

**Summary of Consolidated Financial Results for the Second Quarter
of the Fiscal Year Ending March 31, 2018
(Six Months Ended September 30, 2017)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: November 9, 2017
 Scheduled date of dividend payment: -
 Supplementary materials for quarterly results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2017 (April 1, 2017 – September 30, 2017)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2017	6,944	(14.5)	1,001	(43.3)	1,070	(37.7)	664	(43.8)
Six months ended Sep. 30, 2016	8,122	9.2	1,765	15.0	1,719	6.0	1,182	15.0

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2017: 686 (down 43.4%)

Six months ended Sep. 30, 2016: 1,213 (up 20.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2017	79.93	79.91
Six months ended Sep. 30, 2016	140.55	140.42

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2017	24,752	18,251	72.0	2,144.33
As of Mar. 31, 2017	24,018	18,135	73.9	2,130.27

Reference: Shareholders' equity (million yen) As of Sep. 30, 2017: 17,830 As of Mar. 31, 2017: 17,754

2. Dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2017	-	0.00	-	60.00	60.00
Fiscal year ending Mar. 31, 2018	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2018 (forecasts)	-	-	-	60.00	60.00

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

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	14,080	(7.7)	1,880	(35.8)	1,950	(32.9)	1,240	(37.0)	149.09

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

*** Notes**

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

Newly added: -

Excluded: -

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

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

- (i) Changes in accounting policies due to revisions in accounting standards, others: None
- (ii) Changes in accounting policies other than (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Restatements: None

(4) Number of outstanding shares (common shares)

(i) Number of shares outstanding at end of period (including treasury shares)

As of Sep. 30, 2017: 8,656,780 shares

As of Mar. 31, 2017: 8,656,780 shares

(ii) Number of treasury shares at end of period

As of Sep. 30, 2017: 341,743 shares

As of Mar. 31, 2017: 322,588 shares

(iii) Average number of shares outstanding during the period

Six months ended Sep. 30, 2017: 8,319,300 shares

Six months ended Sep. 30, 2016: 8,412,335 shares

* The quarterly financial report is not subject to the quarterly review procedures.

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

Earnings forecasts regarding future performance in this material are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ significantly from these forecasts for a number of factors. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of the Future Outlook, including Consolidated Performance Forecasts" on page 5 of the attachments for assumptions for forecasts and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first six months of the current fiscal year, net sales of Nihon Trim Co., Ltd. and its consolidated subsidiaries (the Nihon Trim Group) decreased 14.5% year-on-year to 6,944 million yen, operating profit decreased 43.3% to 1,001 million yen, ordinary profit decreased 37.7% to 1,070 million yen, and profit attributable to owners of parent decreased 43.8% to 664 million yen. In light of the progress made on our initial plan prepared at the beginning of the current fiscal year and the forecast for the second half of the current fiscal year, we have revised our full-year consolidated forecast for the fiscal year ending March 31, 2018 with net sales down 7.7% year-on-year to 14,080 million yen, operating profit down 35.8% year-on-year to 1,880 million yen, ordinary profit down 32.9% year-on-year to 1,950 million yen, and profit attributable to owners of parent down 37.0% year-on-year to 1,240 million yen.

Despite the current status of our business performance described above, we are reasonably confident that the Nihon Trim Group is taking steady strides across all of its business domains towards the growth as a medical company that we aspire to be. We will keep on challenging ourselves with an entrepreneurial spirit to accelerate the strides.

Sales of electrolyzed hydrogen water (EHW) apparatus has bottomed out in April this year after a year of sluggish sales, with the results for the first quarter of the current fiscal year roughly in line with the initial plan. While the business is on a gradual recovery, the results for the second quarter fell behind the initial plan. Since the adverse effect caused by a series of press releases on hydrogen water has already subsided, we have analyzed that factors affected the results are internal rather than external. This includes a shift to the new product described below. We will continue with a shift to the B-to-B oriented package sales by presenting our proposal to corporate customers with “Health and Productivity Management” as a key concept. We are also making efforts to recover our sales efficiency through implementing a sales training program and other measures. In view of our performances from the next fiscal year onwards, we will concentrate on strengthening the system and structure during the second half of the current fiscal year.

In September 2017, we released a groundbreaking new product “TRIM ION GRACE.” The product has been developed by applying technologies implemented in electrolyzed water hemodialysis to home use apparatus. It is a medical device, and yet can produce up to approximately 1,300 ppb hydrogen rich water, which is three times as rich as that produced by the conventional model. Research to understand the effect of hydrogen is advancing through clinical trials and other various studies not only at Nihon Trim but also at university hospitals and other institutions. We believe that the benefits of hydrogen will become more widely recognized within a few years. Although the percent composition of TRIM ION GRACE in direct sales is approximately 50% following the new product release, we are confident that the product would be overwhelmingly competitive in the market once the consumers acknowledge the benefits of hydrogen in terms of high “quality of water” and “affordability” (approx. 7 yen per liter when used for five years with replacement of a cartridge once a year). In order to achieve such a stage at an earlier point, we are vigorously promoting measures that include launching a joint research in June 2017 with RIKEN, Japan’s largest and most comprehensive research organization for basic and applied science, on the theme of “identifying the mechanism for the benefits of EHW,” starting a public-private partnership joint study with Susaki City, Kochi Prefecture from November 2017 to collect and analyze data on EHW drinking and to investigate medical fees, and conducting the clinical test with Tohoku University School of Medicine over EHW drinking on diabetes patients.

Initially we had expected the percentage composition of TRIM ION GRACE in sales to be 25% at the highest given its higher selling price; however, the ratio rose to as much as 50% thereby resulting in production shortage and an order backlog exceeding 100 million yen. We have already strengthened our production system to fulfill the backlog by November this year.

Nowadays, the penetration rate for water purifiers is said to exceed 40% of all households, and purchase of bottled waters and home delivery service of bottled water gallons have become part of our daily life. Against this backdrop and taking in account the fact that our product is a medical device with a low running cost on a medium-to long-term basis, we believe that we can reasonably achieve an increase in the penetration rate of our EHW apparatus from the current 6% to 20% with an increase in the number of users from the current 850 thousand to 3 million. With 3 million active users, we would achieve 20 billion-yen sales from the water purification cartridge business (assuming the annual replacement rate of 70%)—the business which generates a consistent revenue

stream with high profitability once an EHW apparatus is installed—thereby establishing a stable source of income. Not to mention the recovery of the current business performance, we will strive to build a foundation for a dramatic increase in the usage of EHW apparatus on a medium- to long-term perspective primarily through promoting the above-mentioned researches to establish more definitive evidences, cultivating new sale channels, and strengthening PR activities.

In the medical business, StemCell Institute Inc. is making solid progress with a dominant 96% share in Japan for private cord blood bank. While recently an incident of unauthorized injections of cord blood has received wide media coverage, StemCell Institute has sealed its status as a company that has filed a “notification of umbilical cord blood banking business” with the Ministry of Health, Labour and Welfare with its name to be enlisted as a “notified bank” on the Ministry’s web site. In addition, its cell processing center has acquired a license approval from the Ministry of Health, Labour and Welfare to manufacture specified cell products based on the Act Concerning Safety Assurance of Regenerative Medicine, etc., and our partner medical institutions including university hospitals submit a notification form to the Ministry of Health, Labour and Welfare in accordance with the Act before conducting any clinical trials. A series of media reports on this topic have become an opportunity to raise awareness for cord blood and helped improve the business environment surrounding StemCell Institute as safety and reliability provided by the Institute were recognized once again. Along with Human Life CORD Japan Inc. established in April 2017 to develop Japanese cell medicines, and STREX Inc., a manufacturer and a distributor of medical and research devices, with whom we formed a capital alliance in May, we are working very hard on strengthening our organizational structure to build the advanced medical care into one of the major pillars of the Group.

Regarding the hospital operation in China, preparations have been progressing steadily.

In the electrolyzed water hemodialysis business, supported by a host of responses to our research presentation at the 62nd Annual Meeting of the Japanese Society for Dialysis Therapy held in June 2017, we have received orders of over 60 million yen. We will aggressively develop the business for a further contribution to the Group’s performance.

Business segment performance was as follows.

[Water Healthcare Business]

<Electrolyzed hydrogen water (EHW) apparatus>

(Japan)

In the direct sales divisions consisting of workplace sales (DS, DS/HS Division), installation and referral sales (HS, DS/HS Division) and store sales (SS Division), we have been focusing on recovering sales efficiency as our foremost agenda. While considerable time is needed to close a deal with corporate customers with “Health and Productivity Management” as a key concept because it requires lengthy approval procedures within their organization. However, with successful examples of bulk purchase, it is progressing gradually. We continue to work on this promotion and at the same time aggressively take on challenge for new sales approaches.

In the OEM and wholesale sales division, a new large-scale deal that we originally planned to start from the first half of the current fiscal year is facing some delays. We are now striving to catch up with the plan so that it can be launched in full scale during the current fiscal year. In addition, we continue to work on strengthening sales support to existing business partners and developing new partners.

Sales of water purification cartridges, which generate a consistent revenue stream once an EHW apparatus is installed, are increasing steadily. We continue to strengthen information dissemination and follow-up activities to customers for further improving customer satisfaction and cartridge replacement rate.

(Overseas)

Sales of EHW apparatus overseas are expanding with a full-scale start of business with major customers in China and Vietnam, leading to a substantial increase in export to overseas market in the future. We will continue to expand sales and develop new customers overseas with a particular focus on the ASEAN markets.

Regarding the bottled water business in Indonesia, we are formulating a new strategy together with Sinarmas Group, a local conglomerate and our joint business venture partner, to grow the business to reach 10 billion yen sales.

<Agriculture>

In February 2017, a large Dutch-style vegetable growing house was built in the City of Nankoku, Kochi Prefecture, the first one ever to be equipped with EHW facilities in Japan. Growing of bell peppers using EHW has entered to a second season of cultivation. We strive to promote and expand EHW apparatus for Kangen Vegetables by constructing evidences of higher accuracy. Cultivation of Kangen Vegetable is expected to grow highly functional vegetables with increased yield and higher level of antioxidants by simply replacing water with EHW. It has attracted considerable attention with various media coverage including newspapers and television programs. With an aim to fully commercialize this business opportunity, we will strive to improve the cultivation technique, substantiate the effectiveness of EHW and accumulate know-how in vegetable growing.

Overall, sales in the water healthcare business decreased 15.6% year-on-year to 6,498 million yen and operating profit decreased 42.2% to 1,007 million yen.

[Medical Business]

<Advanced medical care>

Use of stem cells from cord blood is currently gaining attention in the field of regenerative medicine. With the number of clients growing steadily to reach 41,889 as of the end of September 2017, StemCell Institute Inc. is the largest operator in Japan for providing storage service for stem cells from cord blood. Currently at Kochi Medical School, Japan's first clinical research is underway and making a steady progress in studies of clinical application to cerebral palsy in childhood and other cerebral damages. This research was covered by several media including NHK news, the Nikkei, and the Yomiuri Shimbun. Looking at the storage service alone, we can expect a phenomenal growth in the future given the fact that the current rate of stem cell storage in Japan is only about 0.3% of the total number of births, which is substantially lower than those in the United States (approx. 3%) and South Korea (approx. 15%).

Human Life CORD Japan Inc., established in April 2017, is vigorously making developments by concluding a joint research agreement in September 2017 with The Institute of Medical Science, The University of Tokyo, to conduct a joint research on using umbilical cord-derived mesenchymal stem cells, followed by a conclusion of joint research agreement with Kansai Medical University in October for the research in developing a device to separate human adipose-derived stem cells to be applied in repair and regenerative medicine for breast reconstruction. Human Life CORD intends to become the first company to receive approval for selling and manufacturing cell medicines in 2020.

In the field of advanced medical care where significant growth is foreseen, we will strive to increase the corporate value dramatically by enhancing the synergies created from the three companies, StemCell Institute Inc., Human Life CORD Japan Inc., and STREX Inc., and also by aggressively pursuing M&A or business alliance opportunities.

<Electrolyzed water hemodialysis>

The Electrolyzed Water Hemodialysis[®] business focuses on Electrolyzed Water Dialysis Office in promoting its sale activities. Electrolyzed Water Hemodialysis not only significantly contributes to the improvement of hemodialysis patients' quality of life but also has been reported to provide benefits from the perspective of hospital management by achieving reduction in labor expenses by mitigating the burden on nursing staff and medical technicians as well as reducing drug expenditures. We set our sales target for the next fiscal year to 200 million yen. Regarding research activities, the final results of the five-year prognosis study ended in December 2016 were presented at the Japanese Society for Dialysis Therapy in June 2017 with a great response. We have also submitted the research paper to the American Society of Nephrology for review and will be presenting the details of the results at the Society on November 2. Furthermore, an interim analysis report for the first year of the study passed the rigorous review process and appeared in an international academic journal, PLOS ONE, in September 2017. The study showed the tendency of the dosage of antihypertensive drugs, severe fatigue and itchiness from dialysis all to be reduced or mitigated, resulting in clinical benefit that greatly contributes to improving hemodialysis patients' quality of life. We believe that the electrolyzed water hemodialysis could be a next-generation global standard for hemodialysis treatment. We will aggressively develop the business by

increasing the usage of electrolyzed water hemodialysis in Japan and overseas in coordination with the hospital operation in China.

<Hospital operation in China>

Nihon Trim is steadily preparing for the opening of the flagship hospital to treat diabetes, hemodialysis and other chronic diseases in Beijing. The hospital will open by the end of 2017 and an opening ceremony is scheduled in January 2018. To deploy more hospitals in China at an early stage we have already started specific actions such as negotiations with multiple candidate districts.

As the effect of this business on the Nihon Trim Group's earnings is uncertain at this moment, we have not incorporated the effect in the earnings forecast for the current fiscal year.

Overall, sales in the medical business increased 6.1% year-on-year to 445 million yen and operating loss was 5 million yen (compared with operating profit of 21 million yen one year earlier).

To ensure sustainable growth in the future, the Nihon Trim Group will make a leap into a global group of companies providing medical services. To this end, we will expand the EWH apparatus business and the medical care and agriculture businesses and, at the same time, will aggressively develop Asia and other overseas markets and also take actions to enter new business domains such as the field of advanced medical care with a possible M&A.

(2) Explanation of Financial Position

Total assets at the end of the second quarter on a consolidated basis increased 733 million yen, or 3.1%, from the end of the previous fiscal year to 24,752 million yen. The main factor was an increase of 1,177 million yen in cash and deposits.

Total liabilities increased 617 million yen, or 10.5%, from the end of the previous fiscal year to 6,501 million yen. The main factors were increases of 269 million yen in notes and accounts payable-trade and 230 million yen in income taxes payable.

Net assets increased 115 million yen, or 0.6%, from the end of the previous fiscal year to 18,251 million yen. The main factors include payment of dividends of 500 million yen and purchase of treasury shares of 84 million yen, which were partially offset by recordings of profit attributable to owners of parent of 664 million yen and profit attributable to non-controlling interests of 35 million yen.

(3) Explanation of the Future Outlook, including Consolidated Performance Forecasts

According to the announcement released today, Nihon Trim has made a downward revision to the consolidated forecast for the fiscal year ending March 31, 2018. For more information, please refer to our release dated today titled "Notice of difference between forecast and actual results of operations for the first half of the fiscal year ending March 31, 2018 and revision to the full-year consolidated forecast" (Japanese version only).

As earnings forecasts are based on information currently available, actual results may differ from these forecasts for a number of factors.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

	(Thousands of yen)	
	FY3/17 (As of Mar. 31, 2017)	Second quarter of FY3/18 (As of Sep. 30, 2017)
Assets		
Current assets		
Cash and deposits	11,480,112	12,657,607
Notes and accounts receivable-trade	2,287,875	1,678,309
Accounts receivable-installment	2,363,687	2,538,220
Finished goods	300,811	393,185
Raw materials and supplies	508,735	594,178
Other	296,403	362,633
Allowance for doubtful accounts	(8,692)	(8,630)
Total current assets	17,228,934	18,215,504
Non-current assets		
Property, plant and equipment		
Land	2,503,670	2,502,203
Other, net	1,039,215	1,060,090
Total property, plant and equipment	3,542,885	3,562,294
Intangible assets		
Goodwill	563,318	590,186
Other	71,920	54,383
Total intangible assets	635,238	644,569
Investments and other assets		
Other	2,625,573	2,344,126
Allowance for doubtful accounts	(13,893)	(13,893)
Total investments and other assets	2,611,679	2,330,232
Total non-current assets	6,789,804	6,537,096
Total assets	24,018,738	24,752,601
Liabilities		
Current liabilities		
Notes and accounts payable-trade	812,088	1,081,183
Current portion of bonds	300,000	300,000
Current portion of long-term loans payable	1,426,258	1,441,838
Income taxes payable	176,492	407,255
Provision for bonuses	145,091	145,968
Provision for product warranties	44,000	31,000
Provision for sales returns	48,000	50,000
Other	1,372,045	1,397,623
Total current liabilities	4,323,976	4,854,868
Non-current liabilities		
Long-term loans payable	-	13,240
Provision for directors' retirement benefits	175,715	180,253
Net defined benefit liability	225,126	236,003
Other	1,158,330	1,216,690
Total non-current liabilities	1,559,171	1,646,187
Total liabilities	5,883,148	6,501,056

	(Thousands of yen)	
	FY3/17 (As of Mar. 31, 2017)	Second quarter of FY3/18 (As of Sep. 30, 2017)
Net assets		
Shareholders' equity		
Capital stock	992,597	992,597
Capital surplus	606,369	607,461
Retained earnings	17,156,173	17,318,234
Treasury shares	(967,521)	(1,045,535)
Total shareholders' equity	17,787,619	17,872,757
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,539	8,984
Foreign currency translation adjustment	(31,929)	(43,280)
Remeasurements of defined benefit plans	(10,122)	(8,254)
Total accumulated other comprehensive income	(33,511)	(42,550)
Subscription rights to shares	23,158	28,720
Non-controlling interests	358,324	392,618
Total net assets	18,135,590	18,251,545
Total liabilities and net assets	24,018,738	24,752,601

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

(Thousands of yen)

	First six months of FY3/17 (Apr. 1, 2016 – Sep. 30, 2016)	First six months of FY3/18 (Apr. 1, 2017 – Sep. 30, 2017)
Net sales	8,122,091	6,944,226
Cost of sales	1,996,077	1,785,650
Gross profit	6,126,013	5,158,576
Selling, general and administrative expenses	4,360,101	4,156,816
Operating profit	1,765,911	1,001,760
Non-operating income		
Interest and dividend income	1,837	13,003
Real estate rent	47,383	46,821
Share of profit of entities accounted for using equity method	14,325	9,714
Foreign exchange gains	-	181
Insurance premiums refunded cancellation	6,552	-
Other	8,591	11,367
Total non-operating income	78,691	81,088
Non-operating expenses		
Interest expenses	6,193	3,461
Interest on bonds	524	529
Foreign exchange losses	107,217	-
Depreciation of assets for rent	5,377	5,279
Other	5,684	2,943
Total non-operating expenses	124,999	12,214
Ordinary profit	1,719,603	1,070,634
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	67,772	-
Total extraordinary income	67,772	-
Extraordinary losses		
Loss on retirement of non-current assets	-	162
Total extraordinary losses	-	162
Profit before income taxes	1,787,375	1,070,471
Income taxes-current	573,143	370,604
Income taxes-deferred	(5,181)	(716)
Total income taxes	567,962	369,887
Profit	1,219,412	700,583
Profit attributable to non-controlling interests	37,086	35,661
Profit attributable to owners of parent	1,182,326	664,922

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

(Thousands of yen)

	First six months of FY3/17 (Apr. 1, 2016 – Sep. 30, 2016)	First six months of FY3/18 (Apr. 1, 2017 – Sep. 30, 2017)
Profit	1,219,412	700,583
Other comprehensive income		
Valuation difference on available-for-sale securities	(254)	444
Foreign currency translation adjustment	7,649	(11,241)
Remeasurements of defined benefit plans, net of tax	1,812	1,867
Share of other comprehensive income of entities accounted for using equity method	(14,931)	(5,187)
Total other comprehensive income	(5,723)	(14,115)
Comprehensive income	1,213,689	686,467
Comprehensive income attributable to:		
Owners of parent	1,178,654	655,883
Non-controlling interests	35,034	30,584

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY3/17 (Apr. 1, 2016 – Sep. 30, 2016)	First six months of FY3/18 (Apr. 1, 2017 – Sep. 30, 2017)
Cash flows from operating activities		
Profit before income taxes	1,787,375	1,070,471
Depreciation	89,567	114,930
Amortization of goodwill	17,070	17,814
Increase of subscription rights to shares	7,180	5,983
Increase (decrease) in allowance for doubtful accounts	(28,092)	(61)
Increase (decrease) in provision for bonuses	(5,366)	876
Loss (gain) on sales of shares of subsidiaries and associates	(67,772)	-
Interest and dividend income	(1,837)	(13,003)
Interest expenses	6,193	3,461
Interest on bonds	524	529
Share of (profit) loss of entities accounted for using equity method	(14,325)	(9,714)
Foreign exchange losses (gains)	107,217	(181)
Decrease (increase) in accounts receivable-installment	(71,062)	(174,533)
Decrease (increase) in notes and accounts receivable-trade	316,806	621,712
Decrease (increase) in inventories	(118,240)	(156,152)
Increase (decrease) in notes and accounts payable-trade	(161,218)	179,915
Increase (decrease) in accrued consumption taxes	(70,997)	(20,528)
Other, net	(121,689)	46,913
Subtotal	1,671,332	1,688,434
Interest and dividend income received	1,394	13,899
Interest expenses paid	(5,437)	(3,025)
Income taxes paid	(961,976)	(127,280)
Net cash provided by (used in) operating activities	705,313	1,572,027
Cash flows from investing activities		
Payments into time deposits	(500,000)	(500,000)
Proceeds from withdrawal of time deposits	920,610	800,000
Purchase of property, plant and equipment	(127,369)	(35,822)
Purchase of intangible assets	(1,439)	(3,781)
Purchase of investment securities	(311,100)	-
Purchase of shares of subsidiaries and associates	(146,828)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(36,293)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(22,263)	-
Other, net	(3,537)	1,992
Net cash provided by (used in) investing activities	(191,926)	226,095
Cash flows from financing activities		
Proceeds from long-term loans payable	141,828	-
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(69,679)	(2,400)
Repayments of guarantee deposits received	(16,408)	(16,408)
Purchase of treasury shares	(267)	(84,074)
Proceeds from share issuance to non-controlling shareholders	-	5,000
Cash dividends paid	(504,005)	(498,933)
Other, net	(16,586)	(18,148)
Net cash provided by (used in) financing activities	(465,120)	(614,964)
Effect of exchange rate change on cash and cash equivalents	(43,423)	(5,663)
Net increase (decrease) in cash and cash equivalents	4,842	1,177,494
Cash and cash equivalents at beginning of period	11,674,421	10,980,112
Cash and cash equivalents at end of period	11,679,263	12,157,607

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

1. Overview of reportable segment

The Group's reportable segment is a component of the Group for which discrete financial information is available and which is regularly reviewed by the Group's highest decision-making body to make decisions about management resources to be allocated to the segment and assess its performance.

There are two reportable operating segments: the water healthcare business and the medical business.

The water healthcare business includes EHW apparatus sales and associated operations. The medical business includes business operations in the fields of medical and preventive healthcare and regenerative medicine.

2. Information related to net sales and profit or loss for each reportable segment

First six months of FY3/18 (Apr. 1, 2017 – Sep. 30, 2017)

(Thousands of yen)

	Reportable segment			Adjustments	Total
	Water healthcare	Medical	Subtotal		
Net sales					
Sales to external customers	6,498,383	445,842	6,944,226	-	6,944,226
Inter-segment sales and transfers	-	-	-	-	-
Total	6,498,383	445,842	6,944,226	-	6,944,226
Segment profit (loss)	1,007,575	(5,814)	1,001,760	-	1,001,760

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.