

April 27, 2015

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2015

[Japanese GAAP]

Company name: NIHON TRIM CO., LTD. Listing: Tokyo Stock Exchange, First Section
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Scheduled date of Annual General Meeting of Shareholders: June 23, 2015
 Scheduled date of filing of Annual Securities Report: June 24, 2015
 Scheduled date of payment of dividend: June 24, 2015
 Preparation of supplementary materials for financial results: None
 Holding of financial results meeting: Yes (for investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(1) Consolidated results of operations (Percentages shown for net sales and incomes represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2015	12,834	(2.4)	2,252	(27.7)	2,527	(26.6)	1,307	(47.9)
Fiscal year ended Mar. 31, 2014	13,144	23.0	3,114	42.6	3,442	41.1	2,507	64.3

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2015: 1,294 (down 45.0%)
 Fiscal year ended Mar. 31, 2014: 2,354 (up 63.8%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income on net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2015	154.01	153.62	8.6	12.2	17.5
Fiscal year ended Mar. 31, 2014	296.69	295.10	18.4	19.3	23.7

Reference: Investment gain (loss) by equity method (million yen) Fiscal year ended Mar. 31, 2015: (5)
 Fiscal year ended Mar. 31, 2014: (17)

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 Mar. 31, 2015	21,506	16,163	72.8	1,841.01
As of Mar. 31, 2014	19,997	15,462	74.5	1,747.31

Reference: Shareholders' equity (million yen) As of Mar. 31, 2015: 15,661 As of Mar. 31, 2014: 14,906

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2015	1,910	(166)	249	10,747
Fiscal year ended Mar. 31, 2014	1,940	563	(144)	8,614

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2014	-	-	-	50.00	50.00	426	16.9	3.1
Fiscal year ended Mar. 31, 2015	-	-	-	50.00	50.00	425	32.5	2.8
Fiscal year ending Mar. 31, 2016 (forecasts)	-	-	-	50.00	50.00		21.8	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	7,300	9.3	1,360	2.4	1,400	2.5	850	31.2	99.92
Full year	15,100	17.7	3,070	36.3	3,150	24.6	1,950	49.2	229.22

Note: Average number of shares outstanding to be used as a basis for calculating net income per share is a number of shares issued as of March 31 2015, excluding the number of treasury shares.

*** 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) 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

(3) Number of outstanding shares (common shares)

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

As of Mar. 31, 2015:	8,656,780 shares	As of Mar. 31, 2014:	8,656,780 shares
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b. Number of treasury shares at end of period

As of Mar. 31, 2015:	149,610 shares	As of Mar. 31, 2014:	125,610 shares
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c. Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2015:	8,488,732 shares	Fiscal year ended Mar. 31, 2014:	8,452,324 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 previous fiscal year.

* Indication of audit procedure implementation status

The current financial report is not subject to the audit procedures based on the Financial Instruments and Exchange Law. At the time of disclosure, the audit 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 "Analysis of Results of Operations" on page 2 of the attachments for assumptions for forecasts and notes of caution for usage.

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1. Analysis of Results of Operations and Financial Position

(1) Analysis of Results of Operations

I. Summary of the fiscal year

The Nihon Trim Group applies scientific methods to the study of water and plans to start a full-scale operation in the medical business based on electrolyzed hydrogen water (EHW).

Although Japan's economy continued to recover, the outlook remains unclear in the current fiscal year. Nihon Trim developed a sound base of operations for growth in the water healthcare business by launching the new EHW system as well as improving sales technique for better efficiency. We believe that preventive medicine is crucial to extend healthy life expectancy and to stop the growth of healthcare expenditures in Japan. Our operations are guided by the slogan "the new habit of water health care," which expresses our desire to make beneficial water in everyday life, by using a controlled medical device EHW system, to keep all family members healthy. According to the Japan Health Insurance Association's data, the average monthly healthcare expenditures of Nihon Trim employees are far below the national average for all generations.

In new business domains, full-scale operations have started in the agriculture sector with the October 2014 launch of an agricultural EHW system for Reduced Vegetables®.

In the medical business, the TrimGen Holdings Co., Ltd. (holding company) renamed Trim Medical Holdings Inc. in March 2015 and made StemCell Institute Inc. its subsidiary. By consolidating advanced medical care field, we will grow fast and speed up global expansion including the possible use of mergers or acquisitions.

In the current fiscal year, net sales decreased 2.4% year on year to 12,834 million yen, operating income decreased 27.7% to 2,252 million yen, ordinary income decreased 26.6% to 2,527 million yen, and net income decreased 47.9% to 1,307 million yen.

Results by business segment were as follows.

[Water Healthcare Business]

<Electrolyzed hydrogen water (EHW) systems>

(Japan)

In the fiscal year that ended on March 31, 2015, sales volume increased to a record high in EHW systems business.

For workplace sales (DS, DS/HS Division), we conducted a drastic revision to our sales presentation to improve sales efficiency. As a result, the number of units sold at each session recovered since December 2014 and achieved a record March sales. We will maintain and expand this trend in the next fiscal year.

For installation and referral sales (HS, DS/HS Division), the priority is customer relationship management. We received more introductions of prospective customers from current customers by strengthening follow-up support for customers who have purchased our EHW system. In addition, we strengthened our sales capabilities by focusing on sales at exhibitions and other events as one means of working with companies with nationwide operations which also serve as agents for workplace sales. As a result, a number of the units sold increased for six consecutive years.

For store event sales (SS Division), sales efficiency increased at department stores and fitness clubs and in a variety of fairs. The sales volume of each sales person reached an all-time high.

For OEM and wholesale sales (MS Division), in addition to existing customers, the OEM supply of products to beauty care product companies that started in the previous fiscal year is performing well. There was also progress with discussions concerning new large-scale OEM deals with companies in Japan and other countries.

The downturn in sales of water purification cartridges after the rush to buy prior to the April 2014 consumption tax hike has ended at the beginning of the current fiscal year. The sales continued to grow steadily with growth in

the number of people who use EHW systems.

(Overseas)

In Indonesia, to meet growing demand from the country's middle class, we have focused on expanding its operation to supply water to restaurants and convenience stores as well as to deliver gallon bottle water. At the Sinarmas Group, which is our local joint venture and one of the largest conglomerates in Indonesia, a sales company was established as a sole dealer for consumer products in the group. We also strengthen production lines at local factories to expand our sales channels across Indonesia. In addition, we plan to start production in the central Java. We also work on increasing exports to Singapore, locating new water supplies, establishing a framework for selling EHW systems, and taking other actions aimed at achieving more growth. While in China and Taiwan, we plan to establish ties with new sales agents with activities that include alliances with local companies.

(Agriculture)

Nihon Trim, Kochi Prefecture, Kochi University and JA Nankoku City are growing Reduced Vegetables®, which use EHW, for the purpose of collecting scientific data. The goal is to use these vegetables for improving productivity and producing functional vegetables with high levels of anti-oxidants and sugar content. Plant growing factories are another possible application. We want to use Reduced Vegetables® to contribute to the production of high-quality, value-added agricultural products. As part of these activities, we started selling two agricultural EHW systems, the TRIM AG-10 and TRIM AG-30, in October 2014. Also, we have started trial sales of Reduced Vegetables® and fruit. On February 2, 2015, Moriguchi Farm (in Kumamoto prefecture), which uses our EHW to grow strawberries was featured in ASADESU Kyushu Yamaguchi, an informational program at Kyushu Asahi Broadcasting, and we received many positive feedbacks. We will accelerate promotion of the use of EHW systems even more.

Overall, sales in the water healthcare business decreased 1.8% to 11,956 million yen and operating income decreased 15.5% to 2,205 million yen.

[Medical Business]

<Electrolyzed Water Hemodialysis>

Electrolyzed Water Hemodialysis® is an application of EHW to dilute dialysis fluid to improve patients' quality of life by reducing side effects after treated with dialysis. It is currently used at 13 locations (total of 226 beds). Electrolyzed Water Hemodialysis Study Group held at the end of January 2015 had so many audiences that people had to stand to see. The awareness of electrolyzed water hemodialysis systems as a next-generation dialysis method is growing steadily. Currently, there are inquiries from about 15 other medical institutions. We aim to make this dialysis available to medical institutions in all prefectures of Japan in three years.

<Genetic diagnosis>

In the United States, TrimGen Corporation is performing R&D involving gene detection kits and gene extraction reagent kits, as well as outsourced studies for research institutions. These kits are used to select anti-cancer drugs and to control the amount of anticoagulants and other drugs that are administered. The company is working on the development of products for next-generation genetic testing systems that can simultaneously analyze multiple genes and samples for market launch during the fiscal year. We plan to expand our operations by expand and improve a line-up of existing products of Mutector (a reference standard for mutated gene detection kit) along with the development of associated genetic testing systems based on new concept.

<Regenerative medicine>

StemCell Institute Inc. is Japan's largest private cord blood bank with its market share exceeding 90%. Since its establishment in 1999, the company has been working on separation and storage of cord blood and on research and development activities associated with stem cells. Purpose of this is to use them in regenerative medicine and cellular therapy to treat diseases that may occur in the future and transplant therapy for difficult blood disease such as Leukemia and Aplastic anemia between brothers-sisters. Currently, in the field of regenerative medicine and cellular therapy, clinical trials using own cord blood are increasing mainly in treatment of central nervous system diseases (neonatal hypoxic ischemic encephalopathy, cerebral palsy, hypoacusis, traumatic head injury, spinal cord injury, and others), autoimmune disease, ASD (autism, pervasive developmental disorders) in U.S. and Japan. Also, recently, in the field of iPS cells, development of cord blood bank has started as cord blood is recognized as an excellent source of stem cell.

Being aided by ongoing trend in regenerative medicine, StemCell Institute Inc. is increasing its storage number steadily. We expect the largest volume of cord blood bank as well for the next fiscal year.

As a result, sales in the medical business decreased 9.8% to 877 million yen and operating income decreased 90.7% to 47 million yen.

II. Forecasts for the next fiscal year

Japanese economy is still in unclear situation in terms of consumer spending because of concerns for further increase in consumer tax and increased price of imported products due to weaker yen, despite the gradual recovery of corporate performances especially in manufacturing industry, which is helped by a decrease in oil price and weak yen in addition to government initiated economic measures and monetary easing by the Bank of Japan.

Against this backdrop, the Nihon Trim Group considers the next fiscal year as a starting year for a great leap. As our first step, we develop stable foundation in each business field to gain a foothold.

[Water Healthcare Business]

<EHW systems sales>

(Japan)

The Great East Japan Earthquake raised the concern over safety of water. The demand for PET bottles and gallon bottles delivery has continued to expand. In particular, sale of hydrogen water is increasing with anticipation for health benefit. We expect that customers purchasing above mentioned PET bottles and using gallon bottles delivery service will switch gradually to household EHW systems for the following advantages: a) health benefit (improve condition of stomach and intestines), b) low cost (about 6 yen per liter in case of TRIMION HYPER), and c) ecology (reduce the use of PET bottles).

In order to promote this trend, we produced TV advertising featuring a fashion model SHIHO as an image character to increase the awareness of EHW. This TV advertising started running on April in the timeframe of TOKUDANE (a Fuji TV morning program that is on from 8:00 to 9:55AM). In addition, for two weeks between Monday, April 27 and Sunday, May 10, it was aired on 65 terrestrial TV stations in Japan as a spot advertising.

Against this backdrop, we will continue improve sales efficiency for workplace sales.

For installation and referral sales, we will increase the workforce and take other steps in order to concentrate further on customer relationship management. The objective is to achieve synergies that raise customer satisfaction and drive growth.

For store event sales, the number of employees has been increased at department stores, fitness clubs, and appliance retailers since this April to expand the sales.

For OEM and wholesale sales, we received many inquiries from companies in Japan and other countries and

contract negotiations are in progress. Some of which are new large-scale OEM deals. In addition, we work on increasing business with existing customers in order to further increase our profit.

For sales of water purification cartridges, which generate a consistent revenue stream, we are taking steps to increase the rate at which users perform periodic replacements by using direct mail, e-magazines, seasonal magazines and other channels. We expect consistent growth for this business domain.

(Overseas)

In Indonesia, we plan to start production of PET bottles in the central Java. By integrating with other products and sales channels of Sinarmas Group, our business partner, we expect substantial expansion of our operation including the development of sales structure across Indonesia. Also in China and Taiwan, we aggressively work on not only EHW systems sales but also medical business, intending a tie-up with local companies.

<Agriculture>

In the agriculture sector, we accelerated the data collection by expanding our efforts in Kochi prefecture.

On the other hand, we received many inquiries from across the country about EHW systems for agricultural use. We plan to expand our business nationwide including uses on a trial base. Also, the sales of Reduced Vegetables® are expected to increase and contribute to our profits from the next fiscal year.

[Medical Business]

< Electrolyzed Water Hemodialysis >

For Electrolyzed Water Hemodialysis®, we will continue to perform clinical research and product development with Karolinska Institute, Tohoku University, Fukushima Medical University and other partners. The number of inquiries from medical institutions and other organizations increases gradually with growing awareness of hemodialysis systems. We plan to expand this business rapidly with the start of mass-production of the new model that is capable of supplying hydrogen of high density, which is currently under development.

<Advanced medical care>

In a business associated with advanced medical care, Trim Medical Holdings Inc. plays a central role in expanding operations related to genetic diagnosis business, regenerative medicine business and others.

As for the genetic diagnosis business, we will develop a structure capable of sustained growth and rapid expansion of operation by selling a newly developed kit for next-generation genetic testing systems and bring it to the market as soon as possible.

In cord blood storage in relation to the regenerative medicine business, 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 0.3% in Japan, we believe that there is much room for growth in this market. With help of government led policy of promoting uses of regenerative medicine, we expect to hold the largest volume of cord blood storage for this fiscal year. In addition, we work on expanding our business domain to include stem cell storage and others by utilizing the know-how that we have obtained through the long-term storage of cells.

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

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

(2) Analysis of Financial Position

Assets, Liabilities, and Net Assets

Total assets increased 1,509 million yen, or 7.5%, from the end of the previous fiscal year to 21,506 million yen at the end of the current fiscal year on a consolidated basis.

(i) Assets

Current assets increased 1,401 million yen, or 9.8%, from the end of the previous fiscal year to 15,767 million yen. The main factors include decreases of 161 million yen in notes and accounts receivable-trade, and 276 million yen in accounts receivable-installment, and an increase of 1,833 million yen in cash and deposits.

Non-current assets increased 107 million yen, or 1.9%, from the end of the previous fiscal year to 5,738 million yen. The main factors include increases of 300 million yen in long-term deposits and 179 million yen in allowance for doubtful accounts and a decrease of 34 million yen in goodwill.

(ii) Liabilities

Current liabilities decreased 390 million yen, or 12.9%, from the end of the previous fiscal year to 2,636 million yen. The main factors were decreases of 203 million yen in income taxes payable and 300 million yen in current portion of bonds.

Non-current liabilities increased 1,198 million yen, or 79.5%, from the end of the previous fiscal year to 2,706 million yen. The main factors were increases of 944 million yen in long-term loans payable and 300 million yen in bonds.

(iii) Net assets

Net assets increased 701 million yen, or 4.5 %, from the end of the previous fiscal year to 16,163 million yen. There were net income of 1,307 million yen, cash dividends paid of 426 million yen, and purchase of treasury shares of 176 million yen.

Cash flows

Cash and cash equivalents (net cash) increased 2,133 million yen from the end of the previous fiscal year to 10,747 million yen at the end of the current fiscal year on a consolidated basis.

Cash flows from operating activities

Net cash provided by operating activities totaled 1,910 million yen.

The main factors were income before income taxes and minority interests of 2,345 million yen, a 207 million yen increase in allowance for doubtful accounts, a 276 million yen decrease in accounts receivable-installment, a 161 million yen decrease in notes and accounts receivable-trade, while there was income taxes paid of 1,145 million yen.

Cash flows from investing activities

Net cash used in investing activities totaled 166 million yen.

The main factor was purchase of property, plant and equipment of 145 million yen.

Cash flows from financing activities

Net cash provided by financing activities totaled 249 million yen.

The main factors were cash dividends paid of 425 million yen, purchase of treasury shares of 176 million yen, and proceeds from long-term loans payable of 944 million yen.

Reference: Cash flow indicators

	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15
Shareholders' equity ratio	78.1	79.9	78.6	74.5	72.8
Shareholders' equity ratio based on market value	65.6	65.1	85.0	259.8	123.0
Average debt repayment period (years)	0.5	0.2	0.3	0.2	0.7

Notes: Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market value: Market capitalization / Total assets

Average debt repayment period: Interest-bearing debt / Operating cash flows

* All indicators are calculated based on consolidated figures.

* Market capitalization is calculated by multiplying the closing price at the end of period by the number of shares outstanding at the end of period (excluding treasury shares).

* Operating cash flows are the figures for operating cash flows in the consolidated statement of cash flows. Interest-bearing debt includes all debt on the consolidated balance sheet that incur interest.

* There are no figures for interest coverage ratio (operating cash flows / interest payments) because the amount of interest payments is insignificant.

(3) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

Distributing earnings to shareholders is one of the highest priorities of Nihon Trim. We are committed to preserving a stable base of operations and increasing the return on equity. Our current basic policy is to continue paying a consistent dividend and increase the dividend in stages based on results of operations while aiming to maintain a consolidated payout ratio of 30% for the time being.

We plan to pay a year-end ordinary dividend of 50 yen per share applicable for the fiscal year ended on March 31, 2015.

We plan to pay a year-end dividend of 50 yen for the fiscal year ending on March 31, 2016.

Retained earnings will be used for R&D programs in order to support more growth in our operations.

(4) Business Risks

This section lists the major risk factors that may affect the results of operations, financial position and other aspects of the businesses of the Nihon Trim Group. These are only the major risk factors and are therefore not a complete list of risk factors at the Group.

Forward-looking statements in this section are based on the judgments of the Nihon Trim Group as of the day that results of operations were announced.

a. Products

Electrolyzed hydrogen water (EHW) systems (medical devices) are the major product of Nihon Trim and account for a large share of sales in each fiscal year. As a result, sales and earnings are determined primarily by these systems.

Sales by product category and sales composition in the last three fiscal years are shown below.

	FY3/13		FY3/14		FY3/15	
	Million yen	%	Million yen	%	Million yen	%
Electrolyzed hydrogen water (EHW) systems	7,240	67.7	8,315	63.3	7,977	62.2
Cartridges	2,649	24.8	3,062	23.3	3,114	24.3
Electrical potential treatment systems	2	0.0	1	0.0	0	0.0
Electrolyzed reduced hot spring systems	7	0.1	26	0.2	11	0.1
Others	790	7.4	1,738	13.2	1,732	13.4
Total	10,690	100.0	13,144	100.0	12,834	100.0

b. Restrictions imposed by the Pharmaceutical Affairs Act on the manufacture and sale of Nihon Trim products

The manufacture and sale of Nihon Trim products (medical devices) are regulated by the Pharmaceutical Affairs Act.

In accordance with this act, the manufacture of medical devices requires the receipt of medical device manufacturing and sales certification from a third-party certification agency that has been designated by the Ministry of Health, Labour and Welfare. There are restrictions concerning rules, the naming of supervising engineers, advertising and other activities at manufacturing and sales locations.

c. Nihon Trim sales operations

The workplace sales unit is the primary sales unit at Nihon Trim. Sales personnel make appointments at client companies and then visit their workplaces to hold information meetings about products.

Using this sales method makes it possible to give consumers a proper understanding of the products, which are medical devices as defined by the Pharmaceutical Affairs Act. This method also allows providing thorough explanations of the features of the products. However, this sales method relies on the sales skills of sales personnel and time is needed to train these individuals. As a result, resignations, insufficient skills and other issues involving sales personnel may have an effect on the Company's results of operations.

d. Nihon Trim's sales method and Article 2 of the Act on Specified Commercial Transactions

The workplace information meeting sales method of Nihon Trim is subject to Article 2 of the Act on Specified Commercial Transactions.

However, when approval in writing has been received from a manager of a location where an information meeting is held, this sales method is exempt from this act as stated in Article 26, Paragraph 2-2. As a result, although the cooling-off system (a certain period during which a transaction can be canceled for any reason) in Article 9 of this act does not apply, Nihon Trim voluntarily establishes a cooling-off period of one month after a sales contract is signed.

e. Leaks of personal information

The Nihon Trim Group manages customer information with extreme care. However, if there is a leak of this information to an external party, any problems involving liability and the loss of public trust may have an effect on the Group's results of operations.

f. Purchase of raw materials and parts

The Nihon Trim Group purchases raw materials and parts from a large number of suppliers. Movements in market prices and the ability of companies to consistently supply raw materials and parts, both of which are beyond the control of the Group, may have an effect on the Group's results of operations and financial condition.

g. Product defects

The Nihon Trim Group does everything possible at each step from the development and manufacture of products to the provision of services to ensure safety, which is the Group's highest priority. There is insurance to cover liability involving products the Group manufactures but there are still risks that are not insured. In addition, there may be a large recall of products to protect the safety of customers. These events or any other incident involving product defects that results in significant expenses may have an effect on the Group's results of operations and financial condition.

2. Corporate Group

The Nihon Trim Group (Nihon Trim Co., Ltd. and its affiliated companies) consists of 14 companies. In addition to Nihon Trim Co., Ltd. (the Company), there are consolidated subsidiaries Trim Electric Machinery Co., Ltd., Trim Medical Holdings Inc., TrimGen Corporation, Functional Water & Cell Analyzing Center Co., Ltd., Trim Financial Service Co., Ltd., Trim (Guangzhou) Water & Health Co., Ltd., Trim Medical Institute Co., Ltd., Trim Life Support Co., Ltd., PT. Super Wahana Tehno and StemCell Institute Inc., and equity-method affiliates MedFirst Trim Co., Ltd., Nankoku City Industrial Promotion Organization and Nishijima Flower Garden Co., Ltd. In the current fiscal year, we reorganize our medical business in order to accelerate the rapid growth of advanced medical care business, mergers and acquisitions, and expansion of operation on a global scale. In particular, we transfer the stocks of StemCell Institute Inc. that the Company had to Trim Medical Holdings Inc. (formerly known by TrimGen Holdings Co., Ltd.), a subsidiary of the Company and a holding company of TrimGen Corporation.

The following diagram shows the business activities of Nihon Trim and its group companies, the positioning of each company and their relationships with business segments.

(1) Water Healthcare Business

(The Company)

NIHON TRIM CO., LTD.

Nihon Trim is engaged primarily in the sale of health devices, mainly EHW systems, and the sale of associated products.

(Six consolidated subsidiaries)

Trim Electric Machinery Co., Ltd.

Manufacture of EHW systems and other products.

Functional Water & Cell Analyzing Center Co., Ltd.

Measurement and scientific analysis of functional water and activate hydrogen.

Trim Financial Service Co., Ltd.

Installment sales.

Trim (Guangzhou) Water & Health Co., Ltd.

Import, manufacture and sale of EHW systems and other products.

Trim Life Support Co., Ltd.

Installation of EHW systems and management of customer information by providing after-sales services.

PT. SUPER WAHANA TEHNO

Manufacture and sale of bottled water.

(Three equity-method affiliates)

MEDFIRST TRIM CO., LTD.

Import and sale of EHW systems and other products.

Nankoku City Industrial Promotion Organization

Signed an agreement to cooperate with the City of Nankoku in Kochi prefecture for the purpose of rebuilding Nishijima Flower Garden Co., Ltd.

Nishijima Flower Garden Co., Ltd.

Operation of a tourism garden and other facilities in City of Nankoku in Kochi prefecture.

(2) Medical Business

(Four consolidated subsidiaries)

Trim Medical Holdings Inc.

A holding company that aims to expand on a global scale by managing subsidiaries operating in advanced medical care business.

TrimGen Corporation

R&D, manufacture and sale of mutated gene detection kits.

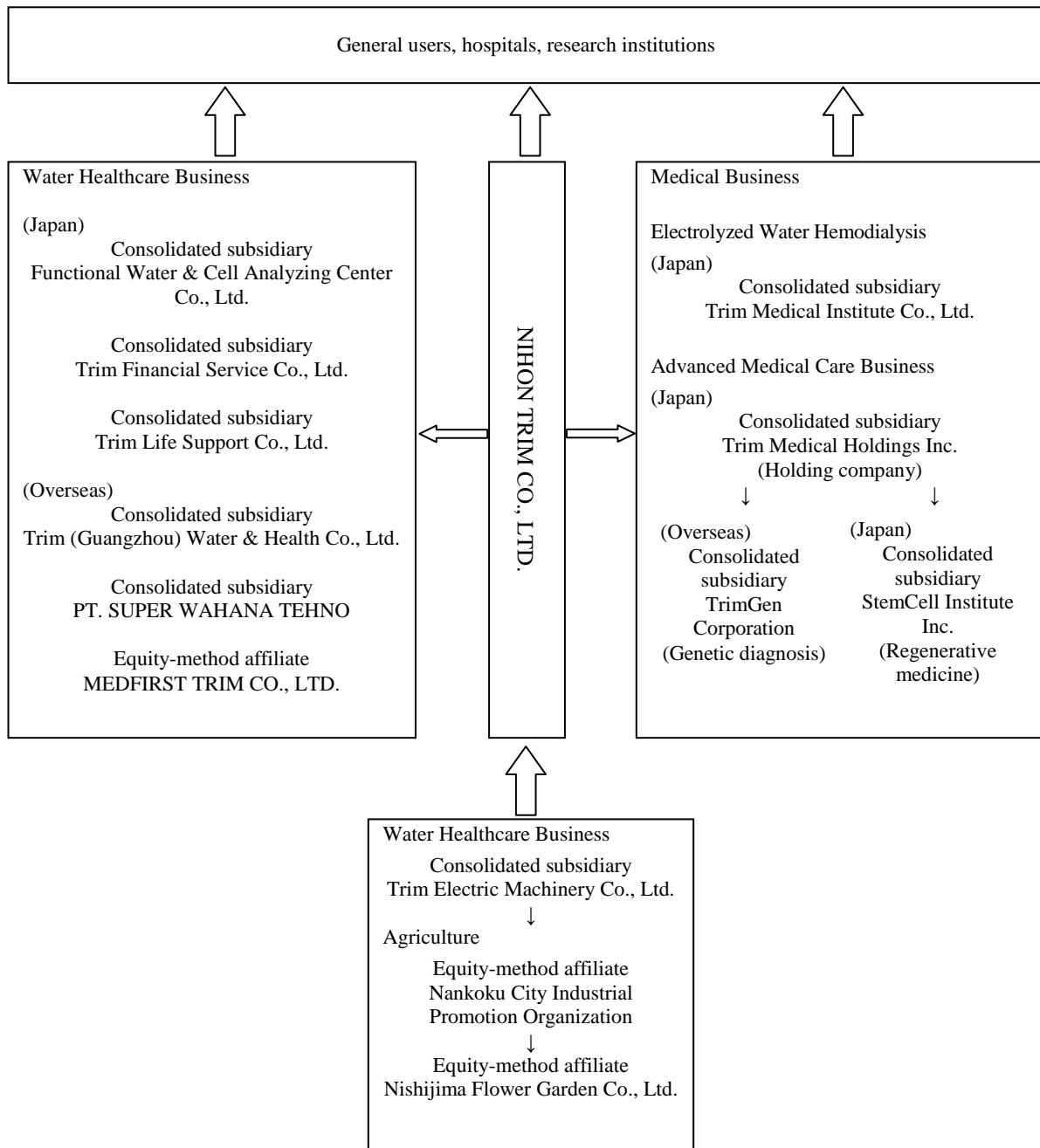
Trim Medical Institute Co., Ltd.

An outsourced measurement services start-up company formed jointly with the clinical research of the Tohoku University Graduate School.

StemCell Institute Inc.

Contract management of hematopoietic stem cells, R&D for new treatments using these cells and promotion of these treatments, contract management of peripheral stem cells.

A flowchart of business operations is as follows.



3. Management Policies

(1) Basic Management Policy

Operations of the Nihon Trim Group are guided by the corporate philosophy of “contributing to the creation of pleasant and healthy lives.” We are constantly seeking to determine the best possible water for human consumption. Underpinned by an entrepreneurial spirit, our operations seek to create new value for water that is scientifically supported by functions. In addition, we use efficient operations and a sound internal management system to meet demands involving health and safety. We are determined to sustain financial performance to contribute to society. We will use this stance to remain a company that has an excellent reputation among the public and shareholders.

(2) Performance Targets

To achieve efficient and streamlined operations, the medium-term target is to raise ordinary income to at least 25% of consolidated net sales.

In the fiscal year ending on March 31, 2016, the goal is to raise this ratio to at least 20% even while making substantial investments for R&D, public relations and other activities in order to continue growing rapidly.

(3) Medium to Long-Term Management Strategy

Our strategy is to perform joint research programs with universities in the fields of hemodialysis and the treatment and prevention of diabetes and other lifestyle diseases as well as to start businesses in these fields. Moreover, the spillover effect of these activities is expected to lead to greater use of household EHW systems, which is our current business, along with higher sales of cartridges, which generate a consistent revenue stream. The objective is to achieve rapid growth and to build stable foundation for operation. In our new business field of agriculture sector, we will focus on establishing the Reduced Vegetables® brand, in which EHW is used to grow crops. We also work on promoting the use of agricultural equipment as well as using EHW at plant factories. Outside Japan, operations in Indonesia will be used as a model for global expansion centered on the bottled water business. Expansion may include alliances with large overseas companies. Furthermore, we plan to start businesses in new field of advanced medical care business including genetic diagnosis and regenerative medicine with Trim Medical Holdings Inc. playing the primal role. Using synergies among group companies to enter new market sectors is another goal. By taking these actions, we plan to use exclusive technologies to make the Nihon Trim Group an organization like no other in the world.

(4) Challenges

The 21st century is often called the age of water. Disputes over water supplies are intensifying worldwide. But problems involving the volume of water are now increasingly accompanied by demands involving the quality of water. The Nihon Trim Group is taking actions for growth from a short-term standpoint. At the same time, we believe that is vital to develop the drinking water business from a longer term perspective in order to become the leading company in the coming age of water. To accomplish this goal, we have established four central themes: a. make more progress with R&D; b. develop innovative products; c. respond to the Japanese public’s new perception of water following the Great East Japan Earthquake; and d. firmly establish the Trim brand.

a. In anticipation of the growing importance of water quality, we have been involved in many joint research projects with universities in order to learn more about the functions of water. These projects have yielded data that show the effectiveness of functional water. We used cellular tests and tests with mice and rats to confirm that this water can help fight diabetes. We also obtained data showing that EHW produces benefits for individuals with lifestyle diseases like metabolic syndrome. Clinical research is already under way. We are making preparations for applied research for hemodialysis, which has reached the stage of actual use, and for clinical research to verify benefits of this water for people who have diabetes and metabolic syndrome. In Japan, there are an estimated 20 million people who have diabetes or metabolic syndrome or are likely to

develop one of these problems in the future. If the benefits of EHW can be proven, we are confident that the spillover effect will trigger an enormous sales increase in our household EHW systems business.

- b. Our goal is to raise the penetration rate for water purifiers to 20% of all households in Japan for our entire industry. Reaching this goal will require developing high-performance products that can meet a broad range of consumer needs and are suitable for many applications. Obviously functions will have to be upgraded in order to supply even higher quality water. But we will also have to make improvements concerning ease of use, designs, size, cost and many other aspects of water purification products. To do this, we will need to develop and improve products by using innovative ideas that are not restricted by our thinking in the past.
- c. The Great East Japan Earthquake made the people of Japan even more aware of the importance of water. We will use extensive public relations programs so that even more people know about the ability of our EHW systems to produce water that is safe and healthy. We are confident that the resulting synergies will generate rapid growth in sales in our household EHW systems business.
- d. We understand that outstanding functions, technologies and development skills involving water will not be enough alone to achieve rapid growth. Building a powerful perception for our brand will be essential to our growth, too. This is why we are using mass media and the Internet to make more people aware of our brand. Furthermore, we have many social contribution and other corporate social responsibility activities that are reinforcing our reputation as a responsible corporate citizen. Customer satisfaction and public trust are also vital to our success. We will take actions for upgrading our ability to serve customers after they make a purchase, internal administrative functions, internal controls and other elements of our operations.

4. Basic Approach for the Selection of Accounting Standards

The Nihon Trim Group will continue to prepare consolidated financial statements using Generally Accepted Accounting Principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies. We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

5. Consolidated Financial Statements**(1) Consolidated Balance Sheet**

	(Thousands of yen)	
	FY3/14 (As of Mar. 31, 2014)	FY3/15 (As of Mar. 31, 2015)
Assets		
Current assets		
Cash and deposits	8,914,255	10,747,862
Notes and accounts receivable-trade	1,963,331	1,801,930
Accounts receivable-installment	2,721,101	2,444,698
Finished goods	127,564	151,124
Raw materials and supplies	363,518	368,272
Deferred tax assets	167,531	138,986
Other	121,545	155,543
Allowance for doubtful accounts	(12,982)	(41,049)
Total current assets	14,365,865	15,767,369
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,662,824	1,669,708
Accumulated depreciation	(853,618)	(910,869)
Buildings and structures, net	809,205	758,839
Land	2,503,181	2,508,559
Other	1,291,349	1,404,244
Accumulated depreciation	(973,525)	(1,124,422)
Other, net	317,824	279,822
Total property, plant and equipment	3,630,211	3,547,220
Intangible assets		
Goodwill	665,739	631,599
Other	192,774	155,468
Total intangible assets	858,514	787,067
Investments and other assets		
Investment securities	47,128	51,363
Deferred tax assets	142,383	104,965
Long-term time deposits	500,000	800,000
Other	493,212	667,767
Allowance for doubtful accounts	(40,162)	(219,460)
Total investments and other assets	1,142,561	1,404,635
Total non-current assets	5,631,287	5,738,923
Total assets	19,997,153	21,506,293

	(Thousands of yen)	
	FY3/14 (As of Mar. 31, 2014)	FY3/15 (As of Mar. 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	662,094	566,871
Current portion of bonds	300,000	-
Income taxes payable	673,643	469,882
Provision for bonuses	119,600	129,565
Provision for product warranties	14,000	15,000
Provision for sales returns	50,000	56,000
Other	1,207,891	1,399,251
Total current liabilities	3,027,229	2,636,570
Non-current liabilities		
Bonds payable	-	300,000
Long-term loans payable	-	944,160
Provision for directors' retirement benefits	160,901	157,755
Net defined benefit liability	165,694	150,907
Long-term guarantee deposited	230,400	202,092
Other	950,720	951,091
Total non-current liabilities	1,507,716	2,706,007
Total liabilities	4,534,946	5,342,577
Net assets		
Shareholders' equity		
Capital stock	992,597	992,597
Capital surplus	977,957	972,532
Retained earnings	13,138,168	14,018,199
Treasury shares	(169,577)	(295,234)
Total shareholders' equity	14,939,145	15,688,094
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,213	8,514
Foreign currency translation adjustment	(36,256)	(43,496)
Remeasurements of defined benefit plans	(1,489)	8,661
Total accumulated other comprehensive income	(32,532)	(26,320)
Subscription rights to shares	5,799	1,637
Minority interests	549,795	500,304
Total net assets	15,462,207	16,163,715
Total liabilities and net assets	19,997,153	21,506,293

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

	(Thousands of yen)	
	FY3/14	FY3/15
	(Apr. 1, 2013 – Mar. 31, 2014)	(Apr. 1, 2014 – Mar. 31, 2015)
Net sales	13,144,780	12,834,161
Cost of sales	2,965,833	3,298,345
Gross profit	10,178,946	9,535,815
Provision for sales returns	21,000	6,000
Gross profit-net	10,157,946	9,529,815
Selling, general and administrative expenses	7,043,395	7,277,486
Operating income	3,114,551	2,252,328
Non-operating income		
Interest income	7,663	5,810
Dividend income	508	232
Commission fee	1,264	1,336
Real estate rent	98,258	98,258
Foreign exchange gains	235,820	169,679
Other	54,790	33,339
Total non-operating income	398,306	308,656
Non-operating expenses		
Interest expenses	6,403	5,284
Interest on bonds	1,809	1,491
Depreciation of assets for rent	11,964	11,653
Share of loss of entities accounted for using equity method	17,776	5,938
Provision of allowance for doubtful accounts	27,787	2,212
Other	4,184	7,074
Total non-operating expenses	69,926	33,654
Ordinary income	3,442,931	2,527,330
Extraordinary income		
Gain on sales of non-current assets	4,515	-
Gain on sales of shares of subsidiaries and associates	30,175	-
Gain on change in equity	108,622	-
Total extraordinary income	143,313	-
Extraordinary losses		
Loss on sales of non-current assets	163	-
Loss on retirement of non-current assets	4,289	-
Loss on sales of investment securities	37,835	-
Loss on valuation of shares of subsidiaries and associates	-	4,899
Provision of allowance for doubtful accounts	-	177,085
Total extraordinary losses	42,287	181,985
Income before income taxes and minority interests	3,543,957	2,345,345
Income taxes-current	1,070,929	946,067
Income taxes-deferred	(70,044)	114,403
Total income taxes	1,000,885	1,060,470
Income before minority interests	2,543,072	1,284,874
Minority interests in income (loss)	35,333	(22,445)
Net income	2,507,738	1,307,320

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Income before minority interests	2,543,072	1,284,874
Other comprehensive income		
Valuation difference on available-for-sale securities	(19)	3,300
Foreign currency translation adjustment	(190,713)	(5,204)
Remeasurements of defined benefit plans, net of tax	-	10,150
Share of other comprehensive income of entities accounted for using equity method	2,320	1,494
Total other comprehensive income	(188,412)	9,742
Comprehensive income	2,354,659	1,294,616
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,325,744	1,313,532
Comprehensive income attributable to minority interests	28,914	(18,916)

(3) Consolidated Statement of Changes in Equity

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	992,597	986,429	11,310,281	(1,109,480)	12,179,827
Cumulative effects of changes in accounting policies			-		-
Restated balance	992,597	986,429	11,310,281	(1,109,480)	12,179,827
Changes of items during period					
Dividends of surplus			(294,514)		(294,514)
Net income			2,507,738		2,507,738
Purchase of treasury shares				(79,845)	(79,845)
Disposal of treasury shares		414,991		210,949	625,940
Retirement of treasury shares		(808,800)		808,800	-
Purchase of shares of consolidated subsidiaries		-			-
Transfer to capital surplus from retained earnings		385,337	(385,337)		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(8,471)	1,827,886	939,903	2,759,318
Balance at end of current period	992,597	977,957	13,138,168	(169,577)	14,939,145

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	5,233	145,717	-	150,950	11,939	134,459	12,477,176
Cumulative effects of changes in accounting policies							-
Restated balance	5,233	145,717	-	150,950	11,939	134,459	12,477,176
Changes of items during period							
Dividends of surplus							(294,514)
Net income							2,507,738
Purchase of treasury shares							(79,845)
Disposal of treasury shares							625,940
Retirement of treasury shares							-
Purchase of shares of consolidated subsidiaries							-
Transfer to capital surplus from retained earnings							-
Net changes of items other than shareholders' equity	(19)	(181,974)	(1,489)	(183,483)	(6,139)	415,335	225,712
Total changes of items during period	(19)	(181,974)	(1,489)	(183,483)	(6,139)	415,335	2,985,030
Balance at end of current period	5,213	(36,256)	(1,489)	(32,532)	5,799	549,795	15,462,207

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	992,597	977,957	13,138,168	(169,577)	14,939,145
Cumulative effects of changes in accounting policies			16,488		16,488
Restated balance	992,597	977,957	13,154,657	(169,577)	14,955,634
Changes of items during period					
Dividends of surplus			(426,558)		(426,558)
Net income			1,307,320		1,307,320
Purchase of treasury shares				(176,955)	(176,955)
Disposal of treasury shares		(17,220)		51,298	34,078
Retirement of treasury shares		-		-	-
Purchase of shares of consolidated subsidiaries		(5,424)			(5,424)
Transfer to capital surplus from retained earnings		17,220	(17,220)		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(5,424)	863,542	(125,657)	732,460
Balance at end of current period	992,597	972,532	14,018,199	(295,234)	15,688,094

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	5,213	(36,256)	(1,489)	(32,532)	5,799	549,795	15,462,207
Cumulative effects of changes in accounting policies							16,488
Restated balance	5,213	(36,256)	(1,489)	(32,532)	5,799	549,795	15,478,696
Changes of items during period							
Dividends of surplus							(426,558)
Net income							1,307,320
Purchase of treasury shares							(176,955)
Disposal of treasury shares							34,078
Retirement of treasury shares							-
Purchase of shares of consolidated subsidiaries							(5,424)
Transfer to capital surplus from retained earnings							-
Net changes of items other than shareholders' equity	3,300	(7,239)	10,150	6,212	(4,162)	(49,491)	(47,441)
Total changes of items during period	3,300	(7,239)	10,150	6,212	(4,162)	(49,491)	685,018
Balance at end of current period	8,514	(43,496)	8,661	(26,320)	1,637	500,304	16,163,715

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY3/14	FY3/15
	(Apr. 1, 2013 – Mar. 31, 2014)	(Apr. 1, 2014 – Mar. 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	3,543,957	2,345,345
Depreciation	231,111	268,647
Amortization of goodwill	17,070	34,140
Increase of subscription rights to shares	1,863	1,107
Increase (decrease) in allowance for doubtful accounts	29,541	207,364
Increase (decrease) in provision for bonuses	6,200	9,965
Increase (decrease) in net defined benefit liability	24,231	25,686
Increase (decrease) in provision for directors' retirement benefits	11,263	(3,146)
Interest and dividend income	(8,172)	(6,042)
Interest expenses	6,403	5,284
Interest on bonds	1,809	1,491
Share of (profit) loss of entities accounted for using equity method	17,776	5,938
Foreign exchange losses (gains)	(235,820)	(169,679)
Loss (gain) on sales of investment securities	37,835	-
Loss (gain) on sales of shares of subsidiaries and associates	(30,175)	-
Loss on valuation of shares of subsidiaries and associates	-	4,899
Loss (gain) on sales of non-current assets	(4,352)	-
Loss (gain) on change in equity	(108,622)	-
Decrease (increase) in notes and accounts receivable-trade	(476,075)	161,401
Decrease (increase) in accounts receivable-installment	(261,093)	276,403
Decrease (increase) in inventories	(105,997)	(22,281)
Increase (decrease) in notes and accounts payable-trade	70,915	(95,223)
Increase (decrease) in accrued consumption taxes	53,146	120,136
Other, net	(7,756)	(115,040)
Subtotal	2,815,060	3,056,399
Interest and dividend income received	8,249	6,129
Interest expenses paid	(8,203)	(7,074)
Income taxes paid	(874,462)	(1,145,267)
Net cash provided by (used in) operating activities	1,940,643	1,910,187
Cash flows from investing activities		
Payments into time deposits	-	(500,000)
Proceeds from withdrawal of time deposits	-	500,000
Purchase of property, plant and equipment	(136,512)	(145,376)
Proceeds from sales of property, plant and equipment	15,183	22,093
Purchase of intangible assets	(12,714)	(38,457)
Proceeds from sales of investment securities	2,164	-
Purchase of shares of subsidiaries and associates	(23,504)	(9,203)
Proceeds from sales of shares of subsidiaries and associates	69,679	-
Payments for lease and guarantee deposits	(94,521)	(3,160)
Proceeds from collection of lease and guarantee deposits	16,637	4,495
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	736,115	-
Other, net	(8,985)	3,188
Net cash provided by (used in) investing activities	563,542	(166,421)

	(Thousands of yen)	
	FY3/14	FY3/15
	(Apr. 1, 2013 – Mar. 31, 2014)	(Apr. 1, 2014 – Mar. 31, 2015)
Cash flows from financing activities		
Proceeds from long-term loans payable	-	944,160
Proceeds from issuance of bonds	-	300,000
Redemption of bonds	-	(300,000)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(36,000)
Repayments of guarantee deposits received	(32,817)	(32,817)
Purchase of treasury shares	(79,845)	(176,955)
Proceeds from exercise of share options	38,322	28,808
Proceeds from share issuance to minority shareholders	269,679	-
Cash dividends paid	(294,019)	(425,981)
Other, net	(45,605)	(52,186)
Net cash provided by (used in) financing activities	(144,285)	249,028
Effect of exchange rate change on cash and cash equivalents	30,393	140,813
Net increase (decrease) in cash and cash equivalents	2,390,294	2,133,607
Cash and cash equivalents at beginning of period	6,223,960	8,614,255
Cash and cash equivalents at end of period	8,614,255	10,747,862

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Accounting Policies in the Preparation of Consolidated Financial Statements

1. Scope of consolidation

All subsidiaries are included in the consolidation.

Number and name of consolidated subsidiaries: 10 (10 in the previous fiscal year)

Trim Electric Machinery Co., Ltd.
TrimGen Corporation
Functional Water & Cell Analyzing Center Co., Ltd.
Trim Financial Service Co., Ltd.
Trim (Guangzhou) Water & Health Co., Ltd.
Trim Medical Holdings Inc.
Trim Medical Institute Co., Ltd.
Trim Life Support Co., Ltd.
PT. SUPER WAHANA TEHNO
StemCell Institute Inc.

2. Application of the equity method

(1) Number and name of equity-method affiliates: 3 (3 in the previous fiscal year)

MEDFIRST TRIM CO., LTD.
Nankoku City Industrial Promotion Organization
Nishijima Flower Garden Co., Ltd.

(2) Name of affiliates not accounted for by the equity method

TRIM RESORT CO., LTD.
Kochi Fighting Dogs Co., Ltd.

These affiliates are not accounted for by the equity method, since they have a very minor effect on net income/loss (equity in earnings) and retained earnings (equity in earnings) and are relatively insignificant in the context of the consolidated financial statements.

(3) Some equity-method subsidiaries and affiliates end their fiscal years on a date that differs from the end of the fiscal year for the consolidated financial statements, and financial statements for the fiscal years of these companies are used to prepare the consolidated financial statements.

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, March 26, 2015)” from 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 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 current fiscal year. The effect of this change on operating income, ordinary income, and income before income taxes and minority interests in the current fiscal year is insignificant.

Also, the effect of this change on each share 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 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 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 consolidated financial statements that includes the acquisition date.

The Company has adopted these accounting standards, etc. from the beginning 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 current fiscal year was a decrease of 5,424 thousand yen, and there is no effect on earnings for the current fiscal year.

In the consolidated statement of cash flows of the current fiscal year, cash flows associated with purchase or sales of shares of subsidiary not resulting in changes in the scope of consolidation are included in cash flows from financing activities. On the other hand, cash flows associated with purchase or sales of shares of subsidiary resulting in changes in the scope of consolidation or expenses associated with purchase or sales of shares of subsidiary not resulting in changes in the scope of consolidation are included in cash flows from operating activities.

Capital surplus at the end of the current fiscal year in the consolidated statement of changes in equity decreased 5,424 thousand yen.

Also, the effect of this change on each share is insignificant.

Segment and Other Information

Segment 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 and a regenerative medicine business.

2. Calculation methods for net sales, profits, assets, and other items for each reportable segment

The accounting method used for reportable business segments is generally the same as the methods listed in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

Profits for reportable segments are operating income figures.

3. Information related to net sales, profits, assets, and other items for each reportable segment

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

(Thousands of yen)

	Reportable segment			Adjustments	Total
	Water healthcare	Medical	Subtotal		
Net sales					
Sales to external customers	11,956,473	877,687	12,834,161	-	12,834,161
Inter-segment sales and transfers	-	-	-	-	-
Total	11,956,473	877,687	12,834,161	-	12,834,161
Segment profits	2,205,246	47,081	2,252,328	-	2,252,328
Segment assets	17,241,095	2,801,873	20,042,969	1,463,323	21,506,293
Other items					
Depreciation and amortization	207,412	49,581	256,994	11,653	268,647
Increase in property, plant and equipment and intangible assets	100,543	43,606	144,150	-	144,150

Per Share Information

(Yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Net assets per share	1,747.31	1,841.01
Net income per share	296.69	154.01
Diluted net income per share	295.10	153.62

Note 1: The following is a reconciliation of net income per share and diluted net income per share.

Note 2: The Company conducted a 2-for-1 common stock split on October 1, 2013. Net assets per share, 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 FY3/14.

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Net income per share		
Net income (Thousands of yen)	2,507,738	1,307,320
Amount not available to shareholders of common stock (Thousands of yen)	-	-
Net income attributable to common shares (Thousands of yen)	2,507,738	1,307,320
Average number of common shares outstanding during the period (Shares)	8,452,324	8,488,732
Diluted net income per share		
Adjusted to net income (Thousands of yen)	-	-
Increase in the number of common shares (Shares)	45,477	21,362
Summary of potential shares not included in the calculation of "Diluted net income per share" since there was no dilutive effect	-	-

Subsequent Events

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.