October 28, 2014

Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2015 (Six Months Ended September 30, 2014)

[Japanese GAAP]

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Listing: Tokyo Stock Exchange, First Section
Securities code: 6788
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Scheduled date of filing of Quarterly Report: November 13, 2014
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, 2014 (April 1, 2014 – September 30, 2014)

(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, 2014	6,678	0.9	1,327	(23.3)	1,365	(29.6)	647	(53.4)
Six months ended Sep. 30, 2013	6,615	18.8	1,730	38.8	1,940	49.1	1,390	75.7

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2014: 575 (down 55.8%)
Six months ended Sep. 30, 2013: 1,302 (up 66.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2014	76.26	76.05
Six months ended Sep. 30, 2013	165.66	164.81

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 previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2014	19,863	15,415	75.3	1,764.69
As of Mar. 31, 2014	19,997	15,462	74.5	1,747.31

Reference: Shareholders' equity (million yen) As of Sep. 30, 2014: 14,966 As of Mar. 31, 2014: 14,906

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2014	-	-	-	50.00	50.00
Fiscal year ending Mar. 31, 2015	-	-			
Fiscal year ending Mar. 31, 2015 (forecasts)			-	50.00	50.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(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	13,150	0.0	2,350	(24.5)	2,450	(28.8)	1,270	(49.4)	149.53

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

*** Notes**

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

Newly added: - 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: Yes

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 shares)

As of Sep. 30, 2014:	8,656,780 shares	As of Mar. 31, 2014:	8,656,780 shares

b. Number of treasury shares at end of period

As of Sep. 30, 2014:	175,610 shares	As of Mar. 31, 2014:	125,610 shares

c. Average number of shares outstanding during the period

Six months ended Sep. 30, 2014:	8,493,500 shares	Six months ended Sep. 30, 2013:	8,391,736 shares

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 previous fiscal year.

* 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 quarterly 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 5 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

In the first half of the current fiscal year, the slowing pace of economic growth in Japan became even more pronounced as consumer spending and capital expenditures weakened following the April 2014 consumption tax hike.

The Nihon Trim Group has lowered the initial forecast because of an extraordinary loss in the second quarter and other reasons. However, the Group is establishing new sales channels and conducting numerous R&D projects in all business fields to accelerate the pace of growth after the next fiscal year.

With annual health care expenditures reaching about 40 trillion yen, Japan has been taking actions in recent years to extend the healthy life span of its residents. Nihon Trim believes that prevention is the most important aspect of these actions. Furthermore, we are confident that our electrolyzed hydrogen water (EHW) can play a very significant role concerning prevention. According to data of the Japan Health Insurance Association, the monthly average health care expenditures of Nihon Trim employees are far below the national average. We had been seeking this data for some time and view the below-average expenditures as the result of our employees drinking EHW every day. We will continue to use human tests for drinking EHW in order to obtain data that is more objective and reliable. We believe that using the resulting data for marketing will result in strong growth of the market for EHW systems. We are even more confident about prospects for our business activities as a means of contributing to national initiatives in Japan. We are determined to play a role in holding down health care expenditures by improving the quality of life of the people of Japan based on our slogan “the new habit of water health care.”

We are involved in EHW businesses like Electrolyzed Water Hemodialysis® for the medical application and Reduced Vegetables® for the agricultural application. In addition, we are making steady progress with activities that have excellent growth prospects, such as genetic diagnosis and regenerative medicine. We will continue to work on using these businesses to help increase sales of household EHW systems so that we can continue to grow.

In the first half of the current fiscal year, net sales increased 0.9% year on year to 6,678 million yen, operating income decreased 23.3% to 1,327 million yen, and ordinary income decreased 29.6% to 1,365 million yen.

Results by business segment were as follows.

[Water Healthcare Business]

<Electrolyzed hydrogen water (EHW) systems>

(Japan)

For workplace sales (DS, DS/HS Division), we continued to build an operating framework structured for sales efficiency while using the number of units sold at each presentation as the primary performance indicator. Progress with establishing ties with new sales agents in order to significantly enlarge operations, an initiative started in this fiscal year, has been slower than expected. However, we are working on creating a base for nationwide operations, such as with the full-scale start of activities in the Kansai and other regions of Japan. We will continue to concentrate on establishing more new sales channels.

For installation and referral sales (HS, DS/HS Division), the priority is customer relationship management. We want to increase sales by improving customer satisfaction, which will lead to more customer introductions from current customers. In addition, we will strengthen our sales capabilities and concentrate on sales at exhibitions and other events as one of the means of working with new sales agents.

For store event sales (SS Division), there were measures to hold events at department stores and fitness clubs. Currently, hydrogen water is attracting attention because of expectations about its health benefits. Many people who are interested in leading a healthy life are coming to stores to learn more about this water. We will reinforce training programs for salesperson with the goal of increasing sales volume of each salesperson.

The OEM and wholesale sales (MS Division) started supplying products to major home appliance manufacturers and beauty product companies in the previous fiscal year. In addition to a good progress with these new OEM customers, we started supplying new products to existing OEM customers. As a result, EHW system sales increased significantly by 64.3% from the previous fiscal year. We will focus on expanding our client base to include more leading companies.

Sales of water purification cartridges declined after the rush to buy prior to the April 2014 consumption tax hike but have already stabilized. As before, we anticipate steady growth in sales of these cartridges. We will continue to work on increasing the percentage of users who replace their cartridges regularly. Measures include using e-magazines, seasonal publications and other channels to provide information about replacing cartridges and improving customer satisfaction by strengthening follow-up support for customers who have purchased our EHW system.

Furthermore, with a view to raise the ratio of people who decide to purchase our products, 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.

(Overseas)

PT. Super Wahana Tehno, based in Indonesia and operates PET bottles and gallon bottles delivery business, is focusing on increasing sales of water in this country. The company is also expanding its exports to Singapore and other countries. In April 2014, Nihon Trim sent new personnel to this company to assist in building sales framework for EHW systems. Plans for Indonesia also include increasing production line and locating new water supplies. All of these activities are aimed at achieving more growth.

Trim (Guangzhou) Water & Health Co., Ltd. in China and MedFirst Trim Co., Ltd. in Taiwan continue to focus on expanding their operations.

(Agriculture)

The Reduced Vegetables® business is an agricultural application for EHW in which this water is used to grow vegetables. Trials for growing green onions, tomatoes and other vegetables have produced very useful data regarding higher yields, an increase in anti-oxidants and other benefits of EHW. An article produced jointly by Nihon Trim, Kochi Prefecture and Kochi University, and an agricultural cooperative based on these data appeared in an international academic publication. Sales of EHW systems for Reduced Vegetables® started in the current fiscal year. Systems have already been delivered to farmers. We plan to further raise awareness of the Reduced Vegetables® brand and sell EHW systems to plant factories, too. Tests involving various crops will continue. We want to confirm the benefits of EHW on many types of corps and collect evidence with the goal of achieving high-quality, value-added agricultural operations.

Overall, sales in the water healthcare business increased 0.01% to 6,244 million yen and operating income decreased 9.4% to 1,295 million yen.

[Medical Business]

<Electrolyzed Water Hemodialysis>

Electrolyzed Water Hemodialysis® is currently used at 14 locations (total of 188 beds). This type of dialysis was developed by employing the revolutionary approach of using electrolyzed water for the large volume of water required for dialysis. Electrolyzed Water Hemodialysis® is attracting attention due to its social significance with regard to reducing side-effects and improving the quality of life of individuals who require dialysis. At the 59th conference of the Japanese Society for Dialysis Therapy that was held in June 2014, we made presentations on three subjects involving Electrolyzed Water Hemodialysis®. One was about significant data obtained concerning the improvement in the cardiac function of individuals due to Electrolyzed Water Hemodialysis®. Another presentation was about the smaller percentage of individuals using Electrolyzed Water Hemodialysis® who started using anemia and other medications during one year compared with conventional dialysis. These activities are raising awareness of Electrolyzed Water Hemodialysis® as a next-generation dialysis method. In the second half of the current fiscal year, four more medical facilities are planning to start using this technology. We will continue to market this dialysis system with the aim of having one medical facility in each of Japan’s prefectures offer Electrolyzed Water Hemodialysis®. We believe that increasing the use of this technology will also lead to more sales of our household EHW systems.

<Genetic diagnosis>

TrimGen Corporation is performing R&D, manufacturing and sales activities involving mutated gene detection kits and gene extraction kits that use this company’s exclusive technologies. The goal is to provide medical care that matches each individual (personalized medicine) in order to reduce risks associated with drug side effects and healthcare accidents. This involves the selection of anti-cancer and other drugs, control of the amount of anticoagulants administered, and other measures. TrimGen plans to expand this business on a global scale and eventually reach the point of conducting an initial public offering in Japan. In the second quarter of the current fiscal year, TrimGen posted an extraordinary loss of 148 million yen for an addition to the allowance for doubtful accounts. This represents the entire amount of a receivable of a major customer that made a significant contribution to performance in the previous fiscal year. Although discussions are under way with this customer, TrimGen decided to establish an allowance for the entire amount due to the uncertain outlook for this customer’s business operations.

TrimGen will continue to work on expanding operations in North America while concentrating on growing in Japan and other areas of the world. Currently, TrimGen is working on the development of a product for next-generation genetic testing systems that can simultaneously analyze multiple genes and more samples than conventional testing units can. The company plans to expand this business with measures that may include a tie-up with a major manufacturer of these testing systems.

<Regenerative medicine>

In September 2013, StemCell Institute Inc., Japan’s largest cord blood bank, became a consolidated subsidiary of Nihon Trim. The company plans to increase the number of cord blood held by increasing public awareness of the importance of storing this blood in anticipation of its use in regenerative medicine and cellular therapy and for treating diseases in the future. Cord blood held by the company is increasing steadily and there was blood for 32,538 individuals as of the end of September 2014.

In Japan, core blood is stored for only about 0.3% of annual births, well below about 7% in the United States and about 12% in South Korea. In the fall of 2014, clinical research involving neonatal hypoxic ischemic encephalopathy (a condition in which the brain does not receive enough oxygen) will start and there are other activities involving regenerative medicine that uses cord blood. We therefore believes this market has good prospects for medium to long-term growth.

As a result, sales in the medical business increased 16.7% to 433 million yen and operating income decreased 89.3% to 32 million yen.

We are strongly committed to achieving rapid growth of the functional water business and expanding operations on a global scale. We will continue to aim for growth of the household EHW systems business and in the fields of medical and agriculture. Our growth plans also include starting operations outside Japan, chiefly in Asia, and entering new business fields by using measures that may include mergers and acquisitions.

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

(2) Explanation of Financial Position

Total assets decreased 133 million yen, or 0.7%, from the end of the previous fiscal year to 19,863 million yen at the end of the second quarter of the current fiscal year on a consolidated basis.

Current assets decreased 161 million yen, or 1.1%, from the end of the previous fiscal year to 14,203 million yen. The main factors include a decline of 82 million yen in accounts receivable-installment and an increase of 165 million yen in allowance for doubtful accounts, while there were increases of 45 million yen in finished goods, and 41 million yen in raw materials and supplies.

Non-current assets increased 28 million yen, or 0.5%, from the end of the previous fiscal year to 5,659 million yen. The main factors include an increase of 100 million yen in other (long-term time deposits) under investments and other assets, while there were decreases of 33 million yen in other, net under property, plant and equipment, 17 million yen in goodwill, and 26 million yen in other (deferred tax assets) under investments and other assets.

Current liabilities decreased 35 million yen, or 1.2%, from the end of the previous fiscal year to 2,991 million yen. The main factors was a decrease of 143 million yen in income taxes payable, while there were increases of 72 million yen in other (deferred tax liabilities), 19 million yen in other (deferred installment income), and 9 million yen in provision for bonuses.

Non-current liabilities decreased 51 million yen, or 3.4%, from the end of the previous fiscal year to 1,456 million yen. The main factors were decreases of 23 million yen in other (lease obligations), 14 million yen in other (long-term guarantee deposited), and 13 million yen in net defined benefit liability.

Net assets decreased 46 million yen, or 0.3%, from the end of the previous fiscal year to 15,415 million yen. The main factors include cash dividends paid of 426 million yen, purchase of treasury shares of 176 million yen and a decline in minority interests of 107 million yen, while there was a net income of 647 million yen.

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

The forecast for the fiscal year ending March 31, 2015 was downwardly revised as was announced today. Please refer to the press release "Notice Regarding 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

Not applicable.

(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

Changes in Accounting Policies

Application of the accounting standard for retirement benefits

The Company has applied the “Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012)” and the “Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012)” from the first quarter of the current fiscal year, for provisions set forth in the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits. Accordingly, the Company reviewed the methods for calculating retirement benefit obligations and service costs, and revised the method of attributing estimated retirement benefit obligations to periods from the straight-line basis to the benefit formula basis, and revised the method of determining the discount rate, for the period of bonds used for the basis of determining the discount rate, from the method using the approximate number of years of expected average length of remaining service period of employees to the method using a single weighted average discount rate reflecting the estimated period and amount of benefit payment.

For the application of this accounting standard, etc. in accordance with the transitional accounting treatments set forth in Paragraph 37 of the Accounting Standard for Retirement Benefits, the adjustments associated with the change in calculation methods of retirement benefit obligations and service costs are recorded in retained earnings at the beginning of the first half of the current fiscal year.

As a result, net defined benefit liability decreased 25,621 thousand yen and retained earnings increased 16,488 thousand yen at the beginning of the first half of the current fiscal year. The effect of this change on operating income, ordinary income, and income before income taxes and minority interests in the first half is insignificant.

Application of the accounting standards for business combinations

The “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and other standards shall be applied from the fiscal year that begins on or after April 1, 2014. Accordingly, the Company has applied these accounting standards (excluding the provisions set forth in Article 39 of the Accounting Standard for Consolidated Financial Statements) from the first quarter of the current fiscal year. Under these accounting standards, the Company revised the method to record gains or losses arising from a change in the Company’s equity in subsidiaries in cases where control is retained to that recognizing such gains or losses as capital surplus and the acquisition costs in connection with business combinations as expenses in the fiscal year in which they arise. Regarding business combinations that take place on or after the beginning of the first quarter of the current fiscal year, the Company revised the method to reflect changes in the allocation of the acquisition costs arising from confirmation of the provisional accounting treatment on the quarterly consolidated financial statements that includes the acquisition date.

The Company has adopted these accounting standards, etc. from the beginning of the first quarter of the current fiscal year, in accordance with the transitional accounting treatments set forth in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of the Accounting Standard for Business Divestitures.

The effect of these changes on capital surplus at the end of the second quarter is insignificant, and there is no effect on earnings for the first half of the current fiscal year.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY3/14 (As of Mar. 31, 2014)	Second quarter of FY3/15 (As of Sep. 30, 2014)
Assets		
Current assets		
Cash and deposits	8,914,255	8,931,927
Notes and accounts receivable-trade	1,963,331	1,950,323
Accounts receivable-installment	2,721,101	2,638,828
Finished goods	127,564	173,368
Raw materials and supplies	363,518	405,069
Other	289,076	282,852
Allowance for doubtful accounts	(12,982)	(178,390)
Total current assets	14,365,865	14,203,979
Non-current assets		
Property, plant and equipment		
Land	2,503,181	2,502,692
Other, net	1,127,030	1,093,603
Total property, plant and equipment	3,630,211	3,596,296
Intangible assets		
Goodwill	665,739	648,669
Other	192,774	182,130
Total intangible assets	858,514	830,800
Investments and other assets		
Other	1,182,724	1,272,598
Allowance for doubtful accounts	(40,162)	(40,162)
Total investments and other assets	1,142,561	1,232,435
Total non-current assets	5,631,287	5,659,532
Total assets	19,997,153	19,863,512
Liabilities		
Current liabilities		
Notes and accounts payable-trade	662,094	664,506
Current portion of bonds	300,000	300,000
Income taxes payable	673,643	530,261
Provision for bonuses	119,600	128,898
Provision for product warranties	14,000	12,000
Provision for sales returns	50,000	51,000
Other	1,207,891	1,305,028
Total current liabilities	3,027,229	2,991,694
Non-current liabilities		
Provision for directors' retirement benefits	160,901	151,693
Net defined benefit liability	165,694	152,170
Other	1,181,120	1,152,618
Total non-current liabilities	1,507,716	1,456,482
Total liabilities	4,534,946	4,448,176

(Thousands of yen)

	FY3/14 (As of Mar. 31, 2014)	Second quarter of FY3/15 (As of Sep. 30, 2014)
Net assets		
Shareholders' equity		
Capital stock	992,597	992,597
Capital surplus	977,957	972,532
Retained earnings	13,138,168	13,375,852
Treasury shares	(169,577)	(346,532)
Total shareholders' equity	14,939,145	14,994,449
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,213	6,178
Foreign currency translation adjustment	(36,256)	(32,761)
Remeasurements of defined benefit plans	(1,489)	(1,214)
Total accumulated other comprehensive income	(32,532)	(27,797)
Subscription rights to shares	5,799	6,537
Minority interests	549,795	442,145
Total net assets	15,462,207	15,415,335
Total liabilities and net assets	19,997,153	19,863,512

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

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

(Thousands of yen)

	First six months of FY3/14 (Apr. 1, 2013 – Sep. 30, 2013)	First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014)
Net sales	6,615,687	6,678,085
Cost of sales	1,444,295	1,732,611
Gross profit	5,171,391	4,945,473
Selling, general and administrative expenses	3,440,501	3,617,747
Operating income	1,730,890	1,327,725
Non-operating income		
Interest and dividend income	3,753	3,558
Real estate rent	49,132	49,130
Share of profit of entities accounted for using equity method	-	9,951
Foreign exchange gains	155,319	-
Other	17,830	5,476
Total non-operating income	226,035	68,117
Non-operating expenses		
Interest expenses	3,804	2,917
Interest on bonds	907	902
Foreign exchange losses	-	16,538
Depreciation of assets for rent	5,982	5,826
Share of loss of entities accounted for using equity method	3,386	-
Other	2,600	4,236
Total non-operating expenses	16,681	30,422
Ordinary income	1,940,243	1,365,420
Extraordinary losses		
Provision of allowance for doubtful accounts	-	148,895
Total extraordinary losses	-	148,895
Income before income taxes and minority interests	1,940,243	1,216,524
Income taxes-current	571,141	531,370
Income taxes-deferred	(28,115)	116,491
Total income taxes	543,026	647,861
Income before minority interests	1,397,217	568,662
Minority interests in income (loss)	7,074	(79,090)
Net income	1,390,143	647,753

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

(Thousands of yen)

	First six months of FY3/14 (Apr. 1, 2013 – Sep. 30, 2013)	First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014)
Income before minority interests	1,397,217	568,662
Other comprehensive income		
Valuation difference on available-for-sale securities	148	965
Foreign currency translation adjustment	(96,039)	6,024
Remeasurements of defined benefit plans, net of tax	-	274
Share of other comprehensive income of entities accounted for using equity method	1,073	(513)
Total other comprehensive income	(94,817)	6,751
Comprehensive income	1,302,400	575,414
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,280,469	652,488
Comprehensive income attributable to minority interests	21,930	(77,074)

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY3/14 (Apr. 1, 2013 – Sep. 30, 2013)	First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	1,940,243	1,216,524
Depreciation	97,028	140,312
Increase of subscription rights to shares	1,124	738
Increase (decrease) in allowance for doubtful accounts	2,422	165,407
Increase (decrease) in provision for bonuses	(800)	9,298
Interest and dividend income	(3,753)	(3,558)
Interest expenses	3,804	2,917
Interest on bonds	907	902
Share of (profit) loss of entities accounted for using equity method	3,386	(9,951)
Foreign exchange losses (gains)	(155,319)	16,538
Decrease (increase) in accounts receivable-installment	(346,255)	82,273
Decrease (increase) in notes and accounts receivable-trade	(626,198)	13,008
Decrease (increase) in inventories	(56,272)	(83,998)
Increase (decrease) in notes and accounts payable-trade	28,166	2,411
Increase (decrease) in accrued consumption taxes	24,742	38,690
Other, net	(118,036)	19,622
Subtotal	795,193	1,611,138
Interest and dividend income received	3,830	3,645
Interest expenses paid	(2,507)	(3,809)
Income taxes paid	(463,800)	(679,279)
Net cash provided by (used in) operating activities	332,715	931,694
Cash flows from investing activities		
Payments into time deposits	-	(300,000)
Proceeds from withdrawal of time deposits	-	500,000
Purchase of property, plant and equipment	(127,412)	(112,757)
Purchase of intangible assets	-	(21,036)
Purchase of shares of subsidiaries and associates	(15,000)	(9,203)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	766,015	-
Other, net	11,948	17,265
Net cash provided by (used in) investing activities	635,552	74,268
Cash flows from financing activities		
Repayments of guarantee deposits received	(16,408)	(16,408)
Purchase of treasury shares	(79,845)	(176,955)
Proceeds from exercise of share options	11,663	-
Cash dividends paid	(287,940)	(425,660)
Other, net	(11,911)	(64,198)
Net cash provided by (used in) financing activities	(384,442)	(683,223)
Effect of exchange rate change on cash and cash equivalents	40,868	(5,067)
Net increase (decrease) in cash and cash equivalents	624,694	317,672
Cash and cash equivalents at beginning of period	6,223,960	8,614,255
Cash and cash equivalents at end of period	6,848,655	8,931,927

(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.

Consequently, there are two reportable business segments: 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 and profits for each reportable segment

First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014) (Thousands of yen)

	Reportable segment			Adjustments	Total
	Water healthcare	Medical	Subtotal		
Net sales					
Sales to external customers	6,244,967	433,118	6,678,085	-	6,678,085
Inter-segment sales and transfers	-	-	-	-	-
Total	6,244,967	433,118	6,678,085	-	6,678,085
Segment profits	1,295,720	32,004	1,327,725	-	1,327,725

3. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Not applicable.

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.