

**Summary of Consolidated Financial Results for the Second Quarter
of the Fiscal Year Ending March 31, 2014
(Six Months Ended September 30, 2013)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: November 8, 2013
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: None
 Holding of quarterly financial results meeting: Yes (for investors)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2013 (April 1, 2013 – September 30, 2013)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2013	6,615	18.8	1,730	38.8	1,940	49.1	1,390	75.7
Six months ended Sep. 30, 2012	5,567	5.8	1,247	(1.2)	1,301	0.0	791	1.8

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2013: 1,302 (up 66.2%)

Six months ended Sep. 30, 2012: 783 (down 0.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2013	165.66	164.81
Six months ended Sep. 30, 2012	92.39	-

Note: The Company conducted a 2-for-1 common stock split on October 1, 2013. Net income per share and diluted net income per share have been calculated as if this stock split had taken place at the beginning of the fiscal year ended March 31, 2013.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2013	18,493	14,183	74.8	1,626.19
As of Mar. 31, 2013	15,684	12,477	78.6	1,465.39

Reference: Shareholders' equity (million yen) As of Sep. 30, 2013: 13,830 As of Mar. 31, 2013: 12,330

Note: The Company conducted a 2-for-1 common stock split on October 1, 2013. Net assets per share have been calculated as if this stock split had taken place at the beginning of the fiscal year ended March 31, 2013.

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2013	-	-	-	70.00	70.00
Fiscal year ending Mar. 31, 2014	-	-	-	-	-
Fiscal year ending Mar. 31, 2014 (forecasts)	-	-	-	50.00	50.00

Note: Revisions to the most recently announced dividend forecast: Yes

Note: The Company conducted a 2-for-1 common stock split on October 1, 2013. Year-end dividend per share for the fiscal year ended March 31, 2013 is the actual amount before the stock split. Year-end dividend per share forecast for the fiscal year ending March 31, 2014 is the amount after the stock split.

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2014 (April 1, 2013 – March 31, 2014)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	13,000	21.6	2,950	35.1	3,200	31.1	2,240	46.8	266.94

Note: Revisions to the most recently announced consolidated forecast: Yes

Note: The Company conducted a 2-for-1 common stock split on October 1, 2013. Net income per share forecast for the fiscal year ending March 31, 2014 has been adjusted to reflect the stock split.

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): Yes

Newly added: 1 (StemCell Institute Inc.) Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

- a. Changes in accounting policies due to revisions in accounting standards, others: None
- b. Changes in accounting policies other than a. above: None
- c. Changes in accounting-based estimates: None
- d. Restatements: None

(4) Number of outstanding shares (common shares)

a. Number of shares outstanding at end of period (including treasury stock)

As of Sep. 30, 2013:	8,656,780 shares	As of Mar. 31, 2013:	9,256,780 shares
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b. Number of treasury stock at end of period

As of Sep. 30, 2013:	151,910 shares	As of Mar. 31, 2013:	842,078 shares
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c. Average number of shares outstanding during the period

Six months ended Sep. 30, 2013:	8,391,736 shares	Six months ended Sep. 30, 2012:	8,562,122 shares
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Note: The Company conducted a 2-for-1 common stock split on October 1, 2013. Number of shares has been calculated as if this stock split had taken place at the beginning of the fiscal year ended March 31, 2013.

* Information regarding the implementation of quarterly review procedures

The current quarterly financial report is not subject to the quarterly review procedures based on the Financial Instruments and Exchange Law. At the time of disclosure, the review procedures based on the Financial Instruments and Exchange Law for the financial statements have not been completed.

* Cautionary statement with respect to forward-looking statements, and other special items

Earnings forecasts regarding future performance in this material are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ significantly from these forecasts for a number of factors. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 6 of the attachments for assumptions for forecasts and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

Following its record-high earnings in the previous fiscal year, the Nihon Trim Group is currently aiming for more growth based on the theme of “a new stage of growth.”

In the water healthcare business, three sales offices were opened in September 2013 to support the growth of operations and upgrade services for customers. The new offices are located in Utsunomiya in Tochigi prefecture, Takasaki in Gunma prefecture, and Hamamatsu in Shizuoka prefecture. We plan to continue to expand our network of sales offices and enlarge our workforce in a positive manner.

In the medical business, the genetic diagnosis sector has entered a period of expansion and there are excellent prospects for rapid growth. In addition, Japan’s largest private cord blood bank became a subsidiary of Nihon Trim. This investment is associated with regenerative medicine, a new business field where there are expectations for significant growth. By taking actions like these, we are aiming to continue expanding the businesses of the Nihon Trim Group.

There was a stock split and change in the trading unit with a record date of September 30, 2013. In addition, 300,000 shares of treasury stock were retired and, due to the strong performance in the current fiscal year, the year-end dividend forecast was increased by 15 yen from 35 yen to 50 yen.

Distributing earnings to shareholders is one of the highest priorities of Nihon Trim.

Our basic policy is to pay a consistent dividend that increases along with our earnings while maintaining a sound base of operations and raising the return on equity. In addition, we are dedicated to strengthening and upgrading corporate governance in order to maximize our corporate value.

In the first half of the current fiscal year, both sales and profits increased as follows. Net sales increased 18.8% year on year to 6,615 million yen, operating income increased 38.8% to 1,730 million yen, and ordinary income increased 49.1% to 1,940 million yen.

Results by business segment were as follows.

[Water Healthcare Business]

<Electrolyzed hydrogen water (EHW) systems sales>

(Japan)

For workplace sales (DS, DS/HS Division), we continue to use the number of units sold at each information meeting as the key indicator of sales efficiency. By further increasing the use of a sales tool that incorporates a video, we are concentrating on upgrading each information meeting to further improve sales efficiency.

For installation and referral sales (HS, DS/HS Division), we are aiming to improve customer satisfaction and earnings while focusing on customer relationship management. Another goal is receiving more introductions of potential new customers from current users.

For store event sales (SS Division), there are measures to increase the sales volume of each salesperson and to hold more events at large home appliance stores and fitness clubs.

Sales of water purification cartridges, our stock-type business, we take steps to increase the rate at which users perform periodic replacements and to heighten customer satisfaction and make people more aware of our products by using e-mail magazines, seasonal magazines and other channels to distribute information in a positive manner.

(Overseas)

a. Indonesia

PT. Super Wahana Tehno, a consolidated subsidiary in Indonesia, is focusing on increasing sales of water in this country using its core Pristine brand PET bottles and gallon bottles. The company is also expanding its exports to Singapore and other countries. Indonesia has the fourth largest population in the world and a steadily growing economy. The country's market for bottled water is also growing and our goal is to accelerate the pace of its growth as this market expands.

b. China

China-based Trim (Guangzhou) Water & Health Co., Ltd. made an achievement steadily, as a result of consistent and effective marketing activities. The company is working very hard on increasing the market for EHW systems in China.

c. Taiwan

In Taiwan, we are using MedFirst Trim Co., Ltd., which is owned jointly with MedFirst Healthcare Services, Inc., a Taiwan health products sales company, to increase sales of EHW systems in Taiwan.

(Others)

As part of CSR activities, Nihon Trim established the Kochi Business Challenge Fund (the Nihon Trim Fund) in April 2013. Formed with a donation of 100 million yen (recorded as selling, general and administrative expenses), this fund will provide support for start-up businesses.

Since 2012, we have been concentrating on social networking services and other Internet activities with the goals of using word-of-mouth to raise awareness of Nihon Trim and to make brands more powerful. Activities include the redesign of the Company website and the establishment of an official YouTube channel. We believe that these measures, along with public relations activities using media coverage, will lead to a significant increase in the ratio of people who decide to purchase our products.

In August 2013, the head office was moved to Herbis Plaza Ent in the Umeda district of Kita-ku, Osaka in anticipation of continued growth of the group's business activities. In addition, three sales offices were opened in September in order to support the growth of operations and provide even better services for customers. Although these actions will increase general and administrative expenses starting in the second half of this fiscal year, we will continue to open offices as we make up-front investments for supporting growth in the future.

<Agriculture>

In the agriculture sector, we signed an agreement to cooperate with the City of Nankoku in Kochi prefecture and made an investment in July in Nankoku City Industrial Promotion Organization, which was established for the purpose of rebuilding Nishijima Flower Garden Co., Ltd. Located in Nankoku, it operates a tourism garden and other facilities. The 6-hectare garden attracts about 100,000 visitors every year. We are involved in joint research with the Kochi University Faculty of Agriculture, JA Nankoku City and other organizations concerning the use of our EHW for growing crops. Data have been collected regarding higher yields, an increase in anti-oxidants and other benefits of EHW. At the Kochi Kodawari Produce Market in Tokyo 2013, which took place in October, the green onions, komatsuna (mustard spinach) and watermelons that were exhibited generated substantial interest among department store buyers and other retailers. We want to use Reduced Vegetables® in order to start and expand business operations actively in the agriculture sector, such as growing crops more efficiently, growing functional crops with outstanding nutrition and using EHW at plant factories. Our goal is to play a part in introducing high-quality, value-added agricultural operations in countries around the world.

Overall, sales in the water healthcare business increased 13.0% to 6,244 million yen and operating income increased 16.0% to 1,430 million yen.

[Medical Business]

<R&D for healthcare and preventive healthcare>

An R&D project involving electrolyzed water hemodialysis systems has started with subsidies of about 230 million yen from The Japan Science and Technology Agency and the Fukushima Prefecture Medical and Welfare Equipment Development Project. At the 58th Annual Meeting of the Japanese Society for Dialysis Therapy that was held in Fukuoka in June 2013, electrolyzed water hemodialysis was one of the sessions about the outlook for next-generation dialysis treatment methods. This demonstrated the growing awareness of this dialysis and the steady increase in its status as a dialysis therapy. Regarding sales of electrolyzed water hemodialysis equipment, a sales agent agreement has been signed with Nikkiso Co., Ltd., Japan's largest supplier of dialysis products, and sales promotion activities are under way. One large water hemodialysis system for the central method will be delivered by the end of 2013. We believe that starting this business will have an enormous positive impact on sales of household EHW systems. Consequently, we will continue to move ahead with clinical research in the field of electrolyzed water hemodialysis with Karolinska Institute, Tohoku University, Fukushima Medical University and other partners.

Regarding basic research, we are continuing to perform research jointly with Kyushu University with the objective of identifying the mechanism for the benefits of EHW. In addition, we are continuing to perform research with Karolinska Institute concerning the beneficial effect of EHW on cerebral neurogenic inflammation.

<Genetic diagnosis>

U.S. consolidated subsidiary TrimGen Corporation is performing R&D, manufacturing and sales activities involving mutated gene detection kits incorporating exclusive technologies. The goals are to control dosages of drugs (anti-cancer agents, anticoagulants, etc.) and reduce risks associated with drug side effects and healthcare accidents. This business has advanced to a growth phase after many years of R&D activities. For example, this company posted its first fiscal-year profit in the previous fiscal year following rapid growth that began in the fall of 2012. As a result, an office was opened in Osaka in October 2013 for the purposes of building a stronger base of operations and starting full-scale activities in Japan. In addition, TrimGen plans to list its stock in Japan in the near future. In the United States as well, TrimGen plans to increase its workforce to establish a stronger sales and administrative framework. This is expected to cause general and administrative expenses to increase starting in the second half of the fiscal year.

Kits to determine drug sensitivity for the anticoagulant warfarin are TrimGen's primary product. Currently, the company is shipping about 3,000 units each month. In the United States, warfarin is newly administered to approximately two million people every year. South Carolina is now the only U.S. state where this genetic diagnostic method is covered by health insurance. But the market is expected to grow as more states provide coverage. TrimGen will continue to take actions aimed at increasing the pace of sales growth of its drug sensitivity kit.

In the first half of the current fiscal year, sales were US\$3,730,000 and operating income was US\$3,060,000.

<Regenerative medicine>

In September 2013, StemCell Institute Inc. became a consolidated subsidiary of Nihon Trim. Established in 1999, StemCell Institute was Japan's first private cord blood bank^{*1} and is now the country's largest. The company's primary business is the long-term storage of cord blood in anticipation of its use in regenerative medicine and cellular therapy and for treating future diseases. The company held cord blood from 29,697 individuals as of August 31, 2013. Regenerative medicine and cellular therapy are fields where there are many R&D programs that utilize private-sector, public-sector and academic resources, particularly in the United States. Hopes are high for these two fields to create a new paradigm of medical care, especially for diseases where there is currently no treatment. The United States stores cord blood of about 7% of infants and this percentage is about 12% in South Korea. Since the percentage is only about 0.4% in Japan, there is much room for growth. The Nihon Trim Group views this as a new business with the potential of becoming one of the group's core businesses.

We believe that this business sector will start contributing to results of operations in the third quarter of this fiscal year.

*1 Cord blood bank

Cord blood contains a large quantity of hemotopoietic stem cells, which can develop into many types of cells in the body. These cells can be used to treat blood disorders like leukemia and aplastic anemia. In addition, stem cells may be useful in regenerative medicine and cellular therapy. Cord blood is stored for the purpose of enabling the use of stem cells in the future in the event that an infant or family member requires a regenerative or cellular treatment for a difficult blood disease. For the storage of cord blood, Japan has private cord blood banks like StemCell Institute and public-sector cord blood banks that receive subsidies from the national government. Private cord blood banks store cord blood in a frozen state for a fee and return the blood to individuals when needed. Cord blood is used by the donor or a brother or sister. On the other hand, public-sector cord blood banks store cord blood in a frozen state at no charge and provide the blood to any individual when needed. Consequently, private cord blood banks allow the donor to decide how to use the cord blood while public-sector banks do not.

Sales in the medical business increased 766.8% to 371 million yen and operating income surged 2,110.5% to 300 million yen.

We will continue to take steps for growth in the household EHW system sales business and business activities in the medical and agriculture sectors. Furthermore, we will take many actions to achieve our objectives of rapid growth of the functional water business and expansion on a global scale.

We ask for the support of shareholders as we take the actions outlined in this section in order to continue to grow.

(2) Explanation of Financial Position

Assets, liabilities and net assets stated in the consolidated financial statements increased due to the inclusion of StemCell Institute Inc. as a consolidated subsidiary in the current fiscal year.

Total assets increased 2,808 million yen, or 17.9%, from the end of the previous fiscal year to 18,493 million yen at the end of the second quarter.

Current assets increased 2,135 million yen, or 20.1%, from the end of the previous fiscal year to 12,747 million yen. The main factors were increases of 924 million yen in cash and deposits, 745 million yen in notes and accounts receivable-trade, and 346 million yen in accounts receivable-installment.

Noncurrent assets increased 673 million yen, or 13.3%, from the end of the previous fiscal year to 5,746 million yen. 300 million yen in other (long-term time deposit) under investments and other assets was reclassified to cash and deposits, but there were increases of 694 million yen in intangible assets and 171 million yen in property, plant and equipment.

Current liabilities increased 367 million yen, or 16.9%, from the end of the previous fiscal year to 2,542 million yen. The main factors were increases of 187 million yen in other (unearned revenue), 113 million yen in income taxes payable, and 28 million yen in provision for sales returns.

Noncurrent liabilities increased 734 million yen, or 71.1%, from the end of the previous fiscal year to 1,767 million yen. The main factor was an increase of 732 million yen in other (long-term unearned revenue).

Net assets increased 1,706 million yen, or 13.7%, from the end of the previous fiscal year to 14,183 million yen. There were decreases of 109 million yen in foreign currency translation adjustment and 294 million yen in cash dividends paid, while there were net income of 1,390 million yen and an increase of 207 million yen in minority interests.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

The Company has raised its forecast for the fiscal year ending March 31, 2014 as was announced today.

Please refer to the press release “Notice Regarding Differences between Results and Forecast, and Forecast Revision” (Japanese version only)” for further information.

Forecasts are based on judgments made in accordance with information currently available, and actual results may differ substantially from these forecasts for a number of reasons.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

StemCell Institute Inc. is included in the scope of consolidation from the second quarter of the current fiscal year following the acquisition of its shares by the Company.

(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements

Not applicable.

3. Quarterly Consolidated Financial Statements**(1) Quarterly Consolidated Balance Sheets**

(Thousands of yen)

	FY3/13 (As of Mar. 31, 2013)	Second quarter of FY3/14 (As of Sep. 30, 2013)
Assets		
Current assets		
Cash and deposits	6,223,960	7,148,655
Notes and accounts receivable-trade	1,357,592	2,103,047
Accounts receivable-installment	2,460,008	2,806,263
Finished goods	149,596	173,769
Raw materials	219,515	257,757
Other	204,352	271,407
Allowance for doubtful accounts	(2,952)	(13,651)
Total current assets	10,612,073	12,747,248
Noncurrent assets		
Property, plant and equipment		
Land	2,421,037	2,425,926
Other, net	1,141,643	1,308,053
Total property, plant and equipment	3,562,680	3,733,979
Intangible assets		
Goodwill	-	682,809
Other	172,547	184,712
Total intangible assets	172,547	867,522
Investments and other assets		
Other	1,349,787	1,157,101
Allowance for doubtful accounts	(12,375)	(12,375)
Total investments and other assets	1,337,412	1,144,726
Total noncurrent assets	5,072,640	5,746,227
Total assets	15,684,714	18,493,476
Liabilities		
Current liabilities		
Notes and accounts payable-trade	584,919	619,345
Income taxes payable	467,940	581,650
Provision for bonuses	113,400	112,600
Provision for product warranties	10,000	13,000
Provision for sales returns	29,000	57,000
Other	969,673	1,159,274
Total current liabilities	2,174,933	2,542,870
Noncurrent liabilities		
Bonds payable	300,000	300,000
Provision for retirement benefits	139,973	152,537
Provision for directors' retirement benefits	149,637	153,437
Other	442,992	1,161,152
Total noncurrent liabilities	1,032,604	1,767,126
Total liabilities	3,207,537	4,309,997

	(Thousands of yen)	
	FY3/13 (As of Mar. 31, 2013)	Second quarter of FY3/14 (As of Sep. 30, 2013)
Net assets		
Shareholders' equity		
Capital stock	992,597	992,597
Capital surplus	986,429	977,957
Retained earnings	11,310,281	12,023,781
Treasury stock	(1,109,480)	(205,060)
Total shareholders' equity	12,179,827	13,789,276
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,233	5,382
Foreign currency translation adjustment	145,717	35,894
Total accumulated other comprehensive income	150,950	41,276
Subscription rights to shares	11,939	10,676
Minority interests	134,459	342,250
Total net assets	12,477,176	14,183,479
Total liabilities and net assets	15,684,714	18,493,476

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
Income
Quarterly Consolidated Statements of Income
(For the Six-month Period)

(Thousands of yen)

	First six months of FY3/13 (Apr. 1, 2012 – Sep. 30, 2012)	First six months of FY3/14 (Apr. 1, 2013 – Sep. 30, 2013)
Net sales	5,567,620	6,615,687
Cost of sales	1,243,173	1,444,295
Gross profit	4,324,446	5,171,391
Selling, general and administrative expenses	3,077,391	3,440,501
Operating income	1,247,055	1,730,890
Non-operating income		
Interest and dividends income	3,998	3,753
Real estate rent	49,129	49,132
Foreign exchange gains	6,664	155,319
Other	10,183	17,830
Total non-operating income	69,975	226,035
Non-operating expenses		
Depreciation of assets for rent	6,163	5,982
Interest expenses	3,317	3,804
Interest on bonds	900	907
Equity in losses of affiliates	772	3,386
Other	4,488	2,600
Total non-operating expenses	15,642	16,681
Ordinary income	1,301,388	1,940,243
Income before income taxes and minority interests	1,301,388	1,940,243
Income taxes-current	501,774	571,141
Income taxes-deferred	3,338	(28,115)
Total income taxes	505,113	543,026
Income before minority interests	796,275	1,397,217
Minority interests in income	5,248	7,074
Net income	791,027	1,390,143

Quarterly Consolidated Statements of Comprehensive Income
(For the Six-month Period)

(Thousands of yen)

	First six months of FY3/13 (Apr. 1, 2012 – Sep. 30, 2012)	First six months of FY3/14 (Apr. 1, 2013 – Sep. 30, 2013)
Income before minority interests	796,275	1,397,217
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,091)	148
Foreign currency translation adjustment	(11,817)	(96,039)
Share of other comprehensive income of associates accounted for using equity method	84	1,073
Total other comprehensive income	(12,824)	(94,817)
Comprehensive income	783,451	1,302,400
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	778,203	1,280,469
Comprehensive income attributable to minority interests	5,248	21,930

(3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	First six months of FY3/13 (Apr. 1, 2012 – Sep. 30, 2012)	First six months of FY3/14 (Apr. 1, 2013 – Sep. 30, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,301,388	1,940,243
Depreciation and amortization	45,869	97,028
Increase of subscription rights to shares	1,790	1,124
Increase (decrease) in provision for bonuses	(6,200)	(800)
Interest and dividends income	(3,998)	(3,753)
Interest expenses	3,317	3,804
Interest on bonds	900	907
Equity in (earnings) losses of affiliates	772	3,386
Foreign exchange losses (gains)	(6,664)	(155,319)
Decrease (increase) in accounts receivable-installment	(187,055)	(346,255)
Decrease (increase) in notes and accounts receivable-trade	(552,602)	(623,776)
Decrease (increase) in inventories	(1,560)	(56,272)
Increase (decrease) in notes and accounts payable-trade	98,985	28,166
Increase (decrease) in accrued consumption taxes	3,882	24,742
Other, net	64,381	(118,036)
Subtotal	763,208	795,193
Interest and dividends income received	3,998	3,830
Interest expenses paid	(2,618)	(2,507)
Income taxes paid	(503,341)	(463,800)
Net cash provided by (used in) operating activities	261,246	332,715
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(25,345)	(127,412)
Purchase of intangible assets	(420)	-
Purchase of stocks of subsidiaries and affiliates	-	(15,000)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	-	766,015
Other, net	(1,277)	11,948
Net cash provided by (used in) investing activities	(27,043)	635,552
Net cash provided by (used in) financing activities		
Repayments of guarantee deposits received	(16,408)	(16,408)
Purchase of treasury stock	(63,421)	(79,845)
Proceeds from exercise of stock option	-	11,663
Cash dividends paid	(256,667)	(287,940)
Other, net	(4,158)	(11,911)
Net cash provided by (used in) financing activities	(340,656)	(384,442)
Effect of exchange rate change on cash and cash equivalents	(15,478)	40,868
Net increase (decrease) in cash and cash equivalents	(121,931)	624,694
Cash and cash equivalents at beginning of period	5,952,693	6,223,960
Increase in cash and cash equivalents from newly consolidated subsidiary	80,808	-
Cash and cash equivalents at end of period	5,911,571	6,848,655

(4) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

1. Overview of reportable segment

Segments used for financial reporting are the Group's constituent units for which separate financial information is available and for which the highest management decision-making body performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Group has two reportable business segments based on the characteristics of the Group's products and services: the water healthcare business and the medical business.

The water healthcare business includes EHW systems sales and associated operations.

The medical business performs R&D for medical and preventive healthcare and has a genetic diagnostic business.

2. Information related to net sales, profits or losses for each reportable segment

First six months of FY3/14 (Apr. 1, 2013 – Sep. 30, 2013)

(Thousands of yen)

	Reportable segment			Adjustments	Total
	Water healthcare	Medical	Subtotal		
Net sales					
Sales to external customers	6,244,463	371,224	6,615,687	-	6,615,687
Inter-segment sales and transfers	-	-	-	-	-
Total	6,244,463	371,224	6,615,687	-	6,615,687
Segment profits	1,430,858	300,032	1,730,890	-	1,730,890

3. Information related to assets for each reportable segment

Significant increase in assets due to the acquisition of a subsidiary

In the second quarter of the fiscal year, the Company has acquired the share of StemCell Institute Inc. and included this company in the scope of consolidation. Accordingly, segment assets in the "Medical" segment increased 1,649,895 thousand yen from the end of the previous fiscal year.

4. Information related to impairment losses on noncurrent assets or goodwill, etc. for each reportable segment

Significant change in goodwill

In the "Medical" segment, StemCell Institute Inc. is included in the scope of consolidation following the acquisition of its shares by the Company in the second quarter. The event caused an increase of goodwill by 682,809 thousand yen in the first six months of the current fiscal year.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.