

**Summary of Consolidated Financial Results for the Third Quarter
of the Fiscal Year Ending March 31, 2017
(Nine Months Ended December 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/>
 Representative: Shinkatsu Morisawa, President
 Contact: Kojiro Oda, Senior Managing Director and General Manager of Administration Division
 Tel: +81-(0) 6-6456-4600
 Scheduled date of filing of Quarterly Report: February 10, 2017
 Scheduled date of dividend payment: -
 Supplementary materials for quarterly results: None
 Holding of quarterly financial results meeting: None

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2016 (Apr. 1, 2016 – Dec. 31, 2016)

(1) Consolidated results of operations (Percentages 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 | % |
| Nine months ended Dec. 31, 2016 | 11,535 | 3.8 | 2,339 | 4.8 | 2,307 | (1.4) | 1,536 | 3.6 |
| Nine months ended Dec. 31, 2015 | 11,117 | 14.6 | 2,231 | 26.5 | 2,341 | 21.4 | 1,482 | 53.7 |

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2016: 1,590 (up 13.5%)

Nine months ended Dec. 31, 2015: 1,401 (up 54.4%)

| | Net income per share | Diluted net income per share |
|---------------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Nine months ended Dec. 31, 2016 | 182.59 | 182.45 |
| Nine months ended Dec. 31, 2015 | 175.53 | 175.43 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of Dec. 31, 2016 | 23,606 | 17,958 | 74.6 | 2,092.47 |
| As of Mar. 31, 2016 | 23,704 | 17,233 | 71.0 | 2,000.12 |

Reference: Shareholders' equity (million yen) As of Dec. 31, 2016: 17,604 As of Mar. 31, 2016: 16,819

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, 2016 | - | - | - | 60.00 | 60.00 |
| Fiscal year ending Mar. 31, 2017 | - | - | - | - | - |
| Fiscal year ending Mar. 31, 2017 (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, 2017 (Apr. 1, 2016 – Mar. 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 |
| Full year | 15,350 | 0.5 | 3,020 | (3.3) | 3,000 | (7.9) | 2,000 | (5.0) | 237.74 |

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: Yes
- (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 Dec. 31, 2016: 8,656,780 shares

As of Mar. 31, 2016: 8,656,780 shares

(ii) Number of treasury shares at end of period

As of Dec. 31, 2016: 243,688 shares

As of Mar. 31, 2016: 247,610 shares

(iii) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2016: 8,412,592 shares

Nine months ended Dec. 31, 2015: 8,446,177 shares

* Information regarding the implementation of quarterly review procedures

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

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

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

Contents of Attachments

| | |
|---|----|
| 1. Qualitative Information on Quarterly Consolidated Financial Performance | 2 |
| (1) Explanation of Results of Operations | 2 |
| (2) Explanation of Financial Position | 5 |
| (3) Explanation of the Future Outlook, including Consolidated Performance Forecasts | 5 |
| 2. Matters Relating to Summary Information (Notes) | 5 |
| (1) Changes in Significant Subsidiaries during the Period | 5 |
| (2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements | 5 |
| (3) Changes in Accounting Policies and Accounting Estimates, and Restatements | 5 |
| (4) Additional Information | 6 |
| 3. Quarterly Consolidated Financial Statements | 7 |
| (1) Quarterly Consolidated Balance Sheet | 7 |
| (2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income | 9 |
| (3) Notes to Quarterly Consolidated Financial Statements | 11 |
| Assumption for Going Concern | 11 |
| Significant Changes in Shareholders' Equity | 11 |
| Segment and Other Information | 11 |

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first nine months of the current fiscal year, net sales of Nihon Trim Co., Ltd. and its consolidated subsidiaries (the Nihon Trim Group) increased 3.8% year-on-year to 11,535 million yen, operating income increased 4.8% to 2,339 million yen, ordinary income decreased 1.4% to 2,307 million yen, and profit attributable to owners of parent increased 3.6% to 1,536 million yen.

Sales of electrolyzed hydrogen water (EHW) apparatus were recovering from the effect of a series of negative media reports about hydrogen water that started with an article in Sankei News in May 2016. However, a press release on hydrogen water issued in December by the National Consumer Affairs Center of Japan created another adverse effect due to rumors. This press release was about the results of tests of the performance, such as the volume of dissolved hydrogen, of popular hydrogen water products. The tests were conducted in response to a growing number of inquiries about hydrogen water. The test results themselves revealed no problems at all with our products. However, the release prompted media coverage that treated all hydrogen water products alike. One media report was titled “The benefit of hydrogen water is merely hydration.” The efficiency of sales declined as a result.

EHW apparatus made by Nihon Trim are controlled medical devices that are certified by the Ministry of Health, Labour and Welfare of Japan. Currently, EHW apparatus are tested in the same manner as hydrogen water products in aluminum foil pouches, which belong to the soft drink category. This testing approach itself is not appropriate. We have officially submitted a statement on this issue to the National Consumer Affairs Center of Japan.

Due to the outlook for current rumors to continue negatively impacting sales in the fourth quarter, we have revised the consolidated forecast released at the beginning of the fiscal year. However, we believe the decline in sales efficiency is only temporary and are taking numerous actions to achieve a recovery in sales.

As is explained afterward, the Nihon Trim Group is conducting clinical tests concerning the benefits of drinking EHW. In addition, business operations involving electrolyzed water hemodialysis, agricultural segment and cord blood storage are making steady progress. Furthermore, the outlook is positive for hospital operations in China and other new businesses. Overall, we have been making excellent progress with many initiatives to build a base for future growth. We are confident that we can continue to expand the EHW apparatus market and achieve rapid growth of all businesses of the Nihon Trim Group.

Business segment performance was as follows.

[Water Healthcare Business]

<Electrolyzed hydrogen water (EHW) apparatus>

In the direct sales divisions consisting of workplace sales (DS Division), installation and referral sales (HS Division) and store sales (SS Division), sales efficiency dropped as mentioned earlier due to negative rumors about hydrogen water. As one step to achieve a quick recovery of sales efficiency, we are focusing on sales to companies based on the use of EHW for “Health and Productivity Management.” On January 11, Nihon Trim used a full-page advertisement in the Nihon Keizai Shimbun morning edition to promote EHW health and productivity management because medical expenses for Nihon Trim employees are approximately 40% below the national average. Out of 25 companies selected by the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange for Health and Productivity Stock Selection 2016, 13 companies are using our EHW apparatus and have also become our sales agents. Our goal is to increase the number of these companies. To conduct more efficient promotional and advertising activities for strengthening our branding, Nihon Trim has signed an advisory contract with marketing professionals who will assist with formulating new strategies. In addition to the Nihon Keizai Shimbun advertisement, we placed a full-page advertisement in the morning edition of the Yomiuri Shimbun in December. We also have extensive Internet public relations and promotional activities. We are confident that these activities will contribute to a recovery in the performance of the EHW apparatus business starting in the next

fiscal year.

While serving existing customers in Japan, the OEM and wholesale sales division is focusing on increasing the number of customers and starting operations in other countries. The division is planning to start selling EHW apparatus to new major corporate customers in around June 2017.

Sales of water purification cartridges, which generate a consistent revenue stream once an EHW apparatus is installed, were not affected by the National Consumer Affairs Center of Japan press release. Sales are increasing steadily in line with growth in the number of EHW apparatus users and strengthened customer follow-up activities.

Nihon Trim is scheduled to start a joint study based on a public-private partnership in May 2017. The study will provide EHW apparatus to 500 households in the city of Susaki in Kochi prefecture and will collect data from people who drink EHW on a daily basis with the help of Kochi Medical School. Nihon Trim will then conduct studies over them, which include the data analysis and investigation on medical fees. As part of the study, it is planning to start clinical trials in the current term over EHW drinking on metabolic syndrome patients and those likely to develop the syndrome. Currently Nihon Trim is conducting EHW consumption tests at Kochi Medical School intended as a pilot trial for this clinical study. This trial is expected to demonstrate the benefits of drinking EHW. The EHW clinical test with Tohoku University School of Medicine involving EHW consumption by people with diabetes is also progressing steadily and is scheduled to be completed by the end of 2017. Furthermore, Nihon Trim, the School of Agriculture of Kyushu University and the School of Engineering of the University of Tokyo have jointly been conducting basic research to prove that EHW is superior to hydrogen water produced by bubbling. A paper on this research was published in February. Nihon Trim continues to work on other research projects with to learn more about the functions of EHW. One project is a joint study with Karolinska Institute on the benefits of drinking EHW to reduce depression. Based on these accomplishments, Nihon Trim will continue working on expanding the EHW apparatus market to achieve strong growth of this business.

<Overseas>

The bottled water business in Indonesia is steadily expanding with sales growth of about 60% year-on-year. With the start of consignment production in November in the province of East Java, the production capacity for PET bottles and gallon bottles has increased two-fold and five-fold, respectively. In collaboration with Sinarmas Group, a business partner, Nihon Trim has started expansion into 24,000 stores nationwide, including Alfamart. We will enhance public relations and advertisement activities. The goal is to capture an even larger share of the bottled water market in Indonesia.

<Agriculture>

The Reduced Vegetables Project is a joint undertaking that brings together industry, government and academia to grow vegetables in Kochi prefecture using EHW. A large vegetable growing facility was completed in January 2017 at a cost of about 340 million yen with subsidies from the Ministry of Agriculture, Forestry and Fisheries, Kochi Prefecture and the City of Nankoku. Production of Reduced Vegetable® paprika and bell peppers started in February. Interest in Reduced Vegetable® is already high and this business is expected to start contributing to earnings in the fiscal year ending in March 2018.

A test has been conducted with Obihiro University of Agriculture and Veterinary Medicine concerning the benefits of giving racehorses EHW. The aim of the test, which took place at the Oi racetrack (Tokyo City Keiba), was to demonstrate that EHW helps prevent horses from developing gastric ulcers. A paper is to be published in March. Nihon Trim has developed an EHW unit for livestock and sales activities have started.

Overall, sales in the water healthcare business increased by 3.7% year-on-year to 10,900 million yen and operating income increased by 1.9% to 2,309 million yen.

[Medical Business]

<Advanced medical care>

StemCell Institute Inc. provides a long-term storage service for stem cells from cord blood in anticipation of their use in regenerative medicine, cellular therapy and treatment of intractable blood diseases. The institute has a dominant 90% share of the Japanese market for stem cell storage. The number of new clients is growing steadily with a year-on-year increase of around 15% in the third quarter. In December, Kochi University submitted a notification of a clinical trial to the Ministry of Health, Labour and Welfare in accordance with the Act on the Safety of Regenerative Medicine for treatment with cord blood of children who have cerebral palsy. Currently the university is preparing for the trial and is planning to use the cells stored at StemCell Institute, as reported on January 20 in the Yomiuri Shimbun. The Japanese government is providing strong support for the practical use of regenerative medicine. As a result, this clinical trial, the first of its kind in Japan, is likely to raise public awareness of cord blood banks. This may spark rapid growth in the rate of stem cell storage in Japan from the current level of only about 0.3% of the population. StemCell Institute will continue to pursue research collaboration with universities conduct clinical trials in Japan. The institute is also planning to launch a business for mesenchymal stem cells from perinatal tissues such as the umbilical cord, a type of stem cell that has been drawing attention around the world.

<Hospital operation in China>

As part of the project for establishing chronic care hospitals to treat diabetes, hemodialysis and other chronic diseases in the People's Republic of China, Nihon Trim is preparing for the opening of the flagship hospital in Beijing. Operations are scheduled to begin in September 2017. The plan is to use this public-private partnership to operate a large number of hospitals that will give nearly 200 million diabetes patients access to Japanese-style medical treatment for preventing severe stages of diabetes with the help of EHW apparatus.

<Electrolyzed water hemodialysis>

Electrolyzed Water Hemodialysis® is a new dialysis treatment method. Nihon Trim started selling a new type of Electrolyzed Water Hemodialysis system in September 2016 with a strengthened sales force that is working on the full-scale deployment of this system. Hospitals cannot reach a decision quickly because this is a capital investment. Consequently, there is a time lag between receipt of orders and the recognition of sales. Nevertheless, this business will start contributing to our earnings in the next fiscal year. Regarding research and development, Nihon Trim is working on establishing evidence by implementing clinical research on specific symptoms such as fatigue. Most research is at the joint research division with Tohoku University that was established last October to perform research on Electrolyzed Water Hemodialysis. Nihon Trim will also work on the development of new technologies and clinical trials in the field of peritoneal dialysis by using our Electrolyzed Water Hemodialysis expertise and technologies. This research has yielded highly promising results concerning the benefits of electrolyzed water hemodialysis and a presentation is to be made at the Japanese Society for Dialysis Therapy in June 2017.

Overall, sales in the medical business increased 5.3% year-on-year to 634 million yen and operating income was 30 million yen compared with operating loss of 34 million yen one year earlier.

To ensure sustainable growth in the future, the Nihon Trim Group plans to transform itself from a household medical device manufacturer to a medical company. To accomplish this, we will expand the EHW apparatus business and at the same time develop business in new domains such as medical care and agriculture. We will also focus on growth in the advanced medical care field. Additionally, we are taking actions aimed at establishing a presence in overseas markets and pursuing M&A opportunities in the advanced medical care field.

The continued support of shareholders will be greatly appreciated as we take these actions to grow in the future.

(2) Explanation of Financial Position

Total assets decreased 98 million yen, or 0.4%, from the end of the previous fiscal year to 23,606 million yen at the end of the third quarter on a consolidated basis. The main factors were decreases of 923 million yen in cash and deposits and 595 million yen in notes and accounts receivable-trade, which were partially offset by an increase of 1,380 million yen in investments and other assets due primarily to purchases of investment securities and shares of subsidiaries and associates.

Total liabilities decreased 823 million yen, or 12.7%, to 5,647 million yen. The main factors were decreases of 683 million yen in income taxes payable and 137 million yen in notes and accounts payable-trade.

Net assets increased 725 million yen, or 4.2%, to 17,958 million yen. The main factor was profit attributable to owners of parent of 1,536 million yen, which was partially offset by cash dividends paid of 504 million yen and a decrease of 250 million yen in capital surplus due to the additional purchase of shares of subsidiaries and associates.

(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, 2017. For more information, please refer to our release dated today titled “Notice of Revision to 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. Matters Relating to Summary Information (Notes)**(1) Changes in Significant Subsidiaries during the Period**

Not applicable.

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

Not applicable.

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

Change in accounting policies

(Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)

Following the revision of the Corporation Tax Act, the Company has applied the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 32, June 17, 2016) from the first quarter of the current fiscal year, and changed the method for the depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

This change has immaterial effect on the results of operations for the first nine months of the current fiscal year.

(4) Additional Information

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

Effective from the first quarter of the current fiscal year, the Company has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016).

(Changes in matters on the fiscal year, etc. of consolidated subsidiaries)

For the purpose of consolidating the financial statements of Trim Medical Holdings Inc., which is our consolidated subsidiary with the closing date of December 31, we previously used its financial statements as of December 31 and made necessary adjustments for material transactions that took place between December 31 and the consolidated closing date. However, as Trim Medical Holdings Inc. has changed its closing date to March 31, we have consolidated its financial statements for the twelve month period from January 1, 2016 to December 31, 2016 to prepare the Group’s consolidated financial statements for the first nine months of the current fiscal year.

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

| | (Thousands of yen) | |
|--|---------------------------------|--|
| | FY3/16 (As of Mar. 31, 2016) | Third quarter of FY3/17 (As of Dec. 31, 2016) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 12,595,031 | 11,671,343 |
| Notes and accounts receivable-trade | 2,234,859 | 1,639,857 |
| Accounts receivable-installment | 2,461,510 | 2,400,301 |
| Finished goods | 231,086 | 280,889 |
| Raw materials and supplies | 470,064 | 488,434 |
| Other | 299,354 | 363,296 |
| Allowance for doubtful accounts | (8,070) | (5,761) |
| Total current assets | 18,283,836 | 16,838,361 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Land | 2,504,159 | 2,499,270 |
| Other, net | 982,345 | 1,011,635 |
| Total property, plant and equipment | 3,486,504 | 3,510,906 |
| Intangible assets | | |
| Goodwill | 597,458 | 571,853 |
| Other | 105,139 | 72,561 |
| Total intangible assets | 702,598 | 644,414 |
| Investments and other assets | | |
| Other | 1,422,936 | 2,626,707 |
| Allowance for doubtful accounts | (191,067) | (13,893) |
| Total investments and other assets | 1,231,868 | 2,612,813 |
| Total non-current assets | 5,420,971 | 6,768,134 |
| Total assets | 23,704,808 | 23,606,496 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 962,955 | 825,184 |
| Income taxes payable | 786,270 | 102,396 |
| Provision for bonuses | 148,994 | 48,648 |
| Provision for product warranties | 24,000 | 48,000 |
| Provision for sales returns | 56,000 | 49,000 |
| Other | 1,548,526 | 1,322,974 |
| Total current liabilities | 3,526,746 | 2,396,203 |
| Non-current liabilities | | |
| Bonds payable | 300,000 | 300,000 |
| Long-term loans payable | 1,126,430 | 1,426,258 |
| Provision for directors' retirement benefits | 171,051 | 172,284 |
| Net defined benefit liability | 194,767 | 214,418 |
| Other | 1,152,004 | 1,138,412 |
| Total non-current liabilities | 2,944,253 | 3,251,373 |
| Total liabilities | 6,471,000 | 5,647,577 |

| | (Thousands of yen) | |
|---|---------------------------------|--|
| | FY3/16 (As of Mar. 31, 2016) | Third quarter of FY3/17 (As of Dec. 31, 2016) |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 992,597 | 992,597 |
| Capital surplus | 856,479 | 605,736 |
| Retained earnings | 15,695,068 | 16,722,410 |
| Treasury shares | (659,940) | (649,724) |
| Total shareholders' equity | 16,884,204 | 17,671,020 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 5,974 | 9,261 |
| Foreign currency translation adjustment | (60,981) | (69,041) |
| Remeasurements of defined benefit plans | (9,823) | (7,105) |
| Total accumulated other comprehensive income | (64,831) | (66,885) |
| Subscription rights to shares | 9,642 | 19,568 |
| Non-controlling interests | 404,792 | 335,214 |
| Total net assets | 17,233,808 | 17,958,918 |
| Total liabilities and net assets | 23,704,808 | 23,606,496 |

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

| | (Thousands of yen) | |
|---|---|---|
| | First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015) | First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016) |
| Net sales | 11,117,115 | 11,535,624 |
| Cost of sales | 2,733,719 | 2,803,187 |
| Gross profit | 8,383,396 | 8,732,436 |
| Selling, general and administrative expenses | 6,151,831 | 6,392,706 |
| Operating income | 2,231,564 | 2,339,730 |
| Non-operating income | | |
| Interest and dividend income | 5,034 | 3,340 |
| Real estate rent | 70,898 | 70,794 |
| Share of profit of entities accounted for using equity method | 677 | 1,594 |
| Foreign exchange gains | 5,181 | - |
| Insurance premiums refunded cancellation | 13,197 | 6,552 |
| Other | 36,994 | 15,016 |
| Total non-operating income | 131,983 | 97,297 |
| Non-operating expenses | | |
| Interest expenses | 5,809 | 7,953 |
| Interest on bonds | 790 | 786 |
| Foreign exchange losses | - | 103,664 |
| Depreciation of assets for rent | 8,540 | 8,066 |
| Other | 7,053 | 8,989 |
| Total non-operating expenses | 22,194 | 129,460 |
| Ordinary income | 2,341,353 | 2,307,567 |
| Extraordinary income | | |
| Gain on sales of shares of subsidiaries and associates | - | 69,456 |
| Gain on sales of non-current assets | - | 1,898 |
| Total extraordinary income | - | 71,354 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | - | 94 |
| Total extraordinary losses | - | 94 |
| Profit before income taxes | 2,341,353 | 2,378,827 |
| Income taxes-current | 859,545 | 732,819 |
| Income taxes-deferred | 32,065 | 50,297 |
| Total income taxes | 891,611 | 783,116 |
| Profit | 1,449,741 | 1,595,711 |
| Profit (loss) attributable to non-controlling interests | (32,787) | 59,658 |
| Profit attributable to owners of parent | 1,482,529 | 1,536,052 |

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

| | (Thousands of yen) | |
|--|---|---|
| | First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015) | First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016) |
| Profit | 1,449,741 | 1,595,711 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,249 | 3,287 |
| Foreign currency translation adjustment | (45,662) | 5,266 |
| Remeasurements of defined benefit plans, net of tax | (2,517) | 2,718 |
| Share of other comprehensive income of entities accounted for using equity method | (848) | (16,359) |
| Total other comprehensive income | (47,779) | (5,086) |
| Comprehensive income | 1,401,962 | 1,590,624 |
| Comprehensive income attributable to: | | |
| Owners of parent | 1,457,566 | 1,533,998 |
| Non-controlling interests | (55,604) | 56,625 |

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

Not applicable.

Significant Changes in Shareholders' Equity

The Company has purchased additional shares of Trim Medical Holdings Inc., which is our consolidated subsidiary. As a result, capital surplus has decreased by 254,156 thousand yen during the first nine months of the current fiscal year.

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 performs R&D for medical and preventive healthcare, and has a genetic diagnostic business and a regenerative medicine business.

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

First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016)

(Thousands of yen)

| | Reportable segment | | | Adjustments | Total |
|-----------------------------------|--------------------|---------|------------|-------------|------------|
| | Water healthcare | Medical | Subtotal | | |
| Net sales | | | | | |
| Sales to external customers | 10,900,744 | 634,880 | 11,535,624 | - | 11,535,624 |
| Inter-segment sales and transfers | - | - | - | - | - |
| Total | 10,900,744 | 634,880 | 11,535,624 | - | 11,535,624 |
| Segment profits | 2,309,669 | 30,060 | 2,339,730 | - | 2,339,730 |

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

Not applicable.

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