



for Energy, for Environment

Photovoltaic Solution

Total Sanitation

Environmental Resources Development

Consolidated Financial Statements
For the First Quarter ended June 30,2017



for Energy, for Environment

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Environmental Resources Development

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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 FY2017 1Q

Consolidated Financial Results for FY2017 1Q

(Millions of Yen)

	FY2016	FY2017				
	1Q Results	1Q Results	Y on Y	Difference	Plan	Difference
Net Sales	11,358	12,098	106.5%	+ 739	11,779	+ 319
Gross Profit	3,074	3,722	121.1%	+ 647	3,504	+ 218
(Gross Profit Margin)	27.1%	30.8%			29.7%	
Operating Income	(446)	396	—	+ 842	296	+ 100
(Operating Income Margin)	—	3.3%			2.5%	
Ordinary Income	(368)	292	—	+ 661	252	+ 40
(Ordinary Income Margin)	—	2.4%			2.1%	
Net Income	(621)	209	—	+ 831	195	+ 14
(Net Income Margin)	—	1.7%			1.7%	

1) Sales Net sales in the SE Division decreased due to the shrinkage of the market for solar power generation, the appropriate distribution of personnel and other management resources resulted in an increase in the revenue of the HS and ES Divisions, and the Environmental Resources Development Division also achieved increased sales based on the expansion of its new electric power business. Consequently, the total net sales of the Group increased 6.5% year on year, to ¥12,098 million.

2) Profits The profitability of all four divisions increased, thanks primarily to reduced expenses as a result of management streamlining and lower cost of materials. As a result, the overall financial results of the Group included operating income of ¥396 million (operating loss of ¥446 million in the same period of the previous year), ordinary income of ¥292 million (ordinary loss of ¥368 million in the same period of the previous year), and profit attributable to owners of parent of ¥209 million (loss attributable to owners of parent of ¥621 million in the same period of the previous year).

(1) Purpose of Reorganization

The Group has implemented management rationalization initiatives such as the reduction of employees and the consolidation and elimination of stores under the medium-term business plan announced in April 2016. Entering the fiscal year ending March 31, 2018, which is the second year under the medium-term business plan, the Group undertook a reorganization on April 1 to achieve efficient organizational operation so that the current employees can exhibit their ability as much as possible.

(2) Outline of Reorganization

i) New establishment of the SE/HS/ES Business Headquarters

- * The SE/HS/ES Business Headquarters was established so that the SE, HS and ES Divisions can cooperate in undertaking effective sales activities.
- * The West Japan SE Business Headquarters and East Japan SE Business Headquarters were integrated into the SE Business Headquarters for the efficient management of the SE business. Seven regional headquarters in eastern and western Japan were consolidated into four headquarters.
- * The four regional headquarters under the HS Business Headquarters were consolidated into three headquarters.
- * The special sales department of the HS Business Headquarters was placed under the direct control of the SE/HS/ES Business Headquarters for sales activities beyond the boundaries of each division.
- * The engineering departments of each division were integrated to flexibly use employees of the SE, HS and ES Divisions interdepartmentally and strengthen the organization.

ii) Reorganization of the management headquarters

- * The management headquarters was created to enable the management divisions of the head office to cooperate and act more functionally.
- * The department in charge of personnel affairs and the department in charge of education were integrated into the personnel affairs and education division to promote the development and appropriate allocation of human resources.

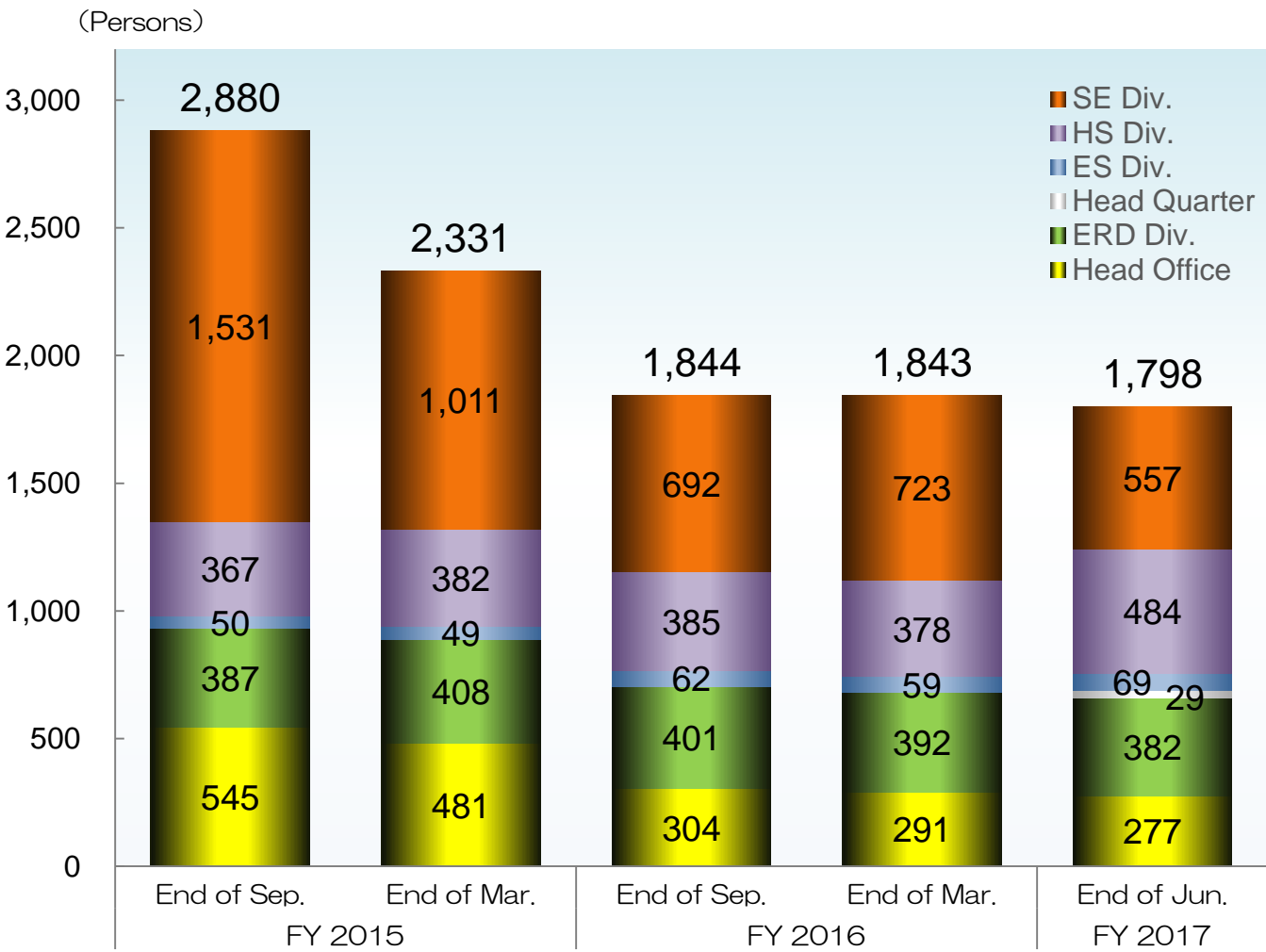
iii) Others

- * The business strategy office was created to develop future business strategies as the department under the direct control of the president.
- * The development planning division was created as the department in charge of overall planning for the development department.

Status in Personnel

Implementation of personnel transfers among the business divisions

Some of the personnel were transferred from the SE Division to the HS and ES Divisions in April to balance the distribution of management resources based on the strategy of restructuring in line with the contraction of the solar energy market and the further strengthening of the HS and ES businesses.



	FY2016 End of Mar.	FY2017 End of Jun.
SE Div.	135	100
HS Div.	103	158
ES Div.	20	21
Head Q.	—	8
Sales Person	258	287
SE Div.	422	354
HS Div.	183	190
ES Div.	28	32
Enginner	633	576
SE Div.	166	103
HS Div.	92	136
ES Div.	11	16
Head Q.	—	21
Office Worker	269	276
SE Div.	723	557
HS Div.	378	484
ES Div.	59	69
Head Q.	—	29
Total	1,160	1,139

Results of Net Sales and Income of each segment for FY2016 1Q

(Millions of Yen)

	FY 2016		FY 2017				
	1Q Results	Prop.	1Q Results	Prop.	Y o Y	Difference	Prop.
Net Sales	11,358		12,098		106.5%	+ 319	
SE Division	5,757	50.7%	4,500	37.2%	78.2%	- 129	39.3%
HS Division	1,655	14.6%	2,329	19.3%	140.8%	+ 295	17.3%
ES Division	232	2.0%	310	2.6%	133.3%	+ 52	2.2%
ERD Division	3,713	32.7%	4,957	41.0%	133.5%	+ 100	41.2%
Gross Profit	3,074	27.1%	3,722	30.8%	121.1%	+ 218	29.7%
SG & A	3,520	31.0%	3,325	27.5%	94.5%	+ 117	27.2%
Operating Income	(446)	—	396	3.3%	—	+ 100	2.5%
SE Division	(68)	—	442	<u>9.8%</u>	—	- 113	<u>12.0%</u>
HS Division	253	<u>15.3%</u>	402	<u>17.3%</u>	158.8%	+ 91	<u>15.3%</u>
ES Division	14	<u>6.0%</u>	40	<u>12.9%</u>	284.7%	+ 42	—
ERD Division	128	<u>3.5%</u>	338	<u>6.8%</u>	264.0%	+ 40	<u>6.1%</u>
Group	(773)	—	(826)	—	—	+ 40	—

· The underlined percentage indicate Operating Margin of each segment.

【Reference】 Quarterly Segment Information for FY2017

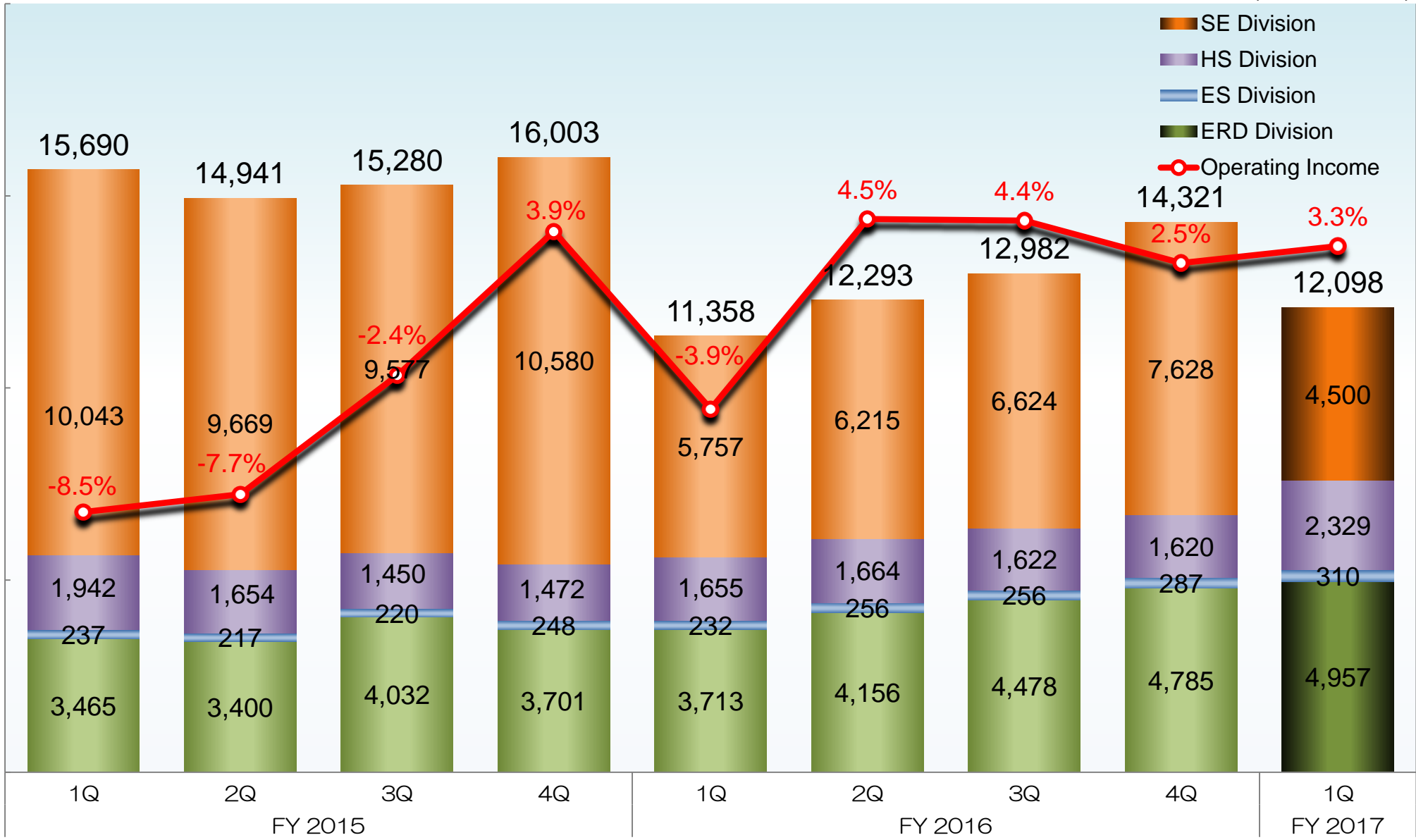
(Millions of Yen)

	FY 2016								FY 2017	
	1Q		2Q		3Q		4Q		1Q	
	Results	Prop.	Results	Prop.	Results	Prop.	Results	Prop.	Results	Prop.
Net Sales	11,358		12,293		12,982		14,321		12,098	
SE Division	5,757	50.7%	6,215	50.6%	6,624	51.0%	7,628	53.3%	4,500	37.2%
HS Division	1,655	14.6%	1,664	13.5%	1,622	12.5%	1,620	11.3%	2,329	19.3%
ES Division	232	2.0%	256	2.1%	256	2.0%	287	2.0%	310	2.6%
ERD Division	3,713	32.7%	4,156	33.8%	4,478	34.5%	4,785	33.4%	4,957	41.0%
Gross Profit	3,074	27.1%	3,633	29.6%	3,775	29.1%	3,660	25.6%	3,722	30.8%
SG & A	3,520	31.0%	3,083	25.1%	3,203	24.7%	3,298	23.0%	3,325	27.5%
Operating Income	Δ 446	—	549	4.5%	571	4.4%	361	2.5%	396	3.3%
SE Division	Δ 68	—	453	<u>7.3%</u>	861	<u>13.0%</u>	421	<u>5.5%</u>	442	<u>9.8%</u>
HS Division	253	<u>15.3%</u>	259	<u>15.6%</u>	253	<u>15.6%</u>	212	<u>13.1%</u>	402	<u>17.3%</u>
ES Division	14	<u>6.0%</u>	16	<u>6.3%</u>	25	<u>9.8%</u>	39	<u>13.7%</u>	40	<u>12.9%</u>
ERD Division	128	<u>3.5%</u>	449	<u>10.8%</u>	100	<u>2.2%</u>	351	<u>7.3%</u>	338	<u>6.8%</u>
Group	(773)	—	(629)	—	(670)	—	(662)	—	(826)	—

· The underlined percentage indicate Operating Margin of each segment.

Quarterly Segment Information (changes)

(Millions of Yen)



Segment Information for FY2016 1Q (SE Division)

(Millions of Yen)

	FY 2016		FY 2017				
	1Q Results	Prop.	1Q Results	Prop.	Y on Y	Plan	Prop.
Net Sales	5,757		4,500		78.2%	4,630	
Photovoltaic System							
Direct Sales	5,238	91.0%	4,147	92.2%	79.2%	4,399	95.0%
Wholesales	488	8.5%	266	5.9%	54.6%	200	4.3%
Others	30	0.5%	86	1.9%	285.1%	30	0.7%
Cost of Sales	4,269	74.2%	2,998	66.6%	70.2%	3,111	67.2%
Material costs	2,916	50.7%	1,901	42.3%	65.2%	2,019	43.6%
Labor costs	707	12.3%	403	9.0%	57.0%	464	10.0%
Gross Profit	1,487	25.8%	1,501	33.4%	100.9%	1,519	32.8%
SG & A	1,556	27.0%	1,059	23.5%	68.1%	963	20.8%
Personnel expenses	584	10.2%	439	9.8%	75.1%	389	8.4%
Other expenses	971	16.9%	620	13.8%	63.9%	573	12.4%
Operating Income	(68)	—	442	9.8%	—	556	12.0%

※ Material costs includes material costs and supply expenses.

Sales of PV systems decreased, which was mainly caused by the market contraction and a decline in the number of installations of commercial PV systems. As a consequence, the sales were ¥4,500 million (decreased 21.8% year on year).

Despite the fall in sales, the operating result improved from a loss of ¥68 million in the same period of the previous year to income of ¥442 million in the quarter under review as a result of a reduction in expenses due to management streamlining, cost of materials, labor expenses, etc.

【Reference】 Quarterly Segment Information for FY2017 (SE Division)

(Millions of Yen)

	FY 2016								FY 2017	
	1Q		2Q		3Q		4Q		1Q	
	Results	Prop.	Results	Prop.	Results	Prop.	Results	Prop.	Results	Prop.
Net Sales	5,757		6,215		6,624		7,628		4,500	
Cost of Sales	4,269	74.2%	4,428	71.3%	4,367	65.9%	5,736	75.2%	2,998	66.6%
Material costs ※	2,916	50.7%	3,152	50.7%	2,995	45.2%	4,256 ^①	55.8%	1,901	42.3%
Labor costs	707	12.3%	555	8.9%	496	7.5%	494	6.5%	403	9.0%
Outsourcing costs	152	2.6%	245	4.0%	340	5.1%	445	5.8%	227	5.1%
Other costs	492	8.6%	475	7.7%	534	8.1%	540	7.1%	465	10.4%
Gross Profit	1,487	25.8%	1,786	28.7%	2,257	34.1%	1,891	24.8%	1,501	33.4%
SG & A	1,556	27.0%	1,332	21.4%	1,395	21.1%	1,469	19.3%	1,059	23.5%
Personnel expenses	584	10.2%	503	8.1%	511	7.7%	594	7.8%	439	9.8%
Other expenses	971	16.9%	829	13.4%	883	13.3%	874	11.5%	620	13.8%
Operating Income	(68)	—	453	7.3%	861	13.0%	421	5.5%	442	9.8%

※ Material costs includes material costs and supply expenses.

① For the cost of materials, etc. paid during the fourth quarter of the fiscal year ended March 31, 2017, the Group posted a loss on valuation of inventories of ¥777 million as a result of the reappraisal of inventory related to the in-house manufacturing of power conditioners. The ratio of the cost of materials to sales excluding the impact of this valuation loss is 45.6%.

Segment Information for FY2017 1Q (HS Division)

(Millions of Yen)

	FY 2016		FY 2017				
	1Q Results	Prop.	1Q Results	Prop.	Y o Y	Plan	Prop.
Net Sales	1,655		2,329		140.8%	2,034	
Termite Eradication Service	634	38.3%	728	31.3%	114.8%	789	38.8%
Under-Roof/Roof Ventilation System	186	11.2%	315	13.5%	169.5%	246	12.1%
Foundation Repairing/Home	144	8.7%	460	19.8%	318.4%	276	13.6%
Others	689	41.6%	825	35.4%	119.6%	721	35.4%
Costs of Sales	791	47.8%	1,037	44.5%	131.1%	936	46.0%
Gross Profit	864	52.2%	1,292	55.5%	149.6%	1,098	54.0%
SG & A	610	36.9%	890	38.2%	145.8%	787	38.7%
Operating Income	253	15.3%	402	17.3%	158.8%	311	15.3%

Employees who were relocated from other organizations in the Group joined the HS Division to grow the size of its business, which focused on the improvement of marketing and construction systems for home maintenance-related services such as termite eradication services and foundation repair and home reinforcement services. As a result, the sales were ¥2,329 million (increased 40.8% year on year).

Operating income rose by 58.8% year on year, to ¥402 million, thanks to the large increase in segment sales despite an increase in the labor expenses for the additional employees and other costs.

[Reference] Changes of Profitability of SE / HS Division

■ Changes of SE Division

	FY 2016				FY 2017
	1Q	2Q	3Q	4Q	1Q
Marginal Profit Ratio (%)	43.5	42.1	46.3	45.6	48.4
Average Monthly Fixed Cost (Million Yen per month)	857	719	734	758	578
Breakeven Sales Volume (Million Yen per month)	1,971	1,711	1,586	1,664	1,193

* The results for the 4^Q ended March 31, 2017 does not include the loss from inventory revaluation of ¥777 million that is included in material costs.

■ Changes of HS Division

	FY 2016				FY 2017
	1Q	2Q	3Q	4Q	1Q
Marginal Profit Ratio (%)	68.6	66.6	67.1	67.3	70.9
Average Monthly Fixed Cost (Million Yen per month)	349	350	350	351	397
Breakeven Sales Volume (Million Yen per month)	509	526	522	522	560

* A marginal profit ratio is shown as profit ratio which is subtracted variable cost such as material, outsourcing costs.

* Breakeven Sales Volume...Fixed Cost / Marginal profit ratio

Segment Information for FY2017 1Q (ES Division)

(Millions of Yen)

	FY 2016		FY 2017				
	1Q Results	Prop.	1Q results	Prop.	Y o Y	Plan	Prop.
Net Sales	232		310		133.3%	258	
Costs of Sales	144	61.9%	160	51.8%	111.6%	168	65.1%
Gross Profit	88	38.1%	149	48.2%	168.4%	90	34.9%
SG & A	74	32.1%	109	35.3%	146.4%	92	35.7%
Operating Income	14	6.0%	40	12.9%	284.7%	(2)	—

Employees who were relocated from other organizations in the Group joined the ES Division to grow the size of its business, which focused on the improvement of marketing and installation systems for the maintenance-related services for buildings and condominiums with anti-rust equipment installation as the key product and service. As a result, net sales were ¥310 million (increased 33.3% year on year).

Operating income climbed to ¥40 million (increased 184.7% year on year) based on the strong growth of segment sales, which offset an increase in the labor expenses for the additional employees and other costs.

Segment Information for FY2017 1Q (ERD Division)

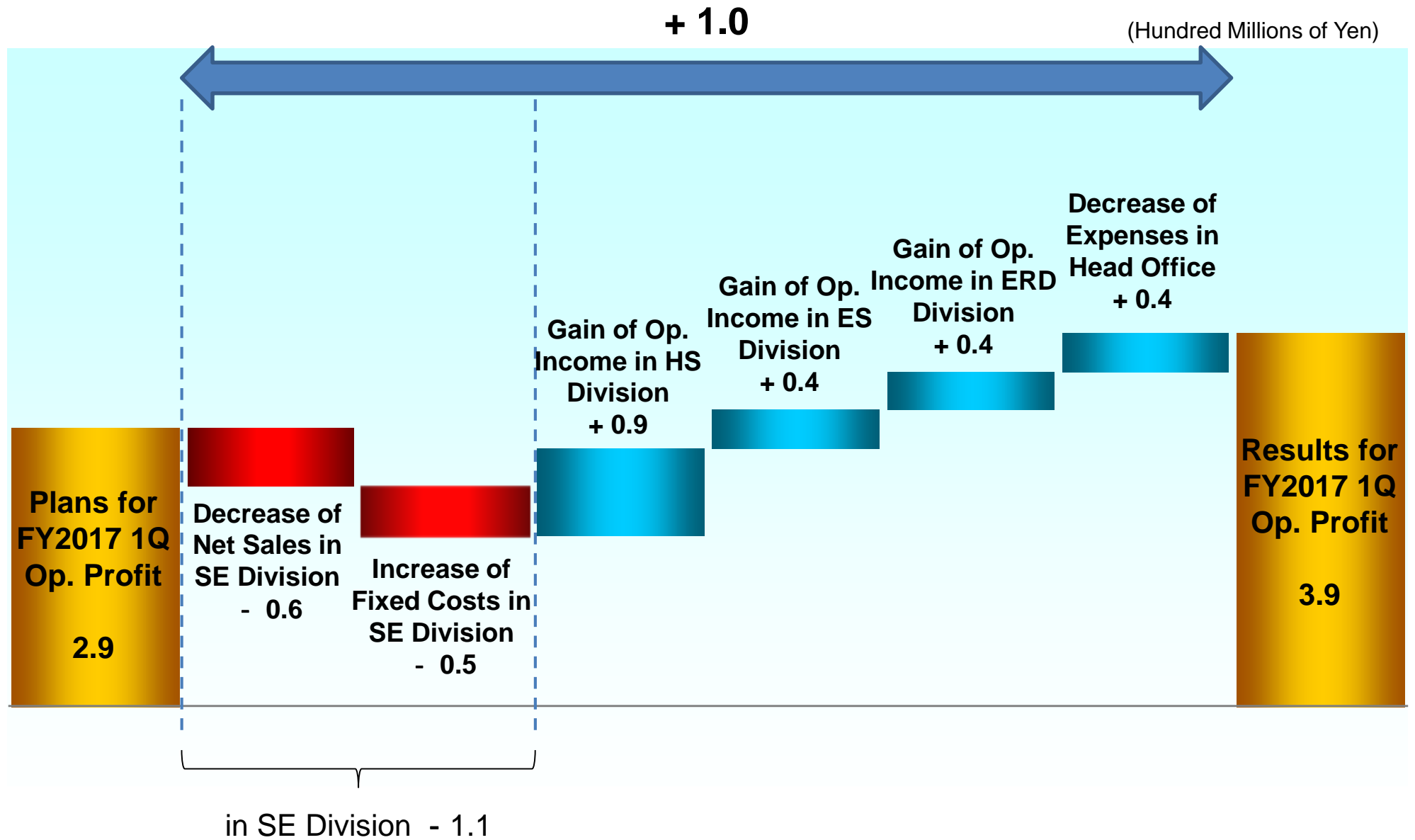
(Millions of Yen)

	FY 2016		FY 2017				
	1Q Results	Prop.	1Q Results	Prop.	Y o Y	Plan	Prop.
Net Sales	3,713		4,957		133.5%	4,857	
Plastic Fuels	1,698	45.7%	1,835	37.0%	108.0%	1,819	37.5%
Power Generation	1,224	33.0%	2,318	46.8%	189.3%	2,277	46.9%
Power Producer and Supplier	317	8.5%	1,426	28.8%	449.4%	1,337	27.5%
Organic Waste Water	410	11.0%	460	9.3%	112.3%	420	8.6%
Final Disposal	172	4.7%	164	3.3%	95.1%	158	3.3%
Others	207	5.6%	179	3.6%	86.7%	182	3.8%
Gross Profit	633	17.1%	778	15.7%	122.8%	797	16.4%
SG & A	505	13.6%	439	8.9%	87.0%	499	10.3%
Operating Income	128	3.5%	338	6.8%	264.0%	298	6.1%

Plastic fuel increased 8.0% year on year, and organic wastewater recycling rose by 12.3% year on year. Electricity sales grew by 89.3% year on year, due primarily to an increase in electric energy suppliers since the second quarter of the previous fiscal year. As a consequence, the sales were ¥4,957 million (increased 33.5% year on year).

Operating income stood at ¥338 million (increased 164.0% year on year) as a result of increased profitability, attributable largely to higher unit prices for the collection of waste plastic based on efficiency- and profitability-focused strategies and a fall in expenses for the repair work at Tomakomai Power Plant.

【Reference】 Factors in increase or decrease of Operating Income





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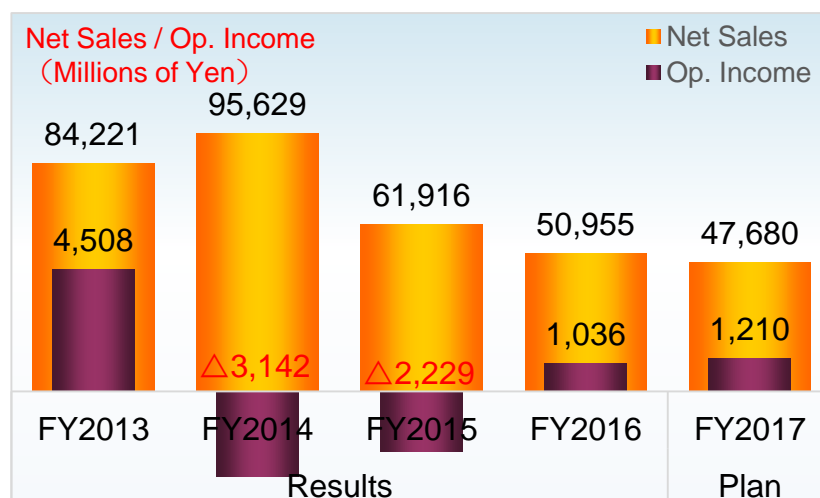
2. Forecast for FY2017

Consolidated Financial Forecast for FY2017

There is no change from the forecast announced on May 11, 2017

(Millions of Yen)

	FY 2016	FY 2017		
	Results	Plan	Y on Y	Difference
Net Sales	50,955	47,680	93.6%	- 3,275
Gross Profit	14,142	13,440	95.0%	- 702
(Gross Profit Margin)	27.8%	28.2%		
Operating Income	1,036	1,210	116.7%	+ 173
(Operating Income Margin)	2.0%	2.5%		
Ordinary Income	907	1,090	120.2%	+ 182
(Ordinary Income Margin)	1.8%	2.3%		
Net Income	416	810	194.7%	+ 393
(Net Income Margin)	0.8%	1.7%		



There is no change in the forecast of consolidated business results for the current fiscal year ending March 31, 2018, from the forecasts announced on May 11, 2017.

During the fiscal year under review, which constitutes the second year of the medium-term business plan, the Group will work to stabilize revenue from the four businesses by implementing appropriate reorganization and inter-divisional personnel transfers and maintaining a sustainable surplus and continuous growth.

Segment Forecasts for FY2017

There is no change from the forecast announced on May 11, 2017

(Millions of Yen)

	FY 2017								
	First-Half			Second-Half			Full-Year		
	Plan	Prop.	Difference	Plan	Prop.	Difference	Plan	Prop.	Difference
Net Sales	23,656		+ 4	24,024		- 3,279	47,680		- 3,275
SE Division	9,162	38.7%	- 2,810	8,991	37.4%	- 5,261	18,153	38.1%	- 8,072
HS Division	4,003	16.9%	+ 683	3,854	16.0%	+ 611	7,857	16.5%	+ 1,294
ES Division	575	2.4%	+ 85	694	2.9%	+ 149	1,269	2.7%	+ 235
ERD Division	9,916	41.9%	+ 2,045	10,485	43.6%	+ 1,221	20,401	42.8%	+ 3,267
Gross Profit	6,328	26.8%	- 379	7,112	29.6%	- 323	13,440	28.2%	- 702
SG & A	6,248	26.4%	- 356	5,982	24.9%	- 520	12,230	25.7%	- 876
Operating Income	80	0.3%	- 23	1,130	4.7%	+ 196	1,210	2.5%	+ 173
SE Division	1,068	<u>11.7%</u>	+ 682	1,059	<u>11.8%</u>	- 224	2,127	<u>11.7%</u>	+ 457
HS Division	565	<u>14.1%</u>	+ 51	473	<u>12.3%</u>	+ 7	1,038	<u>13.2%</u>	+ 58
ES Division	22	<u>3.8%</u>	- 8	77	<u>11.1%</u>	+ 12	99	<u>7.8%</u>	+ 4
ERD Division	35	<u>0.4%</u>	- 542	905	<u>8.6%</u>	+ 453	940	<u>4.6%</u>	- 89
Group	(1,610)	—	- 207	(1,384)	—	- 51	(2,994)	—	- 258
Ordinary Income	0	0.0%	- 202	1,090	4.5%	+ 385	1,090	2.3%	+ 182
Net Income	(100)	—	+ 46	910	3.8%	+ 347	810	1.7%	+ 393

The underlined percentage indicate Operating Margin of each segment.

Challenges

SE Division

- Establishment of an appropriate system for the market contraction
- Response to changes in the market environment upon the revision of laws and regulations

HS Division

- Establishment of the management system for controlling the decrease of existing customers
- Increase of menus for proposals to customers by introducing new products

ES Division

- Expansion and strengthening of alliances to increase transactions through introduction
- Strengthening of the sales activity of Rustproof instrument

ERD Division

- Recovery of a portion of the decreased collection volume due to a rise in unit prices for collection
- Efficient operation of power plants
- Improvement of profitability of PPS business

Head Office

- Strengthening of cooperation among departments
- Strengthening and improvement of the department in charge of planning for future growth

Progress

- The development of the organization and personnel system has been completed.
- The period until the approval of the business plan after legislative revisions has been prolonged, causing concerns over a delay in constructions or installations. This requires further cost control.

- Customer management, which has been inadequate in the past, has been improved and is generating positive results.
- New products and services will be developed in a timely manner with the aim of further increasing net sales.

- The number of personnel was increased to improve customer management, which resulted in increased sales of anti-rust equipment during the first quarter under review.
- The Group has been establishing alliances mostly with building and condominium management companies, and will increase these business ties as the foundation for future sales.

- The volume of waste plastic collected has been recovering, but is yet to reach the level before the rise of unit prices.
- A deficit is expected due to the statutory inspections of power plants during the second quarter of the fiscal year under review.
- For the new electric power business, the Group will work to increase the ratio of procurement from outside the electric power business market in order to reduce the procurement cost.

- Promote the cross-sectional cooperation of the head office management division and ensure thorough progress management.
- Increase the capacity of the development and production division to develop new products and businesses.
- Plan new businesses and increase proposals.



Segment Forecasts for FY2017 (SE Division)

There is no change from the forecast announced on May 11, 2017

(Millions of Yen)

	FY 2017								
	First-Half			Second-Half			Full-Year		
	Plan	Prop.	Difference	Plan	Prop.	Difference	Plan	Prop.	Difference
Net Sales	9,162		- 2,810	8,991		- 5,261	18,153		- 8,072
Photovoltaic System									
Direct Sales	8,750	95.5%	- 2,260	8,650	96.2%	- 4,567	17,400	95.9%	- 6,828
Wholesale	350	3.8%	- 550	300	3.3%	- 688	650	3.6%	- 1,239
Others	61	0.7%	+ 0	40	0.4%	- 5	102	0.6%	- 5
Cost of Sales	6,183	67.5%	- 2,515	6,024	67.0%	- 4,079	12,207	67.2%	- 6,595
Material Costs ※	4,030	44.0%	- 2,037	3,923	43.6%	- 3,328	7,954	43.8%	- 5,366
Labor Costs	926	10.1%	- 336	928	10.3%	- 62	1,854	10.2%	- 399
Gross Profit	2,979	32.5%	- 295	2,967	33.0%	- 1,181	5,946	32.8%	- 1,477
SG & A	1,911	20.9%	- 978	1,908	21.2%	- 957	3,819	21.0%	- 1,935
Personnel expenses	777	8.5%	- 309	801	8.9%	- 304	1,579	8.7%	- 614
Other expenses	1,133	12.4%	- 668	1,106	12.3%	- 652	2,239	12.3%	- 1,320
Operating Income	1,068	11.7%	+ 682	1,059	11.8%	- 224	2,127	11.7%	+ 457

※ Material costs includes material costs and supply expenses.

The market situation of the solar power business remains difficult, and a decline in sales from the SE Division is probably inevitable. As announced by the Agency for Natural Resources and Energy in June, the examination period for applications for new business plans has been prolonged due to the FIT legislative revisions. Future development must be monitored since the Group's businesses will be affected if this situation continues.

In terms of profit, fixed expenses such as labor expenses have been reduced by improving personnel placement through the reorganization, and the Group will work to further increase its business profitability by reducing the cost of materials and other costs.

Segment Forecasts for FY2017 (HS Division)

There is no change from the forecast announced on May 11, 2017

(Millions of Yen)

	FY 2017								
	First-Half			Second-Half			Full-Year		
	Plan	Prop.	Difference	Plan	Prop.	Difference	Plan	Prop.	Difference
Net Sales	4,003		+ 683	3,854		+ 611	7,857		+ 1,294
Termite Eradication Service	1,449	36.2%	+ 237	1,203	31.2%	+ 255	2,652	33.8%	+ 492
Under-Roof / Roof Ventilation System	510	12.7%	+ 23	491	12.8%	+ 123	1,001	12.8%	+ 147
Foundation Repairing/Home	525	13.1%	+ 238	593	15.4%	+ 298	1,119	14.3%	+ 537
Others	1,517	37.9%	+ 183	1,565	40.6%	- 66	3,083	39.2%	+ 117
Cost of Sales	1,900	47.5%	+ 268	1,890	49.0%	+ 244	3,790	48.2%	+ 513
Gross Profit	2,103	52.5%	+ 414	1,964	51.0%	+ 366	4,067	51.8%	+ 781
SG & A	1,538	38.4%	+ 362	1,491	38.7%	+ 359	3,029	38.6%	+ 722
Operating Income	565	14.1%	+ 51	473	12.3%	+ 7	1,038	13.2%	+ 58

The HS Division expects to increase sales by acquiring new customers and improving the management of existing customers using the additional employees transferred from the SE Division. The result of the first quarter exceeded the target set in the plan, and the Division will continue its current efforts to rebuild the business in the second quarter and thereafter.

In terms of profit, while fixed expenses will increase due to the additional employees, the growth of net sales is expected to offset the increased expenses and generate higher earnings.

Segment Forecasts for FY2017 (ES Division)

There is no change from the forecast announced on May 11, 2017

(Millions of Yen)

	Fy 2017								
	First-Half			Second-Half			Full-Year		
	Plan	Prop.	Difference	Plan	Prop.	Difference	Plan	Prop.	Difference
Net Sales	575		+ 85	694		+ 149	1,269		+ 235
Cost of Sales	364	63.3%	+ 58	420	60.5%	+ 102	784	61.8%	+ 160
Gross Profit	211	36.7%	+ 27	274	39.5%	+ 46	485	38.2%	+ 74
SG & A	189	32.9%	+ 35	197	28.4%	+ 34	386	30.4%	+ 70
Operating Income	22	3.8%	- 8	77	11.1%	+ 12	99	7.8%	+ 4

The ES Division will increase its personnel by receiving employees transferred from the SE Division, improve the post-sale service system for existing customers, strengthen alliances, etc. with management companies for buildings, condominiums, etc., and acquire new customers by promoting, in particular, anti-rust equipment installation as the key product and service.

In terms of profit, while fixed expenses will increase due to the additional employees, the growth of net sales is expected to offset the increased expenses and generate higher earnings.

Segment Forecasts for FY2017 (ERD Division)

There is no change from the forecast announced on May 11, 2017

(Millions of Yen)

	FY 2017								
	First-Half			Second-Half			Full-Year		
	Plan	Prop.	Difference	Plan	Prop.	Difference	Plan	Prop.	Difference
Net Sales	9,916		+ 2,045	10,485		+ 1,221	20,401		+ 3,267
Plastic Fuels	3,618	36.5%	+ 168	3,743	35.7%	+ 54	7,361	36.1%	+ 222
Power Generation	4,773	48.1%	+ 1,983	5,272	50.3%	+ 1,255	10,045	49.2%	+ 3,238
Power Producer and Supplier	3,026	30.5%	+ 2,139	3,197	30.5%	+ 1,157	6,223	30.5%	+ 3,297
Organic Waste Wate	850	8.6%	- 8	893	8.5%	- 17	1,743	8.5%	- 25
Final Disposal	311	3.1%	- 71	236	2.3%	- 29	547	2.7%	- 101
Others	363	3.7%	- 25	340	3.2%	- 41	704	3.5%	- 66
Gross Profit	1,035	10.4%	- 526	1,907	18.2%	+ 444	2,942	14.4%	- 81
SG & A	1,000	10.1%	+ 16	1,002	9.6%	- 8	2,002	9.8%	+ 7
Operating Income	35	0.4%	- 542	905	8.6%	+ 453	940	4.6%	- 89

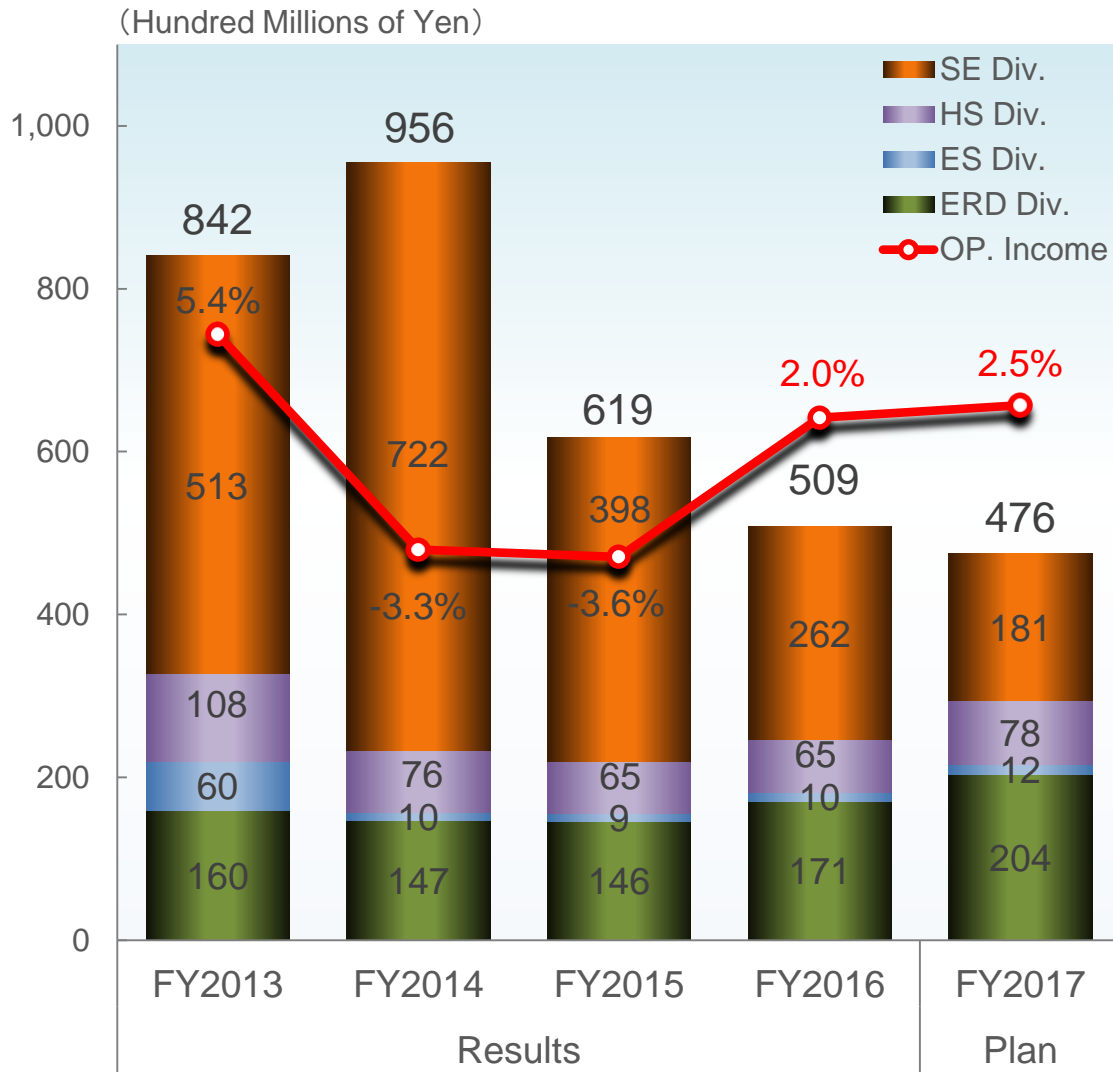
In addition to the growth in the number of contracts for the new electric power business during the previous fiscal year, the Environmental Resources Development Division will continue to increase the number of contracts during the fiscal year under review and expects to see a substantial rise in electricity sales.

In terms of profit, while costs will increase due to the statutory boiler inspections (twice a year) at the Tomakomai Power Plant during the second quarter of the fiscal year under review, the Division plans to reduce the decrease in profit through the revised unit prices of waste plastic that will contribute to earnings, the reduction of disposal expenses and other costs, etc. and other means based on the efficiency- and profitability-focused strategies that have continued since the previous fiscal year.

Segment Forecasts for FY2017 (changes)

There is no change from the forecast announced on May 11, 2017

Forecasts of Net Sales and Operating Income Margin of each segment for FY2017



Forecasts for FY2017

Net Sales : ¥47,680million

Op. Income : ¥1,210million

Op. Income Mar. : 2.5%

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