



SANIX INCORPORATED

Summary of Consolidated Financial Statements

For the Fiscal Year Ended March 31, 2018

[Japanese Standards]

The financial figures in this document are based on Japanese Accounting Standards and accompanying laws. Amounts are rounded off to 1 decimal place. This document is an English translation of the Japanese-language original.

Consolidated Financial Statements for the Fiscal Year ended March 31, 2018

SANIX INCORPORATED

Stock Listed: Tokyo Stock Exchange First Section, Fukuoka Stock Exchange
 Code No: 4651
 URL: <https://sanix.jp>
 President and CEO: Hiroshi Munemasa
 Contact: Kozo Inoue, Director, Management Corporate Officer,
 General Manager of Management & Planning Division

1. Business Results – Operating results for the Fiscal Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(1) Consolidated Operating Results

(In Millions of Yen)

	Fiscal Year			
	From April 1 to March 31			
	FY2017	%change	FY2016	%change
Net Sales.....	49,993	(1.9%)	50,955	(17.7%)
Operating Income	1,246	20.2%	1,036	—
Ordinary Income	1,019	12.4%	907	—
Net Income	1,180	183.6%	416	—
Net Income per Share (¥)	¥24.68	—	¥8.70	—
Net Income per Share, Diluted(¥).....	—	—	—	—
Return on Equity	34.4	—	15.4	—
Ratio of Recurring Profit to Net Assets	3.3	—	2.9	—
Ratio of Operating Income to Net Sales	2.5	—	2.0	—
(Note) Comprehensive Income	1,230	467.9%	216	—

(2) Consolidated Financial Position

(In Millions of Yen)

	Fiscal Year	
	As of March 31	
	FY2017	FY2016
Total Assets.....	29,938	31,645
Net Assets	4,076	2,845
Shareholders' Equity Ratio (%)	13.5%	8.9%
Net assets per share(¥).....	¥84.54	¥58.86
(Reference) Equity Capital.....	4,041	2,813

(3) Consolidated Financial Cash Flows

(In Millions of Yen)

	Fiscal Year	
	From April 1 to March 31	
	FY2017	FY2016
Cash Flows from Operating Activities.....	2,184	1,668
Cash Flows from Investing Activities.....	171	(409)
Cash Flows from Financing Activities	(2,156)	1,437
Cash and Equivalents ,End of Period	5,083	4,875

2. Dividends

	Quarterly Period				Annual	Total Dividend paid	Payout ratio (consolidated)	Dividends to Net Assets (consolidated)
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter				
(Dividends per Share)								
FY2016 ended March 31, 2017	0.00	0.00	0.00	0.00	0.00	—	—	—
FY2017 ended March 31, 2018	0.00	0.00	0.00	0.00	0.00	—	—	—
FY2018 ended March 31, 2019(Forecast)	0.00	0.00	0.00	0.00	0.00		—	

3. Forecasts for Consolidated Business Results (April 1, 2018 to March 31, 2019)

(In Millions of Yen)

	Fiscal Year			
	From April 1 to March 31			
	First Half	%change	Full Year	%change
Net Sales.....	24,315	0.6%	50,000	0.0%
Operating Income	868	526.1%	2,190	75.7%
Ordinary Income	818	—	2,100	106.0%
Net Income	643	—	1,610	36.4%
Net Income per Share (¥)	¥13.45		¥33.68	

* Notes

(1) Changes in significant subsidiaries during the period

(Changes in scope of consolidations resulting from change in subsidiaries): None

Number of subsidiaries newly consolidated	—
Name of subsidiaries newly consolidated	—
Number of subsidiaries excluded from consolidation	—
Name of subsidiaries excluded from consolidation	—

- (2) Changes in accounting policies and accounting estimates retrospective restatement
- i) Changes in accounting policies based on revisions of accounting standard: None
 - ii) Changes in accounting policies other than ones based on revisions of accounting standard: None
 - iii) Changes in accounting estimates: None
 - iv) Retrospective restatement: None

(3) Number of issued and outstanding shares (common stock)

	(Shares)	
	End of term	
	FY 2017	FY 2016
Number of issued and outstanding shares ,end of period (including treasury stock)	48,919,396	48,919,396
Number of treasury stock at the end of period	1,113,923	1,113,668
Average number of shares during the period	47,805,604	47,805,834

(Reference) Business Result-Overview of non-consolidated Operating Results
1. Business Results – Operating results for the Fiscal Year ended March 31, 2018
(April 1, 2017 to March 31, 2018)

(1) Non-Consolidated Operating Results

	(In Millions of Yen)			
	Fiscal Year			
	From April 1 to March 31			
	FY2017	%change	FY2016	%change
Net Sales.....	44,888	(1.6%)	45,614	(19.6%)
Operating Income	100	(83.9%)	621	—
Ordinary Income	425	(48.8%)	830	—
Net Income	738	36.6%	540	—
Net Income per Share (¥)	¥15.45	—	¥11.31	—
Net Income per Share, Diluted(¥).....	—	—	—	—

(2) Non-Consolidated Financial Position

	(In Millions of Yen)	
	Fiscal Year	
	As of March 31	
	FY2017	FY2016
Total Assets.....	25,026	26,538
Net Assets	2,112	1,370
Shareholders' Equity Ratio (%)	8.4%	5.2%
Net assets per share(¥).....	¥44.19	¥28.67
(Reference) Equity Capital.....	2,112	1,370

* This summary of financial statements is exempt from audit procedure required by Financial instruments and Exchange Act.

* Note to ensure appropriate use of forecasts:

(Note to forecasts)

Forecasts in this document are based on assumptions, prospects and plans as of the date of this document. Actual results may differ significantly from these forecasts, due to various factors affecting the Company's business performance, such as change in economical conditions. For details of these assumptions, prospects and plans, and for notes appropriate use of forecasts for the business results, please see page 2 of the Attachment.

(Changes in the display method of date)

The display method of date is changed from Japanese calendar to Western calendar, from the Consolidated Financial Statements for the Fiscal Year ended March 31, 2018

Index of the attachment

1. Information on Business Results & Financial Position for the fiscal year ended March 31, 2018	2
(1) Information on Consolidated Business Results	2
(2) Information on Consolidated Financial Position.....	4
(3) Information on Consolidated Cash Flows	5
(4) Outlook for the next fiscal year	6
2. Basic Position regarding the Choice of Accounting Standards	8
3. Consolidated Financial Statements and Main Notes to the Statements	9
(1) Consolidated Balance Sheets.....	9
(2) Consolidated Statements of Income and Comprehensive Income	11
Consolidated Statements of Income	11
Consolidated Statements of Comprehensive Income	12
(3) Consolidated Statements of Changes in Net Assets.	13
(4) Consolidated Statements of Cash Flows	15
(5) Notes to the Consolidated Financial Statements	17
Notes to the Assumption of a Going Concern	17
4. Supplement Information	18
Consolidated Net Sales by Division.....	18

1. Information on Business Results & Financial Position for the fiscal year ended March 31, 2018

(1) Information on Consolidated Business Results

In the fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018), the Japanese economy moved toward recovery with consumer sentiment picking up against the backdrop of the enhancement of corporate earnings and improvements in the employment and income situations, despite the fact that uncertainties regarding the political situations overseas continued.

Under such circumstances, the Group thoroughly executed management rationalization including a reduction in personnel, consolidating and eliminating stores, and downsizing logistics and production operations in line with the medium-term business plan that was prepared based on the business environment surrounding the solar electric power market in the previous consolidated fiscal year, its first fiscal year. In the current fiscal year, its second fiscal year, the Group newly established the “SE/HS/ES Business Headquarters” and the Company made personnel changes by reassigning part of the workforce from the SE Division to the HS Division and the ES Division with the aim of establishing a more effective approach to sales activities along with more efficient operations for installation work.

As for sales in the fiscal year under review, sales increased in the HS Business Division and the ES Business Division, where the sales structure was reinforced due to an appropriate personnel allocation, and sales also increased in the Environmental Resources Development Business Division due to the Power Producer and Supplier (PPS) business. Meanwhile, the impact of the contraction of the solar electric power market was not averted, and therefore sales in the SE Division declined. As a consequence, the net sales of the entire Group were ¥49,993 million (down 1.9% year on year).

In terms of profitability, there was a significant increase in profit in the HS Division and the ES Division and a significant fall in selling, general and administrative expenses with advanced cost reductions as a result of management rationalization initiatives, meaning that operating income and each income type below turned positive. As a consequence, for the whole Group, operating income was ¥1,246 million (up 20.2% year on year) and ordinary income was ¥1,019 million (up 12.4% year on year). After a study of the recoverability of its deferred tax assets, the Group recorded deferred tax assets. Consequently, the Group posted net income attributable to the owners of the parent company of ¥1,180 million (up 183.6% year on year).

Consolidated results of individual divisions for the first three quarters under review were as follows:

a. Solar Engineering (SE) Division

In conjunction with the revisions of the legislation for the Feed-In Tariffs (FIT), the Group expanded the maintenance business associated with solar electric power related ancillary equipment. However, there was a significant impact due to the contraction of the market size of the industrial solar electric power business, and construction sales for solar electric power systems declined 31.3% year on year. As a consequence, sales were ¥17,870 million (down 31.9% year on year).

Despite a decline in sales, the Company achieved operating income of ¥1,668 million (down 0.0% year on year) due to management rationalization and cost reductions, including costs of materials. It should be noted that the Company recorded an inventory valuation loss of ¥401 million associated with the decrease in profitability for power conditioners that had been manufactured in house.

b. Home Sanitation (HS) Division

Thanks to reassigning part of the workforce from the SE Division to the HS Division, the Company reinforced and expanded the sales structure and account management of the HS Business. As a result, termite extermination increased 21.7% year on year and underfloor/ceiling ventilation systems increased 68.7% year on year. Base repair/roof reinforcement construction increased 56.7% year on year. As a result of the initiatives that succeeded in putting an end to the declining sales, the division's sales were ¥8,922 million (up 36.0% year on year).

Operating income stood at ¥1,471 million (up 50.3% year on year) due to the contribution of a significant increase in sales, although fixed expenses rose mainly due to an increase in personnel expenses.

c. Establishment Sanitation (ES) Division

Similarly to the HS Division, the Company reassigned part of the workforce from the SE Division to the ES Division and reinforced the sales structure and focused on propositions for management companies and owners of buildings and condominiums. Sales of anti-rust equipment installation, our mainstay product, increased 334.1% year on year (brand name: Daelman Shock). As a result, net sales were ¥1,444 million (up 39.7% year on year).

Operating income stood at ¥179 million (up 89.8% year on year) due to the contribution of a significant increase in sales, although fixed expenses rose mainly due to an increase in personnel expenses.

d. Environmental Resources Development (ERD) Division

Due to a rise in unit prices of waste plastic, plastic fuel sales increased 5.5% year on year and electricity sales increased 63.0% year on year due to a lift in the number of service contracts in the Power Producer and Supplier (PPS) business. As a consequence, sales amounted to ¥21,755 million (up 27.0% year on year).

Although there was an improvement in the gross margin ratio, mainly attributable to the revision of unit prices for the collection of waste plastic and the profitability of the Power Producer and Supplier (PPS) business, operating income stood at ¥972 million (down 5.6% year on year) because repair costs related to the statutory inspection once every two years at the Tomakomai Power Plant increased.

(2) Information on Consolidated Financial Position

Information on the status of Assets, of Liabilities, and of Net Assets

Total assets as of the end of the fiscal year under review stood at ¥29,938 million, a decrease of ¥1,707 million compared with the end of the previous consolidated fiscal year. Total liabilities were ¥25,861 million, a decrease of ¥2,937 million compared with a year earlier. Net assets totaled ¥4,076 million, representing an increase of ¥1,230 million from a year ago. As a consequence, the shareholders' equity ratio stood at 13.5% as of March 31, 2018.

(The status of Assets)

Current assets came to ¥16,172 million, representing a 7.7% decrease over a year ago, primarily due to a ¥532 million decrease in notes and accounts receivable-trade, a ¥275 million decrease in products, and a ¥570 million decrease in raw materials and supplies.

Non-current assets decreased by 2.5% from a year ago, to ¥13,766 million, primarily reflecting a ¥352 million decrease in tangible fixed assets due to disposal by sale, etc.

(The status of Liabilities)

Current liabilities were ¥23,003 million, representing a 10.1% decrease over a year ago, primarily reflecting a ¥1,285 million decrease in notes and accounts payable and a ¥1,284 million decrease in short-term loans payable.

Non-current liabilities stood at ¥2,857 million, representing an 11.0% decrease over a year ago, primarily reflecting a ¥158 million decrease in long-term loans payable and a ¥154 million decrease in accrued retirement benefits.

(The status of Net Assets)

Net assets were ¥4,076 million, representing a 43.2% increase as compared with the end of the previous fiscal year, primarily reflecting ¥1,180 million in net income attributable to the owners of the parent company.

(3) Information on Consolidated Cash Flows

Cash and cash equivalents (hereinafter, “cash”) were ¥5,083 million at the end of the fiscal year under review, representing a ¥207 million increase from a year earlier.

Cash flows and reasons for changes in cash flows during the period are described below.

(Net Cash Provided by Operating Activities)

Cash flow from operations of ¥2,184 million (as opposed to the net use of ¥1,668 million in the preceding fiscal year) was primarily the result of a ¥1,308 million decrease in trades payable. In addition to recording net income before taxes of ¥1,019 million, it was due to a ¥947 decrease in inventory and a ¥532 decrease in notes and accounts receivable-trade.

Furthermore, it includes depreciation expenses of ¥709 million and goodwill amortization of ¥112 million as items excluded from funds.

(Net Cash Provided by Investment Activities)

Cash flow from investing activities was ¥171 million (as opposed to net use of ¥409 million in the preceding fiscal year) due to ¥314 million for the acquisition of property, plant and equipment. It was also due to a ¥324 million net decrease in term deposits and net inflow of ¥202 million yen due to the sale of tangible fixed assets.

(Net Cash Provided by Financing Activities)

Cash flow from financing activities decreased by ¥2,156 million (as compared with an increase of ¥1,437 million in the preceding fiscal year). This was chiefly due to a net decrease of 1,284 million yen in short-term borrowing payable and the repayment of long-term debt of ¥553 million.

(Reference: The Cash Flow Indicators)

	Fiscal Year				
	FY2013	FY2014	FY2015	FY2016	FY2017
Shareholders' equity ratio	21.3%	14.9%	8.3%	8.9%	13.5%
Shareholders' equity ratio on a market price basis	99.2%	37.6%	32.9%	28.9%	43.8%
Interest-bearing liabilities ratio to cash flow	1.96	-	-	8.77	5.85
Interest coverage ratio	25.71	-	-	6.76	10.81

(Note) Shareholder's equity ratio: Shareholder's equity/Total assets

Share ratio on a market price basis: Total market value of stock/Total assets

Interest-bearing liabilities ratio to cash flow: Operating cash flow/Interest payment

Interest coverage ratio: Operating cash flow/Interest payment

1. The basis of the calculation for all values is consolidated financial data.

2. Market capitalization is calculated by multiplying the closing price of SANIX shares at the end of the fiscal year by the number of shares outstanding at the end of the fiscal year.

3. Operating cash flow refers to Cash Flows from Operating Activities according to the consolidated statement of cash flows. Interest-bearing liabilities are comprised of all liabilities on the consolidated balance sheet on which interest is payable. Interest expenditure refers to interest expenses paid according to the consolidated statement of cash flows.

(4) Outlook for the next fiscal year

Under the medium-term business plan (FY2016-FY2018), which sets forth the further reinforcement of the business base of four Business Divisions for sustainable growth against the backdrop of the solar electric power business, in the fiscal year ended March 31, 2018, its second fiscal year, the Group reorganized the three businesses of SE, HS and ES into a horizontal organization and established a more effective approach to sales activities along with more efficient operations for installation work across the businesses concerned. Consequently, the Group increased its profit for two consecutive fiscal years.

The outlook for the next consolidated fiscal year of the Group is as follows:

In the SE Division, the Company expects a decrease in income against the backdrop of a decline in work volume, sales unit prices, FIT prices (¥18/kWh) based on the market trends, etc. Meanwhile, the Company will focus on residential solar electric power and storage batteries, for which new needs are expected going forward, and develop new needs by proposing land utilization for the industrial solar electric power business. The Company will advance cost reduction initiatives, including a reduction of personnel expenses and other operating costs, through internal personnel changes and by achieving lower material costs.

In the HS Division, the Company expects to achieve an increase in income by increasing staff through reassigning part of the workforce from the SE Division to the HS Division, by unearthing customers and further enhancing the after-sales system for existing customers. The Company expects that the higher fixed expenses due to the increased number of staff to address the business expansion will be absorbed by the growth in sales, seeking to achieve an increase in income.

In the ES Division, the Company expects to reinforce business partners in the cultivation of sales channels and proposal ability to owners of condominiums, etc. An increase in income is expected mainly for anti-rust equipment installation. The Company expects that the higher fixed expenses due to the increased number of staff to address the business expansion will be absorbed by the growth in sales, seeking to achieve an increase in income.

In the Environmental Resources Development Division, the Company expects higher sales by increasing the size of the Power Producer and Supplier (PPS) business with

the policy of the strengthened collaboration of the power business in Hokkaido and the Power Producer and Supplier (PPS) business in Honshu under a new framework. An increase in income is expected across the entire Division as well. The Company expects higher profits as the cost of power procurement will decline and repair costs related to the statutory inspection at the Tomakomai Power Plant will decrease with no statutory inspection in addition to higher sales.

For the consolidated fiscal year ending March 31, 2019, the SANIX Group aims to achieve sales of ¥50,000 million (up 0.0% year on year) with operating income of ¥2,190 million (up 75.7%), ordinary income of ¥2,100 million (up 106.0%) and net income attributable to owners of the parent of ¥1,610 million (up 36.4%).

2. Basic Position regarding the Choice of Accounting Standards

The Group will use the Japanese standards for the time being. In addition, our policy is to take proper steps toward the adoption of the International Financial Reporting Standards while giving due consideration to the circumstances in Japan and other countries.

3. Consolidated Financial Statements and Main Notes to the Statements

(1) Consolidated Balance Sheets

	(In Millions of Yen)	
	As of March 31	
	FY2016	FY2017
Assets :		
Current Assets :		
Cash and deposits	5,578	5,482
Notes and accounts receivable-trade	6,017	5,485
Merchandise and finished goods	549	273
Work in process-construction	304	209
Raw materials and supplies	4,605	4,035
Deferred tax assets	12	412
Other	997	797
Allowance for doubtful accounts	(544)	(525)
Total current assets	17,522	16,172
Fixed Assets:		
Tangible fixed assets :		
Buildings and structures, net	8,774	9,328
Less: Accumulated depreciation	(7,053)	(7,247)
Buildings and structures (net of depreciation)	1,720	2,080
Machinery, Equipment and vehicles, net	11,651	11,715
Less: Accumulated depreciation	(10,417)	(10,526)
Machinery, Equipment and vehicles (net of depreciation)	1,234	1,189
Land	7,941	7,811
Lease assets, net	1,223	1,294
Less: Accumulated depreciation	(677)	(700)
Lease Assets, net	546	594
Construction in progress	672	77
Other, net	934	957
Less: Accumulated depreciation	(771)	(784)
Other, net	163	173
Total Tangible fixed assets	12,278	11,926
Intangible fixed assets :		
Goodwill	177	65
Other	148	148
Total Intangible fixed assets	325	214
Investments and other assets :		
Investment securities	145	151
Lease and guarantee deposits	669	629
Deferred tax assets	52	170
Other	1,293	1,310
Allowance for doubtful accounts	(641)	(636)
Total investments and other assets	1,518	1,625
Total fixed assets	14,122	13,766
Total Assets	31,645	29,938

	(In Millions of Yen)	
	As of March 31	
	FY2016	FY2017
Liabilities :		
Current Liabilities :		
Notes and accounts payable-trade	6,365	5,079
Short-term loans payable	12,969	11,685
Current portion of long-term loans payable	535	140
Accounts payable	2,644	3,069
Accrued expenses	1,041	1,049
Lease obligations	248	232
Accrued income taxes	428	409
Accrued consumption taxes	275	409
Allowance for resource-recycling expenses	27	27
Other	1,050	900
Total current liabilities	25,586	23,003
Non-Current Liabilities :		
Long-term loans payable	484	325
Lease obligations	396	396
Deferred tax liabilities	31	-
Long-term lease deposited	45	45
Provision for directors' retirement benefits	163	9
Liability related to retirement benefits	1,404	1,465
Provision for disposal site closing expenses	538	573
Other	147	41
Total non-current liabilities	3,212	2,857
Total Liabilities	28,799	25,861
Net Assets :		
Shareholders' Equity :		
Capital stock	14,041	14,041
Capital surplus	1	1
Retained earnings	(9,777)	(8,597)
Treasury stock	(1,481)	(1,481)
Total shareholders' equity	2,784	3,964
Valuation and translation adjustments :		
Valuation difference on available-for-sale securities	71	76
Deferred gains or losses on hedges	-	(0)
Foreign currency translation adjustment	(28)	3
Adjustment for retirement benefits (cumulative)	(14)	(2)
Total valuation and translation adjustments	28	76
Non-controlling Interests	32	35
Total Net Assets	2,845	4,076
Total Liabilities and Assets	31,645	29,938

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)

	(In Millions of Yen)	
	From April 1 to March 31	
	FY2016	FY2017
Net sales	50,955	49,993
Cost of Sales	36,812	35,948
Gross Profit	14,142	14,044
Selling, General and Administrative expenses		
Sales commission	242	309
Advertising expenses	171	285
Provision of allowance for doubtful accounts	43	33
Salaries and bonuses	6,725	6,663
Retirement benefit expenses	85	168
Legal welfare expenses	850	804
Rent expenses	1,050	942
Depreciation	157	156
Others	3,780	3,434
Total selling, general and administrative expenses	13,106	12,798
Operating Income (Loss)	1,036	1,246
Non-Operating Income :		
Interest income	17	13
Dividends income	2	2
Land and house rent revenue	63	63
Subsidy income	26	65
Other	98	61
Total non-operating income	208	205
Non-Operating Expenses :		
Interest expenses	236	210
Rent expenses	2	2
Foreign exchange losses	7	4
Other	92	215
Total non-operating expenses	338	432
Ordinary Income (Loss)	907	1,019
Extra Ordinary Loss :		
Cost of earlier voluntary retirement	177	-
Total extra ordinary loss	177	-
Income (Loss) Before Income Taxes and Minority Interests	729	1,019
Income Taxes-Current	309	386
Income Taxes-Deferred	3	(549)
Total Income Taxes	312	(163)
Net Income	416	1,182
Net Income (Loss) Belonging to the Non-Controlling Shareholders	0	2
Net income (Loss) Belonging to the Shareholders of the Parent Company	416	1,180

(Consolidated Statements of Comprehensive Income)

	(In Millions of Yen)	
	From April 1 to March 31	
	FY2016	FY2017
Income Before Minority Interests	416	1,182
Other Comprehensive Income :		
Valuation difference on available-for-sale securities	37	4
Deferred gains or losses on hedges	-	(0)
Foreign currency translation adjustment	(74)	32
Retirement benefit adjustment	(162)	11
Total other comprehensive income	(200)	47
Comprehensive Net Income	216	1,230
Comprehensive Income Attributable to		
Comprehensive income (loss) belonging to the shareholders of the parent company	215	1,227
Comprehensive income (loss) belonging to non-controlling shareholders	0	2

(3) Consolidated Statements of Changes in Net Assets**The previous consolidated fiscal year (April 1, 2016 to March 31, 2017)**

(In Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	14,041	1	(10,193)	(1,481)	2,368
Changes of items during the period					
Net income belonging to the shareholders of the parent company			416		416
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	416	(0)	416
Balance at the end of current period	14,041	1	(9,777)	(1,481)	2,784

(In Millions of Yen)

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Retirement benefits adjustment	Total accumulated other comprehensive income		
Balance at the beginning of current period	34	-	46	148	229	31	2,629
Changes of items during the period							
Net income belonging to the shareholders of the parent company							416
Purchase of treasury stock							(0)
Net changes of items other than shareholders' equity	37	-	(74)	(162)	(200)	0	(199)
Total changes of items during the period	37	-	(74)	(162)	(200)	0	216
Balance at the end of current period	71	-	(28)	(14)	28	32	2,845

The consolidated fiscal year (April 1, 2017 to March 31, 2018)

(In Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	14,041	1	(9,777)	(1,481)	2,784
Changes of items during the period					
Net income belonging to the shareholders of the parent company			1,180		1,180
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	1,180	(0)	1,179
Balance at the end of current period	14,041	1	(8,597)	(1,481)	3,964

(In Millions of Yen)

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Retirement benefits adjustment	Total accumulated other comprehensive income		
Balance at the beginning of current period	71	-	(28)	(14)	28	32	2,845
Changes of items during the period							
Net income belonging to the shareholders of the parent company							1,180
Purchase of treasury stock							(0)
Net changes of items other than shareholders' equity	4	(0)	32	11	47	2	50
Total changes of items during the period	4	(0)	32	11	47	2	1,230
Balance at the end of current period	76	(0)	3	(2)	76	35	4,076

(4) Consolidated Statements of Cash Flows

(In Millions of Yen)

	April 1 to March 31	
	FY2016	FY2017
Net Cash Provided by (used in) Operating Activities :		
Income before income taxes and minority interests	729	1,019
Depreciation and amortization	668	709
Amortization of goodwill	112	112
Increase (Decrease) in reserve for directors' retirement benefits	(7)	(154)
Increase (Decrease) in provision for bonuses	(12)	(0)
Increase (Decrease) in allowance for resource-recycling expenses	(9)	(0)
Increase (Decrease) in allowance for doubtful accounts	(1)	(24)
Increase (Decrease) in liabilities in retirement	(128)	71
Interest and dividends income	(20)	(15)
Interest expenses	236	210
Loss (Gain) on sales of tangible fixed assets	(2)	3
Increase (Decrease) in notes and accounts receivable-trade	675	532
Increase (Decrease) in inventories	1,704	947
Increase (Decrease) in other current assets	(191)	188
Increase (Decrease) in notes and accounts payable-trade	(804)	(1,308)
Increase (Decrease) in consumption tax refund receivable	(115)	134
Increase (Decrease) in other current liabilities	(527)	145
Other	(166)	192
Subtotal	2,137	2,763
Interest and dividends income received	20	16
Interest expenses paid	(246)	(202)
Income taxes paid	(252)	(396)
Income taxes refund	10	3
Net cash provided by operating activities	1,668	2,184
Net Cash Provided by (used in) Investment Activities :		
Payments into time deposits	(659)	(330)
Proceeds from withdrawal of time deposits	725	654
Purchase of tangible fixed assets	(454)	(314)
Proceeds from sales of tangible fixed assets	62	202
Purchase of intangible assets	(25)	(37)
Payments for lease and guarantee deposits	(131)	(21)
Collection of lease and guarantee deposits	71	30
Other	0	(12)
Net cash provided by investing activities	(409)	171
Net Cash Provided by (used in) Financing Activities :		
Increase (Decrease) in short-term loans payable	2,851	(1,284)
Repayments of long-term loans payable	(954)	(553)
Redemption of bonds	(10)	-
Repayments of finance lease obligations	(257)	(262)
Other	(192)	(55)
Net cash provided by financing activities	1,437	(2,156)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(39)	8

Net Increase (Decrease) in Cash and Cash Equivalents	<u>2,656</u>	<u>207</u>
Balance of Cash and Equivalents at beginning of period	<u>2,218</u>	<u>4,875</u>
Balance of Cash and Equivalents at end of period	<u>4,875</u>	<u>5,083</u>

**(5) Notes to the Consolidated Financial Statements
(Notes to Assumption of Going Concern)**

: None

4. Supplemental Information

Consolidated Net Sales by Division

(In Millions of Yen)

By item	By period	From April 1 to March 31		Changes
		FY2016	FY2017	
Commercial PV System		24,228	16,647	(7,581)
Wholesales of PV Components		1,889	1,026	(862)
Others		107	196	89
Solar Engineering Total		26,225	17,870	(8,354)
Termite Eradication Service		2,159	2,628	469
Under-Roof / Roof Ventilation System		743	1,254	570
Foundation Repairing/Home Reinforcement System		1,249	1,957	708
Others		2,410	3,081	671
Home Sanitation Division Total		6,562	8,922	2,360
Anti-rust Equipment Installation		120	522	402
Repair of Building Water-woks		348	415	67
Water Proofing of Building		171	123	(48)
Others		393	383	(10)
Establishment Sanitation Division Total		1,033	1,444	410
Plastic Fuel		7,160	7,556	396
Generation of Electricity		6,806	11,095	4,289
Industrial Waste (Organic Waste Water Recycle)		1,768	1,748	(20)
Final Disposal		648	654	5
Others		750	701	(48)
Environmental Resources Development Division Total :		17,133	21,755	4,622
Total Net Sales		50,955	49,993	(961)

(note) We have omitted description on the information that is too multifarious to see the exact volume of item.