



Ticker 4651

for Energy, for Environment

Photovoltaic Solution

Total Sanitation

Environmental Resources Development

Consolidated Financial Statements

For the First Half ended September 30,2014

2Q

NOV. 13,2014

1. Financial Results for FY2014 2Q(ended Sep. 30,2014)

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Disclaimer

This material contains certain forward-looking statements. Such forward-looking statements are not intended to provide guarantees of our future performance and are based on certain assumptions and management's judgment based on currently available information. Therefore, actual results in future earnings and operating results may materially differ from those contained in the forward-looking statements.

The following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this material:

- changes in economic changes of the Feed-in-Tariff (FIT) scheme for renewable energy and changes of the utility company's policy for installation of renewable energy, competition with other manufacturers, changing technology, regulatory environment, new legislation and any other factors which are beyond our control.

In addition, this presentation is not intended to solicit investment to securities issued by us. We assume no responsibility for any losses and liabilities that may be incurred because of information contained in this material.

(Note) Numbers are rounded off to the nearest whole number.



1. Financial Results for FY2014 2Q(ended Sep. 30,2014)

The Group changed the name of the Commercial Photovoltaics (PV) Division to the Solar Engineering (SE) Division and also transferred the business of PV systems for homes, etc. belonging to the Home Sanitation (HS) Division and the Establishment Sanitation (ES) Division to the SE Division, effective from this first quarter under review.

(Millions of yen)

	FY 2013 1H	FY2014 1H			
	Results	Results	YoY	Forecasts	% to Forecasts
Net Sales	31,692	44,008	138.9%	51,200	86.0%
Gross Profit	9,003	9,343	103.8%	11,220	83.3%
Gross Profit Ratio	28.4%	21.2%		21.9%	
Operating Income	1,495	(2,717)	—	(1,250)	—
Operating Margin	4.7%	—		—	
Ordinary Income	1,443	(2,859)	—	(1,140)	—
Ordinary Income Ratio	4.6%	—		—	
Net Income	1,051	(3,198)	—	(1,490)	—
Net Income Ratio	3.3%	—		—	

Forecasts show the numbers as announced on Aug.5, 2014.

1)Sales The SE Division posted substantial revenue growth in PV systems. In the Environmental Resources Development (ERD) Division, revenue from the electricity sales of TOMAKOMAI Power Plant increased, but plastic fuel revenue and organic waste processing revenue declined due to decreases acceptance volumes. The HS and ES Divisions posted sharp revenue declines because they transferred PV business to the SE Division and focused on sanitation-related maintenance for existing customer. As a consequence, the Net Sales of the entire group were ¥44,008 million, or up 38.9% from a year earlier.

2)Profit In the SE Division, PV systems registered increased profit. However, the Company was impacted due to the inability to engage in construction projects, with some exceptions, in the Kyushu district due to Kyushu Electric Power's decision to suspend its response to applications. As a result, profit growth was not enough to absorb fixed costs and the segment posted an operating loss. The ERD Division reported decreased profit due to a reduction in acceptance volumes. The HS and ES Divisions showed decreased profits due to lower sales as a result of switching to a system of focusing on maintenance for existing customer. As a consequence, for the whole group, the operating loss of ¥2,717 million compared to the operating income of ¥1,495 million in the same period of a prior year, and the ordinary loss was ¥2,859 million (ordinary income of ¥1,443 million in the same period of a prior year), with the net loss of ¥3,194 million from net income of ¥1,051 million of net income in the year earlier period.

Statement of Net Sales and Income by Segment

(Millions of yen)

	FY2013 1H		FY2014 1H				
	Results	Proportion	Results	Proportion	YoY	Forecasts	% to Forecasts
Net Sales	31,692		44,008		138.9%	51,200	86.0%
SE	17,412	54.9%	32,071	72.9%	184.2%	38,917	82.4%
ERD	7,848	24.8%	7,316	16.6%	93.2%	7,776	94.1%
HS ES	6,431	20.3%	4,621	10.5%	71.9%	4,507	102.5%
Gross Profit	9,003	28.4%	9,343	21.2%	103.8%	11,220	83.3%
SG&A	7,507	23.7%	12,060	27.4%	160.7%	12,470	96.7%
Operating Income	1,495	4.7%	(2,717)	—	—	(1,250)	—
SE	1,197	<u>6.9%</u>	(2,277)	—	—	(884)	—
ERD	518	<u>6.6%</u>	498	<u>6.8%</u>	96.1%	604	82.5%
HS ES	1,007	<u>15.7%</u>	821	<u>17.8%</u>	81.5%	763	107.6%
Group	(1,228)	—	(1,758)	—	—	(1,733)	—

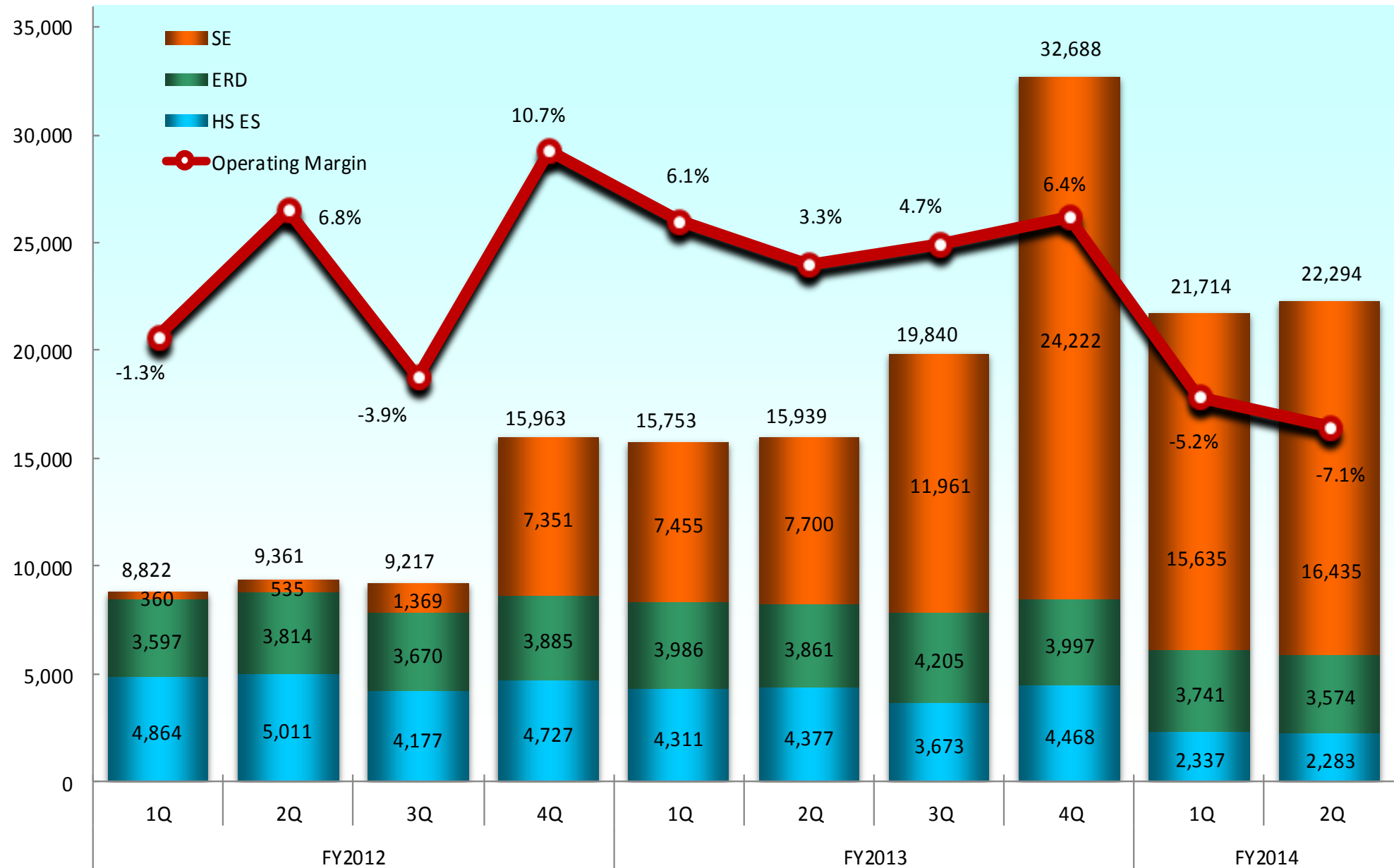
Forecasts show the numbers as announced on Aug.5, 2014.

Figures for the same period of the previous year have been restated to reflect the new segment classification for year on year comparison.

The underlined percentage indicate Operating Margin of each segment.

Segment Information (changes)

(Millions of yen)



Figures for the same period of the previous year have been restated to reflect the new segment classification for year on year comparison.

Segment Information (SE)

(Millions of yen)

	FY2013 1H		FY2014 1H				
	Results	Proportion	Results	Proportion	YoY	Forecasts	% to Forecasts
Net Sales	17,412		32,071		184.2%	38,917	82.4%
Photovoltaic System							
Direct(Western Japan)	12,585	72.3%	27,528	85.8%	218.7%	33,864	81.3%
Direct(Eastern Japan)	1,400	8.0%	2,771	8.6%	197.9%	3,549	78.1%
Wholesale(Eastern)	3,397	19.5%	1,717	5.4%	50.6%	1,445	118.8%
Others	29	0.2%	54	0.2%	183.0%	57	95.3%
Gorss Profit	4,391	25.2%	5,762	18.0%	131.2%	7,707	74.8%
SG&A	3,193	18.3%	8,039	25.1%	251.7%	8,591	93.6%
advertising Expencc	1,013	5.8%	933	2.9%	92.1%	926	100.8%
Allowance for doubtful accounts	196	1.1%	885	2.8%	451.5%	1,600	55.3%
Operating Income	1,197	6.9%	(2,277)	—	—	(884)	—

Forecasts show the numbers as announced on Aug.5, 2014.

Figures for the same period of the previous year have been restated to reflect the new segment classification for year on year comparison.

In this first half, the number of installations of commercial PV systems, which are the main product in this segment, increased to ¥32,071 million.

The division posted an operating loss of ¥2,277 million (compared with operating income of ¥1,197 million in the same period of the previous year), reflecting a sharp increase in fixed costs such as labor costs as a percentage of sales. This is because the Group expects the number of installations of PV systems to increase steadily through the second half of fiscal year and continued to actively recruit installation staff necessary to improve and expand the installation system. However, in the first half under review, the timing of installations was delayed largely because power companies took a long time investigation grid connection and sales only increased 84.2% compared with the same period of the previous year.

(For reference: Changes in SE Division staff: Average number of staff increased from 612 in Apr-Sep 2013 to 2,694 in Apr-Sep 2014)

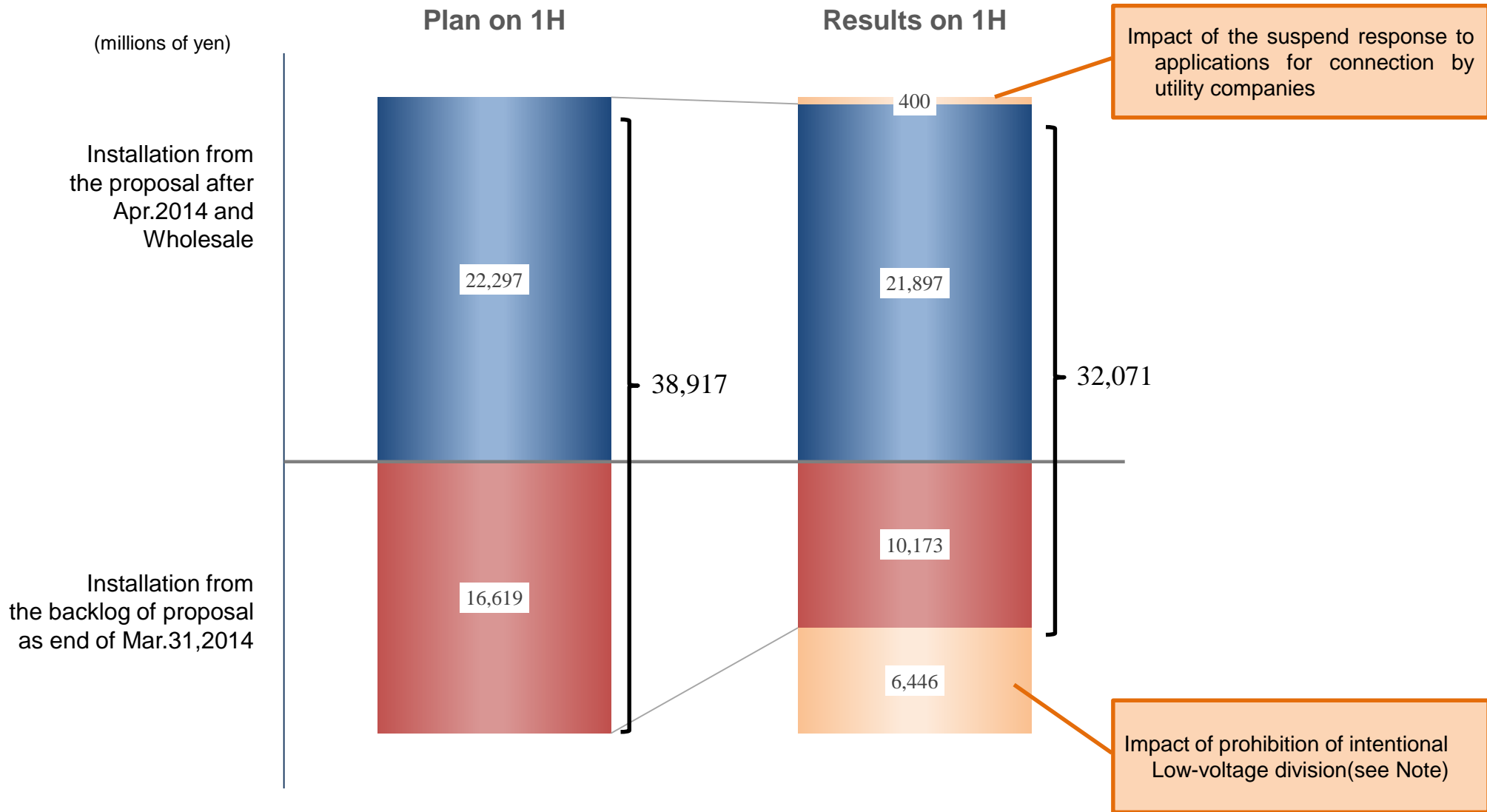
(reference) QonQ P/L on SE

(Millions of yen)

	FY2014							
	1Q		2Q				1H	
	Results	Proportion	Results	Proportion	Forecasts	Proportion	Results	Proportion
Net Sales	15,635		16,435		23,281		32,071	
Cost of Sales	12,689	81.2%	13,619	82.9%	18,520	79.6%	26,308	82.0%
Material	8,218	52.6%	8,709	53.0%	12,394	53.2%	16,927	52.8%
Labour	2,070	13.2%	2,306	14.0%	2,803	12.0%	4,377	13.6%
Subconstructed	1,191	7.6%	1,067	6.5%	1,683	7.2%	2,259	7.0%
Others	1,209	7.7%	1,535	9.3%	1,639	7.0%	2,744	8.6%
Gross Profit	2,946	18.8%	2,816	17.1%	4,760	20.4%	5,762	18.0%
SG&A	3,876	24.8%	4,163	25.3%	4,714	20.3%	8,039	25.1%
Personnel	1,327	8.5%	1,610	9.8%	1,498	6.4%	2,937	9.2%
Advertisement	527	3.4%	406	2.5%	399	1.7%	933	2.9%
Allowance	600	3.8%	285	1.7%	1,000	4.3%	885	2.8%
Others	1,421	9.1%	1,861	11.3%	1,817	7.8%	3,282	10.2%
Operating Income	(930)	—	(1,347)	—	46	0.2%	(2,277)	—

Forecasts show the numbers as announced on Aug.5, 2014.

(reference) Reason of Sales Unreached



(Note) One business premises is divided into small-scale facilities (facilities that are below 50kW that have low-voltage interconnectivity) to create multiple connections

(Millions of yen)

	FY2013 1H		FY2014 1H				
	Results	Proportion	Results	Proportion	YoY	Forecast	% to Forecasts
Net Sales	7,848		7,316		93.2%	7,776	94.1%
Waste Plastic	4,645	59.2%	3,860	52.8%	83.1%	4,374	88.2%
Power Generation	1,559	19.9%	1,832	25.0%	117.5%	1,818	100.8%
Organic Waste Water	916	11.7%	760	10.4%	83.0%	870	87.4%
Final Disposal	312	4.0%	330	4.5%	105.5%	321	102.8%
Others	413	5.3%	532	7.3%	128.8%	392	136.0%
Gross Profit	1,644	21.0%	1,395	19.1%	84.9%	1,516	92.1%
SG&A	1,126	14.3%	897	12.3%	79.7%	912	98.4%
Operating Income	518	6.6%	498	6.8%	96.1%	604	82.5%

Forecasts show the numbers as announced on Aug.5, 2014.

Revenue from plastic fuel decreased 13.2% year on year, reflecting a reduction in the acceptance volume of waste plastic. Revenue from electricity sales rose 17.5% compared to the same period of the previous year due to stable operation of the TOMAKOMAI Power Plant. Revenue from organic waste processing fell 17.0% year on year, due to decreased acceptance volume. As a result, the net sales decreased 6.8% to ¥7,316 million compared to the year earlier period. The operating income decreased 3.9% to ¥498 million due to decrease in sales.

(Millions of yen)

	FY2013 1H		FY2014 1H				
	Results	Proportion	Results	Proportion	YoY	Forecasts	% to Forecasts
Net Sales	6,431		4,621		71.9%	4,507	102.5%
HS division	5,231	81.3%	4,058	87.8%	77.6%	4,012	101.2%
ES division	1,199	18.6%	562	12.2%	46.9%	495	113.7%
Gross Profit	2,967	46.1%	2,185	47.3%	73.7%	1,996	109.4%
SG&A	1,959	30.5%	1,364	29.5%	69.6%	1,234	110.6%
Operating Income	1,007	15.7%	821	17.8%	81.5%	763	107.6%

Forecasts show the numbers as announced on Aug.5, 2014.

Figures for the same period of the previous year have been restated to reflect the new segment classification for year on year comparison.

The HS Division transferred house-use PV system business, which was included in its results for the first half of the previous fiscal year, to the SE Division and focused on sanitation management-related maintenance for existing customer including “termite control” and “sub-floor/roof ventilation system”. As a result, the net sales decreased 22.4% to ¥4,058 million compared to the year earlier period. The operating income decreased 12.8% to ¥880 million due to decrease in sales.

The ES Division transferred PV system business, which was included in its results for the first half of the previous fiscal year, to the SE Division and focused on sanitation management-related maintenance for existing customer of buildings, condominiums, etc. As a result, the net sales decreased 53.1% to ¥562 million compared to the year earlier period. The operating loss of ¥59 million due to decrease in sales (operating loss of ¥2 million in the same period of a prior year).

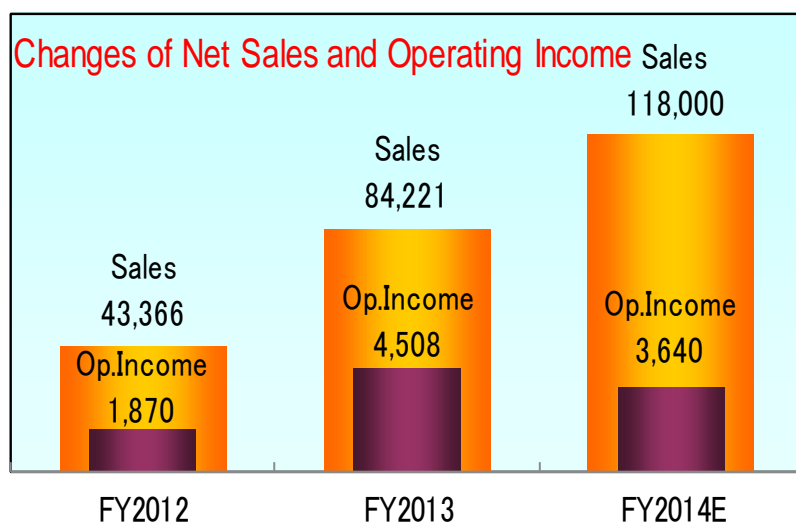
SANIX

2. Forecast for FY2014(ending March 31,2015)

Forecasts for FY2014 (ending March 31,2015)

The Company has revised the consolidated earning forecast for the fiscal year ending March 31,2015,which were announced Aug.5,2014, on Oct.31, 2014.

(Millions of yen)	FY2013	FY2014 Forecasts			
	Results	Revised Forecasts	YoY	Forecast on Aug.5, 2014	
				Forecasts	Difference
Net Sales	84,221	118,000	140.1%	161,500	-43,500
Gross Profit	21,421	27,693	129.3%	40,473	-12,780
Gross Profit Margin	25.4%	23.5%			
Operating Income	4,508	3,640	80.7%	14,000	-10,360
Operating Margin	5.4%	3.1%			
Ordinary Income	4,309	3,200	74.2%	13,800	-10,600
Ordinary Income Margin	5.1%	2.7%			
Net Income	2,964	1,300	43.8%	8,830	-7,530
Net Income Margine	3.5%	1.1%			



1)Sales

Sanix has determined that it would not be able to post sales of new projects it had expected to receive and install in the second half of the fiscal year before the end of the term due to the decision among utility companies to suspend their response. In addition, the Company has determined that with some exceptions, intentional low-voltage division on the same business premises, which were incorporated in the initial forecast, will not be posted as sales before the end of the current fiscal year.

2)Profit

The Company forecasts a recovery in earnings on the expected increase in net sales and cost-cutting measures in the second half of the fiscal year. However, operating income, ordinary income and net income are all expected to be lower than the previous forecast due to net sales ending lower than the previous forecast.

Segment Forecast for FY2014

The Company has revised the consolidated earning forecast for the fiscal year ending March 31, 2015, which were announced Aug.5, 2014, on Oct.31, 2014.

(Millions of yen)

	FY2013		FY2014 Forecast				
	Results	Proportion	Revised Forecast	Proportion	YoY	Forecast on Aug.5,2014	
						Forecasts	Difference
Net Sales	84,221		118,000		140.1%	161,500	-43,500
SE	56,637	67.2%	93,060	78.9%	164.3%	136,785	-43,725
ERD	16,051	19.1%	15,800	13.4%	98.4%	16,363	-563
HS ES	11,533	13.7%	9,140	7.7%	79.2%	8,352	788
Gross Profit	21,421	25.4%	27,693	23.5%	129.3%	40,473	-12,780
SG&A	16,912	20.1%	24,053	20.4%	142.2%	26,473	-2,420
Operating Income	4,508	5.4%	3,640	3.1%	80.7%	14,000	-10,360
SE	4,782	<u>8.4%</u>	4,133	<u>4.4%</u>	86.4%	14,716	-10,583
ERD	1,364	<u>8.5%</u>	1,348	<u>8.5%</u>	98.8%	1,440	-92
HS ES	959	<u>8.3%</u>	1,799	<u>19.7%</u>	187.5%	1,314	485
Group	(2,598)	—	(3,640)	—	—	(3,470)	-170
Ordinary Income	4,309	5.1%	3,200	2.7%	74.2%	13,800	-10,600
Net Income	2,964	3.5%	1,300	1.1%	43.8%	8,830	-7,530

Figures for the same period of the previous year have been restated to reflect the new segment classification for year on year comparison.

The underlined percentage indicate Operating Margin of each segment.

Sanix has determined that it would not be able to post sales of new projects it had expected to receive and install in the second half of the fiscal year before the end of the term due to the decision among utility companies to suspend their response. In addition, the Company has determined that with some exceptions, intentional low-voltage division on the same business premises, which were incorporated in the initial forecast, will not be posted as sales before the end of the current fiscal year.

Segment Forecasts for FY2014

The Company has revised the consolidated earning forecast for the fiscal year ending March 31, 2015, which were announced Aug.5, 2014, on Oct.31, 2014.

(millions of yen)

	FY2014 Revised Forecast					
	1H Results			2H Plan		
	Results	Proportion	YoY	Forecasts	Proportion	YoY
Net Sales	44,008		138.9%	73,991		140.9%
SE	32,071	72.9%	184.2%	60,988	82.4%	155.5%
ERD	7,316	16.6%	93.2%	8,483	11.5%	103.4%
HS ES	4,621	10.5%	71.9%	4,518	6.1%	88.6%
Gross Profit	9,343	21.2%	103.8%	18,349	24.8%	147.8%
SG&A	12,060	27.4%	160.7%	11,992	16.2%	127.5%
Operating Income	(2,717)	—	—	6,357	8.6%	211.0%
SE	(2,277)	—	—	6,410	<u>10.5%</u>	178.8%
ERD	498	<u>6.8%</u>	96.1%	849	<u>10.0%</u>	100.4%
HS ES	821	<u>17.8%</u>	81.5%	977	<u>21.6%</u>	—
Group	(1,758)	—	—	(1,881)	—	—
Ordinary Income	(2,859)	—	—	6,059	8.2%	211.4%
Net Income	(3,194)	—	—	4,494	6.1%	235.0%

Figures for the same period of the previous year have been restated to reflect the new segment classification for year on year comparison.

The underlined percentage indicate Operating Margin of each segment.

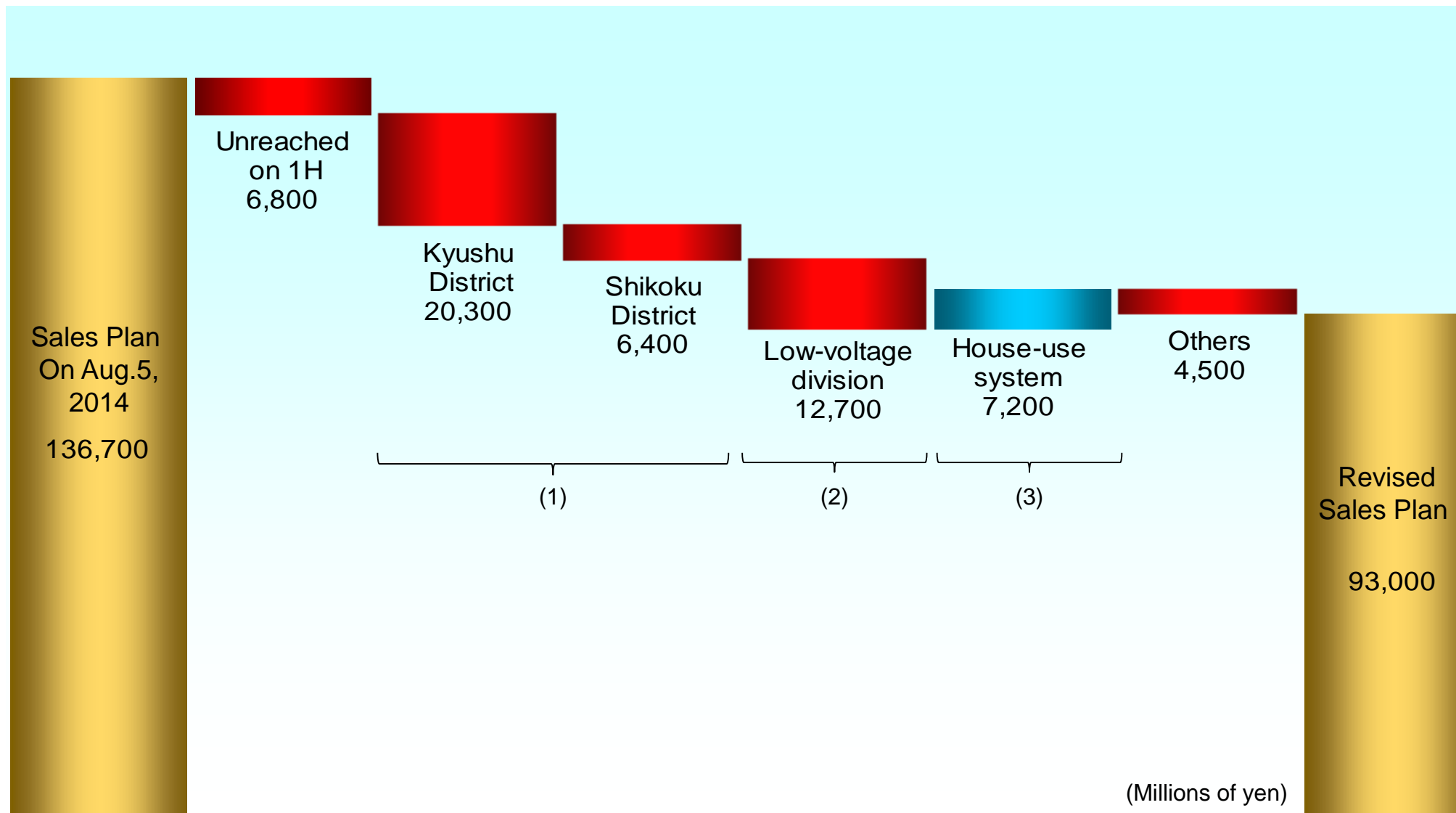
The Company has revised the consolidated earning forecast for the fiscal year ending March 31, 2015, which were announced Aug.5, 2014, on Oct.31, 2014.

(Millions of yen)

	FY2013		FY2014 Revised Forecast				
	Forecast	Proportion	Forecasts	Proportion	YoY	Forecast on Aug.5,2014	
						Forecasts	Difference
Net Sales	56,637		93,060		164.3%	136,785	-43,725
Photovoltaic System							
Direct(Western Japan)	43,378	76.6%	72,168	77.6%	166.4%	116,575	-44,407
Direct(Eastern Japan)	4,017	7.1%	16,295	17.5%	405.6%	17,309	-1,014
Wholesale(Eastern)	9,172	16.2%	4,505	4.8%	49.1%	2,805	1,699
Others	68	0.1%	91	0.1%	133.9%	94	-2
Gross Profit	13,016	23.0%	20,298	21.8%	155.9%	33,557	-13,259
SG&A	8,234	14.5%	16,165	17.4%	196.3%	18,841	-2,676
advertising	1,749	3.1%	1,421	1.5%	81.2%	2,276	-855
personnel	3,109	5.5%	6,589	7.1%	211.9%	6,866	-277
allowance	957	1.7%	885	1.0%	92.5%	1,600	-715
Operating Income	4,782	8.4%	4,133	4.4%	86.4%	14,716	-10,582

Figures for the same period of the previous year have been restated to reflect the new segment classification for year on year comparison.

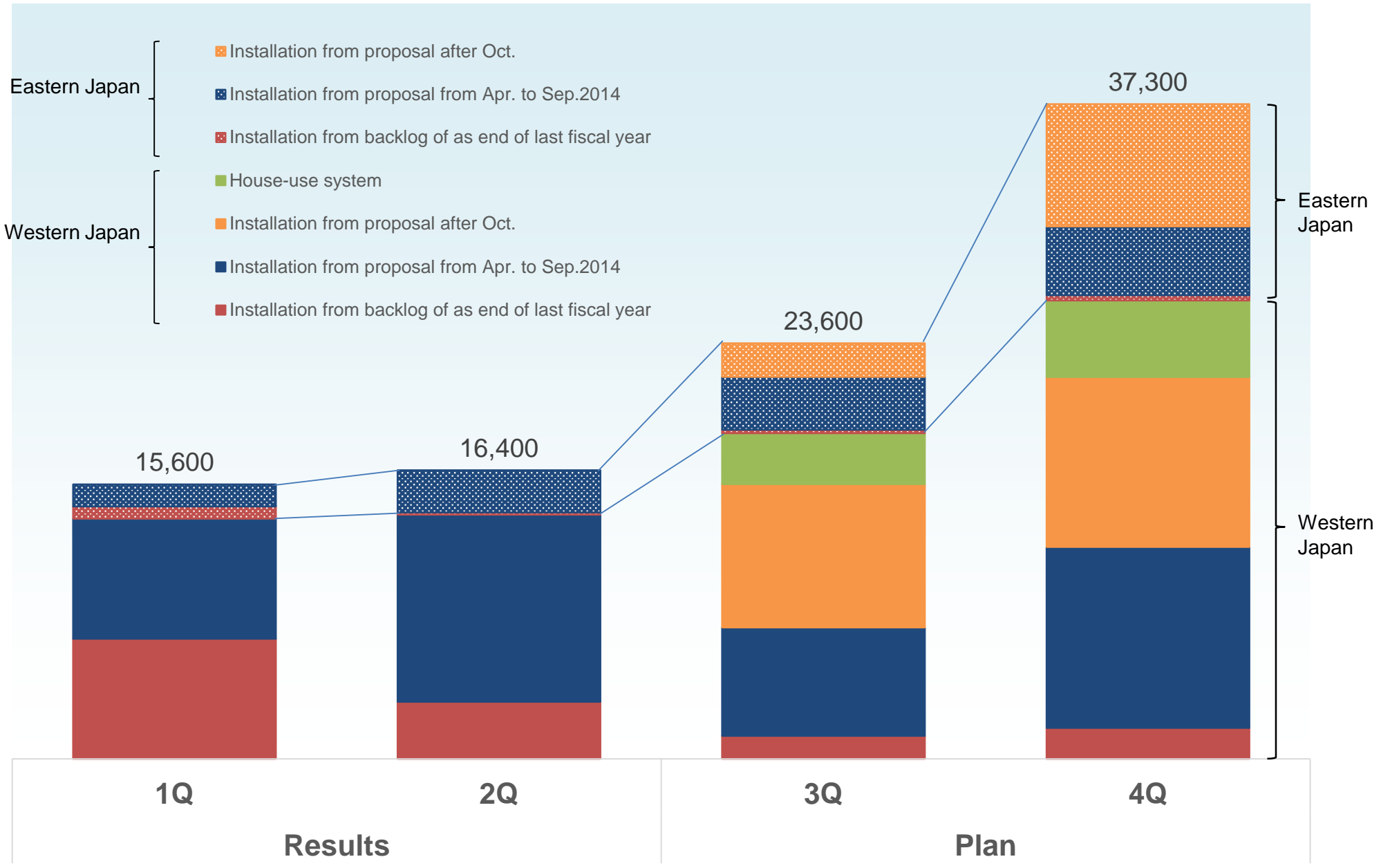
The Detail of Revised Plan of SE Sales



- (1) It would not be able to post sales of new projects it had expected to receive and install in the second half of the fiscal year before the end of the term due to the decision among utility companies to suspend their response.
- (2) It has determined that with some exceptions, intentional low-voltage division on the same business premises, which were incorporated in the initial forecast, will not be posted as sales before the end of the current fiscal year.
- (3) It has been pushing forward with reinforcing sales of residential solar power (at or below 10kW) that are not subject to the suspension reply.

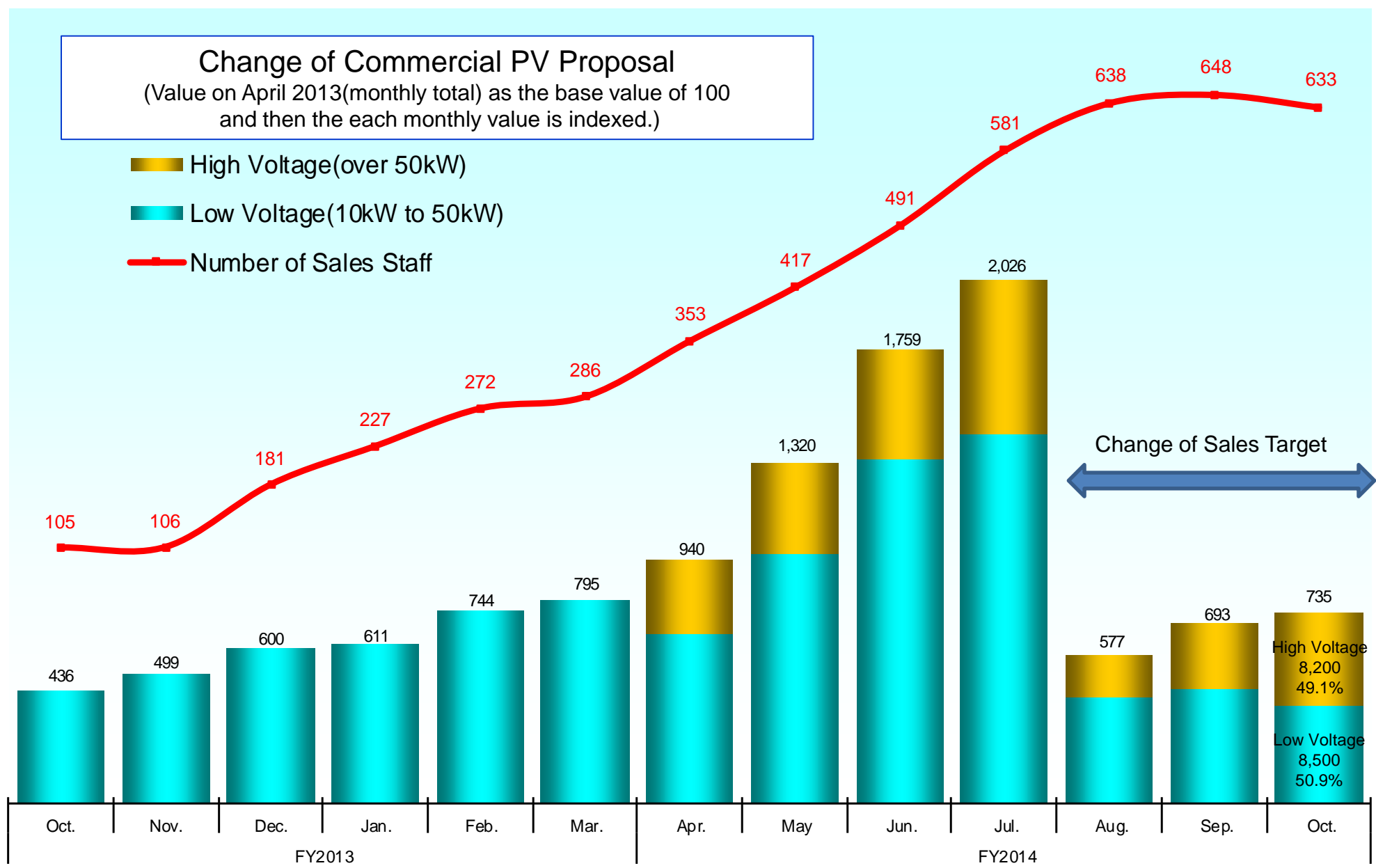
(Reference) Quarterly Sales Plan on SE

(Millions of yen)



(Reference) Change of Commercial PV Proposal

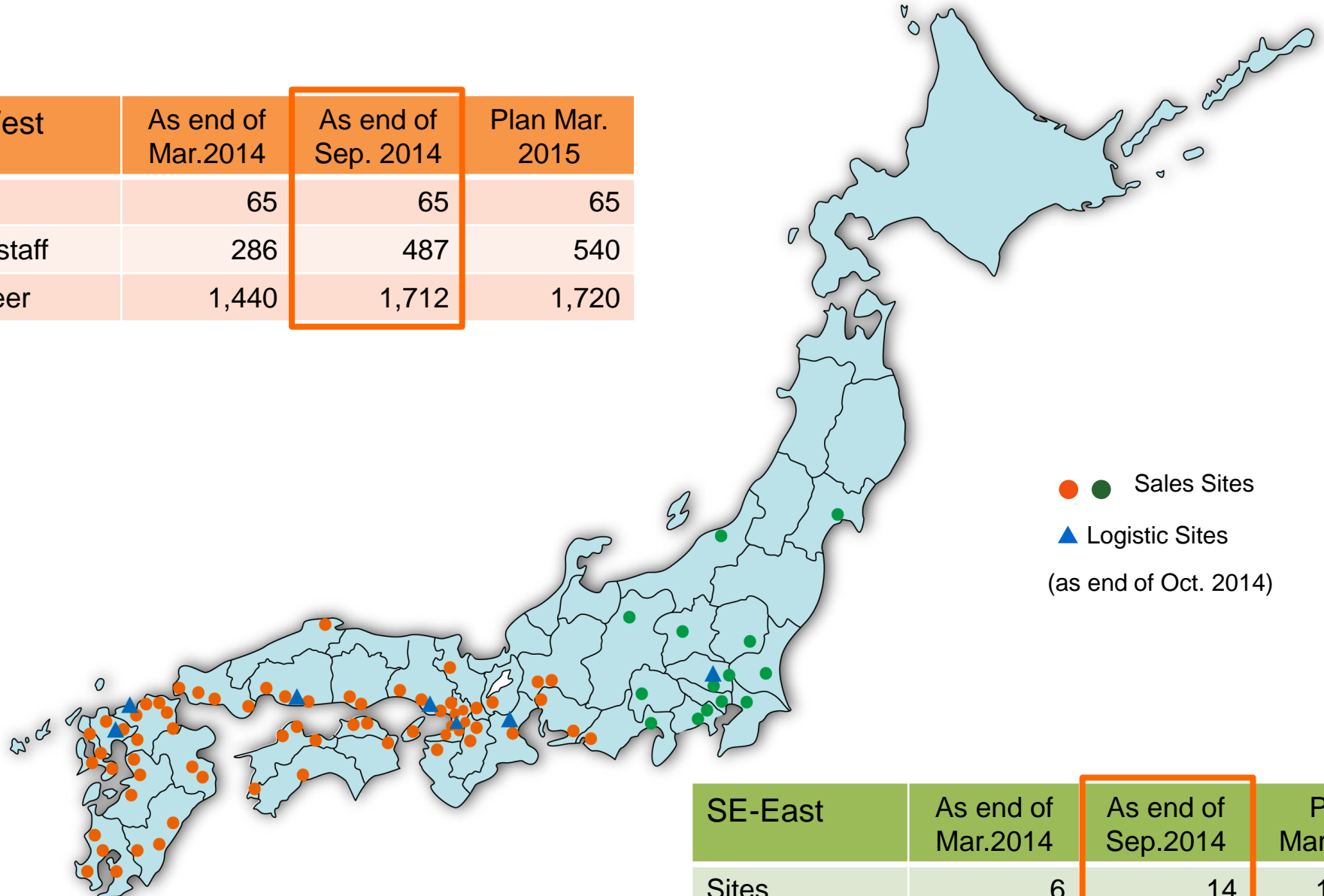
On the graphic, its are only western Japan before Mar.2014 , after Apr.2014 are total of western and eastern Japan .



"Proposal" means SANIX accept the application letter for 'Certification of Generation Facilities for PV' to government (METI) from our customers.

Plan of PV business operation system

SE-West	As end of Mar.2014	As end of Sep. 2014	Plan Mar. 2015
Sites	65	65	65
Sales staff	286	487	540
Engineer	1,440	1,712	1,720



● Sales Sites
▲ Logistic Sites
(as end of Oct. 2014)

SE-East	As end of Mar.2014	As end of Sep.2014	Plan Mar.2015
Sites	6	14	15 – 20
Sales staff	60	161	245
Engineer	41	225	300

Forecasts of Expense Status of SE division

Change in Marginal Profit Ratio at SE Division(direct sales/installation)

A marginal profit ratio is shown as profit ratio which is subtracted variable cost such as material, expendables, outsourcing and transportation fee is used as a marginal profit Income ratio.

		FY2013	FY2014				FY
			(result)4Q	1Q	2Q	3Q	
Marginal Profit Ratio	plan on Aug.5, 2014	34.4	35.2	35.4	36.7	36.8	36.3
	Revised Plan		(result)35.2	(result)34.9	34.2	32.6	33.9

Changes of Fixed cost ratio for business expansion of SE

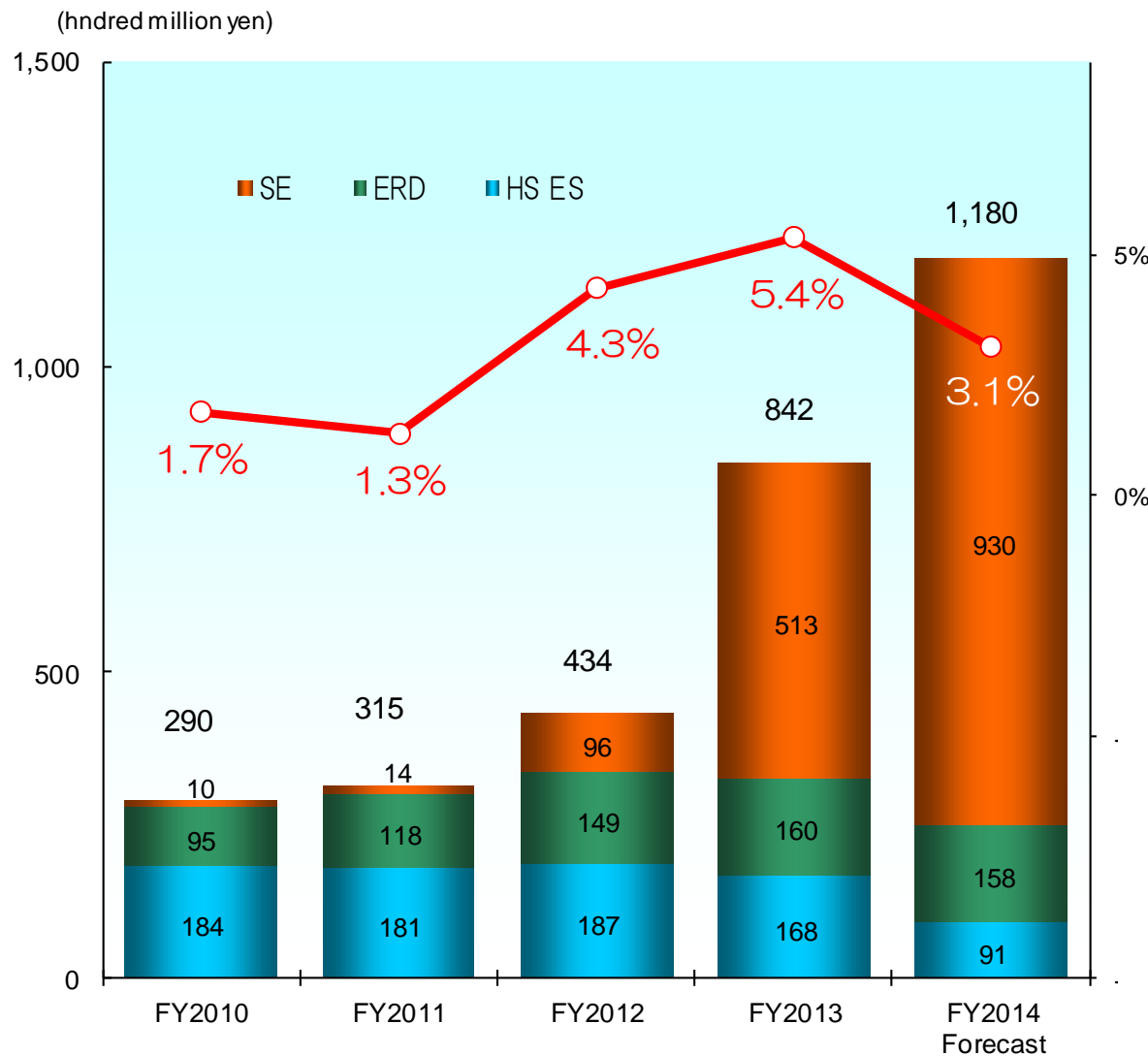
The table shown implies the share of each fixed cost(personnel) and others(payroll cost, rent cost, transportation cost and common expense) in SE division.

		FY2013	FY2014				FY
			(result)4Q	1Q	2Q	3Q	
Personnel Cost	Plan on Aug.5	13.1	21.7	18.5	13.5	11.8	14.6
	Revised Plan		(result)21.7	(result)23.8	17.1	11.0	16.6
Others	Plan on Aug.5	9.8	12.2	10.7	7.5	6.4	8.3
	Revised Plan		(result)12.2	(result)15.1	10.4	7.4	10.3
Fixed Cost Total	Plan on Aug.5	22.9	33.9	29.2	21.1	18.2	22.7
	Revised Plan		(result)33.9	(result)38.9	27.5	18.4	26.9

Whole Group Forecasts for FY2014

Net Sales and Operating Margin Ratio

The Company has revised the consolidated earning forecast for the fiscal year ending March 31, 2015, which were announced Aug.5, 2014, on Oct.31, 2014.



Forecasts for FY2014

(ending March 31, 2015)

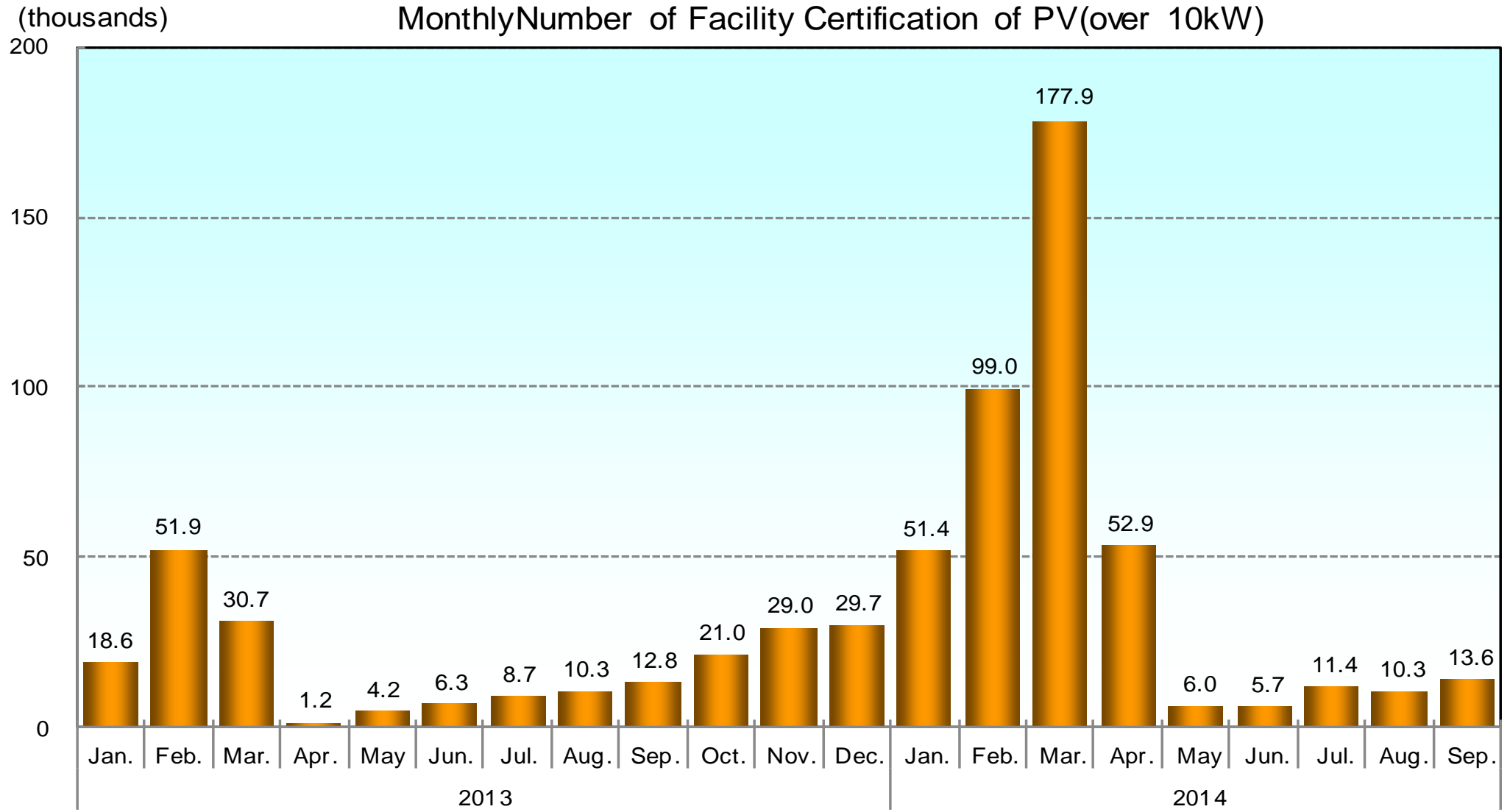
Net Sales : 118,000MY

Operating Income: 3,640MY

Operating Margin : 3.1%

(Reference) Number of Facility Certification by METI

Number of facility certification of commercial PV announced by METI



The Company arranged METI data.

KYUSHU Electric Power Company

<announced on Sep.24, 2014>

Suspension of Connection Application Replies for new applications and existing applications (prior consultation / connection investigation / applications for connection agreements) However, the following existing applications are exempt.; Low Voltage: Those for which invoices for contribution in aid of construction costs have already been sent, High Voltage and Extra-High Voltage: Those for which interconnection approval notices have already been sent.

<announced on Oct.21, 2014>

It will resume replying to applications for low-voltage facilities (excluding subdivision projects) that were submitted through September 24.

SHIKOKU Electric Power Company

<announced on Sep.30, 2014>

Suspension of Connection Application Replies for new applications of over 10kW system.

TOHOKU Electric Power Company

<announced on Sep.30, 2014>

Suspension of Connection Application Replies for new applications of over 50kW system.

HOKKAIDO Electric Power Company

<announced on Sep.30, 2014>

Suspension of Connection Application Replies for new applications of over 10kW system.

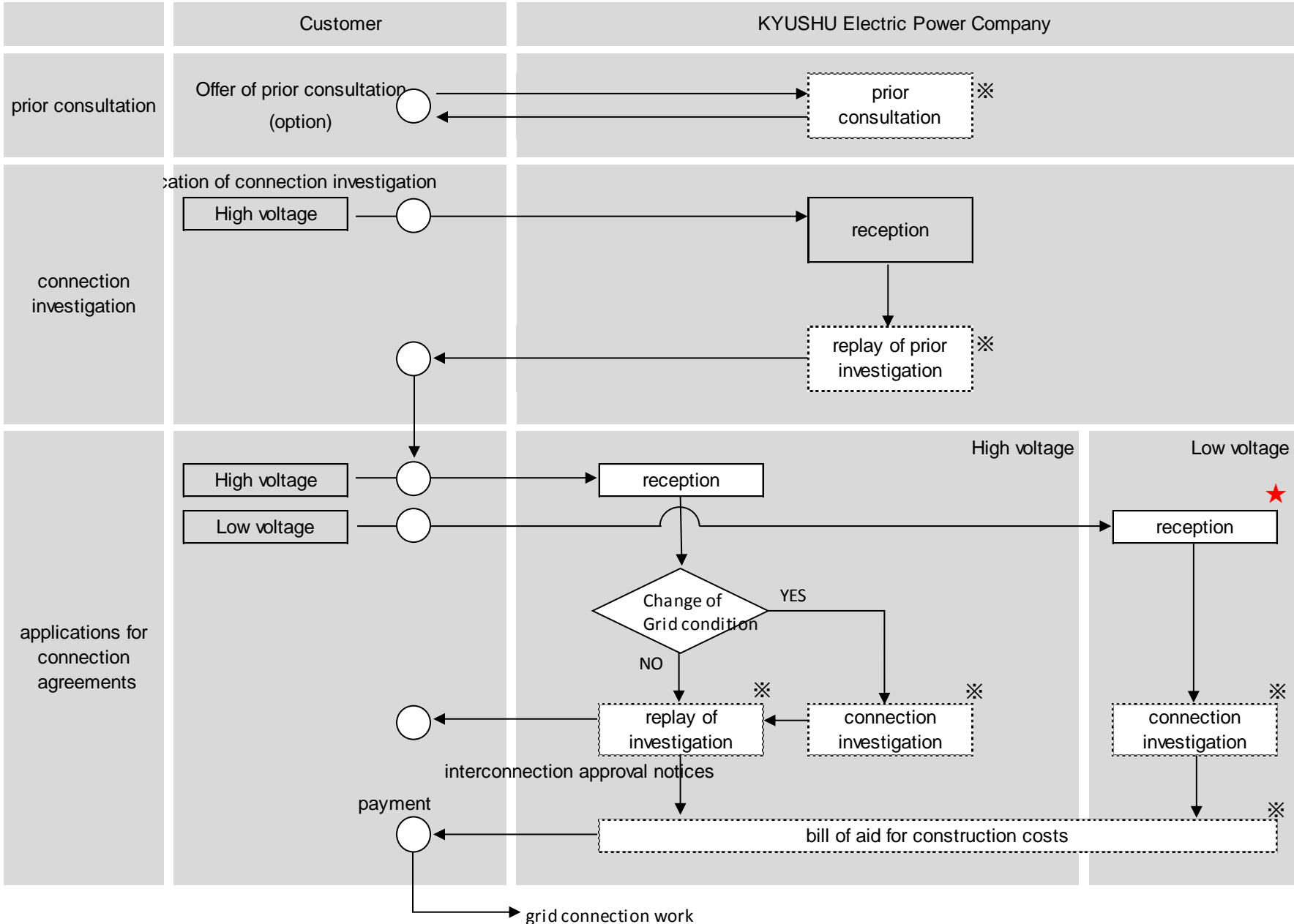
OKINAWA Electric Power Company

<announced on Sep.30, 2014>

It will not be able to connect to grid after Aug. 8, 2014 for all system.

(Reference)Resume Replying by KYUSHU electric power

From announced file by Kyushu electric power company.



It suspended all ⌘ work as announce on Sep.24. It will resume replying to applications for low-voltage facilities (excluding subdivision projects) that were submitted ★ work before September 24.