

**Summary of Consolidated Financial Results for the First Quarter
of the Fiscal Year Ending March 31, 2018
(Three Months Ended June 30, 2017)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: August 9, 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 Three Months Ended June 30, 2017 (April 1, 2017 – June 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	%
Three months ended Jun. 30, 2017	3,623	(15.5)	687	(27.5)	718	(22.1)	456	(24.1)
Three months ended Jun. 30, 2016	4,289	18.7	948	40.8	922	28.9	601	33.8

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2017: 459 (down 26.9%)

Three months ended Jun. 30, 2016: 628 (up 41.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2017	54.84	54.84
Three months ended Jun. 30, 2016	71.46	71.39

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2017	24,209	18,024	72.8	2,118.95
As of Mar. 31, 2017	24,018	18,135	73.9	2,130.27

Reference: Shareholders' equity (million yen) As of Jun. 30, 2017: 17,619 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	-				
Fiscal year ending Mar. 31, 2018 (forecasts)		0.00	-	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
First half	7,800	(4.0)	1,370	(22.4)	1,440	(16.3)	930	(21.3)	111.59
Full year	16,030	5.1	3,010	2.8	3,110	7.0	2,000	1.5	239.98

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

*** 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 Jun. 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 Jun. 30, 2017: 341,743 shares

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

(iii) Average number of shares outstanding during the period

Three months ended Jun. 30, 2017: 8,323,610 shares

Three months ended Jun. 30, 2016: 8,411,500 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 4 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 quarter of the current fiscal year, net sales of Nihon Trim Co., Ltd. and its consolidated subsidiaries (the Nihon Trim Group) decreased 15.5% year-on-year to 3,623 million yen, operating profit decreased 27.5% to 687 million yen, ordinary profit decreased 22.1% to 718 million yen, and profit attributable to owners of parent decreased 24.1% to 456 million yen.

Although the business of electrolyzed hydrogen water (EHW) apparatus was adversely affected by a series of press releases on hydrogen water last year, we are now on gradual recovery owing to successful implementation of various specific measures. EHW apparatus is a controlled medical device for household with effect of “improving gastrointestinal conditions.” For more than 20 years we have conducted joint research projects on EHW with Tohoku University, the University of Tokyo, Kyushu University, Karolinska Institute and many other research institutes home and abroad; and published numerous papers on the results in international academic journals. To further clarify the benefits of drinking EHW, we started a full-scale 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.” In this research project, we will conduct basic research, animal research and clinical research comprehensively over the five years until March 2022 by leveraging Japan’s most advanced know-how and equipment owned by RIKEN. There are other research themes where we could produce tangible results in a relatively short term. We will communicate such results from time to time to help accelerate the spread of EHW. In addition, we will work on themes from a medium-term perspective to achieve greater results, including development of new fields of application.

With a concept of “Health and Productivity Management,” we are shifting our sales approach of EHW apparatus from a B-to-C oriented “casting net method” to a B-to-B oriented “dragnet method.” There have been several successful examples of lump-sum corporate purchase of EHW apparatus. In addition to the above-mentioned research to establish more definitive evidence, we are cultivating new sales channels, strengthening PR activities, and developing new products incorporating new technologies to build a foundation for a dramatic increase in the usage of EHW apparatus.

In the medical business, we established Human Life CORD Japan Inc. in April 2017 to develop Japanese cell medicines. Further in May, we formed a capital alliance with STREX Inc., a manufacturer and a distributor of medical and research devices. As such, we are strengthening our organizational structure to build the advanced medical care into a core business of the Group. Regarding the hospital operation in China, scheduled to start this fall, preparations have been progressing steadily. In the electrolyzed water hemodialysis business, we have received 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 hope this will greatly help expand the market of Electrolyzed Water Hemodialysis®.

Overall, we are reasonably confident that the Nihon Trim Group is taking steady strides towards future growth across all of its business domains. We will keep on challenging ourselves with an entrepreneurial spirit to further speed up the progress.

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 strengthening proposal of Health and Productivity Management by offering EHW to corporate customers and renovating our PR activities. During the first quarter, we initially fell behind the plan, but were able to catch up later, and are now progressing as initially planned. We will vigorously endeavor to improve the operating performance from the second quarter onwards.

The OEM and wholesale sales division will continue to work on strengthening sales support to existing customers and developing new customers.

Sales of water purification cartridges, which generate a consistent revenue stream once an EHW apparatus is installed, are increasing steadily. We will 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 progressing strongly with a full-scale start of business with major customers in China and Vietnam and a substantial increase in export to overseas market. We will continue to expand sales and develop new customers overseas.

Regarding the bottled water business in Indonesia, we are expanding the distribution channels and strengthening PR activities to increase our market share in the country.

<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 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 and substantiate the effectiveness of EHW in vegetable growing.

Overall, sales in the water healthcare business decreased by 16.3% year-on-year to 3,417 million yen and operating profit decreased by 26.5% to 695 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 95% share of the Japanese market for stem cell storage. The number of clients is growing steadily to reach a total of 41,128 clients at the end of June 2017. Currently, Kochi Medical School is implementing a clinical research on autologous umbilical cord blood infusion registration for cerebral palsy and cerebral damage in accordance with the Act on the Safety of Regenerative Medicine, and the findings are much anticipated. This clinical research was covered by NHK news, the Nikkei, the Yomiuri Shimbun, and other media, which demonstrates the increasing public awareness of cord blood banks. 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. 7%) and South Korea (approx. 12%), we expect a phenomenal growth in the future. StemCell Institute Inc. will work on clinical researches on stem cells derived from cord blood in cooperation with universities and other institutions. The institute will also strive to expand its business in the field of regenerative medicine.

<Electrolyzed water hemodialysis>

We have set up the Electrolyzed Water Dialysis Office to strengthen its organizational structure for promoting sales of Electrolyzed Water Hemodialysis[®]. Regarding research activities, we completed the five-year prognosis study in December 2016 and are now waiting for an interim report on its first year's results to appear in an international academic journal in August 2017. We have received a great response since the presentation on the final result of this study at the Japanese Society for Dialysis Therapy. Its details have already been submitted to an international academic journal, and will help us further promote sales to major hospital groups. We will aggressively develop the business by increasing the usage of electrolyzed water hemodialysis in Japan and also overseas through the hospital operation in China. To this end, Nihon Trim will engage in further studies to

improve hemodialysis patients' quality of life while promoting the benefits of electrolyzed water hemodialysis from a perspective of hospital management.

<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. Operations are scheduled to begin in fall 2017. 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 0.4% year-on-year to 205 million yen and operating loss was 7 million yen (compared with operating profit of 2 million yen one year earlier).

To ensure sustainable growth in the future, the Nihon Trim Group 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 seek 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 first quarter on a consolidated basis increased 190 million yen, or 0.8%, from the end of the previous fiscal year to 24,209 million yen. The main factor was an increase of 437 million yen in cash and deposits, which was partially offset by a decrease of 212 million yen in notes and accounts receivable-trade.

Total liabilities increased 301 million yen, or 5.1%, from the end of the previous fiscal year to 6,184 million yen. The main factor was an increase of 213 million yen in accounts payable-other included in other in current liabilities.

Net assets decreased 111 million yen, or 0.6%, from the end of the previous fiscal year to 18,024 million yen. The main factors include payment of dividends of 500 million yen and purchase of treasury shares of 84 million yen, which was partially offset by a recording of profit attributable to owners of parent of 456 million yen.

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

There are no revisions to the full-year consolidated forecast for the fiscal year ending March 31, 2018, which was disclosed in the Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 announced on April 27, 2017.

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

(Thousands of yen)

	FY3/17 (As of Mar. 31, 2017)	First quarter of FY3/18 (As of Jun. 30, 2017)
Assets		
Current assets		
Cash and deposits	11,480,112	11,917,511
Notes and accounts receivable-trade	2,287,875	2,074,906
Accounts receivable-installment	2,363,687	2,485,331
Finished goods	300,811	311,649
Raw materials and supplies	508,735	488,915
Other	296,403	439,041
Allowance for doubtful accounts	(8,692)	(8,495)
Total current assets	17,228,934	17,708,861
Non-current assets		
Property, plant and equipment		
Land	2,503,670	2,502,203
Other, net	1,039,215	1,018,475
Total property, plant and equipment	3,542,885	3,520,679
Intangible assets		
Goodwill	563,318	599,466
Other	71,920	62,333
Total intangible assets	635,238	661,799
Investments and other assets		
Other	2,625,573	2,331,622
Allowance for doubtful accounts	(13,893)	(13,893)
Total investments and other assets	2,611,679	2,317,728
Total non-current assets	6,789,804	6,500,206
Total assets	24,018,738	24,209,068
Liabilities		
Current liabilities		
Notes and accounts payable-trade	812,088	717,592
Current portion of bonds	300,000	300,000
Current portion of long-term loans payable	1,426,258	1,441,358
Income taxes payable	176,492	243,413
Provision for bonuses	145,091	48,671
Provision for product warranties	44,000	40,000
Provision for sales returns	48,000	63,000
Other	1,372,045	1,718,620
Total current liabilities	4,323,976	4,572,656
Non-current liabilities		
Long-term loans payable	-	14,000
Provision for directors' retirement benefits	175,715	178,949
Net defined benefit liability	225,126	231,386
Other	1,158,330	1,187,660
Total non-current liabilities	1,559,171	1,611,996
Total liabilities	5,883,148	6,184,653

	(Thousands of yen)	
	FY3/17 (As of Mar. 31, 2017)	First quarter of FY3/18 (As of Jun. 30, 2017)
Net assets		
Shareholders' equity		
Capital stock	992,597	992,597
Capital surplus	606,369	606,369
Retained earnings	17,156,173	17,109,783
Treasury shares	(967,521)	(1,045,535)
Total shareholders' equity	17,787,619	17,663,215
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,539	8,617
Foreign currency translation adjustment	(31,929)	(43,485)
Remeasurements of defined benefit plans	(10,122)	(9,188)
Total accumulated other comprehensive income	(33,511)	(44,056)
Subscription rights to shares	23,158	26,326
Non-controlling interests	358,324	378,930
Total net assets	18,135,590	18,024,415
Total liabilities and net assets	24,018,738	24,209,068

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

(Thousands of yen)

	First three months of FY3/17 (Apr. 1, 2016 – Jun. 30, 2016)	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)
Net sales	4,289,466	3,623,063
Cost of sales	1,062,961	910,286
Gross profit	3,226,504	2,712,776
Selling, general and administrative expenses	2,278,315	2,025,463
Operating profit	948,189	687,312
Non-operating income		
Interest and dividend income	1,173	4,508
Real estate rent	23,598	23,410
Share of profit of entities accounted for using equity method	4,575	3,200
Other	5,933	6,369
Total non-operating income	35,280	37,488
Non-operating expenses		
Interest expenses	3,594	1,743
Interest on bonds	262	266
Foreign exchange losses	50,415	351
Depreciation of assets for rent	2,688	2,639
Other	3,807	1,453
Total non-operating expenses	60,768	6,454
Ordinary profit	922,701	718,346
Profit before income taxes	922,701	718,346
Income taxes-current	214,260	207,854
Income taxes-deferred	102,087	35,538
Total income taxes	316,348	243,393
Profit	606,352	474,953
Profit attributable to non-controlling interests	5,254	18,481
Profit attributable to owners of parent	601,098	456,471

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

(Thousands of yen)

	First three months of FY3/17 (Apr. 1, 2016 – Jun. 30, 2016)	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)
Profit	606,352	474,953
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,231)	77
Foreign currency translation adjustment	28,080	(11,999)
Remeasurements of defined benefit plans, net of tax	906	933
Share of other comprehensive income of entities accounted for using equity method	(5,399)	(4,634)
Total other comprehensive income	22,355	(15,621)
Comprehensive income	628,708	459,331
Comprehensive income attributable to:		
Owners of parent	615,009	445,926
Non-controlling interests	13,698	13,404

(3) 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 three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)

(Thousands of yen)

	Reportable segment			Adjustments	Total
	Water healthcare	Medical	Subtotal		
Net sales					
Sales to external customers	3,417,452	205,610	3,623,063	-	3,623,063
Inter-segment sales and transfers	-	-	-	-	-
Total	3,417,452	205,610	3,623,063	-	3,623,063
Segment profit (loss)	695,073	(7,761)	687,312	-	687,312

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.