



**for Energy, for Environment**

Photovoltaic Solution

Total Sanitation

Environmental Resources Development

# Consolidated Financial Statements

## For the FY2014 (ended March 31,2015)

**FY**

MAY 14,2015



**for Energy, for Environment**

**1. Financial Results for FY2014 (Ended March 31, 2015) P. 3**

**2. Forecasts for FY2015 (Ending March 31, 2016) P. 13**

**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.



for Energy, for Environment

## 1. Financial Results for FY2014 (Ended March 31, 2015)

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.

# Summary of FY2014 (ended March 31, 2015)

(Millions of Yen)

	FY2013	FY2014			
	Results	Results	YoY	Forecasts	% to Forecasts
<b>Net Sales</b>	84,221	<b>95,629</b>	113.5%	97,000	98.6%
<b>Gross Profit</b>	21,421	<b>18,907</b>	88.3%	21,088	89.7%
Gross Profit Margin	25.4%	19.8%		21.7%	
<b>Operating Income</b>	4,508	<b>(3,142)</b>	—	(1,160)	—
Operating Income Margin	5.4%	—		—	
<b>Ordinary Income</b>	4,309	<b>(3,439)</b>	—	(1,430)	—
Ordinary Income Margin	5.1%	—		—	
<b>Net Income</b>	2,964	<b>(4,966)</b>	—	(2,720)	—
Net Income Margin	3.5%	—		—	

Forecasts indicate the numbers as announced on Feb.12, 2015

## 1) Net Sales

The SE Division posted substantial revenue growth in PV systems in spite of the great change in business environment. As a consequence, the Net Sales of whole group were ¥95,629 million, or up 13.5% from a year earlier.

## 2) Profit

In the SE Division, PV systems registered increased profit. However, the Company was heavily impacted due to Electric Power's decision to suspend its response to applications, so the segment posted an operating loss. As a result, for the whole group, the operating loss of ¥3,142 million compared to the operating income of ¥4,508 million in the same period of a prior year, and the ordinary loss was 3,439 million (ordinary income of ¥4,309 million in the same period of a prior year)

# Statement of Net Sales and Income of each segment

**SANIX**  
FY2014

(Millions of Yen)

	FY2013		FY2014				
	Results	Proportion	Results	Proportion	YoY	Forecasts	% to Forecasts
<b>Net Sales</b>	84,221		<b>95,629</b>		113.5%	97,000	
SE	56,637	67.2%	<b>72,247</b>	75.6%	127.6%	73,190	75.5%
ERD	16,051	19.1%	<b>14,735</b>	15.4%	91.8%	15,147	15.6%
HS/ES	11,533	13.7%	<b>8,645</b>	9.0%	75.0%	8,663	8.9%
<b>Gross Profit</b>	21,421	25.4%	<b>18,907</b>	19.8%	88.3%	21,088	21.7%
<b>SG&amp;A</b>	16,912	20.1%	<b>22,049</b>	23.1%	130.4%	22,248	22.9%
<b>Operating Income</b>	4,508	5.4%	<b>(3,142)</b>	—	—	(1,160)	—
SE	4,782	<u>8.4%</u>	<b>(2,291)</b>	—	—	(577)	—
ERD	1,364	<u>8.5%</u>	<b>970</b>	<u>6.6%</u>	71.1%	1,419	<u>9.4%</u>
HS/ES	959	<u>8.3%</u>	<b>1,585</b>	<u>18.3%</u>	165.3%	1,452	<u>16.8%</u>
<b>Group</b>	(2,598)	—	<b>(3,406)</b>	—	—	(3,454)	—

Forecasts indicates the numbers as announced on Feb.12 , 2015

The underlined percentage indicate Operating Margin of each segment.

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

**(reference)Segment Information(quarterly)**

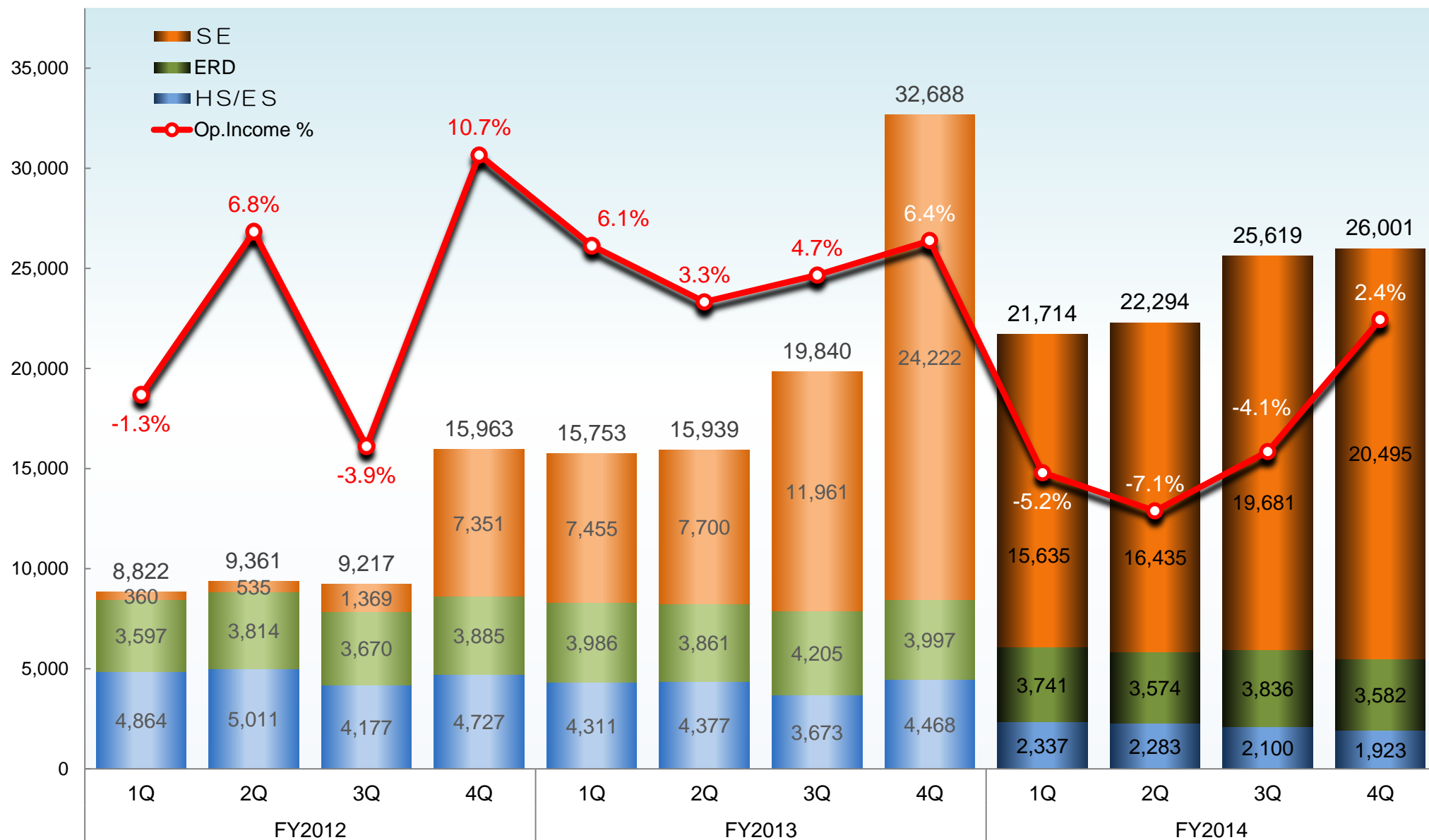
(Millions of Yen)

	FY2014							
	1 Q		2 Q		3 Q		4 Q	
	Results	Proportion	Results	Proportion	Results	Proportion	Results	Proportion
<b>Net Sales</b>	21,714		22,294		25,619		<b>26,001</b>	
SE	15,635	72.0%	16,435	73.7%	19,681	76.8%	<b>20,495</b>	78.8%
ERD	3,741	17.2%	3,574	16.0%	3,836	15.0%	<b>3,582</b>	13.8%
HS/ES	2,337	10.8%	2,283	10.2%	2,100	8.2%	<b>1,923</b>	7.4%
<b>Gross Profit</b>	4,806	22.1%	4,537	20.4%	4,398	17.2%	<b>5,165</b>	19.9%
<b>SG&amp;A</b>	5,935	27.3%	6,124	27.5%	5,460	21.3%	<b>4,528</b>	17.4%
<b>Operating Income</b>	(1,129)	—	(1,587)	—	(1,061)	—	<b>636</b>	2.4%
SE	(930)	—	(1,347)	—	(798)	—	<b>784</b>	<u>3.8%</u>
ERD	374	<u>10.0%</u>	123	<u>3.4%</u>	209	<u>5.5%</u>	<b>262</b>	<u>7.3%</u>
HS/ES	280	<u>12.0%</u>	540	<u>23.7%</u>	395	<u>18.8%</u>	<b>368</b>	<u>19.2%</u>
Group	(854)	—	(904)	—	(869)	—	<b>(777)</b>	—
<b>Ordinary Income</b>	(1,005)	—	(1,854)	—	(1,189)	—	<b>610</b>	2.3%
<b>Net Income</b>	(1,222)	—	(1,971)	—	(2,049)	—	<b>278</b>	1.1%

The underlined percentage indicate Operating Margin of each segment.

# Segment Information (Changes)

(Millions of Yen)



Figures for the same period of the previous year, SE are the results of former CPS division, and HS ad ES include the Sales of PV system.

# Segment Information (SE)

(Millions of Yen)

	FY2013		FY2014				
	Results	Proportion	Results	Proportion	YoY	Forecasts	% to Forecasts
<b>Net Sales</b>	56,637		<b>72,247</b>		127.6%	73,190	
<b>Photovoltaic System</b>							
<b>Direct(Western Japan)</b>	43,384	76.6%	<b>55,028</b>	76.2%	126.8%	55,885	76.4%
<b>Direct(Eastern Japan)</b>	4,012	7.1%	<b>12,668</b>	17.5%	315.8%	13,210	18.0%
<b>Wholesale(Japan)</b>	9,172	16.2%	<b>4,451</b>	6.2%	48.5%	4,000	5.5%
<b>Others</b>	68	0.1%	<b>98</b>	0.1%	144.8%	94	0.1%
<b>Gross Profit</b>	13,016	23.0%	<b>12,067</b>	16.7%	92.7%	13,923	19.0%
<b>SG&amp;A</b>	8,234	14.5%	<b>14,358</b>	19.9%	174.4%	14,500	19.8%
<b>advertising expence</b>	1,749	3.1%	<b>1,160</b>	1.6%	66.3%	1,160	1.6%
<b>allowance for doubtful</b>	497	0.9%	<b>591</b>	0.8%	118.9%	698	1.0%
<b>Operating Income</b>	4,782	8.4%	<b>(2,291)</b>	—	—	(577)	—

The number of installations of PV systems, which are the main product in this segment, increased in both Western and Eastern Japan. In the Eastern Japan region, this segment expanded and build the strong branch network for direct sales and direct installation. As a result, Net Sales of the division were ¥72,247 million, up 27.6% from a year earlier. The division posted an operating loss of ¥2,291 million (compared with operating income of ¥4,782 million in the same period of the previous year) ,reflecting a sharp increase in fixed cost such as labor costs as a percentage of sales. This is because the Company focused on employment activity to expand the business. However the business environment on PV such as Electric Power's connection capacity had greatly changed, so sales only increased 27.6% compared with the same period of the previous year.

For reference:

Changes of number of staff in SE div.: Average number of staff increased from 1,048 in Apr,2013-Mar,2014 to 2,752 in Apr,2014- Mar,2015



**(reference) QonQ P/L Results on SE division**

(Millions of Yen)

	FY2014									
	1 Q		2 Q		3 Q		4 Q			
	Results	Prop.	Results	Prop.	Results	Prop.	Results	Prop.	Forecasts	% to Forecasts
<b>Net Sales</b>	15,635		16,435		19,681		<b>20,495</b>		21,437	
<b>Cost of Sales</b>	12,689	81.2%	13,619	82.9%	16,981	86.3%	<b>16,890</b>	82.4%	15,976	74.5%
<b>Materials</b>	8,218	52.6%	8,709	53.0%	11,134	56.6%	<b>12,044</b>	58.8%	11,535	53.8%
<b>Labor</b>	2,070	13.2%	2,306	14.0%	2,608	13.3%	<b>2,253</b>	11.0%	2,424	11.3%
<b>Outsourcing</b>	1,191	7.6%	1,067	6.5%	1,338	6.8%	<b>1,060</b>	5.2%	630	2.9%
<b>Others</b>	1,209	7.7%	1,535	9.3%	1,900	9.7%	<b>1,530</b>	7.5%	1,385	6.5%
<b>Gross Profit</b>	2,946	18.8%	2,816	17.1%	2,700	13.7%	<b>3,604</b>	17.6%	5,461	25.5%
<b>SG&amp;A</b>	3,876	24.8%	4,163	25.3%	3,498	17.8%	<b>2,820</b>	13.8%	2,962	13.8%
<b>Personnel</b>	1,327	8.5%	1,610	9.8%	1,678	8.5%	<b>1,364</b>	6.7%	1,394	6.5%
<b>Advitising</b>	527	3.4%	406	2.5%	226	1.2%	<b>0</b>	0.0%	0	0.0%
<b>Allowance</b>	603	3.9%	286	1.7%	(190)	—	<b>(106)</b>	—	0	0.0%
<b>Others</b>	1,418	9.1%	1,861	11.3%	1,784	9.1%	<b>1,563</b>	7.6%	1,567	7.3%
<b>Operating Income</b>	(930)	—	(1,347)	—	(798)	—	<b>784</b>	3.8%	2,498	11.7%

Forecasts indicate the numbers as announced on Feb.12 , 2015

# State of Expense Status of SE division

## Changes 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.

(%)	FY2013	FY2014					
	4Q	1 Q	2 Q	3 Q		4 Q	FY
Marginal profit ratio	34.4	35.2	34.9	31.1	Plans	39.8	35.4
					Results	32.2	33.1

**Marginal profit ratio shrunk due to increased of wholesale volume with high material cost.**

## 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					
	4Q	1 Q	2 Q	3 Q		4 Q	FY
Personnel cost	13.1	21.7	23.8	21.8	Plans	17.8	21.1
					Results	17.7	21.1
Others	9.8	12.2	15.1	13.2	Plans	10.3	12.6
					Results	11.2	12.8
Fixed cost total	22.9	33.9	38.9	34.9	Plans	28.2	33.6
					Results	28.9	33.9

# Segment Information (ERD)

(Millions of Yen)

	FY2013		FY2014				
	Results	Prop.	Results	Prop.	YoY	Forecasts	% to Forecasts
<b>Net Sales</b>	16,051		<b>14,735</b>		91.8%	15,147	
<b>Plastic Fuels</b>	9,103	56.7%	<b>7,534</b>	51.1%	82.8%	8,111	53.6%
<b>Power Generation</b>	3,416	21.3%	<b>3,795</b>	25.8%	111.1%	3,828	25.3%
<b>Organic Waste water</b>	1,847	11.5%	<b>1,635</b>	11.1%	88.5%	1,623	10.7%
<b>Final Disposal</b>	628	3.9%	<b>619</b>	4.2%	98.6%	603	4.0%
<b>others</b>	1,056	6.6%	<b>1,150</b>	7.8%	109.0%	979	6.5%
<b>Gross Profit</b>	3,596	22.4%	<b>2,793</b>	19.0%	77.7%	3,225	21.3%
<b>SG&amp;A</b>	2,232	13.9%	<b>1,823</b>	12.4%	81.7%	1,806	11.9%
<b>Operating Income</b>	1,364	8.5%	<b>970</b>	6.6%	71.1%	1,419	9.4%

Forecasts show the numbers as announced on Feb.12, 2015

Revenue from plastic fuel decreased 17.2% year on year, reflecting a reduction in the acceptance volume of waste plastic. Revenue from electricity sales rose 11.1% compared to the same period of the previous year due to stable operation of the TOMAKOMAI Power Plant. Revenue from organic waste processing fell 11.5% year on year, due to decreased acceptance volume. As a result, the net sales decreased 8.2% to ¥14,735 million compared to the year earlier period. The operating income decreased 28.9% to ¥970 million due to decrease in sales.

# Segment Information (ES / ES)

(Millions of Yen)

	FY2013		FY2014				
	Results	Prop.	Results	Prop.	YoY	Forecasts	% to Forecasts
<b>Net Sales</b>	11,533		<b>8,645</b>		75.0%	8,663	
<b>HS</b>	9,534	82.7%	<b>7,605</b>	88.0%	79.8%	7,665	88.5%
<b>ES</b>	1,999	17.3%	<b>1,040</b>	12.0%	52.0%	998	11.5%
<b>Gross Profit</b>	4,807	41.7%	<b>4,046</b>	46.8%	84.2%	3,939	45.5%
<b>SG&amp;A</b>	3,848	33.4%	<b>2,460</b>	28.5%	63.9%	2,487	28.7%
<b>Operating Income</b>	959	8.3%	<b>1,585</b>	18.3%	165.3%	1,452	16.8%

Forecasts show the numbers as announced on Feb.12, 2015  
 The first half-year results of don't include those of PV systems.

The HS Division focused on maintenance-related customer management such as termite control services and floor/ceiling ventilation systems. As a result, net sales were ¥7,605 million (down 20.2% year on year)

The ES Division focused on sanitation maintenance-related customer management such as high-rise buildings and condominiums. As a result, net sales were ¥1,040 million (down 48.0% year on year)

The operating income increased 65.3% to ¥1,585 million due to improve profitability.

# **SANIX**

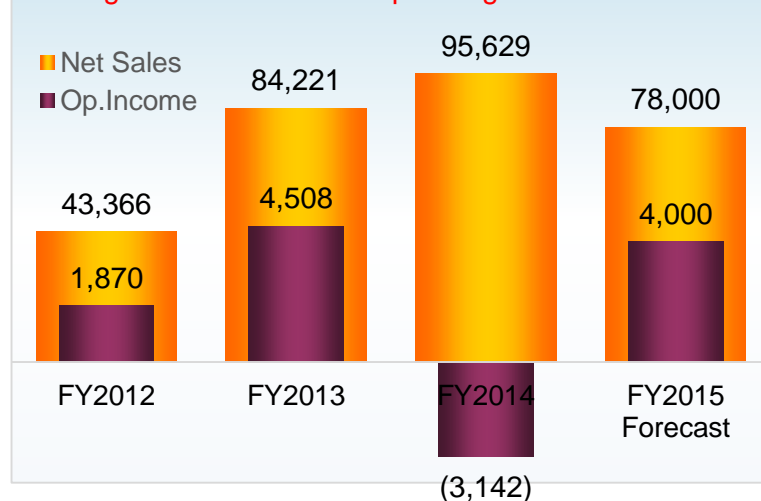
**for Energy, for Environment**

## **2.Forecasts for FY2015 (Ending March 31, 2016)**

# Forecasts for FY2015 (ending March 31, 2016)

(Millions of Yen)

	FY2014	FY2015		
	Results	Forecasts	YoY	Difference
<b>Net Sales</b>	95,629	<b>78,000</b>	81.6%	− 17,629
<b>Gross Profit</b>	18,907	<b>21,027</b>	112.2%	+ 2,299
Gross Profit Margin	19.8%	27.2%		
<b>Operating Income</b>	(3,142)	<b>4,000</b>	−	+ 7,142
Operating Income Margin	−	5.1%		
<b>Ordinary Income</b>	(3,439)	<b>3,820</b>	−	+ 7,259
Ordinary Income Margin	−	4.9%		
<b>Net Income</b>	(4,966)	<b>2,820</b>	−	+ 7,786
Net Income Margin	−	3.6%		

**Change of Net Sales and Operating Income**


In January 2015, the renewable energy feed-in tariff was revised by the Japanese government and changes were made to rules on output restrictions on power production and the timing of when pricing is determined. In new rule, Tokyo Electric Power, Chubu Electric Power, and Kansai Electric Power on solar-power generations (capacity of less than 50 kW) are outside of the scope of the above output restrictions. So it is essential for the company to treat the each Electric Power company in accordance with their situation.

While maintaining optimal personnel levels in each region, the company will adopt to the changing market environment.

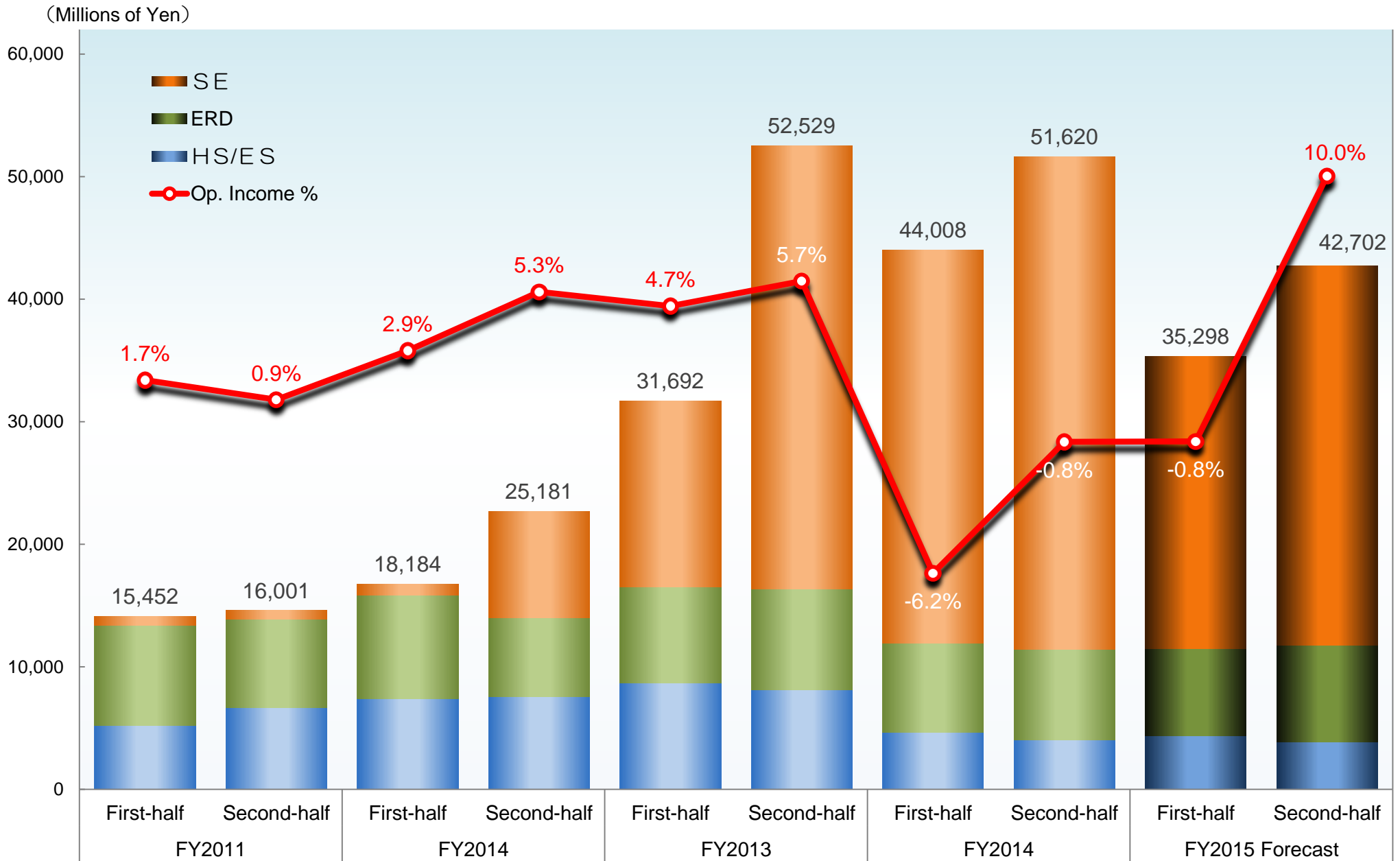
# Segment Forecasts for FY2015

(Millions of Yen)

	FY2015								
	First-Half			Second-Half			Full Year		
	Forecasts	Prop.	Difference	Forecasts	Prop.	Difference	Forecasts	Prop.	Difference
<b>Net sales</b>	<b>35,298</b>		− 8,710	<b>42,702</b>		− 8,918	<b>78,000</b>		− 17,629
SE	<b>23,787</b>	67.4%	− 8,284	<b>30,937</b>	72.4%	− 9,239	<b>54,724</b>	70.2%	− 17,523
ERD	<b>7,159</b>	20.3%	− 157	<b>7,873</b>	18.4%	+ 453	<b>15,032</b>	19.3%	+ 296
HS/ES	<b>4,352</b>	12.3%	− 269	<b>3,892</b>	9.1%	− 132	<b>8,244</b>	10.6%	− 401
<b>Gross Profit</b>	<b>8,276</b>	23.4%	− 1,067	<b>12,931</b>	30.3%	+ 3,367	<b>21,207</b>	27.2%	+ 2,299
<b>SG&amp;A</b>	<b>8,556</b>	24.2%	− 3,504	<b>8,651</b>	20.3%	− 1,337	<b>17,207</b>	22.1%	− 4,842
<b>Operating Income</b>	<b>(280)</b>	—	+ 2,437	<b>4,280</b>	10.0%	+ 4,705	<b>4,000</b>	5.1%	+ 7,142
SE	<b>633</b>	<u>2.7%</u>	+ 2,910	<b>4,435</b>	<u>14.3%</u>	+ 4,448	<b>5,068</b>	<u>9.3%</u>	+ 7,359
ERD	<b>(142)</b>	—	− 640	<b>919</b>	<u>11.7%</u>	+ 446	<b>777</b>	<u>5.2%</u>	− 193
HS/ES	<b>862</b>	<u>19.8%</u>	+ 40	<b>502</b>	<u>12.9%</u>	− 262	<b>1,364</b>	<u>16.5%</u>	− 221
<b>Group</b>	<b>(1,633)</b>	—	+ 125	<b>(1,576)</b>	—	+ 71	<b>(3,209)</b>	—	+ 197
<b>Ordinary Income</b>	<b>(350)</b>	—	+ 2,509	<b>4,170</b>	9.8%	+ 4,749	<b>3,820</b>	4.9%	+ 7,259
<b>Net Income</b>	<b>(760)</b>	—	+ 2,434	<b>3,580</b>	8.4%	+ 5,351	<b>2,820</b>	3.6%	+ 7,786

The proportion of Operating Income indicates that of Net Sales.  
 The underlined percentage indicate Operating Margin of each segment.

# (reference)Segments Performance



Figures for the same period of the previous year, SE are the results of former CPS division, and HS ad ES include the Sales of PV system.



# Segments Forecasts (SE division)

(Millions of Yen)

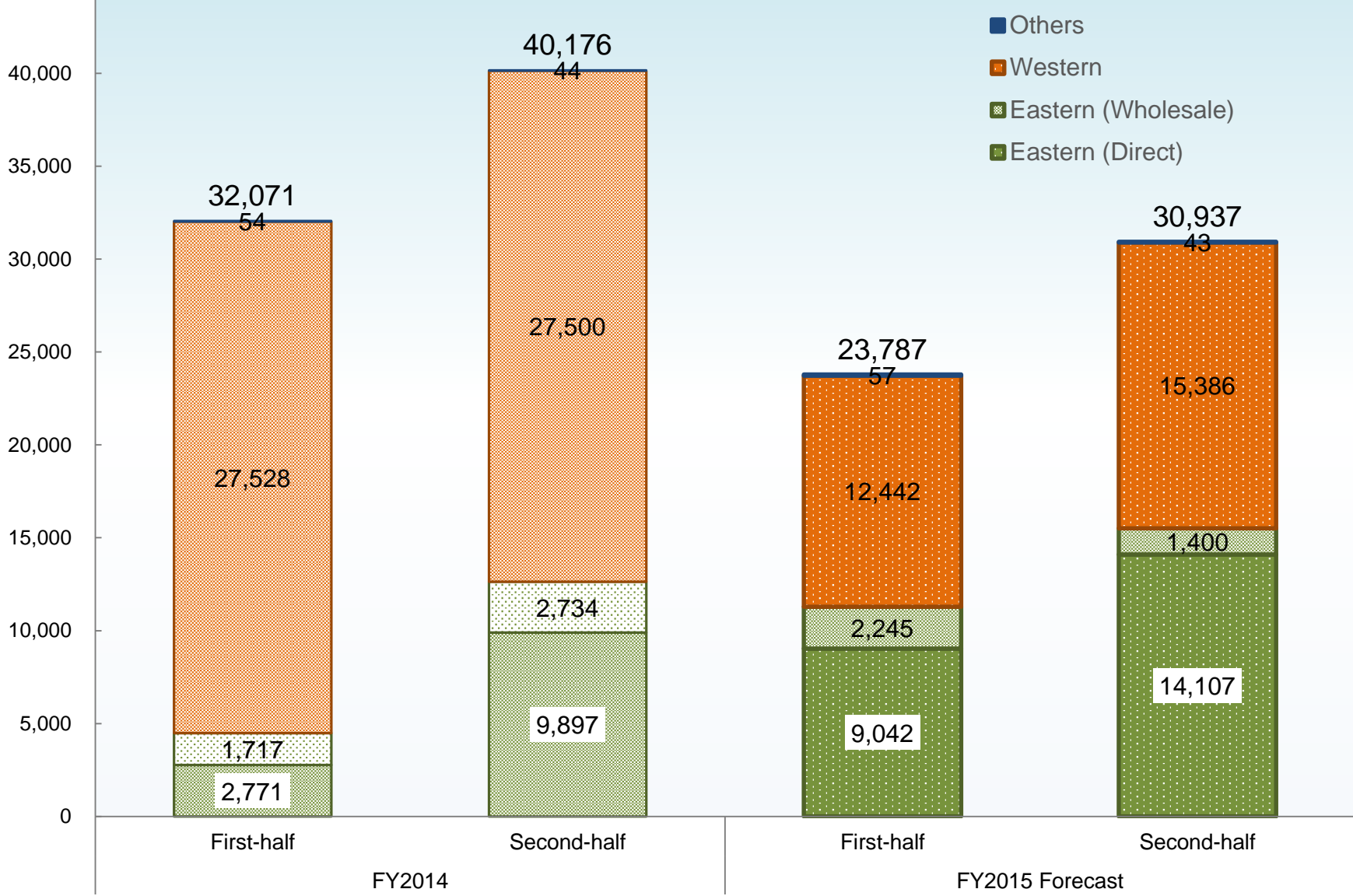
	FY2015								
	First Half			Second Half			Full Year		
	Forecasts	Prop.	Difference	Forecasts	Prop.	Difference	Forecasts	Prop.	Difference
<b>Net Sales</b>	<b>23,787</b>		− 8,284	<b>30,937</b>		− 9,239	<b>54,724</b>		− 17,523
<b>Photovoltaic System</b>									
Direct (Western Japan)	<b>12,442</b>	52.3%	− 15,085	<b>15,386</b>	49.7%	− 12,113	<b>27,829</b>	50.9%	− 27,198
Direct (Eastern Japan)	<b>9,042</b>	38.0%	+ 6,270	<b>14,107</b>	45.6%	+ 4,209	<b>23,149</b>	42.3%	+ 10,480
Wholesale (Eastern)	<b>2,245</b>	9.4%	+ 527	<b>1,400</b>	4.5%	− 1,334	<b>3,645</b>	6.7%	− 806
<b>Others</b>	<b>57</b>	0.2%	+ 2	<b>43</b>	0.1%	− 1	<b>100</b>	0.2%	+ 1
<b>Cost of Sales</b>	<b>18,553</b>	78.0%	− 7,755	<b>21,747</b>	70.3%	− 12,124	<b>40,300</b>	73.6%	− 19,879
Materials	<b>13,004</b>	54.7%	− 3,923	<b>16,360</b>	52.9%	− 6,818	<b>29,365</b>	53.7%	− 10,741
Labor	<b>2,977</b>	12.5%	− 1,399	<b>2,222</b>	7.2%	− 2,640	<b>5,199</b>	9.5%	− 4,040
<b>Gross Profit</b>	<b>5,233</b>	22.0%	− 528	<b>9,189</b>	29.7%	+ 2,884	<b>14,423</b>	26.4%	+ 2,356
<b>SG&amp;A</b>	<b>4,600</b>	19.3%	− 3,439	<b>4,754</b>	15.4%	− 1,563	<b>9,355</b>	17.1%	− 5,003
advatising expence	<b>0</b>	0.0%	− 933	<b>0</b>	0.0%	− 226	<b>0</b>	0.0%	− 1,160
personnel expence	<b>2,230</b>	9.4%	− 706	<b>2,200</b>	7.1%	− 841	<b>4,431</b>	8.1%	− 1,547
<b>Operating Income</b>	<b>633</b>	2.7%	+ 2,910	<b>4,435</b>	14.3%	+ 4,448	<b>5,068</b>	9.3%	+ 7,359

In the SE Division, the company will transfer more workers in Kyusyu and Shikoku to solar-power operations in Kanto, Kansai, and Chubu, where the market is larger, to reduce fixed costs and improve earnings. The company announced that it would reduce the number of stores and seek early retirement volunteers.

The company expects a sales decline for the segment, even though the business may pick up in eastern Japan. However, the company wants to post a profit by reducing expenses, including labor costs.

**(reference) Breakdown of Net Sales in the SE Division**

(Millions of yen)

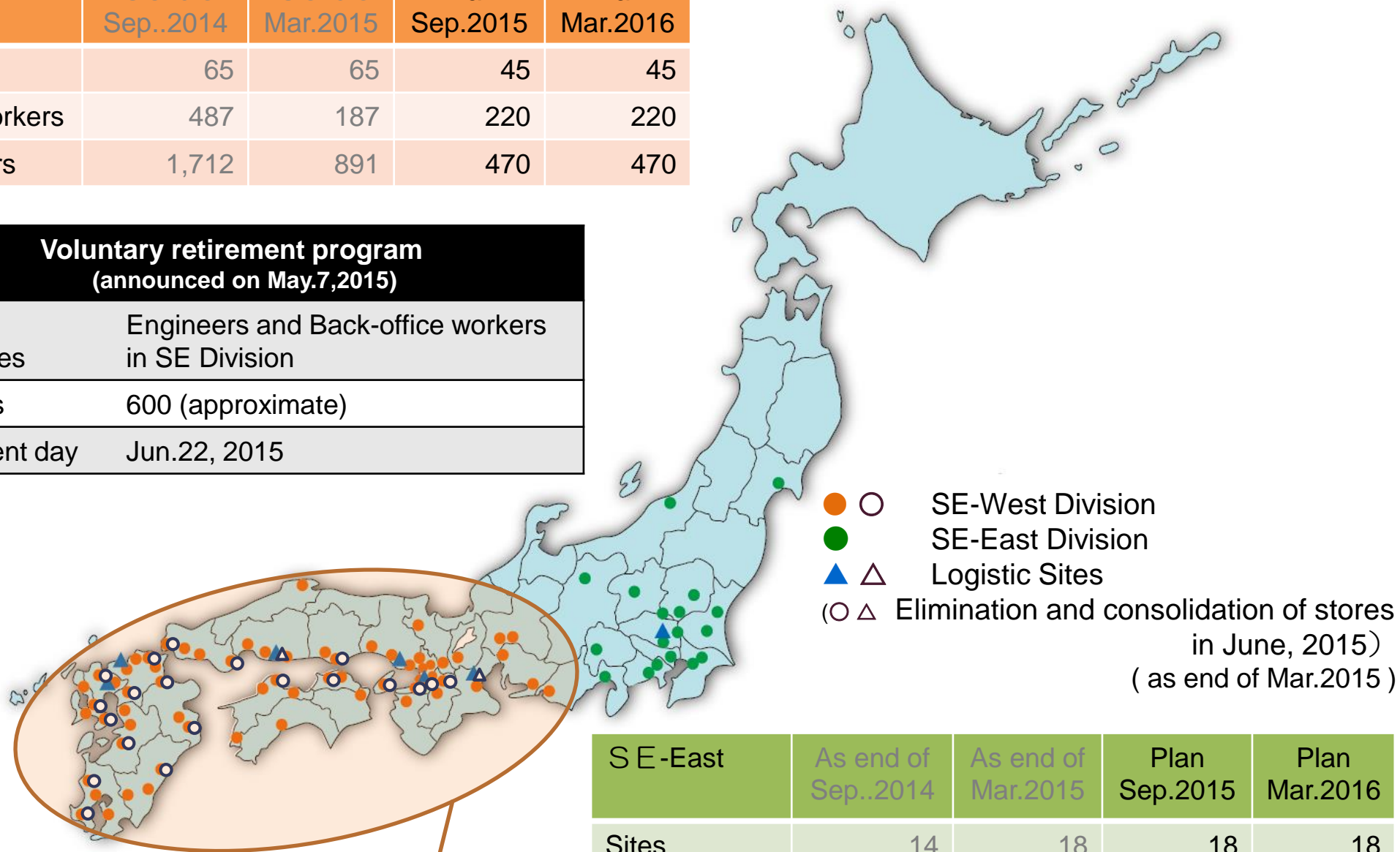


# Plan of PV business operation system

SE-West	As end of Sep..2014	As end of Mar.2015	Plan Sep.2015	Plan Mar.2016
Sites	65	65	45	45
Sales workers	487	187	220	220
Engineers	1,712	891	470	470

## Voluntary retirement program (announced on May.7,2015)

Eligible employees	Engineers and Back-office workers in SE Division
Numbers	600 (approximate)
Retirement day	Jun.22, 2015



SE-East	As end of Sep..2014	As end of Mar.2015	Plan Sep.2015	Plan Mar.2016
Sites	14	18	18	18
Sales workers	161	135	140	140
Engineers	225	536	360	360

### Elimination and consolidation of stores

- Sales Sites 20
- Logistic Sites 2

# Forecasts of Breakeven sale of SE Division

## Changes of Breakeven sales

Millions of Yen

	Results FY2014			Forecasts FY2015		
	1H	2H	Full Year	1H	2H	Full Year
Marginal Profit Ratio (%)	35.0	31.6	33.1	38.7	40.1	39.5
Monthly average fixed costs	1,949	2,131	2,040	1,430	1,329	1,379
Breakeven sales	5,561	6,740	6,156	3,692	3,313	3,491

## (reference) Changes of the average numbers staffs

Millions of Yen

		Results FY2014			Forecasts FY2015		
		1H	2H	Full Year	1H	2H	Full Year
Average numbers of the staffs	Sales	520	487	503	350	357	353
	Engineer	1,762	1,788	1,775	1,131	823	977
	back-office	303	429	366	413	395	404

# Segments Forecasts (ERD)

(Millions of Yen)

	FY2015 Forecasts								
	First-Half			Second-Half			Full Year		
	Forecasts	Prop.	Difference	Forecasts	Prop.	Difference	Forecasts	Prop.	Difference
<b>Net Sales</b>	<b>7,159</b>		— 157	<b>7,873</b>		+ 453	<b>15,032</b>		+ 296
<b>Plastic Fuels</b>	<b>3,775</b>	52.7%	— 84	<b>4,080</b>	51.8%	+ 405	<b>7,855</b>	52.3%	+ 320
<b>Power Generation</b>	<b>1,670</b>	23.3%	— 161	<b>2,159</b>	27.4%	+ 195	<b>3,830</b>	25.5%	+ 34
<b>Organic waste Water</b>	<b>900</b>	12.6%	+ 140	<b>920</b>	11.7%	+ 45	<b>1,820</b>	12.1%	+ 185
<b>Final Disposal</b>	<b>322</b>	4.5%	— 7	<b>243</b>	3.1%	— 45	<b>565</b>	3.8%	— 53
<b>others</b>	<b>489</b>	6.8%	— 43	<b>470</b>	6.0%	— 147	<b>959</b>	6.4%	— 191
<b>Gross Profit</b>	<b>753</b>	10.5%	— 642	<b>1,843</b>	23.4%	+ 445	<b>2,596</b>	17.3%	— 197
<b>SG&amp;A</b>	<b>895</b>	12.5%	— 2	<b>924</b>	11.7%	— 1	<b>1,819</b>	12.1%	— 4
<b>Operating Income</b>	<b>(142)</b>	—	— 640	<b>919</b>	11.7%	+ 446	<b>777</b>	5.2%	— 193

In the Environmental Resource Development segment, the company plans to build more facilities to improve the quality of its plastic fuel. The goal is to increase the capacity utilization ratio of its TOMAKOMAI Power Station in HOKKAIDO to sell more electricity. However, sales for this segment will probably remain unchanged from a year earlier. The power plant will undergo regular maintenance during Q2 FY2015.

# Segments Forecasts (HS / ES division)

(Millions of Yen)

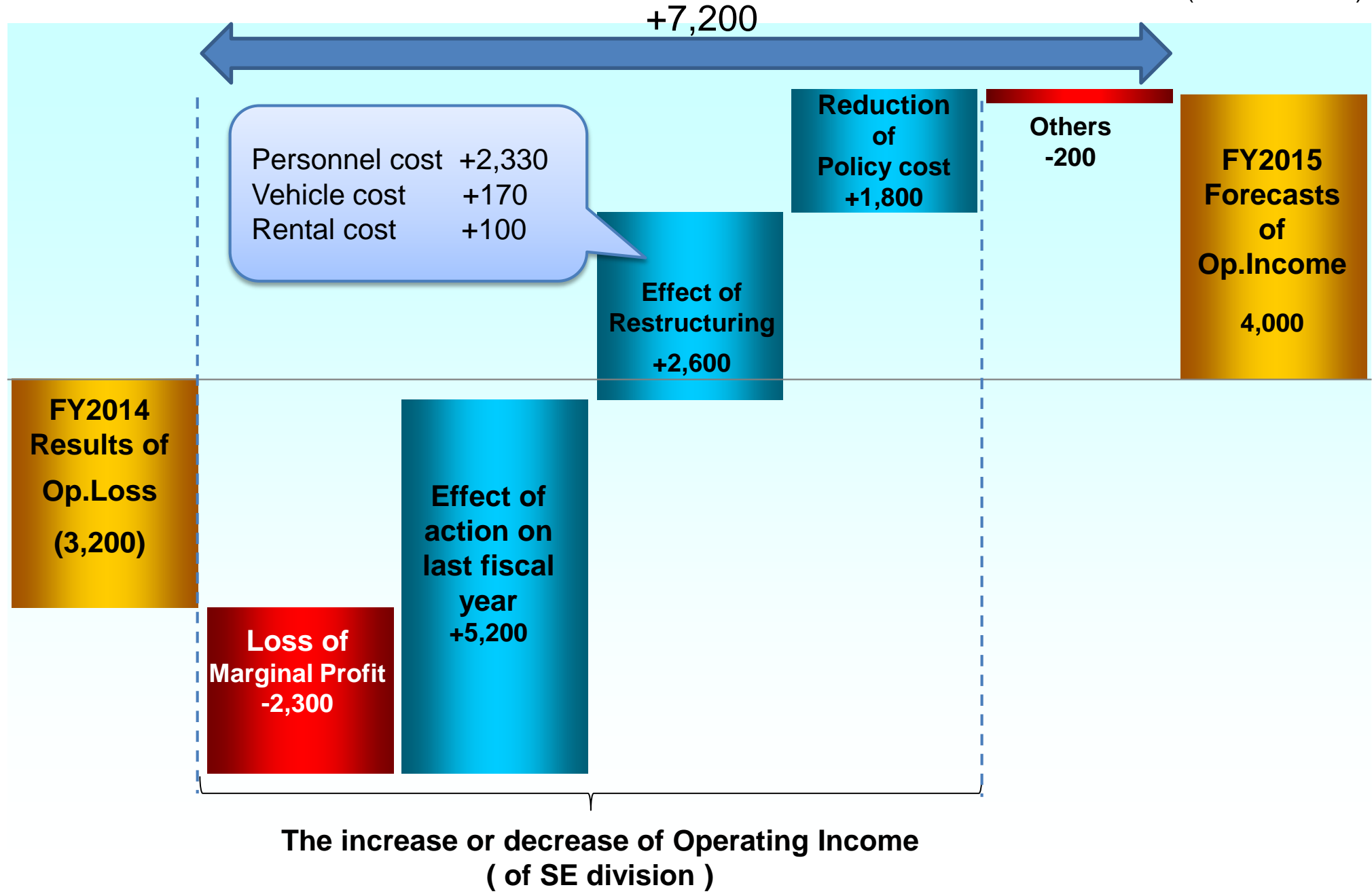
	FY2015 Forecasts								
	First-Half			Second-Half			Full Year		
	Forecasts	Prop.	Differene	Forecasts	Prop.	Differene	Forecasts	Prop.	Differene
<b>Net Sales</b>	<b>4,352</b>		− 269	<b>3,892</b>		− 132	<b>8,244</b>		− 401
HS	<b>3,911</b>	89.9%	− 147	<b>3,433</b>	88.2%	− 113	<b>7,344</b>	89.1%	− 261
ES	<b>441</b>	10.1%	− 121	<b>459</b>	11.8%	− 18	<b>900</b>	10.9%	− 140
<b>Gross Profit</b>	<b>2,289</b>	52.6%	+ 103	<b>1,898</b>	48.8%	+ 37	<b>4,187</b>	50.8%	+ 140
<b>SG&amp;A</b>	<b>1,427</b>	32.8%	+ 62	<b>1,396</b>	35.9%	+ 299	<b>2,823</b>	34.2%	+ 362
<b>Operating Income</b>	<b>862</b>	19.8%	+ 40	<b>502</b>	12.9%	− 262	<b>1,364</b>	16.5%	− 221

The HS Division is focused on the maintenance such as termite eradication service, and under-floor/-roof ventilation system for existing customer of general residence. The Net Sales are expected be a little lower than the same period last year.

The ES Division is focused on maintaining buildings, and condominiums. However, the Net Sales are expected to decrease in comparison to the same period last year.

# Changes of Operating Income on SE (YoY)

(Millions of Yen)

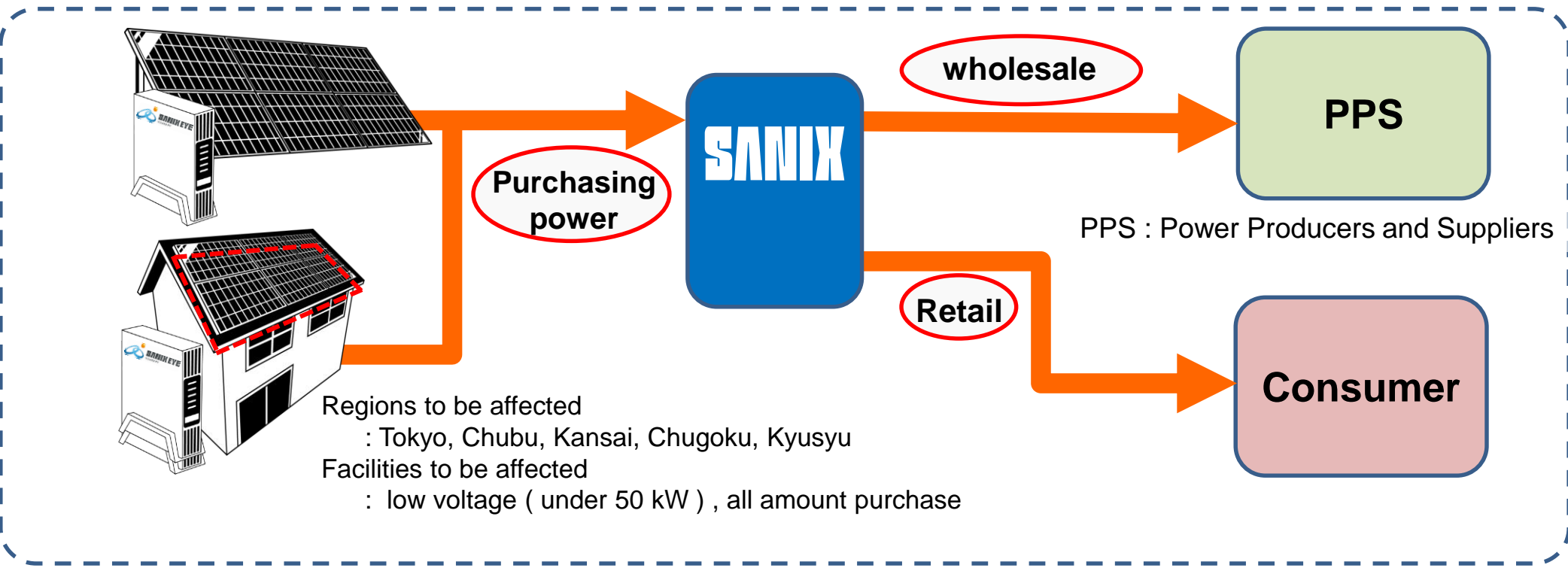


# Purchasing and retail business of electricity

## Our aim of the purchasing and retail business of electricity

- 1) Promoting the SV systems
- 2) Retention of exist clients
- 3) Promoting the electricity retail business

Purchasing generated electric power (with the Sanix Eye, remote monitoring service) at premium price under the feed-in tariff scheme, and sell the electricity to consumers or PPS.

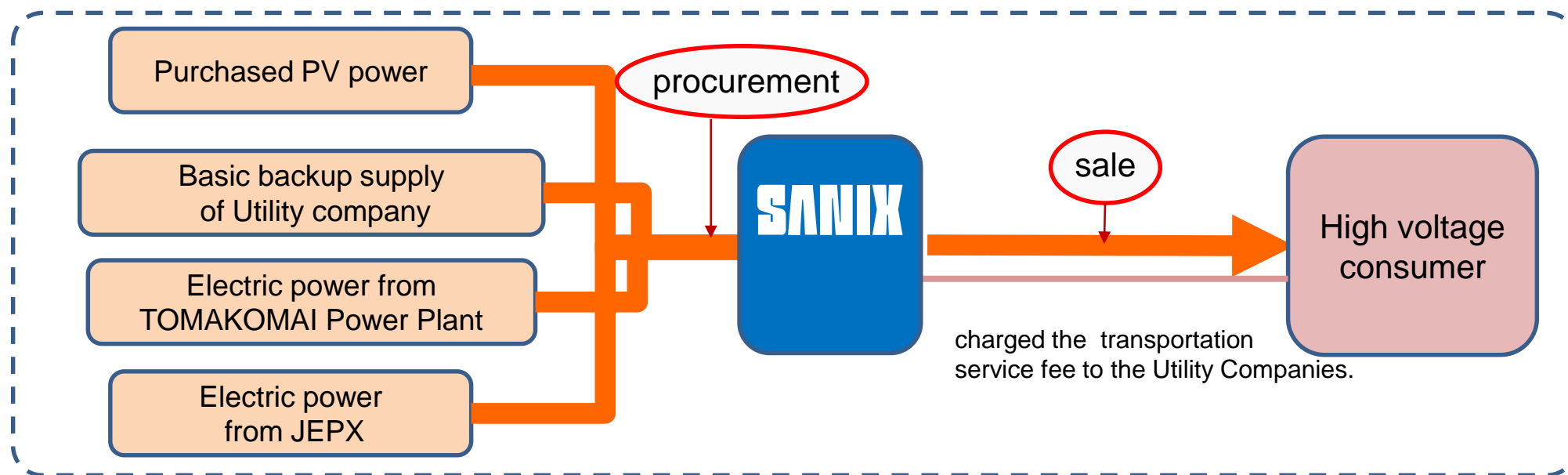


This service will start in October, 2015



# Purchasing and retail business of electricity

## Summary of the Electric power retail



## The scheme for income and expenditure of the electric retail

### *Income :*

The Basic charge and Metered charge according to contracted power for the consumers.

### *Expenditure :*

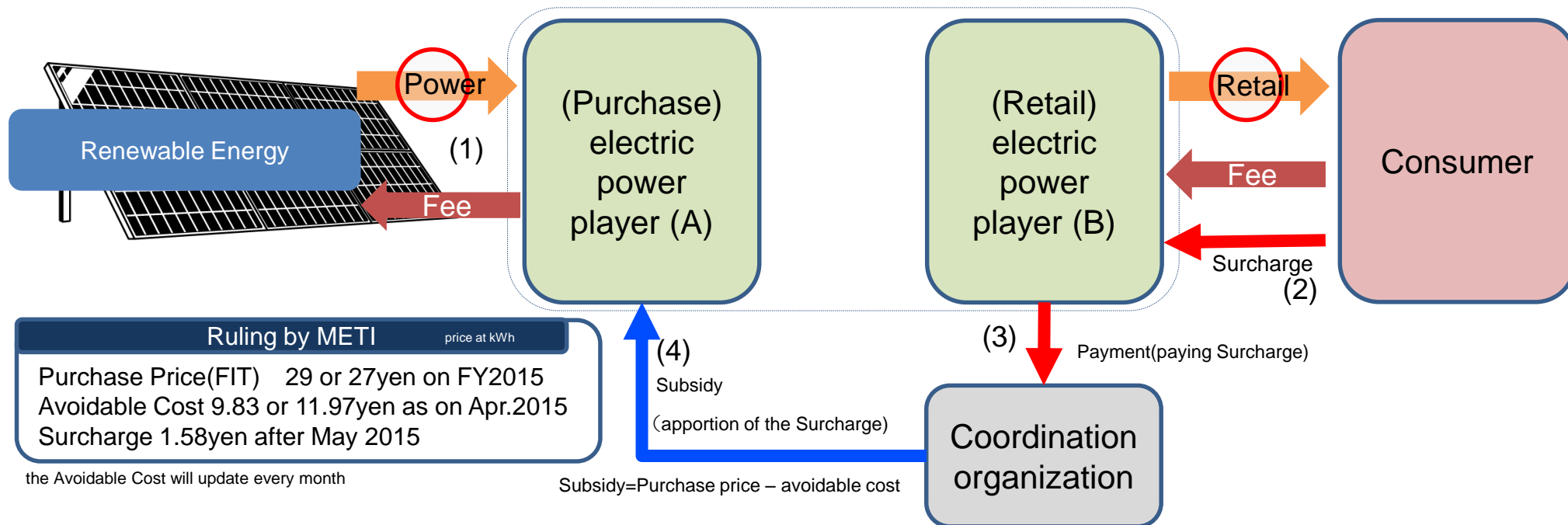
#### Procurement

- Basic backup supply by the utility companies(fixed prices)
- Purchased power from PV (FIT plus premium)
- TOMAKOMAI Power Station(costs from Power Station)
- The procurement from JPEX(fluctuating prices)

#### Transportation service fee

- Utility companies will charge for transportation service of electricity.

# (reference) Outline of FIT scheme



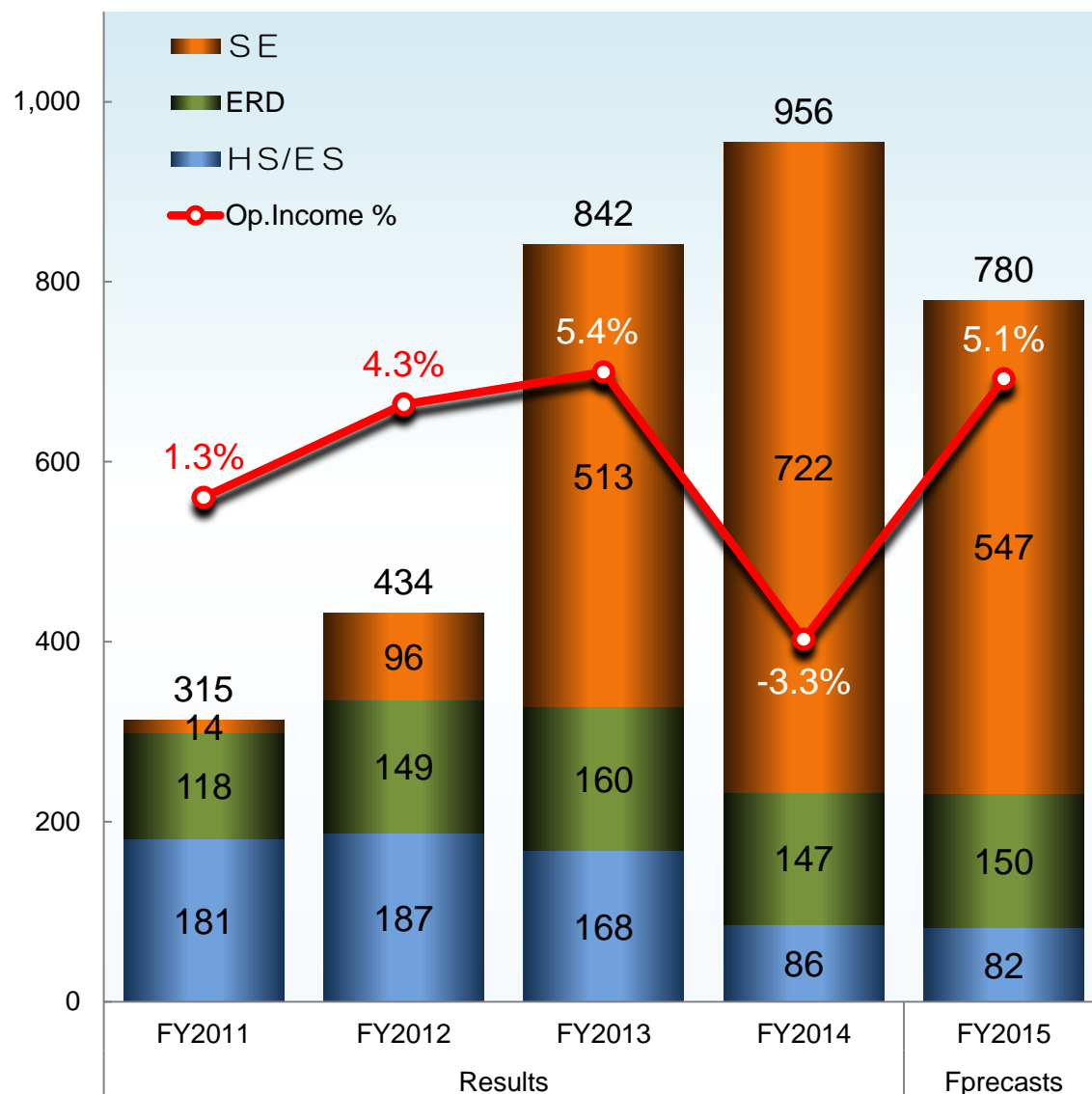
(1)Purchase of Renewable Energy	Player(A) purchase the electric power on FIT price (or higher) from renewable energy generator.
(2)Retail the Power and collection of the FIT Surcharge	Player(B) sell the power to the consumers collect the FIT Surcharge with electricity prices.
(3)Paying the FIT Surcharge	Player(B) pay all the FIT Surcharge to the Coordination organization.
(4)Apportion of the FIT Surcharge	Subsidy as <FIT price minus avoidable cost> times Purchase volume of renewable power will hand out from the Coordination organization.

(example) a case purchasing FIT 40yen on Apr.2015  
 For subsidy price is 30.17yen(FIT 40 minus avoidable price 9.83yen), the procurement cost of the power of Player(A) is assumed 9.83yen per kWh as same with the avoidable cost.

# Whole Group Forecasts for FY2015

## FY2015 Net Sales and Operating Margin Ratio

Millions of Yen



### Forecasts for FY2015

**Net Sales : 78,000 MY**

**Operating income : 4,000MY**

**Operating Margin : 5.1%**

New rule for renewable energy control by Utility Companies

Utility company	Application state	Under 10kW	10kW to 50kW	Over 50kW
Tokyo Chubu Kansai		No control	No control	Control limit (360hours/year)
Hokuriku Okinawa	The quantity of applications for connection are close to the possible quantity.	Control limit (360hours/year) * treated preferentially	Control limit (360hours/year)	Control limit (360hours/year)
Chugoku Shikoku	The quantity of applications for connection are over the possible quantity.	Control limit (360hours/year) * treated preferentially	Control limit (360hours/year)	Control limit
Hokkaido Tohoku Kyusyu	The quantity of applications for connection are over the possible quantity.	No limit * treated preferentially	No limit	No limit

Hokuriku, Chugoku, Shikoku, Okinawa :

If the capacity of application for connection go over possible quantity , these utility company can connect on no restrictions for output control.