



for Energy, for Environment

Photovoltaic Solution

Total Sanitation

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Consolidated Financial Statements  
For the First Half ended September 30,2016

# 1. Financial Results for FY2016 2Q Page. 3

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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 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.
- “( )” 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 FY2016 2Q

# Consolidated Financial Results for FY2016 2Q

**SANIX**

FY2016\_2Q

(Millions of yen)

	FY2015	FY2016 1st. Half				
	1st. Half	Results	Y on Y	Difference	Plan	Difference
<b>Net Sales</b>	30,631	<b>23,651</b>	77.2%	Δ 6,980	22,870	+ 781
<b>Gross Profit</b>	5,863	<b>6,707</b>	114.4%	+ 843	6,368	+ 339
(Gross Profit Margin)	19.1%	28.4%			27.8%	
<b>Operating Income</b>	Δ 2,483	<b>103</b>	—	+ 2,587	Δ 520	+ 623
(Operating Income Margin)	—	0.4%			—	
<b>Ordinary Income</b>	Δ 2,364	<b>202</b>	—	+ 2,567	Δ 580	+ 782
(Ordinary Income Margin)	—	0.9%			—	
<b>Profit attributable to owners of parent</b>	Δ 2,940	<b>Δ 146</b>	—	+ 2,794	Δ 1,000	+ 853
(Net Income Margin)	—	—			—	

As for sales in the first half under review, the Solar Engineering (SE) Division was not able to avoid the adverse effect of changes in the market environment for the solar electric power business and posted a sharp decline in sales. As a consequence, the net sales of the entire Group were ¥23,651 million (falling 22.8% year on year).

In terms of profitability, although sales declined sharply, lower costs as a result of management rationalization initiatives and lower materials costs, among other factors, led to an improvement in the gross margin, and operating income and ordinary income in the first half moved into the black. As a consequence, for the whole Group, the operating Income was ¥103 million compared to the operating loss of ¥2,483 million in the same period of the previous year, and the ordinary Income was ¥202 million compared to the ordinary loss of ¥2,364 million in the same period of the previous year. The Group posted expenses related to voluntary retirement including special retirement allowances of ¥177 million as extraordinary losses. Reflecting the extraordinary losses, the Group posted a net loss belonging to the shareholders of the parent company of ¥146 million, compared to a net loss belonging to the shareholders of the parent company of ¥2,940 million in the same period of the previous year.

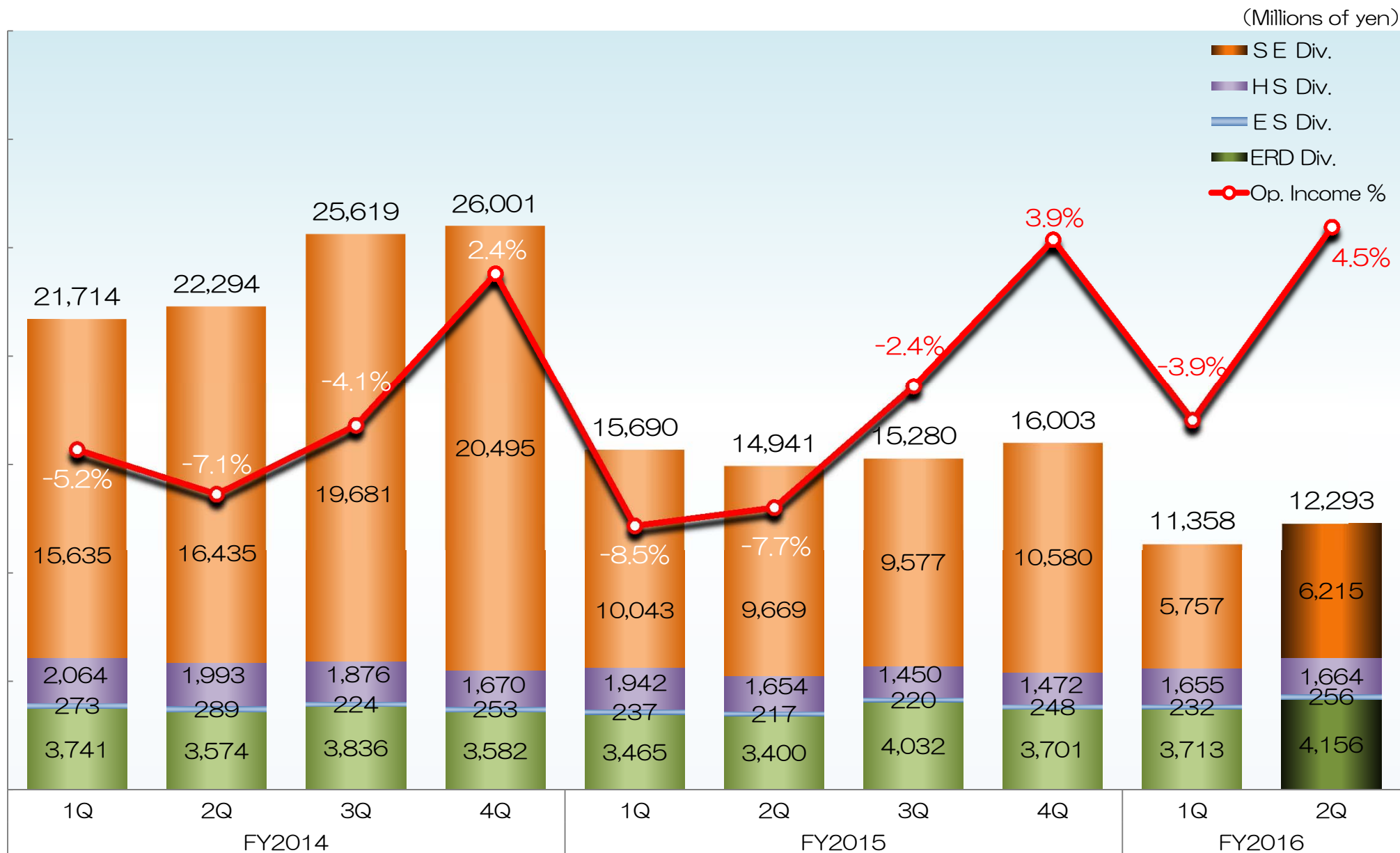
# Results of each segment for FY2016 2Q

(Millions of yen)

	FY2015 1st. Half		FY2016 1st. Half				
	Results	Prop.	Results	Prop.	Y o Y	Difference	% to Plan
<b>Net Sales</b>	30,631		<b>23,651</b>		77.2%	+ 781	
SE Division	19,713	64.4%	<b>11,972</b>	50.6%	60.7%	+ 1,182	47.2%
HS Division	3,596	11.7%	<b>3,319</b>	14.0%	92.3%	Δ 555	16.9%
ES Division	455	1.5%	<b>489</b>	2.1%	107.5%	Δ 25	2.3%
ERD Division	6,866	22.4%	<b>7,870</b>	33.3%	114.6%	+ 180	33.6%
<b>Gross Profit</b>	5,863	19.1%	<b>6,707</b>	28.4%	114.4%	+ 339	27.8%
<b>SG &amp; A</b>	8,347	27.3%	<b>6,604</b>	27.9%	79.1%	Δ 283	30.1%
<b>Operating Income</b>	Δ 2,483	—	<b>103</b>	0.4%	—	+ 623	—
SE Division	Δ 1,372	—	<b>385</b>	(3.2%)	—	+ 545	—
HS Division	588	(16.4%)	<b>513</b>	(15.5%)	87.3%	Δ 61	(14.8%)
ES Division	25	(5.7%)	<b>30</b>	(6.2%)	116.6%	+ 30	(0.0%)
ERD Division	Δ 178	—	<b>577</b>	(7.3%)	—	+ 172	(5.3%)
<b>Group</b>	Δ 1,546	—	<b>Δ 1,402</b>	—	—	Δ 62	—

•The underlined percentage indicate Operating Margin of each segment.

# Quarterly Segment Information (changes)



# Segment Information for FY2016 2Q (SE Division)

(Millions of yen)

	FY2015 1st. Half		FY2016 1st. Half				
	Results	Prop.	Results	Prop.	Y o Y	Differenc	% to Plan
<b>Net Sales</b>	19,713		<b>11,972</b>		60.7%	+ 1,182	
<b>Photovoltaic System</b>							
<b>Direct Sales</b>	16,248	82.4%	<b>11,010</b>	92.0%	67.8%	+ 730	95.3%
Western Div.	10,155	51.5%	<b>7,107</b>	59.4%	70.0%	+ 1,397	52.9%
Eastern Div.	6,092	30.9%	<b>3,902</b>	32.6%	64.1%	Δ 667	42.4%
<b>Wholesales</b>	3,407	17.3%	<b>900</b>	7.5%	26.4%	+ 440	4.3%
<b>Others</b>	57	0.3%	<b>61</b>	0.5%	107.7%	+ 11	0.5%
<b>Cost of Sales</b>	16,616	84.3%	<b>8,698</b>	72.6%	52.3%	+ 527	75.7%
Material costs ※	11,334	57.5%	<b>6,068</b>	50.7%	53.5%	+ 424	52.3%
Labor costs	2,675	13.6%	<b>1,262</b>	10.5%	47.2%	+ 115	10.6%
<b>Gross Profit</b>	3,096	15.7%	<b>3,274</b>	27.4%	105.7%	+ 655	24.3%
<b>SG &amp; A</b>	4,469	22.7%	<b>2,889</b>	24.1%	64.6%	+ 110	25.8%
Personnel expenses	2,064	10.5%	<b>1,087</b>	9.1%	52.7%	Δ 68	10.7%
Other expenses	2,404	12.2%	<b>1,801</b>	15.0%	74.9%	+ 179	15.0%
<b>Operating Income</b>	Δ 1,372	—	<b>385</b>	3.2%	—	+ 545	—

※ Material costs includes material costs and supply expenses.

Sales of PV systems decreased 32.2% year on year, and wholesale sales of PV systems declined 73.6% year on year, reflecting decline in the number of installations of commercial PV systems. As a consequence, the sales were ¥11,972 million (decreased 39.3% year on year).

Despite the sharp decline in sales, operating income increased significantly to ¥385 million, compared to an operating loss of ¥1,372 million in the same period of the previous year, reflecting a remarkable improvement in the gross margin as a result of lower expenses mainly due to management rationalization and lower materials costs.

# 【Reference】 Segment Information for FY2016 (SE Div.)

(Millions of yen)

	FY2015				FY2016					
	1st. Half		2nd. Half		1Q		2Q		1st. Half	
	Results	Prop.	Results	Prop.	Results	Prop.	Results	Prop.	Results	Prop.
<b>Net Sales</b>	19,713		20,158		5,757		<b>6,215</b>		<b>11,972</b>	
<b>Cost of Sales</b>	16,616	84.3%	15,237	75.6%	4,269	74.2%	<b>4,428</b>	71.3%	<b>8,698</b>	72.6%
Material costs ※	11,334	57.5%	11,149	55.3%	2,916	50.7%	<b>3,152</b>	50.7%	<b>6,068</b>	50.7%
Labor costs	2,675	13.6%	1,942	9.6%	707	12.3%	<b>555</b>	8.9%	<b>1,262</b>	10.5%
Outsourcing costs	961	4.9%	673	3.3%	152	2.6%	<b>245</b>	4.0%	<b>397</b>	3.3%
Other costs	1,645	8.3%	1,471	7.3%	492	8.6%	<b>475</b>	7.7%	<b>968</b>	8.1%
<b>Gross Profit</b>	3,096	15.7%	4,920	24.4%	1,487	25.8%	<b>1,786</b>	28.7%	<b>3,274</b>	27.4%
<b>SG &amp;A</b>	4,469	22.7%	3,751	18.6%	1,556	27.0%	<b>1,332</b>	21.4%	<b>2,889</b>	24.1%
Personnel expenses	2,064	10.5%	1,530	7.6%	584	10.2%	<b>503</b>	8.1%	<b>1,087</b>	9.1%
Other expenses	2,404	12.2%	2,221	11.0%	971	16.9%	<b>829</b>	13.4%	<b>1,801</b>	15.0%
<b>Operating Income</b>	△ 1,372	—	1,169	5.8%	△ 68	—	<b>453</b>	7.3%	<b>385</b>	3.2%

※ Material costs 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.

	FY2015 results		FY2016			
	1 <sup>st</sup> . Half	2 <sup>nd</sup> . Half	1 Q Results	2 Q Results	1 <sup>st</sup> . H Results	1 <sup>st</sup> . Half Plan
Marginal Profit Ratio (%)	34.7	38.9	43.5	42.1	42.8	40.7
Average Monthly Fixed Cost (Million Yen per month)	1,368	1,112	857	719	788	758
Breakeven Sales Volume (Million Yen per month)	3,944	2,858	1,971	1,711	1,844	1,863

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

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

	FY2015 results		FY2016			
	1 <sup>st</sup> . Half	2 <sup>nd</sup> . Half	1 Q Results	2 Q Results	1 <sup>st</sup> . H Results	1 <sup>st</sup> . Half Plan
Labor Costs/Personnel Expenses (Million Yen per month)	789	578	430	352	391	383
Average Number of Personnel (Person)	1,756	1,213	943	698	820	824
Other Expenses (Million Yen per month)	578	534	426	367	396	374

# Segment Information for FY2016 2Q (HS / ES Division)

(Millions of yen)

【HS Division】	FY2015 1st. Half		FY2016 1st. Half				
	Results	Prop.	Results	Prop.	Y o Y	Difference	% to Plan
<b>Net Sales</b>	3,596		<b>3,319</b>		92.3%	△ 555	
<b>Gross Profit</b>	1,879	52.3%	<b>1,688</b>	50.9%	89.8%	△ 444	55.0%
<b>SG &amp; A</b>	1,291	35.9%	<b>1,175</b>	35.4%	91.0%	△ 382	40.2%
<b>Operating Income</b>	588	16.4%	<b>513</b>	15.5%	87.3%	△ 61	14.8%

Sales of basic repair and house reinforcement construction services for ordinary homes rose from a year ago, while sales of termite control services fell from a year earlier. As a result, the sales were ¥3,319 million (decreased 7.7% year on year).

The operating income stood at ¥513 million (decreased 12.7% year on year) mainly due to a decrease in segment sales.

(Millions of yen)

【ES Division】	FY2015 1st. Half		FY2016 1st. Half				
	Results	Prop.	Results	Prop.	Y o Y	Difference	% to Plan
<b>Net Sales</b>	455		<b>489</b>		107.5%	△ 25	
<b>Gross Profit</b>	164	36.2%	<b>183</b>	37.5%	111.4%	+ 6	34.4%
<b>SG &amp; A</b>	138	30.5%	<b>153</b>	31.3%	110.5%	△ 23	34.4%
<b>Operating Income</b>	25	5.7%	<b>30</b>	6.2%	116.6%	+ 30	0.0%

Sales in water proofing of building and anti-rust equipment installation, maintenance-related services for buildings and condominiums, increased from a year ago. As a result, net sales were ¥489 million (increased 7.5% year on year).

The operating income came to ¥30 million (rose ¥16.6% year on year) chiefly due to an increase in segment sales.

# Segment Information for FY2016 2Q (ERD Division)

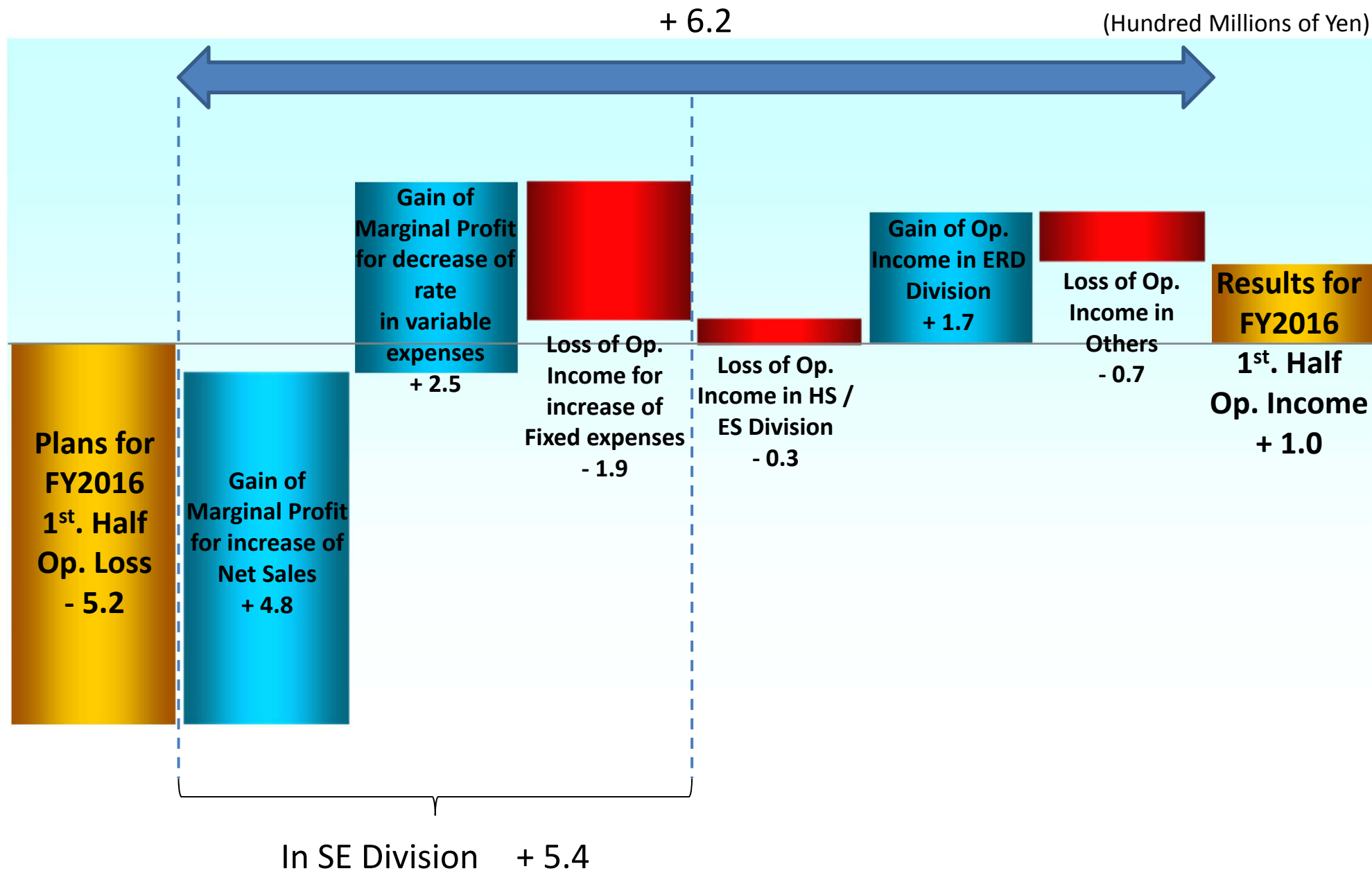
(Millions of yen)

	FY2015 1st. Half		FY2016 1st. Half				
	Results	Prop.	Results	Prop.	Y o Y	Difference	% to Plan
<b>Net Sales</b>	6,866		<b>7,870</b>		114.6%	+ 180	
<b>Plastic Fuels</b>	3,455	50.3%	<b>3,449</b>	43.8%	99.8%	Δ 122	46.4%
<b>Power Generation</b>	1,613	23.5%	<b>2,789</b>	35.4%	172.9%	+ 125	34.6%
Power Producer & Supplier	—	—	<b>886</b>	11.3%	—	+ 170	9.3%
<b>Organic Waste Water</b>	843	12.3%	<b>858</b>	10.9%	101.7%	+ 23	10.9%
<b>Final Disposal</b>	386	5.6%	<b>382</b>	4.9%	99.2%	+ 18	4.7%
<b>Others</b>	567	8.3%	<b>389</b>	4.9%	68.6%	+ 134	3.3%
<b>Gross Profit</b>	722	10.5%	<b>1,561</b>	19.8%	215.9%	+ 122	18.7%
<b>SG &amp; A</b>	901	13.1%	<b>983</b>	12.5%	109.1%	Δ 50	13.4%
<b>Operating Income</b>	Δ 178	—	<b>577</b>	7.3%	—	+ 172	5.3%

Plastic fuel sales remained flat from a year earlier, reflecting rises in unit prices primarily for regular properties despite lower collection volume of waste plastic. Electricity sales rose 72.9% year on year due to an increase in electricity sales at Tomakomai Power Plant and the expansion of the volume of sales to high-voltage consumers in the PPS (power producer and supplier) business. As a consequence, the sales were ¥7,870 million (increased 14.0% year on year).

Operating income stood at ¥577 million, compared to an operating loss of ¥178 million in the same period of the previous year, reflecting an improvement in the gross margin mainly attributable to an increase in income at Tomakomai Power Plant as a result of legal inspections and periodic repairs a year ago and a reduction in expenses for inspections and repairs.

# 【Reference】 Factors in increase or decrease of Op. Income



## ■ Changes in the number of person by division

(Person)

The number at the end of period	FY2014		FY2015		FY2016	
	1 <sup>st</sup> . Half	2 <sup>nd</sup> . Half	1 <sup>st</sup> . Half	2 <sup>nd</sup> . Half	1 <sup>st</sup> . Half	Difference
SE Division	3,096	2,288	1,531	1,011	692	+169
HS Division	313	366	367	382	385	△182
ES Division	48	47	50	49	62	△4
ERD Division	388	384	387	408	401	△29
Head Office	575	540	545	481	304	+10
<b>Total</b>	<b>4,420</b>	<b>3,625</b>	<b>2,880</b>	<b>2,331</b>	<b>1,844</b>	<b>△36</b>

## ■ Changes in the number of offices in SE Division

(Offices)

The number at the end of period	FY2014		FY2015		FY2016	
	1 <sup>st</sup> . Half	2 <sup>nd</sup> . Half	1 <sup>st</sup> . Half	2 <sup>nd</sup> . Half	1 <sup>st</sup> . Half	Difference
Western Div.	65	65	45	30	25	0
Eastern Div.	14	18	16	16	10	0
<b>SE Div. Total</b>	<b>79</b>	<b>83</b>	<b>61</b>	<b>46</b>	<b>35</b>	<b>0</b>



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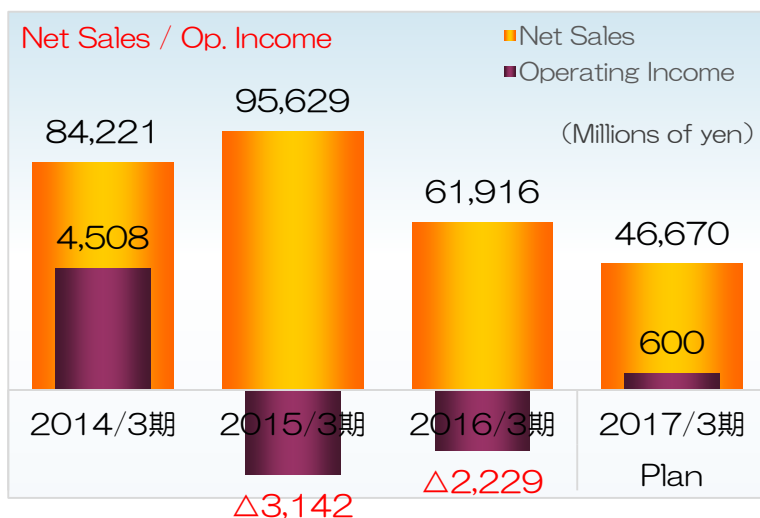
## 2. Forecast for FY2016

# Consolidated Financial Forecast for FY2016

There is no change from the forecast announced on May 12, 2016

(Million of yen)

	FY2015	FY2016		
	Results	Plan	Y o Y	Difference
<b>Net Sales</b>	61,916	<b>46,670</b>	75.4%	Δ 15,246
<b>Gross Profit</b>	13,783	<b>13,355</b>	96.9%	Δ 428
(Gross Profit Margin)	22.3%	28.6%		
<b>Operating Income</b>	Δ2,229	<b>600</b>	—	+ 2,829
(Operating Income Margin)	—	1.3%		
<b>Ordinary Income</b>	Δ1,949	<b>480</b>	—	+ 2,429
(Ordinary Income Margin)	—	1.0%		
<b>Profit attributable to owners of parent</b>	Δ4,604	<b>Δ60</b>	—	+ 4,544
(Net Income Margin)	—	—		



Regarding the consolidated financial forecasts for the whole FY2016, there is no change from the forecast announced on May 12, 2016.

The forecast for consolidated net sales is not changed, but sales by segment have been revised in consideration of results in the first half.

Management rationalization made progress in the first half under review as planned, and total expenses, including personnel expenses, are expected to be reduced. Meanwhile, the Company will work to cut the costs of components of PV systems. The Company expects continued profitability and an improvement in profitability.

# Segment Forecasts for FY2016

The forecasts by segment has been revised as follows .

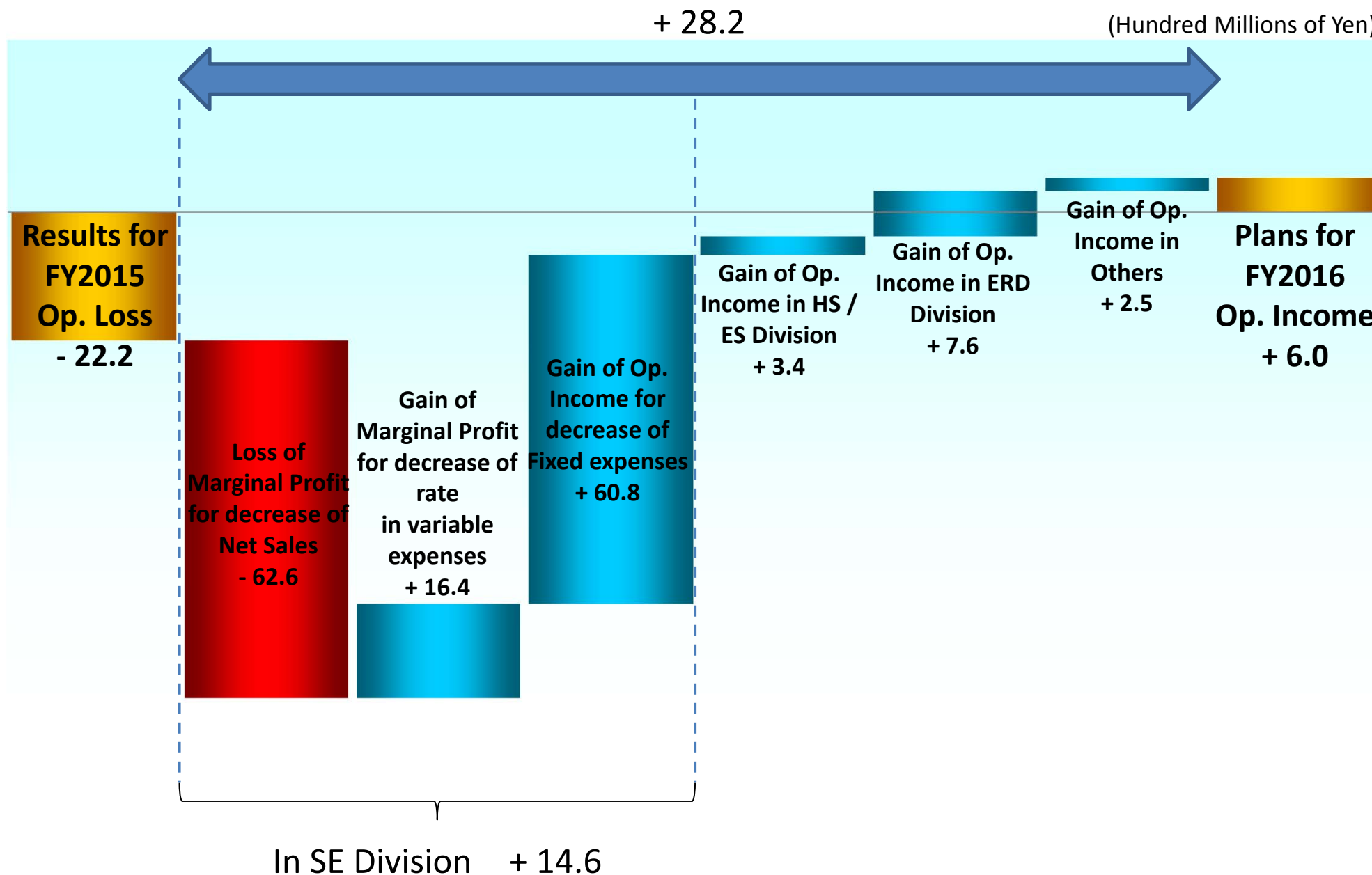
(Millions of yen)

	FY2016							
	First-Half		Second-Half		Full-Year			
	Results	Prop.	Plan	Prop.	Plan	Prop.	Difference to Pre Year	Difference to Pre Plan
<b>Net Sales</b>	<b>23,651</b>		<b>23,018</b>		<b>46,670</b>		$\Delta$ 15,246	0
SE Division	<b>11,972</b>	50.6%	<b>10,907</b>	47.4%	<b>22,880</b>	49.0%	$\Delta$ 16,991	+ 970
HS Division	<b>3,319</b>	14.0%	<b>3,080</b>	13.4%	<b>6,400</b>	13.7%	$\Delta$ 119	$\Delta$ 1,330
ES Division	<b>489</b>	2.1%	<b>476</b>	2.1%	<b>966</b>	2.1%	+ 41	$\Delta$ 234
ERD Division	<b>7,870</b>	33.3%	<b>8,553</b>	37.2%	<b>16,424</b>	35.2%	+ 1,822	+ 594
<b>Gross Profit</b>	<b>6,707</b>	28.4%	<b>6,647</b>	28.9%	<b>13,355</b>	28.6%	$\Delta$ 428	$\Delta$ 398
<b>SG &amp; A</b>	<b>6,604</b>	27.9%	<b>6,150</b>	26.7%	<b>12,755</b>	27.3%	$\Delta$ 3,258	$\Delta$ 398
<b>Operating Income</b>	<b>103</b>	0.4%	<b>496</b>	2.2%	<b>600</b>	1.3%	+ 2,829	0
SE Division	<b>385</b>	(3.2%)	<b>872</b>	(8.0%)	<b>1,258</b>	(5.5%)	+ 1,460	+ 88
HS Division	<b>513</b>	(15.5%)	<b>440</b>	(14.3%)	<b>954</b>	(14.9%)	+ 339	$\Delta$ 126
ES Division	<b>30</b>	(6.2%)	<b>31</b>	(6.7%)	<b>62</b>	(6.4%)	+ 8	+ 2
ERD Division	<b>577</b>	(7.3%)	<b>473</b>	(5.5%)	<b>1,051</b>	(6.4%)	+ 768	+ 141
Group	$\Delta$ 1,402	—	$\Delta$ 1,322	—	$\Delta$ 2,725	—	+ 252	$\Delta$ 105
<b>Ordinary Income</b>	<b>202</b>	0.9%	<b>277</b>	1.2%	<b>480</b>	1.0%	+ 2,429	0
<b>Profit attributable to owners of</b>	$\Delta$ 146	—	<b>86</b>	0.4%	$\Delta$ 60	—	+ 4,544	0

The underlined percentage indicate Operating Margin of each segment.



# 【Reference】 Factors in increase or decrease of Op. Income



# Segment Forecasts for FY2016 (SE Division)

(Millions of yen)

	FY2016							
	First-Half		Second-Half		Full-Year			
	Results	Prop.	Plan	Prop.	Plan	Prop.	Difference to Pre Year	Difference to Pre Plan
<b>Net Sales</b>	<b>11,972</b>		<b>10,907</b>		<b>22,880</b>		<b>Δ 16,991</b>	<b>+ 970</b>
<b>Photovoltaic System</b>								
Direct Sales	<b>11,010</b>	92.0%	<b>10,339</b>	94.8%	<b>21,349</b>	93.3%	<b>Δ 13,070</b>	<b>+ 299</b>
Western	<b>7,107</b>	59.4%	<b>6,132</b>	56.2%	<b>13,240</b>	57.9%	<b>Δ 7,451</b>	<b>+ 2,080</b>
Eastern	<b>3,902</b>	32.6%	<b>4,206</b>	38.6%	<b>8,109</b>	35.4%	<b>Δ 5,619</b>	<b>Δ 1,780</b>
Wholesales	<b>900</b>	7.5%	<b>525</b>	4.8%	<b>1,426</b>	6.2%	<b>Δ 3,925</b>	<b>+ 666</b>
<b>Others</b>	<b>61</b>	0.5%	<b>42</b>	0.4%	<b>104</b>	0.5%	<b>+ 4</b>	<b>+ 4</b>
<b>Cost of Sales</b>	<b>8,698</b>	72.6%	<b>7,477</b>	68.6%	<b>16,176</b>	70.7%	<b>Δ 15,677</b>	<b>+ 339</b>
Material Costs ※	<b>6,068</b>	50.7%	<b>5,165</b>	47.4%	<b>11,234</b>	49.1%	<b>Δ 11,249</b>	<b>Δ 72</b>
Labor Costs	<b>1,262</b>	10.5%	<b>928</b>	8.5%	<b>2,191</b>	9.6%	<b>Δ 2,427</b>	<b>+ 412</b>
<b>Gross Profit</b>	<b>3,274</b>	27.4%	<b>3,429</b>	31.4%	<b>6,704</b>	29.3%	<b>Δ 1,313</b>	<b>+ 631</b>
<b>SG &amp; A</b>	<b>2,889</b>	24.1%	<b>2,556</b>	23.4%	<b>5,446</b>	23.8%	<b>Δ 2,774</b>	<b>+ 543</b>
Personnel expenses	<b>1,087</b>	9.1%	<b>921</b>	8.5%	<b>2,009</b>	8.8%	<b>Δ 1,584</b>	<b>Δ 26</b>
Other expenses	<b>1,801</b>	15.0%	<b>1,634</b>	15.0%	<b>3,436</b>	15.0%	<b>Δ 1,189</b>	<b>+ 569</b>
<b>Operating Income</b>	<b>385</b>	3.2%	<b>872</b>	8.0%	<b>1,258</b>	5.5%	<b>+ 1,460</b>	<b>+ 88</b>

※ Material costs includes material costs and supply expenses.

In the SE Division, sales are expected to decline significantly from the previous year due to a challenging market environment for the PV business.

Full-year operating income is expected to improve significantly from the previous fiscal year and move into the black, reflecting a reduction in total expenses as a result of rationalization and continued efforts to cut the costs of components of PV systems.

## ■ 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			FY2016		
	1 <sup>st</sup> . Half	2 <sup>nd</sup> . Half	Full-Year	1 <sup>st</sup> . Half Results	2 <sup>nd</sup> . Half Results	Full-Year Plan
Marginal Profit Ratio (%)	34.7	38.9	36.8	42.8	45.3	44.0
Average Monthly Fixed Cost (Million Yen per month)	1,368	1,112	1,240	788	678	733
Breakeven Sales Volume (Million Yen per month)	3,944	2,858	3,367	1,844	1,497	1,670

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

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

	FY2015 results			FY2016		
	1 <sup>st</sup> . Half	2 <sup>nd</sup> . Half	Full-Year	1 <sup>st</sup> . Half Results	2 <sup>nd</sup> . Half Results	Full-Year Plan
Labor Costs/Personnel Expenses (Million Yen per month)	789	578	684	391	308	350
Average Number of Personnel (Person)	1,756	1,213	1,485	820	683	753
Other Expenses (Million Yen per month)	578	534	556	396	370	383

# Segment Forecasts for FY2016 (HS & ES Division)

(Millions of yen)

【HS Division】	FY2016							
	First-Half		Second-Half		Full-Year			
	Results	Prop.	Plan	Prop.	Plan	Prop.	Difference to Pre Year	Difference to Pre Plan
<b>Net Sales</b>	<b>3,319</b>		<b>3,080</b>		<b>6,400</b>		Δ 119	Δ 1,330
<b>Gross Profit</b>	<b>1,688</b>	50.9%	<b>1,533</b>	49.8%	<b>3,222</b>	50.3%	Δ 33	Δ 1,018
<b>SG &amp; A</b>	<b>1,175</b>	35.4%	<b>1,092</b>	35.5%	<b>2,268</b>	35.4%	Δ 372	Δ 892
<b>Operating Income</b>	<b>513</b>	15.5%	<b>440</b>	14.3%	<b>954</b>	14.9%	+ 339	Δ 126

In the HS Division, the Company has been providing maintenance services, including termite control services and basic repair services for existing customers. The Company will expand its customer management system and launch new services, including the pressure washing of drain pipes, and expects sales on a par with the level in the previous fiscal year.

Full-year operating income is projected to rise from the previous fiscal year, reflecting a reduction in selling, general and administrative expenses, including personnel expenses.

(Millions of yen)

【ES Division】	FY2016							
	First-Half		Second-Half		Full-Year			
	Results	Prop.	Plan	Prop.	Plan	Prop.	Difference to Pre Year	Difference to Pre Plan
<b>Net Sales</b>	<b>489</b>		<b>476</b>		<b>966</b>		+ 41	Δ 234
<b>Gross Profit</b>	<b>183</b>	37.5%	<b>190</b>	40.0%	<b>374</b>	38.7%	+ 41	Δ 66
<b>SG &amp; A</b>	<b>153</b>	31.3%	<b>158</b>	33.3%	<b>312</b>	32.3%	+ 33	Δ 68
<b>Operating Income</b>	<b>30</b>	6.2%	<b>31</b>	6.7%	<b>62</b>	6.4%	+ 8	+ 2

In the ES Division, the Company will provide follow-up services for existing customers in anti-rust equipment installation services for buildings and condominiums and pest control services for business premises. Meanwhile, the Company will boost the number of new customers primarily through business alliances. As a result, the Company expects an increase in sales.

The Company forecasts that full-year operating income will remain flat from the previous fiscal year.

# Segment Forecasts for FY2016 (ERD Division)

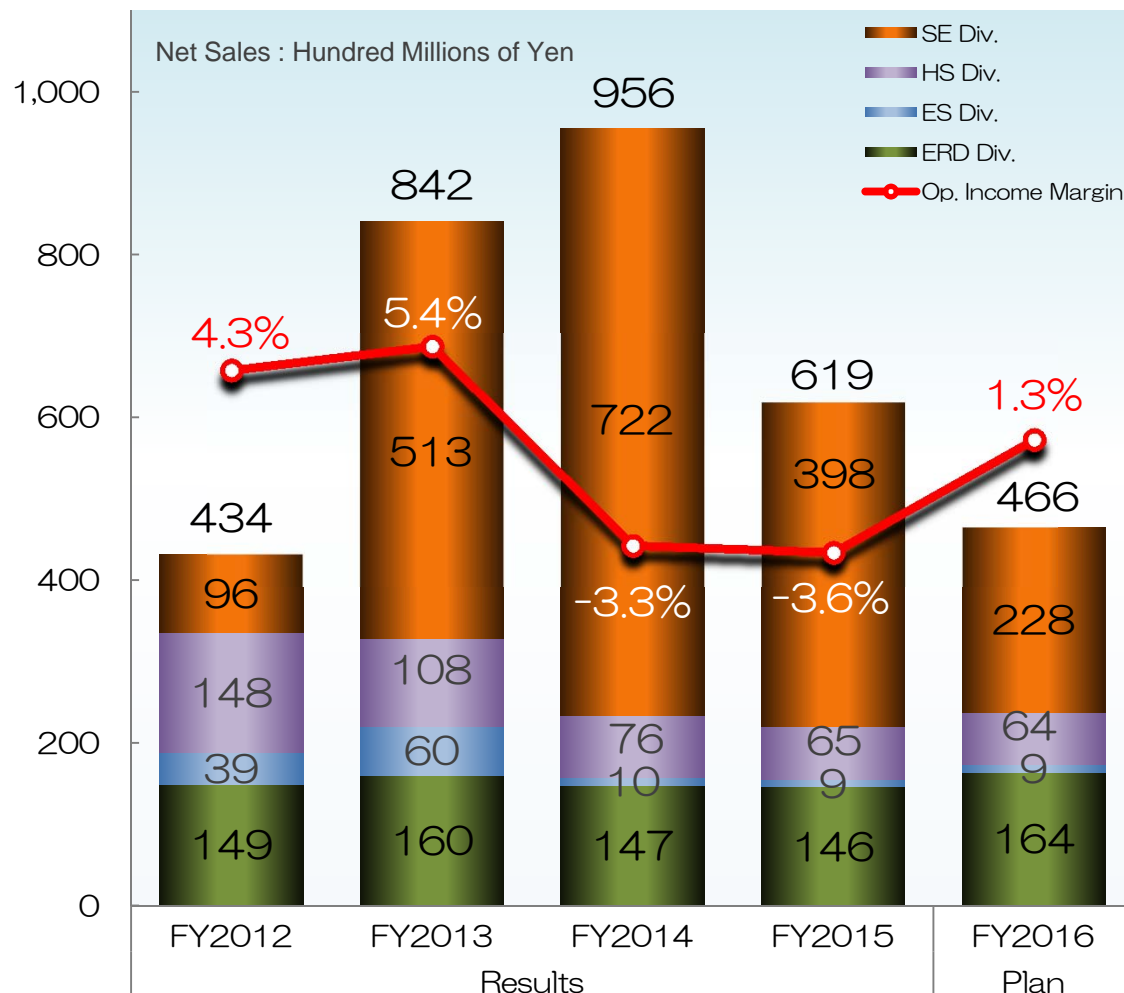
(Millions of yen)

	FY2016							
	First-Half		Second-Half		Full-Year			
	Results	Prop.	Plan	Prop.	Plan	Prop.	Difference to Pre Year	Difference to Pre Plan
<b>Net Sales</b>	<b>7,870</b>		<b>8,553</b>		<b>16,424</b>		<b>+ 1,822</b>	<b>+ 594</b>
<b>Plastic Fuels</b>	<b>3,449</b>	43.8%	<b>3,645</b>	42.6%	<b>7,230</b>	44.0%	<b>+ 2</b>	<b>Δ 164</b>
<b>Power Generation</b>	<b>2,789</b>	35.4%	<b>3,545</b>	41.4%	<b>6,335</b>	38.6%	<b>+ 2,348</b>	<b>+ 723</b>
Power Producer & Supplier	886	11.3%	1,556	18.2%	2,443	14.9%	+ 2,195	+ 766
<b>Organic Waste Wate</b>	<b>858</b>	10.9%	<b>858</b>	10.0%	<b>1,717</b>	10.5%	<b>+ 112</b>	<b>+ 74</b>
<b>Final Disposal</b>	<b>382</b>	4.9%	<b>238</b>	2.8%	<b>621</b>	3.8%	<b>Δ 81</b>	<b>Δ 39</b>
<b>Others</b>	<b>389</b>	4.9%	<b>266</b>	3.1%	<b>521</b>	3.2%	<b>Δ 559</b>	<b>0</b>
<b>Gross Profit</b>	<b>1,561</b>	19.8%	<b>1,493</b>	17.5%	<b>3,055</b>	18.6%	<b>+ 877</b>	<b>+ 55</b>
<b>SG &amp; A</b>	<b>983</b>	12.5%	<b>1,020</b>	11.9%	<b>2,004</b>	12.2%	<b>+ 108</b>	<b>Δ 86</b>
<b>Operating Income</b>	<b>577</b>	7.3%	<b>473</b>	5.5%	<b>1,051</b>	6.4%	<b>+ 768</b>	<b>+ 141</b>

In the Environmental Resources Development Division, electricity sales are expected to rise significantly with the contribution of sales in the PPS (power producer and supplier) business, which started in October 2015.

The Company expects that full-year operating income will rise from a year earlier due to an improvement in profitability as a result of expenses for legal inspections in the previous fiscal year at Tomakomai Power Plant and increases in the unit prices of plastic fuel, which will more than offset an increase in selling, general and administrative expenses in the PPS business.

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



### Forecasts for FY2016

**Net Sales : ¥46,670million**

**Op. Income : ¥600million**

**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.