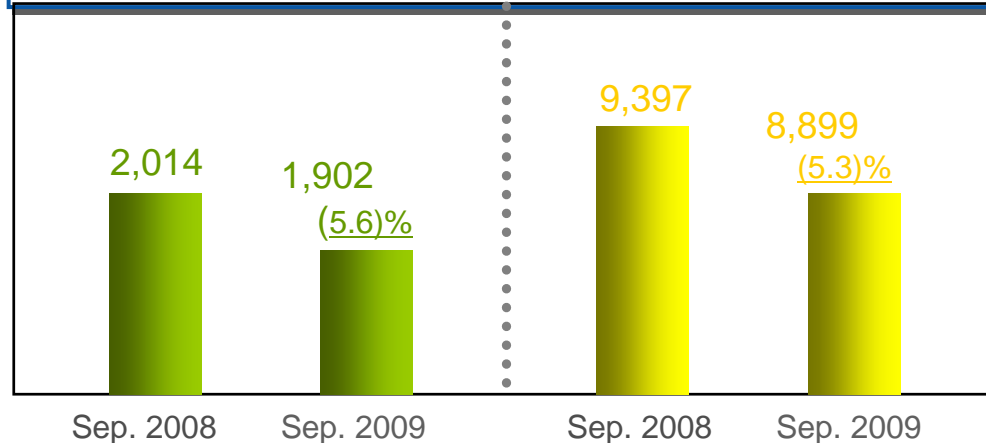
- Eliminations
- Other Businesses
- Education Business
- Health Care Business
- Medical Support Business



Consolidated Net sales Operating income (Million yen)



Number of contracted medical institutions Hospitals Clinics (Cases)



1H FY2010

Net sales

¥50,435 million

Operating income

¥3,680 million

Overview of Financial Results for 1H FY2010

The second year of updating contract terms

- Promote updating contract terms
- Establish a system designed for negotiating contracts next fiscal year

Expand medical management support service

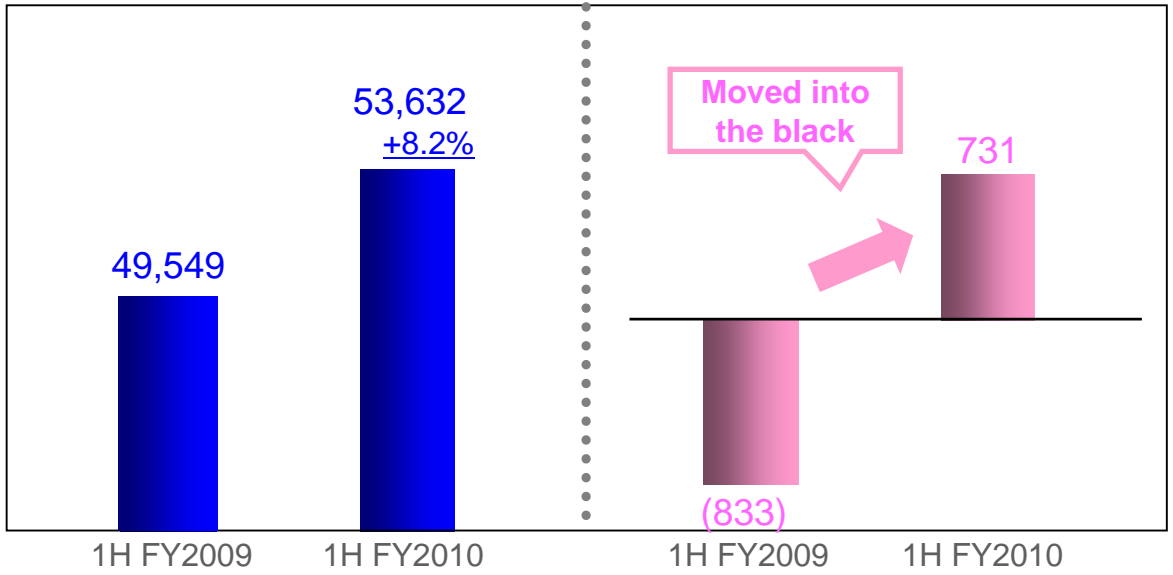
- Launch Nichii Research Institute Co., Ltd.
- Promote doctors' office work support services
- Collaborate with Advanced Media, Inc. in terms of capital and business operations to provide services using a voice-recognition technology
- Launch several solution services

Improve working conditions of staff

- Utilize improved outcomes obtained from the first year's update of contract terms in order to improve working conditions of staff



Consolidated ■ Net sales ■ Operating income (Million yen)



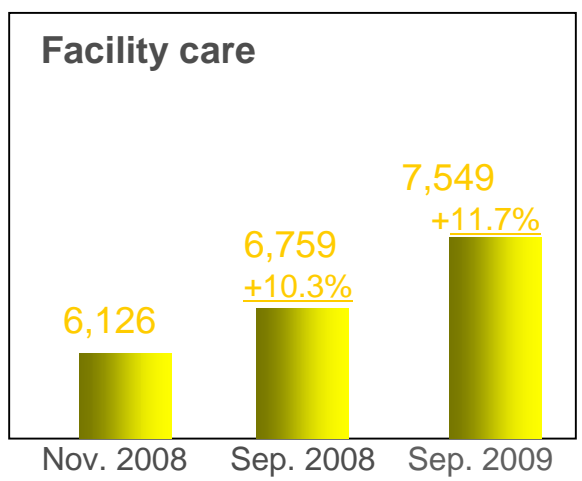
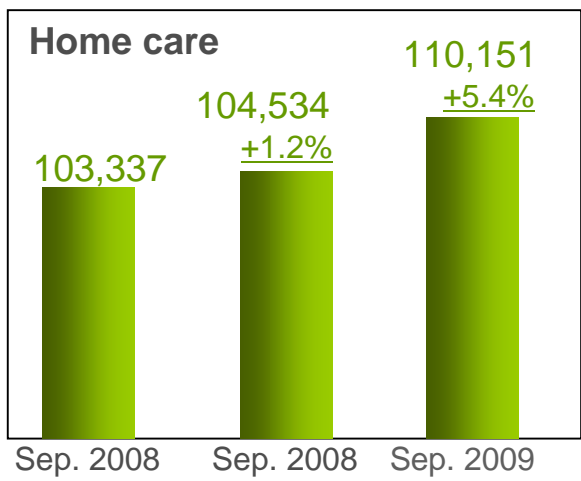
1H FY2010
Net sales ¥53,632 million
Operating income ¥731 million

Overview of Financial Results for 1H FY2010

Home care, non-insurance services

- Increase in the number of care planning users (Care planning users at end of September: +3,503 YoY)
- Home-visit care and day care service users increased (Home-visit care service users at end of September: +3,732 YoY) (Day care service users at end of September: +993 YoY)
- Users of welfare services for the handicapped expanded

Number of users by service (Cases)



Facility care service

- Increase in the number of group home facilities (3 new facilities established, 7 facilities transferred from DUSKIN Zero-Care Co., Ltd.)
- Improve the utilization rate of facilities
 The beginning of FY2009 (January): 83.8%
 The end of 1H FY2009 (June): 86.6%

Improve working conditions of staff



Health Care Business 1H FY2010 forecast -Facility care service-

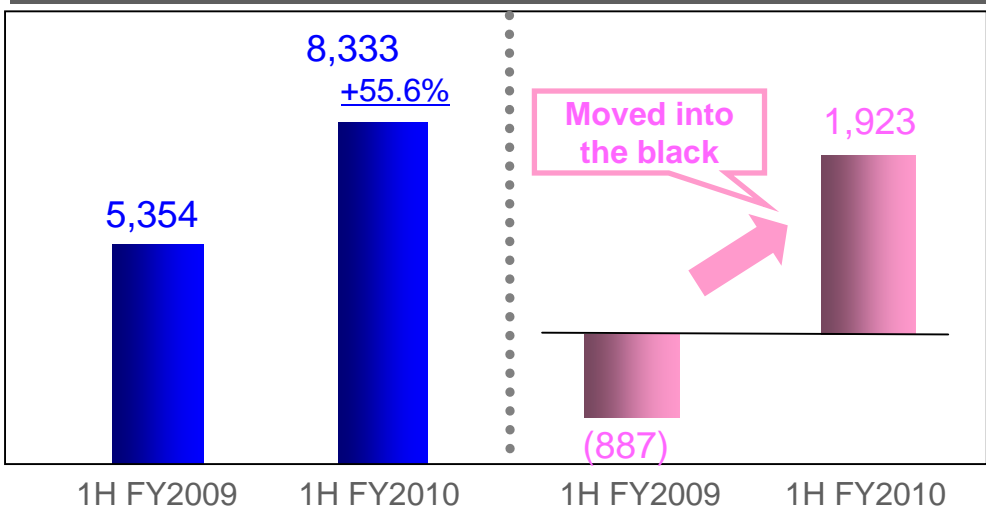
(Million yen)

		FY2009				FY2010			
		1Q	2Q	1H	Full year	1Q	2Q	1H	Full year
		Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount (Forecast)
	Hohoemi	3,031	3,042	6,073	12,548	3,675	3,764	7,439	18,680
	Kirameki	743	817	1,560	3,605	1,176	1,317	2,493	6,430
	Home	560	645	1,205	2,617	816	871	1,687	3,500
	Care Palace	2,863	2,821	5,684	11,340	2,741	2,722	5,463	11,570
	Net sales	7,200	7,323	14,523	30,110	8,410	8,674	17,084	40,180
	Hohoemi	(9)	65	56	435	208	201	409	1,300
	%	(0.3)%	2.1%	0.9%	3.5%	5.7%	5.3%	5.5%	7.0%
	Kirameki	(388)	(409)	(797)	(1,370)	(190)	(116)	(306)	(190)
	%	(52.2)%	(50.1)%	(51.1)%	(38.0)%	(16.2)%	(8.8)%	(12.3)%	(3.0)%
	Home	(257)	(192)	(449)	(817)	(136)	(62)	(198)	(270)
	%	(45.9)%	(29.8)%	(37.3)%	(31.2)%	(16.7)%	(7.1)%	(11.7)%	(7.7)%
	Care Palace	(11)	(57)	(68)	(6)	(115)	(148)	(263)	60
	%	(0.4)%	(2.0)%	(1.2)%	(0.1)%	(4.2)%	(5.4)%	(4.8)%	0.5%
	Operating income	(667)	(591)	(1,258)	(1,759)	(233)	(126)	(359)	900
	%	(9.3)%	(8.1)%	(8.7)%	(5.8)%	(2.8)%	(1.5)%	(2.1)%	2.2%

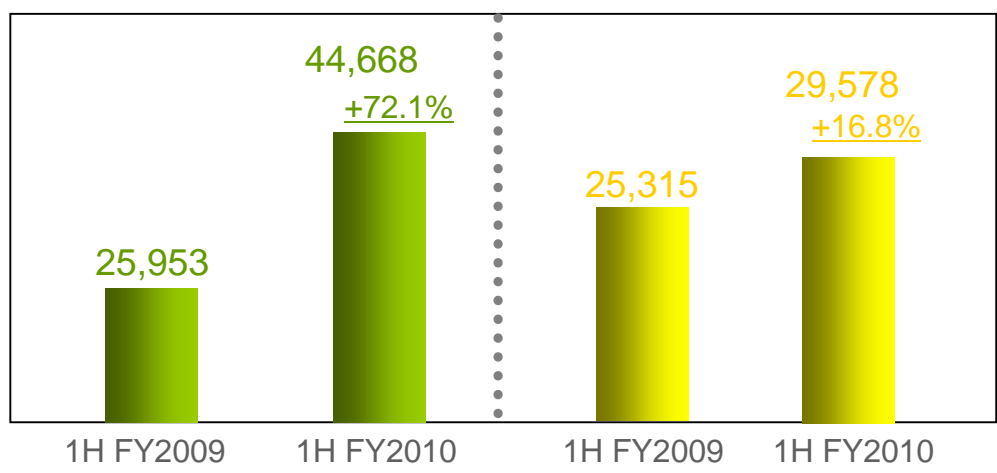
With respect to the business results for the current period, results of Nichii no Hohoemi and Nichii no Kirameki for the 15-month period between January 2009 and March 2010 will be included, as a result of consolidation to Nichii Gakkan Co., Ltd. on October 1 (their accounting periods have been changed).



Consolidated ■ Net sales ■ Operating income (Million yen)



Number of students by course (Students)
■ Home Helper course ■ Medical Office Work course



1H FY2010

Net sales ¥8,333 million
Operating income ¥1,923 million

Overview of Financial Results for 1H FY2010

Increased in students particularly for 2 principal courses

- A rebound in the numbers of students for both two courses from the second half (2H) of FY2009

Home Helper course: +72% YoY
 Medical Office Work course: +17% YoY

Strengthened efforts to promote the Japan's first Medical Office Clerical Workers course

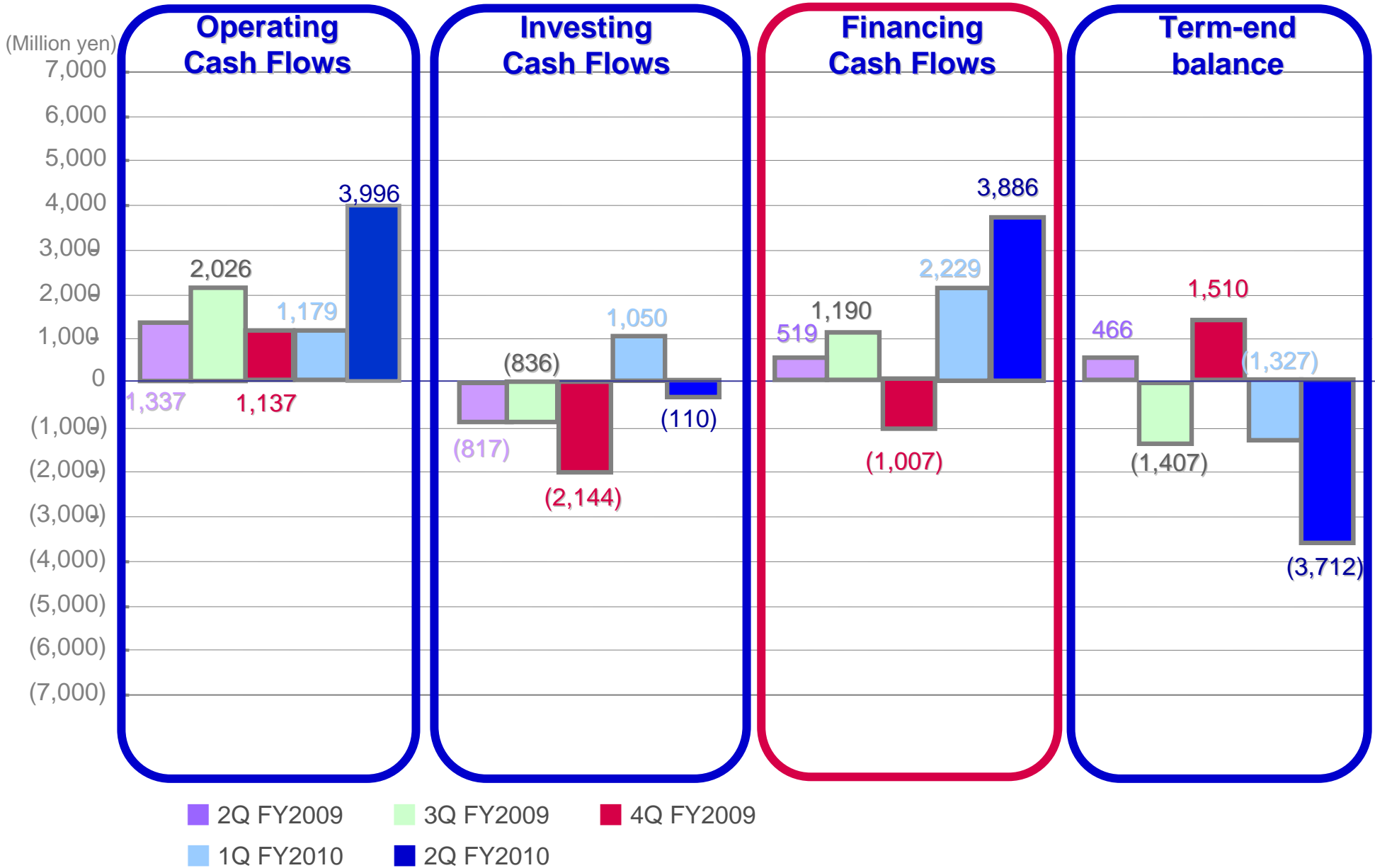
- Designated as a course eligible for the government's "Education Training Benefit Program" in October 2009

Development of e-learning courses

- We set up and are currently in the development phase of a new e-learning project, as part of our mid- to long-term strategies for business growth



Quarterly cash flows (consolidated)



FY2010 Forecast



FY2010 forecast

Consolidated

(Million yen)

	FY2009	FY2010	
	Amount (Result)	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%	



FY2010 net sales and operating income by segment

Consolidated net sales

(Million yen)

	FY2009 Result	FY2010 Forecast	YoY
			%
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)	-
Total	213,601	236,000	10.5%

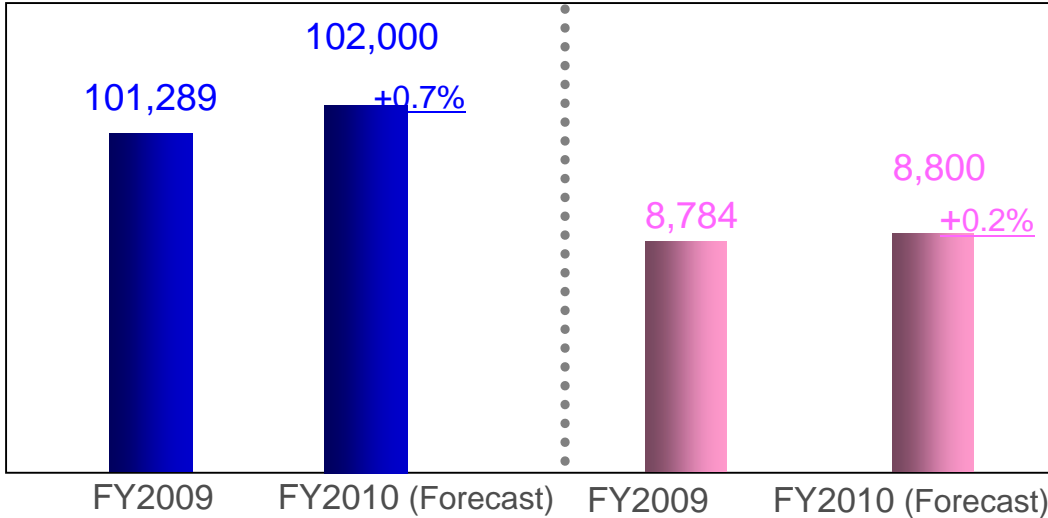
Consolidated operating income (loss)

(Million yen)

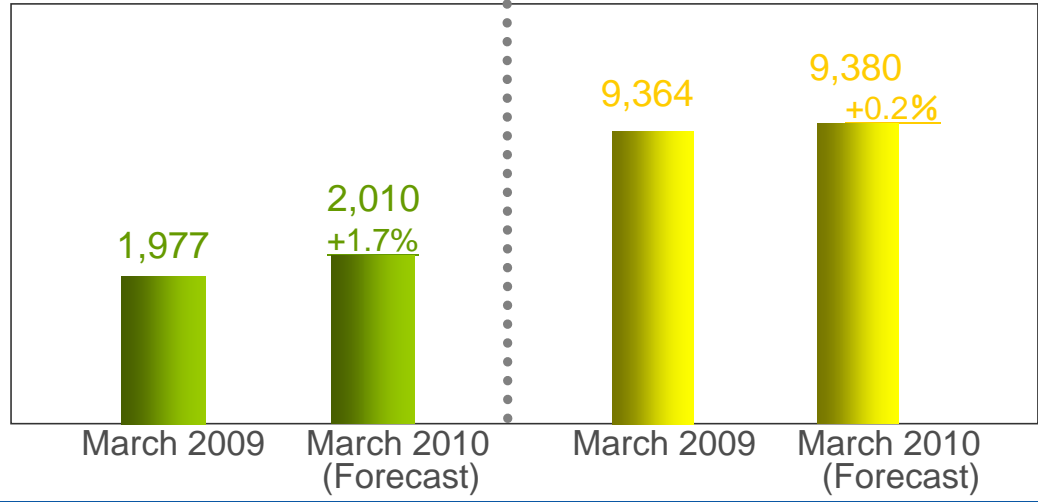
	FY2009 Result	FY2010 Forecast	YoY
			%
Medical Support Business	8,784	8,800	0.2%
Health Care Business	(758)	2,500	-
Education Business	(677)	2,000	-
Other Businesses	409	200	(51.1)%
Eliminations	(6,743)	(8,030)	-
Total	1,013	5,470	440.0%



Consolidated Net sales Operating income (Million yen)



Number of contracted medical institutions Hospitals Clinics (Cases)

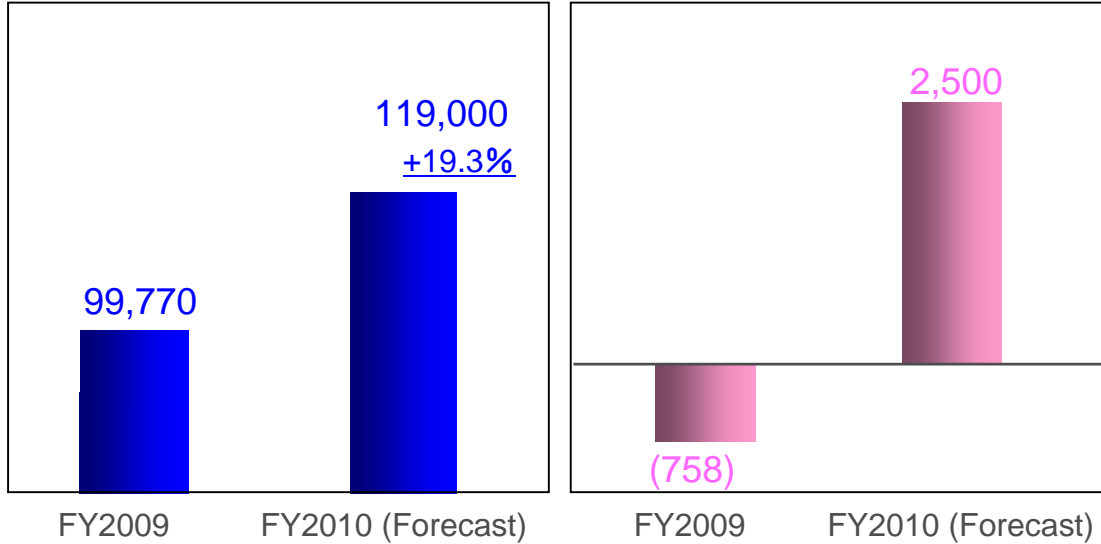


Major issues for 2H FY2010

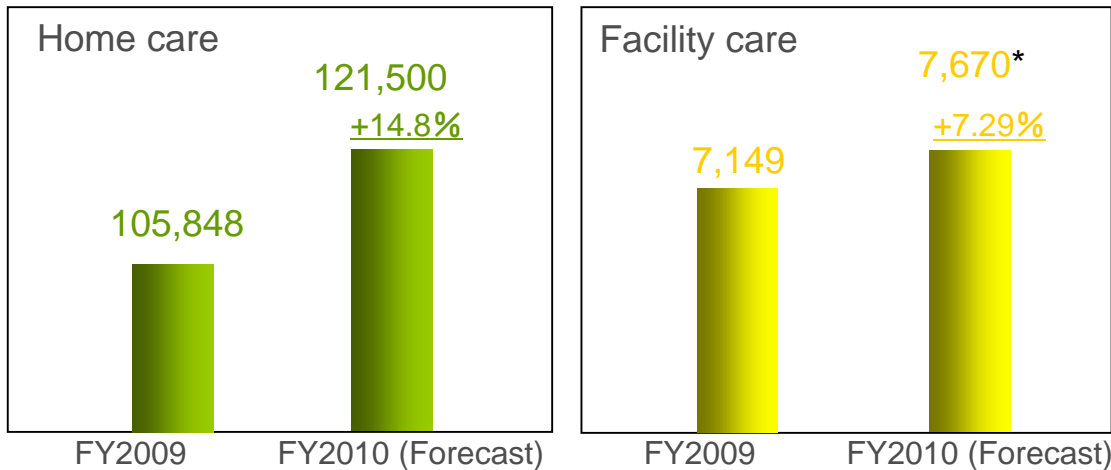
- ◆ **Restructuring of the sales system**
 - Restructure sales departments in major urban areas such as Kanto and Kinki, to strengthen the sales system
- ◆ **Enhancement of the operational efficiency**
 - Enhance efficiency of the shifting operation by creating a virtuous cycle effect
- ◆ **Efforts to acquire new contracts**
 - Acquire new contracts, focusing on management support services as a key stepping stone
 - Proactively acquire contracts for businesses related with the medical service fee system revision of FY2011
- ◆ **Strengthen efforts to acquire contracts for doctors' office work support services**
 - Develop new services using a voice-recognition technology
 - Offer services by students who have completed the Medical Office Clerical Workers course
- ◆ **Expansion of the childcare business**
 - Strengthen sales efforts for child-care centers within medical institutions and offices



Consolidated Net sales Operating income (Million yen)



Number of users by service (Cases)



Major issues for 2H FY2010

◆ Home care services

- Increase the number of care plans per care manager
- Strengthen sales efforts for home-visit care and day care services
- Promote acquisition of additional points for facilities offering specific services

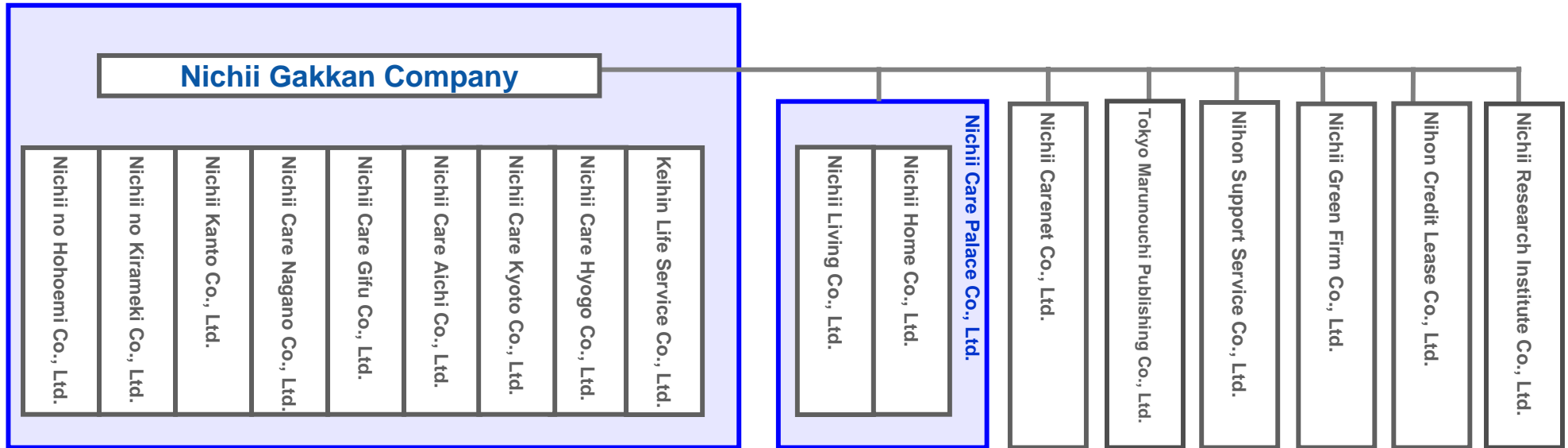
◆ Facility care service

- Improve the utilization rate of Ohtohen, a facility of Nichii Care Palace Co., Ltd.
- Conduct efficient business management through reorganizing of acquired businesses after taking over
- Proactive efforts to set up further new facilities

◆ Non-insurance services

- Strengthen development of welfare services for the handicapped
- Expand offering of homemaker services

*Figures for Nichii Home Co., Ltd. and Nichii Care Palace Co., Ltd. are forecasts as of December 2009.



October 1, 2009

(1) Eight companies of Health Care Business were merged into Nichii Gakkan Company.

Consolidated subsidiaries: Nichii no Hohoemi Co., Ltd., Nichii no Kirameki Co., Ltd., and Nichii Kanto Co., Ltd.
Non-consolidated subsidiaries: Nichii Care Nagano Co., Ltd., Nichii Care Gifu Co., Ltd., Nichii Care Aichi Co., Ltd., Nichii Care Kyoto Co., Ltd., and Nichii Care Hyogo Co., Ltd.

*Due to a change in accounting periods of consolidated subsidiaries Nichii no Hohoemi Co., Ltd., Nichii no Kirameki Co., Ltd., and Nichii Kanto Co., Ltd., their results for the 15 month period will be posted in the current period.

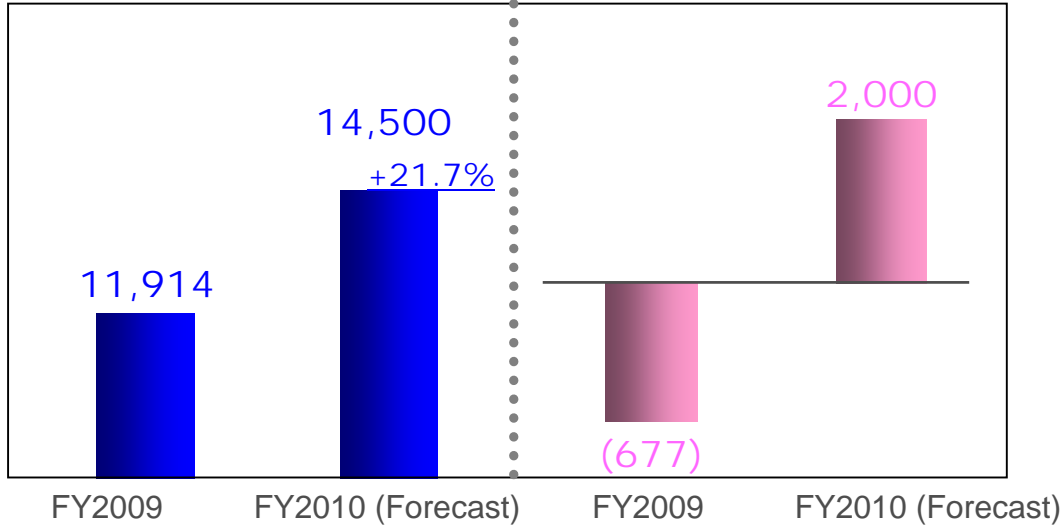
(2) Nichii Home Co., Ltd. and Nichii Living Co., Ltd. were merged into Nichii Care Palace Co., Ltd.

January 1, 2010

(3) Keihin Life Service Co., Ltd., which provides services such as home-visit care and home-visit bathing, will be merged into Nichii Gakkan Company.

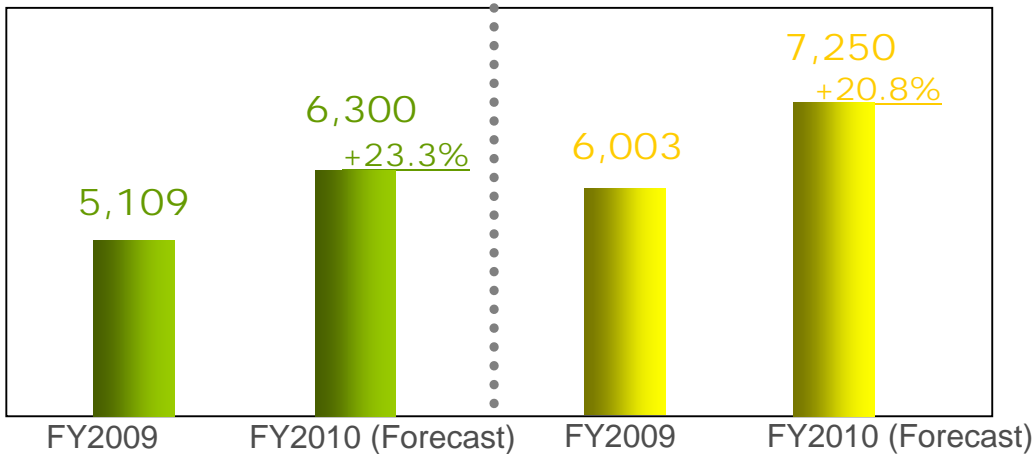


Consolidated Net sales Operating income (Million yen)



Net sales by course (Million yen)

Home Helper course Medical Office Work course



Major issues for 2H FY2010

◆ Enhancement of existing courses

- Further promote our mainstay courses of “Home-Helper Level 2” and “Medical Office Work” as in the previous term
- Efficient use of advertisement campaigns
- Efficient setting of classrooms
- Enhance the contents and marketing of the Medical Office Clerical Workers course

◆ Acquire contracts under the “Emergency Job Creation Program”

- Make a proactive effort to acquire contracts under the Human Resources Development Assistance Program (subsidies for job trainings)
- Strengthen acceptance of students under the government’s support program “Study and obtain a qualification as a care worker while working at long-term care facilities”

◆ Develop new courses

- Promote the development of new courses that can respond to various needs for courses such as medical, long-term care courses and courses related to the people’s daily lives
- Develop e-learning courses from the mid- and long-term perspectives



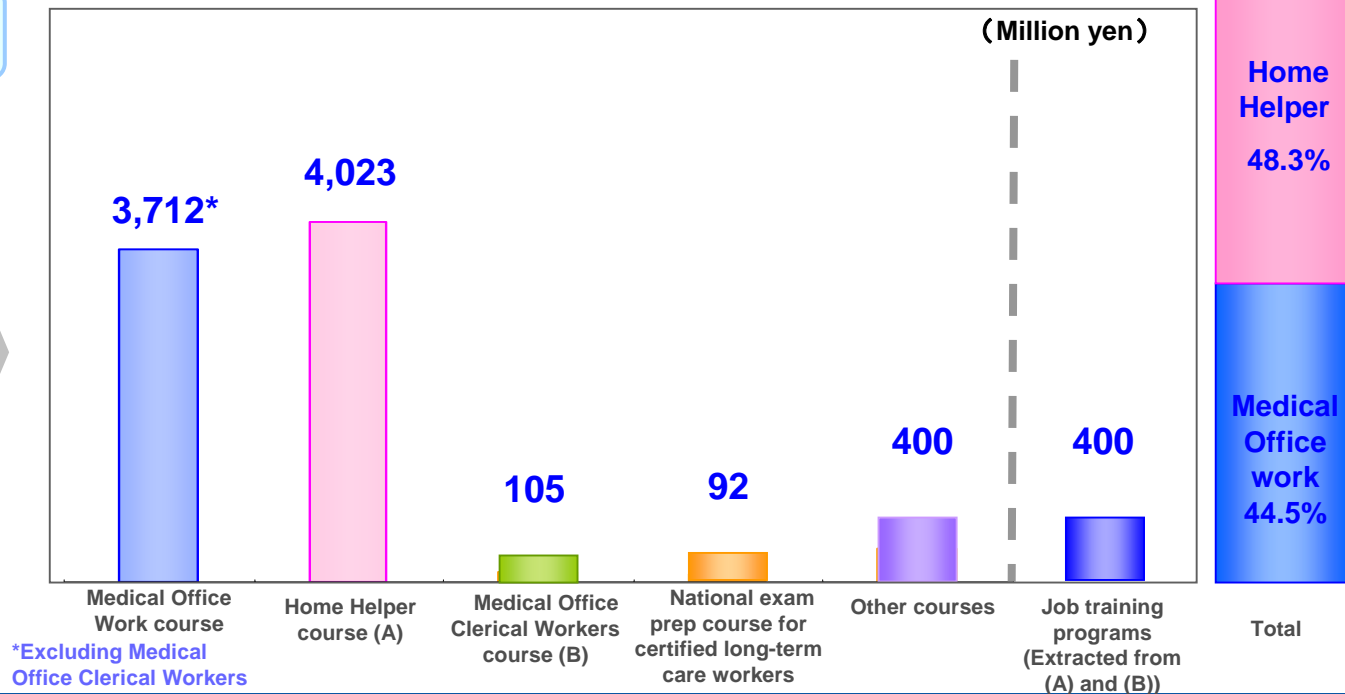
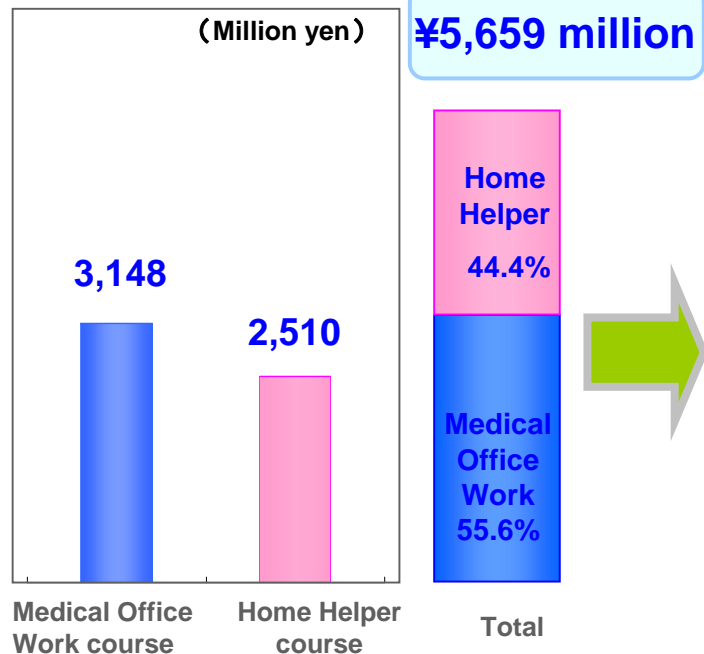
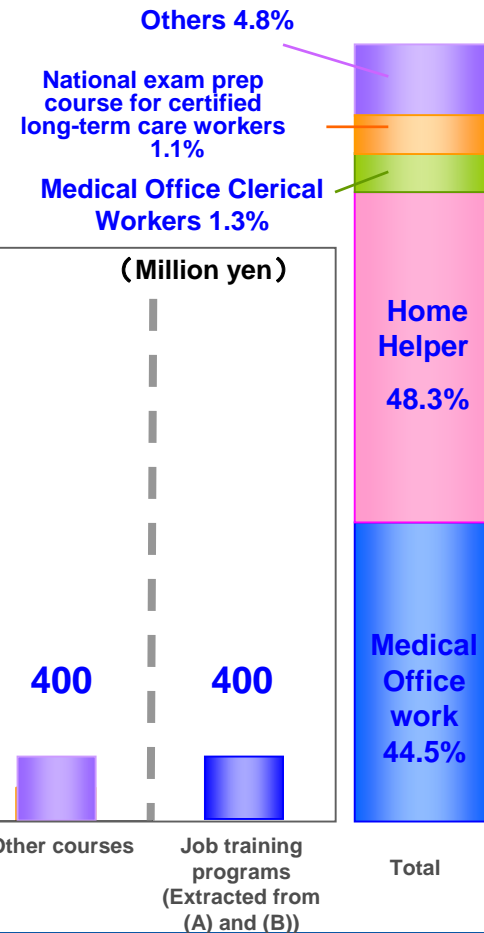
Education Business Expanding course menu

- Set up new courses such as the Medical Office Clerical Workers course, in addition to our mainstays of “Home-Helper Level 2” and “Medical Office Work”
- Further increase in contracts under job training programs (approx. ¥400 million)

¥8,333 million

1H FY2000
Net sales **¥5,659 million**

1H FY2010
Net sales **¥8,333 million**





◆ Unemployment rate and effective ratio of job offers to applicants

Unemployment rate (Sep.): 5.3%
Effective ratio of job offers to applicants (Sep.): 0.43 times

● Unemployment rate

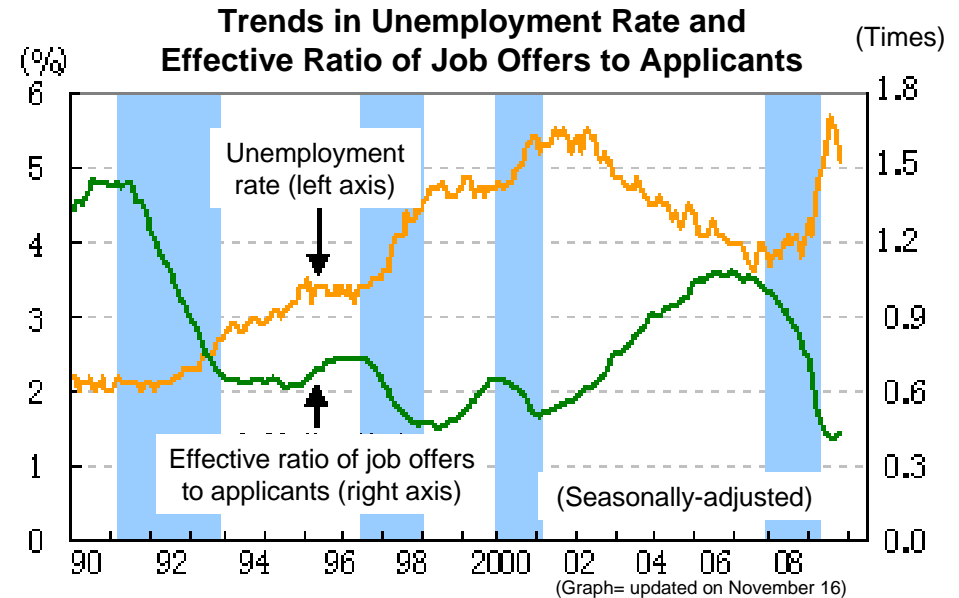
Employment environment is still harsh, although the unemployment rate has eased for the second consecutive month by 0.2 points compared with the previous month.

● Effective ratio of job offers to applicants

The ratio increased by 0.01 points compared with the previous month, for the first time in the past 2 years and 4 months

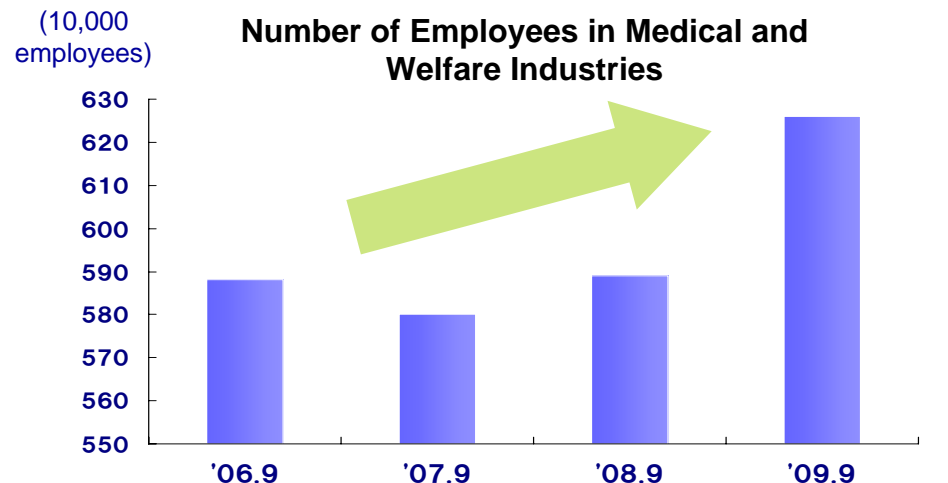
● Number of employees in the medical and welfare industries increased in September by 370,000 compared with the same month of the previous year to 6.26 million.

*Labour Force Survey (QE, monthly base), Statistics Bureau, Ministry of Internal Affairs and Communications



Source: Unemployment rate: Ministry of Internal Affairs and Communications
 Effective ratio of job offers to applicants: Ministry of Health, Labour and Welfare

(Note) Blue parts in the above graph represent the duration of economic recession. Currently, it is assumed that the recession has reached its bottom in March 2009.



Source: Labour Force Survey (by industry and occupation), Statistics Bureau, Ministry of Internal Affairs and Communications

Manifesto

- Reform medical and long-term care businesses: improve working conditions of long-term care workers through efforts such as addressing doctor shortage problem, taking preventive measures against the H1N1 influenza, etc.
- Position the long-term care business as a new growth industry, and foster further growth to generate a lot of employment opportunities. This can be achieved by enhancing attractiveness and growth capability of the industry through improving compensation and working conditions for workers, etc.

Government measures

● Review on the second supplementary budget for FY2010

The government's focus will be on the areas of employment, the environment, and economic-stimulus measures. They will deploy a policy that emphasizes on job creation in the field of long-term care services, etc.

● Emergency employment measures

- Create 100,000 new jobs
- “Emergency Job Creation Program”
- Promote the support program “Study and obtain a qualification as a care worker while working at long-term care facilities”
- Utilize the Emergency Job Creation Businesses Fund (¥450 billion)

● Medical service fee revision expected in April 2010

The result of sorting out operations by the Government Revitalization Unit:

- (1) Review medical service fees of medical departments where unreasonably high levels of incomes were found
- (2) Eliminate income disparities between hospital doctors and private practitioners

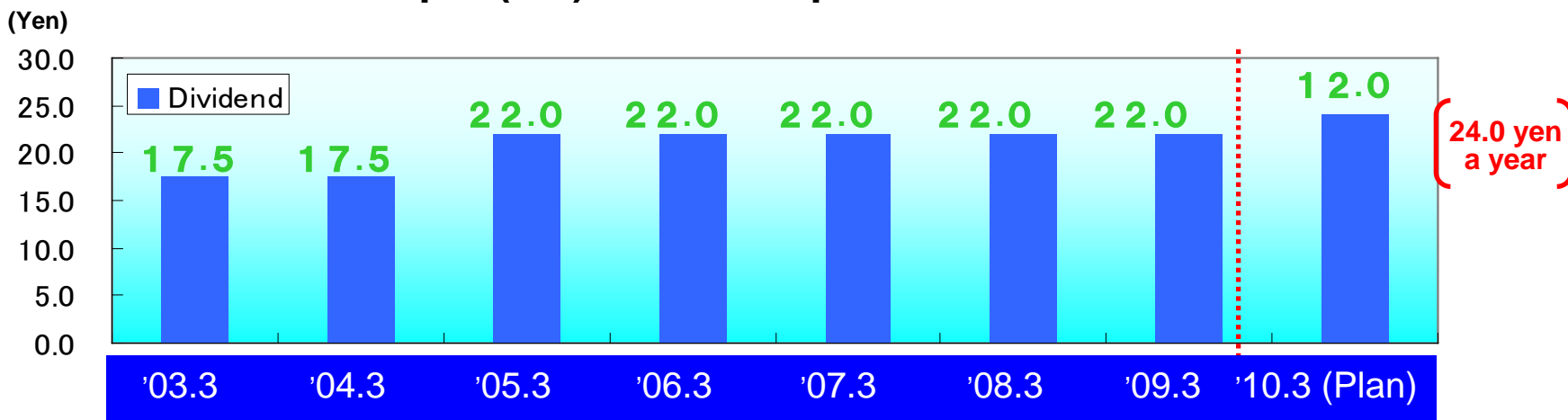


Dividend policy

Annual dividend for FY2010 ending March 31: 12 yen (interim dividend 6 yen + year-end dividend 6 yen)

Annual dividend increased by 2 yen per share for FY2010

A stock split (1:2) has taken place in FY2009



<Dividend results> The Group has raised the dividend **four** times and split its stock **six** times since the company went public and started trading on the over-the-counter

	'95.3	'96.3	'97.3	'98.3	'99.3	'00.3	'01.3	'02.3	'03.3	'04.3	'05.3	'06.3	'07.3	'08.3	'09.3	'10.3 (Forecast)
Dividend per share (Yen)	12.5	15.0	15.0	15.0	15.0	15.0	15.0	15.0	17.5	17.5	22.0	22.0	22.0	22.0	22.0	12.0
Stock split	-	1 : 1.1	-	-	1 : 1.1	1 : 1.5	-	-	1 : 1.1	1 : 1.1	-	-	-	-	1 : 2	

Business Strategies



Future business outlook

Expanding possibility for future growth of the market

- Our rapidly aging society will lead to the expansion of the market (the aging pace will accelerate until 2030)
- Government's policy change to the concept of "Moderate Welfare, Moderate Burden" will encourage further growth of the market

Increasing demand for services

In addition to the insurance business, demands for peripheral services are also expected to increase

Aging people as a "consumer"
→ emergence of new demands
→ expansion into peripheral services

Increased demand for human resource development

Labor shortages due to the declining birthrate will increase the demand for human resource development

Nichii's sustainability of growth and competitive advantage

- **As a leading company in the fields of medical support and long-term care services, we will be able to realize a continuous healthy growth:**
<<Sustainable growth of our core business>>
- **Our strength of having a human development department:**
<<This will further sharpen our competitive edge>>



Our strategies for future growth

1 Investment in human resources

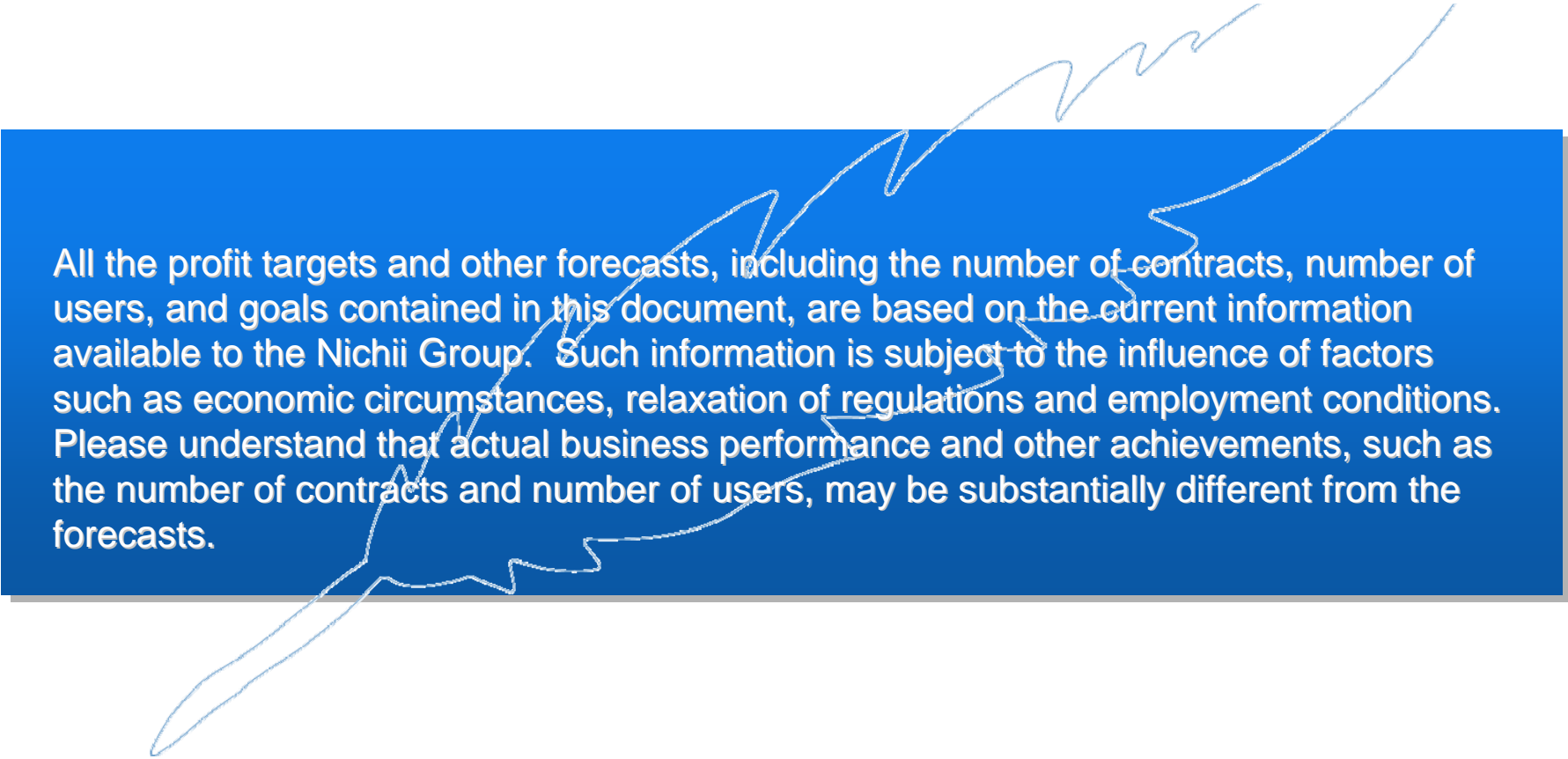
- Improve the working conditions of staff for the Medical Support Business
- Improve the working conditions of staff for the long-term care services

2 Strategies for the Health Care Business growth

- Enhance the scope and quality of our services –
 - (1) Make vigorous efforts to obtain licenses for opening new care facilities, especially group home facilities
 - (2) Segmentation of offices for home-visit care, establishment of new facilities for day-care services
 - (3) Expand more home-maker services as well as support services for people with handicaps

3 Launch of new projects

- Health Care Business – Create new added-value features such as a horticulture therapy
- “Himeharu no Sato (Mobara City, Chiba Prefecture)” is expected to open in the next period
- Medical Support Business –
 - (1) Collaboration with Advanced Media Inc. to develop a new system combining human resources and IT technology
 - (2) Consulting services developed by Nichii Research Institute Co., Ltd.
- Education Business – Development of e-learning courses (to be used for in-house trainings as well)



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.