

# SANIX

Listed on the 1st section of  
TSE and FSE. Ticker:4651

FOR SANITARY AMENITY

Commercial Photovoltaic Solution

Home Sanitation

Establishment Sanitation

Environment Resources Development

## Consolidated Financial Statements

For the First Half ended September 30,2013

SANIX INCORPORATED

November 14,2013

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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.

**SANIX**

**Summary of First Half  
(ended September 30,2013)**

(Millions of Yen)	FY2012 Actual	FY2013 1st Half			
		Results	YoY	Forecasts	% to Forecast
<b>Net Sales</b>	18,184	<b>31,692</b>	174.3%	34,100	92.9%
<b>Gross Profit</b>	5,846	<b>9,003</b>	154.0%	10,602	84.9%
Ratio of Gross Profit to Net Sales	32.1%	28.4%		31.1%	
<b>Operating Income</b>	524	<b>1,495</b>	285.3%	2,825	53.0%
Operating Income Margin	2.9%	4.7%		8.3%	
<b>Ordinary Income</b>	508	<b>1,443</b>	283.7%	2,800	51.5%
Ordinary Income Margin	2.8%	4.6%		8.2%	
<b>Net Income</b>	379	<b>1,051</b>	277.4%	1,680	62.6%
Net Income Margin	2.1%	3.3%		4.9%	

**(1)Sales** The Net Sales of the Commercial PV Solution(CPS) Division in the 1ST half of this fiscal year recorded significant increase with the “commercial solar power system” contributing to the sales, the construction of which started in full scale during the fourth quarter of this fiscal year. The HS (Home Sanitation) Division recorded a revenue decrease in sales of “residential solar power system” due to the personnel cut and shift to the CPS Division. The ES (Establishment Sanitation) Division recorded a revenue growth in the commercial solar power systems for buildings and condominiums contributing to the result. In the ERD (Environmental Resources Development ) Division, the revenues from plastic fuel increased and those from the electricity sales also increased because power plant continued to be in stable operation. As a consequence, the Net Sales of the entire group were 31,692 million yen, or up 74.3% from a year earlier.

**(2)Incomes** the CPS Division turned profitable and became a important pillar mainly due to the revenue growth of commercial solar power system. In the HS Division, although the significant decrease of revenue from the sales of “residential solar power system”, recorded significant increase in profit due to the increase in sales of existing products with good net sales raw material ratio such as “termite control”. As a consequence, for the whole group, the operating income increased to 1,495 million yen up 185.3% for the same period of a prior year, and the ordinary income was 1,443 million yen(183.7% for the same period of prior year), with the net income increasing to 1,051 million yen (177.4% for the same period of prior year).

# Statement of Net Sales and Income of each segment

**SANIX**  
FY2013-2Q

	FY2012 1H	FY2013 1H				
(Million of Yen)	Actual	Result	Propotion	YoY	Forecast	% to Forecast
Sales	18,184	<b>31,692</b>	100.0%	174.3%	34,100	92.9%
CPS Division	896	<b>15,155</b>	47.8%	—	18,481	82.0%
HS Division	8,423	<b>6,088</b>	19.2%	72.3%	5,368	113.4%
ES Division	1,452	<b>2,600</b>	8.2%	179.0%	2,853	91.1%
ERD Division	7,411	<b>7,848</b>	24.8%	105.9%	7,398	106.1%
Gross Profit	5,846	<b>9,003</b>	28.4%	154.0%	10,602	84.9%
SG&A	5,321	<b>7,507</b>	23.7%	141.1%	7,777	96.5%
Operating Income	524	<b>1,495</b>	4.7%	285.3%	2,825	53.0%
CPS Division	(179)	<b>953</b>	(6.3%)	—	2,220	42.9%
HS Division	996	<b>1,168</b>	(19.2%)	117.3%	1,180	99.0%
ES Division	51	<b>83</b>	(3.2%)	163.6%	249	33.5%
ERD Division	792	<b>518</b>	(6.6%)	65.3%	520	99.7%
Group	(1,136)	<b>(1,228)</b>		—	(1,344)	—

(note)The underlined percentage indicate Operating Margin of each segment.

# Change of P/L (1Q-2Q Compared)

**SANIX**  
FY2013-2Q

## Change of consolidated P/L

( Unit : Millions of Yen )	FY2013 Consolidated				Change	notes
	1Q		2Q			
	Actual	% to Sales	Results	% to Sales		
Net Sales	<b>15,753</b>	100.0%	<b>15,939</b>	100.0%	<b>186</b>	
Cost of Sales	<b>11,121</b>	70.6%	<b>11,568</b>	72.6%	<b>447</b>	
Material	<b>5,979</b>	38.0%	<b>5,979</b>	37.5%	<b>0</b>	0.5pt improvement on Material cost
Labour	<b>1,102</b>	7.0%	<b>1,402</b>	8.8%	<b>300</b>	Due to increase of labours at CPS divs.
Reparing Expence (ERD div)	<b>189</b>	1.2%	<b>525</b>	3.3%	<b>336</b>	Scheduled reparation of TOMAKOMAI Power Plant (July)
Others	<b>3,851</b>	24.4%	<b>3,662</b>	23.0%	<b>(189)</b>	
Gross Profit	<b>4,631</b>	29.4%	<b>4,371</b>	27.4%	<b>(260)</b>	
SG&A	<b>3,665</b>	23.3%	<b>3,841</b>	24.1%	<b>176</b>	
Personnel	<b>1,641</b>	10.4%	<b>1,941</b>	12.2%	<b>300</b>	Due to increase of personnel and provision for bonuses
Advertisement	<b>753</b>	4.8%	<b>421</b>	2.6%	<b>(332)</b>	
Recruitment	<b>11</b>	0.1%	<b>51</b>	0.3%	<b>40</b>	Due to enhanciemnt of recruitment activity
Others	<b>1,260</b>	8.0%	<b>1,428</b>	9.0%	<b>168</b>	
Operation Income Margin	<b>965</b>	6.1%	<b>530</b>	3.3%	<b>(435)</b>	

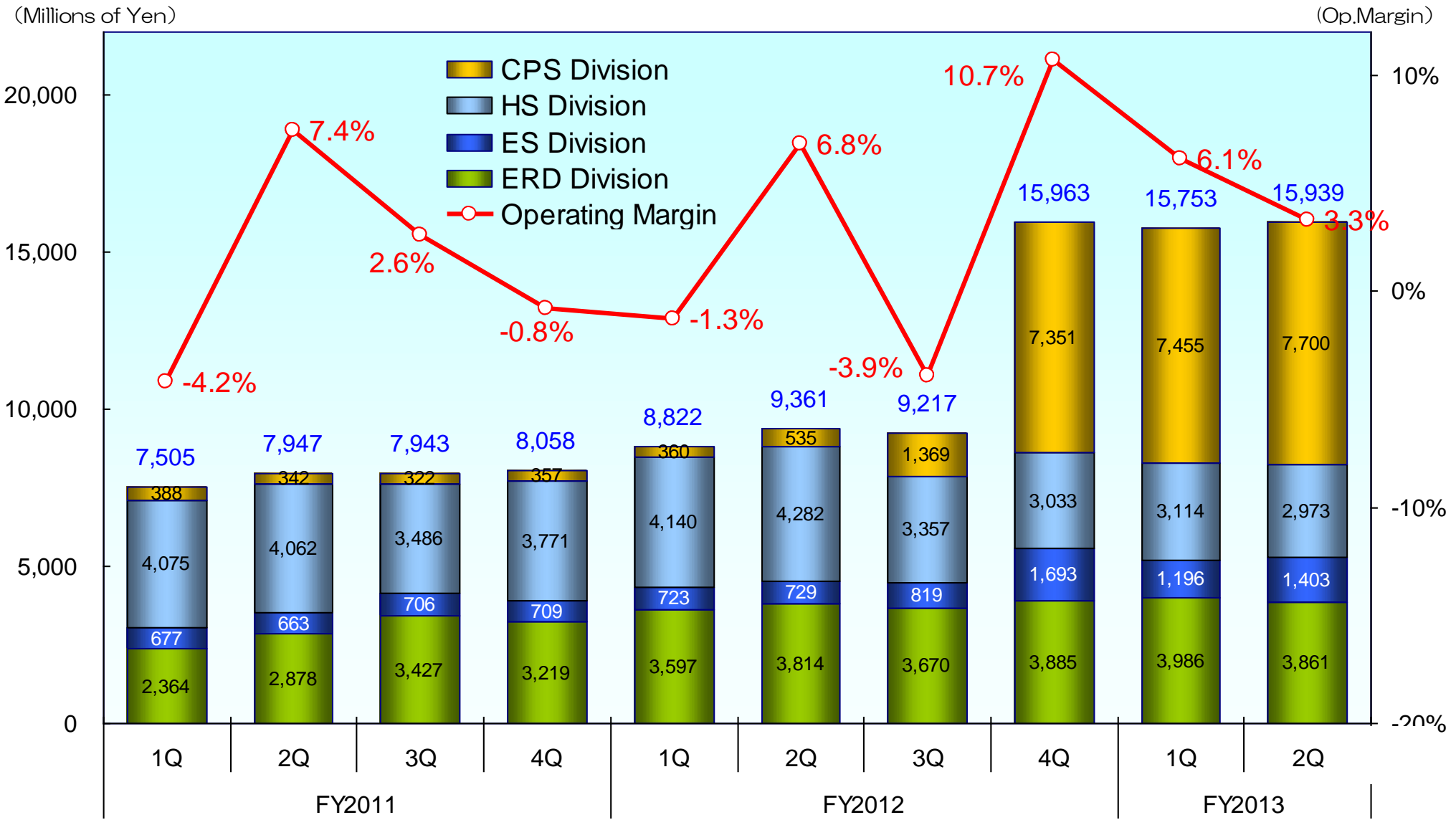
# Segment Information (1H)

**SANIX**  
FY2013-2Q

(Millions of Yen)		FY2012								FY2013			
		1 Q		2 Q		3 Q		4 Q		1 Q		2 Q	
		Actual	%	Actual	%	Actual	%	Actual	%	Actual	%	Results	%
CPS Division	Sales	360	—	535	—	1369	—	7351	—	<b>7455</b>	—	<b>7700</b>	—
	Gross Profit	58	16.3%	(12)	—	261	19.1%	1961	26.7%	<b>1803</b>	24.2%	<b>1873</b>	24.3%
	Op. Income	(38)	—	(141)	—	(613)	—	993	13.5%	<b>554</b>	7.4%	<b>398</b>	5.2%
HS Division	Sales	4140	—	4282	—	3357	—	3033	—	<b>3114</b>	—	<b>2973</b>	—
	Gross Profit	1413	34.1%	1996	46.6%	1719	51.2%	1148	37.9%	<b>1548</b>	49.7%	<b>1522</b>	51.2%
	Op. Income	159	3.9%	836	19.5%	727	21.7%	171	5.7%	<b>601</b>	19.3%	<b>567</b>	19.1%
ES Division	Sales	723	—	729	—	819	—	1693	—	<b>1196</b>	—	<b>1403</b>	—
	Gross Profit	223	31.0%	252	34.7%	243	29.8%	362	21.4%	<b>272</b>	22.8%	<b>337</b>	24.0%
	Op. Income	11	1.6%	39	5.4%	(1)	—	89	5.3%	<b>31</b>	2.6%	<b>51</b>	3.7%
ERD Division	Sales	3597	—	3814	—	3670	—	3885	—	<b>3986</b>	—	<b>3861</b>	—
	Gross Profit	857	23.8%	1055	27.7%	677	18.5%	1149	29.6%	<b>1006</b>	25.3%	<b>637</b>	16.5%
	Op. Income	294	8.2%	498	13.1%	134	3.7%	640	16.5%	<b>439</b>	11.0%	<b>78</b>	2.0%
Group	Op. Income	(542)	—	(593)	—	(604)	—	(191)	—	<b>(660)</b>	—	<b>(567)</b>	—
TOTAL	Sales	8822	—	9361	—	9217	—	15963	—	<b>15753</b>	—	<b>15939</b>	—
	Gross Profit	2554	28.9%	3292	35.2%	2902	31.5%	4621	29.0%	<b>4631</b>	29.4%	<b>4371</b>	27.4%
	Op. Income	(115)	—	639	6.8%	(358)	—	1704	10.7%	<b>965</b>	6.1%	<b>530</b>	3.3%

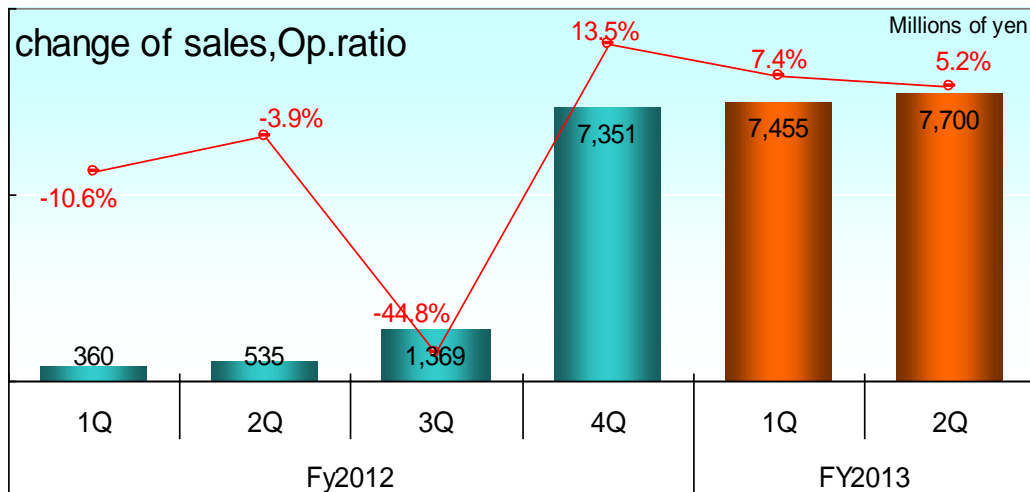
# Segment Information (changes)

## Changes Net Sales and Operating Income on each Segment





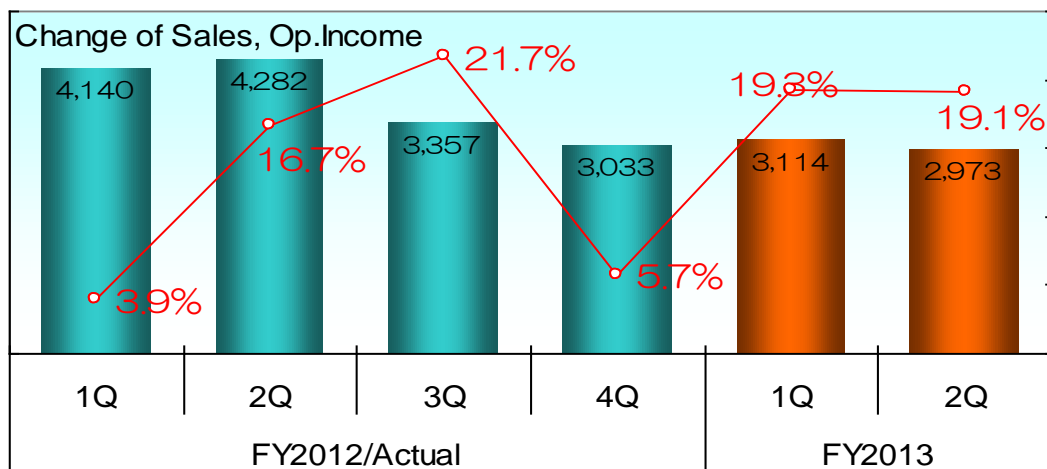
CPS Millions of Yen	FY2012	FY2013 1H			
	1H	Results	YoY	Forecast	% to Forecast
Sales	896	<b>15,155</b>	—	18,481	82.0%
Commercial PV system	—	<b>11,728</b>	—	15,268	76.8%
Wholesale of PV components	896	<b>3,397</b>	378.8%	3,189	106.5%
Others	—	<b>29</b>	—	24	123.7%
Gross Profit	46	<b>3,677</b>	—	5,279	69.7%
Gross Profit Margin	5.1%	<b>24.3%</b>	19.2pt	28.6%	-4.3pt
SG&A	225	<b>2,723</b>	—	3,059	89.0%
advertising expence	1	<b>1,000</b>	—	1,669	59.9%
Operating Income	(179)	<b>953</b>	—	2,220	42.9%
Operating Income Ratio	—	<b>6.3%</b>	—	12.0%	-5.7pt



In this first half, the sales of commercial solar power system started to contribute fully to the overall revenues from the 4th quarter of the last fiscal year recorded 11,728 million yen, and the wholesales of commercial solar power modules and other components increased to 3,397 million yen for 278.8% for the same period of prior year. In addition, sale of electricity added 29 million yen. As a result, the sales increased to 15,155 million yen compared to 896 million yen in the same period of a prior year.

The operating income was 953 million yen compared to the loss of 179million yen in the same period of a year earlier, absorbing advertising costs for newspaper ads and labor cost and others.

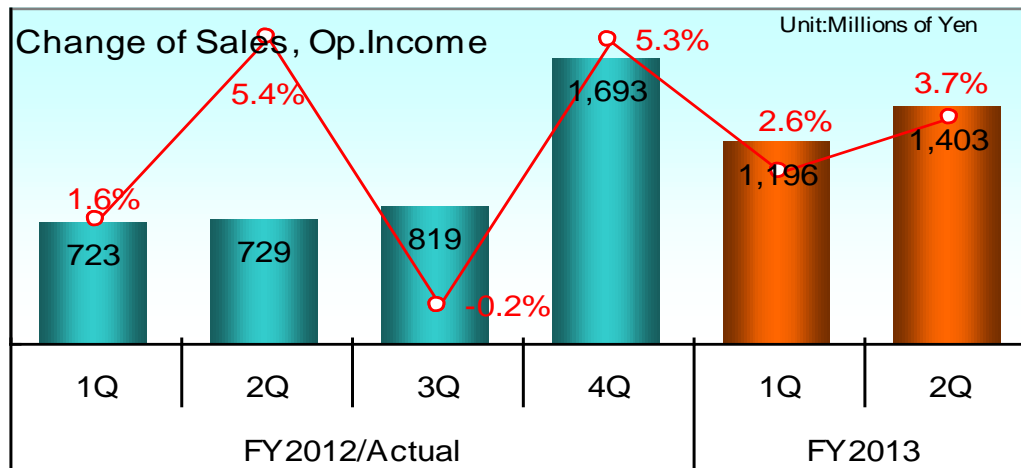
HS Division Millions of Yen	FY2012	FY2013 1H			
	1H	Results	YoY	Forecast	% to Forecast
Sales	8,423	<b>6,088</b>	72.3%	5,368	113.4%
PV system	5,143	<b>860</b>	16.7%	665	129.4%
Termite Eradiction Service	1,312	<b>1,918</b>	146.2%	1,785	107.4%
Under-Floor/-Roof	551	<b>932</b>	169.1%	681	136.9%
Ventiration System Foundation	326	<b>530</b>	162.6%	577	92.0%
others	1,089	<b>1,846</b>	169.4%	1,659	111.3%
Gross Profit	3,410	<b>3,071</b>	90.1%	3,010	102.0%
Gross Profit Margin	40.5%	<b>50.5%</b>	10.0pt	56.1%	-5.6pt
SG&A	2,414	<b>1,902</b>	78.8%	1,830	104.0%
Operating Income	996	<b>1,168</b>	117.3%	1,180	99.0%
Operating Income Margin	11.8%	<b>19.2%</b>	7.4pt	22.0%	-2.8pt



The sales of the existing products such as “termite control” and “sub-floor/roof ventilation system,” increased 59.4% compared to last year, the revenues of residential solar power system, on the other hand ,decreased 83.3% compared to last year with the personnel shift to the CPS Division. As a result, the net sales of the division decreased 27.7% to 6,088 million yen compared to the year-earlier period.

The operating income increased 17.3% to 1,168 million yen compared to the same period of a year earlier, due to the increase in sales of existing products with better net sales raw material ratio.

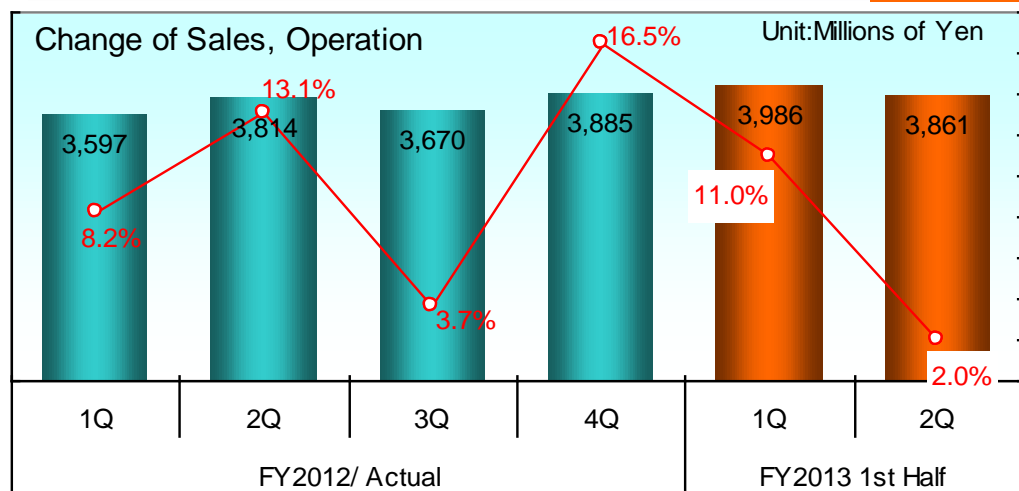
ES Division (Millions of Yen)	FY2012	FY2013 1H			
	1H	Results	YoY	Forecast	% to Forecast
Sales	1,452	<b>2,600</b>	179.0%	2,853	91.1%
PV system	251	<b>1,405</b>	559.4%	1,799	78.1%
Anti-Rust Equipment Installation	330	<b>313</b>	94.7%	260	120.5%
Repair of Building water works	405	<b>488</b>	120.3%	395	123.6%
Water proof of Buildings	155	<b>112</b>	72.4%	185	60.8%
Others	309	<b>280</b>	90.7%	213	131.1%
Gross Profit	476	<b>609</b>	128.0%	790	77.2%
Gross Profit Margin	32.8%	<b>23.5%</b>	-9.3pt	27.7%	-4.2pt
SG&A	425	<b>526</b>	123.7%	541	97.3%
Operating Income	51	<b>83</b>	163.6%	249	33.5%
Operating Income Margin	3.5%	<b>3.2%</b>	-0.3pt	8.7%	-5.5pt



The sales of works on buildings and condominiums related to maintenance and management run on same level compared to the year earlier period. The sales of solar power system increased 459.4% compared to the year earlier period after reinforcing the sales activities for corporate customers and the construction structure. As a result, the net sales increased 79.0% to 2,600 million yen compared to last year.

The operating income increased 63.6% to 83 million yen compared to a year earlier, due to increase in sales.

ERD Division (Millions of Yen)	FY2012	FY2013 1H			
	1H	Results	YoY	Forecast	% to Forecast
Sales	7,411	<b>7,848</b>	105.9%	7,398	106.1%
Waste Plastic Recycled	4,449	<b>4,645</b>	104.4%	4,488	103.5%
Power aGeneration	1,519	<b>1,559</b>	102.6%	1,470	106.1%
Organic Waste Water Recycle	787	<b>916</b>	116.4%	873	105.0%
Final Disposal	342	<b>312</b>	91.4%	265	118.1%
Others	313	<b>413</b>	132.2%	301	137.4%
Gross Income	1,912	<b>1,644</b>	86.0%	1,523	108.0%
Gross Profit Margen	25.8%	<b>21.0%</b>	-4.8pt	20.6%	0.4pt
SG&A	1,119	<b>1,126</b>	100.6%	1,003	112.3%
Operating Income rate	792	<b>518</b>	65.3%	520	99.7%
Operating Income Margin	10.7%	<b>6.6%</b>	-4.1pt	7.0%	-0.4pt



The sales from plastic fuel increased in terms of volume, resulting in 4.4% increase compared to the prior period. The revenues from electricity sales showed a increase of 2.6% compared to a year earlier, due to the start of stable power generation at TOMAKOMAI Power Plant even though it had a large-scale repairs in July 2013. In addition, organic waste-water processing recorded 16.4% increase from last year due to increased in terms of volume. As a result, the net sales increased 5.9% to 7,848 million yen compared to the year earlier period.

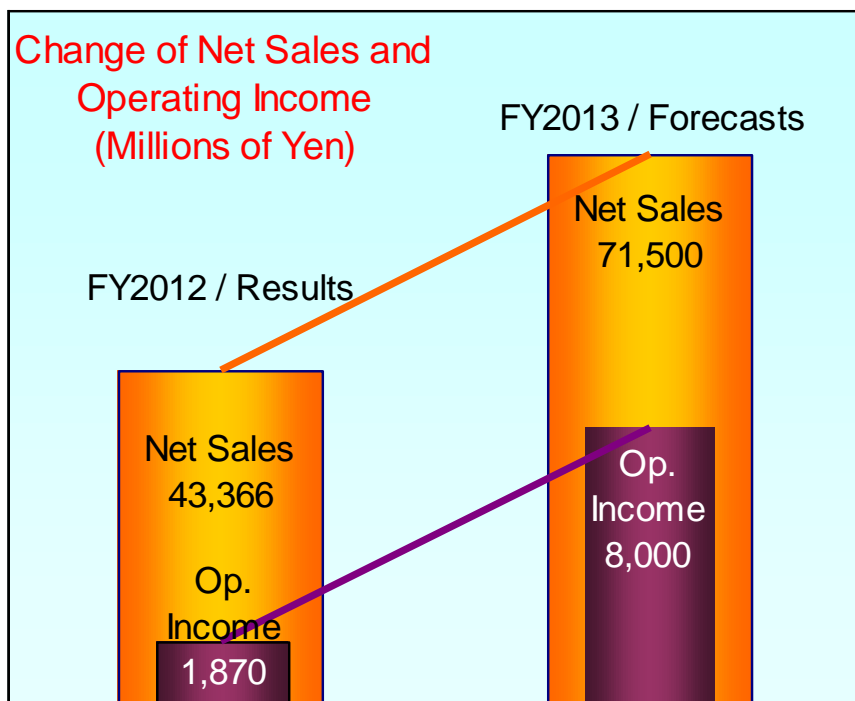
The operating income decreased 34.7% to 518 million yen, due to the burden of large-scale repair expense of the power plant which was not implemented on the same period of prior year..



**Consolidated Forecasts for FY2013  
(Ending March 31, 2014)**

There is no change in the forecast announced on May 14, 2013.

(Millions of Yen)	FY2012 Results	FY2013 Forecasts	% YOY	Change YOY
Net Sales	<b>43,366</b>	<b>71,500</b>	<b>164.9%</b>	<b>28,133</b>
Operating Income	<b>1,870</b>	<b>8,000</b>	<b>427.7%</b>	<b>6,129</b>
Ordinary Income	<b>1,788</b>	<b>7,950</b>	<b>444.4%</b>	<b>6,161</b>
Net Income	<b>1,575</b>	<b>5,100</b>	<b>323.8%</b>	<b>3,524</b>



## (1) Sales

CPS division is expected to generate a significant sales increase as a main business unit of our group by starting our sales promotion in full scale. Whole group Net Sales is forecasted increase 64.9% to 71,500MY.

## (2) Income

The Group's operating income forecast increase 327.7% , reach to 8,000MY due to the increase in Net Sales and more cost reduction.

# Business Performance Forecasts for FY2013

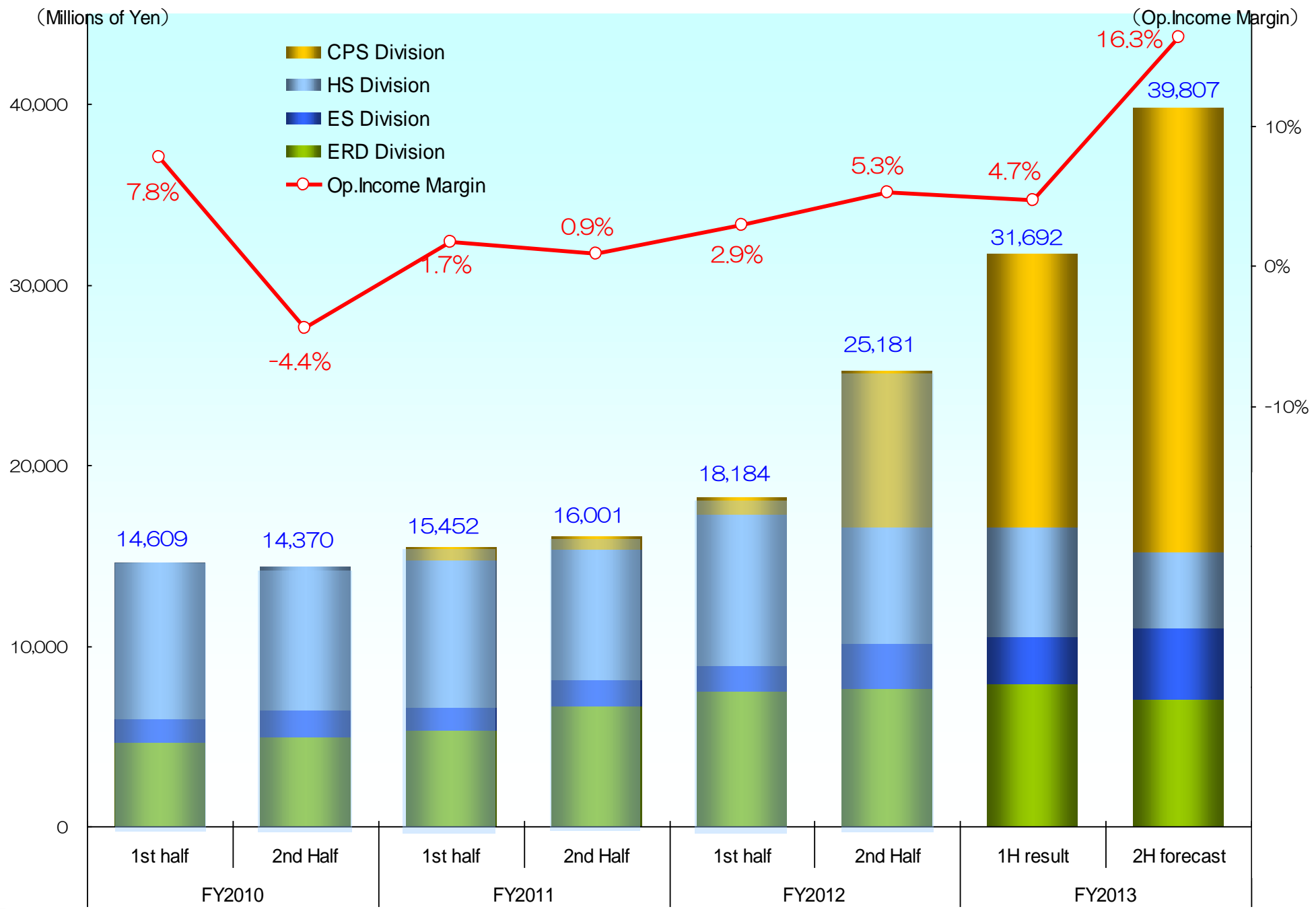
**SANIX**  
FY2013-2Q

There is no change in the forecast announced on May 14, 2013.

FY2013	1st Half		Full Year		
(Millions of Yen)	Forecast	Results	Forecast	%YOY	Change YOY
Net Sales	<b>34,100</b>	31,692	<b>71,500</b>	164.9%	28,133
CPS	<b>18,481</b>	15,155	<b>39,764</b>	413.4%	30,146
HS	<b>5,368</b>	6,088	<b>10,273</b>	69.3%	(4,541)
ES	<b>2,853</b>	2,600	<b>6,613</b>	166.8%	2,647
ERD	<b>7,398</b>	7,848	<b>14,850</b>	99.2%	(117)
Gross Profit	<b>10,602</b>	9,003	<b>23,380</b>	174.9%	10,009
SG&A	<b>7,777</b>	7,507	<b>15,380</b>	133.7%	3,880
Operating Income	<b>2,825</b>	1,495	<b>8,000</b>	427.7%	6,129
CPS	<b>2,220</b>	953	<b>5,983</b>	—	5,782
HS	<b>1,180</b>	1,168	<b>2,250</b>	118.7%	354
ES	<b>249</b>	83	<b>646</b>	463.1%	506
ERD	<b>520</b>	518	<b>1,720</b>	109.7%	152
Group	<b>(1,344)</b>	(1,228)	<b>(2,599)</b>	—	(666)
Ordinary Income	<b>2,800</b>	1,443	<b>7,950</b>	444.4%	6,161
Net Income	<b>1,680</b>	1,051	<b>5,100</b>	323.8%	3,524

# (Reference) Segments Performance Forecasts

■ Net Sales and operating margin by each segment (Results and Forecasts)



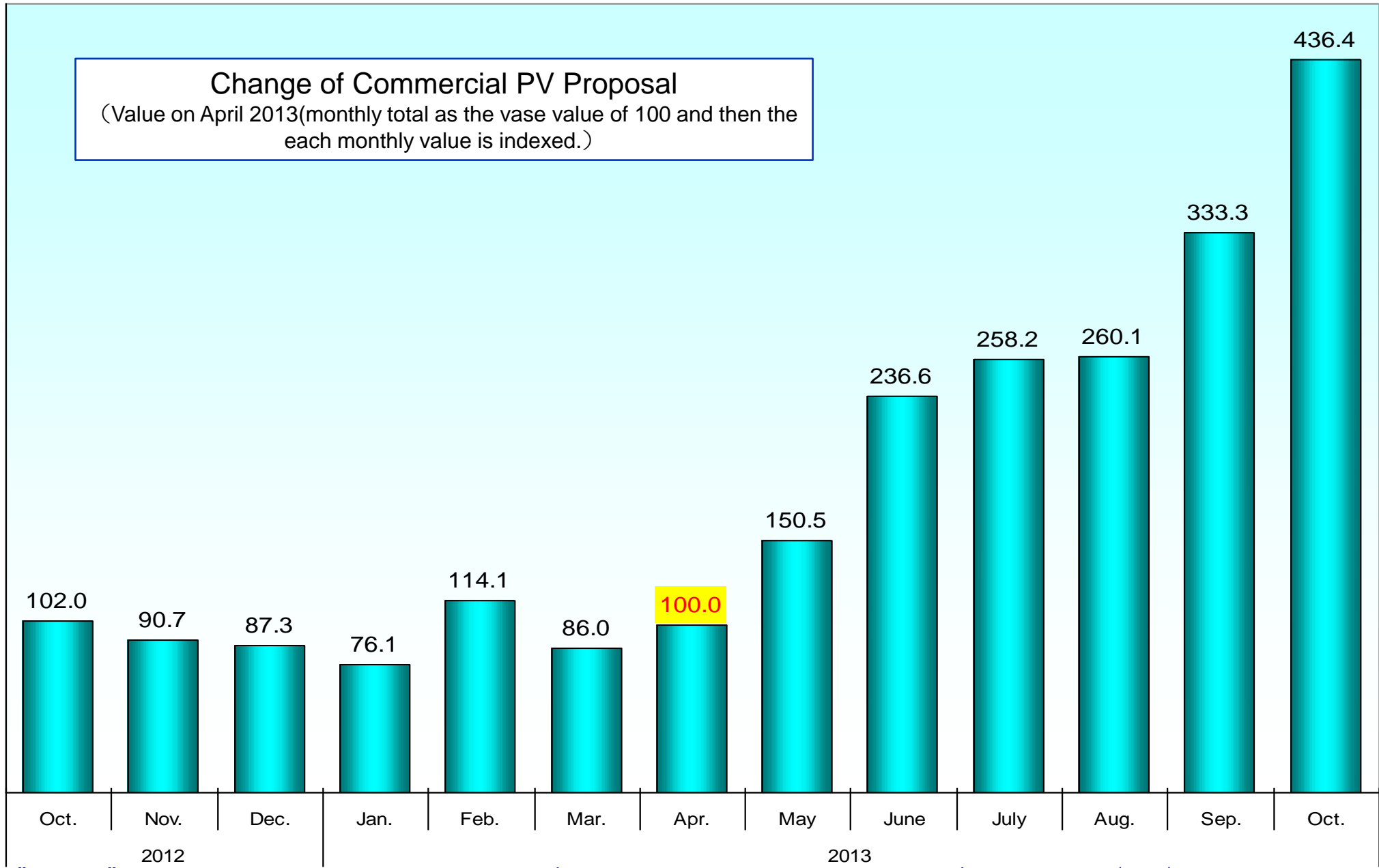
Results

Forecasts



# (Reference) Change of Commercial PV Proposal

## Change of Commercial PV proposal(Direct Sales) from Oct 2012

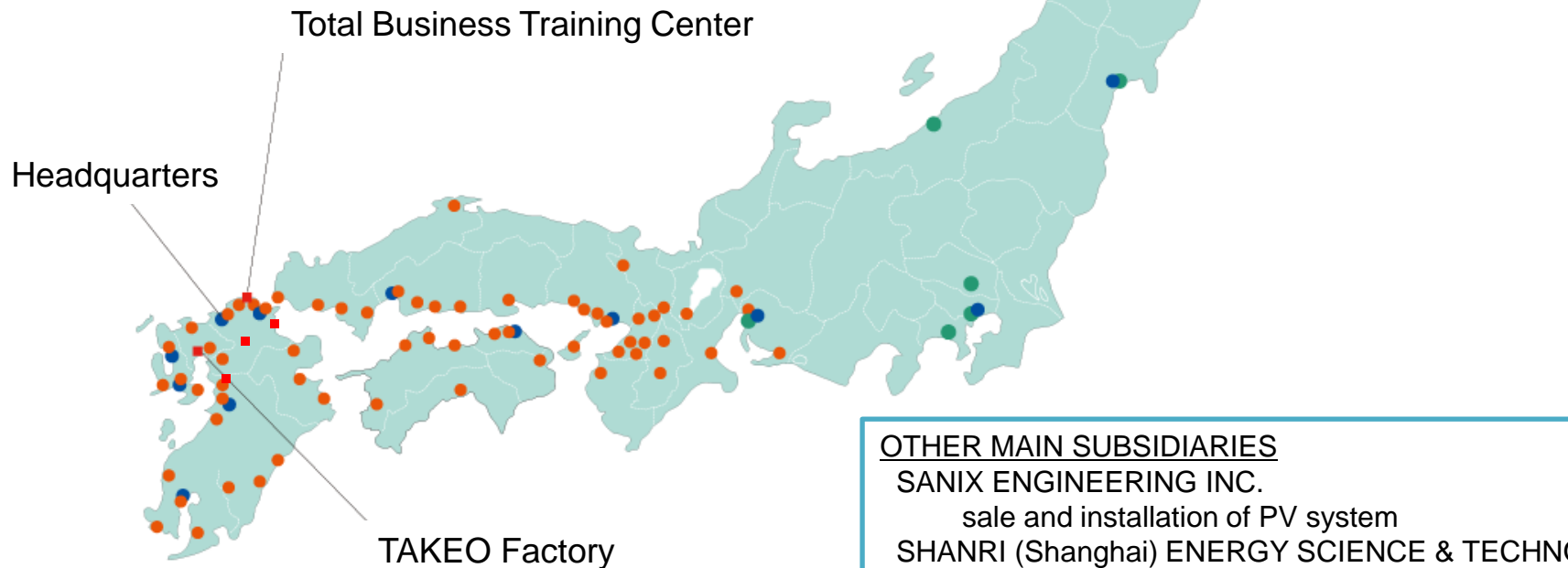


"Proposal" means SANIX accept the application letter for 'Certification of Generation Facilities for PV' to government (METI) from our customers.

# Operating Sites (HQ and CPS HS ES business)

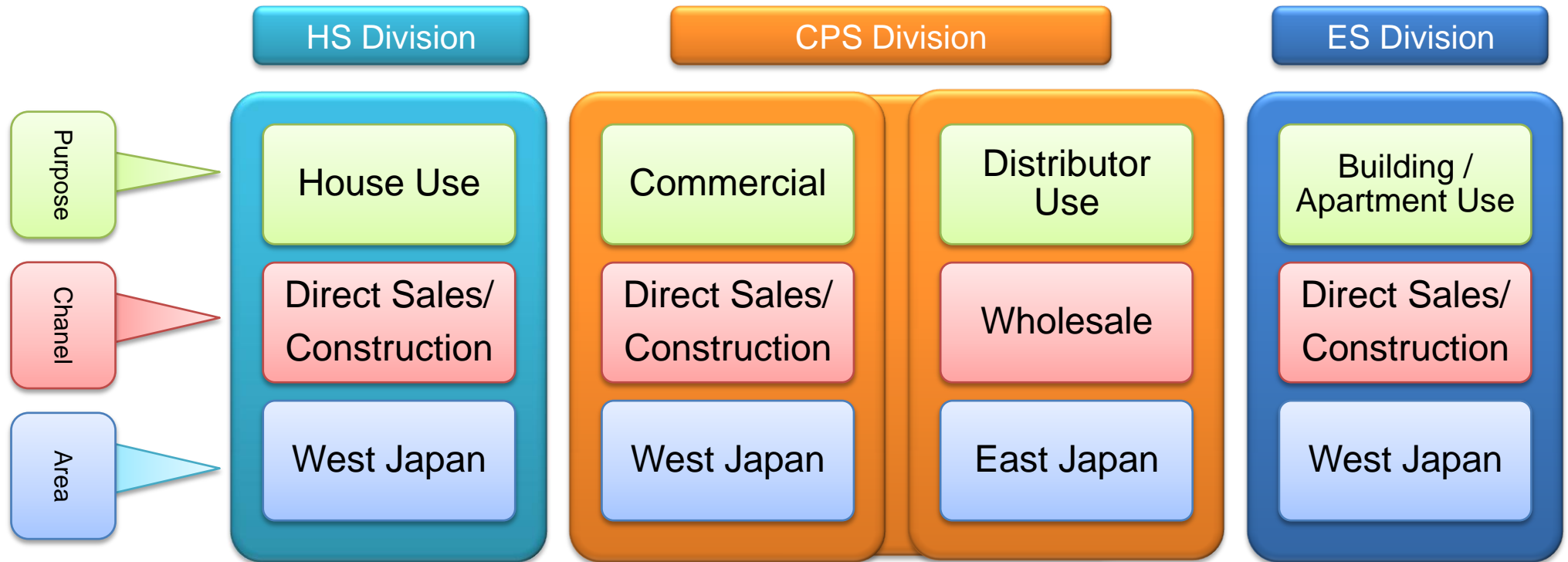
## HQ and Operating Sites of CPS/HS/ES

● Business sites of HS Division	63sites
CPS is operating in same business sites of HS	
● Business sites of ES Division	12 sites
● CPS(PV wholesale) Section	6 sites



<b>OTHER MAIN SUBSIDIARIES</b>
SANIX ENGINEERING INC. sale and installation of PV system
SHANRI (Shanghai) ENERGY SCIENCE & TECHNOLOGY Co., Ltd. manufacturing of PV module
SAN-AIM INC. manufacturing of chemicals for sanitation

# (Reference) Business Format of Photovoltaic Sales



## Number of Working Staff on ended March 31 2013

	HS Division	CPS Division (West Japan)	CPS Division (East Japan)	ES Division
Sales	143	46	12	12
Engineering	297	277	—	14

## Number of Working Staff on ended September 30 2013

	HS Division	CPS Division (West Japan)	CPS Division (East Japan)	ES Division
Sales	<b>134</b>	<b>91</b>	<b>12</b>	<b>25</b>
Engineering	<b>436</b>	<b>553</b>	—	<b>16</b>

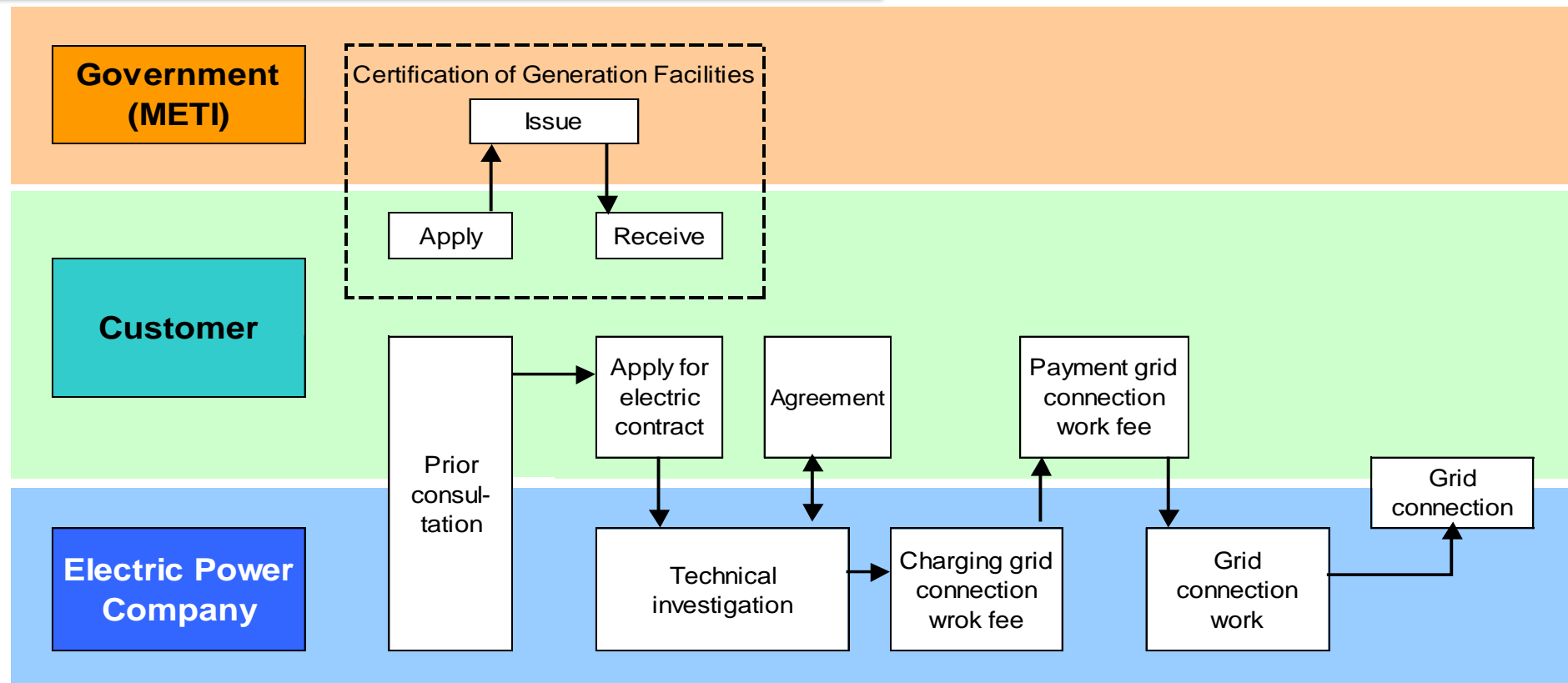
# (Ref.) FIT scheme and Procedures to grid connection

## Feed-in Tariff (FIT) Scheme for Renewable Energy

Under the feed-in-tariff scheme, if a renewable energy producer requests an electric utility to sign a contract to purchase electricity at a fixed price and for a long-term period guaranteed by the government, the electric utility is obligated to accept this request.

Source	Tariff(Tax inclusive)	Duration	Purchase
Less than 10kW (Residential)	38Yen/kWh (with private power generator : 31Yen/kWh)	10years	Surplus
10kW or more (Commercial)	37.8Yen /kWh (36Yen/kWh + Tax)	20years	Full amount

## Steps to grid connection for Commercial PV system

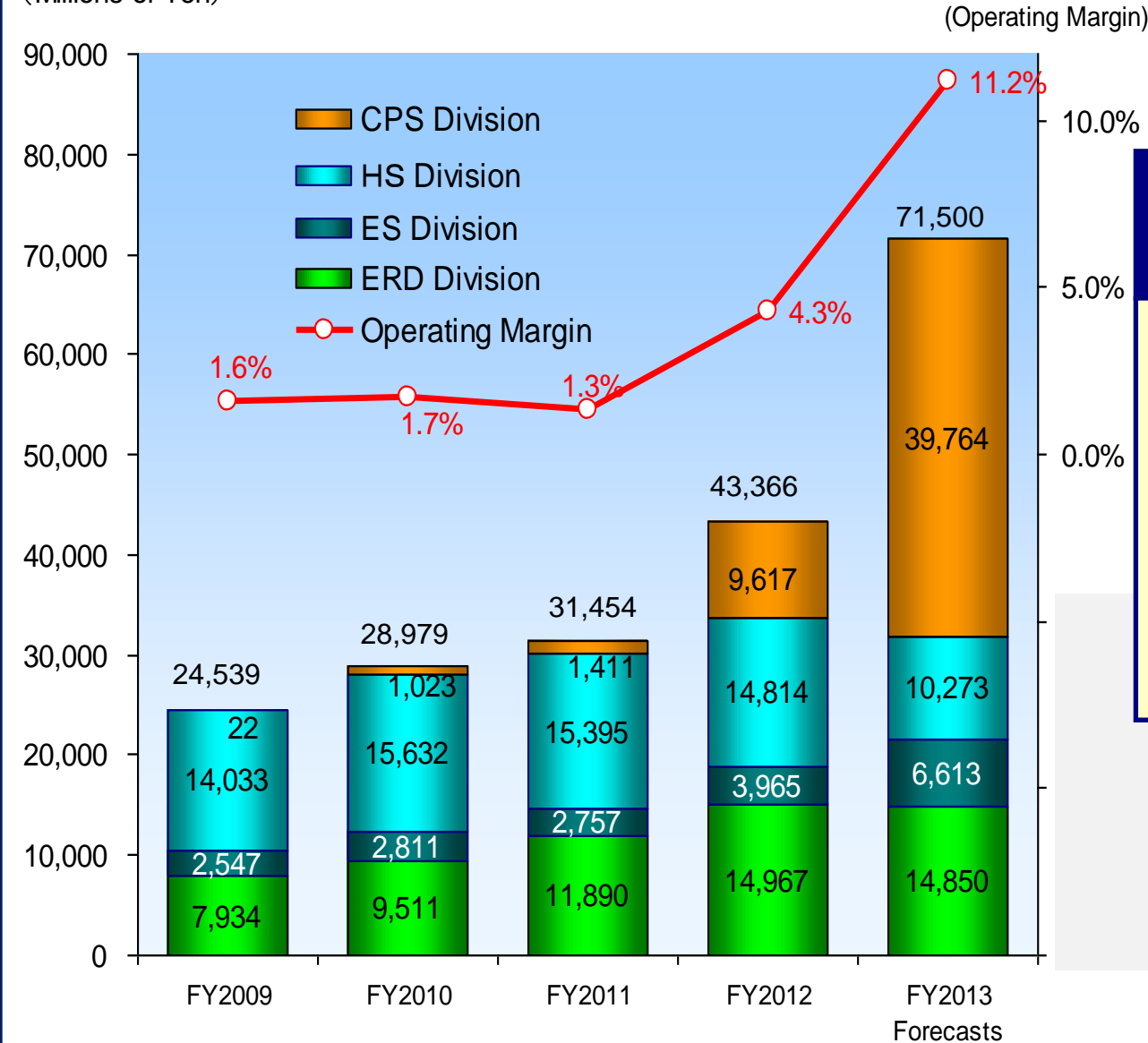


# Whole Group Forecasts for FY2013

There is no change in the forecast announced on May 14, 2013.

## Net Sales and Operating Margin

(Millions of Yen)



**Forecasts for FY2013**  
(ending March 31, 2014)

**Net Sales : 71,500MY**  
**Operating Income : 8,000MY**  
**Operating Margin : 11.2%**