



for Energy, for Environment

Photovoltaic Solution

Total Sanitation

Environmental Resources Development

Consolidated Financial Statements
For the third quarter ended December 31, 2015



for Energy, for Environment

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1. Financial Results for FY2015 3Q (ended December 31,2015)

2. Forecast for FY2015 (ending March 31,2016)

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 environment in Japan and abroad, business condition in Japanese manufacturing industry, 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.



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1. Financial Results for 3Q FY2015 (ended Dec.31, 2015)

Summary of 3Q FY2015

(millions of yen)

	3Q FY2014	3Q FY2015				
	Results	Results	YoY	Difference	Forecast	% to Forecast
Net sales	69,627	45,912	65.9%	-23,714	48,375	94.9%
Gross Profit	13,741	9,497	69.1%	-4,244	10,821	87.8%
(Gross profit operating)	19.7%	20.7%			22.4%	
Operating Income	(3,779)	(2,857)	—	+ 921	(1,488)	—
(Operating Income Margin)	—	—			—	
Ordinary Income	(4,049)	(2,709)	—	+ 1,340	(1,398)	—
(Ordinary Income Margin)	—	—			—	
Net Income	(5,244)	(3,492)	—	+ 1,751	(2,150)	—
(Net Income Margin)	—	—			—	

I) Sales In the third quarter, the sales slumped sharply due to the effect of a change in the market environment. As a consequence, the net sales of the entire Group were ¥45,912 million, or down 34.1% from a year earlier.

II) Profits The Group posted an operating loss with drastic decrease in revenue, however, costs are gradually decreasing due to management rationalization. As a consequence, for the whole Group, the operating loss was ¥2,857 million compared to the operating loss of ¥3,779 million in the same period of the previous year, and the ordinary loss was ¥2,709 million compared to the ordinary loss of ¥4,049 million in the same period of the previous year. In addition, the Group posted ¥371 million for extraordinary expenses such as extra retirement payment arising from the voluntary retirement programs, and the net loss belonging to the shareholders of the parent money stood at ¥3,492 million compared to the net loss belonging to the shareholders of the parent company of ¥ 5,244 million In the same period of the previous year.

Statement of Net Sales and Income by Segment

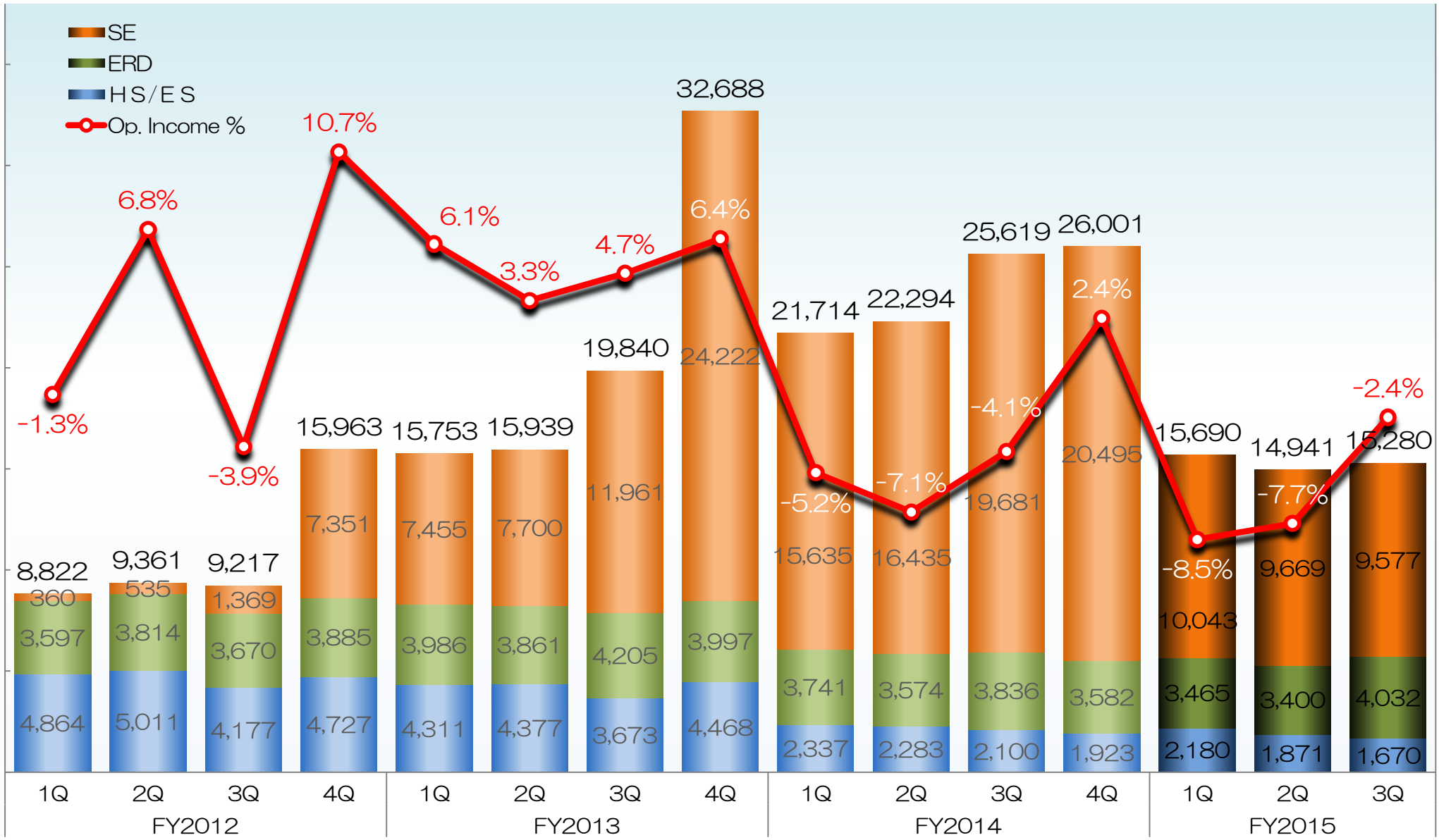
(millions of yen)

	3Q FY2014		3Q FY2015				
	Results	Prop.	Results	Prop.	YoY	Difference	% to Forecast
Net sales	69,627		45,912		65.9%	-2,462	
SE	51,752	74.3%	29,290	63.8%	56.6%	-2,187	65.1%
ERD	11,152	16.0%	10,899	23.7%	97.7%	-130	22.8%
HS/ES	6,721	9.7%	5,722	12.5%	85.1%	-144	12.1%
Gross Profit	13,741	19.7%	9,497	20.7%	69.1%	-1,324	22.4%
SG&A	17,520	25.2%	12,354	26.9%	70.5%	+ 45	25.4%
Operating Income	(3,779)	—	(2,857)	—	—	-1,369	—
SE	(3,075)	—	(1,349)	—	—	-1,068	—
ERD	708	<u>6.3%</u>	191	<u>1.8%</u>	27.0%	-166	<u>3.2%</u>
HS/ES	1,217	<u>18.1%</u>	580	<u>10.1%</u>	47.7%	-132	<u>12.2%</u>
Group	(2,628)	—	(2,279)	—	—	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.

Changes of Sales by Segment

(millions of yen)



· Figures before FY2013, SE are the results of former CPS division, and HS and ES includes the sales of PV system.

Segment Information (SE)

(millions of yen)

	3Q FY2014		3Q FY2015				
	Results	Prop.	Results	Prop.	YoY	Forecast	% to Forecast
Net sales	51,752		29,290		56.6%	31,478	
Photovoltaic System							
Direct (Eastern Japan)	38,552	74.5%	15,049	51.4%	39.0%	15,821	50.3%
Direct (Western Japan)	6,259	12.1%	9,701	33.1%	155.0%	11,297	35.9%
Wholesale	6,864	13.3%	4,459	15.2%	65.0%	4,279	13.6%
Others	76	0.1%	79	0.3%	104.2%	79	0.3%
Cost of sales	43,290	83.6%	24,161	82.5%	55.8%	25,335	80.5%
Material expenses*	29,413	56.8%	16,696	57.0%	56.8%	17,679	56.2%
Labor expenses	6,985	13.5%	3,740	12.8%	53.6%	3,699	11.8%
Gross Profit	8,462	16.4%	5,128	17.5%	60.6%	6,142	19.5%
SG&A	11,537	22.3%	6,478	22.1%	56.2%	6,423	20.4%
Advertising expenses	4,615	8.9%	2,882	9.8%	62.5%	2,883	9.2%
Personnel expenses	1,160	2.2%	2	0.0%	0.2%	1	0.0%
Operating Income	(3,075)	—	(1,349)	—	—	(280)	—

※Materials expenses include supplies expenses.

In the third quarter, the sales in the East Japan region increased by 55.0% year-on-year. However, sales in the West Japan region declined by 61.0% due to the effect of a change in the market environment. As a consequence, the sales were ¥29,290 million (down 43.4% year-on-year). Given the large decline in sales, the ratio of fixed costs, including personnel expenses, to sales did not improve, and an operating loss of ¥1,349 million was posted (compared to an operating loss of ¥3,075 million in the same period of the previous year).

(millions of yen)

	FY 2015							
	1Q		2Q		3Q		cumulative3Q	
	Results	Prop.	Results	Prop.	Results	Prop.	Results	Prop.
Net sales	10,043		9,669		9,577		29,290	
Cost of Sales	8,897	88.6%	7,718	79.8%	7,545	78.8%	24,161	82.5%
Materials*	5,896	58.7%	5,437	56.2%	5,361	56.0%	16,696	57.0%
Labor	1,637	16.3%	1,038	10.7%	1,065	11.1%	3,740	12.8%
Outsourcing	399	4.0%	561	5.8%	345	3.6%	1,306	4.5%
Others	964	9.6%	681	7.0%	772	8.1%	2,418	8.3%
Gross Profit	1,146	11.4%	1,950	20.2%	2,032	21.2%	5,128	17.5%
SG&A	2,296	22.9%	2,172	22.5%	2,009	21.0%	6,478	22.1%
Pesonnel	1,066	10.6%	997	10.3%	818	8.5%	2,882	9.8%
Advertising	0	0.0%	0	0.0%	0	0.0%	2	0.0%
Others	1,228	12.2%	1,174	12.1%	1,190	12.4%	3,593	12.3%
Operating Income	(1,150)	—	(222)	—	22	0.2%	(1,349)	—

※Materials expenses include supplies expenses.

Status of costs in SE Divisions

■ Changes in Marginal Profit Ratio & Breakeven sales at SE Division

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

	FY2014			FY2015			
	1H	2H	FY	1H Results	3Q Results	Cumulative 3Q Results	Cumulative 3Q Forecast
Marginal profit ratio (%)	35.0	31.6	33.1	34.7	37.9	35.7	36.4
Monthly average fixed cost (MY)	1,949	2,131	2,040	1,368	1,201	1,312	1,302
Breakeven Sales (MY)	5,561	6,740	6,156	3,944	3,171	3,673	3,582

■ Changes of Fixed cost ratio for business expansion of SE

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

	FY2014			FY2015			
	1H	2H	FY	1H Results	3Q Results	Cumulative 3Q Results	Cumulative 3Q Forecast
Personal cost (MY)	1,219	1,317	1,268	789	628	735	731
Employees	2,584	2,704	2,644	1,653	1,247	1,518	1,525
Other cost (MY)	730	814	772	578	573	576	571

Segment Information (ERD)

(millions of yen)

	1H FY2014		1H FY2015				
	Results	Prop.	Results	Prop.	YoY	Forecasts	% to forecasts
Net Sales	11,152		10,899		97.7%	11,030	
Plastic Fuels	5,862	52.6%	5,440	49.9%	92.8%	5,613	50.9%
Power Generation	2,808	25.2%	2,750	25.2%	98.0%	2,725	24.7%
Organic waste water	1,158	10.4%	1,252	11.5%	108.1%	1,322	12.0%
Final Disposal	491	4.4%	607	5.6%	123.6%	547	5.0%
Others	832	7.5%	847	7.8%	101.9%	820	7.4%
Gross Profit	2,090	18.7%	1,583	14.5%	75.7%	1,737	15.8%
SG&A	1,382	12.4%	1,391	12.8%	100.7%	1,379	12.5%
Operating Income	708	6.3%	191	1.8%	27.0%	357	3.2%

Plastic fuel sales declined 7.2% from a year earlier, despite a slightly higher collection volume of waste plastic, due to a fall in unit prices. At TOMAKOMAI Power Plant, a legal inspection and periodic repair of boilers and that of turbines were conducted in the first 3Q under review. Chiefly due to the effect of the inspections and repairs, electricity sales fell 2.0% year on year.

As a consequence, the sales were ¥10,899 million (down 2.3% year on year). The operating loss was ¥191 million due to both the decline in sales and the added expenses associated with the maintenance and inspection work at the TOMAKOMAI power station (down 73.0% year on year).

(millions of yen)

	1H FY2014		1H FY2015				
	Results	Prop.	Results	Prop.	YoY	Forecast	% to Forecast
Net Sales	6,721		5,722		85.1%	5,867	
HS	5,934	88.3%	5,047	88.2%	85.0%	5,199	88.6%
ES	787	11.7%	675	11.8%	85.8%	668	11.4%
Gross Profit	3,189	47.4%	2,785	48.7%	87.3%	2,941	50.1%
SG&A	1,972	29.3%	2,204	38.5%	111.8%	2,227	38.0%
Operating Income	1,217	18.1%	580	10.1%	47.7%	713	12.2%

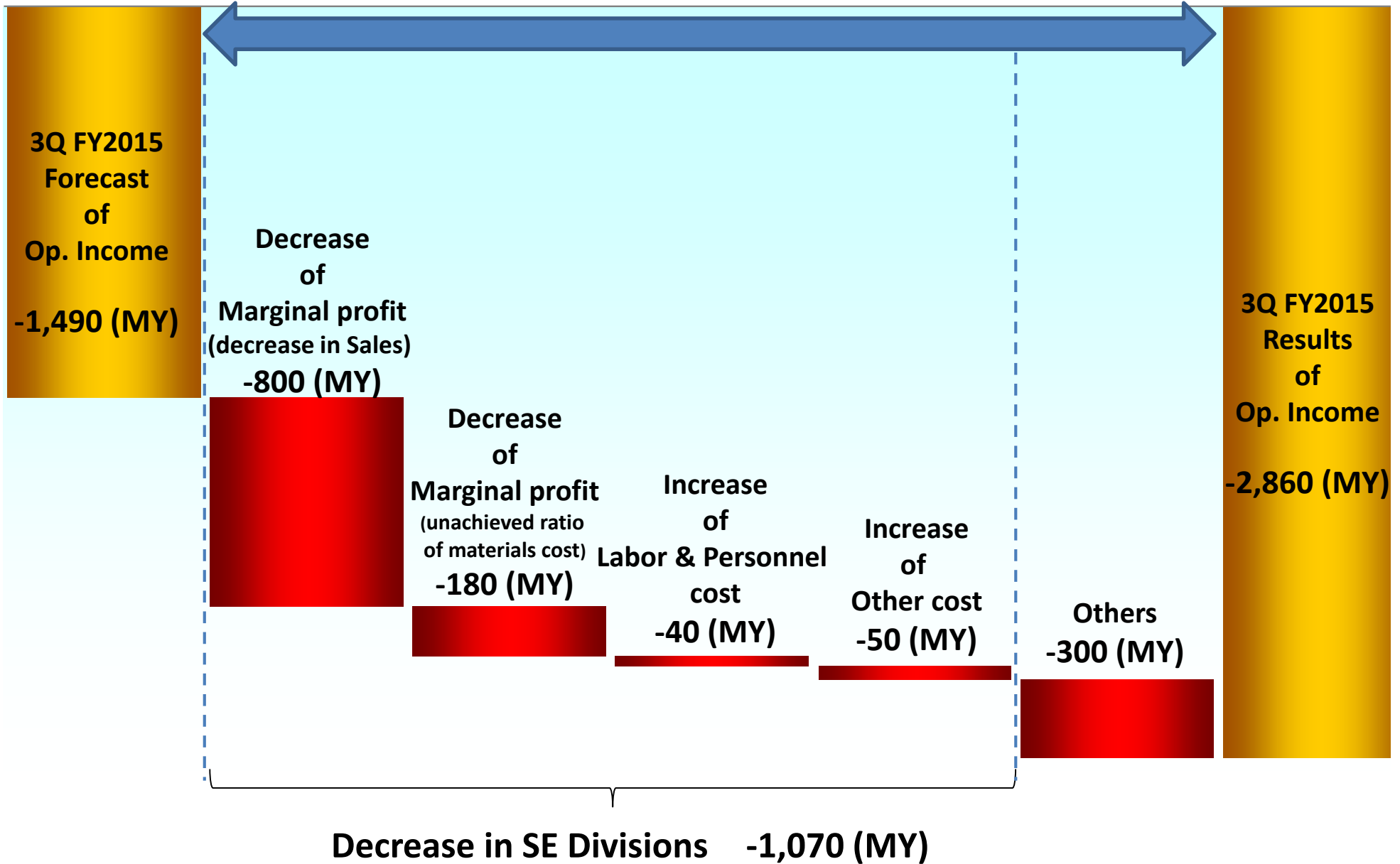
The HS Division focused on maintenance-related customer management such as termite control services and floor/ceiling ventilation systems. As a result, net sales were ¥5,047 million (down 15.0% year on year).

The ES Division concentrated on sanitation maintenance-related customer management such as high-rise building and condominiums. As a result, net sales were ¥675 million yen (down 14.2% year on year).

However, decreases in segment sales measured results in an operating profit of ¥580 million (down 52.3% year on year).

【Reference】 Analysis of Operating Income

-1,370 (MY)





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2. Forecast for FY2015 (ending Mar.31, 2016)

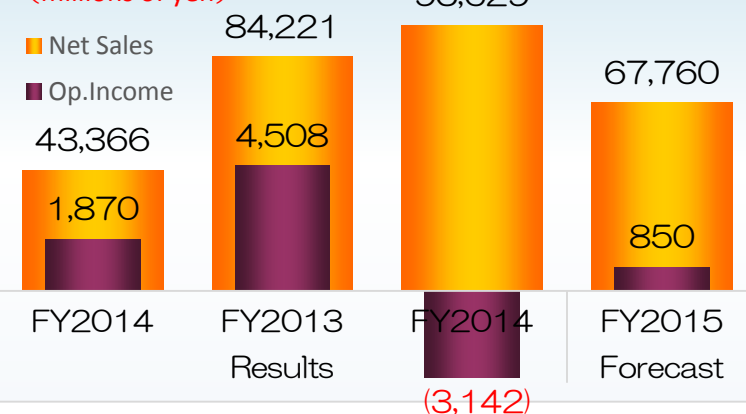
Forecast for FY2015 (ending March 31, 2016)

The Company has revised the consolidated earning forecast for the fiscal year ending March 31,2016,which were announced Nov.13, 2015, on Feb.12, 2016.

(millions of yen)

	FY2014	FY2015			
	Results	Revised Forecast	YoY	Forecast on Nov.13,2015	
				Forecast	Difference
Net Sales	95,629	62,410	65.3%	67,760	-5,350
Gross Profit	18,907	14,350	75.9%	16,850	-2,500
(Gross Profit Margin)	19.8%	23.0%		24.9%	
Operating Income	(3,142)	(1,720)	—	850	-2,570
(Operating Income Margin)	—	—		1.3%	
Ordinary Income	(3,439)	(1,620)	—	920	-2,540
(Ordinary Income Margin)	—	—		1.4%	
Net Income	(4,966)	(2,480)	—	60	-2,540
(Net income Margin)	—	—		0.1%	

Changes of Net Income and Operating Income
(millions of yen)



The company revised the consolidated earnings forecast for the fiscal year ending March 31, 2016 on February 12, 2016 as follows.

In SE divisions, the results in the third quarter under review fell below the previous forecast, and the number of installations in the fourth quarter is expected to fall below the previous forecast.

As for profits, operating income, ordinary income and net Income are expected to fall below the previous forecast as net sales ended lower than the previous forecast.

Segment Forecast for FY2015

The Company has revised the consolidated earning forecast for the fiscal year ending March 31, 2016, which were announced Nov.13, 2015, on Feb.12, 2016.

(millions of yen)

	FY2014		FY2015				
	Results	Prop.	Revised Forecast	Prop.	YoY	Forecast on Nov.13, 2015	
						Forecast	Difference
Net Sales	95,629		62,410			67,760	(5,350)
SE	72,247	75.6%	40,260	64.5%	55.7%	44,680	(4,420)
ERD	14,735	15.4%	14,770	23.7%	100.2%	15,360	(590)
HS/ES	8,645	9.0%	7,380	11.8%	85.4%	7,720	(340)
Gross Profit	18,907	19.8%	14,350	23.0%	75.9%	16,850	(2,500)
SG&A	22,049	23.1%	16,070	25.7%	72.9%	16,000	70
Operating Income	(3,142)	—	(1,720)	—	—	850	(2,570)
SE	(2,291)	—	30	<u>0.1%</u>	—	1,860	(1,830)
ERD	970	<u>6.6%</u>	570	<u>3.9%</u>	58.8%	970	(400)
HS/ES	1,585	<u>18.3%</u>	680	<u>9.2%</u>	42.9%	970	(290)
Group	(3,406)	—	(3,000)	—	—	(2,950)	(50)
Ordinary Income	(3,439)	—	(1,620)	—	—	920	(2,540)
Net Income	(4,966)	—	(2,480)	—	—	60	(2,540)

The underlined percentage indicate Operating Margin of each segment.

【Reference】 Results of cost reduction in 3Q

■ Results of cost reduction

		3Q FY2015 Results (MY)	FY2015 Plans (MY)	
Voluntary Retirement programs	Personal expenses	377	1,707	<u>Numbers of employees:</u> Voluntary Retirement program : 229 Restructuring program: 70
Elimination and Consolidation	Vehicle expenses *including fuel cost	22	90	Decrease of vehicles
	Rent expenses	22	86	<u>Closed stores:</u> 6 stores (in SE division) 5 stores (in HS division) <u>Cancellation of leasehold contract:</u> 5 stores among being eliminated
Total		421	1,883	

【Reference】 Changes of employees numbers

	FY2013	FY2014		FY2015			
	at the end of Mar.	at the end of Sep.	at the end of Mar.	at the end of Jun.	at the end of Sep.	at the end of Dec.	Prospect at the end of Mar.
Consolidated total	3,291	4,420	3,625	2,989	2,880	2,596	2,526
		Changes from the previous end of period		-636	-745	-1,029	-1,099

Segment Forecast (SE)

The Company has revised the consolidated earning forecast for the fiscal year ending March 31,2016,which were announced Nov.13, 2015, on Feb.12, 2016.

(millions of yen)

	FY2014		FY2015				
	Results	Prop.	Forecast	Prop.	YoY	Forecast on Nov.13,2015	
						Forecast	Difference
Net Sales	72,247		40,260		55.7%	44,680	-4,420
Photovoltaic system							
Direct (Eastern Japan)	50,391	69.7%	20,674	51.4%	41.0%	22,455	-1,781
Direct (Western Japan)	12,668	17.5%	14,266	35.4%	112.6%	17,093	-2,826
Wholesale	9,088	12.6%	5,217	13.0%	57.4%	5,029	+ 187
Others	98	0.1%	101	0.3%	103.2%	101	+ 0
Cost of Sales	60,180	83.3%	31,960	79.4%	53.1%	34,580	-2,620
Materials expenses*	41,679	57.7%	22,493	55.9%	54.0%	24,579	-2,086
Labor expenses	9,239	12.8%	4,652	11.6%	50.4%	4,596	+ 56
Gross Profit	12,067	16.7%	8,300	20.6%	68.8%	10,100	-1,800
SG&A	14,358	19.9%	8,270	20.5%	57.6%	8,240	+ 30
Personnel expenses	5,979	8.3%	3,613	9.0%	60.4%	3,613	Δ 0
Advertising expenses	1,160	1.6%	2	0.0%	0.2%	1	+ 0
Operating Income	(2,291)	—	30	0.1%	—	1,860	-1,830

※Materials expenses include supplies expenses.

Segment Forecast (SE)

The Company has revised the consolidated earning forecast for the fiscal year ending March 31,2016,which were announced Nov.13, 2015, on Feb.12, 2016.

(millions of yen)

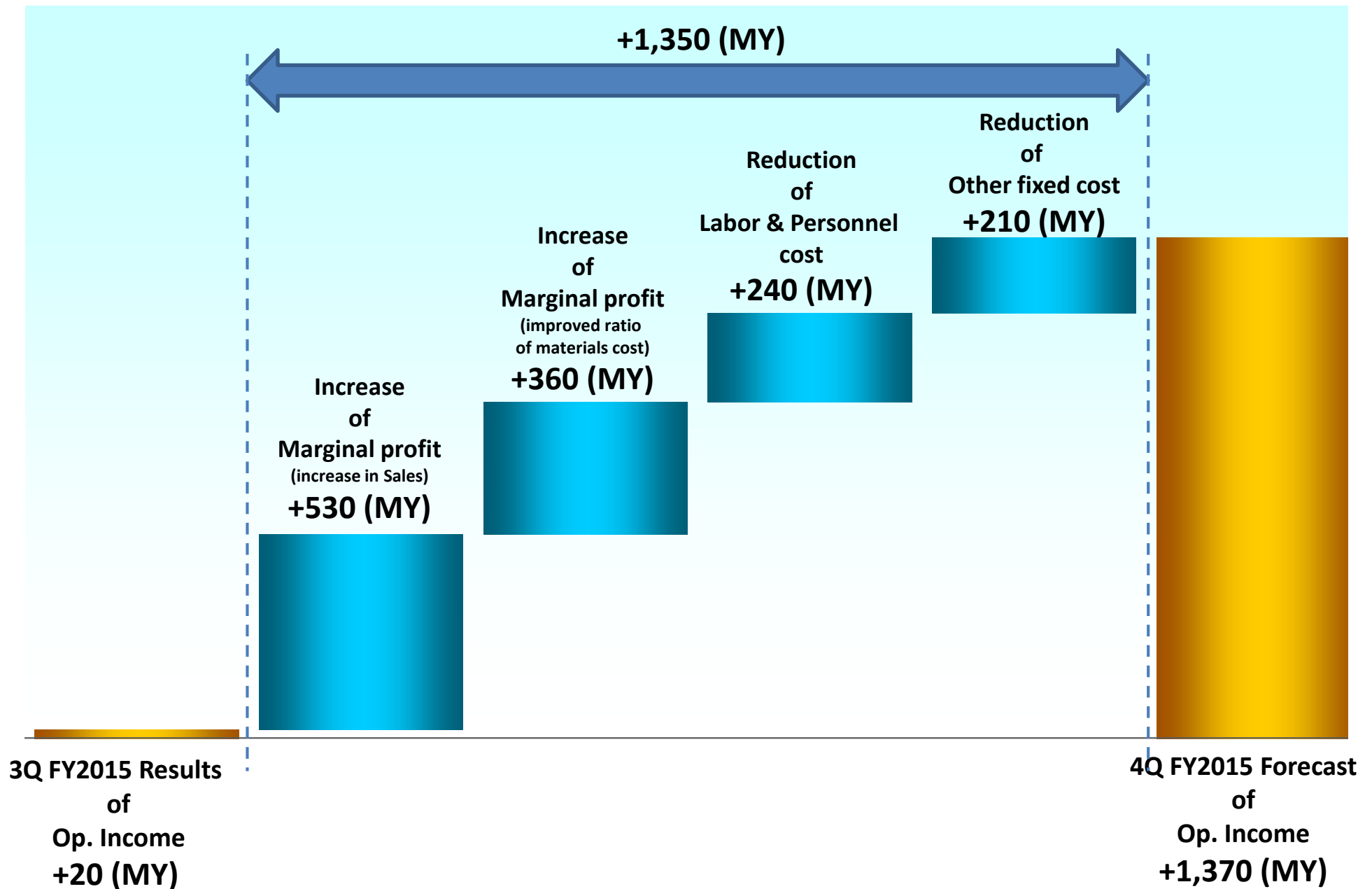
	FY2015									
	1Q		2Q		3Q		4Q		FY	
	Results	Prop.	Results	Prop.	Results	Prop.	Forecast	Prop.	Forecast	Prop.
Net Sales	10,043		9,669		9,577		10,969		40,260	
Cost of Sales	8,897	88.6%	7,718	79.8%	7,545	78.8%	7,798	71.1%	31,960	79.4%
Materials*	5,896	58.7%	5,437	56.2%	5,361	56.0%	5,797	52.9%	22,493	55.9%
Labor	1,637	16.3%	1,038	10.7%	1,065	11.1%	911	8.3%	4,652	11.6%
Outsourcing	399	4.0%	561	5.8%	345	3.6%	418	3.8%	1,724	4.3%
Others	964	9.6%	681	7.0%	772	8.1%	670	6.1%	3,088	7.7%
Gross profit	1,146	11.4%	1,950	20.2%	2,032	21.2%	3,171	28.9%	8,300	20.6%
SG&A	2,296	22.9%	2,172	22.5%	2,009	21.0%	1,791	16.3%	8,270	20.5%
Personnel	1,066	10.6%	997	10.3%	818	8.5%	730	6.7%	3,613	9.0%
Advertising	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2	0.0%
Others	1,228	12.2%	1,174	12.1%	1,190	12.4%	1,060	9.7%	4,654	11.6%
Operating Income	(1,150)	—	(222)	—	22	0.2%	1,379	12.6%	30	0.1%

※Materials expenses include supplies expenses.

We strengthened our sales force by allocating a greater proportion of resources to the Kanto, Kansai, and Chubu regions, which have large markets. In addition, for further strengthening of business foundation, we worked to improve its profitable structure by implementing management rationalization such as voluntary retirement programs during the 3Q FY2015 and elimination and consolidation.

Through these measures, breakeven sales in SE division are dropping steadily, so we expect that we will be able to improve profitability during 4Q FY2015.

【Reference】 Analysis of Operating Income



Status of expenses in SE division

■ Changes in Marginal Profit Ratio & Breakeven sales at SE Division

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.

	FY2014			FY2015		
	1H Results	2H Results	FY Results	1H Results	2H Forecasts	FY Forecasts
Marginal profit ratio (%)	35.0	31.6	33.1	34.7	39.7	37.2
Monthly average fixed cost (MY)	1,949	2,131	2,040	1,368	1,126	1,247
Breakeven Sales (MY)	5,561	6,740	6,156	3,944	2,837	3,348

■ Changes of Fixed cost ratio for business expansion of SE

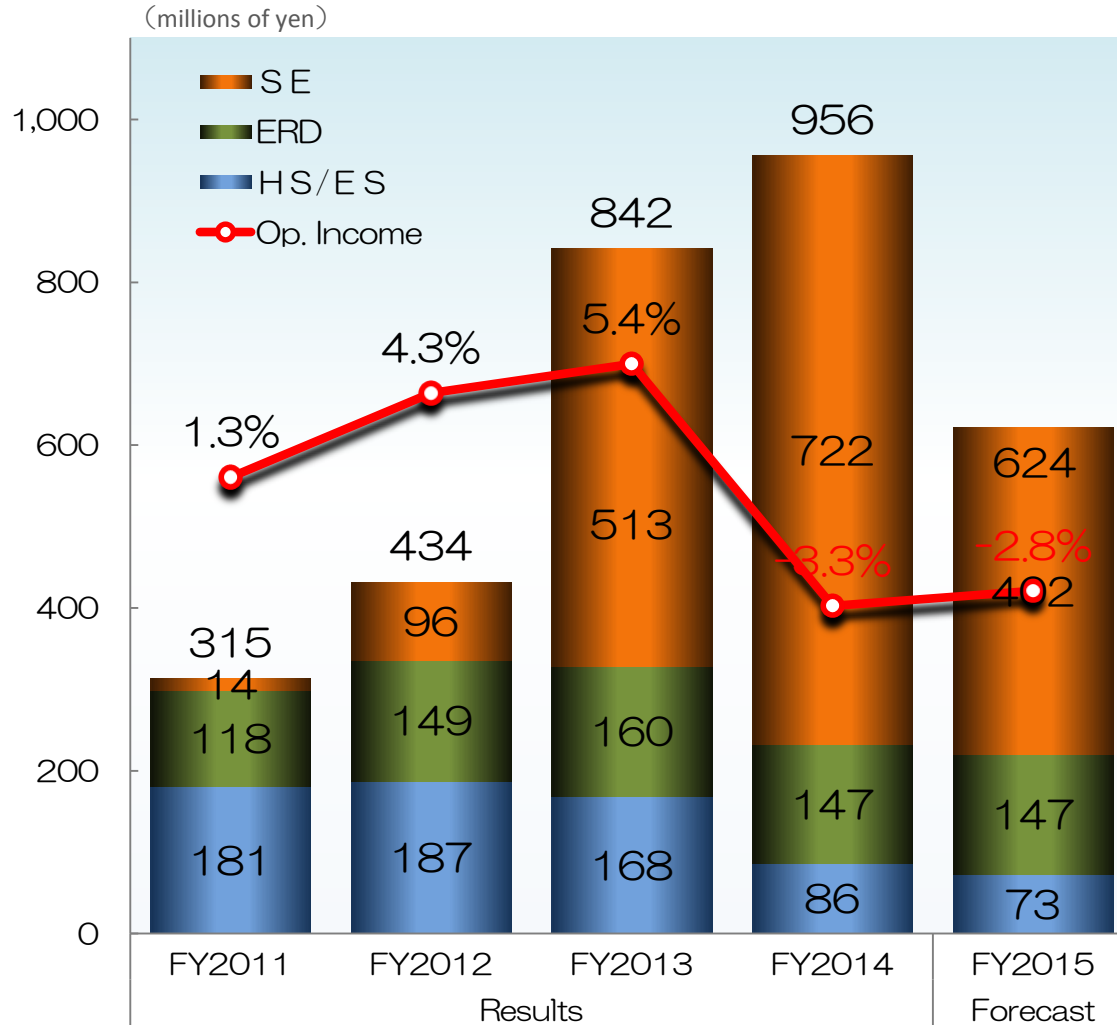
The table shown implies the share of each fixed cost (personal) and others (payroll cost, rent cost, transportation cost and common expense) in SE division.

	FY2014			FY2015		
	1H Results	2H Results	FY Results	1H Results	2H Forecasts	FY Forecasts
Labor & Personal cost (MY)	1,219	1,317	1,268	789	587	688
Employees	2,584	2,704	2,644	1,653	1,154	1,403
Other cost (MY)	730	814	772	578	537	558

Whole Group Forecasts for FY2015

The Company has revised the consolidated earning forecast for the fiscal year ending March 31, 2016, which were announced Nov13, 2015, on Feb.12, 2016.

Net Sales and Operating Margin ratio



Forecast for FY2015
(ending March 31, 2016)

Net Sales : 62,410 (MY)

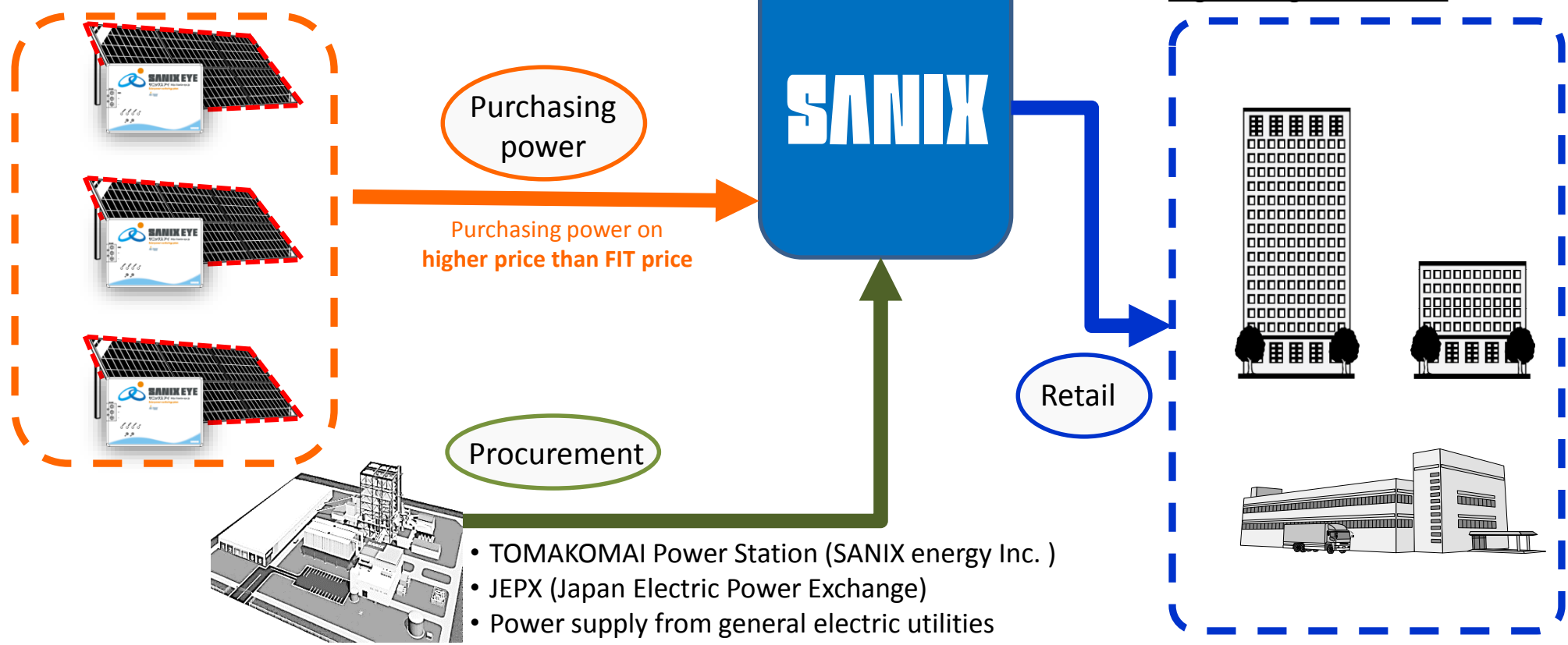
Op. Income : -1,720 (MY)

Op. Margin : -2.8 %

• Figures before FY2013, SE are the results of former CPS division, and HS and ES includes the sales of PV system.

Scheme of PPS business

Existing solar power stations for commerce



Purchasing power

Purchasing power on higher price than FIT price

Procurement

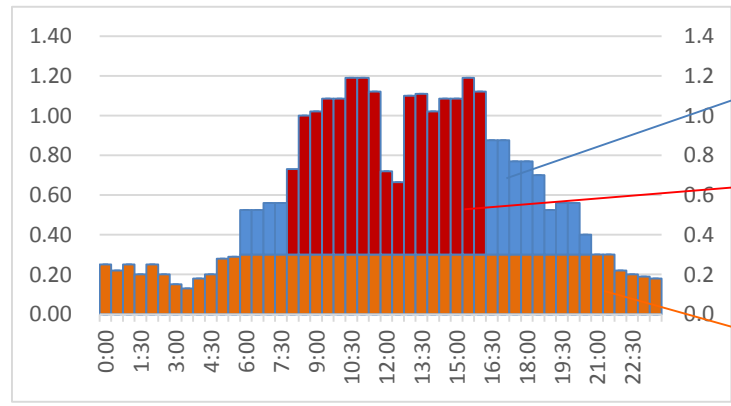
Retail

High voltage Customers

- TOMAKOMAI Power Station (SANIX energy Inc.)
- JEPX (Japan Electric Power Exchange)
- Power supply from general electric utilities

Structure of power supply

We considered in-house power resource (and a regular backup power resource) as a base power resource,
We combine the electric power from the power plant available daytime and the one from JEPX, in order to minimize the costs, supplying the power to customers



Procurement from JEPX (30%)
Electricity purchased from solar power station (30%)
In-house power source or back-up power source from general electric utilities (40%)

Status and Characteristics of PPS business

■ Electric power retail business

In SEW, we registered “Retailing Power Producer and Supplier” on 8, Oct. 2015.

In SANIX, we registered “Retailing Power Producer and Supplier” on 24, Nov. 2015.

■ Purchasing electric power from solar power station

We started to purchase the electric power in October, 2015 and use the power as in-house power.

In Hokkaido Electric Power area, the power source of TOMAKOMAI Power Plant is mainly used.

■ Electric power retail business

We are supplying electric power to approximately 300 high-voltage customers as of February 2016.

Also, we can offer more cost merits, compared to those of general electric utility, for all customers.

The numbers of customers have been increasing smoothly, so its sales in next term are expected to contribute to profitability compared to those in initial term.

■ Reaction to the full liberalization from April, 2016

We are making preparations for entering the retail market targeting small business establishments as low-voltage customers, and are considering whether we will be able to propose distinctive methods of electricity retailing targeting households.

■ Characteristics of Sanix’s electricity retail business

- I) We use photovoltaic systems as power sources that can provide electric power at a lower unit price.
In our system, securing electricity is easy, especially in summer when power charges rise.
- II) We have a direct marketing system and can approach small customers, which are not the main targets of major new electric power suppliers.
- III) We can generate, source, and sell power and manage supply and demand in an integrated fashion using our own skilled human resources. Thus we can consider future operations.