



Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2013 (J-GAAP)

February 8, 2013

Name of listed company: Nichii Gakkan Company
 Securities code: 9792 URL: <http://www.nichiigakkan.co.jp>
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 Scheduled date of filing quarterly financial report: February 12, 2013
 Scheduled date to start dividends distribution: —
 Supplementary quarterly materials prepared: Yes
 Quarterly results information meeting held: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the nine months ended December 31, 2012 (April 1, 2012 - December 31, 2012)

(1) Consolidated business results

(Percentage figures represent changes from the previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2012	199,587	6.0	6,634	(23.3)	6,126	(29.0)	2,885	(26.1)
Nine months ended December 31, 2011	188,265	4.2	8,654	39.9	8,633	25.9	3,903	39.7

(Note) Comprehensive income: Nine months ended December 31, 2012: ¥3,025 million (-22.9 %)
 Nine months ended December 31, 2011: ¥3,921 million (42.3%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended December 31, 2012	41.49	—
Nine months ended December 31, 2011	56.52	—

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of December 31, 2012	162,966	59,601	36.4
As of March 31, 2012	157,816	57,442	36.2

(Reference) Shareholders' equity: As of December 31, 2012: ¥59,304 million As of March 31, 2012: ¥57,166 million

2. Dividends

	Cash Dividends per Share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2012	—	8.00	—	8.00	16.00
Year ending March 31, 2013	—	9.00	—		
Year ending March 31, 2013 (forecast)				9.00	18.00

(Note) Revision since the most recently announced dividend forecast: None

3. Forecast of consolidated financial results for the year ending March 31, 2013 (April 1, 2012 - March 31, 2013)

(Percentage figures represent changes from previous year for full year figures.)

	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
Full year	266,800	3.7	7,200	(38.3)	6,700	(47.1)	2,900	(50.8)	41.66

(Note) Revision since the most recently announced financial result forecast: None

* Notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Application of the specific accounting for preparing the quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates and restatement

1) Changes in accounting policies due to revisions of accounting standards, etc.: None

2) Changes in accounting policies due to reasons other than those stated in 1): Yes

3) Changes in accounting estimates: Yes

4) Restatement: None

(Note) These changes are relevant to “Changes in significant matters forming the basis of preparing the quarterly consolidated financial statements (Section 5 of Article 10)”. For more details, please refer to “2. Summary (Notes) information, (3) Changes in accounting policies, accounting estimates and restatement” on page 4.

(4) Number of shares outstanding (common stock)

1) Number of shares issued and outstanding (including treasury stock)

As of Dec. 31, 2012:	73,017,952 shares	As of March 31, 2012:	73,017,952 shares
As of Dec. 31, 2012:	3,131,366 shares	As of March 31, 2012:	3,574,673 shares
Nine months ended Dec. 31, 2012:	69,541,611 shares	Nine months ended Dec. 31, 2011:	69,061,330 shares

2) Number of treasury stock

3) Average number of shares issued and outstanding in each period (quarterly consolidated cumulative period)

* Implementation status of quarterly review procedures

The quarterly review procedure based on the Financial Instruments and Exchange Act does not apply to these quarterly financial statements, and the procedure based on the Financial Instruments and Exchange Act is in operation as of the release of these quarterly financial statements.

* Explanation concerning the appropriate use of financial result forecasts and other special notes

The above forecasts are based on information Nichii Gakkan Company had in its possession as of the time this report was prepared and on certain assumptions judged to be reasonable. Various factors may cause actual results to differ significantly from forecasts. Please refer to the disclaimers, provided under “Qualitative information on consolidated financial result forecasts” on page 4 of the quarterly consolidated financial results (appendix materials), regarding assumptions upon which forecasts are based and the use of forecasts.

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1. Qualitative information on quarterly financial results

(1) Qualitative information on consolidated business results

The first nine months of the fiscal year ending March 31, 2013, saw revisions to both the long-term care insurance system and to compensation for medical services and long-term care in April, and the passage of a comprehensive reform of social security and tax in August. In addition, the National Council on Social Security System Reform began intensive deliberations to address various issues that have been building in the areas of medical services, long-term care, pensions, and child rearing, with the aim of formulating reform bills to establish an optimal social security system by 2025.

In December, the newly elected Liberal Democratic Party and New Komeito Party coalition launched a new cabinet, which has put forth economic policies emphasizing financial and fiscal proposals and a growth strategy to end deflation. Various policy targets have been announced that will lead to new services in the growth areas of medical services, long-term care, and education, including the expansion of medical and long-term care services, support for global expansion and human resource development, and support for young persons and women entering the workplace.

To address these environmental changes and diversifying needs, the Nichii Gakkan Group launched a medium-term management strategy in April 2012 to strengthen the operating base and expand the scope of operations at each of our businesses, to achieve stable, long-term growth.

Group restructuring to strengthen the operating base during the nine months ended December 31, 2012 included the spinning off of the long-term care worker dispatching business of wholly owned subsidiary Nihon Support Service Co., Ltd., and the merger by absorption (simple merger) of Marunouchi Publishing Co., Ltd., a producer and seller of books and educational materials related to long-term care.

The Nichii Gakkan Group also strove to expand the scope of our operations by aggressively developing areas where growth is expected going forward – the language education business, services not covered by long-term care insurance, and medical service management support services.

The language education business launched the new COCO Juku brand and is proactively opening classrooms nationwide. This is part of the business's plan to build a total support structure that addresses a broad range of needs, from group lessons to one-on-one lessons, and from achieving accreditations like TOEIC to support for studying abroad.

In terms of business results, the Nichii Gakkan Group achieved record sales on an increase in the number of hospitals under contract, growth in the number of long-term care service users, and a full-year earnings contribution from GABA Corporation, our wholly owned subsidiary newly added to the scope of consolidation. Profit was pressured, however, with strategic investment at the language education business experiencing delays in classroom openings and in start-up promotional and marketing activities.

As a result, consolidated net sales during the nine months ended December 31, 2012 totaled 199,587 million yen (188,265 million yen in the same period of the previous year), with operating income of 6,634 million yen (8,654 million yen), ordinary income of 6,126 million yen (8,633 million yen), and net income of 2,885 million yen (3,903 million yen).

Results by business segment are as follows:

<Medical Support Business>

The Medical Support Business recorded a higher rate of sales growth on increased sales per hospital and the acquisition of new hospitals under contract. Although there was a temporary decline in profit, operational efficiency continues to improve at existing medical institution customers through staff skill enhancement.

Management support services were expanded with the acquisition of a patent for the “DPC Revolution” DPC verification system in May, and the conclusion of an operational tie-up agreement with Microsoft Japan Co., Ltd., on October 1. Under this tie-up, we are striving to develop and provide new services that fuse human resource strengths with IT capabilities, and launched OPECT, Japan's first contactless image operating system for operating rooms in October, and the Medicloud cloud-based groupware for medical institutions in December.

As a result, segment sales for the nine months ended December 31, 2012 totaled 77,951 million yen (compared with 77,242 million yen in the same period of the previous fiscal year), with operating income of 6,169 million yen (6,266 million yen).

<Health Care Business>

The April 2012 Revision to Long-Term Care Compensation factored higher compensation paid to long-term care workers into long-term care compensation, resulting in an effective downward revision. The Nichii Gakkan Group strengthened its

efforts to acquire users of long-term care services, proactively developed long-term care facilities, and made progress in improving the efficiency of facility operations, resulting in continued sales and profit growth.

In the area of services not covered by long-term care insurance, proactive marketing activities maintained a solid pace in the number of users of welfare services for disabled persons, and we strove to develop private brand products as we focused on expanding the business in response to the needs of long-term care users.

As of the end of December, there were 56 home-nursing care facilities in place, as we worked to build a structure for providing services that strengthen cooperation between medical services and long-term care.

During the nine months ended December 31, 2012, home-care services facilities saw the opening of 33 new care plan facilities (bringing the total to 770), 34 new home-visit care facilities (1,096; including home-visit bathing facilities), 24 new day-care facilities (350), and 33 new home-nursing care facilities (56). In the area of facility-care services, we opened four new Nichii no Hohoemi facilities (bringing the total to 245), eight new Nichii no Kirameki facilities (51), and two new Nichii Home facilities nursing homes (52).

As a result, segment sales for the nine months ended December 31, 2012 totaled 105,920 million yen (compared with 100,157 million yen in the same period of the previous fiscal year), with operating income of 8,605 million yen (7,527 million yen).

<Education Business>

In preparation for the April 2013 revisions to the accreditation system for long-term care workers, the Home Helper Level 2 Course is shifting to training for first-time long-term care workers, and enrollments since the second quarter have been solid. Enrollments for the Medical Administration Course are declining, however, with a gradually improving employment environment leading to decreased demand for accreditation.

Given this environment, the Nichii Gakkan Group is pursuing strategic investment in the language education business, where growth is expected going forward, to improve the balance of the business structure to minimize the effect economic fluctuations and achieve stable growth.

There were 61 COCO Juku as of the end of December 2012, and progress is being made in building an operating base for the language education business, mainly in major cities across Japan. Earnings have been pressured by upfront expenses for proactive classroom openings and promotional activities, and by a slower-than-planned pace of enrollments. Recently, however, there has been a gradual but steady increase in the number of students as a result of reviews of our business management structure and our advertising, as well as the development of a range of courses to meet students' diverse needs.

Going forward, we will strengthen cooperation among COCO Juku, GABA Corporation, and SELC, which provides support for studying abroad, to build a business structure that can address the various needs of a broad range of age groups. At the same time, we will pursue synergies across businesses, including human resource support for medical institutions, an area that is becoming increasingly global, and English lessons for children at child-care facilities.

Enrollments at GABA Corporation continue to show solid growth, and with the opening of the Akihabara Learning Studio in October, there are now 37 schools operating.

As a result, segment sales for the nine months ended December 31, 2012 totaled 15,453 million yen (compared with 10,614 million yen in the same period of the previous fiscal year), with an operating loss of 2,662 million yen (a 714 million yen profit in the same period of the previous year).

<Other Businesses>

Nichii Green Farm Company strove to raise recognition of our therapeutic dogs and increase sales at Lakewoods Garden Himeharu no Sato, in Mobara City, Chiba Prefecture, while also working to make the facility's operations more efficient.

As a result, segment sales for the nine months ended December 31, 2012 totaled 262 million yen (249 million yen in the same period of the previous fiscal year), with a 140 million yen operating profit (a 248 million yen loss in the same period of the previous year).

(2) Qualitative information on consolidated financial position

Total assets at the end of the nine months ended December 31, 2012 increased by 5,150 million yen from the end of the previous fiscal year, to 162,966 million yen. The main factor behind this growth was a 6,114 million yen increase in noncurrent assets from growth in property, plant and equipment, which was partially offset by a 964 million yen decrease in current assets from a decline in cash and deposits.

Liabilities increased by 2,990 million yen from the previous fiscal year-end, to 103,364 million yen. Despite a 144 million yen decrease in current liabilities that included a decrease in income taxes payable, an increase in lease obligations led to a 3,135 million yen increase in noncurrent liabilities.

Net assets increased by 2,159 million yen from the previous fiscal year-end, to 59,601 million yen.

(3) Qualitative information on consolidated financial result forecasts

There is no change in the consolidated financial result forecast for the year ending March 31, 2013 which was released on November 7, 2012.

2. Summary (Notes) information

(1) Changes in significant subsidiaries during the period

There is no related information.

(2) Application of the specific accounting for preparing the quarterly consolidated financial statements

There is no related information.

(3) Changes in accounting policies, accounting estimates and restatement

Changes in accounting policies

(Change in depreciation method for property, plant and equipment)

Previously, for depreciation of property, plant and equipment, the Nichii Gakkan Group (the Nichii Gakkan Company and its consolidated subsidiaries) applied the declining balance method, which has been changed to the straight line method from the three months ended June 30, 2012.

Taking into consideration the Nichii Gakkan Group's further global business development going forward, a review of the investment effect of property, plant and equipment from the perspective of integrating Group accounting policies and properly adjusting periodic income determined that the straight line method represented an allocation of expenses that conformed more closely to the actual use of these assets.

The effect of this change was to increase consolidated operating income, ordinary income, and net income before income taxes and minority interests for the nine months ended December 31, 2012, by 342 million yen, respectively.

3. Quarterly consolidated financial statements**(1) Quarterly consolidated balance sheets**

(Thousands of yen)

	FY2012 (As of March 31, 2012)	FY2013 (As of December 31, 2012)
Assets		
Current assets		
Cash and deposits	8,699,654	6,671,037
Notes and accounts receivable-trade	31,802,791	32,081,725
Short-term investment securities	1,599,880	2,198,239
Merchandise and finished goods	599,236	638,129
Work in process	5,810	98,011
Raw materials and supplies	333,724	302,158
Others	11,099,077	11,235,512
Allowance for doubtful accounts	(38,293)	(87,608)
Total current assets	54,101,880	53,137,206
Noncurrent assets		
Property, plant and equipment		
Buildings and structures (net)	26,996,379	29,454,746
Lease assets (net)	15,540,953	19,472,774
Others (net)	9,632,708	9,719,456
Total property, plant and equipment	52,170,041	58,646,976
Intangible assets		
Goodwill	21,918,063	20,717,280
Others	4,900,437	4,196,673
Total intangible assets	26,818,501	24,913,953
Investments and other assets		
Others	25,733,630	27,244,240
Allowance for doubtful accounts	(1,007,711)	(975,834)
Total investments and other assets	24,725,918	26,268,405
Total noncurrent assets	103,714,460	109,829,335
Total assets	157,816,341	162,966,542

(Thousands of yen)

	FY2012 (As of March 31, 2012)	FY2013 (As of December 31, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	957,132	1,088,244
Short-term loans payable	193,091	2,202,765
Income taxes payable	3,274,561	368,138
Accrued expenses	16,178,955	17,447,394
Provision for bonuses	4,775,256	2,469,435
Provision for directors' bonuses	36,500	—
Other provision	42,345	6,630
Others	23,451,659	25,182,462
Total current liabilities	48,909,502	48,765,071
Noncurrent liabilities		
Long-term loans payable	24,990,175	23,559,305
Lease obligations	15,833,977	19,818,558
Provision for retirement benefits	4,719,843	5,024,141
Provision for directors' retirement benefits	162,923	166,037
Asset retirement obligations	1,542,245	1,678,781
Others	4,215,370	4,352,827
Total noncurrent liabilities	51,464,536	54,599,652
Total liabilities	100,374,038	103,364,723
Net assets		
Shareholders' equity		
Capital stock	11,933,790	11,933,790
Capital surplus	17,354,214	17,354,214
Retained earnings	34,057,020	35,320,226
Treasury stock	(6,133,715)	(5,372,639)
Total shareholders' equity	57,211,311	59,235,592
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(45,042)	25,802
Foreign currency translation adjustment	—	43,417
Total accumulated other comprehensive income	(45,042)	69,220
Minority interests	276,034	297,006
Total net assets	57,442,302	59,601,818
Total liabilities and net assets	157,816,341	162,966,542

(2) Quarterly consolidated statements of income and comprehensive income

(Quarterly consolidated statements of income)**(Nine months ended December 31)**

(Thousands of yen)

	FY2012 (from April 1, 2011 to December 31, 2011)	FY2013 (from April 1, 2012 to December 31, 2012)
Net sales	188,265,291	199,587,654
Cost of sales	148,919,725	157,123,886
Gross profit	39,345,565	42,463,767
Selling, general and administrative expenses	30,690,767	35,829,057
Operating income	8,654,798	6,634,710
Non-operating income		
Interest income	106,491	107,898
Rent income	166,435	153,307
Commission on consignment for job creation businesses	163,500	134,778
Subsidy income	166,025	204,258
Others	209,493	299,175
Total non-operating income	811,945	899,418
Non-operating expenses		
Interest expenses	718,606	1,305,548
Rent expenses	42,111	37,419
Others	72,944	65,006
Total non-operating expenses	833,661	1,407,974
Ordinary income	8,633,082	6,126,154
Extraordinary income		
Gain on sales of investment securities	3,871	1,922
Reversal of provision for loss on store closing	14,641	—
Total extraordinary income	18,512	1,922
Extraordinary losses		
Loss on retirement of noncurrent assets	36,602	38,407
Loss on sales of noncurrent assets	—	3,221
Loss on valuation of investment securities	—	199,980
Loss on disaster	71,363	—
Loss on transfer of defined contribution pension plan	147,031	—
Others	—	69,001
Total extraordinary losses	254,998	310,610
Income before income taxes and minority interests	8,396,597	5,817,465
Income taxes-current	2,789,793	1,872,980
Income taxes-deferred	1,677,015	1,033,734
Total income taxes	4,466,809	2,906,714
Income before minority interests	3,929,787	2,910,751
Minority interests in income	26,763	25,471
Net income	3,903,024	2,885,279

(Quarterly consolidated statements of comprehensive income)**(Nine months ended December 31)**

(Thousands of yen)

	FY2012 (from April 1, 2011 to December 31, 2011)	FY2013 (from April 1, 2012 to December 31, 2012)
Income before minority interests	3,929,787	2,910,751
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,148)	70,845
Foreign currency translation adjustment	—	43,417
Total other comprehensive income	(8,148)	114,263
Comprehensive income	3,921,639	3,025,014
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,894,875	2,999,542
Comprehensive income attributable to minority interests	26,763	25,471

(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.