

SANIX

for Energy, for Environment

Photovoltaic Solution

Total Sanitation

Environmental Resources Development

Financial Results Briefing For FY2015

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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.

"△" in operating income, ordinary income and net income indicate operating loss, ordinary loss and net loss respectively.
In case of negative or above 1,000%, margin is expressed by "-".



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1. Financial Results for FY2015

Consolidated Financial Results for FY2015

(In Millions of Yen)

	FY2014	FY2015				
	Results	Results	Y to Y	Difference	Forecasts	to Forecasts
Net Sales	95,629	61,916	64.7%	Δ 33,712	62,410	99.2%
Gross Profit	18,907	13,783	72.9%	Δ 5,124	14,350	96.0%
Gross Profit Margin	19.8%	22.3%			23.0%	
Operating Income	Δ 3,142	Δ 2,229	-	+912	Δ 1,720	
Operating Income Margin	-	-			-	
Ordinary Income	Δ 3,439	Δ 1,949	-	+1,490	Δ 1,620	
Ordinary Income Margin	-	-			-	
Net Income	Δ 4,966	Δ 4,604	-	+361	Δ 2,480	
Net Income Margin	-	-			-	

※Forecasts indicate the numbers as announced on Feb.12, 2016.

- ① **Net Sales** As for sales in the consolidated fiscal year under view, the Group was hurt by changes in the market environment for the solar electric power business, so the sales results in a significant fall. As a consequence, the net sales of the entire Group were ¥61,916 million (decreased 35.3% year on year).
- ② **Profit** In terms of profitability, the Group posted an operating loss with drastic decrease in revenue in Solar Engineering business, however costs are gradually decreasing due to management rationalization. As a consequence, for the whole Group, the operating loss was ¥2,229 million compared to the operating loss of ¥3,142 million in the same period of the previous year, and the ordinary loss was ¥1,949 million compared to the ordinary loss of ¥3,439 million in the same period of the previous year. In addition, the Group posted an impairment loss of ¥991 million, reflecting the elimination and consolidation of stores and a reduction in the book value of fixed assets for business in the SE Division as a result of a review of their recoverability, a loss on sales of non-current assets of ¥796 million associated with the transfer of non-current assets, expenses related to voluntary retirement of ¥403 million, and a settlement package of ¥316 million associated with litigation as extraordinary losses. Reflecting the extraordinary losses, the Group posted a net loss belonging to the shareholders of the parent company of ¥4,604 million, compared to a net loss belonging to the shareholders of the parent company of ¥4,966 million in the same period of the previous year.

Results of Net Sales and Income of each segment for FY2015

(In Millions of Yen)

	FY2014		FY2015				
	Results	Prop.	Results	Prop.	Y o Y	Forecasts	to Forecasts
Net Sales	95,629		61,916		64.7%	62,410	
SE Div.	72,247	75.6%	39,871	64.4%	55.2%	40,260	64.5%
ERD Div.	14,735	15.4%	14,601	23.6%	99.1%	14,770	23.7%
HS/ES Div.	8,645	9.0%	7,444	12.0%	86.1%	7,380	11.8%
Gross Profit	18,907	19.8%	13,783	22.3%	72.9%	14,350	23.0%
SG&A	22,049	23.1%	16,013	25.9%	72.6%	16,070	25.7%
Operating Income	Δ 3,142	-	Δ 2,229	-	-	Δ 1,720	-
SE Div.	Δ 2,291	-	Δ 202	-	-	30	<u>0.1%</u>
ERD Div.	970	<u>6.6%</u>	282	<u>1.9%</u>	29.1%	570	<u>3.9%</u>
HS/ES Div.	1,585	<u>18.3%</u>	668	<u>9.0%</u>	42.2%	680	<u>9.2%</u>
Group	Δ 3,406	-	Δ 2,977	-	-	Δ 3,000	-

※Forecasts indicate the numbers as announced on Feb.12, 2016.

※The underlined percentage indicate Operating Margin of each segment.

Results of Net Sales and Income of each segment (Quarterly)

SANIX

FY2015

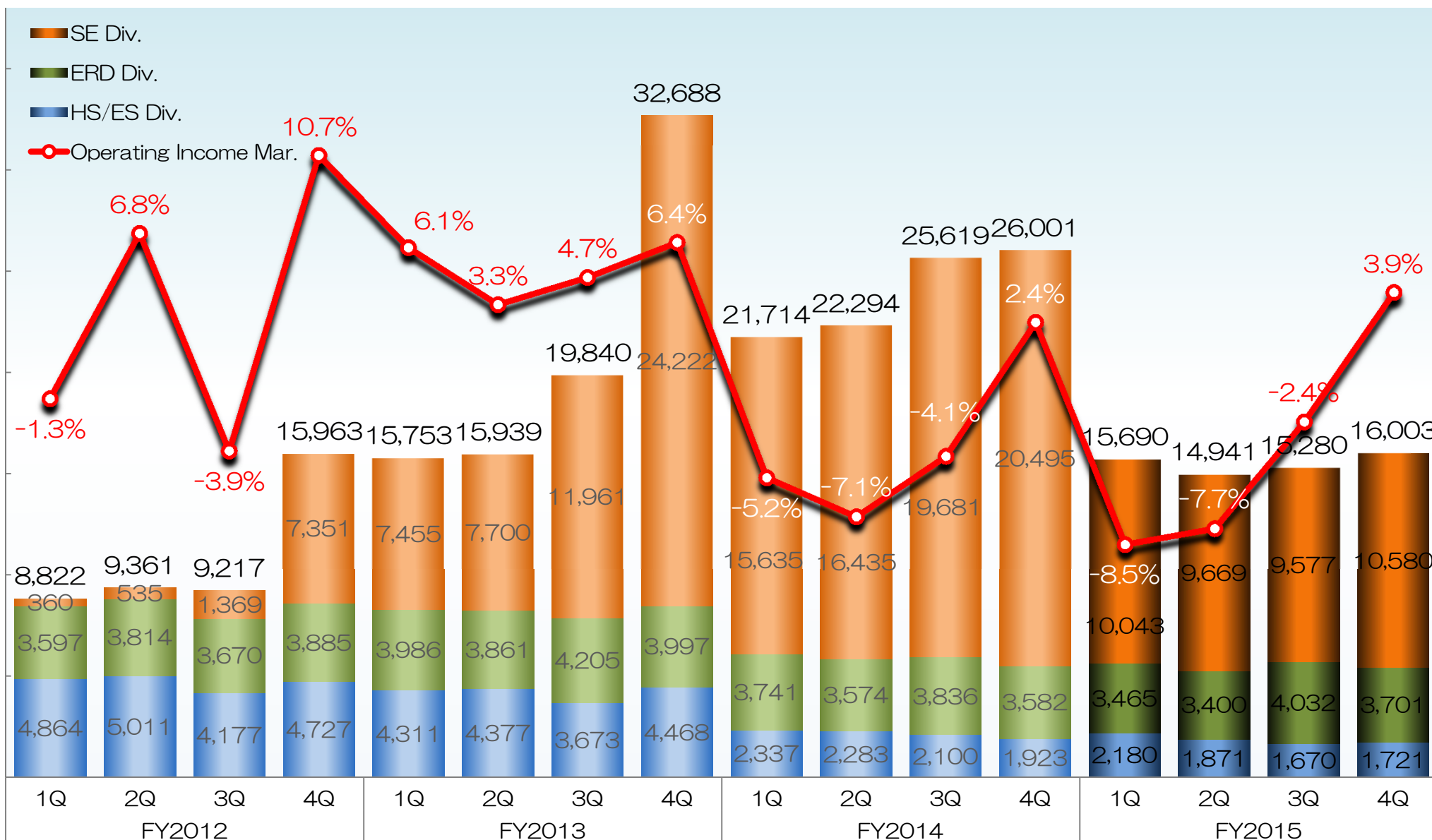
(In Millions of Yen)

	FY2015							
	1Q		2Q		3Q		4Q	
	Results	Prop.	Results	Prop.	Results	Prop.	Results	Prop.
Net Sales	15,690		14,941		15,280		16,003	
SE Div.	10,043	64.0%	9,669	64.7%	9,577	62.7%	10,580	66.1%
ERD Div.	3,465	22.1%	3,400	22.8%	4,032	26.4%	3,701	23.1%
HS/ES Div.	2,180	13.9%	1,871	12.5%	1,670	10.9%	1,721	10.8%
Gross Profit	2,977	19.0%	2,886	19.3%	3,633	23.8%	4,285	26.8%
SG&A	4,309	27.5%	4,038	27.0%	4,007	26.2%	3,658	22.9%
Operating Income	Δ 1,332	-	Δ 1,151	-	Δ 374	-	627	3.9%
SE Div.	Δ 1,150	-	Δ 222	-	22	<u>0.2%</u>	1,146	<u>10.8%</u>
ERD Div.	223	<u>6.4%</u>	Δ 401	-	369	<u>9.2%</u>	91	<u>2.5%</u>
HS/ES Div.	396	<u>18.2%</u>	217	<u>11.6%</u>	Δ 33	-	88	<u>5.1%</u>
Group	Δ 801	-	Δ 745	-	Δ 732	-	Δ 698	-
Ordinary Income	Δ 1,368	-	Δ 996	-	Δ 344	-	760	4.8%
Net Income	Δ 1,754	-	Δ 1,186	-	Δ 552	-	Δ 1,111	-

※The underlined percentage indicate Operating Margin of each segment.

Segment Information (Changes)

(In Millions of Yen)



※ Figures for the years before FY2013, SE are the results of former CPS division, and HS ad ES include the Sales of PV system.

Segment Information for FY2015 (SE Division)

(In Millions of Yen)

	FY2014		FY2015				
	Results	Prop.	Results	Prop.	Y o Y	Forecasts	to Forecasts
Net Sales	72,247		39,871		55.2%	40,260	
Photovoltaic System							
Direct(Western)	50,262	69.6%	20,691	51.9%	41.2%	20,674	51.4%
Direct(Eastern)	12,668	17.5%	13,728	34.4%	108.4%	14,266	35.4%
Wholesale	9,218	12.8%	5,351	13.4%	58.1%	5,217	13.0%
Others	98	0.1%	99	0.2%	100.7%	101	0.3%
The Cost of Sales	60,180	83.3%	31,853	79.9%	52.9%	31,960	79.4%
Material Costs ※	41,679	57.7%	22,483	56.4%	53.9%	22,493	55.9%
Labor Costs	9,239	12.8%	4,618	11.6%	50.0%	4,652	11.6%
Gross Profit	12,067	16.7%	8,017	20.1%	66.4%	8,300	20.6%
SG&A	14,358	19.9%	8,220	20.6%	57.3%	8,270	20.5%
Personnel expense	5,979	8.3%	3,594	9.0%	60.1%	3,613	9.0%
Advertising expense	1,160	1.6%	2	0.0%	0.2%	2	0.0%
Operating Income	Δ 2,291	-	Δ 202	-	-	30	0.1%

※Forecasts indicate the numbers as announced on Feb.12, 2016.

※Material costs includes material cost and supply expenses.

The sales in the East Japan region increased by 8.4% year-on-year. However, sales in the West Japan region declined by 58.8% due to the effect of a change in the market environment. As a consequence, the sales were ¥39,871 million (decreased 44.8% year on year). The Group worked to reduce fixed costs, including personnel expenses, through thorough streamlining, and profitability improved. However, given the large decline in sales, an operating loss of ¥202 million was posted (compared to an operating loss of ¥2,291 million in the same period of the previous year).

(Reference) Quarterly Segment Information for FY2015 (SE Division)

(In Millions of Yen)

	FY2015									
	1Q		2Q		3Q		4Q		FY	
	Results	Prop.	Results	Prop.	Results	Prop.	Results	Prop.	Results	Prop.
Net Sales	10,043		9,669		9,577		10,580		39,871	
Cost of Sales	8,897	88.6%	7,718	79.8%	7,545	78.8%	7,691	72.7%	31,853	79.9%
Materials	5,896	58.7%	5,437	56.2%	5,361	56.0%	5,787	54.7%	22,483	56.4%
Labor	1,637	16.3%	1,038	10.7%	1,065	11.1%	877	8.3%	4,618	11.6%
Outsourcing	399	4.0%	561	5.8%	345	3.6%	328	3.1%	1,634	4.1%
Others	964	9.6%	681	7.0%	772	8.1%	698	6.6%	3,116	7.8%
Gross Profit	1,146	11.4%	1,950	20.2%	2,032	21.2%	2,888	27.3%	8,017	20.1%
SG&A	2,296	22.9%	2,172	22.5%	2,009	21.0%	1,741	16.5%	8,220	20.6%
Personnel	1,066	10.6%	997	10.3%	818	8.5%	711	6.7%	3,594	9.0%
Others	1,229	12.2%	1,175	12.2%	1,190	12.4%	1,030	9.7%	4,626	11.6%
Operating Income	Δ 1,150	-	Δ 222	-	22	0.2%	1,146	10.8%	Δ 202	-

※Materials includes material costs and supply expenses.

■ Changes in Marginal Profit Ratio & Breakeven Sales Volume of SE Division

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

	FY2014	FY2015				
	FY	1Q	2Q	3Q	4Q	FY
Marginal Profit ratio (%)	33.1	33.8	35.6	37.9	39.9	36.8
Average Monthly Fixed Cost (Million per month)	2,040	1,515	1,221	1,201	1,024	1,240
Breakeven Sales Volume (Million per month)	6,156	4,480	3,430	3,171	2,568	3,367

Breakeven Sales Volume ... Fixed Cost ÷ Marginal profit ratio

■ Changes in Fixed Cost (Details) and the number of Personnel

The table shows average monthly fixed costs which implies labor costs / personnel expenses and others (rent expenses, vehicle expenses and common expenses) in SE division.

	FY2014	FY2015				
	FY	1Q	2Q	3Q	4Q	FY
Labor Costs/ Personnel Expense (Million per month)	1,268	901	678	628	529	684
Average Number of Personnel (Person)	2,752	1,946	1,566	1,349	1,077	1,485
Others (Million per month)	772	614	542	573	494	556

Segment Information for FY2015 (HS / ES Division)

(In Millions of Yen)

	FY2014		FY2015				
	Results	Prop.	Results	Prop.	Y o Y	Forecasts ※	to Forecasts
Net Sales	8,645		7,444		86.1%	7,380	
HS Div.	7,605	88.0%	6,519	87.6%	85.7%	6,480	87.8%
ES Div.	1,040	12.0%	924	12.4%	88.8%	900	12.2%
Gross Profit	4,046	46.8%	3,587	48.2%	88.7%	3,560	48.2%
SG&A	2,460	28.5%	2,919	39.2%	118.6%	2,880	39.0%
Operating Income	1,585	18.3%	668	9.0%	42.2%	680	9.2%
HS Div.	1,634	<u>21.5%</u>	614	<u>9.4%</u>	37.6%	640	<u>9.9%</u>
ES Div.	△ 48		53	<u>5.8%</u>	-	40	<u>4.4%</u>

※Forecasts indicate the numbers as announced on Feb.12, 2016.

※The underlined percentage indicate Operating Margin of each segment.

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 ¥6,519 million (decreased 14.3% year on year). The operating income decreased 62.4% year on year to ¥614 million due to decreases in segment sales.

The ES Division concentrated on sanitation maintenance-related customer management such as high-rise building and condominiums. As a result, net sales were ¥924 million (decreased 11.2% year on year). However, cost reduction measured results in an operating profit of ¥53 million in spite of decreases in segment sales (compared to the operating loss of ¥48 million in the same period of the previous year).

Segment Information for FY2015 (ERD Division)

(In Millions of Yen)

	FY2014		FY2015				
	Results	Prop.	Results	Prop.	Y o Y	Forecasts ※	to Forecasts
Net Sales	14,735		14,601		99.1%	14,770	
Plastic Fuels	7,534	51.1%	7,227	49.5%	95.9%	7,303	49.5%
Power Generation	3,795	25.8%	3,986	27.3%	105.0%	4,056	27.5%
Organic Waste water	1,635	11.1%	1,604	11.0%	98.1%	1,644	11.1%
Final Disposal	619	4.2%	702	4.8%	113.4%	725	4.9%
Others	1,150	7.8%	1,080	7.4%	93.9%	1,040	7.0%
Gross Profit	2,793	19.0%	2,177	14.9%	78.0%	2,490	16.9%
SG&A	1,823	12.4%	1,895	13.0%	103.9%	1,920	13.0%
Operating Income	970	6.6%	282	1.9%	29.1%	570	3.9%

※Forecasts indicate the numbers as announced on Feb.12, 2016.

Plastic fuel sales declined 4.3% from a year earlier, despite a higher collection volume of waste plastic, due to a fall in unit prices. Electricity sales rose 5.0% year on year due to the addition of sales in the Power Producer and Supplier (PPS) business, which started in October 2015. As a consequence, the sales were ¥14,601 million (decreased 0.9% year on year). The operating loss was ¥282 million due to both the decline in sales (a legal inspection and periodic repair of boilers once every two years and that of turbines once every four years were conducted.) and the expenses associated with the maintenance at the TOMAKOMAI Power Plant (decreased 70.9% year on year).

(Reference) Reduction Effect of implementation for FY2015

■ Reduction Effect

	Implementation Schedule	Contents of the Implementation Items	Reduction Effect for FY2015	Results of the Implementation
labor costs / personnel expenses	1Q	Voluntary Retirement	¥2,290 million	Reduction of 609 employees
	4Q	Voluntary Retirement	¥377 million	Reduction of 299 employees
Elimination and Consolidation	1Q	Vehicle expenses	¥290 million	Reduction of 500 cars (including fuel expenses)
		Rent expenses	¥70 million	Cancellation of 13 leasehold contracts
	4Q	Vehicle expenses	¥22 million	Reduction of cars (including fuel expenses)
		Rent expenses	¥22 million	Cancellation of 5 rent contracts
Total of Reduction Effect			¥3,071 million	

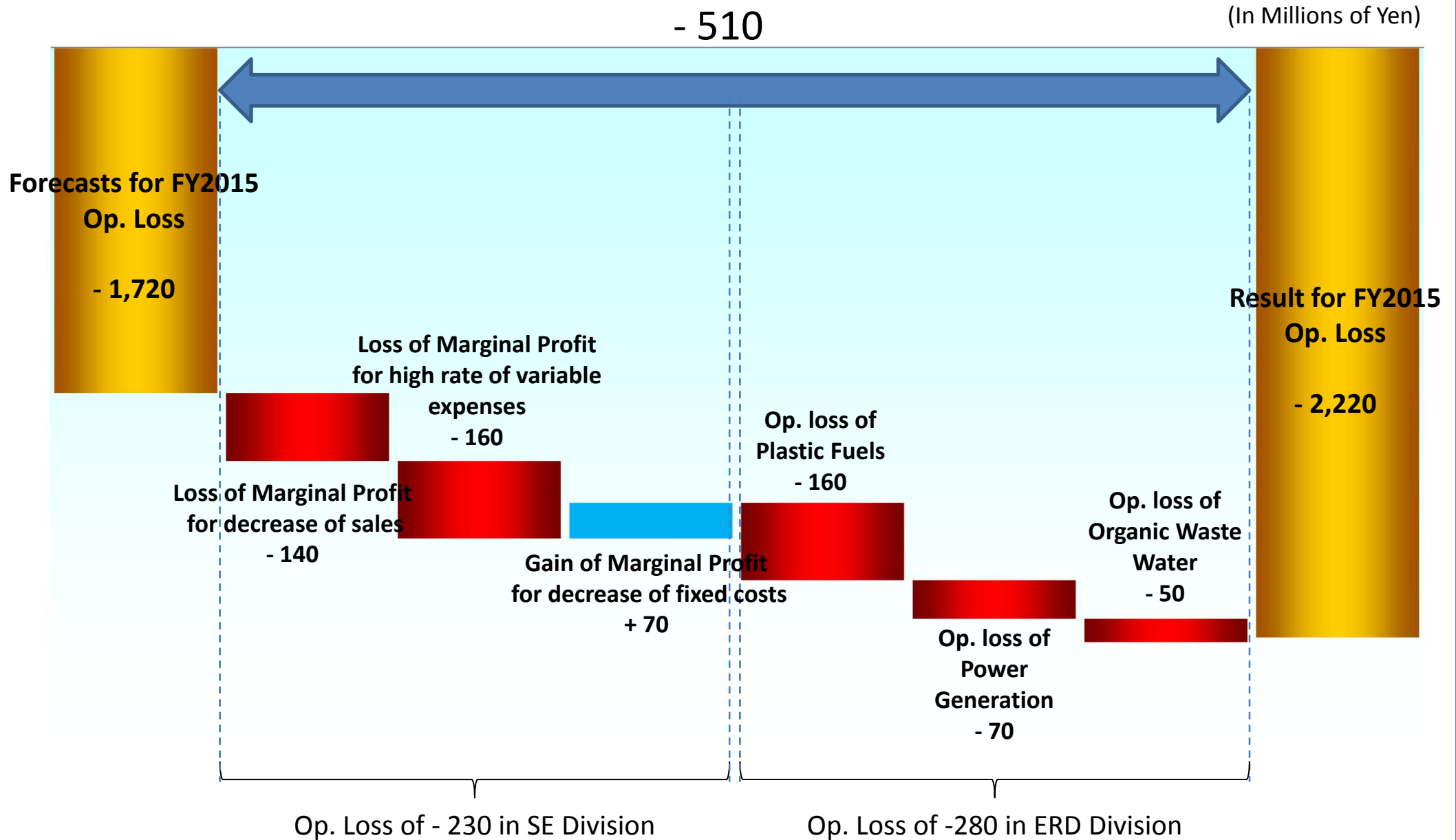
(Reference) Changes in the number of Personnel

	FY2013	FY2014	FY2015	
	AS of End of March	AS of End of March	AS of End of September	AS of End of March
Consolidated number	3,291	3,625	2,880	2,331
Compared to end of FY2014			△745	△1,294

■ Details of the Extraordinary Income and Loss

Details of the Extraordinary Income and Loss			1 – 3Q	4Q
Extraordinary Income	Gain on sales of investment securities			¥164 million
Extraordinary Loss	Loss on sales of noncurrent assets	Loss on sales of land and buildings of Mukaino main building and the annex		¥796 million
	Loss on sales of investment securities			¥1 million
	Expenses for voluntary retirement	Expenses of retirement payments and reemployment support for voluntary retirement, which is 609 employees on June, and 299 on February.	¥371 million	
		Retirement payments for out of production in the production plant of photovoltaic (PV) power generation module in China.		¥31 million
	Impairment loss	Expenses for closing down stores in SE Division, and cancellation of leasehold contracts on leased vehicles.	¥147 million	
		Expenses for closing down stores in SE Division, and closing the logistics center in Osaka.		¥160 million
		Impairment for production facilities and research and development facilities of the power conditioners plant in SE Division.		¥683 million
	Settlement package	Settlement package to Tess Engineering CO.,LTD.		¥316 million

(Reference) Factors in increase or decrease of Operating Income





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2. Outline of Medium-term Business plan

- ※This indicates Announcement of Formulation of Medium-term management plan released on April 15, 2016.
- ※Sales strategy for each segment is reported as reference materials on Page 29 and after of this document.

Change Over to Sustainable and Stable Management

Sudden changes in the external environment which includes revision of FIT prices and Shock of Kyushu Electric Power Co.,Inc. , and so on.
Increase of fixed costs based on expansion policy in SE Division.

**Realization of stable profit
in 3 business divisions**

**Concentration of
management resources
on SE Division**

Management Reform

- Formulation of plans which the possibility of realizing is high, and Establishment of the business execution system.
- A well-balanced allocation of management resources to business divisions
- Strengthening the business base through thorough streamlining
- Enhancement of the governance system

FY2014 - FY2015

FY2016

FY2017 - FY2018

■ Formulation of plans which the possibility of realizing is high, and Establishment of the business execution system.

- Formulation of business plans to be acceptable to financial institution, shareholders / investors, employees, customers, and so on.
- Revision of establishment which repeats downward revision of forecasts.
- Reform of execution system.

■ A well-balanced allocation of management resources to business divisions

- Scaling down the SE Division to an appropriate size based on a reasonable analysis of the external environment
- Rebuilding the HS Division and ES Division
- Improving efficiency of the Environmental Resources Development Division

■ Strengthening the business base through thorough streamlining

- Disposing of assets in accordance with the downsizing of the SE Division (the elimination and consolidation of stores, the closing of a logistics center, and the scaling down of the production of power conditioners)
- Calling for voluntary retirement (approximately 500 employees) in accordance with sales
- Lowering the level of wages across the board

■ Enhancement of the governance system

- Increasing the number of outside directors
- Strengthening the management oversight functions of the Board of Directors
- Changing the business execution system to clarify the responsibilities of each business division

Having disposed of assets in accordance with the downsizing of the SE Division until this March.
Revision of allocation of management resources to business divisions, and scaling down the SE Division boldly.
Carrying out voluntary retirement again and aiming at an appropriate number of employees, in order to scale down the SE Division.

Contents	Details	Schedule
*Sales of assets	*Selling assets for non-business purposes In order to reduce interest-bearing debts (3 pieces of real estate in Fukuoka city)	In March, 2016
*Revision of the salary level with all employees as a target	*Reduction the salary level with all employees as a target *Carrying out In April and October, 2016, in two steps	From April, 2016
*Reduction the number of personnel In SE Division	*Reduction the number of personnel in SE Divisions in accordance with actual sales scale (Being transferred some staffs to HS / ES Division due to staff reassignment)	From now Until the end of July, 2016
*Elimination and consolidation of stores	*Closing 9 stores in SE Division and 1 store in HS Division at the end of June *Cancellation of 6 rent contracts	
*Scaling down in Purchasing and distribution Division *Closing of a logistics center in Osaka	*Scaling down in Purchasing and distribution Division in accordance with Scaling down of SE business *Closing of a logistics center in Osaka	
*Scaling down of production of power conditioners	*Scaling down in accordance with production scale of an existing model in our plants, and not to produce a new model	
*Reduction the number of personnel In each divisions of the head office	*Reduction the number of personnel in each divisions of the head office by increasing work productivity	
*Scaling down of Headquarters of Technology Development for Energy	*Development of storage battery and power conditioners Concerning storage battery marketable in the near future	

■ Reduction Effect of Fixed Costs (Full Year) ; ¥3,850 million
■ The number of personnel ; Approximately 500 employees

Breakaway from overconcentration on SE Division by carrying out fundamental measures for management rationalization, and aiming to post stable earnings from each business divisions.

(In Millions of Yen)

	FY2014		FY2015		FY2016		FY2017		FY2018	
	Results	Prop.	Results	Prop.	Plans	Prop.	Plans	Prop.	Plans	Prop.
Net Sales	95,629		61,916		46,670		45,250		46,850	
SE Div.	72,247	75.6%	39,871	64.4%	21,910	46.9%	18,070	39.9%	17,230	36.8%
ERD Div.	8,645	9.0%	7,444	12.0%	8,930	19.1%	9,960	22.0%	11,140	23.8%
HS/ES Div.	14,735	15.4%	14,601	23.6%	15,830	33.9%	17,220	38.1%	18,480	39.4%
Gross Profit	18,907	19.8%	13,783	22.3%	13,753	29.5%	13,780	30.5%	14,810	31.6%
SG&A	22,049	23.1%	16,013	25.9%	13,153	28.2%	12,570	27.8%	12,620	26.9%
Operating Income	Δ 3,142	-	Δ 2,229	-	600	1.3%	1,210	2.7%	2,190	4.7%
SE Div.	Δ 2,291	-	Δ 202	-	1,130	<u>5.2%</u>	1,620	<u>9.0%</u>	1,360	<u>7.9%</u>
ERD Div.	1,585	<u>18.3%</u>	668	<u>9.0%</u>	1,120	<u>12.5%</u>	1,190	<u>11.9%</u>	1,740	<u>15.5%</u>
HS/ES Div.	970	<u>6.6%</u>	282	<u>1.9%</u>	910	<u>5.7%</u>	910	<u>5.3%</u>	1,600	<u>8.7%</u>
Group	Δ 3,406	-	Δ 2,977	-	Δ 2,560	-	Δ 2,510	-	Δ 2,510	-
Ordinary Income	Δ 3,439	-	Δ 1,949	-	480	1.0%	1,160	2.6%	2,160	4.6%
Extra ordinary income	0	-	164	0.3%	0	-	0	-	0	-
Extra ordinary loss	271	0.2%	2,509	4.1%	270	0.6%	0	-	0	-
Income before income taxes and minority	Δ 3,710	-	Δ 4,293	-	210	0.4%	1,160	2.6%	2,160	4.6%
Net Income	Δ 4,966	-	Δ 4,604	-	Δ 60	-	800	1.8%	1,590	3.4%

※The underlined percentage indicate Operating Margin of each segment.



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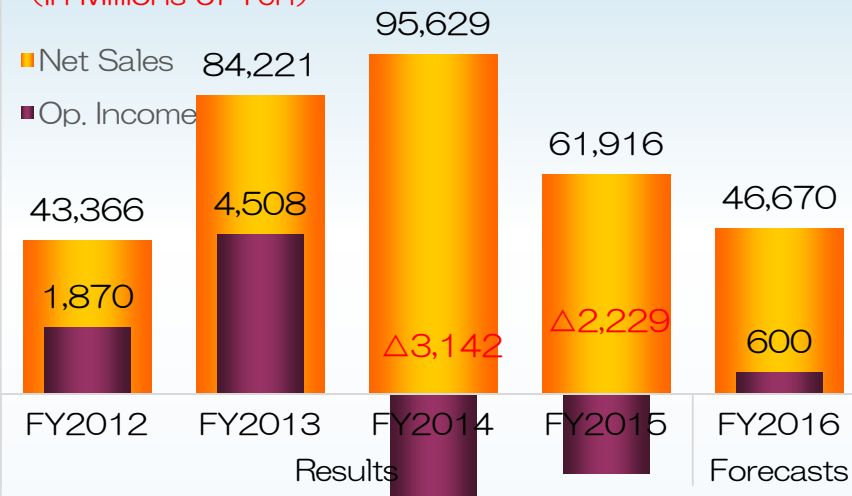
3. Forecasts for FY2016

Consolidated Financial Forecast for FY2016

(In Millions of Yen)

	FY2015	FY2016		
	Results	Results	Y to Y	Difference
Net Sales	61,916	46,670	75.4%	Δ 15,246
Gross Profit	13,783	13,753	99.8%	Δ 30
Gross Profit Margin	22.3%	29.5%		
Operating Income	Δ 2,229	600	-	+2,829
Operating Income Margin	-	1.3%		
Ordinary Income	Δ 1,949	480	-	+2,429
Ordinary Income Margin	-	1.0%		
Net Income	Δ 4,604	Δ 60	-	+4,544
Net Income Margin	-	-		

Net Sales / Op. Income
(In Millions of Yen)



The Group has started to execute its FY2016-FY2018 medium-term business plan, which it announced on April 15, 2016. Under the business plan, the Group aims to stay in the black and achieve sustainable growth. The Group will work to carry out management reform and make a stable profit in three businesses.

In the next fiscal year, as stated in the notice of the offering of voluntary retirement, the elimination and consolidation of stores, and the posting of an extraordinary loss dated April 15, 2016, the Group will improve efficiency and profitability and strengthen its management base through drastic streamlining, including calling for the voluntary retirement of around 500 employees and the elimination and consolidation of stores.

(In Millions of Yen)

	FY2016								
	First-Half			Second-Half			Full-Year		
	Forecasts	Prop.	Difference	Forecasts	Prop.	Difference	Forecasts	Prop.	Difference
Net Sales	22,870		Δ 7,761	23,800		Δ 7,484	46,670		Δ 15,246
SE Div.	10,790	47.2%	Δ 8,923	11,120	46.7%	Δ 9,038	21,910	46.9%	Δ 17,961
ERD Div.	4,390	19.2%	+337	4,540	19.1%	+1,147	8,930	19.1%	+1,485
HS/ES Div.	7,690	33.6%	+823	8,140	34.2%	+405	15,830	33.9%	+1,228
Gross Profit	6,368	27.8%	+504	7,385	31.0%	Δ 534	13,753	29.5%	Δ 30
SG&A	6,888	30.1%	Δ 1,459	6,265	26.3%	Δ 1,400	13,153	28.2%	Δ 2,860
Operating Income	Δ 520	-	+1,963	1,120	4.7%	+866	600	1.3%	+2,829
SE Div.	Δ 160	-	+1,212	1,330	<u>12.0%</u>	+160	1,170	<u>5.3%</u>	+1,372
ERD Div.	575	<u>13.1%</u>	Δ 39	565	<u>12.4%</u>	+510	1,140	<u>12.8%</u>	+471
HS/ES Div.	405	<u>5.3%</u>	+583	505	<u>6.2%</u>	+44	910	<u>5.7%</u>	+627
Group	Δ 1,340	-	+206	Δ 1,280	-	+151	Δ 2,620	-	+357
Ordinary Income	Δ 580	=	+1,784	1,060	4.5%	+644	480	1.0%	+2,429
Net Income	Δ 1,000	-	+1,940	940	3.9%	+2603	Δ 60	-	+4,544

※The underlined percentage indicate Operating Margin of each segment.

Segment Forecasts for FY2016 (SE Division)

(In Millions of Yen)

	FY2016								
	First-Half			Second-Half			Full-Yearf		
	Forecasts	Prop.	Difference	Forecasts	Prop.	Difference	Forecasts	Prop.	Difference
Net Sales	10,790		Δ 8,923	11,120		Δ 9,038	21,910		Δ 17,961
Photovoltaic System									
Direct(Western)	5,710	52.9%	Δ 4,445	5,450	49.0%	Δ 5,085	11,160	50.9%	Δ 9,531
Direct(Eastern)	4,570	42.4%	Δ 1,522	5,320	47.8%	Δ 2,315	9,890	45.1%	Δ 3,838
Wholesale	460	4.3%	Δ 2,947	300	2.7%	Δ 1,644	760	3.5%	Δ 4,591
Others	50	0.5%	Δ 7	50	0.4%	+8	100	0.5%	+0
The Cost of Sales	8,171	75.7%	Δ 8,445	7,666	68.9%	Δ 7,571	15,837	72.3%	Δ 16,016
Material Costs ※	5,612	52.0%	Δ 5,640	5,629	50.6%	Δ 5,467	11,241	51.3%	Δ 11,107
Labor Costs	1,147	10.6%	Δ 1,528	632	5.7%	Δ 1,310	1,779	8.1%	Δ 2,839
Gross Profit	2,619	24.3%	Δ 477	3,454	31.1%	Δ 1,466	6,073	27.7%	Δ 1,944
SG&A	2,779	25.8%	Δ 1,690	2,124	19.1%	Δ 1,627	4,903	22.4%	Δ 3,317
Personnel expense	1,156	10.7%	Δ 907	879	7.9%	Δ 650	2,036	9.3%	Δ 1,557
Operating Income	Δ 160	-	+1,212	1,330	12.0%	+160	1,170	5.3%	+1,372

The Company expects that the commercial PV business will continue to face a challenging business environment and that sales in the SE Division will decline. However, the Company expects that the SE Division will move into the black due to an improvement in profitability resulting from a fall in the costs of components and the reduction of expenses, including personnel expenses.

■ Changes in Marginal Profit Ratio & Breakeven Sales Volume of SE Division

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

	FY2015 Results			FY2015 Forecasts		
	First-Half	Second-Half	Full-Year	First-Half	Second-Half	Full-Year
Marginal Profit ratio (%)	34.7	38.9	36.8	40.7	41.4	41.1
Average Monthly Fixed Cost (Million per month)	1,368	1,125	1,246	758	545	652
Breakeven Sales Volume (Million per month)	3,944	2,835	3,347	1,863	1,317	1,588

Breakeven Sales Volume ∙ Fixed Cost ÷ Marginal profit ratio

■ Changes in Fixed Cost (Details) and the number of Personnel

The table shows average monthly fixed costs which implies labor costs / personnel expenses and others (rent expenses, vehicle expenses and common expenses) in SE division.

	FY2015 Results			FY2015 Forecasts		
	First-Half	Second-Half	Full-Year	First-Half	Second-Half	Full-Year
Labor Costs/ Personnel Expense (Million per month)	789	587	688	383	281	317
Average Number of Personnel (Person)	1,756	1,213	1,485	824	533	678
Others (Million per month)	578	537	557	374	263	334

Segment Forecasts for FY2016 (HS / ES Division)

(In Millions of Yen)

	FY2016								
	First-Half			Second-Half			Full-Yearf		
	Forecasts	Prop.	Difference	Forecasts	Prop.	Difference	Forecasts	Prop.	Difference
Net Sales	4,390		+337	4,540		+1,147	8,930		+1,485
HS Division	3,875	88.3%	+278	3,855	84.9%	+932	7,730	86.6%	+1,210
ES Division	515	11.7%	+59	685	15.1%	+215	1,200	13.4%	+275
Gross Profit	2,310	52.6%	+265	2,370	52.2%	+826	4,680	52.4%	+1,092
SG&A	1,735	39.5%	+304	1,805	39.8%	+316	3,540	39.6%	+620
Operating Income	575	13.1%	Δ 39	565	12.4%	+510	1,140	12.8%	+471
HS Division	575	<u>14.8%</u>	Δ 13	505	<u>13.1%</u>	+478	1,080	<u>14.0%</u>	+465
ES Division	0	<u>0.0%</u>	Δ 25	60	<u>8.8%</u>	+31	60	<u>5.0%</u>	+6

※The underlined percentage indicate Operating Margin of each segment.

The Group will allocate more of its management resources, which have been concentrated in the SE Division, to the HS Division and the ES Division and will seek to gain new customers in the divisions. Both divisions expect sales to rise as they enhance their customer management system and promote follow-up services for the existing customers.

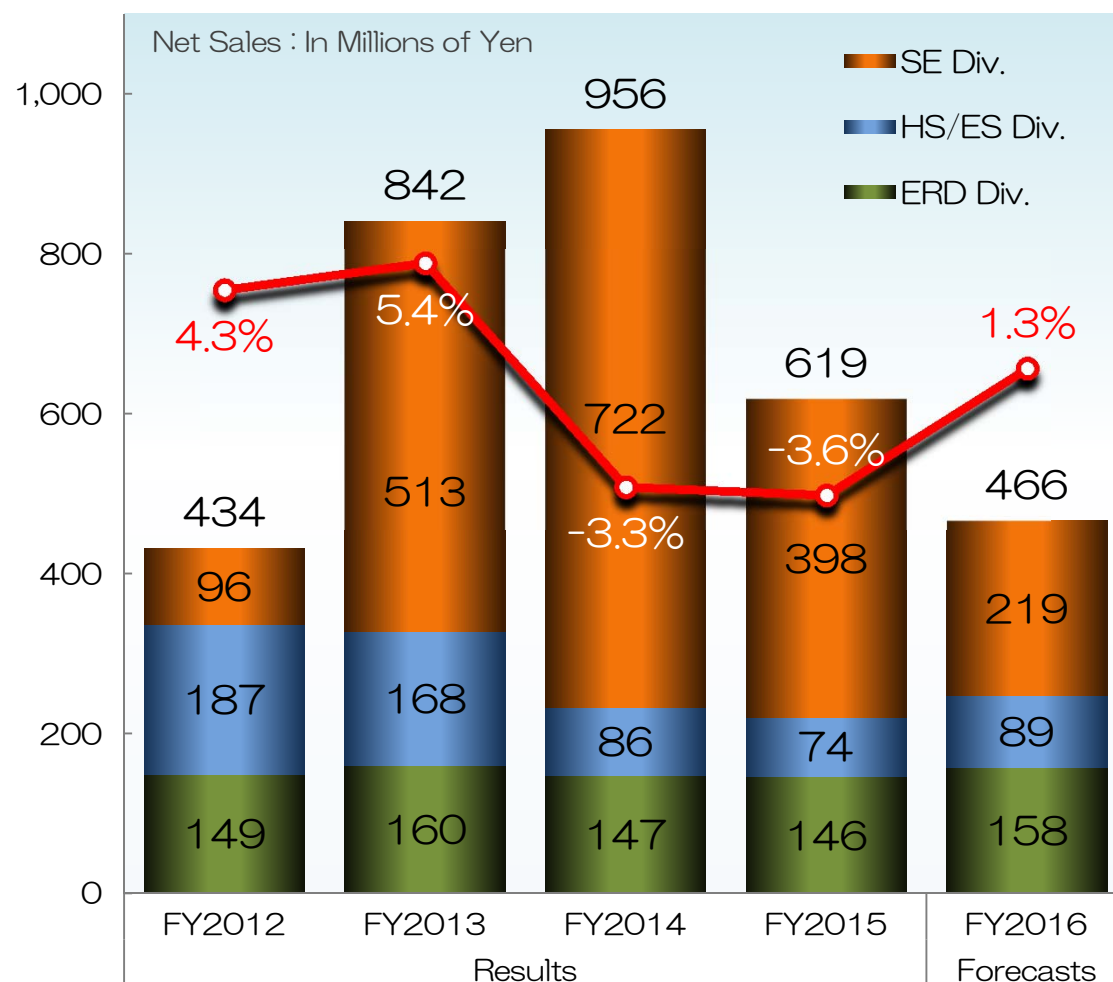
Segment Forecasts for FY2016 (ERD Division)

(In Millions of Yen)

	FY2016								
	First-Half			Second-Half			Full-Yearf		
	Forecasts	Prop.	Difference	Forecasts	Prop.	Difference	Forecasts	Prop.	Difference
Net Sales	7,690		+823	8,140		+405	15,830		+1,228
Plastic Fuels	3,572	46.4%	+116	3,822	47.0%	+50	7,394	46.7%	+166
Power Generation	2,664	34.6%	+1,050	2,948	36.2%	+575	5,612	35.5%	+1,625
Organic Waste wat	835	10.9%	Δ 8	808	9.9%	+47	1,643	10.4%	+38
Final Disposal	364	4.7%	Δ 22	296	3.6%	Δ 20	660	4.2%	Δ 42
Others	255	3.3%	Δ 312	266	3.3%	Δ 247	521	3.3%	Δ 559
Gross Profit	1,439	18.7%	+716	1,561	19.2%	+106	3,000	19.0%	+822
SG&A	1,034	13.4%	+132	1,056	13.0%	+61	2,090	13.2%	+194
Operating Income	405	5.3%	+583	505	6.2%	+44	910	5.7%	+627

The Environmental Resources Development (ERD) Division will work to improve efficiency and profitability by changing the unit prices of waste plastic to be collected and improve the quality of waste plastic to be collected. The division expects an increase in electricity sales at TOMAKOMAI Power Plant and a rise in sales from the Power Producer and Supplier (PPS) business.

Forecasts of Net Sales and Operating Income Margin of each segment for FY2016



Forecasts for FY2016	
Net Sales	: ¥46,670 million
Op. Income	: ¥600 million
Op. Income Mar.	: 1.3 %

※ Figures for FY2013 and before, SE Div. indicates the results of former CPS division, and HS ad ES include the Sales of PV system.



for Energy, for Environment

Photovoltaic Solution

Total Sanitation

Environmental Resources Development

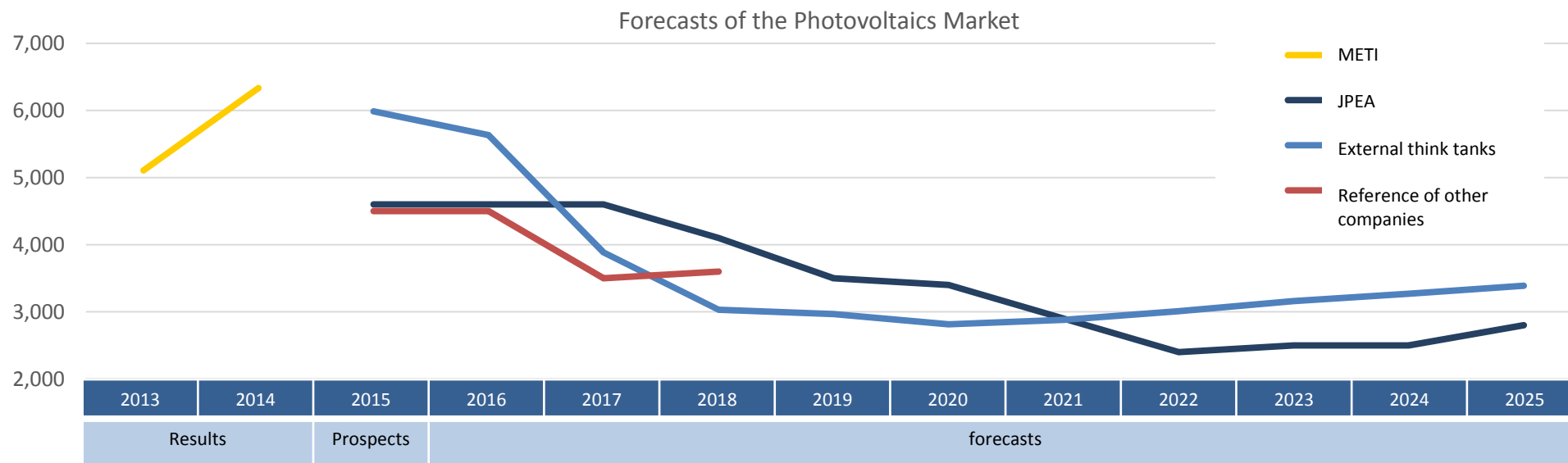
(Reference) Medium-term business plan Strategy by Business

The Group will Reorganize the division to realize stable profit regardless of the result of net sales, taking analysis of the photovoltaics market into consideration.

(In Millions of Yen)

	FY2014 Results	FY2015 Results	FY2016 Plans	FY2017 Plans	FY2018 Plans
Net Sales	72,247	39,871	21,910	18,070	17,230
Direct sale	62,930	34,419	21,050	17,370	16,530
Wholesale	9,218	5,351	760	600	600
Others	98	99	100	100	100
Gross Profit	12,067	8,017	6,073	5,360	5,060
(Gross profit margin)	16.7%	20.1%	27.7%	29.7%	29.4%
SG&A	14,358	8,220	4,903	3,740	3,700
(Ratio of SG & A to sales)	19.9%	20.6%	22.4%	20.7%	21.5%
Operating Income	Δ 2,291	Δ 202	1,170	1,620	1,360
(Operating income margin)	-	-	5.3%	9.0%	7.9%
Material Costs	40,107	22,348	11,241	9,351	8,894
(Ratio of material costs to sales)	55.5%	56.1%	51.3%	51.7%	51.6%
Labor Costs & Personnel expense	15,219	8,212	3,815	2,604	2,604
(Ratio of LC & PE to sales)	21.1%	20.5%	17.4%	14.4%	15.1%

The photovoltaics market is forecasted tendency to shrink, Introduction capacity of photovoltaic power generation system is prospective approximately two-thirds for FY2018 compared to FY2015. Our plans of net sales has been formulated based on more negative forecasts than that of the photovoltaics market.



	FY2014 Results	FY2015 Prospect	FY2016 Plans	FY2017 Plans	FY2018 Plans
Introduction Capacity (MW / Min.)	6,335	4,500	4,500	3,500	3,031
SANIX Results (MW)	332	144	-	-	-
Market Share	5.2%	3.3%	-	-	-

	FY2014 Results	FY2015 Prospect	FY2016 Plans	FY2017 Plans	FY2018 Plans
Introduction Amount (Million) ※	1,734,800	1,380,817	1,323,553	1,034,058	898,400
SANIX Results (Million)	63,930	34,419	21,050	17,370	16,530
Market Share	3.7%	2.5%	1.6%	1.7%	1.8%

※ Introduction Amount is calculated by dividing the minimum of introduction capacity above by average market price for FY2015.

Sorts	Activities / Supply Conditions until now	Price Trends / Supply Conditions from now
Solar Power Generation Module	<ul style="list-style-type: none"> ●Continuous cost reduction has been realized in the module trade, by technological development which makes solar power generation cell efficient. 	<ul style="list-style-type: none"> ●It is supposed for market prices to fall in the middle and long-term, on the grounds that the demand for solar power generation module has increased in the global market centering on China, India and the U.S. though Japan market shows slowdown, and that the increase of demand in the market of development nations which are in such as Southeast Asia, Africa, South America has accelerated a tendency of expansion.
Power Conditioner	<ul style="list-style-type: none"> ●To decrease of supply cost by continuous negotiations with companies providing power conditioner, and changing trading partners, and so on. ●To aim to realize further cost reduction by production start of power conditioners by ourselves Since June in 2014. ●Market Price tends to be on a downward trend due to increase in amount of accumulative production and technological development of each company 	<ul style="list-style-type: none"> ●To aim to realize cost reduction by use both power conditioners by ourselves and power conditioners by an OEM, as the situation demands. ●It is expected for market prices to fall overall including the prices of power conditioners supplied by domestic makers, due to be becoming serious to make inroads into the Japan market.
Frame Others	<ul style="list-style-type: none"> ●As a result of having found materials procuring from abroad centering on China, the supply cost led to decreasing overall due to a fall in the price of raw materials such as iron and copper (frame made of iron, materials of electric made of copper), in spite of negative impact of fluctuations in foreign exchange rates. (The yen had depreciated substantially.) ●To realize decrease of supply cost by price negotiations with trading partners, and design change of frame. 	<ul style="list-style-type: none"> ●It is supposed to continue to be a tendency to fall in the price of raw materials such as iron and copper for a time, due to the price adjustment of raw material prices such as iron and copper. ●The cost price (unit price per kW) of solar module is expected to reduce relatively, as the conversion efficiency of module improves. (It means reduction of a unit price that a battery capacity per a frame increases from 3.5kW to 4kW.)

The Group will allocate more of its management resources, which have been concentrated in the SE Division, to the HS Division and the ES Division, and will resume business activities which seek to gain new customers in the divisions. Both divisions expect sales to rise as they enhance their customer management system and promote follow-up services for the existing customers.

(In Millions of Yen)

	FY2014 Results	FY2015 Results	FY2016 Plans	FY2017 Plans	FY2018 Plans
Net Sales	8,645	7,444	8,930	9,960	11,140
HS Division	7,605	6,519	7,730	8,640	9,690
ES Division	1,040	924	1,200	1,320	1,450
Gross Profit	4,046	3,587	4,680	5,390	6,060
(Gross profit margin)	46.8%	48.2%	52.4%	54.1%	54.4%
SG&A	2,460	2,919	3,540	4,200	4,320
(Ratio of SG & A to sales)	28.5%	39.2%	39.6%	42.2%	38.8%
Operating Income	1,585	668	1,140	1,190	1,740
(Operating income margin)	18.3%	9.0%	12.8%	11.9%	15.6%
Material Costs	972	833	1,088	1,238	1,364
(Ratio of material costs to sales)	11.2%	11.3%	12.2%	12.4%	12.2%
Labor Costs & Personnel expense	2,602	3,302	3,583	4,086	4,124
(Ratio of LC & PE to sales)	30.1%	44.8%	40.1%	41.0%	37.0%

- Market scale based on net sales of business tends to shrink.
- Market share has gone on decreasing year after year, since when the division having stopped business activities for new customers, though No.1 in position of the market once.
- The termite damage tends to decrease in itself.
- There are 2.63 million wooden buildings all over Japan. ⁽¹⁾

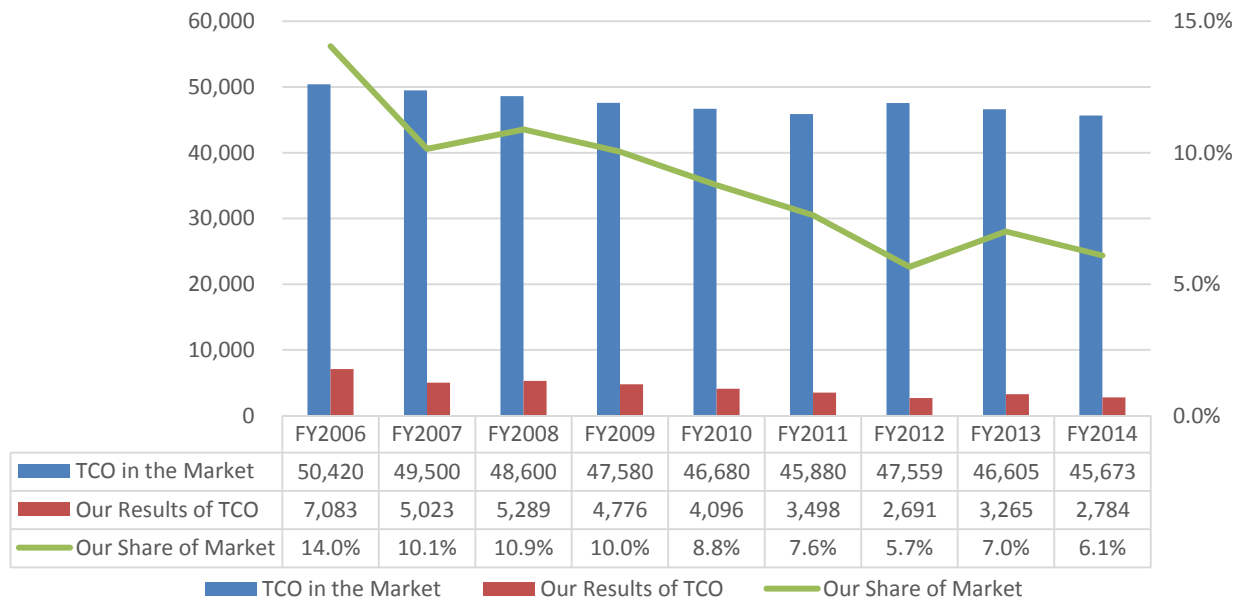


- Commencement of Termite control is the first step of business activities.
- The key factor to ensure the reliability is customer management system, which the follow-up services for the existing customers is carried out once a year.
- To expand business activities for underfloor ventilation, reinforcing for houses and renovation, with a focus on termite control.
- The number of customers who are covered by warranty is 0.15 million for 2.63 million wooden buildings, proportion is 0.6%.

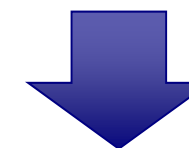
(1) Source of reference : Ministry of Internal Affairs and Communications "houses/land statistical survey" in 2013

Changes in Market size of Termite Control & Our Market Share

(In Millions of Yen)

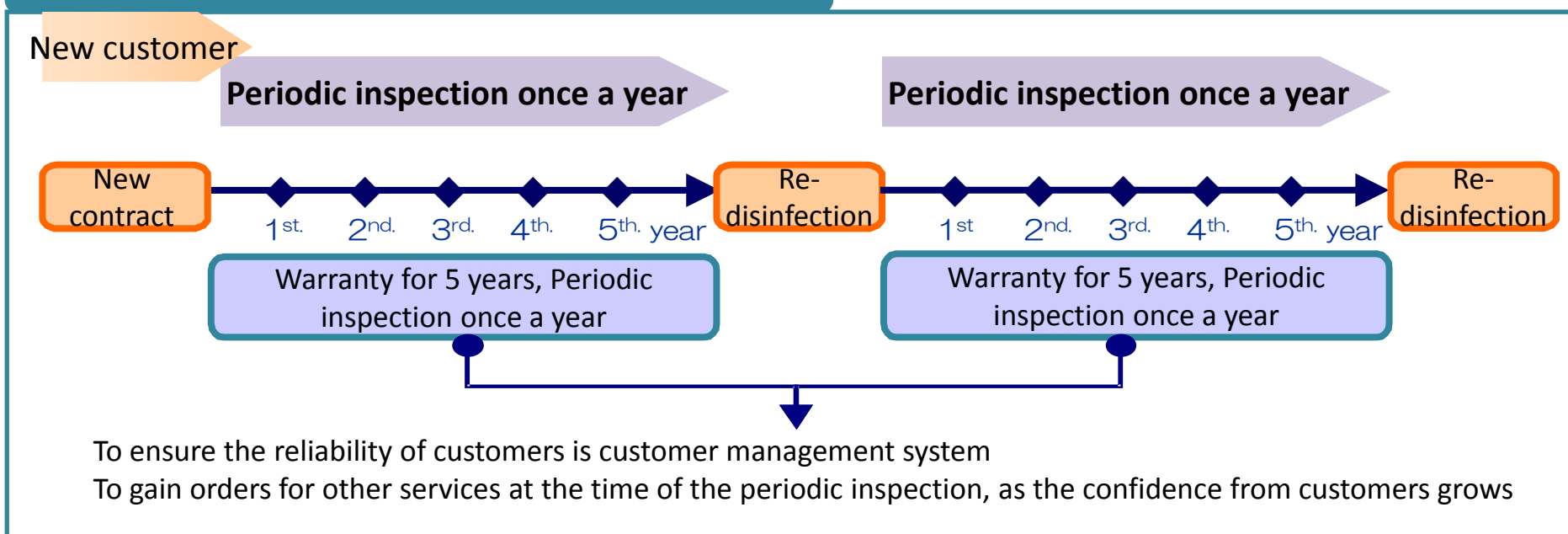


※TCO : an abbreviation for Termite Control



Aiming to rebuild customer base by resuming business activities for new customers.

Flow of building up customer base



Business strategy and concrete measures

- Resuming business activities which seek to gain new customers
 - Gaining new customers by business activities with a focus on termite control, increasing the number of staffs
 - Reinforcing corporate sales to existing business partners and others, Promotion cooperation with individual customers other companies which have strength against the matter of houses.
- Increasing the number of staffs
 - Transferring approximately 106 members of business staffs in the period of three years from SE Division
 - Improving the ratio of re-disinfection, promotion follow-up activities for the customers whose validity has expired

The Environmental Resources Development (ERD) Division will work to improve profitability by changing the unit prices of waste plastic to be collected and improve the quality of waste plastic to be collected, and by decreasing in cost of processing.

The division expects an increase in sales from the Power Producer and Supplier (PPS) business which started business in earnest in the previous term, and has expanded business.

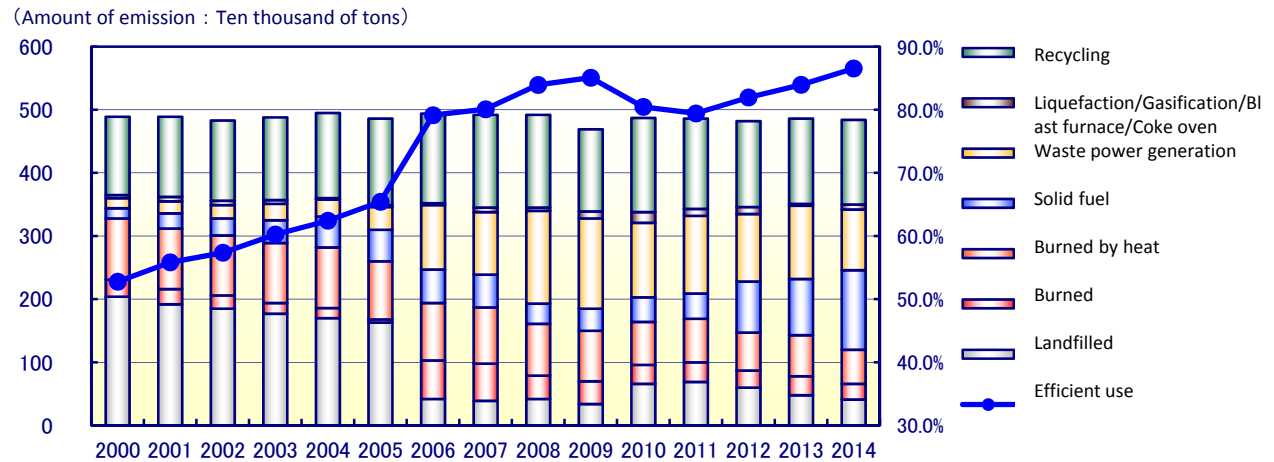
(In Millions of Yen)

	FY2014 Results	FY2015 Results	FY2016 Plans	FY2017 Plans	FY2018 Plans
Net Sales	14,735	14,601	15,830	17,220	18,480
Plastic Fuels	8,685	8,308	7,915	8,170	8,340
Power Generation	3,795	3,986	5,612	6,770	7,880
Organic Waste water	1,635	1,604	1,643	160	1,600
Final Disposal	619	702	660	680	660
Gross Profit	2,793	2,177	3,000	3,030	3,690
(Gross profit margin)	19.0%	14.9%	19.0%	17.6%	20.0%
SG&A	1,823	1,895	2,090	2,120	2,090
(Ratio of SG & A to sales)	12.4%	13.0%	13.2%	12.3%	11.3%
Operating Income	970	282	910	910	1,600
(Operating income margin)	6.6%	1.9%	5.7%	5.3%	8.7%
Material Costs	3,120	3,486	4,163	5,044	5,825
(Ratio of material costs to sales)	21.2%	23.9%	26.3%	29.3%	31.5%
Labor Costs & Personnel expense	2,483	2,588	2,914	2,913	2,921
(Ratio of LC & PE to sales)	16.9%	17.7%	18.4%	16.9%	15.8%

Business	Business Plans (Summary)
Business of Plastic Fuels	<ul style="list-style-type: none"> ● The division will work to improve profitability by changing the unit prices of waste plastic to be collected. ● The division will aim to improve the profit ratio by decreasing in cost of processing, stably running of TOMAKOMAI Power Plant and expansion of sales of fuels outward, and so on ,which is based on improving the quality of waste plastic to be collected.
Business of Power Generation	<ul style="list-style-type: none"> ● The unit prices of sales in the business of power generation at TOMAKOMAI Power Plant is expected to decrease for FY2016 and after, by the impact of the business conditions, the price of oil and running nuclear power plants and so on. ● The division aim to increase the sales of power supply by extension of the market, ● The division aim to increase net sales by extension of the market for retail electricity sales, using electricity from TOMAKOMAI Power Plant is used as base power supply, to an increase in demand due to liberalization of retail electricity sales.
Business of the Power Producer and Supplier (PPS)	<ul style="list-style-type: none"> ● It will go on with changing in a contract from existing general electricity utility to us with increasing speed, because consumers deepen their understanding to “PPS”. ● The price competition will be supposed to become fierce in a market, and to be a more difficult situation to secure power supply than before. ● The division will promote sales activity in the market, which medium or small sized customers predominate over the others, and is difficult to enter for major new electric power retailer. And they will find new electric power suppliers to aim to grow sustainably, and establish a method of managing power supply and demand to secure a profit.

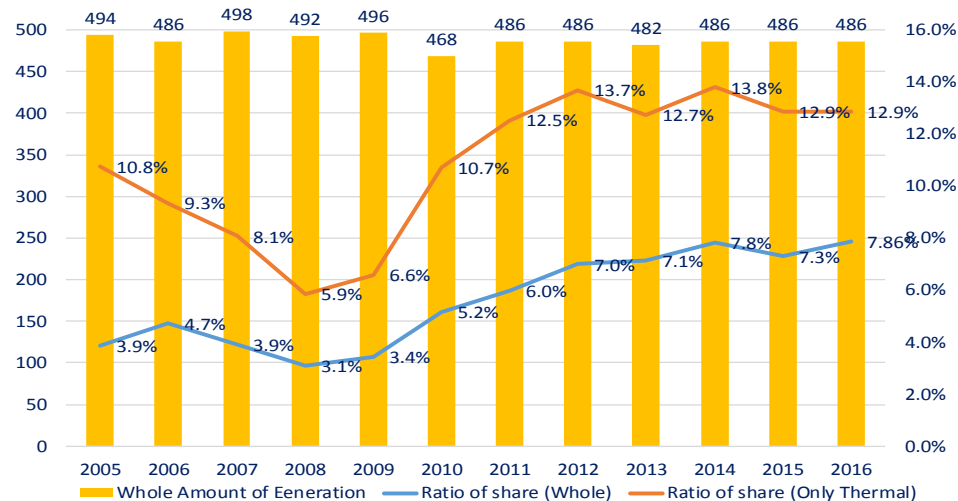
- There has been a slight decrease in the amount of emissions in waste plastic of industrial waste, on the other hand, the amount of valid emission tends to increase.
- There has been a slight decrease in the amount of emissions in waste from whole thermal recycling market (waste power generation, solid fuel, and so on) since 2006.

【 Changes in the amount of emission in waste plastic of industrial waste & the amount of valid emission 】



- Market share in the whole market is approximately 7-8%. (Compared to the whole amount of emission in waste plastic)
- Market share in the thermal recycling market is approximately 13%. (Compared to the whole amount of emission)

【 Changes in the amount of emission in waste plastic of industrial waste & the ratio of our market share 】



Source of reference : Plastic Waste Management Institute