



for Energy, for Environment

Photovoltaic Solution

Total Sanitation

Environmental Resources Development

Financial Results Briefing For FY2016



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Disclaimer

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

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

changes in economic changes of the Feed-in-Tariff (FIT) scheme for renewable energy and changes of the utility company's policy for installation of renewable energy, competition with other manufacturers, changing technology, regulatory environment, new legislation and any other factors which are beyond our control.

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

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

"△" in operating income, ordinary income and net income indicate operating loss, ordinary loss and net loss respectively.

In case of negative or above 1,000%, margin is expressed by "-".



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1. Financial Results for FY2016

Consolidated Financial Results for FY2016

(Millions of Yen)

	FY2015	FY 2016				
	Results	Results	Y o Y	Difference	Plan/10,Nov.	to Plan
Net Sales	61,916	50,955	82.3%	Δ 10,961	46,670	+ 4,285
Gross Profit	13,783	14,142	102.6%	+ 359	13,355	+ 787
Gross Profit Margin	22.3%	27.8%			28.6%	
Operating Income	Δ 2,229	1,036	—	+ 3,266	600	+ 436
Operating Income Margin	—	2.0%			1.3%	
Ordinary Income	Δ 1,949	907	—	+ 2,856	480	+ 427
Ordinary Income Margin	—	1.8%			1.0%	
Profit attributable to owners of parent	Δ 4,604	416	—	+ 5,020	Δ 60	+ 476
Net Income Margin	—	0.8%			—	

As for sales in the fiscal year under review, the Solar Engineering (SE) Division was unable to avoid the adverse effect of changes in the environment and the contraction of the market for the solar electric power business, and sales declined significantly. As a consequence, the net sales of the entire Group were ¥50,955 million (down 17.7% year on year).

In terms of profitability, although sales declined considerably in the SE Division, cost reductions as a result of management rationalization initiatives and lower materials costs, among other factors, led to an improvement in the gross margin and a significant fall in selling, general and administrative expenses, and income moved into the black at all levels in the fiscal year under review.

As a consequence, for the whole Group, operating income was ¥1,036 million compared to an operating loss of ¥2,229 million in the previous year, and ordinary income was ¥907 million compared to an ordinary loss of ¥1,949 million in the previous year. The Group posted expenses related to voluntary retirement of ¥177 million as an extraordinary loss. Consequently, the Group posted net income attributable to the owners of the parent company of ¥416 million, as opposed to a net loss of ¥4,604 attributable to the owners of the parent in the previous year.

Results of each segment for FY2016

(Millions of Yen)

	FY2015		FY2016				
	Results	Prop.	Results	Prop.	Y o Y	to Plan	% to Plan
Net sales	61,916		50,955		82.3%	+ 4,285	
SE Division	39,871	64.4%	26,225	51.5%	65.8%	+ 3,345	49.0%
HS Division	6,519	10.5%	6,562	12.9%	100.7%	+ 162	13.7%
ES Division	924	1.5%	1,033	2.0%	111.8%	+ 67	2.1%
ERD Division	14,601	23.6%	17,133	33.6%	117.3%	+ 709	35.2%
Gross Profit	13,783	22.3%	14,142	27.8%	102.6%	+ 787	28.6%
SG & A	16,013	25.9%	13,106	25.7%	81.8%	+ 351	27.3%
Operating Income	Δ 2,229	—	1,036	2.0%	—	+ 436	1.3%
SE Division	Δ 202	—	1,669	<u>6.4%</u>	—	+ 411	<u>5.5%</u>
HS Division	614	<u>9.4%</u>	979	<u>14.9%</u>	159.3%	+ 25	<u>14.9%</u>
ES Division	53	<u>5.8%</u>	94	<u>9.2%</u>	175.7%	+ 32	<u>6.4%</u>
ERD Division	282	<u>1.9%</u>	1,029	<u>6.0%</u>	364.7%	Δ 21	<u>6.4%</u>
Group	Δ 2,977	—	Δ 2,735	—	—	Δ 10	—

* The underlined percentage indicate Operating Margin of each segment.

Quarterly Results of each Segment for FY2016

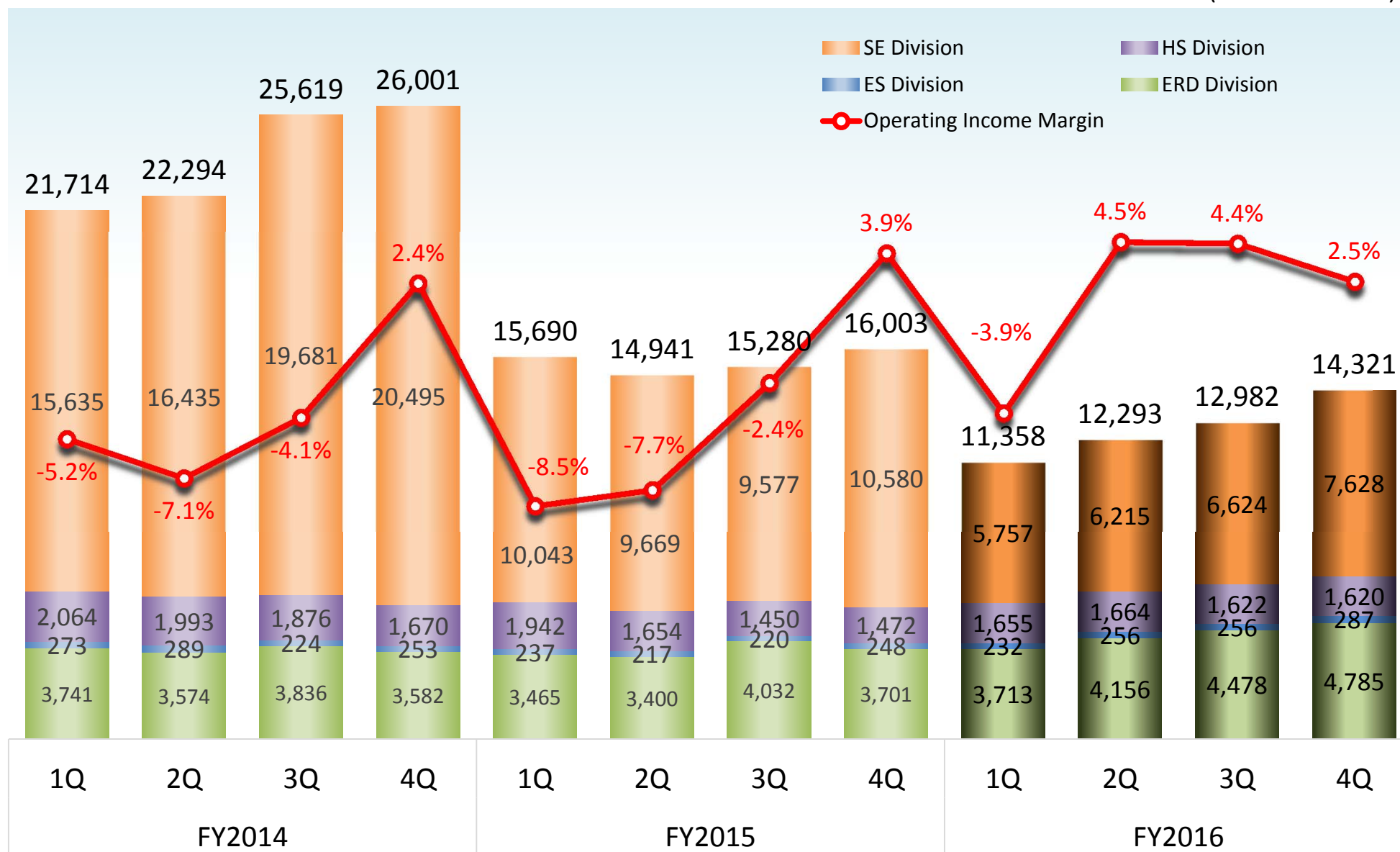
(Millions of Yen)

	FY2016							
	1Q		2Q		3Q		4Q	
	Results	Prop.	Results	Prop.	Results	Prop.	Results	Prop.
Net Sales	11,358		12,293		12,982		14,321	
SE Division	5,757	50.7%	6,215	50.6%	6,624	51.0%	7,628	53.3%
HS Division	1,655	14.6%	1,664	13.5%	1,622	12.5%	1,620	11.3%
ES Division	232	2.0%	256	2.1%	256	2.0%	287	2.0%
ERD Division	3,713	32.7%	4,156	33.8%	4,478	34.5%	4,785	33.4%
Gross Profit	3,074	27.1%	3,633	29.6%	3,775	29.1%	3,660	25.6%
SG & A	3,520	31.0%	3,083	25.1%	3,203	24.7%	3,298	23.0%
Operating Income	Δ 446	—	549	4.5%	571	4.4%	361	2.5%
SE Division	Δ 68	—	453	<u>7.3%</u>	861	<u>13.0%</u>	421	<u>5.5%</u>
HS Division	253	<u>15.3%</u>	259	<u>15.6%</u>	253	<u>15.6%</u>	212	<u>13.1%</u>
ES Division	14	<u>6.0%</u>	16	<u>6.3%</u>	25	<u>9.8%</u>	39	<u>13.7%</u>
ERD Division	128	<u>3.5%</u>	449	<u>10.8%</u>	100	<u>2.2%</u>	351	<u>7.3%</u>
Group	Δ 773	—	Δ 629	—	Δ 670	—	Δ 662	—

* The underlined percentage indicate Operating Margin of each segment.

Quarterly Segment Information (changes)

(Millions of Yen)



Segment Information for FY2016 (SE Division)

(Millions of Yen)

	FY2015		FY2016				
	Results	Prop.	Results	Prop.	Y o Y	to Plan	% to Plan
Net Sales	39,871		26,225		65.8%	+ 3,345	
Photovoltaic System							
Direct Sales	34,419	86.3%	24,228	92.4%	70.4%	+ 2,879	93.3%
Western Div.	20,691	51.9%	15,026	57.3%	72.6%	+ 1,786	57.9%
Eastern Div.	13,728	34.4%	9,202	35.1%	67.0%	+ 1,092	35.4%
Wholesales	5,351	13.4%	1,889	7.2%	35.3%	+ 463	6.2%
Others	99	0.2%	107	0.4%	107.7%	+ 3	0.5%
Cost of Sales	31,853	79.9%	18,802	71.7%	59.0%	+ 2,626	70.7%
Material costs *	22,483	56.4%	13,320	50.8%	59.2%	+ 2,086	49.1%
Labor costs	4,618	11.6%	2,253	8.6%	48.8%	+ 62	9.6%
Gross Profit	8,017	20.1%	7,423	28.3%	92.6%	+ 719	29.3%
SG & A	8,220	20.6%	5,754	21.9%	70.0%	+ 308	23.8%
Personnel expenses	3,594	9.0%	2,194	8.4%	61.1%	+ 184	8.8%
Other expenses	4,626	11.6%	3,559	13.6%	76.9%	+ 123	15.0%
Operating Income	△ 202	—	1,669	6.4%	—	+ 411	5.5%

* Material costs includes material costs and supply expenses.

The direct sales of PV systems declined 29.6% in the number of installations of industrial-use PV systems, despite aggressive marketing activities in response to the changes in the market environment with respect to the solar electric power business. As a consequence, sales were ¥26,225 million (down 34.2% year on year).

Despite the significant decline in sales, the Company achieved operating income of ¥1,669 million, as opposed to an operating loss of ¥202 million in the previous year, reflecting the successful reduction of personnel and other fixed expenses mainly due to management rationalization and a focus on cost reductions, including costs of materials such as photovoltaic modules.

It should be noted that the Company achieved the operating income net of an inventory valuation loss of ¥777 million associated with the decrease in profitability for power conditioners that had been manufactured in-house.

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

(Millions of Yen)

	FY2016									
	1Q		2Q		3Q		4Q		Whole Year	
	Results	Prop.	Results	Prop.	Results	Prop.	Results	Prop.	Results	Prop.
Net Sales	5,757		6,215		6,624		7,628		26,225	
Cost of Sales	4,269	74.2%	4,428	71.3%	4,367	65.9%	5,736	75.2%	18,802	71.7%
Material costs *	2,916	50.7%	3,152	50.7%	2,995	45.2%	4,256	55.8%	13,320	50.8%
Labor costs	707	12.3%	555	8.9%	496	7.5%	494	6.5%	2,253	8.6%
Outsourcing costs	152	2.6%	245	4.0%	340	5.1%	445	5.8%	1,183	4.5%
Other costs	492	8.6%	475	7.7%	534	8.1%	540	7.1%	2,043	7.8%
Gross Profit	1,487	25.8%	1,786	28.7%	2,257	34.1%	1,891	24.8%	7,423	28.3%
SG & A	1,556	27.0%	1,332	21.4%	1,395	21.1%	1,469	19.3%	5,754	21.9%
Personnel expenses	584	10.2%	503	8.1%	511	7.7%	594	7.8%	2,194	8.4%
Other expenses	971	16.9%	829	13.4%	883	13.3%	874	11.5%	3,559	13.6%
Operating Income	△ 68	—	453	7.3%	861	13.0%	421	5.5%	1,669	6.4%

* Material costs includes material costs and supply expenses.

【Recording of loss from inventory revaluation】

The continued trend of decline in the market price for components of solar electric power systems led to cost reductions in the Company owing to lower purchase prices.

With respect to the impact on the consolidated results for the fiscal year under review, because of the lower purchase prices for power conditioners, which were offset by the identified decrease in profitability of inventories relating to power conditioners manufactured by the Company, the Company decided to record the loss from inventory revaluation of ¥777 million under cost of sales (materials costs).

■ 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	FY2016				
	Whole Year	1Q	2Q	3Q	4Q	Whole Year
Marginal Profit Ratio (%)	36.8	43.5	42.1	46.3	45.6	44.5
Average Monthly Fixed Cost (Million Yen per month)	1,240	857	719	734	758	767
Breakeven Sales Volume (Million Yen per month)	3,367	1,971	1,711	1,586	1,664	1,726

* The results for the fourth quarter of the fiscal year ended March 31, 2017 do not include the loss from inventory revaluation of ¥777 million that is included in material costs.

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

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

	FY2015	FY2016				
	Whole Year	1Q	2Q	3Q	4Q	Whole Year
Labor Costs/Personnel Expenses (Million Yen per month)	684	430	352	335	363	370
Average Number of Personnel (Person)	1,485	943	698	676	716	758
Other Expenses (Million Yen per month)	556	426	367	398	395	396

Segment Information for FY2016 (HS / ES Division)

(Millions of Yen)

【HS Division】	FY2015		FY2016				
	Results	Prop.	Results	Prop.	Y o Y	to Plan	% to Plan
Net Sales	6,519		6,562		100.7%	+ 162	
Gross Profit	3,255	49.9%	3,285	50.1%	100.9%	+ 63	50.3%
SG & A	2,640	40.5%	2,306	35.1%	87.3%	+ 38	35.4%
Operating Income	614	9.4%	979	14.9%	159.3%	+ 25	14.9%

Sales of basic repair and house reinforcement construction services for ordinary homes rose from the previous fiscal year, reflecting reinforced sales activities and account management strategies aimed at rebuilding the HS division that had long suffered declining sales.

As a result of the initiatives that succeeded in putting an end to the declining sales, the division's sales were ¥6,562 million (up 0.7% year on year).

Operating income stood at ¥979 million (up 59.3% year on year), primarily reflecting successful cost reduction measures focusing on management rationalization along with the reinforced marketing activities resulting in higher productivity.

(Millions of Yen)

【ES Division】	FY2015		FY2016				
	Results	Prop.	Results	Prop.	Y o Y	to Plan	% to Plan
Net Sales	924		1,033		111.8%	+ 67	
Gross Profit	332	35.9%	410	39.7%	123.6%	+ 36	38.7%
SG & A	278	30.1%	315	30.6%	113.5%	+ 3	32.3%
Operating Income	53	5.8%	94	9.2%	175.7%	+ 32	6.4%

Sales in anti-rust equipment installation and waterproofing of buildings, maintenance-related services for buildings and condominiums, increased from the previous fiscal year. As a result, net sales were ¥1,033 million (up 11.8% year on year). Operating income came to ¥94 million (up 75.7% year on year) mainly due to the increase in segment sales.

Segment Information for FY2016 (ERD Division)

(Millions of Yen)

	FY2015		FY2016				
	Results	Prop.	Results	Prop.	Y o Y	to Plan	% to Plan
Net Sales	14,601		17,133		117.3%	+ 709	
Plastic Fuels	7,227	49.5%	7,139	41.7%	98.8%	+ 43	43.2%
Power Generation	3,986	27.3%	6,806	39.7%	170.7%	+ 471	38.6%
Power Producer & Supplier	247	1.7%	2,925	17.1%	—	+ 482	14.9%
Organic Waste Water	1,604	11.0%	1,768	10.3%	110.3%	+ 51	10.5%
Final Disposal	702	4.8%	648	3.8%	92.3%	+ 27	3.8%
Others	1,080	7.4%	770	4.5%	71.3%	+ 115	4.0%
Gross Profit	2,177	14.9%	3,023	17.6%	138.8%	△ 31	18.6%
SG & A	1,895	13.0%	1,994	11.6%	105.2%	△ 9	12.2%
Operating Income	282	1.9%	1,029	6.0%	364.7%	△ 21	6.4%

Plastic fuel sales secured the level recorded in the previous fiscal year, despite the lower collection volume of waste plastic due to a rise in unit prices implemented as part of the business strategy. Electricity sales achieved year-on-year growth due to a rise in the number of service contracts concluded with high-voltage consumers in the Power Producer and Supplier business.

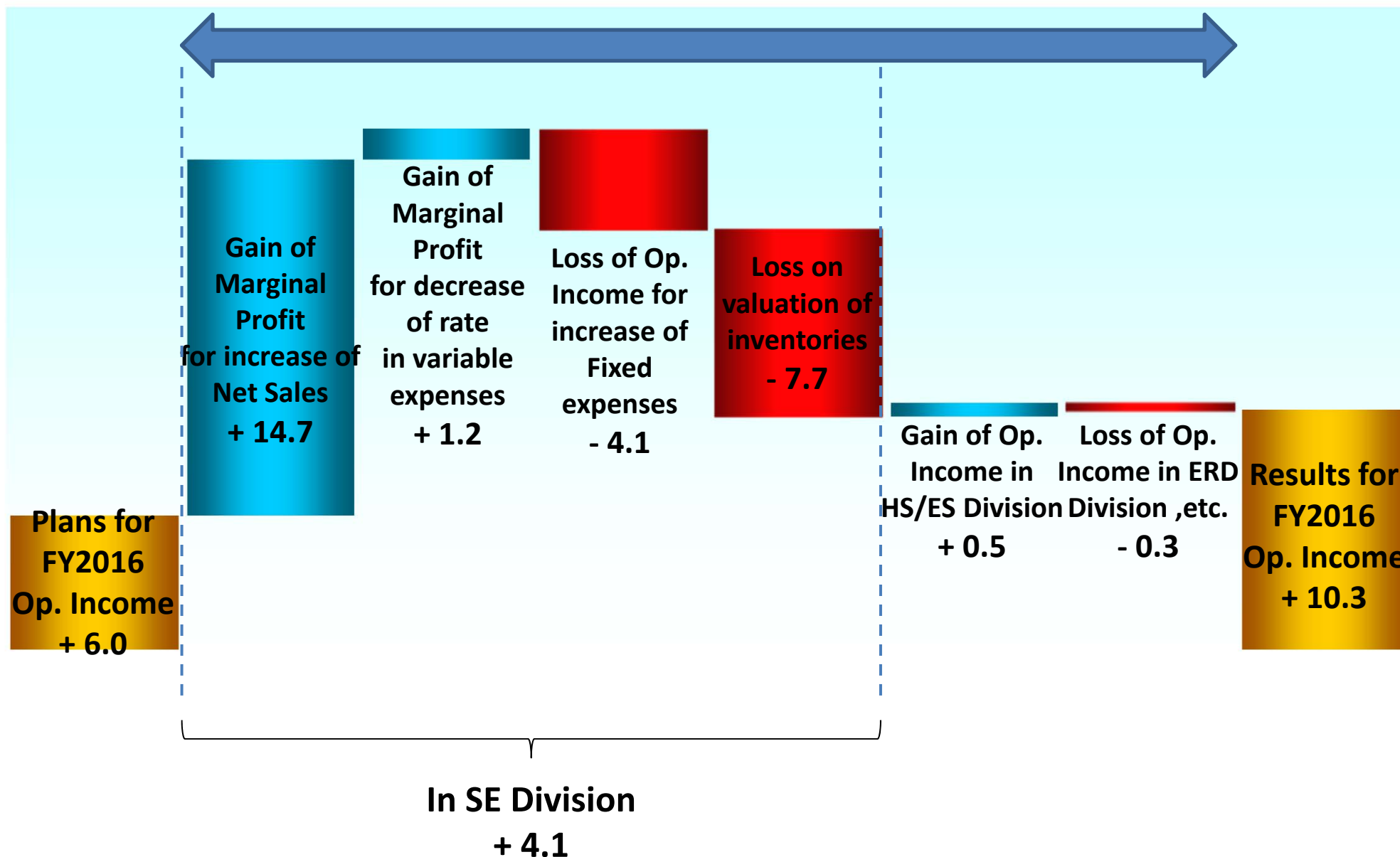
As a consequence, sales amounted to ¥17,133 million (up 17.3% year on year).

Operating income stood at ¥1,029 million (up 264.7% year on year), reflecting an improvement in the gross margin ratio mainly attributable to the revision of unit prices for the collection of waste plastic, a fall in costs related to inspection and repair work at Tomakomai Power Plant, and improved profitability in the collection volume of organic wastewater recycling.

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

+ 4.3

(Hundred Millions of Yen)



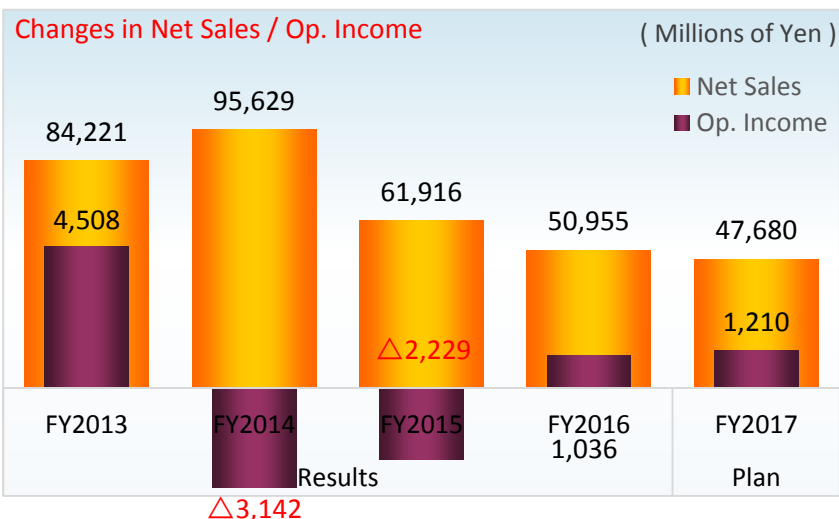


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2. Forecasts for FY2017

(Millions of Yen)

	FY2016	FY2017		
	Results	Plan	Y o Y	Difference
Net Sales	50,955	47,680	93.6%	Δ 3,275
Gross Profit	14,142	13,440	95.0%	Δ 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%		
Profit attributable to owners of parent	416	810	194.7%	+ 393
Net Income Margin	0.8%	1.7%		



【Regarding to the forecasts for FY2017】

For the previous fiscal year, the results exceeded the targets of sales and income under the medium-term business plan and income moved into the black at all levels for the first time in three fiscal years.

For the current consolidated fiscal year, we will sustainably secure profits and ensure continual growth to secure stable earnings from the four businesses.

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

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

(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.

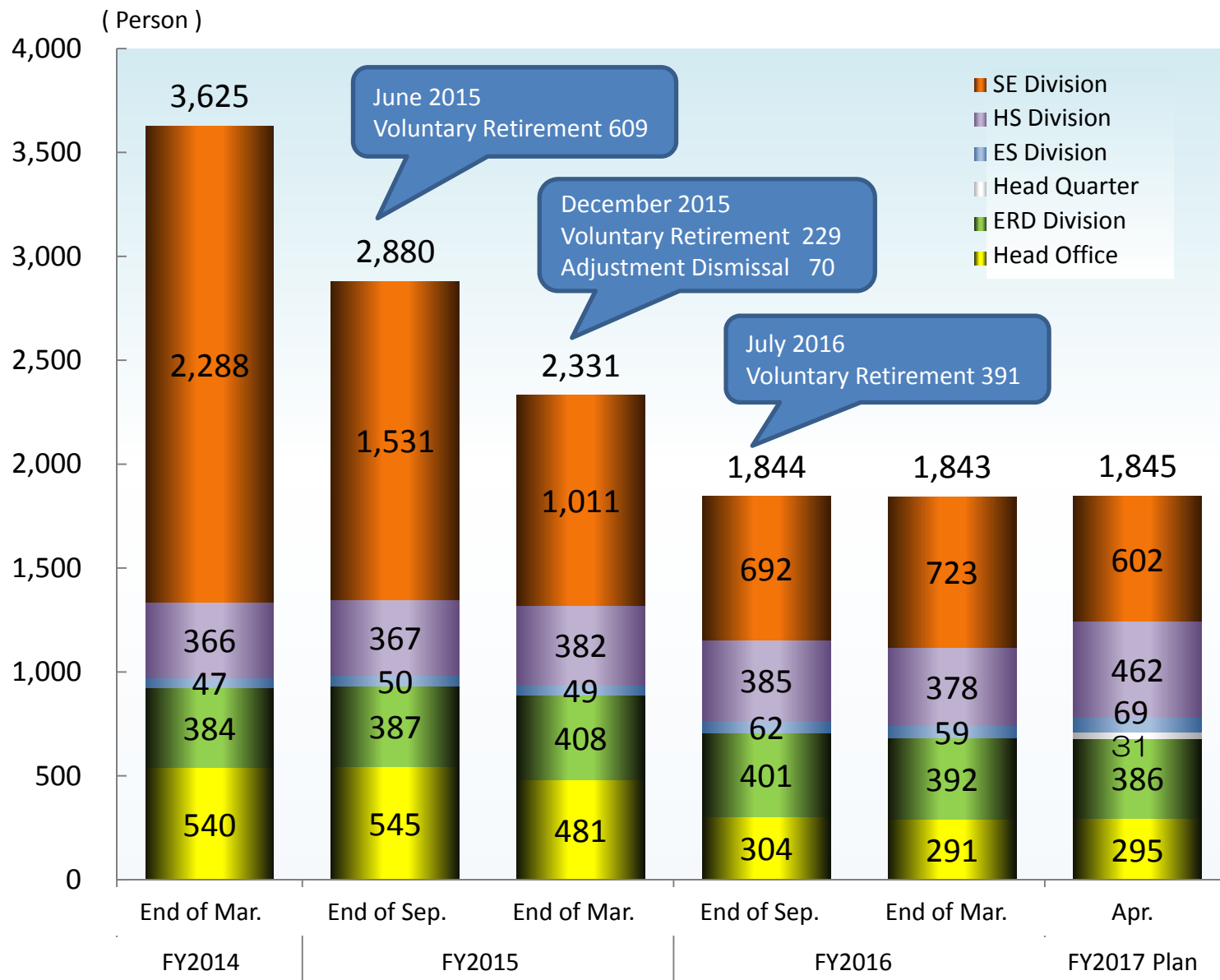
ii) Reorganization of the management headquarters

- * 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.

Changes in Personnel



	FY2016 End of Mar.	FY2017 Apr.
SE Div.	422	392
HS Div.	183	174
ES Div.	28	31
Engineer	633	597
SE Div.	135	106
HS Div.	103	166
ES Div.	20	20
Sales Person	258	292
SE Div.	166	104
HS Div.	92	122
ES Div.	11	18
Head Quarter		31
Office Worker	269	275
SE Div.	723	602
HS Div.	378	462
ES Div.	59	69
Head Quarter		31
Total	1,160	1,164

Segment Forecasts for FY2017

(Millions of Yen)

	FY2017								
	First Half			Second Half			Whole Year		
	Plan	Prop.	to Pre. Period	Plan	Prop.	to Pre. Period	Plan	Prop.	to Pre. Period
Net Sales	23,656		+ 4	24,024		Δ 3,279	47,680		Δ 3,275
SE Division	9,162	38.7%	Δ 2,810	8,991	37.4%	Δ 5,261	18,153	38.1%	Δ 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%	Δ 379	7,112	29.6%	Δ 323	13,440	28.2%	Δ 702
SG & A	6,248	26.4%	Δ 356	5,982	24.9%	Δ 520	12,230	25.7%	Δ 876
Operating Income	80	0.3%	Δ 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>	Δ 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>	Δ 8	77	<u>11.1%</u>	+ 12	99	<u>7.8%</u>	+ 4
ERD Division	35	<u>0.4%</u>	Δ 542	905	<u>8.6%</u>	+ 453	940	<u>4.6%</u>	Δ 89
Group	Δ 1,610	—	Δ 207	Δ 1,384	—	Δ 51	Δ 2,994	—	Δ 258
Ordinary Income	0	—	Δ 202	1,090	4.5%	+ 385	1,090	2.3%	+ 182
Profit attributable to owners of parent	Δ 100	—	+ 46	910	3.8%	+ 347	810	1.7%	+ 393

* The underlined percentage indicate Operating Margin of each segment.

Segment Forecasts for FY2017 (SE Division)

(Millions of Yen)

	FY2017								
	First Half			Second Half			Whole Year		
	Plan	Prop.	to Pre. Period	Plan	Prop.	to Pre. Period	Plan	Prop.	to Pre. Period
Net Sales	9,162		Δ 2,810	8,991		Δ 5,261	18,153		Δ 8,072
Photovoltaic System									
Diredct Sales	8,750	95.5%	Δ 2,260	8,650	96.2%	Δ 4,567	17,400	95.9%	Δ 6,828
Wholesales	350	3.8%	Δ 550	300	3.3%	Δ 688	650	3.6%	Δ 1,239
Others	61	0.7%	—	40	0.4%	Δ 5	102	0.6%	Δ 5
Cost of Sales	6,183	67.5%	Δ 2,515	6,024	67.0%	Δ 4,079	12,207	67.2%	Δ 6,595
Material costs *	4,030	44.0%	Δ 2,037	3,923	43.6%	Δ 3,328	7,954	43.8%	Δ 5,366
Labor sosts	926	10.1%	Δ 336	928	10.3%	Δ 62	1,854	10.2%	Δ 399
Gross Profit	2,979	32.5%	Δ 295	2,967	33.0%	Δ 1,181	5,946	32.8%	Δ 1,477
SG & A	1,911	20.9%	Δ 978	1,908	21.2%	Δ 957	3,819	21.0%	Δ 1,935
Personnel expenses	777	8.5%	Δ 309	801	8.9%	Δ 304	1,579	8.7%	Δ 614
Other expenses	1,133	12.4%	Δ 668	1,106	12.3%	Δ 652	2,239	12.3%	Δ 1,320
Operating Income	1,068	11.7%	+ 682	1,059	11.8%	Δ 224	2,127	11.7%	+ 457

* Material costs includes material costs and supply expenses.

The SE Division will respond to the change in the market environment due to the revision of the FIT Act and add new services including the improvement of the maintenance system. However, the market environment of the solar electric power business is still challenging, so sales will inevitably decrease.

The Group will reduce fixed costs, including personnel expenses, by transferring some employees to the HS Division, and will also push forward with cost reductions by reducing the costs of components, among other actions, to secure income.

Segment Forecasts for FY2017 (HS Division)

(Millions of Yen)

	FY2017								
	First Half			Second Half			Whole Year		
	Plan	Prop.	to Pre. Period	Plan	Prop.	to Pre. Period	Plan	Prop.	to Pre. Period
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 Reinforcement System	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 sales to increase with an increase in personnel by partial transfer from the SE Division, and is seeking to gain new customers and strengthen after-sales services for existing customers.

Although fixed costs will increase first because of the increase in personnel, we will work on preventing profitability from falling by absorbing the increase in fixed costs with an increase in net sales to secure income.

■ Changes of SE Division

	FY2016 Results			FY2017 Plan		
	1 st . Half	2 nd . Half	Whole Year	1 st . Half	2 nd . Half	Whole Year
Marginal Profit Ratio (%)	42.8	45.9	44.5	48.2	49.0	48.6
Average Monthly Fixed Cost (Million Yen per month)	788	746	767	558	557	558
Breakeven Sales Volume (Million Yen per month)	1,844	1,625	1,726	1,158	1,138	1,148

* The results for the 2nd. Half and whole year of the fiscal year ended March 31, 2017 do not include the loss from inventory revaluation of ¥777 million that is included in material costs.

■ Changes of HS Division

	FY2016 Results			FY2017 Plan		
	1 st . Half	2 nd . Half	Whole Year	1 st . Half	2 nd . Half	Whole Year
Marginal Profit Ratio (%)	68.3	67.6	67.9	67.6	67.2	67.4
Average Monthly Fixed Cost (Million Yen per month)	290	287	288	349	351	350
Breakeven Sales Volume (Million Yen per month)	425	425	425	517	522	520

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

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

Segment Forecasts for FY2017 (ES Division)

(Millions of Yen)

	FY2017								
	First Half			Second Half			Whole Year		
	Plan	Prop.	to Pre. Period	Plan	Prop.	to Pre. Period	Plan	Prop.	to Pre. Period
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%	Δ 8	77	11.1%	+ 12	99	7.8%	+ 4

The ES Division expects sales to increase, promoting transactions of building/condominium management companies and stepping up initiatives to seek to gain new customers and after-sales services for existing customers.

Although fixed costs will increase because of the increase in personnel, as in the HS Division, we will increase profitability by strengthening the business system to secure income.

Segment Information for FY2017 (ERD Division)

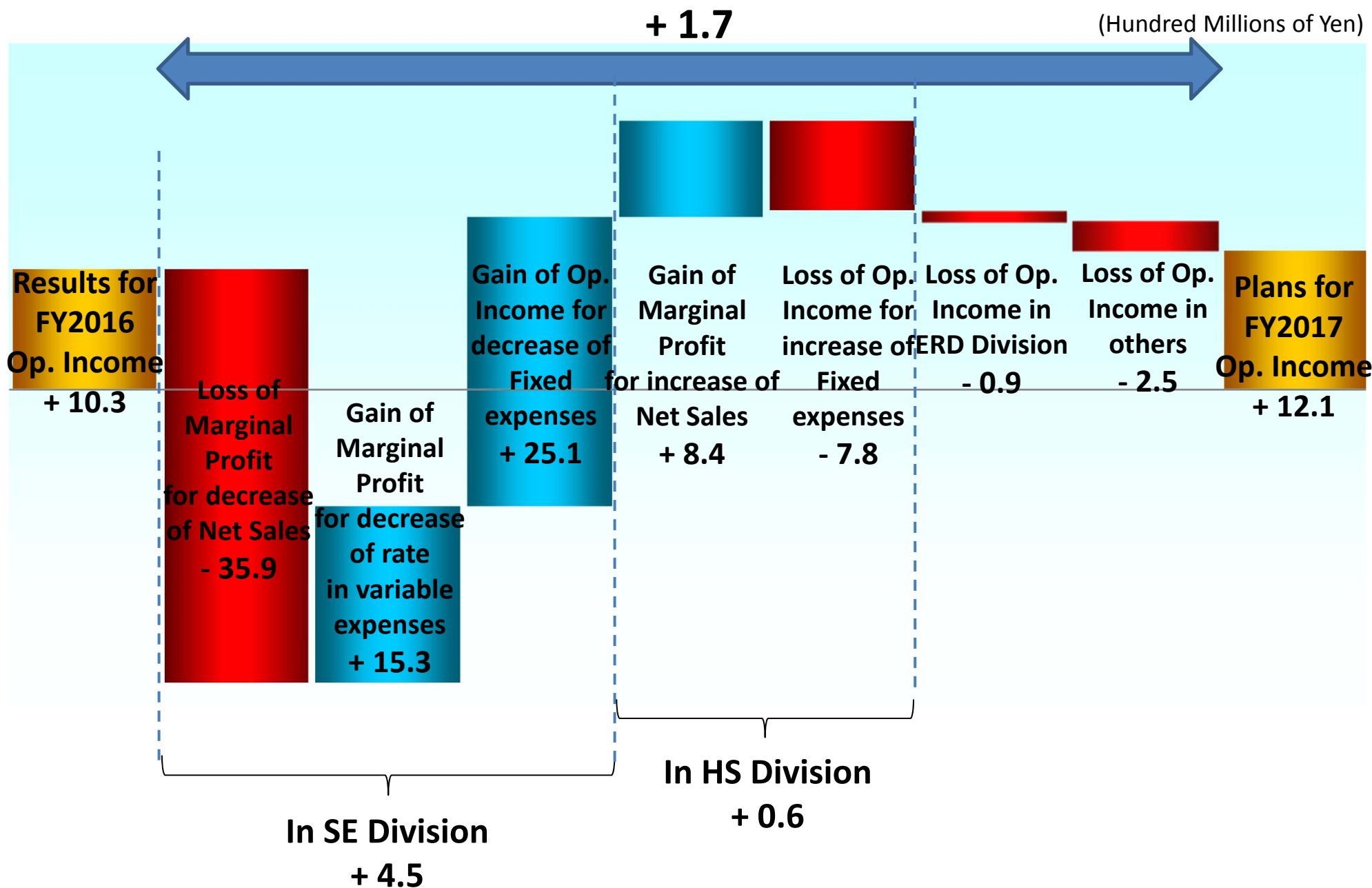
(Millions of Yen)

	FY2017								
	First Half			Second Half			Whole Year		
	Plan	Prop.	to Pre. Period	Plan	Prop.	to Pre. Period	Plan	Prop.	to Pre. Period
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 & Supplier	3,026	30.5%	+ 2,139	3,197	30.5%	+ 1,157	6,223	30.5%	+ 3,297
Organic WasteWater	850	8.6%	Δ 8	893	8.5%	Δ 17	1,743	8.5%	Δ 25
Final Disposal	311	3.1%	Δ 71	236	2.3%	Δ 29	547	2.7%	Δ 101
Others	363	3.7%	Δ 25	340	3.2%	Δ 41	704	3.5%	Δ 66
Gross Profit	1,035	10.4%	Δ 526	1,907	18.2%	+ 444	2,942	14.4%	Δ 81
SG & A	1,000	10.1%	+ 16	1,002	9.6%	Δ 8	2,002	9.8%	+ 7
Operating Income	35	0.4%	Δ 542	905	8.6%	+ 453	940	4.6%	Δ 89

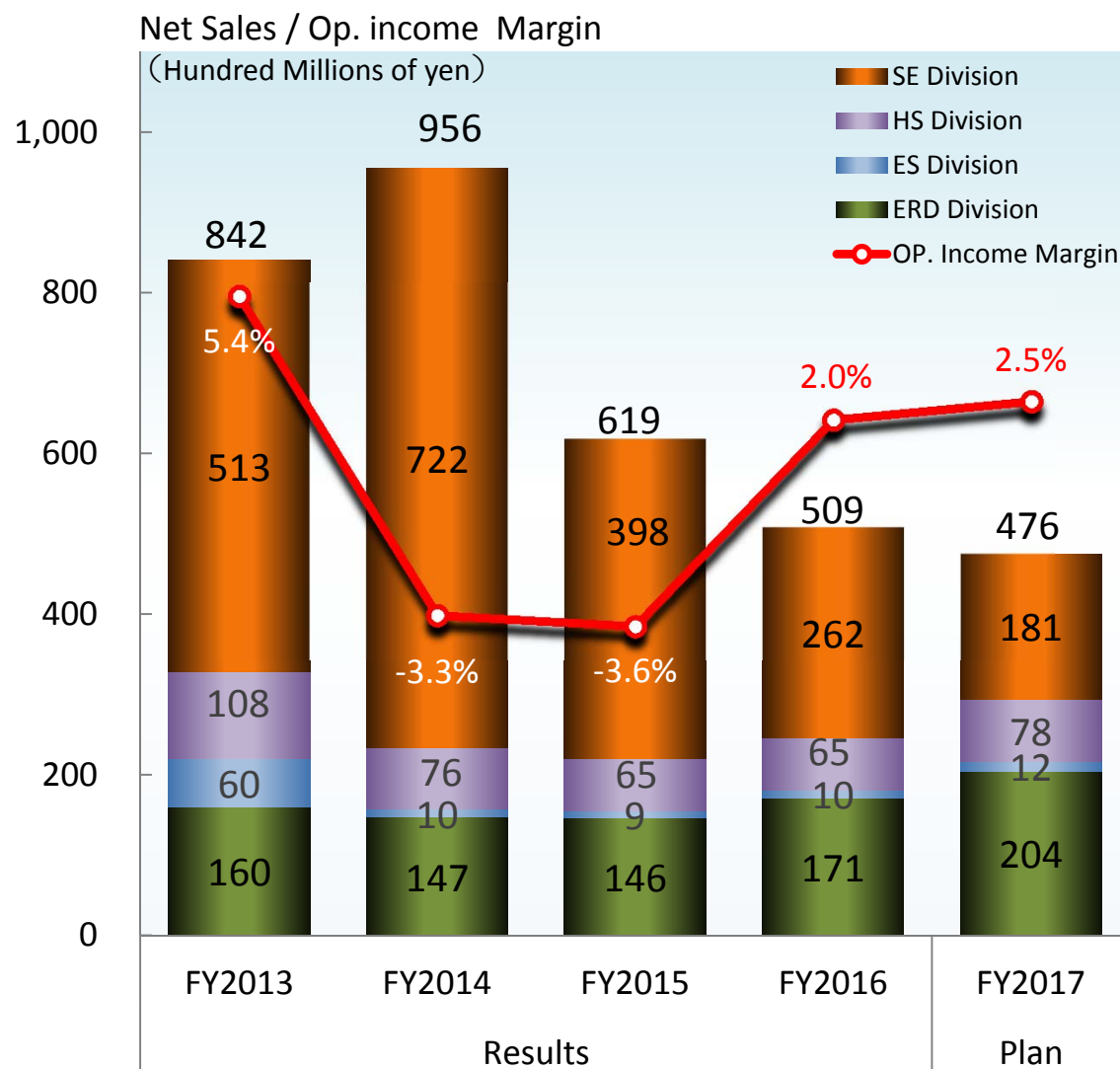
The Environmental Resources Development (ERD) Division expects sales to increase with a rise in electricity sales due to higher sales to high-voltage consumers in the Power Producer and Supplier business.

The division will continue to work on improving profitability by changing the unit prices of waste plastic to be collected and reducing the disposal and other costs to secure income, although we expect an increase in the costs for the legal inspection of boilers once every two years at the TOMAKOMAI Power Plant.

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



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

【Reference】 Results & Plan in Comparison to Middle-Term Plan

■ Comparison to 『 Middle-Term Plan(FY2016-FY2018) 』 announced on April 15, 2016

(Millions of Yen)

	FY2016		FY2017		FY2018
	Mid.-term Plan	Results	Mid.-term Plan	Plan	Mid.-term Plan
Net Sales	46,670	50,955	45,250	47,680	46,850
SE Division	21,910	26,225	18,070	18,153	17,230
HS Division	7,730	6,562	8,640	7,857	9,690
ES Division	1,200	1,033	1,320	1,269	1,450
ERD Division	15,830	17,133	17,220	20,401	18,480
Gross Profit	13,753	14,142	13,780	13,440	14,810
SG & A	13,153	13,106	12,570	12,230	12,620
Operating Income	600	1,036	1,210	1,210	2,190
SE Division	1,170	1,669	1,620	2,127	1,360
HS Division	1,080	979	1,100	1,038	1,630
ES Division	60	94	90	99	110
ERD Division	910	1,029	910	940	1,600
Group	△ 2,620	△ 2,735	△ 2,510	△ 2,994	△ 2,510
Ordinary Income	480	907	1,160	1,090	2,160
Profit attributable to owners of parent	△ 60	416	800	810	1,590