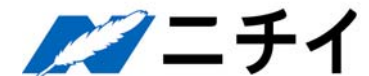


NICHI GAKKAN COMPANY
For the Year Ended March 2012 (FY2012)
Financial Results Briefing Document

May 17, 2012

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**Information Meeting of
Financial Report for the Year
Ended March 31, 2012**

President and Representative Director

Masatoshi Saito

1. FY2012 Overview of Financial Results

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2. FY2013 Forecast

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FY2012 Overview of Financial Results

FY2012 Financial Results

Consolidated

(Unit: Million yen)

	FY2011	FY2012	
	Amount	Amount	Year on Year
Net sales	240,827	257,340	6.9%
Operating income	7,868	11,672	48.3%
%	3.3%	4.5%	
Ordinary income	9,660	12,674	31.2%
%	4.0%	4.9%	
Net income	3,478	5,897	69.5%
%	1.4%	2.3%	
<Reference> Comprehensive income	3,375	5,933	75.8%
%	1.4%	2.3%	

1. Net sales reached another record high (for 4 consecutive years)

- 1) Revenue growth trend continued at Health Care Business
 - Solid growth in number of users for each service
 - Fiscal year-end of Nichii Care Palace Co., Ltd. (Nichii Home) changed from Dec. to Mar. Results recorded for 15-month period from January 2011 to March 2012
- 2) Expanded Education Business by making GABA as a consolidated subsidiary

2. Operating income exceeded ¥10.0 billion, profit growth for 3 consecutive years

- 1) Operating income:
 - Exceeded ¥10.0 billion for the first time since FY2004 (Company's 3rd highest)
 - Large profit growth on improved operational efficiency at main businesses
- 2) Net income: ROE 10.8% (up 3.9% year on year)
- 3) Operating cash flow: A record ¥16,128 million

3. Strengthening of group management capabilities with new management structure

- 1) Earnings contribution from GABA from 3Q
- 2) Launched business development in China by NICHII CARENET COMPANY and establishing Riye Fuli Qiju Maoyi (Shanghai) Co., Ltd. in China
- 3) Nichii Care Palace Co., Ltd. (Nichii Home) achieved full-year profitability

FY2012 Net Sales and Operating Income by Business

Consolidated net sales

(Unit: Million yen)

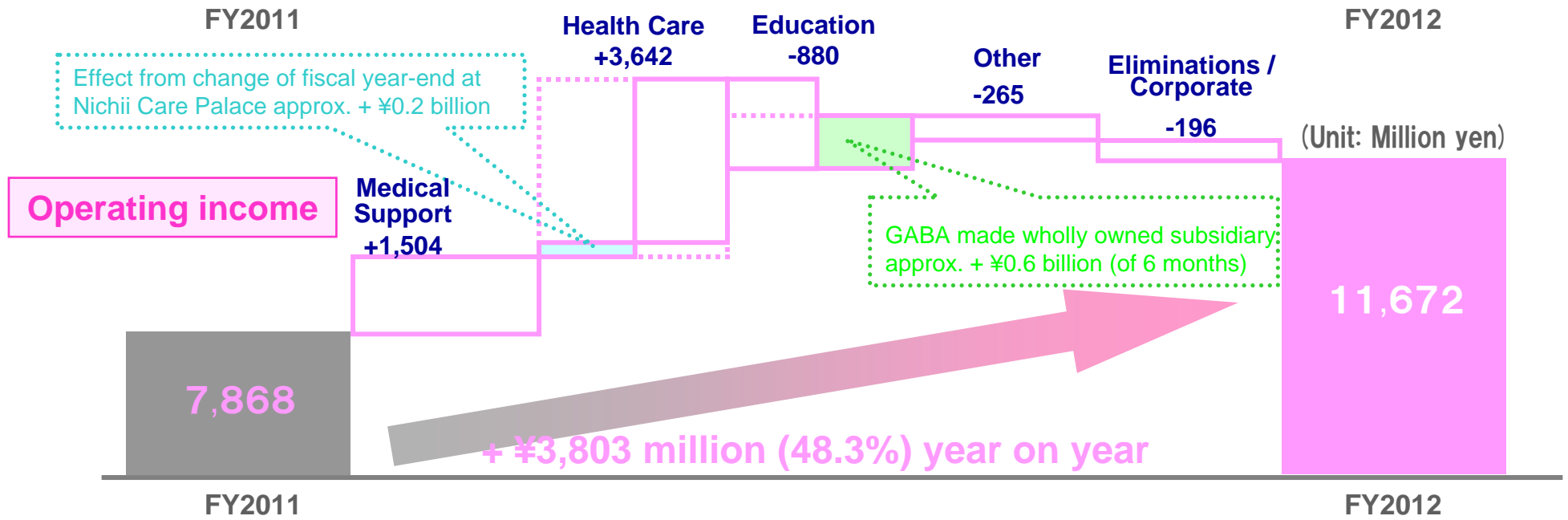
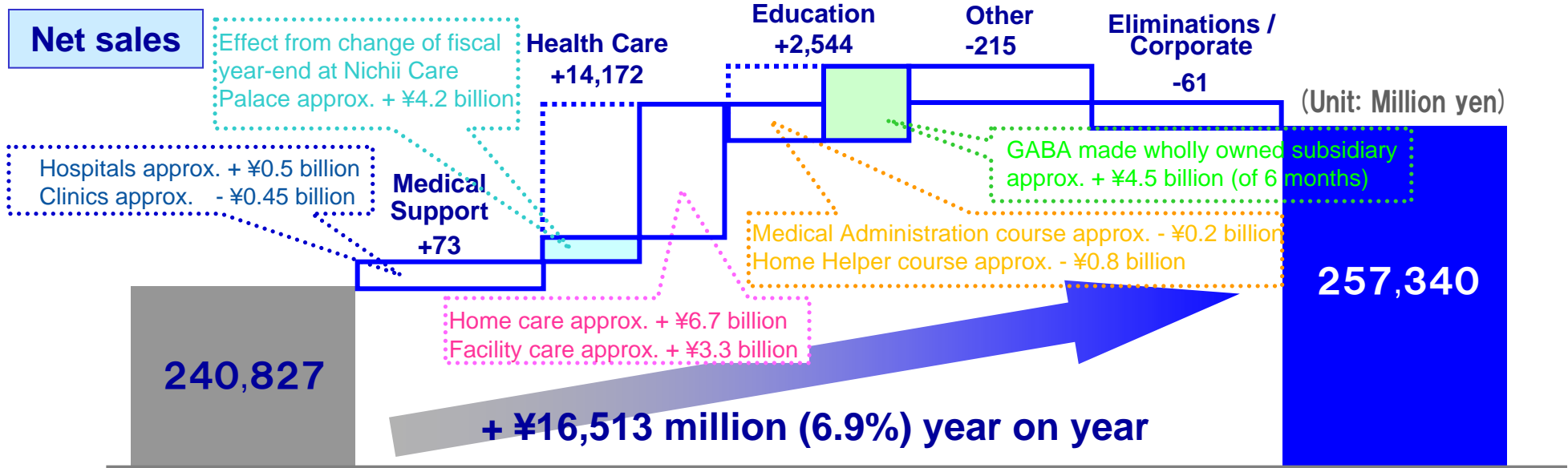
	FY2011 Result	FY2012 Result	Year on Year	
			Change	%
Medical Support Business	103,227	103,301	74	0.1%
Health Care Business	124,321	138,493	14,172	11.4%
Education Business	12,907	15,451	2,544	19.7%
Other Businesses	1,642	1,427	(215)	(13.1%)
Eliminations / Corporate	(1,271)	(1,333)	(62)	-
Total	240,827	257,340	16,513	6.9%

Consolidated operating income

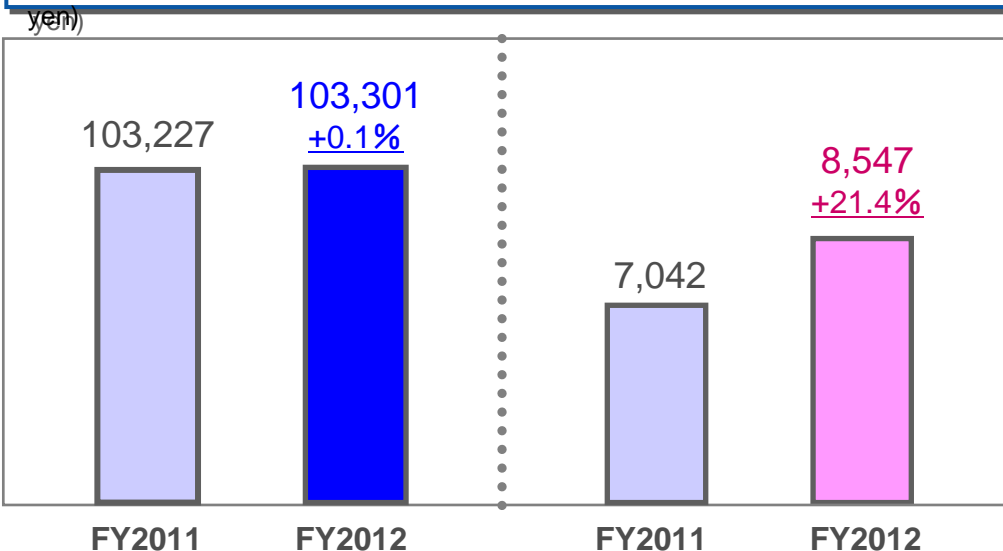
(Unit: Million yen)

	FY2011 Result	FY2012 Result	Year on Year	
			Change	%
Medical Support Business	7,042	8,547	1,505	21.4%
Health Care Business	6,500	10,142	3,642	56.0%
Education Business	1,596	715	(881)	(55.2%)
Other Businesses	(68)	(334)	(266)	-
Eliminations / Corporate	(7,201)	(7,397)	(196)	-
Total	7,868	11,672	3,804	48.3%

Factors of Changes in Net Sales and Operating Income (Year on Year)

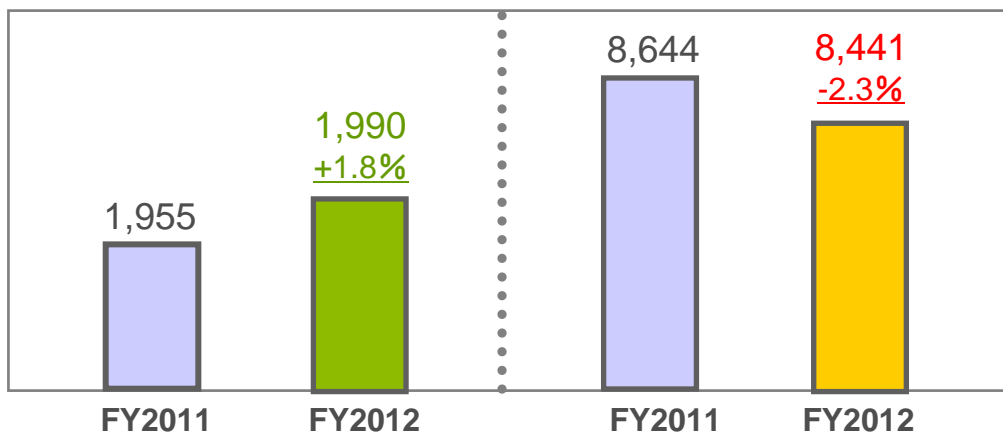


Consolidated (Unit: Million yen)



Number of contracted medical institution (Unit: Cases)

Hospitals Clinics and other



Overview of Financial results for FY2012

◆ Hospital sales rose on efforts to stabilize earnings

- Sales growth maintained on expansion of business with hospitals under contract
- New contracts acquired, mainly with private hospitals
Received contracts for services related to revisions to medical service fees
⇒ No. of hospitals under contract: up 35 cases year on year

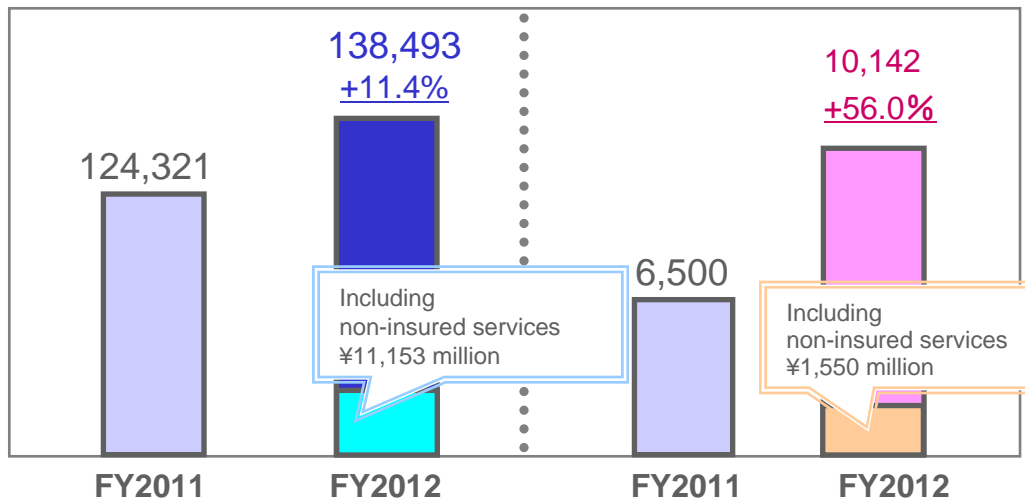
◆ Progress in contract revision strategy

- Continued increases in staff compensation
- Higher profitability through improved operational efficiency
⇒ Operating income + ¥1,505 million (+21.4%) year on year

◆ Expanded management support services

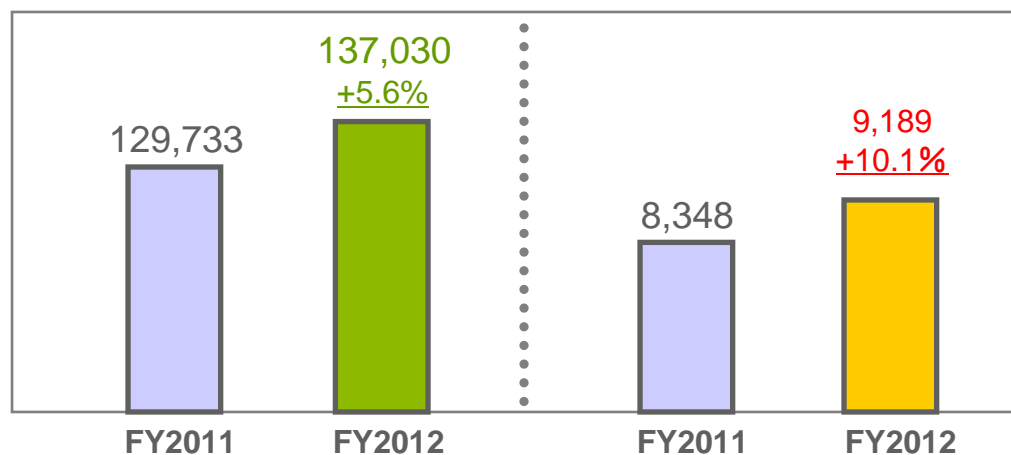
- Developed and offered new products
Medical care market survey services, patient satisfaction survey services, etc.
- Expanded international medical exchange services
Collaboration with language business to support medical institutions
Received contract to support development of Ministry of Health, Labour and Welfare's system to certify medical institutions to receive foreign patients

Consolidated ■ Net sales ■ Operating income (Unit: Million yen)



Number of users by service (Unit: Person)

■ Home care ■ Facility care



Overview of financial results for FY2012

◆ Expansion of Home care and Facility care Services

- Increase in the number of service users
- Aggressive service center development

	No. of facilities	
	FY2011	FY2012
Care plan	694	737 (+43)
Home-visit long-term care	1,022	1,062 (+40)
Home-visit nursing care	2	23 (+21)
Day-care	294	326 (+32)
Hohoemi	217	241 (+24)
Kirameki	34	42 (+8)
Nichii Home	48	50 (+2)

◆ Earnings contribution from Nichii Care Palace

- Achieved full-year profitability, earnings recorded of 15 months
- Net sales ¥20,369 million; Operating income ¥369 million (Including 3-month portion: ¥4,214 million / ¥214 million)

◆ Strengthened services not covered by insurance

- The number of users of welfare services for the handicapped surpassed 10,000
- FY2012 operating margin for non-insured services: 13.9% (Composition to Health care business operating income: 15.3%)

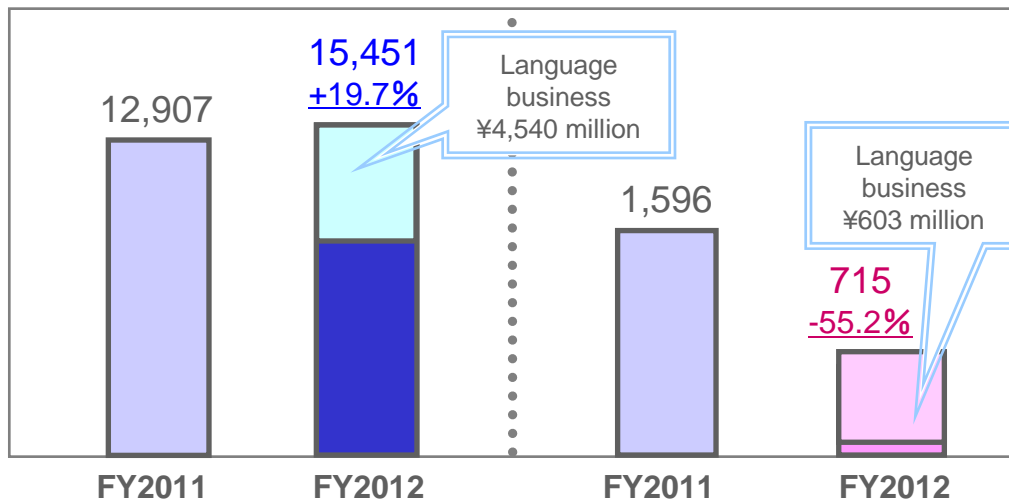
◆ Preparations to develop welfare equipment wholesale business in China

- Established Riyi Fuli Qiju Mayo (Shanghai) Co., Ltd., in February 2012

(Unit: Million yen)

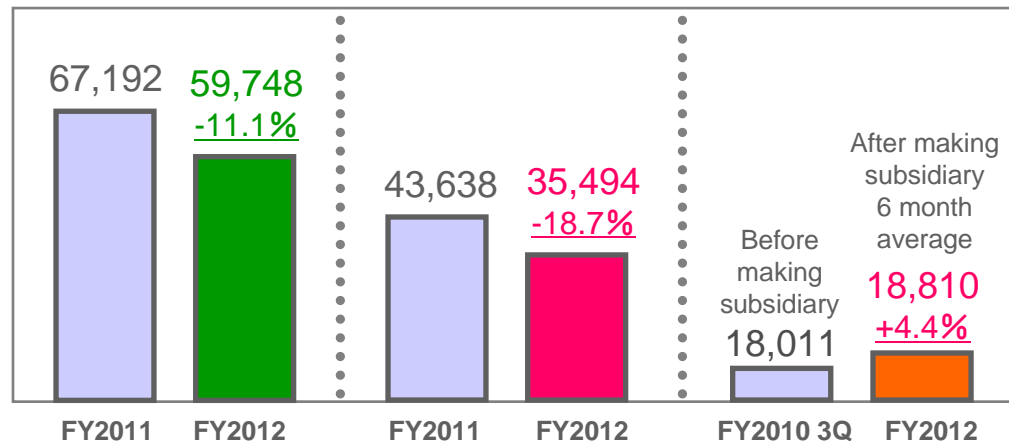
		FY2011		FY2012		
		2Q	Full Year	2Q	Full Year	
		Amount	Amount	Amount	Revised Forecast	Amount (Result)
	Hohoemi	8,683	17,640	9,479	19,400	19,480
	Kirameki	3,276	6,594	3,560	7,400	7,350
	Home	7,505	15,471	7,940	16,400	20,369
Net sales		19,464	39,705	20,980	43,200	47,200
	Hohoemi	1,204	2,467	1,580	3,100	3,314
	%	13.9%	14.0%	16.7%	16.0%	17.0%
	Kirameki	367	716	403	700	723
%	11.2%	10.9%	11.3%	9.5%	9.8%	
	Home	278	838	554	1,600	2,010
	%	3.7%	5.4%	7.0%	9.8%	9.9%
Gross profit		1,850	4,021	2,539	5,400	6,048
%		9.5%	10.1%	12.1%	12.5%	12.8%

Consolidated ■ Net sales ■ Operating income (Unit: Million yen)



Number of students by course (Unit: Person)

■ Home Helper Level 2 ■ Medical Administration ■ Language



Overview of financial results for FY2012

◆ Students increased particularly for 2 main courses

- Home Helper Level 2 course:
59,748 students (down 11.1% year on year)
- Medical Administration course:
35,494 students (down 18.7% year on year)

◆ Full-fledged entry into language business

- Made GABA Corporation a wholly owned subsidiary
- Solid growth in the number of clients
18,810 (up 4.4% year on year)
⇒ Contributing to earnings stabilization
Net sales ¥4,540 million, Operating income ¥603 million

◆ Strengthened development and expansion of new courses

- Redoubled efforts to develop Web College (e-learning courses)
- Developed and expanded Dispensing Pharmacy Administration Course

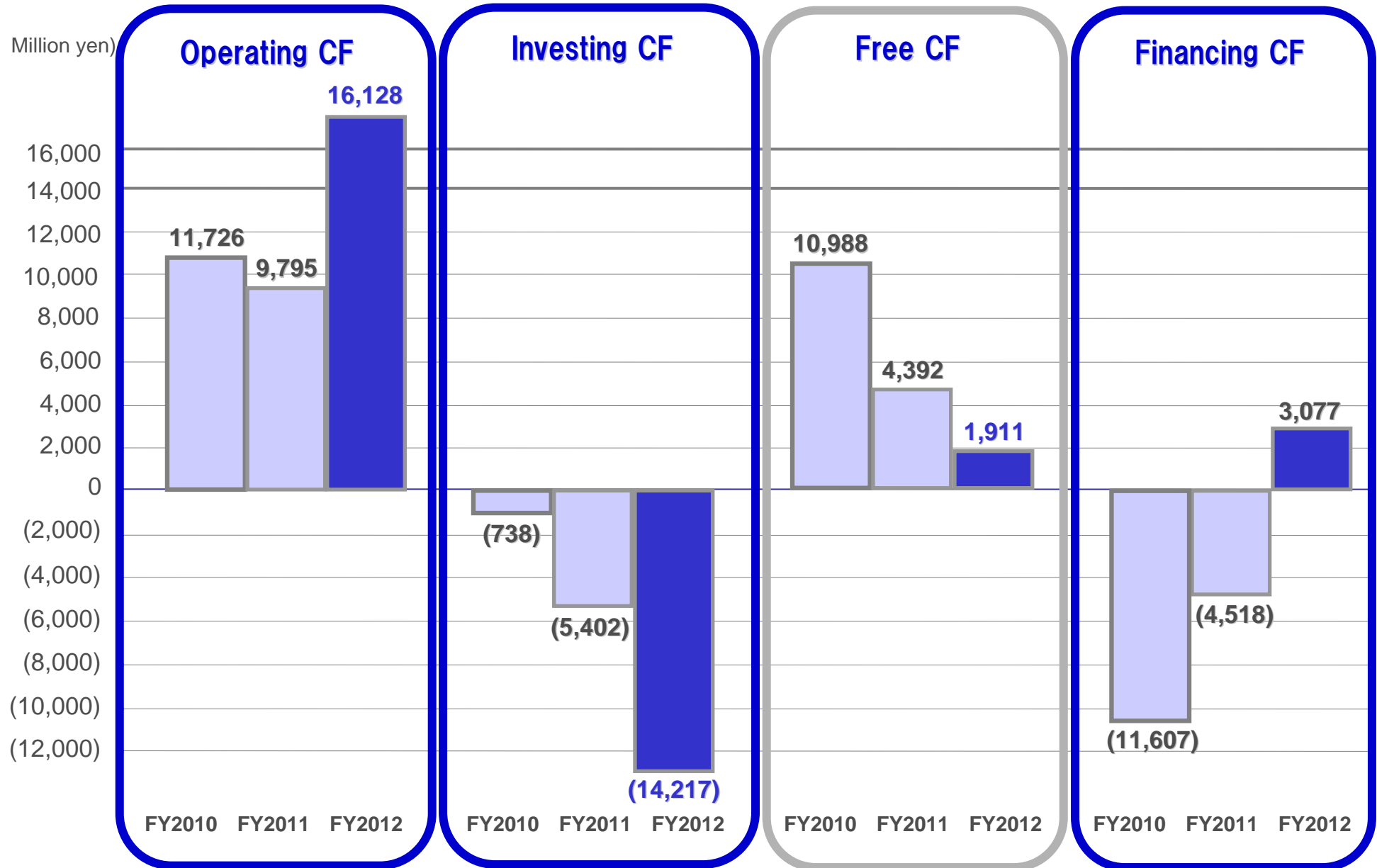
◆ Aggressively pursued job training program contracts

- Pursued contracts for public job training programs, “Study and obtain a qualification as a care worker while working at long-term care facilities” program by Ministry of Health, Labor and Welfare and subsidized job training programs

(shifted to job-seeker support system in October)

Consolidated Cash Flows

(Unit: Million yen)



FY2013 Forecast

Management Targets

Achieve stable and long-term growth by expanding areas of business and strengthening management base

FY2013: New Strategic investment for stable growth

FY2014 and beyond: Aiming for stable growth by investment recovery in existing and new businesses

Management Indicate as Target

FY2012

Net sales growth 6.9% year on year

Operating margin 4.5%

ROE 10.8%

Medium- to Long-Term Target

Double-digit growth of net sales year on year

Operating margin 7% or higher

ROE 15% or higher

Review of Management Issues and Responses During Rapid Growth Period from FY2000 to

FY2000	Net sales ¥92,178 million	Operating income ¥5,143 million
FY2012	Net sales ¥257,340 million	Operating income ¥11,672 million

Issue	Response
Profitability	<ul style="list-style-type: none"> • Revision of contracts for medical support services
Risk from regulatory changes	<ul style="list-style-type: none"> • Expansion of services not covered by long-term care insurance FY2012: Net sales ¥11,153 million (8.1%); Operating income ¥1,550 million (15.3%) • Expansion of total long-term care service menu FY2001: 6 services FY2012: 15 services <p style="text-align: right;">*Figures in parentheses are composition ratio to Health Care business.</p>
Growth	<ul style="list-style-type: none"> • Make Health care business as 2nd pillar of internal growth and achieve high growth through M&A FY2001: Net sales ¥20,346 million; Number of facilities 749 FY2012: Net sales ¥138,493 million; Number of facilities 1,285 • M&A July 1999: Healthy Life November 2007: COMSN September 2011: GABA
Risk from macroeconomic changes	<ul style="list-style-type: none"> • GABA becoming subsidiary reduced macroeconomic risk at Education Business, but issues remain FY2004: Net sales ¥17,443 million; Operating income ¥3,093 million FY2006: Net sales ¥13,559 million; Operating income - ¥2,419 million FY2010: Net sales ¥15,255 million; Operating income ¥2,922 million
Group strength	<ul style="list-style-type: none"> • Increase of subsidiaries which contribute to earning ; Nichii Care Palace, GABA and others FY2011 Consolidated-parent ratio: Net sales 1.08; Operating income 0.93 FY2012 Consolidated-parent ratio: Net sales 1.12; Operating income 1.06

Issues remain at Education Business

Restructuring of Education Business essential for earning stabilization

Medical Support: Profit level recovering

FY2012 operating margin
8.3%

FY2011 operating margin
6.8%

Average operating income margin
(10 years) 10.5%

Health Care: Profit level rising

FY2012 operating margin
7.3%

FY2011 operating margin
5.2%

Average operating income margin
(10 years) 2.3%

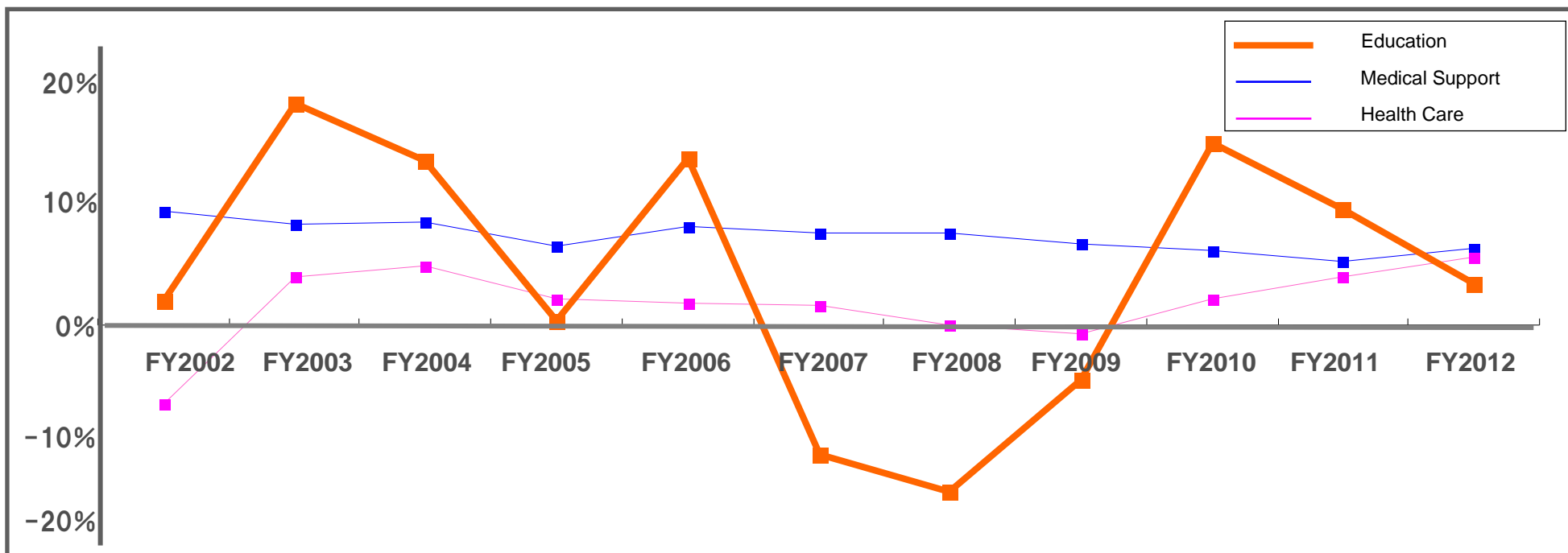
Education: Large profit fluctuation

FY2012 operating margin
4.6%

FY2011 operating margin
12.4%

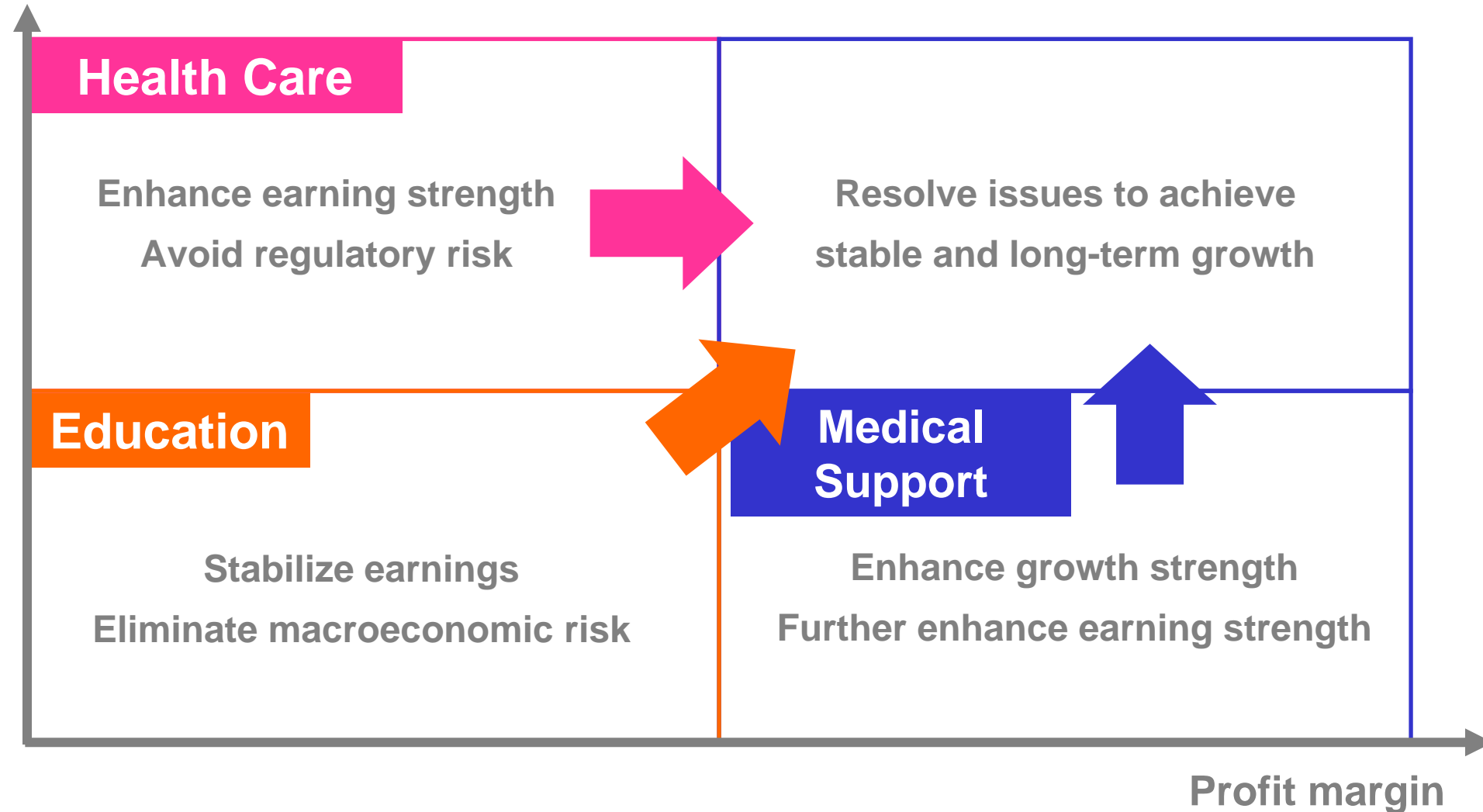
Average operating income margin
(10 years) 6.2%

Operating income by business



Management Strategy 4 Positioning of Respective Business and Issues Going Forward

Growth rate



Strategy by Business

Medical Support

Increase growth and profitability by strengthening management support services development

Existing Strengthen human resource base, further raise operational efficiency

New Businesses Strengthen development of total management support services
(collaboration with regional medical facilities, international medical exchanges, etc.)

Health Care

Raise profitability and avoid regulatory risk by strengthening development of non-insured services

Existing Raise facility utilization, operational efficiency
Proactively open facilities
Strengthen collaboration between medical facilities and long-term care through home-visit nursing

New Businesses Expand non-insured services
•Welfare services for the handicapped
•Daily life support services
•Private brand products, etc.

Education

Raise growth and profitability by developing new courses in language business

Existing Strengthen job training support function
Review curricula
Develop courses that address regulatory changes

New Businesses Strengthen language business development
Develop and expand lifelong learning, professional accreditation courses

Strengthen position in language school market, where stable growth is forecast, to bolster competitiveness and earnings strength

1. Pursue synergies between businesses

Use strategic investment to organically connect businesses and deploy competitive advantages

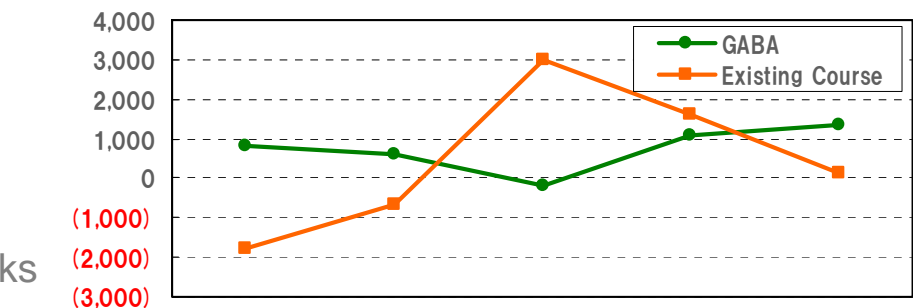
- 1) Combination of Language and child care (English conversation lessons for children)
- 2) Combination of Language and medical support (international medical exchanges)
- 3) Combination of Long-term care and child care (increase facility utilization, raise customer satisfaction)

2. Avoid macroeconomic risks

Address issues at Education Business

- 1) Enhance earnings strength
- 2) Address macroeconomic (hiring trend) risks

■ Change in operating income by respective types in education business



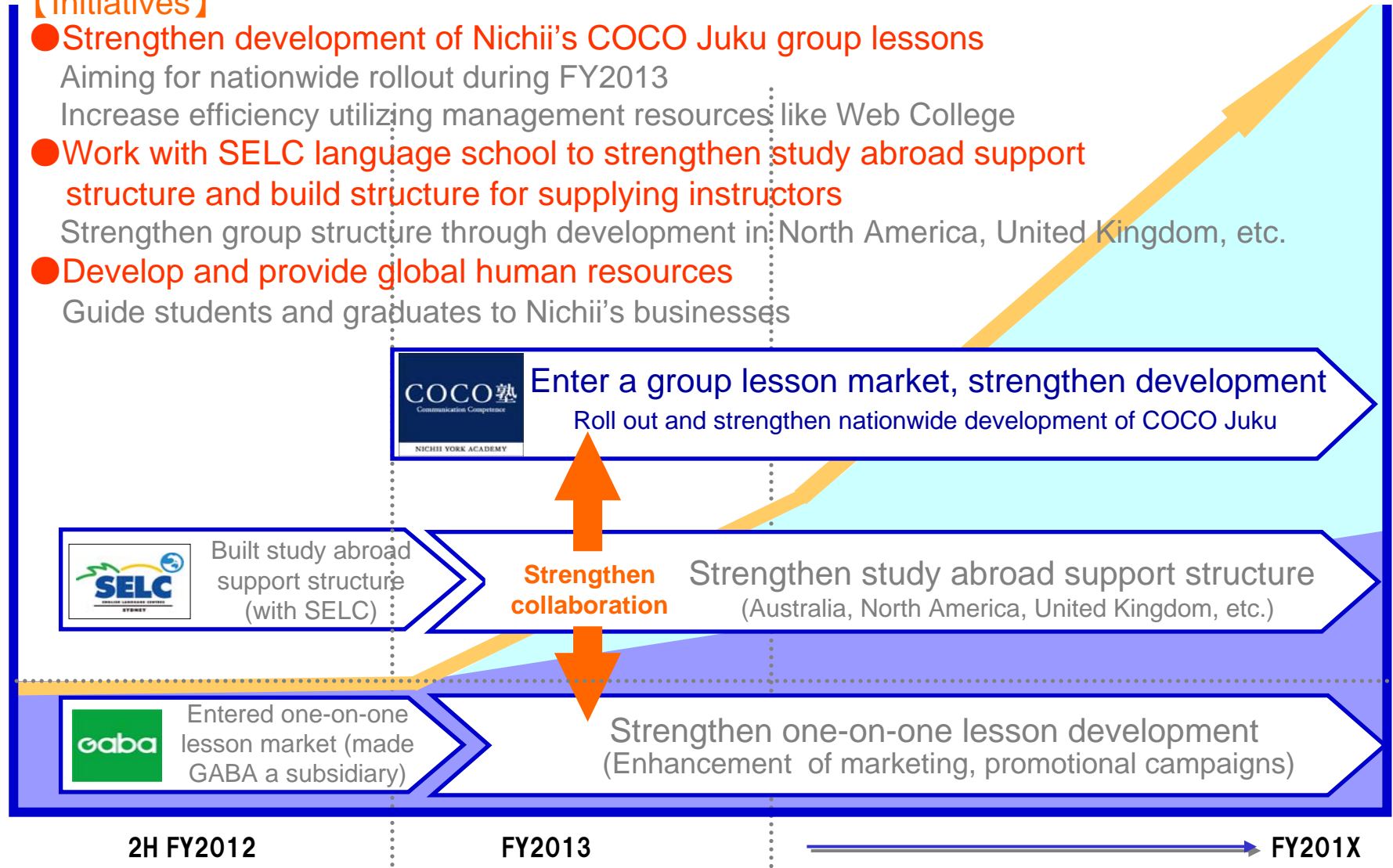
GABA results for FY2011: from Jan. to Dec.
FY2007 FY2008 FY2009 FY2010 FY2011

Expand business scale by cultivating group lesson market

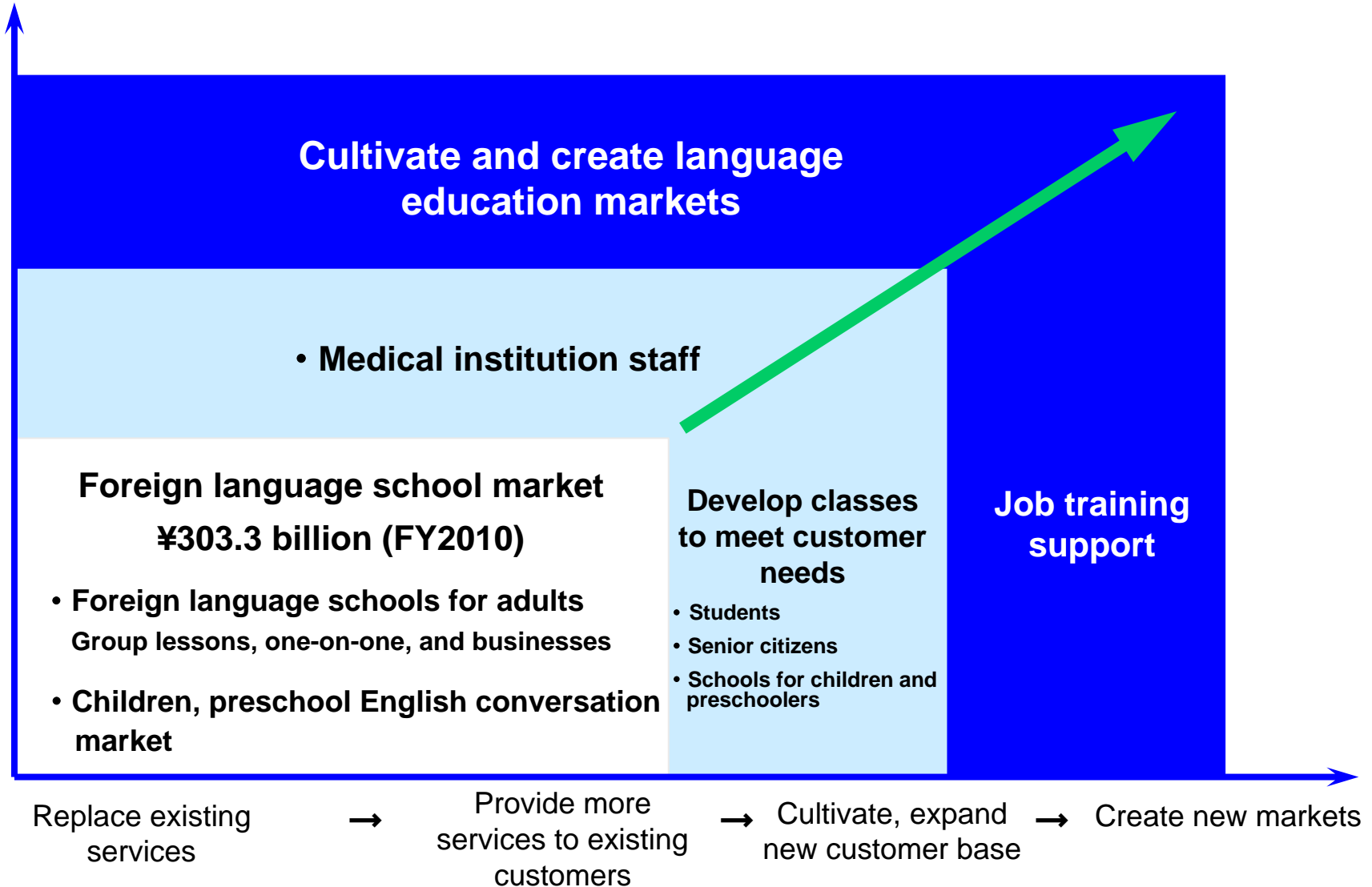
【Initiatives】

- **Strengthen development of Nichii's COCO Juku group lessons**
 Aiming for nationwide rollout during FY2013
 Increase efficiency utilizing management resources like Web College
- **Work with SELC language school to strengthen study abroad support structure and build structure for supplying instructors**
 Strengthen group structure through development in North America, United Kingdom, etc.
- **Develop and provide global human resources**
 Guide students and graduates to Nichii's businesses

Expansion of business scale



Spur innovation in Japan's language education market



Diversification

- Make education business the 3rd pillar
- Secure earnings source

Activation

- Reduce macroeconomic risk
- Revitalize existing businesses
Medical support, International medical exchanges, Health care, English conversation lessons for senior citizens, Child care, Preschool English programs

- Expand education course lineup
- Go into prospective business fields

Sophistication

- Nationwide network
Main Business's customer bases
- Multiple utilization of management resources

Utilization

Consolidated

(Unit: Million yen)

	FY2012	FY2013	
	Amount (Result)	Amount (Forecast)	Year on Year
Net sales	257,340	274,000	6.5%
Operating income	11,672	11,400	(2.3%)
%	4.5%	4.2%	
Ordinary income	12,674	11,000	(13.2%)
%	4.9%	4.0%	
Net sales	5,897	5,800	(1.6%)
%	2.3%	2.1%	

1. Strategic investment for stable, long-term growth

- Invest in education, language business – develop nationwide group lesson business through COCO Juku

2. Another record-high net sales (up 6.5% year on year)

- Health care business (up 3.4% year on year)
Increase the number of users in respective services
- Education business (up 72.1% year on year)
Full contribution from business results of GABA and beginning of contribution from COCO Juku

3. Intentional profit decline resulting from strategic investment (down 2.3% year on year)

- Temporary profit decline from upfront investment for nationwide rollout of language education business

FY2013 Forecast Net Sales and Operating Income by Business

Consolidated net sales

(Unit: Million yen)

	FY2012 Results	FY2013 Forecast	year on year
			%
Medical Support Business	103,301	103,800	0.5%
Health Care Business	138,493	143,200	3.4%
Education Business	15,451	26,600	72.1%
Other Businesses	1,427	1,400	(1.9%)
Eliminations / Corporate	(1,333)	(1,000)	-
Total	257,340	274,000	6.5%

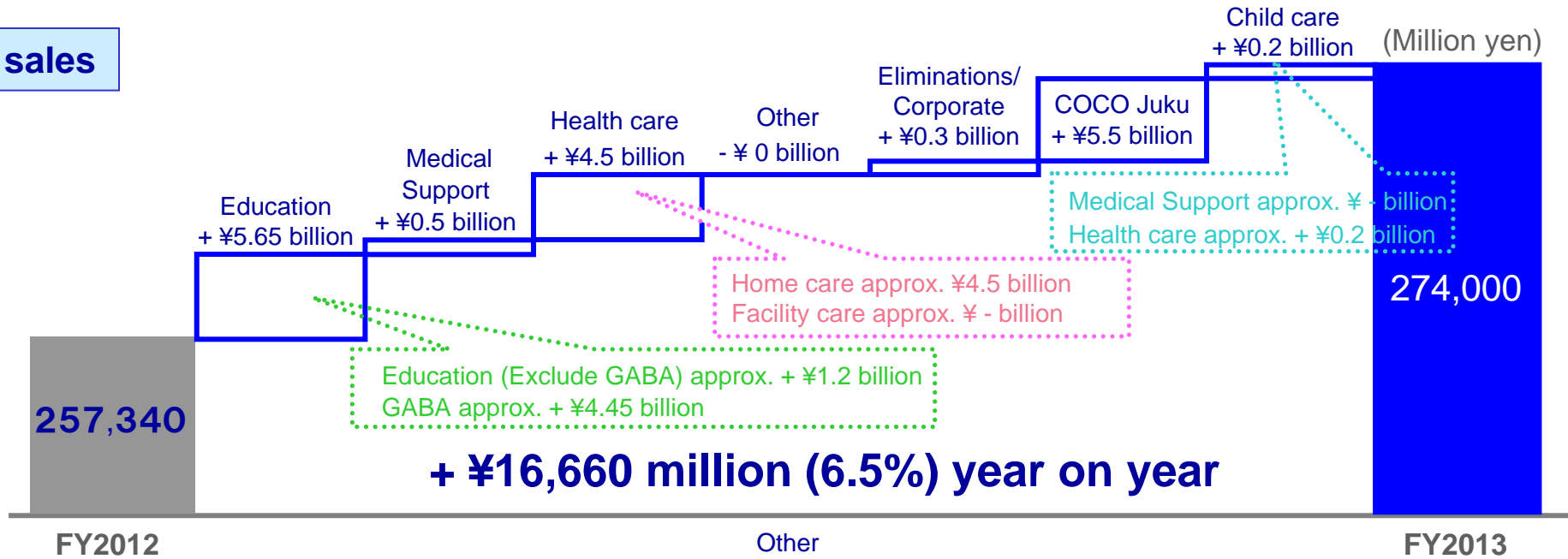
Consolidated operating income

(Unit: Million yen)

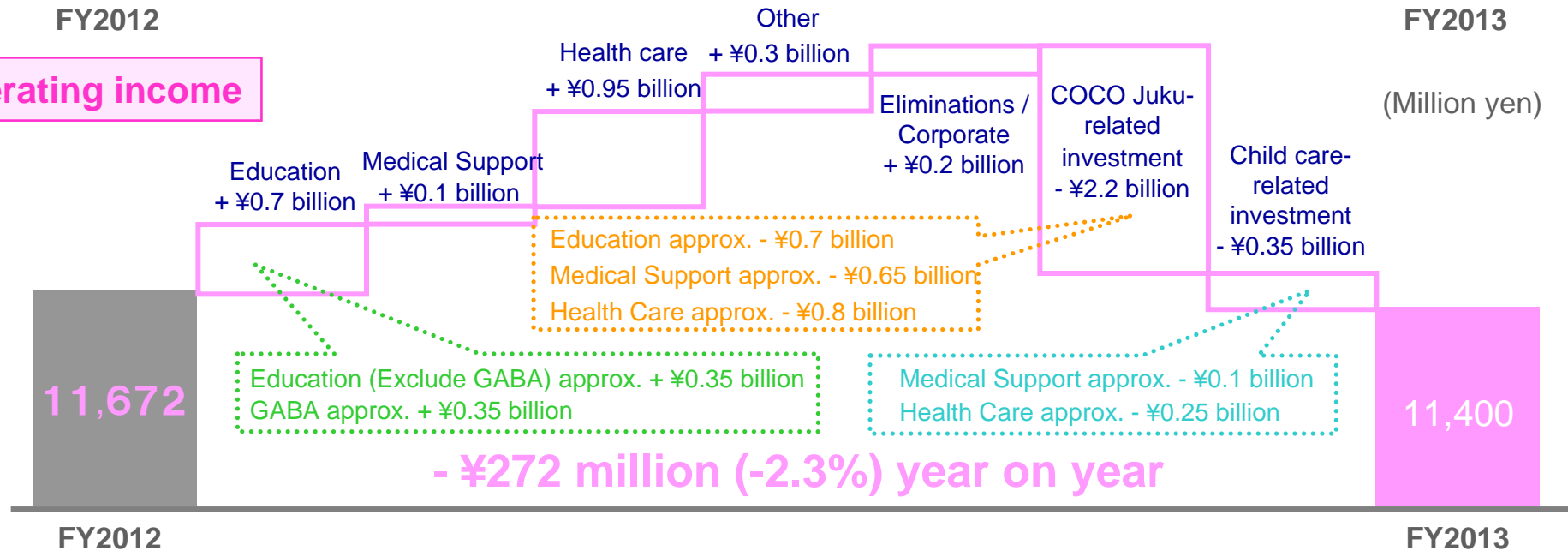
	FY2012 Results	FY2013 Forecat	year on year
			%
Medical Support Business	8,547	7,900	(7.6%)
Health Care Business	10,142	10,000	(1.4%)
Education Business	715	700	(2.2%)
Other Businesses	(334)	0	-
Eliminations / Corporate	(7,397)	(7,200)	-
Total	11,672	11,400	(2.3%)

Factors of Changes in Net Sales and Operating Income (Year on Year)

Net sales



Operating income



2012 Revisions to Long-Term Care Compensation

Revisions

Under the 2012 revisions, compensation for long-term care services was revised as follows, based on improved compensation for care workers, lower prices, business conditions for care workers, and moves toward regional comprehensive care:

Revision to long-term care compensation: +1.2% (home +1.0%, facility +0.2%)

(As a result of the improved compensation for care workers factored into compensation for long-term care services: -0.8%)

Main Points

● Review of compensation prices

Review of prices for each service

Regional portion: Review based on civil service pay scale

Time portion: Review of time portion in calculation of compensation for home-visit and day-care services

● Strengthening of home care through collaboration between medical institutions and long-term care services

Introduction of 24-hour local patrols, on-demand home visits, strengthen home-visit care

● Shift to higher compensation paid to long-term care workers

Higher compensation paid to long-term care workers, which had been implemented to March 2012 to improve labor conditions, was factored into long-term care compensation.

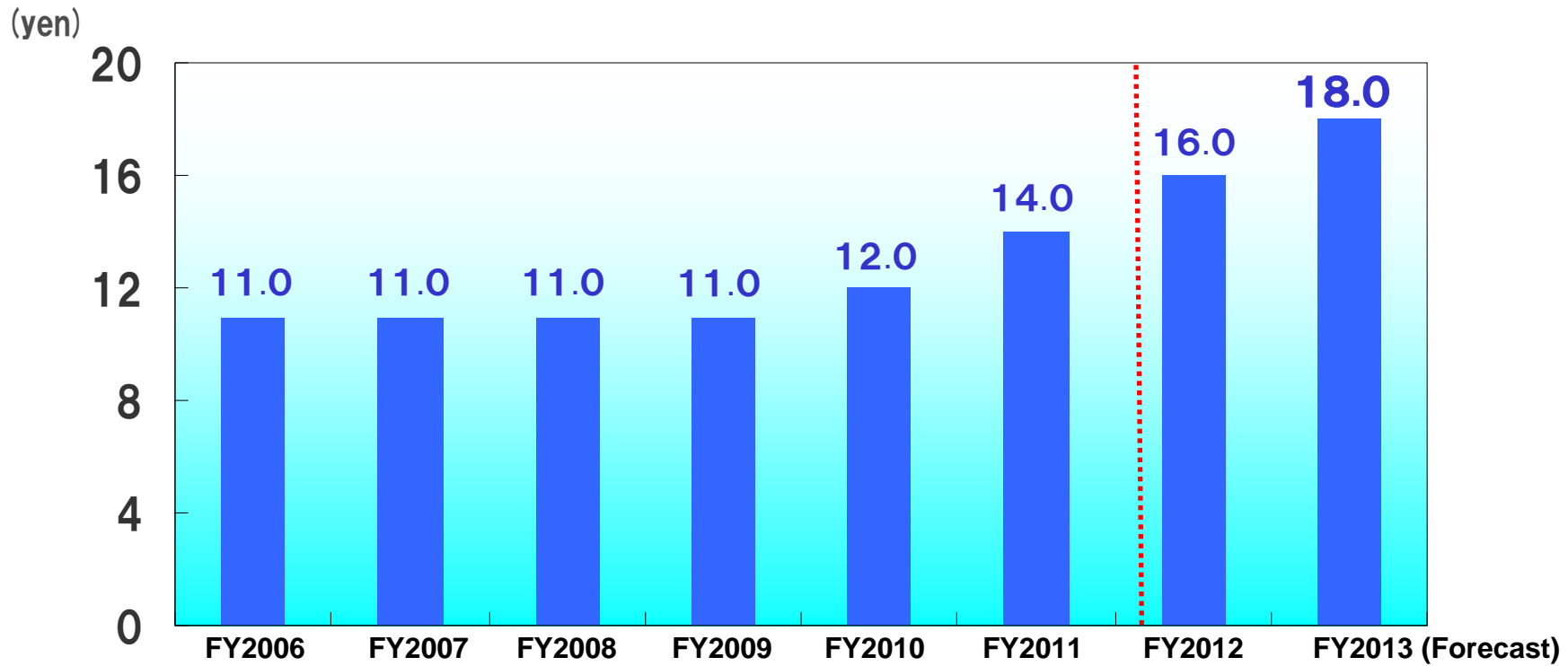
● Promoting prioritization, efficiency

Strengthening preventive care and services that prevent symptom aggravation, increase efficiency in long-term care services

“Stable and continuous returns” is our basic principle

In anticipation of record profit going forward, dividend increase for 4 consecutive years

Forecast for FY2013: ¥18 (¥9 interim dividend + ¥9 year-end dividend)



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

All the profit targets and other forecasts, including the number of contracts, number of users, and goals contained in this documents, 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 form the forecasts.

<<Contact information>>

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やさしさを、私たちの強さにしたい。

