

Financial Results
Briefing Document
for the Year Ended March 2010
(FY2010)

May 26, 2010

Information Meeting of Financial Report for the Year Ended March 31, 2010

President and Representative Director
Daisuke Terada

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FY2010 financial results

Consolidated

(Million yen)

	FY2009	FY2010		
	Amount	Amount (Revised forecast on Feb. 9)	Amount (Result)	YoY
Net sales	213,601	235,000	235,352	10.2%
Operating income	1,013	6,400	6,864	577.1%
%	0.5%	2.7%	2.9%	
Ordinary income	800	6,300	6,877	759.2%
%	0.4%	2.7%	2.9%	
Net income (loss)	(1,090)	2,700	3,154	-
%	(0.5)%	1.1%	1.3%	



1. Another record-high sales

- Health Care Business: Net sales reached record high of ¥118,074 million (up 18.3% year on year)
- Education Business: Growth in revenues for 2nd year running ¥15,255 million (up 28.0% year on year)
- Medical Support Business: Growth in revenues for the first time in three years ¥101,553 million (up 0.3% year on year)

2. All businesses profitable for the first time in six years

- Education Business: Operating income moved into black since FY2005
¥2,992 million (Profit margin: 19.6%)

3. Cash flow improved significantly

- Operating cash flow: ¥11,726 million (FY2009 ¥2,337 million)
- Free cash flow: ¥10,988 million (FY2009 -¥1,802 million)

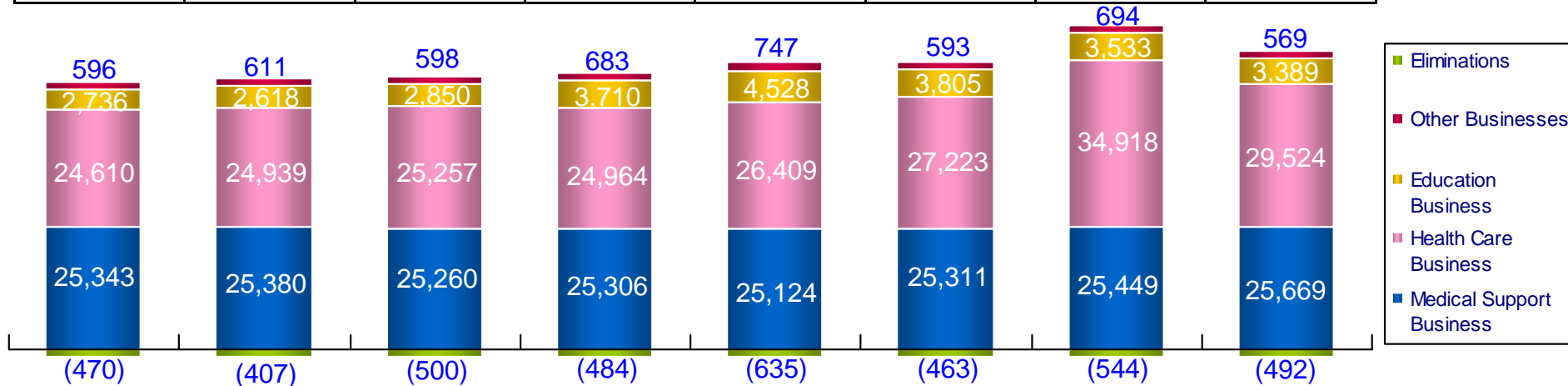


Quarterly net sales and operating income by segment

Consolidated net sales

(Million yen)

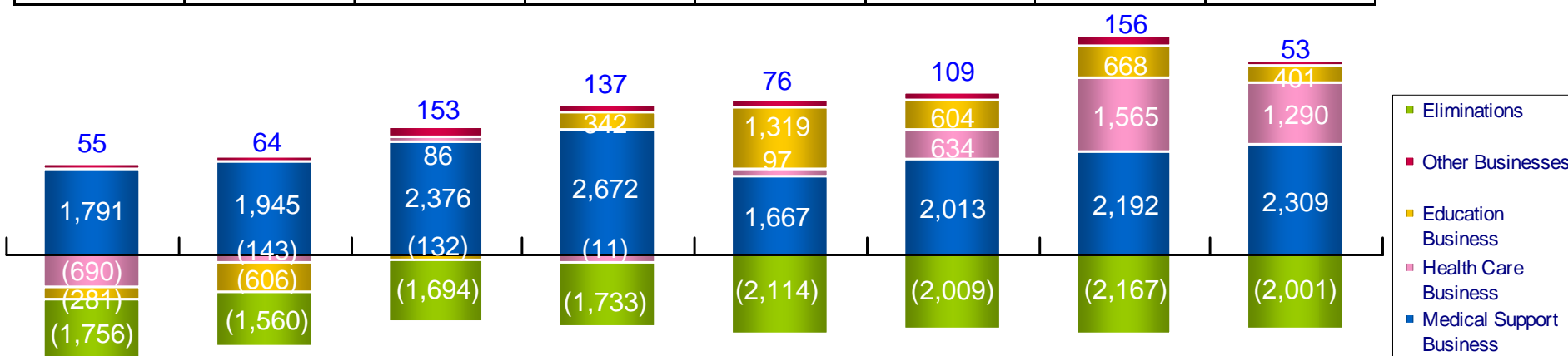
FY2009				FY2010			
1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
52,815	53,143	53,464	54,179	56,174	56,469	64,050	58,659



Consolidated operating income

(Million yen)

FY2009				FY2010			
1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
(881)	(300)	789	1,405	1,046	1,352	2,412	2,054





FY2010 net sales and operating income by segment

Consolidated net sales

(Million yen)

	FY2009 Result	FY2010 Result	YoY
			%
Medical Support Business	101,289	101,553	0.3%
Health Care Business	99,770	118,074	18.3%
Education Business	11,914	15,255	28.0%
Other Businesses	2,488	2,603	4.6%
Eliminations	(1,861)	(2,134)	-
Total	213,601	235,352	10.2%

Consolidated operating income

(Million yen)

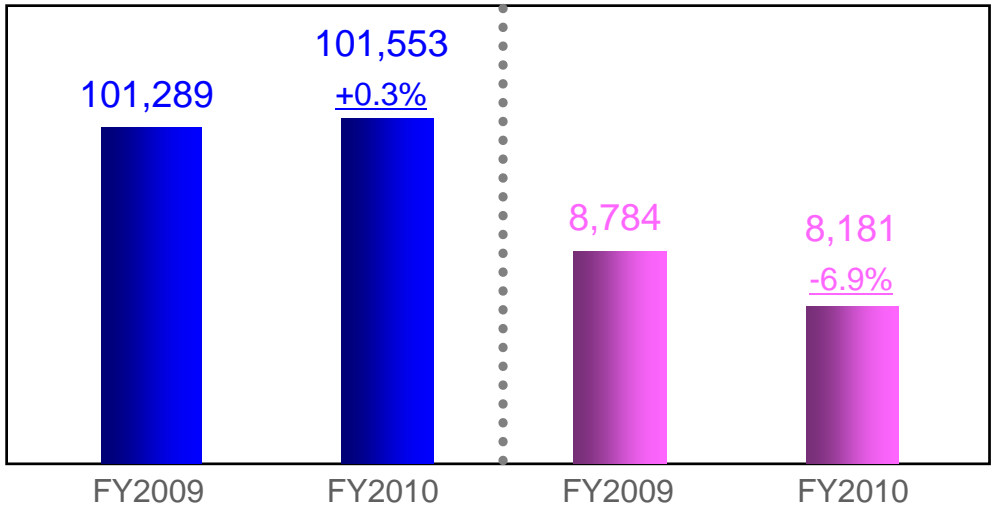
	FY2009 Result	FY2010 Result	YoY
			%
Medical Support Business	8,784	8,181	(6.9)%
Health Care Business	(758)	3,586	-
Education Business	(677)	2,992	-
Other Businesses	409	394	(3.7)%
Eliminations	(6,743)	(8,291)	-
Total	1,013	6,864	577.1%



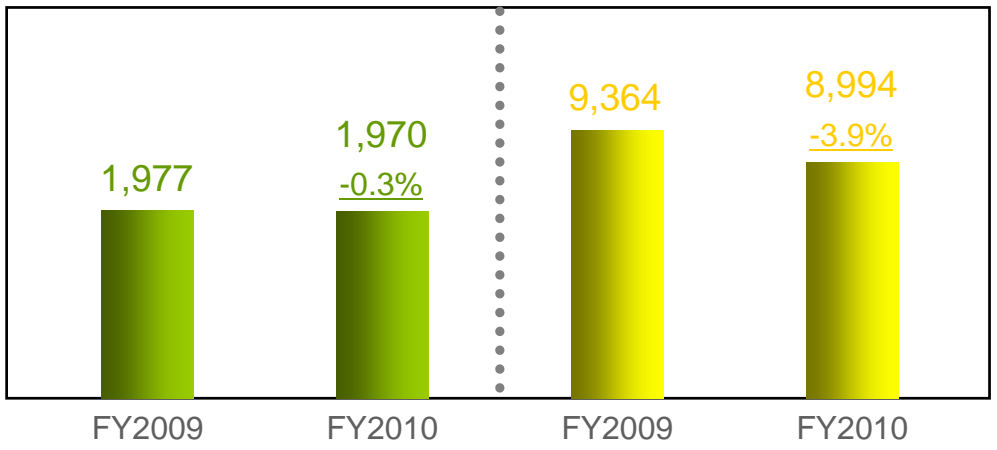
FY2010

Net sales ¥101,553 million
Operating income ¥8,181 million

Consolidated ■ Net sales ■ Operating income (Million yen)



Number of contracted medical institutions ■ Hospitals ■ Clinics (Cases)



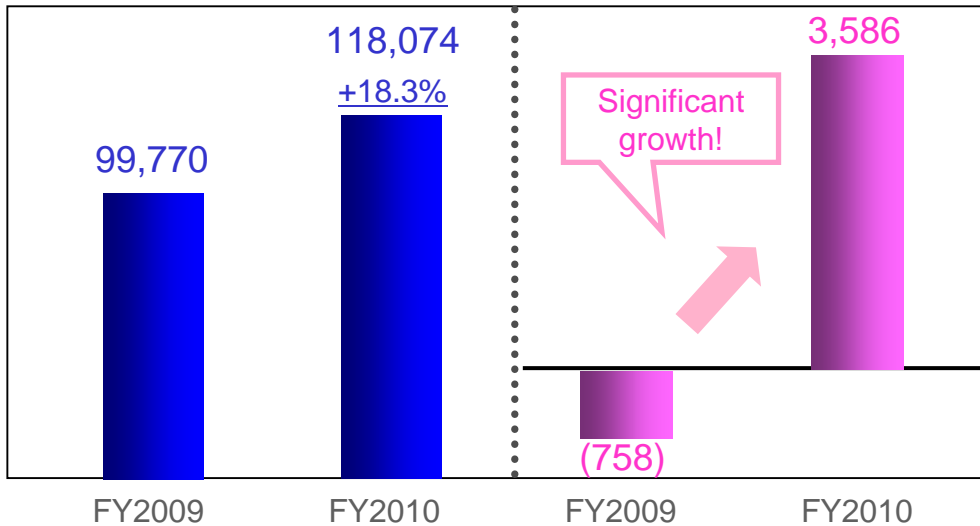
Overview of financial results for FY2010

- ◆ **Growth in revenues for the first time in three years**
 - Higher net sales per medical institution due to contract revision
 - Medical institutions under contract on the rise

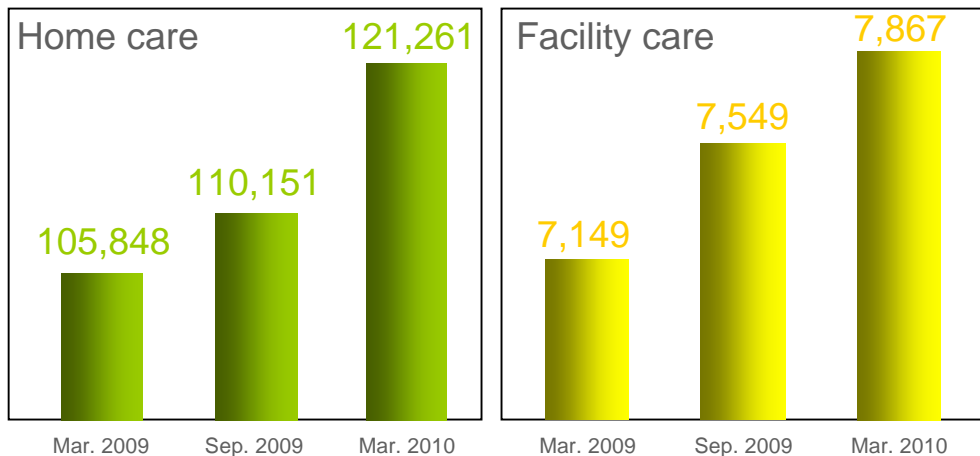
End-Jun. 2009:	10,787 cases
End-Dec. 2009:	10,861 cases
End-Mar. 2010:	10,964 cases
- ◆ **Improved working conditions of staff**
 - Benefits of contract revision applied to staff salaries
- ◆ **Expanded medical management support service**
 - New services applying voice-recognition technology (cyber clerk business) project launched
 - Established Nichii Research Institute Co., Ltd. to enhance medical management consulting
- ◆ **Development and enhancement of the childcare business**
 - Development and expansion of child-care services within medical institutions
 - Opening of a new directly managed child-care center in January 2010



Consolidated Net sales Operating income (Million yen)



Number of users by service (Cases)



FY2010

Net sales ¥118,074 million
Operating income ¥3,586 million

Overview of financial results for FY2010

◆ Home care, non-insurance services

- Number of users exceeds 120,000
- Care plan users increased
 (Approx. 5,000 cases increased for the year
 Exceeded 40,000 for the first time in three years)
- Users of home-visit care and day care services increased

◆ Facility care service

- Facility utilization rate increased
 End-March 2009: 85.5%=> End-March 2010: 91.9%
- New group homes opened (at five locations)

◆ Implementation of staff compensation improvements

- Improved profitability, increased long-term care payment by 3%, applied subsidies received for improving staff compensation to staff salaries

(Million yen)

		FY2009					FY2010				
		1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
		Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount (Result)	Amount (Result)
	Hohoemi	3,031	3,041	3,137	3,337	12,548	3,675	3,764	7,776	3,903	19,120
	Kirameki	743	816	942	1,101	3,605	1,176	1,316	2,831	1,483	6,808
	Home	3,424	3,464	3,453	3,613	13,957	3,558	3,592	3,682	3,773	14,606
Net sales		7,200	7,323	7,535	8,052	30,111	8,410	8,673	14,290	9,160	40,535
	Hohoemi	329	315	409	483	1,537	483	421	1,062	473	2,440
	%	10.9%	10.4%	13.0%	14.5%	12.2%	13.1%	11.2%	13.7%	12.1%	12.8%
	Kirameki	(264)	(300)	(246)	(129)	(940)	(93)	(20)	109	95	90
%	(35.5)%	(36.8)%	(26.1)%	(11.7)%	(26.1)%	(7.9)%	(1.5)%	3.9%	6.4%	1.3%	
	Home	67	52	97	320	538	126	111	188	239	665
	%	2.0%	1.5%	2.8%	8.9%	3.9%	3.5%	3.1%	5.1%	7.1%	4.6%
Gross profit		133	67	261	673	1,135	515	511	1,359	809	3,196
%		1.8%	0.9%	3.5%	8.4%	3.8%	6.1%	5.9%	9.5%	8.8%	7.9%

* 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 are included, as a result of consolidation to Nichii Gakkan Co., Ltd. on October 1, 2009 (their accounting periods have been changed).

* With respect to the Ohtohen, which was previously managed by Nichii Care Palace Co., Ltd. before merger, its brand name was changed to "Nichii Home" in January 2010.

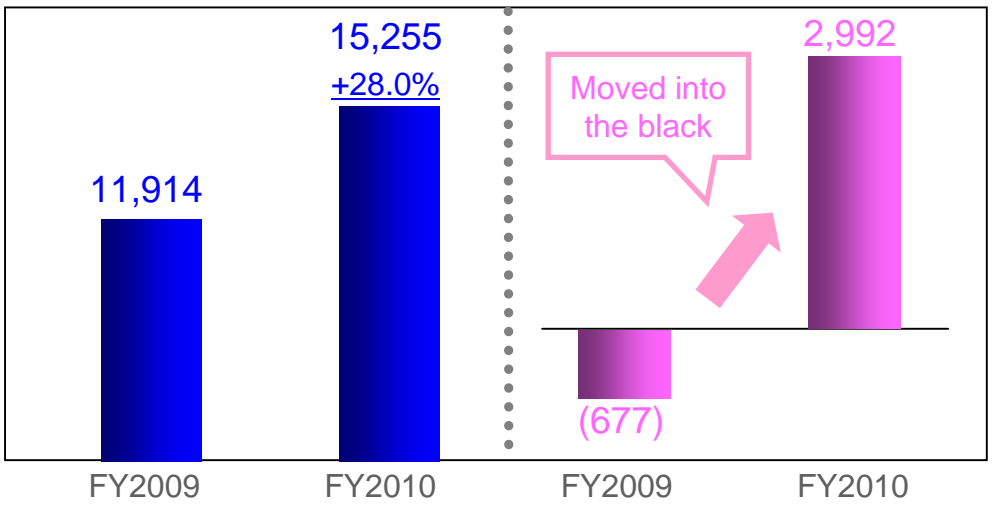
* Only net sales and gross profit are reported due to the mergers and restructurings of the transferred companies.



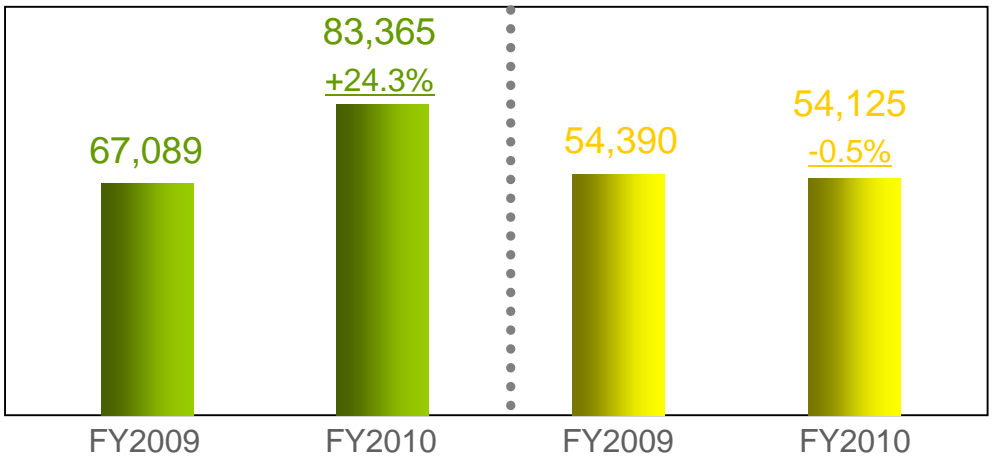
FY2010

Net sales ¥15,255 million
Operating income ¥2,992 million

Consolidated ■ Net sales ■ Operating income (Million yen)



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

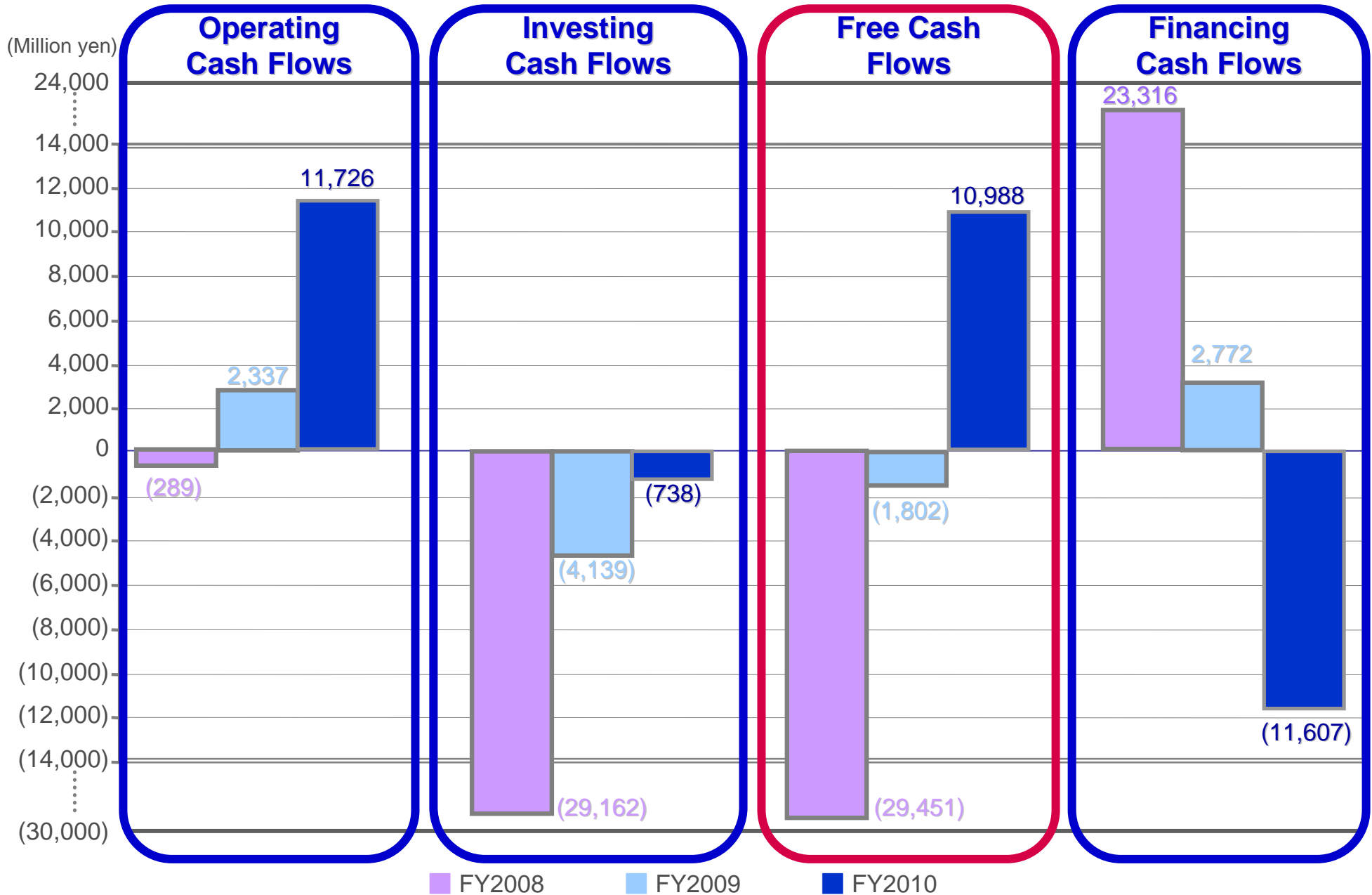


Overview of financial results for FY2010

- ◆ Students increased particularly for 2 main courses
 - Home Helper course: +24% YoY
 - Medical Office Work course: Unchanged YoY
- ◆ Pursuit of efficient advertising
 - Reduced promotion expenses per student by pursuing ads focused on responses
- ◆ Promotion of “Emergency Job Creation Program”
 - Promote accepting Human Resources Development Assistance Program (subsidies for job trainings) and “Study and obtain a qualification as a care worker while working at long-term care facilities” program.
- ◆ Enhanced development of Medical Office Clerical Workers course
 - Actively offered new course options
- ◆ Development of e-learning courses
 - Set up a new e-learning project, as part of our mid-to long-term strategies for business growth. Currently in the development phase of the course.



Cash flows (consolidated)



FY2011 Forecast



FY2011 forecast

Consolidated

(Million yen)

	FY2010	FY2011	
	Amount (Result)	Amount (Forecast)	YoY
Net sales	235,352	240,000	2.0%
Operating income	6,864	8,000	16.5%
%	2.9%	3.3%	
Ordinary income	6,877	8,300	20.7%
%	2.9%	3.5%	
Net income	3,154	3,500	10.9%
%	1.3%	1.5%	



1 Another record-high sales

- Growth in revenues for 3rd year running
- Health Care and Medical Support Businesses will continue to increase net sales

2 Growth in profits for 2nd year running

- Contribution by improvement of Higher Health Care Business earnings

3 Expansion of existing businesses and entry into new business areas

- Expansion and strengthening of existing businesses responding to customer needs
- Further improvements in service quality
(Improved training, introduction of a 24-hour system for the call center, redoubled efforts to deliver safe, reliable service, etc.)

* Because of special circumstances related to the mergers of Nichii no Hohoemi Co., Ltd. and Nichii no Kirameki Co., Ltd. with Nichii Gakkan Company, approximately ¥5.2 billion in excess net sales were recorded for the year ended March 31, 2010. While this will limit the year-on-year growth for the year ending March 31, 2011 to only 2.0%, net sales are trending higher, mainly in the Health Care Business, and record net sales are forecast for the said year.

* Change in Allocation Standards due to New Management Approach

○ Core System Expense Allocations

While expenses for the human resources system introduced last year have been treated as company-level expenses until now, the system is now operating smoothly and it has been decided that expenses should be allocated to the Medical Support, Health Care, and Education Businesses.

○ Allocation of Advertising Expenses

Until now, newspaper, web, and other advertising expenses have been assigned to the Education Business. Under the new management approach, however, it has been decided that these expenses should be allocated to the Medical Support and Health Care Businesses.



FY2011 net sales and operating income by segment

Consolidated net sales

(Million yen)

	FY2010 Result	FY2011 Forecast	YoY
			%
Medical Support Business	101,553	102,500	0.9%
Health Care Business	118,074	122,300	3.6%
Education Business	15,255	14,400	(5.6)%
Other Businesses	2,603	2,700	3.7%
Eliminations	(2,134)	(1,900)	-
Total	235,352	240,000	2.0%

Consolidated operating income

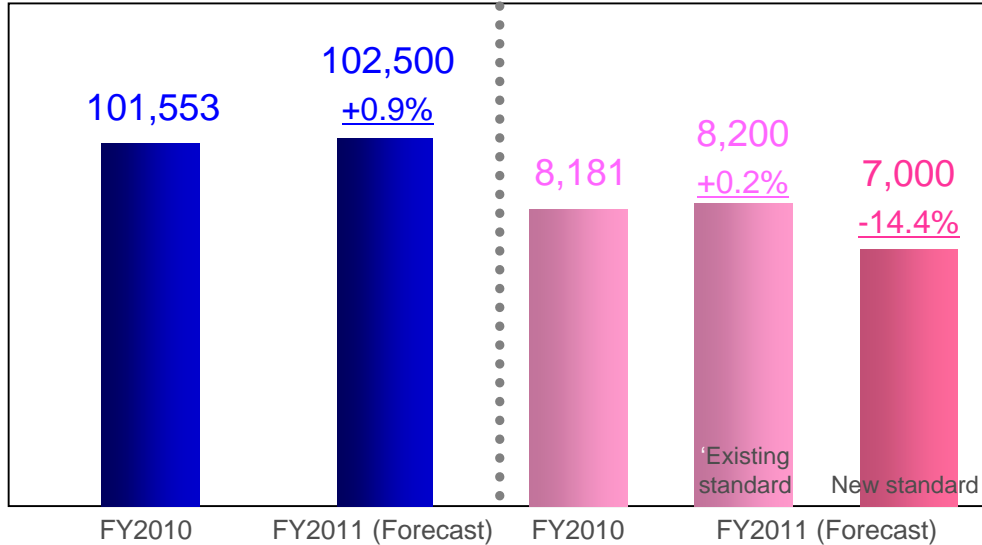
(Million yen)

	FY2010 Result	FY2011 Forecast		YoY
		(Existing standard)	(New standard)	(New standard)
				%
Medical Support Business	8,181	8,200	7,000	(14.4)%
Health Care Business	3,586	6,200	5,300	47.8%
Education Business	2,992	2,000	2,700	(9.8)%
Other Businesses	394	200	200	(49.2)%
Eliminations	(8,291)	(8,600)	(7,200)	-
Total	6,864	8,000	8,000	16.5%

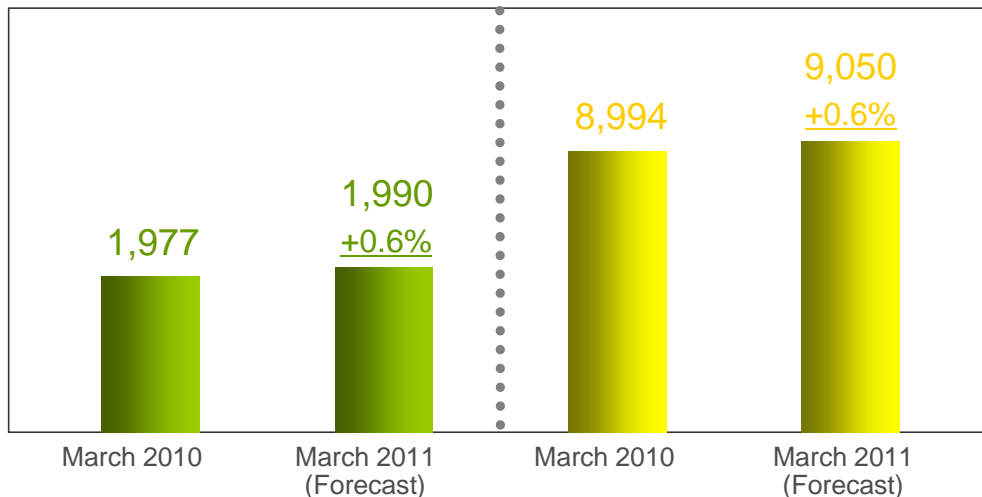
From the year ending March 31, 2011, allocation standards related to the calculation of operating income by segment are changed.



Consolidated ■ Net sales ■ Operating income (Million yen)



Number of contracted medical institutions ■ Hospitals ■ Clinics (Cases)



Major issues for FY2011

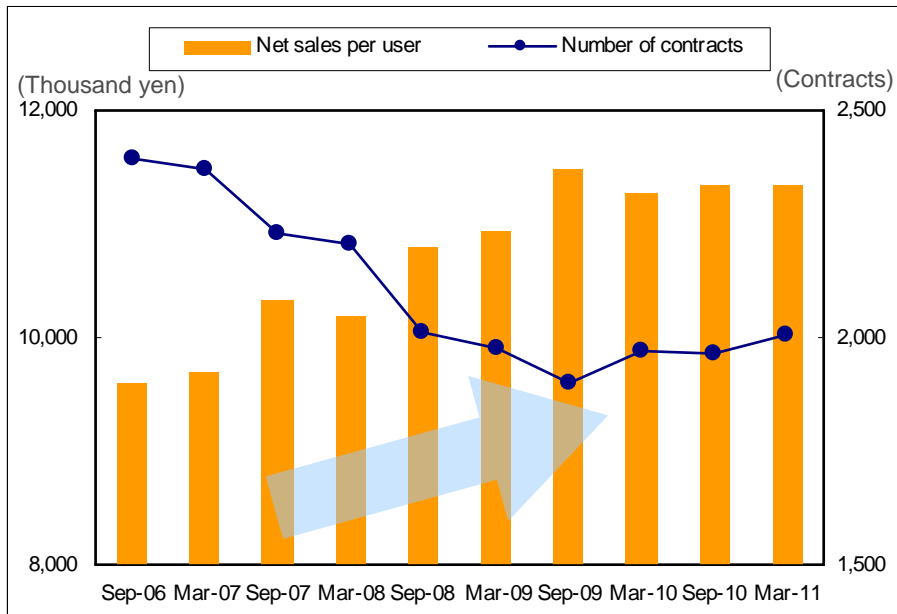
- ◆ **Third year of contract revision**
 - Increase net sales per medical institution
- ◆ **Improvement in frontline staff compensation**
 - Apply the benefits of contract revision to staff salaries
 - Enhance training by applying e-learning
- ◆ **Focus on efforts to gain new contracts**
 - Make the most of the benefits of management support service products and deliver added value responding to the needs of medical institutions
- ◆ **Expansion of the childcare business**
 - Actively promote child-care services within medical institutions
- ◆ **Reduction of the administrative burden of physicians**
 - Develop the cyber clerk business
 - Move ahead with the placement of medical office work assistants
- ◆ **Strengthening of local cooperation in medical and long-term care services**
 - Recommend receiving additional medical fees for local cooperation



Contract Revision

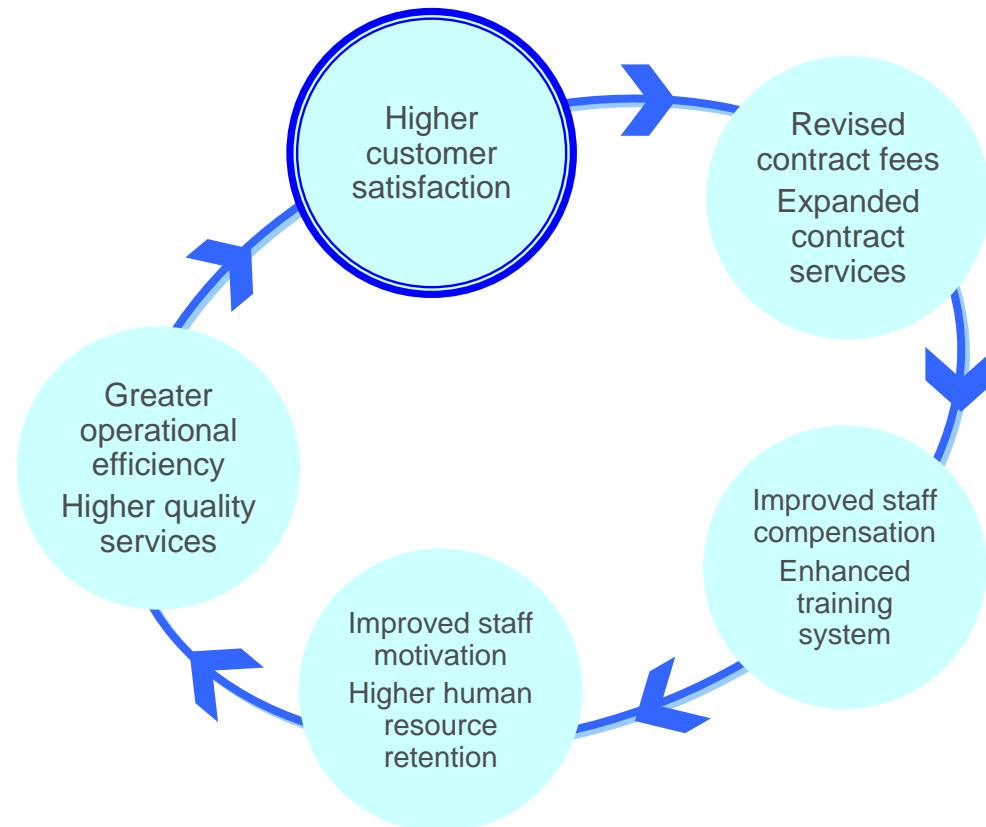
A five-year plan has been put together to revise contract fees to bring them to the appropriate levels in the interest of providing higher quality service. Higher revenues gained through contract revision will be used to improve staff salaries in an effort to secure a stable supply of excellent human resources and provide medical institutions with higher quality medical management support services. The year ending March 31, 2011 is the third year of this five-year plan.

Changes in net sales per medical institution and the number of contracts



Both the number of contracts and net sales per medical institution are on the rise.

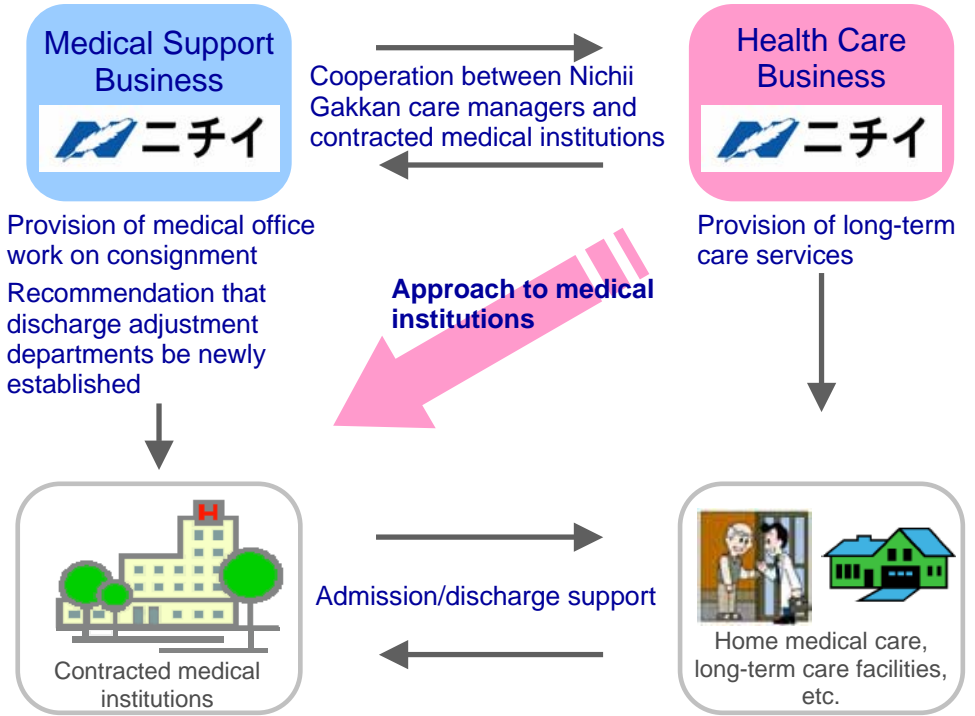
Formation of virtuous cycle





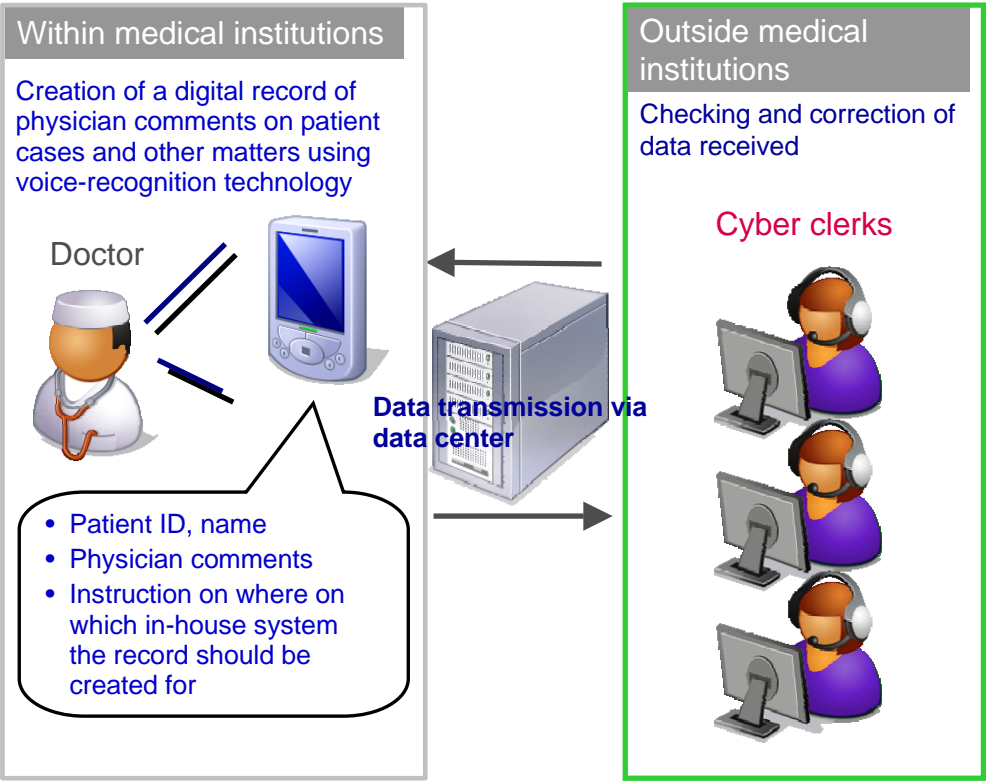
Development of new management support services for medical institutions

Promotion of local cooperation in medical and long-term care services



Make the most of Nichii Gakkan's strengths in developing both medical and long-term care businesses to contribute even more to society by building comprehensive service systems in local medical service settings.

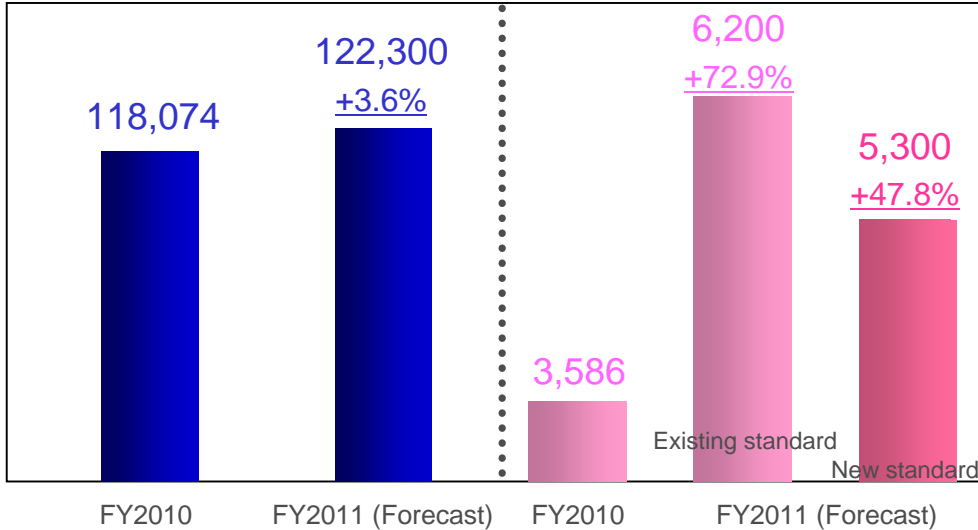
Development of the cyber clerk business



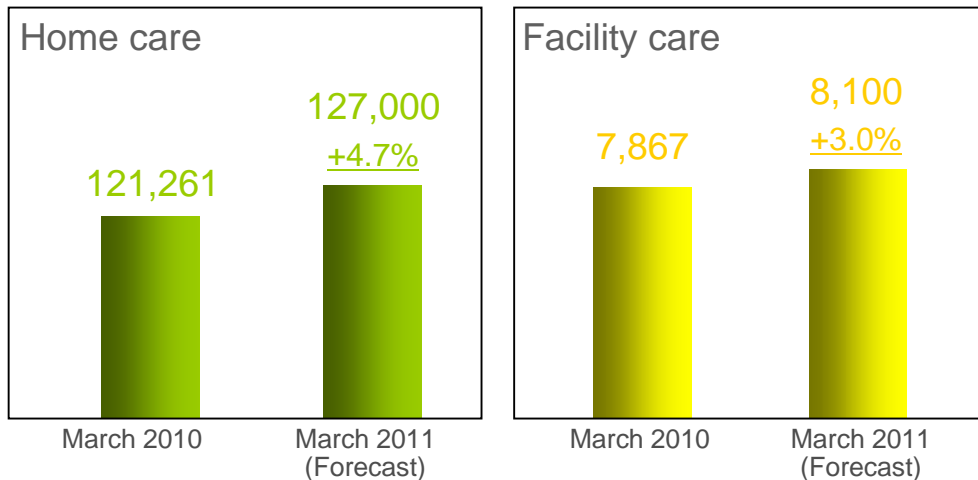
Promote IT adoption in medical settings and develop services capable of responding to a wide range of medical institution needs (e.g. use of voice-recognition technology to reduce office work for physicians).



Consolidated ■ Net sales ■ Operating income (Million yen)



Number of users by service (Cases)



Major issues for FY2011

- ◆ **Further strengthening of home care services**
 - Increase the number of cases per care manager
 - Increase the usage rate of day-care services
 - Strengthen the development of home-visit bathing services
Move to establish these services in the 48 branches yet to offer them
 - Increase the usage rate of services where they are already being offered
 - Actively develop new service locations
- ◆ **Further strengthening of facility care services**
 - Actively establish new facilities
 - Increase the usage rate of Care Palace Nichii Home facilities
- ◆ **Stronger efforts to develop services not covered by insurance**
 - Actively develop welfare services for the handicapped and homemaker services
- ◆ **Strengthening of cooperation in long-term care and medical services**
 - Move ahead with efforts to receive additional compensation for long term care workers through cooperation with medical institutions (medical cooperation additions, etc.)
- ◆ **Continued improvement in staff compensation**
 - Continue applying higher revenues gained through contract revision to staff compensation to improve staff retention rates and service quality



Health Care Business FY2011 forecast

- Facility care service -

(Million yen)

		FY2010					FY2011 (Forecast)	
		1Q	2Q	3Q	4Q	Full year	1H	Full year
		Amount	Amount	Amount	Amount (Result)	Amount (Result)	Amount	Amount
	Hohoemi	3,675	3,764	7,776	3,903	19,120	8,500	17,200
	Kirameki	1,176	1,316	2,831	1,483	6,808	3,200	6,600
	Home	3,558	3,592	3,682	3,773	14,606	7,500	15,400
Net sales		8,410	8,673	14,290	9,160	40,535	19,200	39,200
	Hohoemi	483	421	1,062	473	2,440	1,140	2,240
	%	13.1%	11.2%	13.7%	12.1%	12.8%	13.4%	13.0%
	Kirameki	(93)	(20)	109	95	90	300	600
%	(7.9)%	(1.5)%	3.9%	6.4%	1.3%	9.4%	9.1%	
	Home	126	111	188	239	665	270	960
	%	3.5%	3.1%	5.1%	7.1%	4.6%	3.6%	6.2%
Gross profit		515	511	1,359	809	3,196	1,710	3,800
%		6.1%	5.9%	9.5%	8.8%	7.9%	8.9%	9.7%

* Only net sales and gross profit are reported due to the mergers and restructurings of the transferred companies.

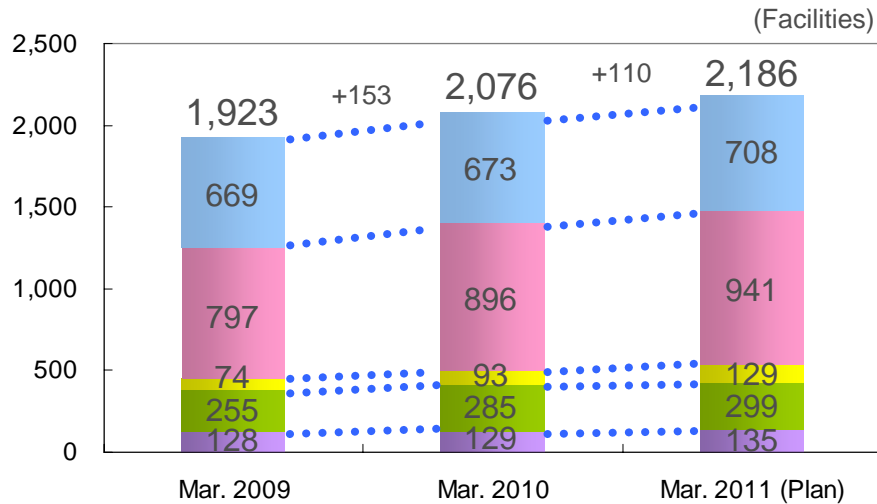


Health Care Business FY2011 forecast

- Expand long-term care service network

Number of facilities by service

Home care



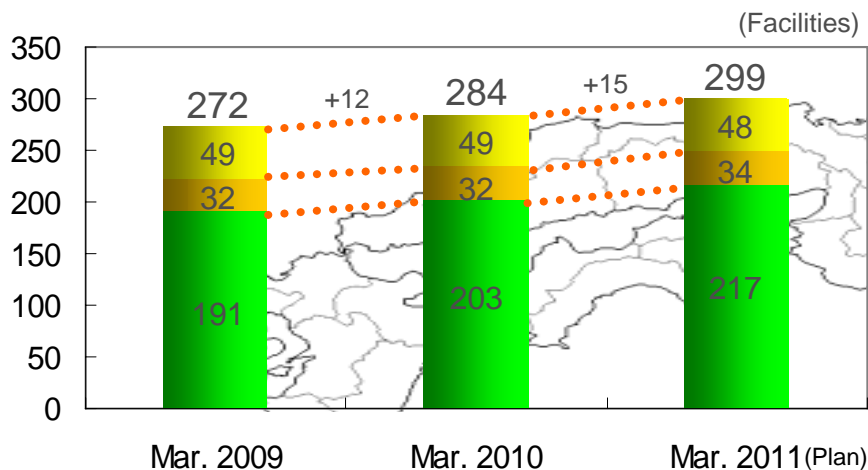
- Care planning
- Home-visit service
- Home-visit bathing service
- Day-care service
- Welfare equipment rental

Number of service users
127,000
(Forecast for March 31, 2011)



Further strengthen the provision of **total long-term care services** through offices and facilities strongly rooted in local communities.

Facility care



Pay nursing home
Nichii Home



Pay nursing home
Nichii no Kirameki



Group home
Nichii no Hohoemi



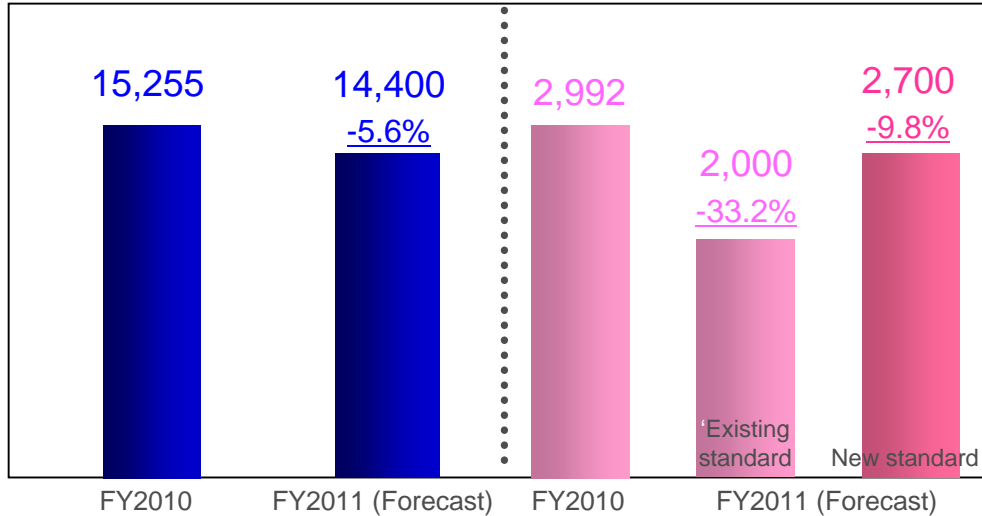
Approx. 300
facilities
nationwide

Number of
service users:
8,100

(Forecast for
March 31, 2011)

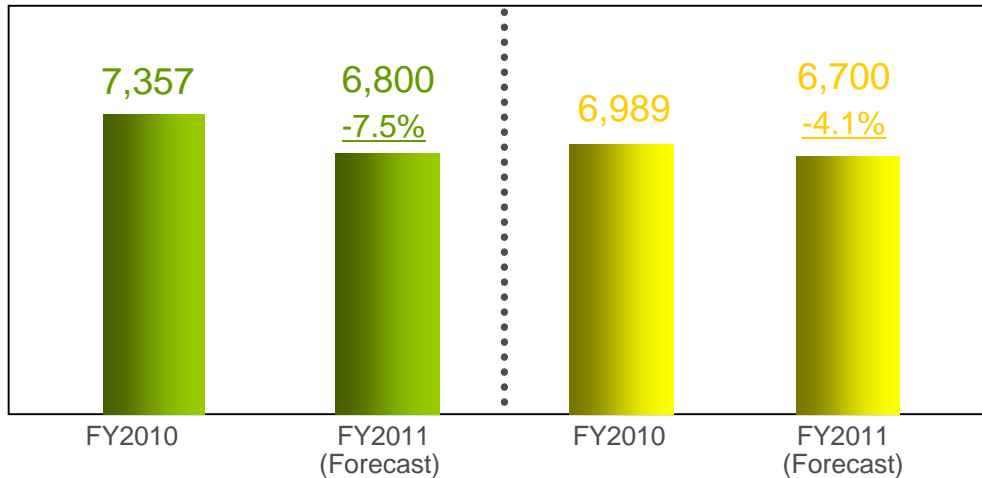


Consolidated ■ Net sales ■ Operating income (Million yen)



Net sales by course (Million yen)

■ Home Helper course ■ Medical Office Work course



Major issues for FY2011

- ◆ **Redouble development efforts for existing courses**
 - Medical Office Work course: Use “hybrid learning” incorporating e-learning to attract students
 - Enhance developing Medical Office Clerical Workers course
 - Pursuit of efficient and effective advertising
- ◆ **Development of new courses – Acquisition of a new customer segment**
 - Develop lifelong learning markets, which are resistant to economic ups and downs
 - Develop and offer new courses based on e-learning
- ◆ **Promote “Emergency Job Creation Program”**

Actively promote accepting Human Resources Development Assistance Program (subsidies for job trainings)

 - Promote accepting students of “Study and obtain a qualification as a care worker while working at long-term care facilities” program
 - Pursue job creation businesses in key areas

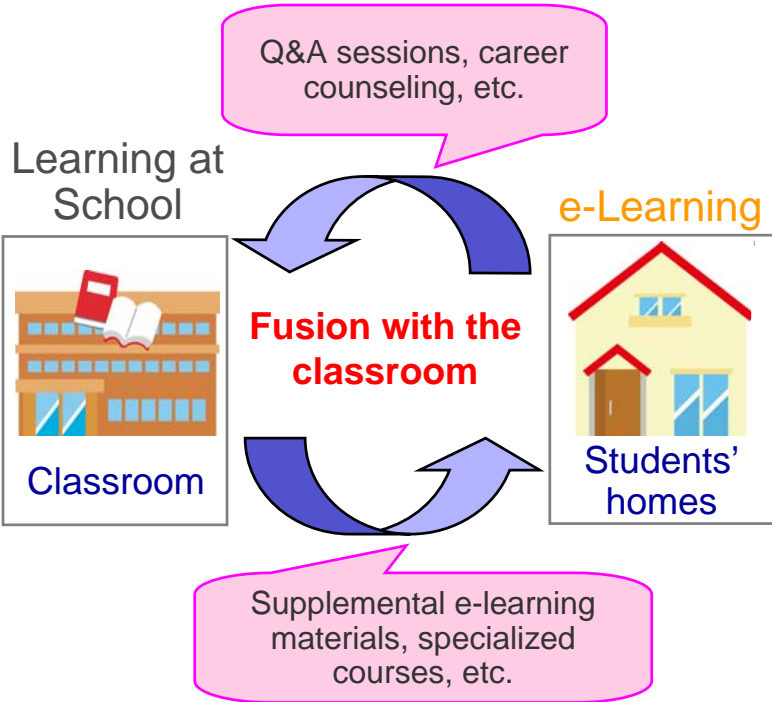


◆ Hybrid learning incorporating existing courses

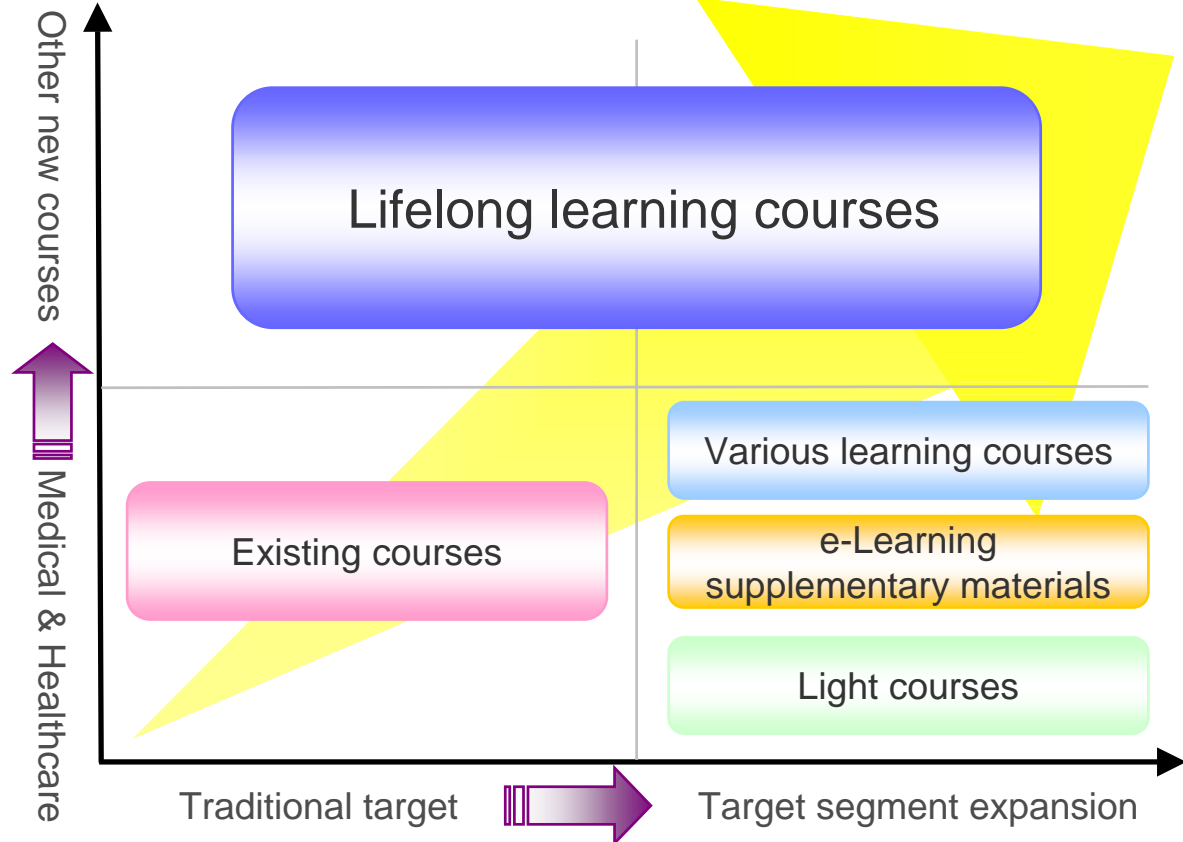
Make the most of Nichii Gakkan’s strengths to pursue “hybrid learning” incorporating existing courses and e-learning and, thereby, create synergies that attract more students.

Development of e-Learning

Take advantage of Nichii Gakkan’s 500 classrooms throughout the country to pursue “hybrid learning.”



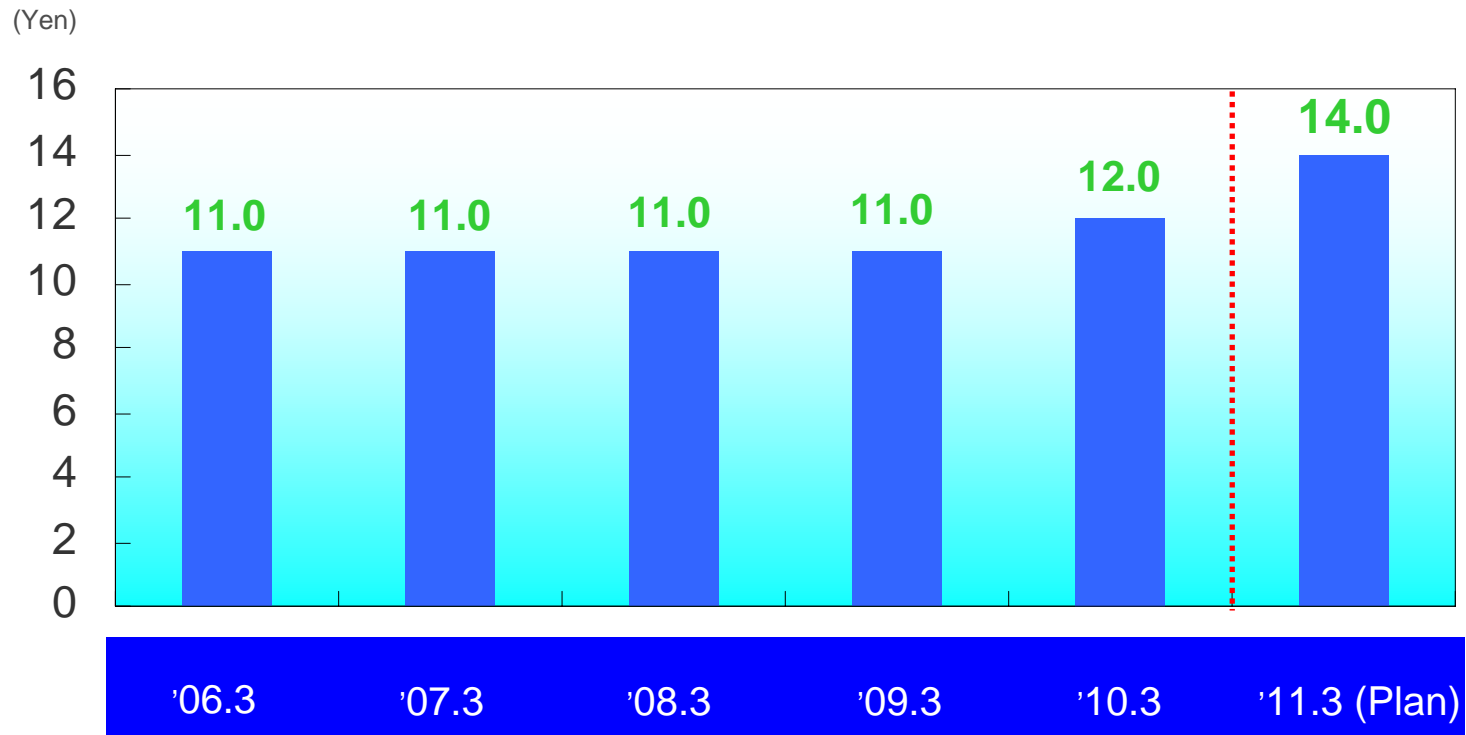
Development of future educational courses





**Annual dividend for FY2011: 14 yen
(7 yen interim dividend + 7 yen year-end dividend)**

2 yen increase of annual dividends for FY2011



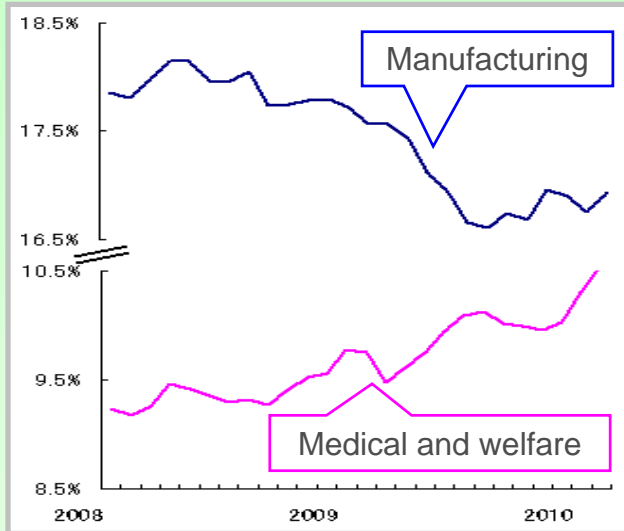
The Company executed a 2-for-1 common share split on April 1, 2009, and the figures were retroactively adjusted accordingly.

Future Prospects



Business environment (1) – Working environment

◆ Employees by industry



Source: Labour Force Survey, Ministry of Internal Affairs and Communications

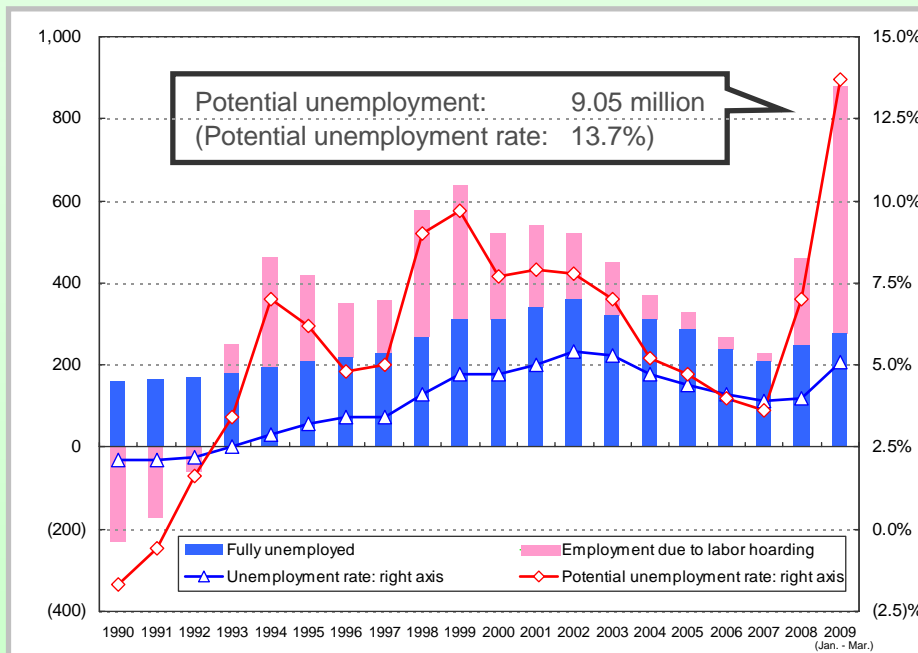
◆ Employees by major industries (As of Feb. 2010)

(10 thousand)

Types of industry	No. of workers	Changes from a month ago
Total	6,278	-25
Manufacturing	1,063	7
Wholesale and retail	1,060	-7
Medical and welfare	663	13
Construction	511	-15
Other services	473	-3
Hotels and restaurants	380	8

Source: Labour Force Survey, Ministry of Internal Affairs and Communications

◆ Trend in unemployment rate



Source: "Current Status and Key Issues Facing Japanese Industry", Ministry of Economy, Trade and Industry

Note 1: "Employment due to labor hoarding" is calculated as the difference between the "actual number of people employed" and the "optimal number of people required for production". In addition, "optimal employment" means the number of workers who can achieve an appropriate level of labor productivity with the average number of labor hours (Here, labor productivity is measured at peak capacity utilization.)

Note 2: "Potential unemployment" is expediently calculated as the total of unemployed people and those employed due to labor hoarding. The "potential unemployment rate" is calculated by dividing potential unemployment by the labor force.



Business environment (2)

1. December 30, 2009: Cabinet Decision Approving “The New Growth Strategy (Basic Policies) Toward a Radiant Japan”

(Excerpt)

○ Aim to Achieve Real GDP Growth Above 2% by Fiscal 2020

Six growth areas making the most of Japan's strengths (The environment and energy, **health**, Asia, tourism and local revitalization, science and technology, and **employment and human resources**)

	[Targets to reach by Fiscal 2020]	[Principal Measures]
Health (Medical and long-term care)	<ul style="list-style-type: none"> Foster industries that meet demand and create jobs Approx. ¥45 trillion in new markets and approx. 2.8 million new jobs 	<ul style="list-style-type: none"> Make medical, long-term care, and other health-related sectors into growth industries (Promote market entry by private sector entities, etc.) Promote expansion into Asian and other overseas markets
Employment and human resources	<ul style="list-style-type: none"> Halve the number of “freeters” (young people subsisting on part-time employment); reduce the number of NEAT, people who are not employed, or pursuing an education or training; promote employment of the elderly, and correct the M-curve profile of female employment 	<ul style="list-style-type: none"> Increase employment rates for young people, women, the elderly, and the disabled Create a “trampoline-style” safety net (a social safety net that, instead of simply paying financial benefits, equips those who lose their jobs with new job skills to gain employment in a different line of work)

2. May 18, 2010: Ministry of Economy, Trade and Industry “Industrial Structure Vision” outline proposal

○ Five Strategic Industries for the Future

(Infrastructure-related industries; next-generation energy solutions; culture-related businesses; **medical, long-term, health, and child care services**; and advanced areas)

Medical, Long-Term, Health, and Child Care Services

- (1) Creation of health-related industries separate from the public insurance scheme (Promotion of partnerships between medical institutions and private-sector service providers)
- (2) Development of child care services as a full-blown industry



Future business outlook

Change in the industrial structure

- Make the medical, long-term care, and health-related industries, which are expected to grow rapidly and create jobs, into growth leaders for Japan.

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)

Increasing demand for services

Expanding needs for quantity and quality
 Untapped market with spending power

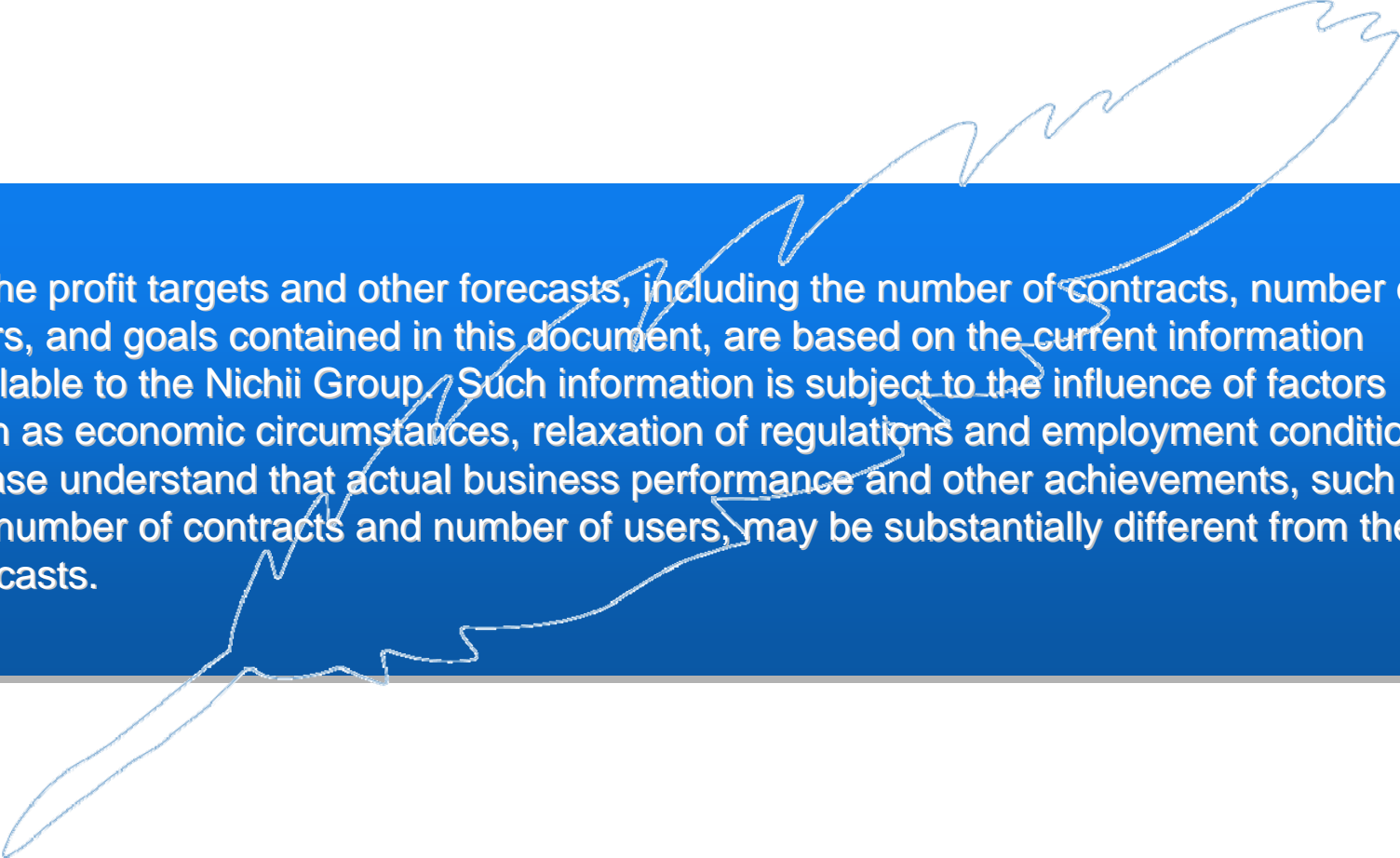
- emergence of new demands
- expansion into peripheral services

Increased demand for human resource development

The demand for human resource development in the medical, long-term care, and health-related industries will continue to increase

Nichii's sustainability of growth and competitive advantage

- Expansion of the Nichii Group's business activities as the industrial structure changes
- 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>>



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.