

April 26, 2016

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2016

[Japanese GAAP]

Company name: NIHON TRIM CO., LTD.

Listing: Tokyo Stock Exchange, First Section

Securities code: 6788

URL: <http://www.nihon-trim.co.jp>

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Scheduled date of Annual General Meeting of Shareholders: June 23, 2016

Scheduled date of filing of Annual Securities Report: June 24, 2016

Scheduled date of payment of dividend: June 24, 2016

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, 2016 (April 1, 2015 – March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2016	15,280	19.1	3,123	38.7	3,258	28.9	2,104	61.0
Fiscal year ended Mar. 31, 2015	12,834	(2.4)	2,252	(27.7)	2,527	(26.6)	1,307	(47.9)

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2016: 2,037 (up 57.4%)

Fiscal year ended Mar. 31, 2015: 1,294 (down 45.0%)

	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, 2016	249.50	249.36	13.0	14.4	20.4
Fiscal year ended Mar. 31, 2015	154.01	153.62	8.6	12.2	17.5

Reference: Investment gain (loss) by equity method (million yen) Fiscal year ended Mar. 31, 2016: (1)

Fiscal year ended Mar. 31, 2015: (5)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2016	23,704	17,233	71.0	2,000.12
As of Mar. 31, 2015	21,506	16,163	72.8	1,841.01

Reference: Shareholders' equity (million yen) As of Mar. 31, 2016: 16,819 As of Mar. 31, 2015: 15,661

(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, 2016	2,573	(768)	(871)	11,674
Fiscal year ended Mar. 31, 2015	1,910	(166)	249	10,747

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, 2015	-	-	-	50.00	50.00	425	32.5	2.8
Fiscal year ended Mar. 31, 2016	-	-	-	60.00	60.00	504	24.0	3.1
Fiscal year ending Mar. 31, 2017 (forecasts)	-	-	-	60.00	60.00		22.2	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(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	8,430	13.3	1,730	12.7	1,780	9.7	1,150	11.8	136.76
Full year	17,300	13.2	3,470	11.1	3,550	8.9	2,270	7.8	269.94

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, 2016, 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: None

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, 2016:	8,656,780 shares	As of Mar. 31, 2015:	8,656,780 shares
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b. Number of treasury shares at end of period

As of Mar. 31, 2016:	247,610 shares	As of Mar. 31, 2015:	149,610 shares
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c. Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2016:	8,436,975 shares	Fiscal year ended Mar. 31, 2015:	8,488,732 shares
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* 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

During the current fiscal year, the Nihon Trim Group has broken the past record of the number of units sold of the electrolyzed hydrogen water (EHW) systems by a substantial margin, and reported a record high sales of 15,280 million yen (up 19.1% year on year) with a record high operating income of 3,123 million yen (up 38.7% year on year), ordinary income of 3,258 million yen (up 28.9% year on year) and profit attributable to owners of parent of 2,104 million yen (up 61.0% year on year). Ordinary income and profit attributable to owners of parent were the second best after those for the fiscal year ended March 31, 2014 (with ordinary income of 3,442 million yen and net income of 2,507 million yen), during which the Group recorded foreign exchange gains of 235 million yen (compared with 8 million yen for the current fiscal year) and extraordinary income of 143 million yen (compared with nil for the current fiscal year). After comprehensive consideration of the current solid operating results and financial position of the Company, we have increased the forecast amount of ordinary dividend per share for the fiscal year ended March 31, 2016 from 50 yen per share to 60 yen per share as announced in the press release dated January 5, 2016.

The Nihon Trim Group aims to make a leap into a global medical company through expanding its business of “electrolyzed hydrogen water” or functional water created by applying scientific methods to the study of water as well as through promoting the creation of new businesses in the medical domain.

With regard to the water healthcare business, fields related to hydrogen water in particular are expanding rapidly in the growing drinking water market.

Our EHW systems are recognized to have health effects (to improve gastrointestinal conditions) as a medical device; can supply fresh hydrogen water at any time for wide uses from drinking to cooking; have a low running cost (at about 6 yen per liter when using TRIM ION HYPER for five years); and help protect the environment. In light of these benefits we believe that buyers of PET bottled water or users of home-delivered big gallon bottles of water will eventually switch to the EHW systems. Electrolyzed hydrogen water is attracting attention in view of “Health and Productivity Management” which the Japanese government is promoting. As a result the number of companies equipped with our products has increased, including Fuji Corporation Limited, one of the companies selected for “2016 Health and Productivity Stock Selection,” and a company of a major carmaker group for which we installed 142 units of our systems at its business locations at one time in December 2015.

In this way, we are confident that the demand for the EHW systems will further expand going forward. To accelerate such tendency, we are working on further uncovering the function of electrolyzed hydrogen water as well as differentiating our products from other types of water including hydrogen water produced by methods such as the hydrogen gas bubbling. As part of it, we started a joint research with the School of Engineering, the University of Tokyo in October 2015 to identify the physical properties and mechanism of EHW. At present we have contributed a jointly authored paper on the advantage of electrolyzed hydrogen water over bubbling hydrogen water with the Graduate School of Bioresource and Bioenvironmental Sciences of Kyushu University and the School of Engineering, the University of Tokyo. Also, we are conducting drinking tests with diabetic patients jointly with the Faculty of Medicine, Tohoku University.

To realize a society of good health and longevity that the Japanese government has set as a goal, “prevention” is the most important means. For that reason, we will strive to expand the EHW market by advocating and promoting a lifestyle of taking water that is good for the body a part of everyday lives under a slogan of “the new habit of water health care.”

Further, to deal with the changes in the market anticipated to further grow, we will increase the production capacity by 50% in May 2016 at our manufacturing subsidiary, Nihon Trim Electric Machinery Co., Ltd.

In the medical business, we have decided to enter into a business of operating chronic care hospitals in the People's Republic of China as we press released on April 26, 2016. This business will be joined by a team of medical personnel as main participants who have a detailed knowledge of developing Japanese-style medical care services in China for diabetic patients, a major trading firm and healthcare related companies, etc. We plan to provide Japanese-style medical services in China in the chronic phase disease areas such as treatments of diabetes, dialytic therapy, etc. by tying up with Medical Excellence Japan (MEJ), a general incorporated association, as well as receiving support from Cabinet Secretariat, Office of Healthcare Policy of the Japanese government. As the impact of this business on the operating results of the Group is uncertain at this time, it is not reflected in our earnings forecast for the next fiscal year.

For the electrolyzed water hemodialysis business, we plan to start sales of new-type of equipment in June 2016. It is such an epoch-making product that has overcome the existing problems that we are ready to make it a full-fledged business. StemCell Institute Inc., one of our group companies, specializing in regenerative medicine has been increasing the number of specimen stored, having achieved record high operating income. Since this field has great potential, we will grow it into a new line of business for the Nihon Trim Group.

Results by business segment were as follows.

[Water Healthcare Business]

<Electrolyzed hydrogen water (EHW) systems>

(Japan)

For workplace sales (DS, DS/HS Division), the number of units sold at each sales presentation, which is the indicator of sales efficiency, achieved a record high. For the installation and referral sales (HS, DS/HS Division) and the store sales (SS Division) categories as well, a record high was achieved in the number of units sold per sales person. As such, sales have progressed steadily throughout the current period owing to enhanced sales capabilities, enhanced product awareness for hydrogen water and a very favorable business environment due to the expanded market. We are continuing to work on further improving sales efficiency.

For OEM and wholesale sales, new large-scale OEM deals started in December 2015 and in February 2016, and they have developed smoothly. We are also negotiating a number of new deals toward the next fiscal year.

Sales of water purification cartridges as a stock business have also been steadily growing. We are strengthening the function of customer follow-up in an aim to improve the replacement ratio.

(Overseas)

In Indonesia under the macroeconomic environment where the population and the middle class are growing, we have enhanced collaboration with the Sinarmas Group, our local partner, since last year and rapidly expanded sales channels. As a result operating results are steadily improving as shown for example by nearly doubled sales year-on-year for a most recent month. Going forward, we plan to expand our production bases as well as enhance public relations and advertisement to achieve medium to long-term expansion of our share in the domestic market. In China and Taiwan as well, we are working on acquiring new agents through collaborations with local companies.

<Agriculture>

In the agriculture sector, we are focusing on developing high quality and high value-added agriculture with electrolyzed hydrogen water. Last year, the Kochi Prefectural government, the City of Nankoku, JA Nankoku City, Kochi University and our company signed a partnership agreement to promote "the Reduced Vegetables Project" and have been substantiating the effectiveness of EHW to promote and encourage use of it in collaboration of industry, government and academia. In autumn this year, a large horticultural facility worth about 320 million yen will be completed and will start growing "Reduced Vegetable®" by means of horticulture at the next-generation

facility. This time, our project based on the above partnership agreement has been chosen for “Demonstration Projects for Establishing Advanced Model Agriculture under the Partnership of the Agricultural Community and the Economic Community” to receive subsidy as supported by the Ministry of Agriculture, Forestry and Fisheries. Also, in April this year, our EHW systems for agricultural use was added to the objects for “Projects for Promoting the Spread of Environmental Control Technology” as a project supported by Kochi Prefecture and eligible persons to satisfy requirements will receive one-third of the equipment introduction cost as subsidy. We are vigorously working on promoting and expanding our EHW systems for agriculture by installing and verifying our EHW systems in other prefectures as well.

Overall, sales in the water healthcare business increased by 20.9% year-on-year to 14,457 million yen and operating income increased by 43.3% year-on-year to 3,159 million yen.

[Medical Business]

<Advanced medical care>

StemCell Institute Inc., dominating over 90% of the Japanese market, mainly provides long-term storage service of stem cells from cord blood in anticipation of their use in regenerative medicine and cellular therapy to treat diseases in the future. The business is growing steadily with a total number of cord blood storage of 37,215 individuals as of March 31, 2016. In February 2016, the cell processing center of StemCell Institute Inc. acquired a license approval from the Ministry of Health, Labour and Welfare for the manufacturing of specified cell products based on the Act Concerning Safety Assurance of Regenerative Medicine, etc. Following the enforcement of the act, StemCell Institute Inc. is now capable of providing stem cells to medical institutions delivering regenerating medicine, which shall facilitate the development of clinical research on stem cells from cord blood. Amid growing expectations of treatment of intractable illnesses with regenerative medicine, we think of the market with very high potential and will concentrate on appealing the importance of storing the cord blood and increasing the number of this blood held.

TrimGen Corporation in the U.S. is currently working on the development of products for next-generation genetic testing systems. Trim Medical Holdings Inc., the holding company centralizing the advanced medical care business, plans to focus on and expand the regenerative medicine business, such as through the hospital operation business in China, and thereby grow its global healthcare business in order to prepare for an IPO.

<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 becoming popular among medical institutions and is currently used at 15 locations (total of 251 beds). About 90 physicians and other healthcare professionals attended the Electrolyzed Water Hemodialysis Study Group held in February 2016, where the first report on a five-year prognosis study (entering into the third year in 2016) was made, including the following: a case study showed that EHW contributed to lowering the dosage of antihypertensive drugs by 30% compared with conventional dialysis; and another case study showed that exacerbation of physical weariness and itchiness was not seen when using EHW whereas significant exacerbation was noted under conventional dialysis. Further, in 2016, the Electrolyzed Water Hemodialysis Study Group was appointed as a member of the Nationwide Scientific Meeting by Specialist Committee of the Japanese Society for Dialysis Therapy. Accordingly, starting from April 2016, dialysis therapists who attend the Electrolyzed Water Hemodialysis Study Group are allowed to earn three credits, which will be counted as part of the required credits to obtain and renew their license as specialist physicians or advising doctors. We hope that the prestige given to the Electrolyzed Water Hemodialysis Study Group will further raise public awareness of EHW and increase the number of physicians joining the group. Additionally, we expect that medical institutions using the hemodialysis system will increase in the future. We are ready to sell a new type of the system starting from June 2016, which is more compact with strengthened cleansing performance and improved dissolved

hydrogen synthesis capability when compared to the existing system, and have already received more than 40 inquiries. We expect that sales of the new system will contribute to our earnings from the second half of the fiscal year ending March 31, 2017.

As a result, sales in the medical business decreased by 6.3% year-on-year to 822 million yen and operating loss was 35 million yen compared with operating income of 47 million yen one year earlier.

II. Forecasts for the next fiscal year

The Nihon Trim Group is expecting new record highs both in sales and profits in the next fiscal year. Further, we plan to make proactive up-front investments for the future with medium to long-term perspectives in the area of R&D, medical, agriculture, and advanced medical care.

[Water Healthcare Business]

<Electrolyzed hydrogen water (EHW) systems>

(Japan)

Against a backdrop of the growing hydrogen water market, operating results are expected to increase in each division.

For workplace sales (DS, DS/HS Division), we continue to improve sales efficiency. Moreover, we will beef up our corporate sales activities under the theme of Health and Productivity Management. For installation and referral sales (HS, DS/HS Division), we continue to focus on customer relationship management to heighten customer satisfaction and improve operating results. For store event sales (SS Division), we will boost our sales activities by increasing sales force. For OEM and wholesale sales (MS Division), we will not only expand our sales activities with our existing customers, including the two large-scale OEM deals starting in the current fiscal year, but also work on several new deals under negotiation to pursue further growth.

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 intensifying information delivery service to our users, including direct mail, e-magazines, and seasonal magazines. We expect consistent growth for this business domain.

As we did last year, spot advertising on 62 terrestrial TV stations in Japan is due to air for 16 days (from May 7 to May 22, 2016) in order to promote the above sales activities of each division. We strive to boost our promotion activities and website strategies to enhance public awareness of EHW. Further, we aim to establish a new sales channel through our website.

(Overseas)

In Indonesia, we continuously plan to expand our sales channel and intensify advertising as up-front investments in an attempt to double overseas sales or more in the next fiscal year and thereafter. We are also making steady progress in bolstering local production lines, aiming for mid- to long-term growth in the business. Moreover, vigorous efforts are made in China, Taiwan, Korea (where one of our subsidiaries was established in April 2016), and other Asian countries to develop markets for EHW systems as well as the medical business.

<Agriculture>

In the agriculture sector, we are successfully collecting data from Kochi Prefecture and others, where the number of farmers and product items are increasing. We expect to use such data as an evidence to intensify the promotion of "Reduced Vegetables®". In addition, we plan to expand our business nationwide, including the use of EHW systems for agricultural use on a trial base.

[Medical Business]

<Advanced medical care>

When looking at 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. Following the enforcement of the Act Concerning Safety Assurance of Regenerative Medicine, etc. in 2015, clinical tests in Japan are expected to start in 2016. We aim for a record number of cord blood storage in the next fiscal year against a backdrop of cord blood gaining wider recognition and regenerative medicine getting more common with a support of the government policy.

<Hospital operation in China>

Hospital operation in China will start from opening a flagship hospital in Beijing. We aim to expand the business and reach the target of approximately 50 billion yen in sales and opening of 10 hospitals in China within the next five to seven years. We further plan to expand the business globally by entering into other Asian markets besides China. As the impact of the hospital operation business on the consolidated results is yet uncertain, it is not incorporated in the forecasts for the next fiscal year.

<Electrolyzed Water Hemodialysis>

For Electrolyzed Water Hemodialysis business, we will continue to perform clinical research and product development with Karolinska Institute, Tohoku University, Fukushima Medical University, and other partners. At the Annual Meeting of the Japanese Society for Dialysis Therapy in Osaka in June 2016, we are to make presentations on three subjects involving Electrolyzed Water Hemodialysis. Moreover, there will be upcoming seminars for companies for the first time in the next fiscal year. As the Electrolyzed Water Hemodialysis Study Group was appointed as a member of the Nationwide Scientific Meeting by Specialist Committee of the Japanese Society for Dialysis Therapy, we expect that Electrolyzed Water Hemodialysis will gain further recognition. We will make an all-out effort to promote the sales of hemodialysis system starting from June 2016 when the new type will be released, which shall contribute to our earnings from the second half of the next fiscal year.

In sum, we expect that both advanced medical care and Electrolyzed Water Hemodialysis under the medical business will move in the black in the next fiscal year due to sales promotion of the new hemodialysis system, growth in the regenerative medicine business, and cost reductions in the genetic diagnosis business.

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

1) Assets, liabilities, and net assets

Total assets increased 2,198 million yen, or 10.2%, from the end of the previous fiscal year to 23,704 million yen at the end of the current fiscal year on a consolidated basis.

(i) Assets

Current assets increased 2,516 million yen, or 16.0%, from the end of the previous fiscal year to 18,283 million yen. The main factors were increases of 1,847 million yen in cash and deposits, 432 million yen in notes and accounts receivable-trade, and 101 million yen in raw materials and supplies.

Non-current assets decreased 317 million yen, or 5.5%, from the end of the previous fiscal year to 5,420 million yen. This decrease can primarily be explained by a transfer of 300 million yen of long-term deposits to current assets.

(ii) Liabilities

Current liabilities increased 890 million yen, or 33.8%, from the end of the previous fiscal year to 3,526 million yen. The main factors were increases of 396 million yen in notes and accounts payable-trade and 316 million yen in income taxes payable.

Non-current liabilities increased 238 million yen, or 8.8%, from the end of the previous fiscal year to 2,944 million yen. The main factor was an increase of 182 million yen in long-term loans payable for the purpose of a consolidated subsidiary purchasing additional shares of another consolidated subsidiary.

(iii) Net assets

Net assets increased 1,070 million yen, or 6.6%, from the end of the previous fiscal year to 17,233 million yen. The main factors include a recording of profit attributable to owners of parent of 2,104 million yen, which was partially offset by payment of dividends of 425 million yen, purchase of treasury shares of 364 million yen, and decreases in capital surplus of 116 million yen and non-controlling interests of 95 million yen due to the additional purchase of shares of a consolidated subsidiary.

2) Cash flows

Cash and cash equivalents (hereinafter “net cash”) increased 926 million yen from the end of the previous fiscal year to 11,674 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 2,573 million yen.

The main factors were profit before income taxes of 3,258 million yen and a 396 million yen increase in notes and accounts payable-trade, which were partially offset by income taxes paid of 947 million yen and a 432 million yen increase in notes and accounts receivable-trade.

Cash flows from investing activities

Net cash used in investing activities totaled 768 million yen.

The main factors were payments into time deposits of 620 million yen and purchase of property, plant and equipment of 82 million yen.

Cash flows from financing activities

Net cash used in financing activities totaled 871 million yen.

The main factors were cash dividends paid of 423 million yen and purchase of treasury shares of 369 million yen.

Reference: Cash flow indicators

	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Shareholders' equity ratio	79.9	78.6	74.5	72.8	71.0
Shareholders' equity ratio based on market value	65.1	85.0	259.8	123.0	185.2
Average debt repayment period (years)	0.2	0.3	0.2	0.7	0.6

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 60 yen per share applicable for the fiscal year ended on March 31, 2016.

We plan to pay a year-end dividend of 60 yen for the fiscal year ending on March 31, 2017.

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

As the electrolyzed hydrogen water (EHW) system is our major product line and accounts for a large share of consolidated sales, operating results of the Group are significantly affected by those of the EHW system business.

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

	FY3/14		FY3/15		FY3/16	
	Million yen	%	Million yen	%	Million yen	%
Electrolyzed hydrogen water (EHW) systems	8,315	63.3	7,977	62.2	9,834	64.4
Cartridges	3,062	23.3	3,114	24.3	3,536	23.1
Others	1,767	13.4	1,742	13.5	1,909	12.5
Total	13,144	100.0	12,834	100.0	15,280	100.0

b. Restrictions imposed by the Pharmaceutical and Medical Devices Act (formerly 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 and Medical Devices 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. 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.

d. 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.

e. 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 13 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 (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.

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.

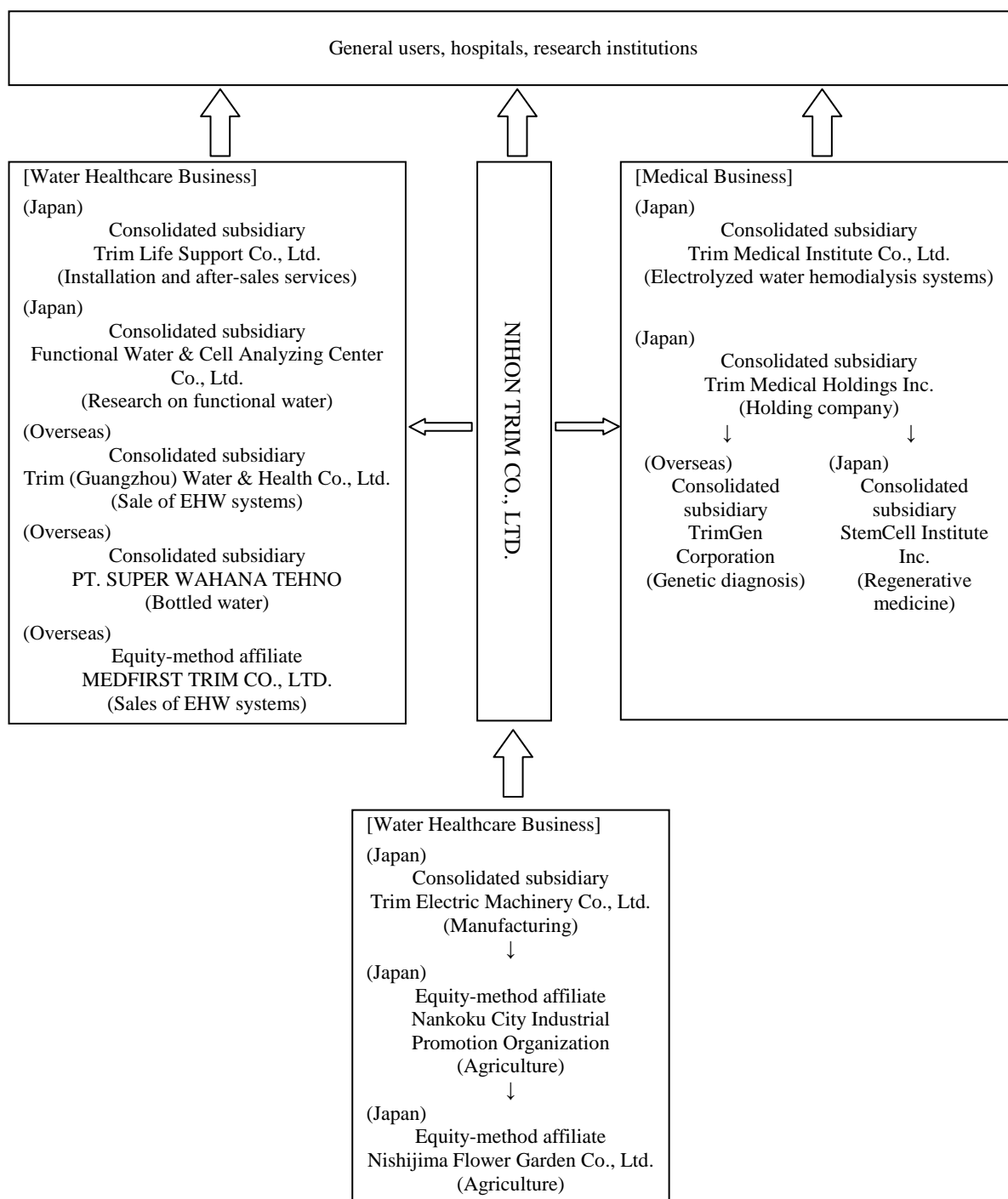
(1) Water Healthcare Business

(The Company)	
NIHON TRIM CO., LTD.	Sale of health devices, mainly EHW systems, and associated accessories.
(Five 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 (Guangzhou) Water & Health Co., Ltd.	Import and sale of EHW systems and other products
Trim Life Support Co., Ltd.	Management of customer information through installation of EHW systems and 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	A holding company 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.	Provision of outsourced measurement services for glycolytic metabolite and sale of electrolyzed water hemodialysis systems
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, 2017, 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 Vegetable® 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 aim to establish a new business by having Trim Medical Holdings Inc. play a pivotal role as it is engaged in the regenerative medicine and other advanced medical care business, as well as the hospital operation business in China where we started operating this year. Using synergies among the Group 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 it 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. firmly establish the Trim brand; and d. develop new lines of business.

- a. In anticipation of the growing importance of the “quality of water,” we have been involved in many joint research projects with universities in order to learn more about the functions of water. At present, we are involved in the basic research projects with the University of Tokyo and Kyushu University for the purpose of differentiating our EHW from other waters including hydrogen water produced by bubbling. Furthermore, in addition to applied research for hemodialysis, which has already reached the stage of practical use after effective progress in the clinical research, we are making preparations for clinical research to verify effectiveness of this water for people who have diabetes and metabolic syndrome. If the effectiveness of EHW can be proven by the outcome of the joint research projects with universities, 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. 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.
- d. For the Group to ensure sustainable growth, it is necessary for the Group to establish new lines of business on top of the household EHW systems business, our mainstay business at the moment. To this end, we have aggressively expanded our business by entering into the new arenas including the electrolyzed water hemodialysis business in the medical sector, the reduced vegetable business in the agriculture sector, the cord blood bank operation business in the regenerative medicine business and the chronic care hospital operation business in China. With an entrepreneurial spirit in mind, we will take on a challenge of expanding our operations by establishing new businesses that can take full advantage of the synergies among the Group.

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)	
	FY3/15 (As of Mar. 31, 2015)	FY3/16 (As of Mar. 31, 2016)
Assets		
Current assets		
Cash and deposits	10,747,862	12,595,031
Notes and accounts receivable-trade	1,801,930	2,234,859
Accounts receivable-installment	2,444,698	2,461,510
Finished goods	151,124	231,086
Raw materials and supplies	368,272	470,064
Deferred tax assets	138,986	157,873
Other	155,543	141,480
Allowance for doubtful accounts	(41,049)	(8,070)
Total current assets	15,767,369	18,283,836
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,669,708	1,671,041
Accumulated depreciation	(910,869)	(959,806)
Buildings and structures, net	758,839	711,234
Land	2,508,559	2,504,159
Other	1,404,244	1,439,526
Accumulated depreciation	(1,124,422)	(1,168,416)
Other, net	279,822	271,110
Total property, plant and equipment	3,547,220	3,486,504
Intangible assets		
Goodwill	631,599	597,458
Other	155,468	105,139
Total intangible assets	787,067	702,598
Investments and other assets		
Investment securities	51,363	44,399
Deferred tax assets	104,965	165,207
Long-term time deposits	800,000	500,000
Other	667,767	713,329
Allowance for doubtful accounts	(219,460)	(191,067)
Total investments and other assets	1,404,635	1,231,868
Total non-current assets	5,738,923	5,420,971
Total assets	21,506,293	23,704,808

	(Thousands of yen)	
	FY3/15	FY3/16
	(As of Mar. 31, 2015)	(As of Mar. 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	566,871	962,955
Income taxes payable	469,882	786,270
Provision for bonuses	129,565	148,994
Provision for product warranties	15,000	24,000
Provision for sales returns	56,000	56,000
Other	1,399,251	1,548,526
Total current liabilities	2,636,570	3,526,746
Non-current liabilities		
Bonds payable	300,000	300,000
Long-term loans payable	944,160	1,126,430
Provision for directors' retirement benefits	157,755	171,051
Net defined benefit liability	150,907	194,767
Long-term guarantee deposited	202,092	175,518
Other	951,091	976,486
Total non-current liabilities	2,706,007	2,944,253
Total liabilities	5,342,577	6,471,000
Net assets		
Shareholders' equity		
Capital stock	992,597	992,597
Capital surplus	972,532	856,479
Retained earnings	14,018,199	15,695,068
Treasury shares	(295,234)	(659,940)
Total shareholders' equity	15,688,094	16,884,204
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,514	5,974
Foreign currency translation adjustment	(43,496)	(60,981)
Remeasurements of defined benefit plans	8,661	(9,823)
Total accumulated other comprehensive income	(26,320)	(64,831)
Subscription rights to shares	1,637	9,642
Non-controlling interests	500,304	404,792
Total net assets	16,163,715	17,233,808
Total liabilities and net assets	21,506,293	23,704,808

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

(Thousands of yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Net sales	12,834,161	15,280,067
Cost of sales	3,298,345	3,840,738
Gross profit	9,535,815	11,439,328
Provision for sales returns	6,000	-
Gross profit-net	9,529,815	11,439,328
Selling, general and administrative expenses	7,277,486	8,315,593
Operating income	2,252,328	3,123,734
Non-operating income		
Interest income	5,810	6,518
Dividend income	232	285
Commission fee	1,336	10,655
Real estate rent	98,258	94,309
Foreign exchange gains	169,679	8,889
Insurance premiums refunded cancellation	-	13,197
Other	33,339	31,912
Total non-operating income	308,656	165,768
Non-operating expenses		
Interest expenses	5,284	7,275
Interest on bonds	1,491	1,052
Depreciation of assets for rent	11,653	11,387
Share of loss of entities accounted for using equity method	5,938	1,430
Provision of allowance for doubtful accounts	2,212	-
Other	7,074	9,445
Total non-operating expenses	33,654	30,591
Ordinary income	2,527,330	3,258,911
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	4,899	-
Provision of allowance for doubtful accounts	177,085	-
Total extraordinary losses	181,985	-
Profit before income taxes	2,345,345	3,258,911
Income taxes-current	946,067	1,244,192
Income taxes-deferred	114,403	(75,344)
Total income taxes	1,060,470	1,168,847
Profit	1,284,874	2,090,063
Loss attributable to non-controlling interests	(22,445)	(14,926)
Profit attributable to owners of parent	1,307,320	2,104,990

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY3/15	FY3/16
	(Apr. 1, 2014 – Mar. 31, 2015)	(Apr. 1, 2015 – Mar. 31, 2016)
Profit	1,284,874	2,090,063
Other comprehensive income		
Valuation difference on available-for-sale securities	3,300	(2,540)
Foreign currency translation adjustment	(5,204)	(31,087)
Remeasurements of defined benefit plans, net of tax	10,150	(18,485)
Share of other comprehensive income of entities accounted for using equity method	1,494	(636)
Total other comprehensive income	9,742	(52,749)
Comprehensive income	1,294,616	2,037,314
Comprehensive income attributable to:		
Owners of parent	1,313,532	2,066,479
Non-controlling interests	(18,916)	(29,164)

(3) Consolidated Statement of Changes in Equity

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)
Profit attributable to owners of parent			1,307,320		1,307,320
Purchase of treasury shares				(176,955)	(176,955)
Disposal of treasury shares		(17,220)		51,298	34,078
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	Non-controlling 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)
Profit attributable to owners of parent							1,307,320
Purchase of treasury shares							(176,955)
Disposal of treasury shares							34,078
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

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	992,597	972,532	14,018,199	(295,234)	15,688,094
Cumulative effects of changes in accounting policies					-
Restated balance	992,597	972,532	14,018,199	(295,234)	15,688,094
Changes of items during period					
Dividends of surplus			(425,358)		(425,358)
Profit attributable to owners of parent			2,104,990		2,104,990
Purchase of treasury shares				(369,952)	(369,952)
Disposal of treasury shares		(2,763)		5,246	2,483
Purchase of shares of consolidated subsidiaries		(116,052)			(116,052)
Transfer to capital surplus from retained earnings		2,763	(2,763)		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(116,052)	1,676,868	(364,706)	1,196,109
Balance at end of current period	992,597	856,479	15,695,068	(659,940)	16,884,204

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling 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	8,514	(43,496)	8,661	(26,320)	1,637	500,304	16,163,715
Cumulative effects of changes in accounting policies							-
Restated balance	8,514	(43,496)	8,661	(26,320)	1,637	500,304	16,163,715
Changes of items during period							
Dividends of surplus							(425,358)
Profit attributable to owners of parent							2,104,990
Purchase of treasury shares							(369,952)
Disposal of treasury shares							2,483
Purchase of shares of consolidated subsidiaries							(116,052)
Transfer to capital surplus from retained earnings							-
Net changes of items other than shareholders' equity	(2,540)	(17,485)	(18,485)	(38,510)	8,005	(95,511)	(126,016)
Total changes of items during period	(2,540)	(17,485)	(18,485)	(38,510)	8,005	(95,511)	1,070,092
Balance at end of current period	5,974	(60,981)	(9,823)	(64,831)	9,642	404,792	17,233,808

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY3/15	FY3/16
	(Apr. 1, 2014 – Mar. 31, 2015)	(Apr. 1, 2015 – Mar. 31, 2016)
Cash flows from operating activities		
Profit before income taxes	2,345,345	3,258,911
Depreciation	268,647	197,150
Amortization of goodwill	34,140	34,140
Increase of subscription rights to shares	1,107	8,376
Increase (decrease) in allowance for doubtful accounts	207,364	(31,372)
Increase (decrease) in provision for bonuses	9,965	19,429
Increase (decrease) in net defined benefit liability	25,686	17,038
Increase (decrease) in provision for directors' retirement benefits	(3,146)	13,295
Interest and dividend income	(6,042)	(6,803)
Interest expenses	5,284	7,275
Interest on bonds	1,491	1,052
Share of (profit) loss of entities accounted for using equity method	5,938	1,430
Foreign exchange losses (gains)	(169,679)	(8,889)
Loss on valuation of shares of subsidiaries and associates	4,899	-
Decrease (increase) in notes and accounts receivable-trade	161,401	(432,928)
Decrease (increase) in accounts receivable-installment	276,403	(16,811)
Decrease (increase) in inventories	(22,281)	(174,857)
Increase (decrease) in notes and accounts payable-trade	(95,223)	396,084
Increase (decrease) in accrued consumption taxes	120,136	(51,640)
Other, net	(115,040)	288,008
Subtotal	3,056,399	3,518,888
Interest and dividend income received	6,129	6,869
Interest expenses paid	(7,074)	(5,290)
Income taxes paid	(1,145,267)	(947,082)
Net cash provided by (used in) operating activities	1,910,187	2,573,385
Cash flows from investing activities		
Payments into time deposits	(500,000)	(620,610)
Proceeds from withdrawal of time deposits	500,000	-
Purchase of property, plant and equipment	(145,376)	(82,482)
Proceeds from sales of property, plant and equipment	22,093	-
Purchase of intangible assets	(38,457)	(2,900)
Purchase of shares of subsidiaries and associates	(9,203)	-
Payments for lease and guarantee deposits	(3,160)	(5,890)
Proceeds from collection of lease and guarantee deposits	4,495	8,034
Other, net	3,188	(64,950)
Net cash provided by (used in) investing activities	(166,421)	(768,799)

	(Thousands of yen)	
	FY3/15	FY3/16
	(Apr. 1, 2014 – Mar. 31, 2015)	(Apr. 1, 2015 – Mar. 31, 2016)
Cash flows from financing activities		
Proceeds from long-term loans payable	944,160	182,270
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)	(182,400)
Repayments of guarantee deposits received	(32,817)	(32,817)
Purchase of treasury shares	(176,955)	(369,952)
Proceeds from exercise of share options	28,808	2,112
Cash dividends paid	(425,981)	(423,638)
Other, net	(52,186)	(46,682)
Net cash provided by (used in) financing activities	249,028	(871,108)
Effect of exchange rate change on cash and cash equivalents	140,813	(6,918)
Net increase (decrease) in cash and cash equivalents	2,133,607	926,559
Cash and cash equivalents at beginning of period	8,614,255	10,747,862
Cash and cash equivalents at end of period	10,747,862	11,674,421

(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:

9 companies (10 companies in the previous fiscal year)

Trim Electric Machinery Co., Ltd.

TrimGen Corporation

Functional Water & Cell Analyzing Center 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.

Trim Financial Service Co., Ltd., which was a consolidated subsidiary for the previous fiscal year, was excluded from the scope of consolidation because its liquidation process was completed during the current fiscal year.

2. Application of the equity method

(1) Number and name of equity-method affiliates:

3 companies (3 companies 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

Kochi Fighting Dogs Co., Ltd.

This affiliate is not accounted for by the equity method, since it has a very minor effect on profit/loss (equity in earnings) and retained earnings (equity in earnings) and is 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.

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 diagnosis business and a regenerative medicine business.

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

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Thousands of yen)

	Reportable segment			Adjustments	Total
	Water healthcare	Medical	Subtotal		
Net sales					
Sales to external customers	14,457,973	822,093	15,280,067	-	15,280,067
Inter-segment sales and transfers	-	-	-	-	-
Total	14,457,973	822,093	15,280,067	-	15,280,067
Segment profits or losses	3,159,584	(35,849)	3,123,734	-	3,123,734
Segment assets	19,507,496	2,745,374	22,252,871	1,451,936	23,704,808
Other items					
Depreciation and amortization	142,047	43,715	185,763	11,387	197,150
Increase in property, plant and equipment and intangible assets	63,362	30,495	93,858	-	93,858

Per Share Information

(Yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Net assets per share	1,841.01	2,000.12
Net income per share	154.01	249.50
Diluted net income per share	153.62	249.36

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

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Net income per share		
Profit attributable to owners of parent (thousands of yen)	1,307,320	2,104,990
Profit not attributable to common shareholders (thousands of yen)	-	-
Profit attributable to common shareholders of parent (thousands of yen)	1,307,320	2,104,990
Average number of common shares outstanding during the period (shares)	8,488,732	8,436,975
Diluted net income per share		
Adjustment to profit attributable to owners of parent (thousands of yen)	-	-
Number of shares of common stock to be increased (shares)	21,362	4,656
Summary of potentially dilutive shares not included in the calculation of diluted earnings per share due to their anti-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.