



for Energy, for Environment

Photovoltaic Solution

Total Sanitation

Environmental Resources Development

Consolidated Financial Statements
For the First Half ended September 30,2015



for Energy, for Environment
Photovoltaic Solution
Total Sanitation
Environmental Resources Development

1 . Financial Results for FY2015 2Q (ended September 30,2015)

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

Disclaimer

This material contains certain forward-looking statements. Such forward-looking statements are not intended to provide guarantees of our future performance and are based on certain assumptions and management's judgment based on currently available information. Therefore, actual results in future earnings and operating results may materially differ from those contained in the forward-looking statements.

The following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this material:

- changes in economic environment in Japan and abroad, business condition in Japanese manufacturing industry, competition with other manufacturers, changing technology, regulatory environment, new legislation and any other factors which are beyond our control.

In addition, this presentation is not intended to solicit investment to securities issued by us. We assume no responsibility for any losses and liabilities that may be incurred because of information contained in this material.

(Note) Numbers are rounded off to the nearest whole number.



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1 . Financial Results for FY2015 2Q(ended Sep.30, 2015)

(millions of yen)

	1H FY2014	1H FY2015				
	Results	Results	YoY	Difference	Forecast	% to Forecast
Net sales	44,008	30,631	69.6%	-13,376	35,298	86.8%
Gross Profit	9,343	5,863	62.8%	-3,479	8,276	70.9%
(Gross profit operating)	21.2%	19.1%			23.4%	
Operating Income	(2,717)	(2,483)	—	+ 233	(280)	—
(Operating Income Margin)	—	—			—	
Ordinary Income	(2,859)	(2,364)	—	+ 494	(350)	—
(Ordinary Income Margin)	—	—			—	
Net Income	(3,194)	(2,940)	—	+ 254	(760)	—
(Net Income Margin)	—	—			—	

i) Sales In the first half, the sales slumped sharply due to the effect of a change in the market environment. As a consequence, the net sales of the entire Group were ¥30,631 million, or down 30.4% from a year earlier.

ii) Profits The Group posted an operating loss with drastic decrease in revenue, however, costs are gradually decreasing after the second quarter of the fiscal year under review due to management rationalization. As a consequence, for the whole Group, the operating loss was ¥2,483 million compared to the operating loss of ¥2,717 million in the same period of the previous year, and the ordinary loss was ¥2,364 million compared to the ordinary loss of ¥2,859 million in the same period of the previous year. In addition, the Group posted ¥134 million for temporary expenses arising from the elimination and consolidation, for expenses for terminating vehicles, and the net loss belonging to the shareholders of the parent money stood at ¥2,940 million compared to the net loss belonging to the shareholders of the parent company of ¥ 3,194 million in the same period of the previous year.

Statement of Net Sales and Income by Segment

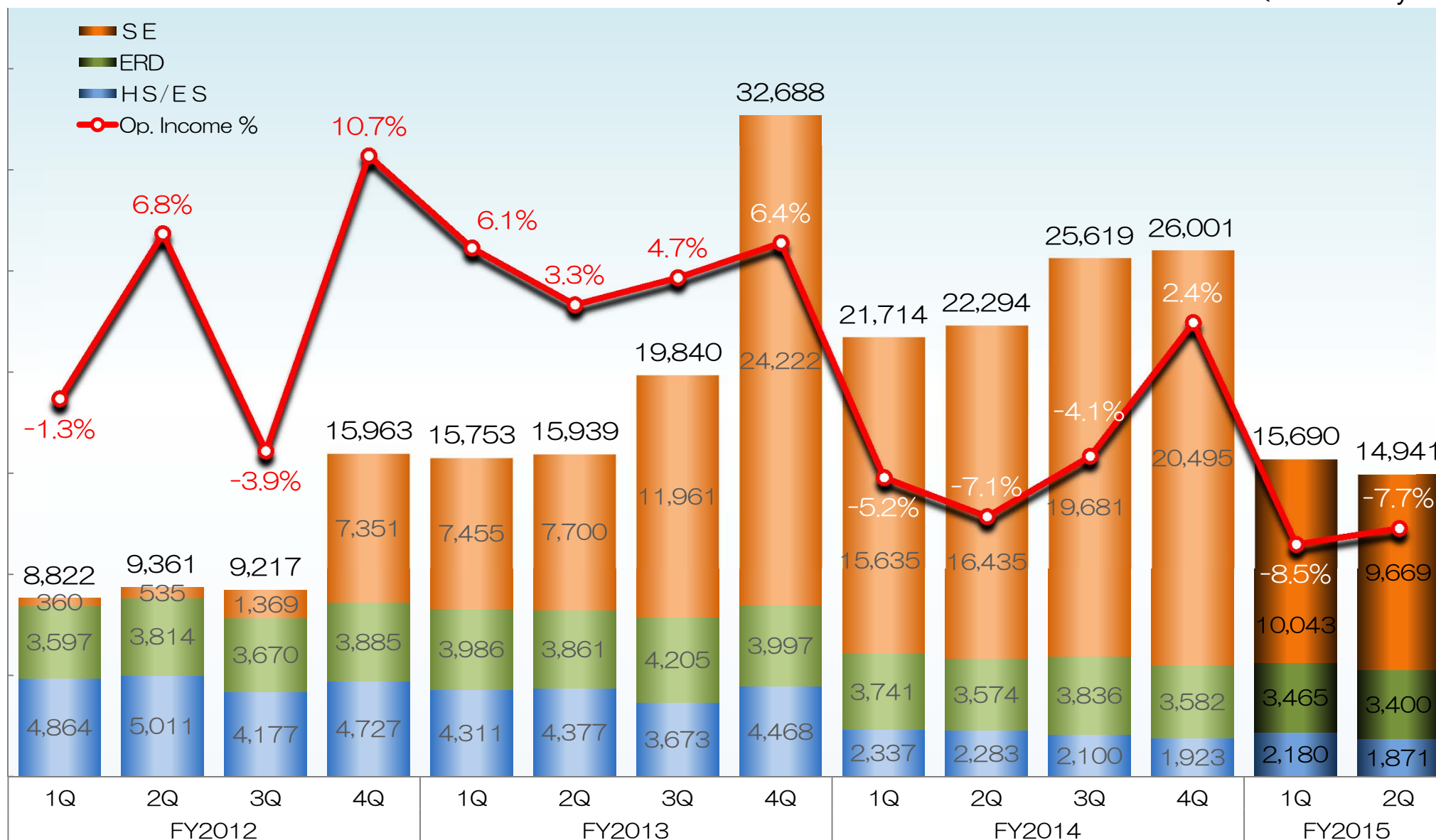
(millions of yen)

	1H FY2014		1H FY2015				
	Results	Prop.	Results	Prop.	YoY	Difference	% to Forecast
Net sales	44,008		30,631		69.6%	-4,666	
SE	32,071	72.9%	19,713	64.4%	61.5%	-4,073	67.4%
ERD	7,316	16.6%	6,866	22.4%	93.9%	-292	20.3%
HS/ES	4,621	10.5%	4,052	13.2%	87.7%	-299	12.3%
Gross Profit	9,343	21.2%	5,863	19.1%	62.8%	-2,412	23.4%
SG&A	12,060	27.4%	8,347	27.3%	69.2%	-208	24.2%
Operating Income	(2,717)	—	(2,483)	—	—	-2,203	—
SE	(2,277)	—	(1,372)	—	—	-2,005	—
ERD	498	<u>6.8%</u>	(178)	—	—	-36	—
HS/ES	821	<u>17.8%</u>	614	<u>15.2%</u>	74.8%	-247	<u>19.8%</u>
Group	(1,758)	—	(1,546)	—	—	+ 86	—

Figures for the same period of the previous year have been restated to reflect the new segment classification for year on year comparison. The underlined percentage indicate Operating Margin of each segment.

Segment Information (changes)

(millions of yen)



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

(millions of yen)

	1H FY2014		1H FY2015				
	Results	Prop.	Results	Prop.	YoY	Forecast	% to Forecast
Net sales	32,071		19,713		61.5%	23,787	
Photovoltaic System							
Direct (Eastern Japan)	24,841	77.5%	10,155	51.5%	40.9%	11,692	49.2%
Direct (Western Japan)	2,771	8.6%	6,092	30.9%	219.9%	9,042	38.0%
Wholesale	4,404	13.7%	3,407	17.3%	77.4%	2,995	12.6%
Others	54	0.2%	57	0.3%	105.9%	57	0.2%
Cost of sales	26,308	82.0%	16,616	84.3%	63.2%	18,553	78.0%
Material expenses*	17,734	55.3%	11,334	57.5%	63.9%	13,140	55.2%
Labor expenses	4,377	13.6%	2,675	13.6%	61.1%	2,977	12.5%
Gross Profit	5,762	18.0%	3,096	15.7%	53.7%	5,233	22.0%
SG&A	8,039	25.1%	4,469	22.7%	55.6%	4,600	19.3%
Advertising expenses	933	2.9%	1	0.0%	0.2%	0	0.0%
Personnel expenses	2,937	9.2%	2,064	10.5%	70.3%	2,230	9.4%
Operating Income	(2,277)	—	(1,372)	—	—	633	2.7%

※Materials expenses include supplies expenses.

In the first half, the sales in the East Japan region increased by 119.9% year-on-year. However, sales in the West Japan region, which accounted for a large proportion of sales a year earlier, declined due to the effect of a change in the market environment. As a consequence, the sales were ¥19,713 million (down 38.5% year-on-year). Given the large decline in sales, the ratio of fixed costs, including personnel expenses, to sales did not improve, and an operating loss of ¥1,372 million was posted (compared to an operating loss of ¥2,277 million in the same period of the previous year).

(millions of yen)

	FY2014				FY2015					
	1st Half		2nd half		1 Q		2 Q		1st Half	
	Results	Prop.	Results	Prop.	Results	Prop.	Results	Prop.	Results	Prop.
Net sales	32,071		40,176		10,043		9,669		19,713	
Cost of Sales	26,308	82.0%	33,871	84.3%	8,897	88.6%	7,718	79.8%	16,616	84.3%
Materials	17,734	55.3%	23,945	59.6%	5,896	58.7%	5,437	56.2%	11,334	57.5%
Labor	4,377	13.6%	4,862	12.1%	1,637	16.3%	1,038	10.7%	2,675	13.6%
Outsourcing	2,259	7.0%	2,399	6.0%	399	4.0%	561	5.8%	961	4.9%
Others	1,938	6.0%	2,664	6.6%	964	9.6%	681	7.0%	1,645	8.3%
Gross Profit	5,762	18.0%	6,304	15.7%	1,146	11.4%	1,950	20.2%	3,096	15.7%
SG&A	8,039	25.1%	6,318	15.7%	2,296	22.9%	2,172	22.5%	4,469	22.7%
Pesonnel	2,937	9.2%	3,042	7.6%	1,066	10.6%	997	10.3%	2,064	10.5%
Advertising	933	2.9%	226	0.6%	0	0.0%	0	0.0%	1	0.0%
Others	4,168	13.0%	3,049	7.6%	1,228	12.2%	1,174	12.1%	2,403	12.2%
Operating Income	(2,277)	—	(13)	—	(1,150)	—	(222)	—	(1,372)	—

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

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

	FY2014			FY2015			
	1H	2H	Full	1 Q Results	2Q Results	1H Results	1H Plan
Marginal profit ratio (%)	35.0	31.6	33.1	33.8	38.5	34.9	38.7
Monthly average fixed cost (million)	1,949	2,131	2,040	1,516	1,284	1,458	1,430
Breakeven Sales (million)	5,561	6,740	6,156	4,481	3,332	4,174	3,692

■ Changes of Fixed cost ratio for business expansion of SE

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

(%)	FY2014			FY2015			
	1H	2H	Full	1 Q Results	2Q Results	1H Results	1H Plan
Personal cost	22.8	19.7	21.1	26.9	22.9	26.0	21.9
others	13.7	12.2	12.8	18.4	19.3	18.6	14.2
Total fixed cost	36.5	31.8	33.9	45.3	42.2	44.6	36.1

(millions of yen)

	1H FY2014		1H FY2015				
	Results	Prop.	Results	Prop.	YoY	Plan	% to plan
Net Sales	7,316		6,866		93.9%	7,159	
Plastic Fuels	3,860	52.8%	3,455	50.3%	89.5%	3,775	52.7%
Power Generation	1,832	25.0%	1,613	23.5%	88.1%	1,670	23.3%
Organic waste water	760	10.4%	843	12.3%	111.0%	900	12.6%
Final Disposal	330	4.5%	386	5.6%	117.0%	322	4.5%
Others	532	7.3%	567	8.3%	106.4%	489	6.8%
Gross Profit	1,395	19.1%	722	10.5%	51.8%	753	10.5%
SG&A	897	12.3%	901	13.1%	100.4%	895	12.5%
Operating Income	498	6.8%	(178)	—	—	(142)	—

Plastic fuel sales declined 10.5% from a year earlier, despite a slightly higher collection volume of waste plastic, due to a fall in unit prices. At TOMAKOMAI Power Plant, a legal inspection and periodic repair of boilers, which is conducted every two years, and that of turbines, which is conducted every four years, were conducted in the first half under review. Chiefly due to the effect of the inspections and repairs, electricity sales fell 11.9% year on year. As a consequence, the sales were ¥6,866 million (down 33.2% year on year). The operating loss was ¥178 million due to both the decline in sales and the added expenses associated with the maintenance and inspection work at the TOMAKOMAI power station (compared to the operating profit of ¥498 million in the same period of the previous year ¥498 million).

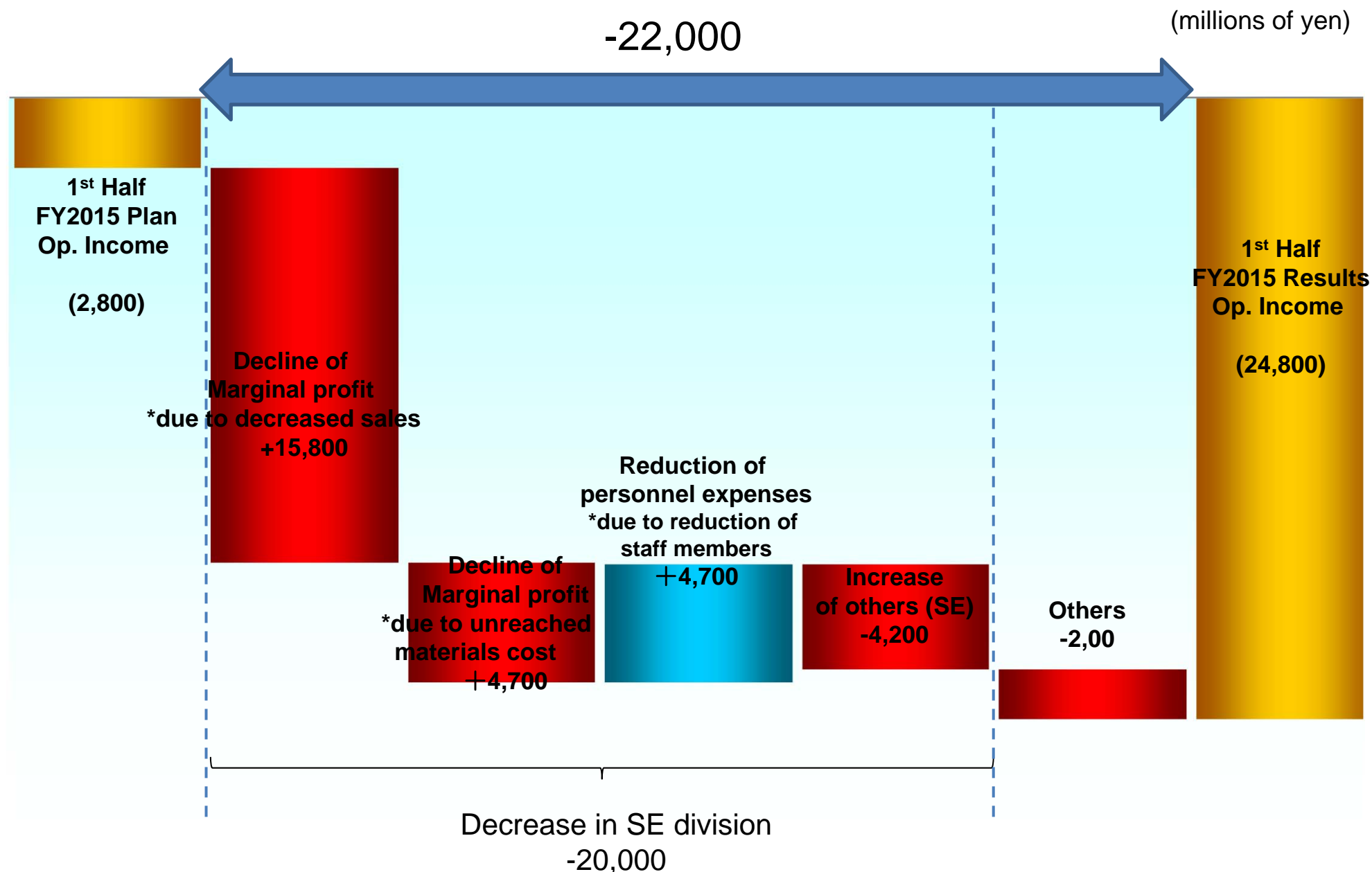
(millions of yen)

	1H FY2014		1H FY2015				
	Results	Prop.	Results	Prop.	YoY	Forecast	% to Forecast
Net Sales	4,621		4,052		87.7%	4,352	
HS	4,058	87.8%	3,596	88.8%	88.6%	3,911	89.9%
ES	562	12.2%	455	11.2%	80.9%	441	10.1%
Gross Profit	2,185	47.3%	2,044	50.5%	93.5%	2,289	52.6%
SG&A	1,364	29.5%	1,430	35.3%	104.8%	1,427	32.8%
Operating Income	821	17.8%	614	15.2%	74.8%	862	19.8%

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 ¥3,596 million (down 11.4% year on year). The operating income decreased by 33.2% to ¥588 million yen due to cost reduction, compared to the same period the previous year.

The ES Division concentrated on sanitation maintenance-related customer management such as high-rise building and condominiums. As a result, net sales were ¥455 million yen (down 19.1% year on year). However, cost reduction measured results in an operating profit of ¥25 million yen in spite of decreases in segment sales (compared to the operating loss of ¥59 million yen in the same period of the previous year).

【Reference】 Details for Op. Income





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

Forecast for FY2015 (ending March 31, 2016)

SANIX

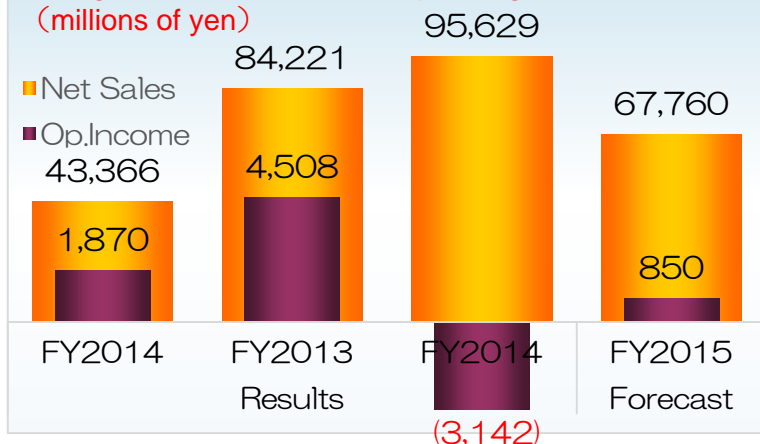
FY2015_2Q

The Company has revised the consolidated earning forecast for the fiscal year ending March 31, 2016, which were announced Mar.13, 2014, on Nov.13, 2015.

(millions of yen)

	FY2014	FY2015			
	Results	Revised Forecast	YoY	Forecast on May 13, 2015	
				Forecast	Difference
Net Sales	95,629	67,760	70.9%	78,000	-10,240
Gross Profit	18,907	16,850	89.1%	21,207	-4,357
(Gross Profit Margin)	19.8%	24.9%		27.2%	
Operating Income	(3,142)	850	—	4,000	-3,150
(Operating Income Margin)	—	1.3%		5.1%	
Ordinary Income	(3,439)	920	—	3,820	-2,900
(Ordinary Income Margin)	—	1.4%		4.9%	
Net Income	(4,966)	60	—	2,820	-2,760
(Net Income Margin)	—	0.1%		3.6%	

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



The company revised the consolidated earnings forecast for the fiscal year ending March 31, 2016 on November 13, 2015 as follows.

The results in the first half under review fell below the previous forecast, and the number of installations in the PV systems business in the second half is expected to fall below the previous forecast.

As for income, profitability is expected to improve after the third quarter mainly due to management rationalization in the first quarter and further voluntary retirement programs. However, operating income and ordinary income are expected to fall below the previous forecast as net sales ended lower than the previous forecast.

Segment Forecast for FY2015

SANIX

FY2015_2Q

The Company has revised the consolidated earning forecast for the fiscal year ending March 31, 2016, which were announced Mar.13, 2014, on Nov.13, 2015.

(millions of yen)

	FY2015								
	1st Half			2nd Half			Full year		
	Results	Prop.	Difference	Revised Forecast	Prop.	Difference	Revised Forecast	Prop.	Difference
Net Sales	30,631		-4,666	37,128		-5,573	67,760		-10,240
SE	19,713	64.4%	-4,073	24,966	67.2%	-5,970	44,680	65.9%	-10,044
ERD	6,866	22.4%	-292	8,493	22.9%	+ 620	15,360	22.7%	+ 328
HS/ES	4,052	13.2%	-299	3,667	9.9%	-224	7,720	11.4%	-524
Gross Profit	5,863	19.1%	-2,412	10,986	29.6%	-1,944	16,850	24.9%	-4,357
SG&A	8,347	27.3%	-208	7,652	20.6%	-998	16,000	23.6%	-1,207
Operating Income	(2,483)	—	-2,203	3,333	9.0%	-946	850	1.3%	-3,150
SE	(1,372)	—	-2,005	3,232	<u>12.9%</u>	-1,202	1,860	<u>4.2%</u>	-3,208
ERD	(178)	—	-36	1,148	<u>13.5%</u>	+ 229	970	<u>6.3%</u>	+ 193
HS/ES	614	<u>15.2%</u>	-247	355	<u>9.7%</u>	-146	970	<u>12.6%</u>	-394
Group	(1,546)	—	+ 86	(1,403)	—	+ 172	(2,950)	—	+ 259
Ordinary Income	(2,364)	—	-2,014	3,284	8.8%	-885	920	1.4%	-2,900
Net Income	(2,940)	—	-2,180	3,000	8.1%	-579	60	0.1%	-2,760

The underlined percentage indicate Operating Margin of each segment.

■ Plans of cost reduction

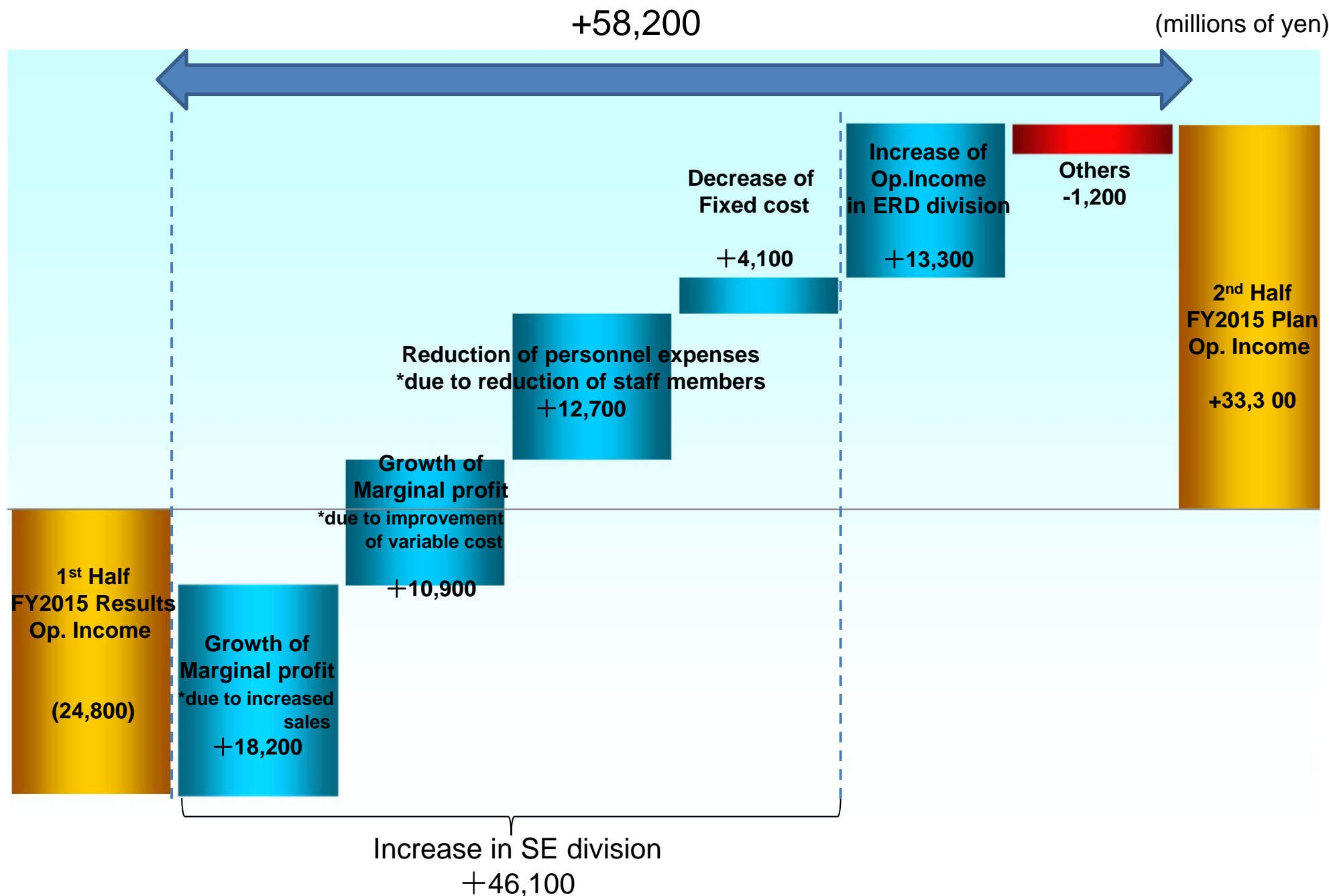
		Plans (millions of yen)	
Voluntary Retirement programs	Personal expenses	379	Required applicants : 300
	Welfare expenses	9	
Elimination and Consolidation	Rent expenses	17	<ul style="list-style-type: none"> • 6 stores in SE division • 5 stores in HS division Above stores are to merge with a neighboring stores*.
	Vehicle expenses *including fuel cost	22	Decreases of 500 cars
Total		427	

*The SE division are to have 39 stores, and HS division are to have 45 stores, by implanting elimination and consolidation.

【Reference】 Changes of employees numbers

	FY2013	FY2014		FY2015	
	at the end of Mar.	at the end of Sep.	at the end of Mar.	at the end of Jun.	at the end of Sep.
Consolidated total	3,291	4,420	3,625	2,989	2,882
			Difference from the previous end of period	(636)	(743名)

【Reference】 Details for Op. Income



The Company has revised the consolidated earning forecast for the fiscal year ending March 31, 2016, which were announced Mar.13, 2014, on Nov.13, 2015.

(millions of yen)

		FY2015								
		1st Half			2nd Half			Full year		
		Results	Prop.	Difference	Forecast	Prop.	Difference	Forecast	Prop.	Difference
Net Sales	19,713		-12,358	24,966		-15,209	44,680		-27,567	
Photovoltaic system										
Direct (Eastern Japan)	10,155	51.5%	-14,685	12,299	49.3%	-13,250	22,455	50.3%	-27,936	
Direct (Western Japan)	6,092	30.9%	+ 3,321	11,000	44.1%	+ 1,102	17,093	38.3%	+ 4,424	
Wholesale	3,407	17.3%	-997	1,622	6.5%	-3,061	5,029	11.3%	-4,058	
Others	57	0.3%	+ 3	44	0.2%	+ 0	101	0.2%	+ 3	
Cost of Sales	16,616	84.3%	-9,692	17,963	71.9%	-15,908	34,580	77.4%	-25,600	
Materials expenses	11,334	57.5%	-6,400	13,245	53.1%	-10,699	24,579	55.0%	-17,099	
Labor expenses	2,675	13.6%	-1,701	1,920	7.7%	-2,941	4,596	10.3%	-4,643	
Gross Profit	3,096	15.7%	-2,665	7,003	28.1%	+ 698	10,100	22.6%	-1,967	
SG&A	4,469	22.7%	-3,570	3,770	15.1%	-2,547	8,240	18.4%	-6,118	
Advertising expenses	1	0.0%	-931	0	0.0%	-226	1	0.0%	-1,158	
Personnel expenses	2,064	10.5%	-873	1,549	6.2%	-1,492	3,613	8.1%	-2,365	
Operating Income	(1,372)	—	+ 904	3,232	12.9%	+ 3,246	1,860	4.2%	+ 4,151	

In SE division, we have strengthened the framework in the Kanto, Kansai and Chukyo regions with a large market, enhancing the sales power. Also, we worked to improve its income structure, reducing overall fixed costs, by implementing management rationalization such as voluntary retirement programs and elimination and consolidation in the first quarter.

We expect that breakeven sales in the SE division will be lowered significantly as a result of management rationalization, including the solicitation of voluntary retirement. From the third quarter, we will work to improve profitability to achieve sustainable growth.

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

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

	FY2014			FY2015		
	1 st half Results	2 nd half Results	Full year Results	1 st half Results	2 nd half Results	Full year Results
Marginal profit ratio (%)	35.0	31.6	33.1	34.7	40.1	37.7
Monthly average fixed cost (million)	1,949	2,131	2,040	1,368	1,130	1,249
Breakeven Sales (million)	5,561	6,740	6,156	3,944	2,818	3,312

■ Changes of Fixed cost ratio for business expansion of SE

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

(%)	FY2014			FY2015		
	1 st half Results	2 nd half Results	Full year Results	1 st half Results	2 nd half Results	Full year Results
Personnel cost	22.8	19.7	21.1	24.0	13.9	18.4
others	13.7	12.2	12.8	17.6	13.3	15.2
Fixed cost total	36.5	31.8	33.9	41.6	27.2	33.6

The Company has revised the consolidated earning forecast for the fiscal year ending March 31, 2016, which were announced Mar.13, 2014, on Nov.13, 2015.

(millions of yen)

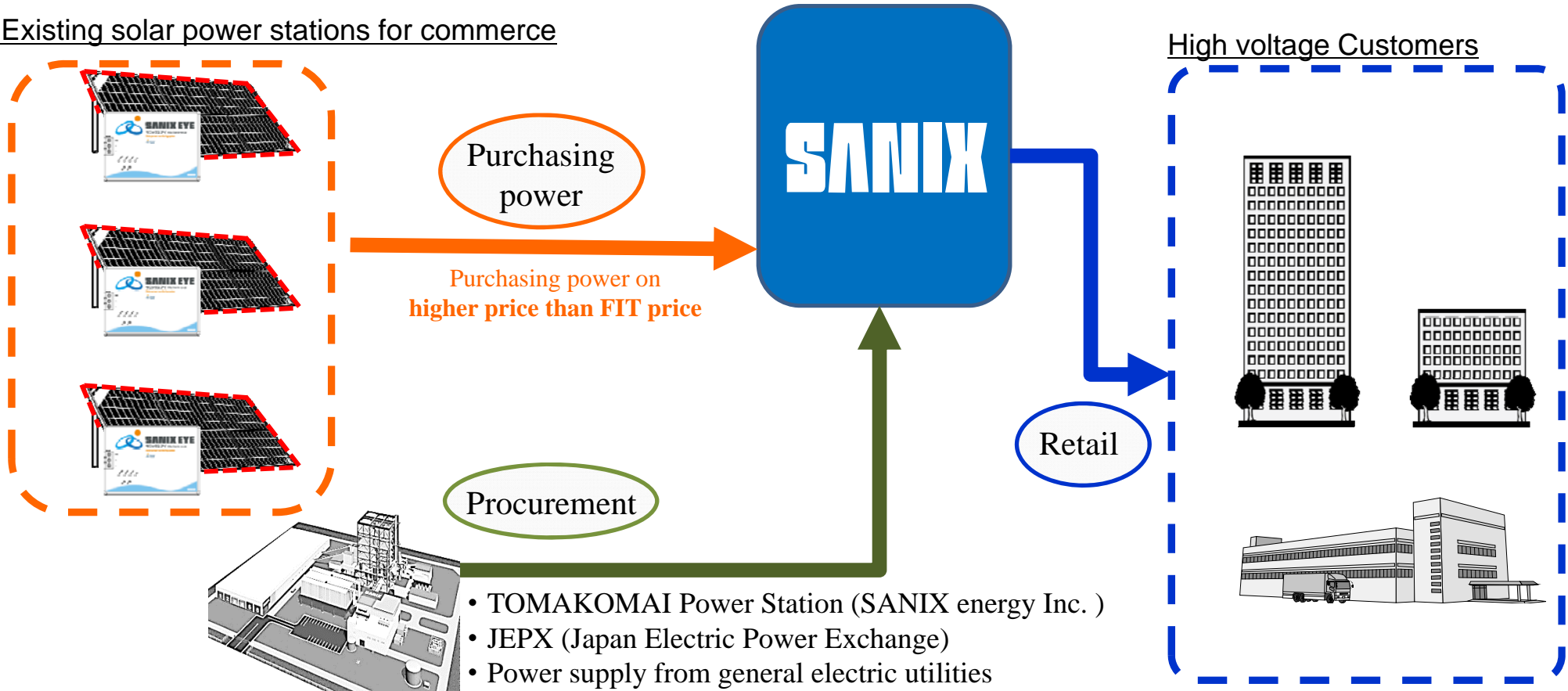
	FY2015								
	1st Half			2nd Half			Full year		
	Results	Prop.	Difference	Forecast	Prop.	Difference	Forecast	Prop.	Difference
Net Sales	6,866		-449	8,493		+ 1,073	15,360		+ 624
Plastic Fuels	3,455	50.3%	-404	4,256	50.1%	+ 582	7,712	50.2%	+ 177
Power Generation	1,613	23.5%	-218	2,555	30.1%	+ 591	4,168	27.1%	+ 372
Organic waste water	843	12.3%	+ 83	943	11.1%	+ 68	1,786	11.6%	+ 151
Final Disposal	386	5.6%	+ 55	268	3.2%	-20	654	4.3%	+ 35
Others	567	8.3%	+ 34	470	5.5%	-147	1,037	6.8%	-113
Gross Profit	722	10.5%	-672	2,137	25.2%	+ 738	2,860	18.6%	+ 66
SG&A	901	13.1%	+ 3	988	11.6%	+ 62	1,890	12.3%	+ 66
Operating Income	(178)	—	-676	1,148	13.5%	+ 676	970	6.3%	0

The Company has revised the consolidated earning forecast for the fiscal year ending March 31,2016,which were announced Mar.13, 2014, on Nov.13, 2015.

(millions of yen)

	FY2015								
	1st Half			2nd Half			Full year		
	Results	Prop.	Difference	Forecast	Prop.	Difference	Forecast	Prop.	Difference
Net Sales	4,052		-568	3,667		-356	7,720		-925
HS	3,596	88.8%	-461	3,223	87.9%	-323	6,820	88.3%	-785
ES	455	11.2%	-107	444	12.1%	-32	900	11.7%	-140
Gross Profit	2,044	50.5%	-141	1,845	50.3%	-15	3,890	50.4%	-156
SG&A	1,430	35.3%	+ 65	1,489	40.6%	+ 393	2,920	37.8%	+ 459
Operating Income	614	15.2%	-206	355	9.7%	-408	970	12.6%	-615

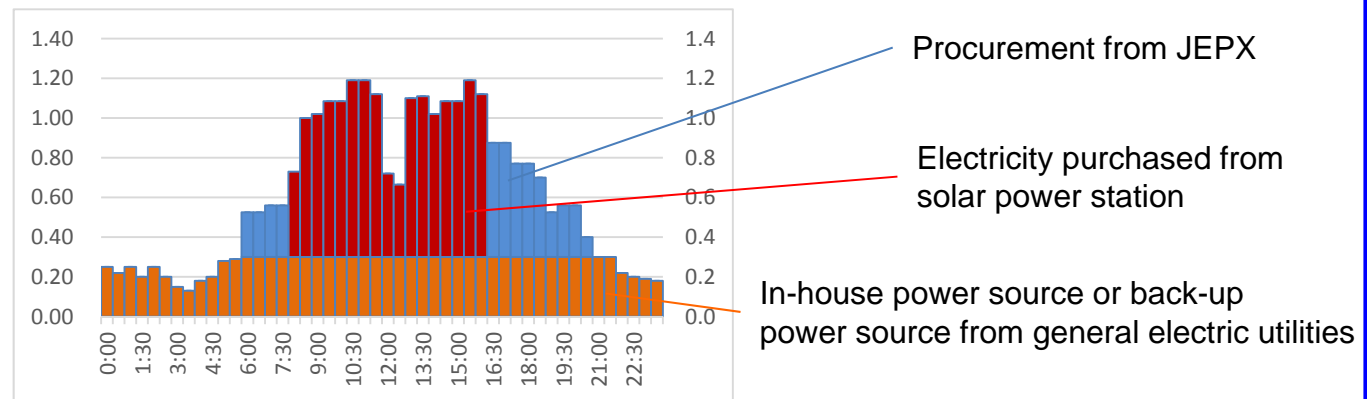
Existing solar power stations for commerce



Structure of power supply

We considered in-house power resource (and a regular backup power resource) as a base power resource,

We combine the electric power from the power plant available daytime and the one from JEPX, in order to minimize the costs, supplying the power to customers



■ Electric power retail business

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

*Registration number : 「A0007」

In SANIX, we have already applied for the registration, and are to complete registration this year.

■ Purchasing electric power from solar power station

We started to purchase the electric power in October,2015 and use the power as in-house power source in Chubu, Kansai and Kyusyu Electric Power area ,as of November, 2015.

From December, we also started to purchase the power in Tokyo and Chugoku Electric Power area. In Hokkaido Electric Power area, the power source of TOMAKOMAI Power Plant is mainly used because, we don't contracture in-house photovoltaic power generation system.

■ Electric power retail business

We are supplying electric power to approximately 200 low-voltage customers in Hokkaido, Tokyo, Chubu, Kansai, Chugoku, Kyusyu .as of November, 2015.

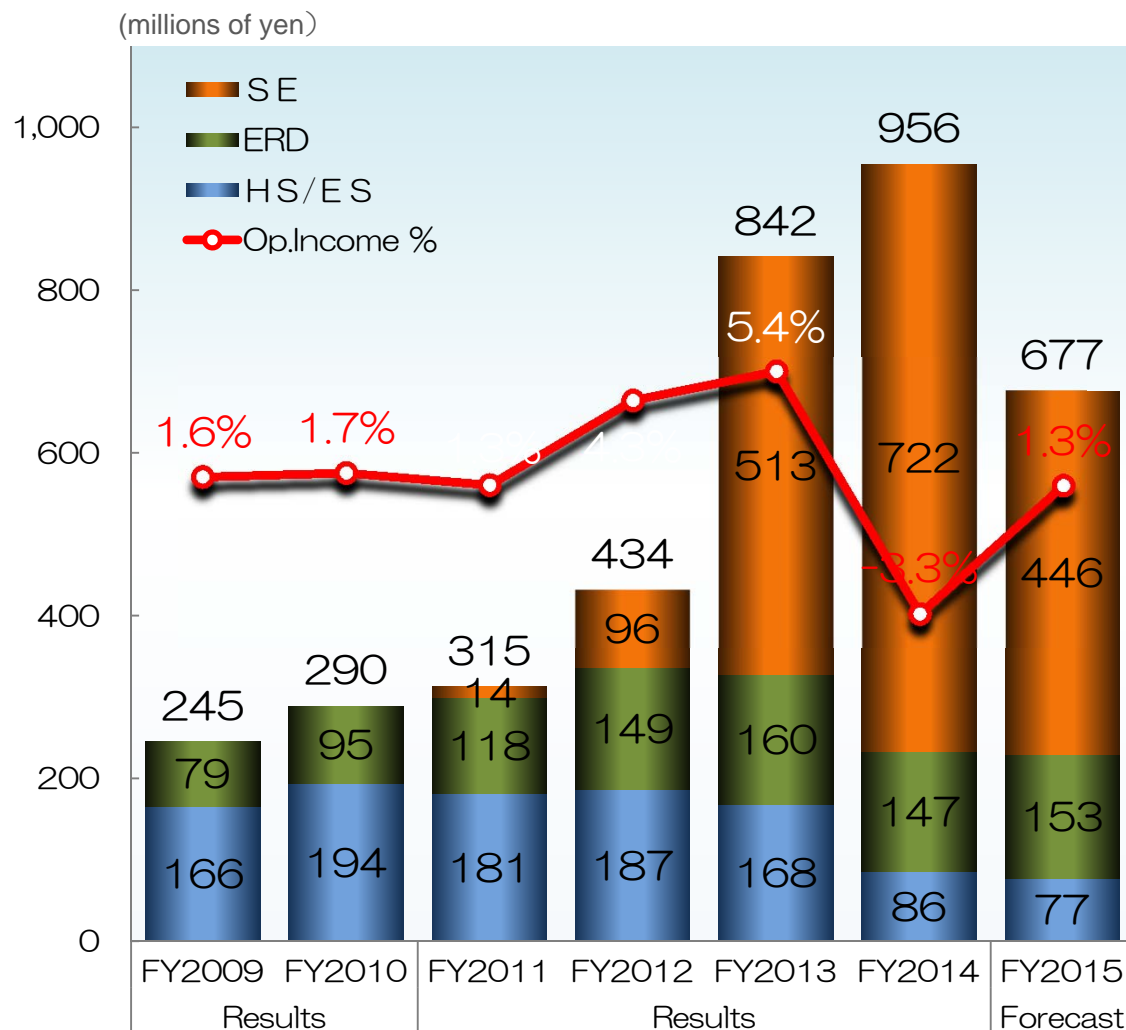
The numbers of customers have been increasing smoothly, and in near future, its sales are expected to contribute to profitability.

■ Reaction to the full liberalization of electric power retail

In reaction to the full liberalization of electric power retail (the lifting of the ban on sales to low-voltage customers) from April 2016, we are considering retail sales to low-voltage customers in the system (general households and small enterprises). As wheeling charges and loss rates, among other conditions, are determined within this year, we plan to decide on a detailed policy.

The Company has revised the consolidated earning forecast for the fiscal year ending March 31, 2016, which were announced Mar.13, 2014, on Nov.13, 2015.

Net Sales and Operating Margin ratio



Forecast for FY2015
(ending March 31, 2016)

Net Sales : 67,760 (MY)

Operating Income : 850 (MY)

Operating margin : 1.3%

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