

SANIX

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FOR SANITARY AMENITY

Commercial Photovoltaic Solution
Home Sanitation
Establishment Sanitation
Environment Resources Development

Consolidated Financial Statements For the First 3 Quarters ended December 31,2013

SANIX INCORPORATED

February 14,2013

1. Summary of first 3 quarters (Ended December 31, 2013) Page 3

2. Revised Forecasts for FY2013 (Ending March 31, 2014) Page 14

Disclaimer

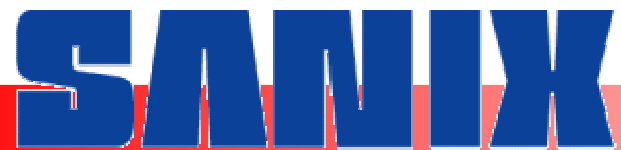
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The following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this material:

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

The logo for SANIX, featuring the word "SANIX" in a bold, blue, sans-serif font. The letters are slightly shadowed, giving it a 3D appearance. The logo is positioned in the top left corner of the slide, partially overlapping a red and yellow horizontal bar that spans the width of the slide.

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Summary of First 3 Quaters (ended December 30,2013)

Summary of First 3Q , Overview

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FY2013-3Q

(Millions of Yen)	FY2012 Actual	FY2013 Fiest 3 Quarter			
		Results	YoY	Forecasts	% to Forecast
NET Sales	27,402	51,532	188.1%	52,913	97.4%
Gross Profit	8,748	14,068	160.8%	17,061	82.5%
Ratio of gross profit to Net sales	31.9%	27.3%		32.2%	
Operating Income	166	2,421	-	5,398	44.9%
Operating Income Margin	0.6%	4.7%		10.2%	
Ordinary income	84	2,185	-	5,360	40.8%
Ordinary income margin	0.3%	4.2%		10.1%	
Net Income	(125)	1,301	-	3,370	38.6%
Net Income margin	-	2.5%		6.4%	

(1)Sales

The Commercial PV (Photovoltaics) Solution segment(CPS segment), full-scale sales and installation of “commercial photovoltaics systems” started in the previous consolidated cumulative fourth fiscal quarter and “wholesale of photovoltaics components” recorded a significant income increase. On the other hand, the HS (home sanitation) business segment recorded a decrease in sales as a result of the large shift in personnel structure to the CPS business. In the ES (establishment sanitation) business segment, “photovoltaics systems” for operators of buildings or condominiums, etc., recorded a sales increase. In the environmental resource development business segment, all “waste plastic recycled”, “power generation” of the Tomakomai Power Plant and “organic waste water recycle” recorded a sales increase. As a result, net sales of the entire Group were ¥51,532 million (an increase of 88.1% as compared with the same period in the previous year).

(2)Incomes

As for income, in the CPS segment, as a result of a large increase in installation sales and wholesale transactions of photovoltaics systems, income increased significantly. As a result, with regard to profit/loss of the entire Group, operating income was ¥2,421 million (¥166 million in the same period in the previous year), ordinary income was ¥2,185 million (¥84 million in the same period in the previous year) and quarterly net income was ¥1,301 million (quarterly net loss of ¥125 million in the same period in the previous year).

Statement of Net Sales and Income of each segment

SANIX
FY2013-3Q

	FY2012 3Q	FY2013 3 Q				
(Millions of Yen)	Actual	Results	Proportion	YoY	Forecast	% to Forecast
Sales	27,402	51,532	100.0%	188.1%	52,913	97.4%
CPS Division	2,259	27,117	52.6%	-	29,014	93.5%
HS Division	11,789	8,448	16.4%	71.7%	7,873	107.3%
ES Division	2,271	3,913	7.6%	172.2%	4,723	82.9%
ERD Division	11,082	12,053	23.4%	108.8%	11,303	106.6%
Gross Profit	8,748	14,068	27.3%	160.8%	17,061	82.5%
SG&A	8,582	11,647	22.6%	135.7%	11,663	99.9%
Operating Income	166	2,421	4.7%	-	5,398	44.9%
CPS Division	(587)	1,958	<u>7.2%</u>	-	4,074	48.1%
HS Division	1518	1,095	<u>13.0%</u>	72.2%	1,758	62.3%
ES Division	49	108	<u>2.8%</u>	219.1%	448	24.3%
ERD Division	927	1,087	<u>9.0%</u>	117.2%	1,102	98.6%
Group	(1741)	(1,828)		-	(1984)	-

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

Change of P/L (1Q-3Q Compared)

SANIX
FY2013-3Q

Change of consolidated P/L

(Millions of Yen)	FY2013 Consolidated						Change to 2Q	Note
	1 Q		2 Q		3 Q			
	Actual	% to Sales	Actual	% to Sales	Results	% to Sales		
Net Sales	15,753	100.0%	15,939	100.0%	19,840	100.0%	+ 3,901	
Cost of Sales	11,121	70.6%	11,567	72.6%	14,775	74.5%	+ 3,207	
Material	5,979	38.0%	5,980	37.5%	8,260	41.6%	+ 2,279	increase of material cost for PV
Labour	1,102	7.0%	1,402	8.8%	1,931	9.7%	+ 529	increase of technical staff of CPS seg.
Reparing Expence (ERD div)	190	1.2%	525	3.3%	196	1.0%	(330)	
Others	3,848	24.4%	3,658	22.9%	4,387	22.1%	+ 729	increase due to logistic cost and other
Gross Profit	4,631	29.4%	4,372	27.4%	5,065	25.5%	+ 693	
SG&A	3,665	23.3%	3,841	24.1%	4,139	20.9%	+ 298	
Personnel	1,641	10.4%	1,941	12.2%	2,060	10.4%	+ 118	increase of sales staff
Advertisement	753	4.8%	421	2.6%	369	1.9%	(52)	
Recruitment	5	0.03%	50	0.3%	125	0.6%	+ 75	
Others	1,265	8.0%	1,427	9.0%	1,585	8.0%	+ 157	increase for business expansion
Operation Income Margin	965	6.1%	530	3.3%	925	4.7%	+ 395	

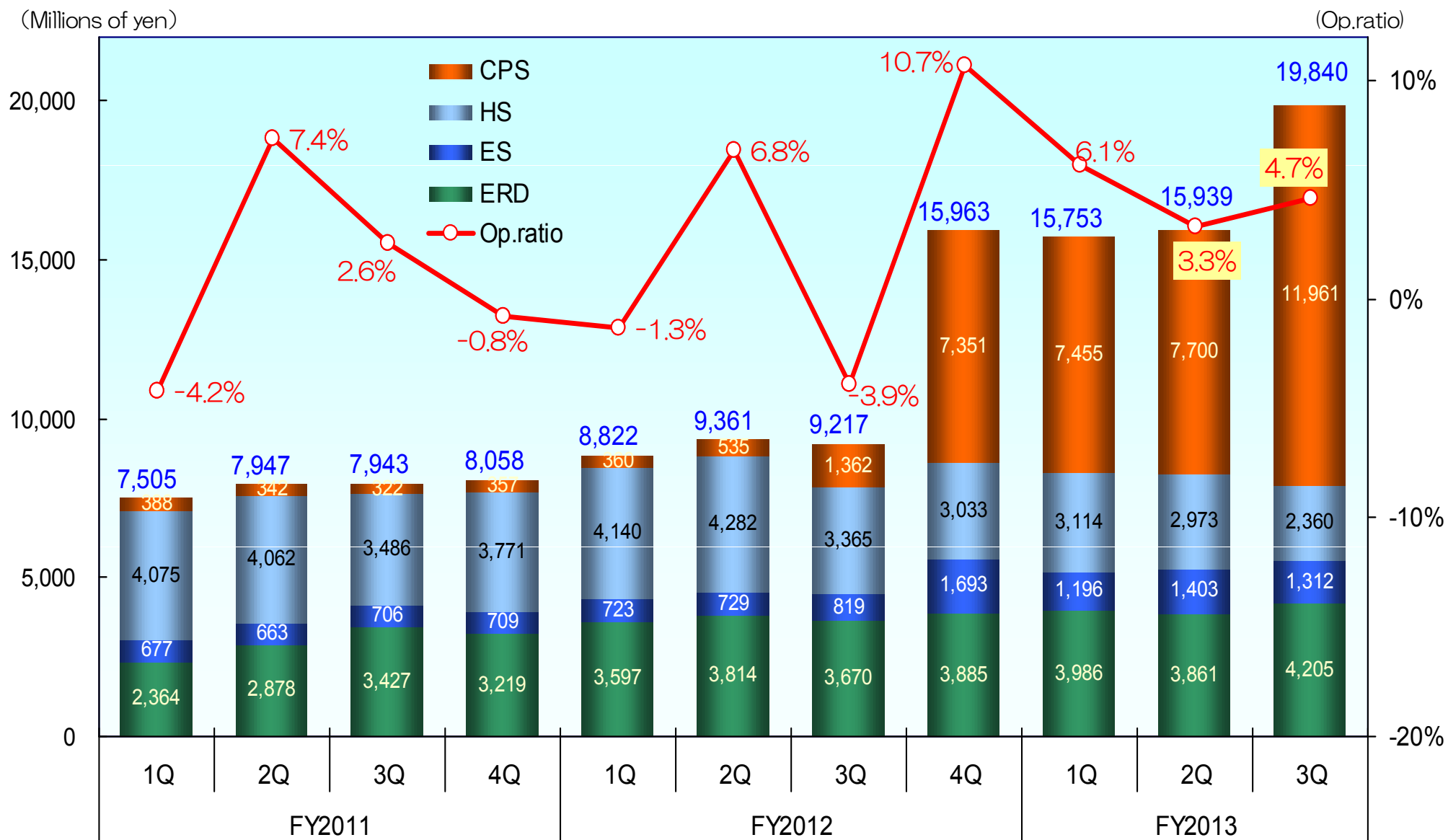
Segment Information (3Q)

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FY2013-3Q

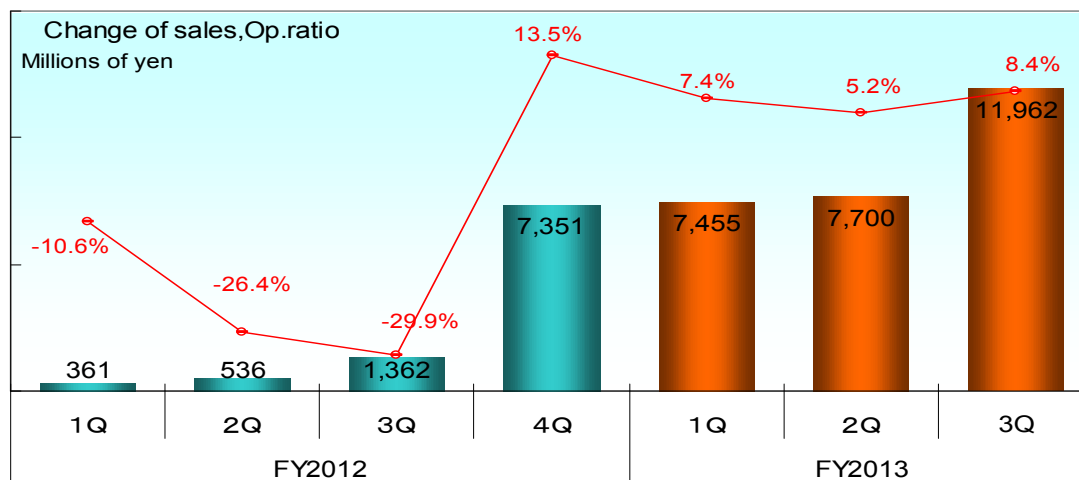
(Millions of Yen)		FY2012				FY2013					
		3Q		4Q		1Q		2Q		3Q	
		Actual	%	Actual	%	Actual	%	Actual	%	Result	%
CPS Division	Sales	1,362	-	7,351	-	7,455	-	7,700	-	11,961	-
	Gross Profit	420	30.9%	1,961	26.7%	1,803	24.2%	1,873	24.3%	2,742	22.9%
	Op. Income	(407)	-	993	13.5%	554	7.4%	398	5.2%	1,004	8.4%
HS Division	Sales	3,365	-	3,033	-	3,114	-	2,973	-	2,360	-
	Gross Profit	1,560	46.4%	1,148	37.9%	1,548	49.7%	1,522	51.2%	877	37.2%
	Op. Income	521	15.5%	171	5.7%	601	19.3%	567	19.1%	(73)	-
ES Division	Sales	819	-	1,693	-	1,196	-	1,403	-	1,312	-
	Gross Profit	243	29.8%	362	21.4%	272	22.8%	337	24.0%	303	23.1%
	Op. Income	(1)	-	89	5.3%	31	2.6%	51	3.7%	25	1.9%
ERD Division	Sales	3,670	-	3,885	-	3,986	-	3,861	-	4,205	-
	Gross Profit	677	18.5%	1,149	29.6%	1,006	25.3%	637	16.5%	1,141	27.1%
	Op. Income	134	3.7%	640	16.5%	439	11.0%	78	2.0%	568	13.5%
Group	Op. Income	(604)	-	(191)	-	(660)	-	(567)	-	(600)	-
TOTAL	Sales	9,217	-	15,963	-	15,753	-	15,939	-	19,840	-
	Gross Profit	2,902	31.5%	4,621	29.0%	4,631	29.4%	4,371	27.4%	5,065	25.5%
	Op. Income	(358)	-	1,704	10.7%	965	6.1%	530	3.3%	925	4.7%

Segment Information (changes)

Changes Net Sales and Operating Income on each Segment



CPS Millions of Yen	FY2012	FY2013 first 3Q			
	first 3Q	Results	YoY	Forecast	% to Forecast
Sales	2,259	27,117	-	29,014	93.5%
Commercial PV system	443	22,259	-	24,035	92.6%
Wholesale of PV components	1,815	4,809	264.9%	4,939	97.4%
Others	-	48	-	40	122.3%
Gross Profit	466	6,419	-	8,625	74.4%
Gross Profit Margin	20.7%	23.7%	3.0pt	29.7%	-6.1pt
SG&A	1,054	4,461	423.0%	4,551	98.0%
advertising expence	528	1,358	257.2%	2,447	55.5%
Operating Income	△ 587	1,958	-	4,074	48.1%
Operating Income Ratio	-	7.2%	-	14.0%	-6.8pt



Net sales of CPS which includes transactions from sales to components procurement and installation, were ¥22,259 million (¥443 million in the same period in the previous year) and “wholesale of PV components” related to components such as photovoltaics modules, etc., were ¥4,809 million (an increase of 164.9% as compared with the same period in the previous year). As a result, net sales were ¥27,117 million (¥2,259 million in the same period in the previous year). Operating profit reflected cost increases in advertisement expenses, personnel expenses due to manpower buildup and logistics improvement expenses, etc., and operating income recorded ¥1,958 million (operating loss of ¥587 million in the same period in the previous year).

Change of P/L on CPS division (1Q-3Q Compared)

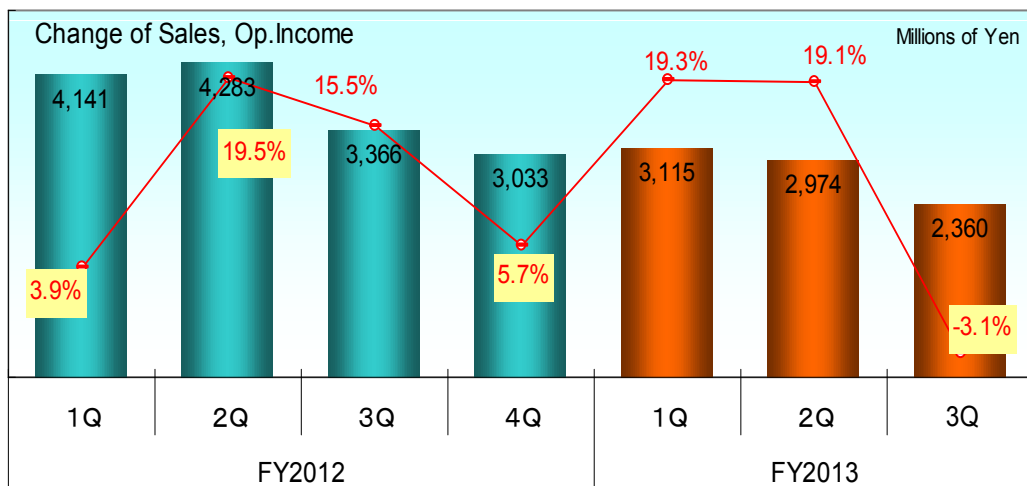
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FY2013-3Q

■産業用PV事業部門損益状況の概要の推移

millions of Yen	FY2013 Consolidated						Change to 2Q	Note
	1 Q		2 Q		3 Q			
	Actual	% to Sales	Actual	% to Sales	Results	% to Sales		
Net sales	7,455	100.0%	7,700	100.0%	11,961	100.0%	+ 4,261	
Cost of Sales	5,652	75.8%	5,826	75.7%	9,219	77.1%	+ 3,393	
Material	4,363	58.5%	4,399	57.1%	6,736	56.3%	+ 2,336	
Labour	356	4.8%	554	7.2%	1,009	8.4%	+ 455	Significant increase of technical staff on 3Q
Subcontracted	611	8.2%	527	6.8%	765	6.4%	+ 238	
Others	320	4.3%	345	4.5%	707	5.9%	+ 362	increase for business expansion
Gross Profit	1,803	24.2%	1,873	24.3%	2,742	22.9%	+ 868	
SG&A	1,248	16.7%	1,475	19.2%	1,737	14.5%	+ 262	
Personnel	431	5.8%	551	7.2%	644	5.4%	+ 93	increase of sales staff
Advertisement	594	8.0%	406	5.3%	357	3.0%	(48)	
Others	222	3.0%	517	6.7%	735	6.1%	+ 217	increase of recruitment cost
Op.Income	554	7.4%	398	5.2%	1,004	8.4%	+ 606	

FY2013 3Q Home Sanitation division

H S Division Millions of Yen	FY2012	FY2013 first 3Q			
	first 3Q	Results	YoY	Forecast	% to Forecast
Sales	11,789	8,448	71.7%	7,873	107.3%
PV system	6,707	1,081	16.1%	938	115.3%
Termite Eradiction Service	1,966	2,524	128.4%	2,520	100.2%
Under-Floor/-Roof	914	1,311	143.4%	1,005	130.5%
Ventiration System Foundation	546	747	136.8%	862	86.8%
others	1,652	2,782	168.3%	2,547	109.2%
Gross Profit	4,970	3,949	79.4%	4,413	89.5%
Gross Profit Margin	42.2%	46.7%	4.6pt	56.1%	-9.3pt
SG&A	3,452	2,853	82.6%	2,655	107.5%
Operating Income	1,518	1,095	72.2%	1,758	62.3%
Operating Income Margin	12.9%	13.0%	0.1pt	22.3%	-9.4pt



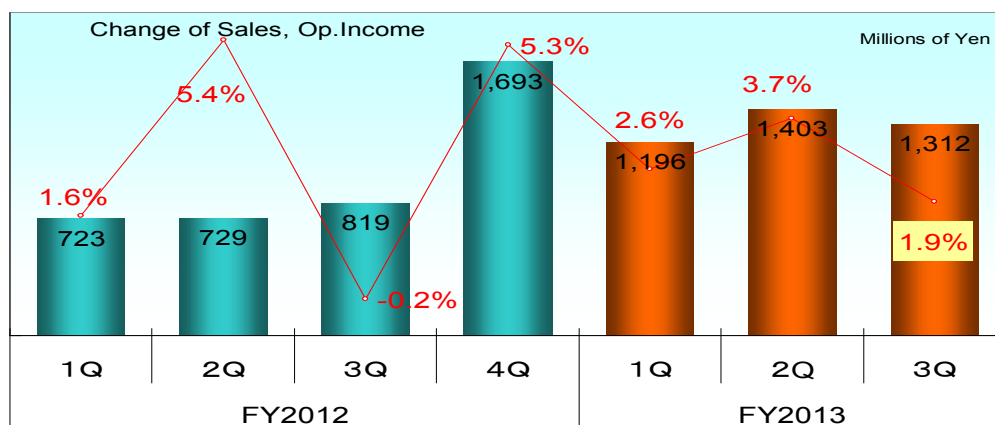
In connection with shift of personnel from the HS div. To the CPS div, net sales of the HS div. decreased, in particular, net sales of “photovoltaics systems” for household decreased 83.7% as compared with the same period in the previous year. As a result, net sales were ¥8,448 million (a decrease of 28.3% as compared with the same period in the previous year).

Operating profit did not achieve an improvement in profit ratio due to a decrease in net sales which caused an increase in fixed cost ratio, including selling and general administrative expenses, and operating income was ¥1,095 million (a decrease of 27.8% as compared with the same period in the previous year).

FY2013 3Q Establishment Sanitation division

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FY2013-3Q

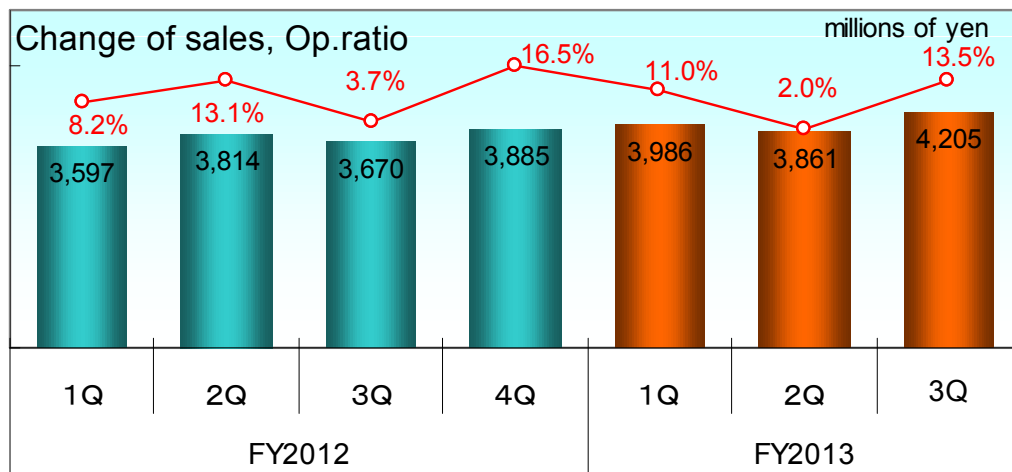
ES Division (Millions of Yen)	FY2012	FY2013 first 3Q			
	first 3Q	Results	YoY	Forecast	% to Forecast
Sales	2,271	3,913	172.2%	4,723	82.9%
PV system	547	2,275	415.8%	3,119	73.0%
Anti-Rust Equipment Installation	485	395	81.4%	400	98.9%
Repair of Building water works	567	662	116.7%	625	105.9%
Water proof of Buildings	228	168	73.8%	260	64.8%
Others	443	411	92.8%	318	128.9%
Gross Profit	720	913	126.7%	1,297	70.4%
Gross Profit Margin	31.7%	23.3%	-8.4pt	27.5%	-4.1pt
SG&A	670	804	119.9%	849	94.8%
Operating Income	49	108	219.1%	448	24.3%
Operating Income Margin	2.2%	2.8%	0.6pt	9.5%	-6.7pt



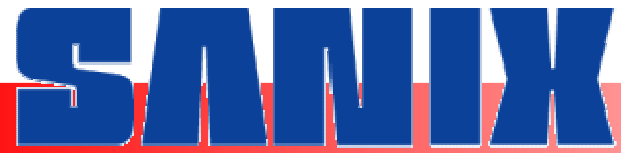
Net sales of maintenance and management of buildings and condominiums leveled off as compared with the same period in the previous year and sales of PV systems which we have promoted in the Kanto Region recorded an increase of 315.8% as compared with the same period in the previous year. As a result, net sales were ¥3,913 million (an increase of 72.2% as compared with the same period in the previous year).

As for operating profit, due to the effect of revenue increase, operating income was ¥108 million (an increase of 119.1% as compared with the same period in the previous year).

ERD Division (Millions of Yen)	FY2012	FY2013 first 3Q			
	first 3Q	Results	YoY	Forecast	% to Forecast
Sales	11,082	12,053	108.8%	11,303	106.6%
Waste Plastic Recycled	6,637	6,963	104.9%	6,719	103.6%
Power aGeneration	2,325	2,478	106.6%	2,407	103.0%
Organic Waste Water Recycle	1,157	1,360	117.6%	1,308	104.0%
Final Disposal	493	515	104.3%	412	125.0%
Others	468	736	157.4%	456	161.5%
Gross Income	2,590	2,786	107.6%	2,726	102.2%
Gross Profit Margen	23.4%	23.1%	-0.3pt	24.1%	-1.0pt
SG&A	1,663	1,699	102.2%	1,624	104.6%
Operating Income rate	927	1,087	117.2%	1,102	98.6%
Operating Income Margin	8.4%	9.0%	0.7pt	9.7%	-0.7pt



"Waste plastics recycle" increased 4.9% as compared with the same period in the previous year due to an increase in acceptance volume of waste plastics and "Power generation" increased 6.6% as compared with the same period in the previous year as a result of stable operation of the Tomakomai Power Plant. "organic waste water recycle" increased 17.6% as compared with the same period in the previous year due to an increase in acceptance volume of organic waste water. As a result, net sales were ¥12,053 million (an increase of 8.8% as compared with the same period in the previous year). Operating profit was ¥1,087 million (an increase of 17.2% as compared with the same period in the previous year) due to the effect of a revenue increase in all segments.



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

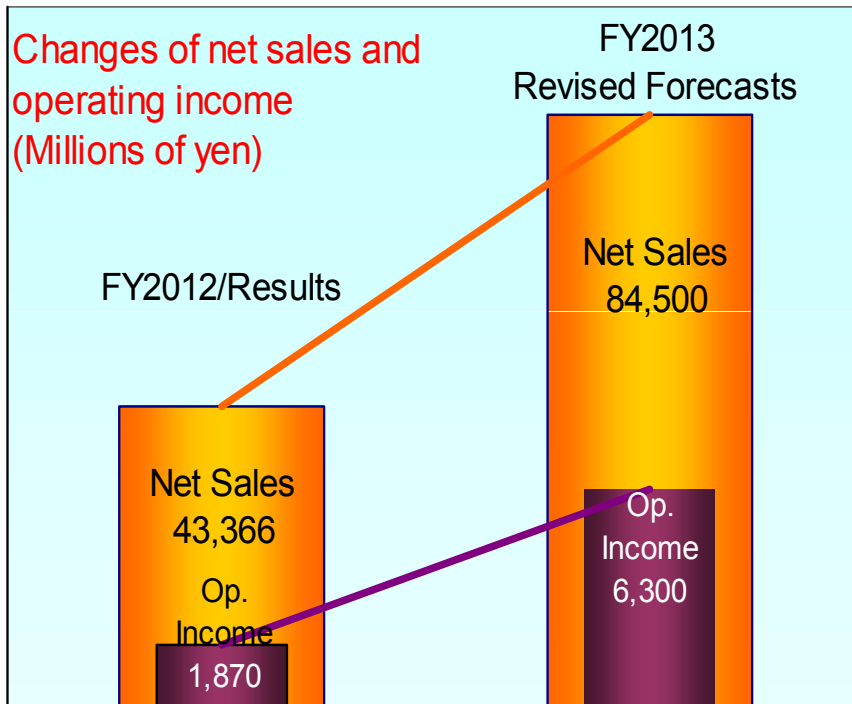
Forecasts for FY2013 (Ending March 31, 2014)

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FY2013-3Q

The original forecast is revised on 14th Feb 2014

(Millions of Yen)	FY2012	FY2013		Comparison FY2012 with revised Forecast FY2013	
	Actual	Revised Forecasts	Change to Original Forecasts	%YoY	Change YoY
Net Sales	43,366	84,500	+ 13,000	194.9%	41,133
Operating Income	1,870	6,300	(1,700)	336.8%	4,429
Ordinary Income	1,788	6,000	(1,950)	335.4%	4,211
Net Income	1,575	3,600	(1,500)	228.6%	2,024

Changes of net sales and operating income
(Millions of yen)



1) Net Sales

Forecast for net sales was revised upward as we can expect an increase in the number of project start-ups and completion of installation in the current fourth quarter (from January 1, 2014 to March 31, 2014) in response to an increase in orders received for installation and wholesale transactions in the CPS division and an increase in installation capacity by an increase in the number of personnel.

2) Operating Income

As for operating income, net sales will be revised upward, but as we expected a large increase in fixed costs, including expenses for a large-scale manpower buildup of technicians to respond to an increase in orders received for “commercial photovoltaics systems” since the summer in 2013 and expenses for an expansion of logistics systems from large orders received for materials, etc., it was revised downward.

3) Ordinary Income / Net Income

Ordinary income was also revised downward in addition to the reasons for the downward revision of operating income, and we expect currency exchange losses due to the impact of a weaker yen on procurement of photovoltaic modules. As a result, current net income will be ¥3,600 million.

Segment Forecast for FY2013

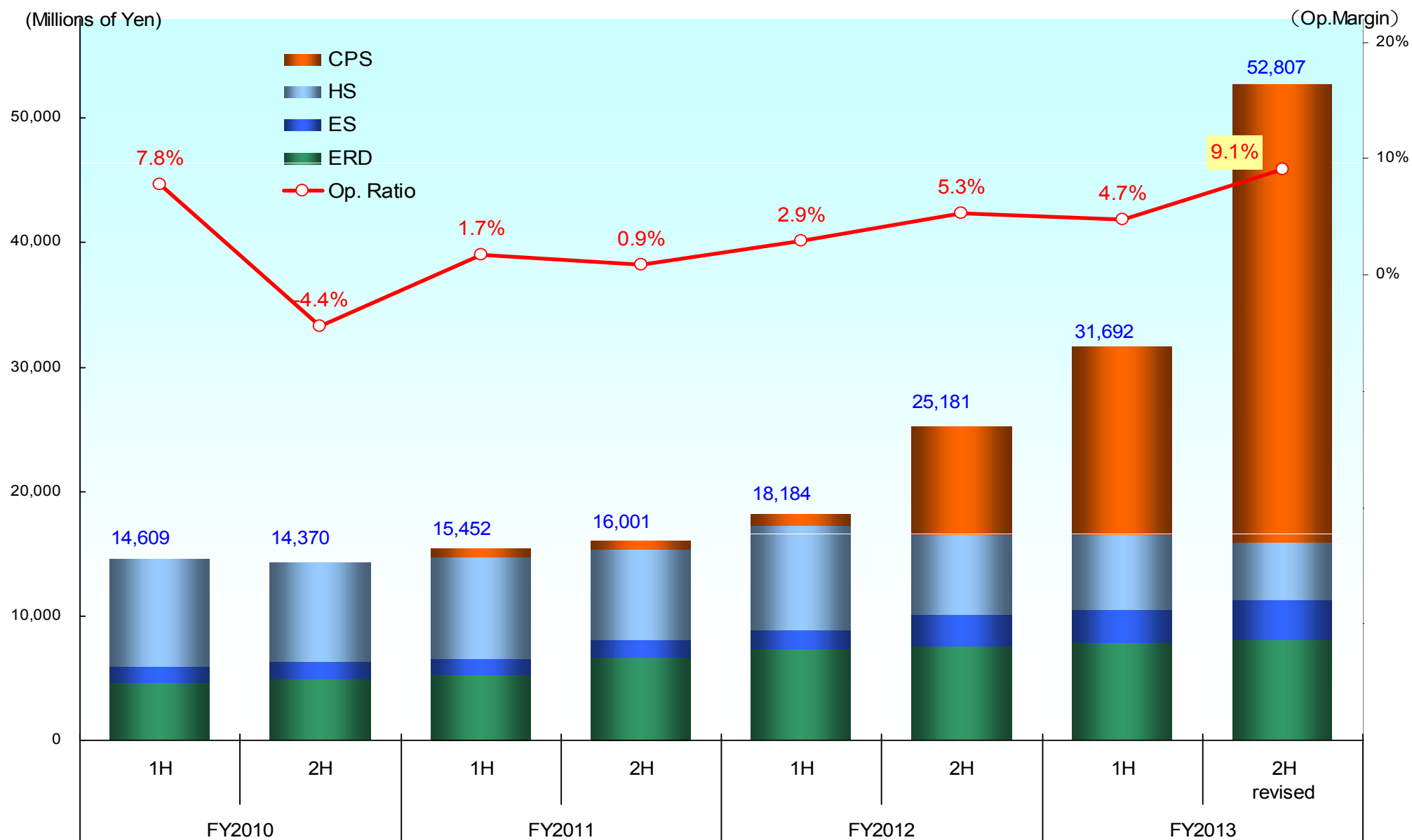
SANIX
FY2013-3Q

The original forecast is revised on 14th Feb 2014

FY2013	1H	3Q	4Q	Full Year		
Millions of Yen	Actual	Actual	Revised Forcas	Revised Forecasts	Original Forecasts	Compare with Forecasts
Net Sales	31,692	19,840	32,967	84,500	71,500	+ 13,000
CPS	15,155	11,961	24,929	52,047	39,764	+ 12,283
HS	6,088	2,360	2,216	10,665	10,273	+ 392
ES	2,600	1,312	1,971	5,885	6,613	(728)
ERD	7,848	4,205	3,849	15,903	14,850	+ 1,053
Gross Profit	9,003	5,065	8,348	22,417	23,380	(963)
SG&A	7,507	4,139	4,469	16,117	15,380	+ 737
Operating Income	1,495	925	3,878	6,300	8,000	(1,700)
CPS	953	1,004	3,995	5,954	5,983	(29)
HS	1,168	(73)	(77)	1,018	2,250	(1,232)
ES	83	25	207	316	646	(330)
ERD	518	568	504	1,592	1,720	(128)
Group	(1,228)	(600)	(751)	(2,580)	(2,599)	+ 19
Ordinary Income	1,443	742	3,814	6,000	7,950	(1,950)
Net Income	1,051	249	2,298	3,600	5,100	(1,500)

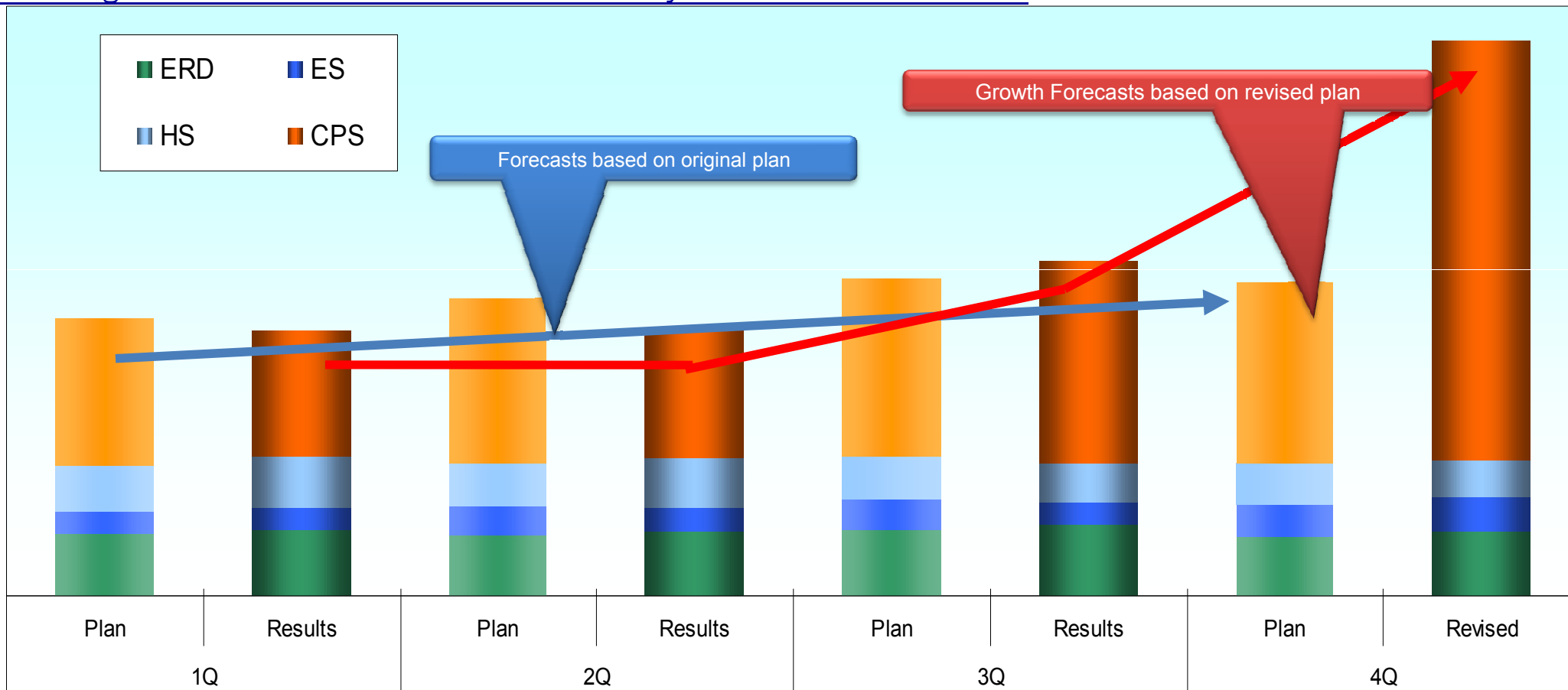
(Reference) Segments Performance Forecasts

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



Change of Original Forecast to Results and Revised Forecasts

Change in Forecast and Results of Quarterly Sales and Revised Plan



Value on 1Q as the base value of 100 and then the each quarter value is indexed

Significant increase of proposal from 2Q

100

174.8

315.4

376.6(Jan)

Number of staff of sales and technician on the end of each quarter

Agressive recrutoment

505

644

1,277

1,700(plan)

Buildup of Logi-siets

Provided some logi-siets on 3Q, ongoing on 4Q

■ Change in Marginal Profit Ratio at CPS Division(direct sales/installation)

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 Income ratio.

(%)	1Q	2Q	3Q	4Q Forecasts	Full year forecasts	Former forecasts
marginal profit ratio	33.2	38.3	35.9	36.8	36.3	39.4

Marginal profit ratio shrunk due to subcontracted cost that higher than original forecasts mainly. The material cost ratio changed as planed in spite of a weak yen.

■ Changes of Fixed cost ratio for business expansion of CPS

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

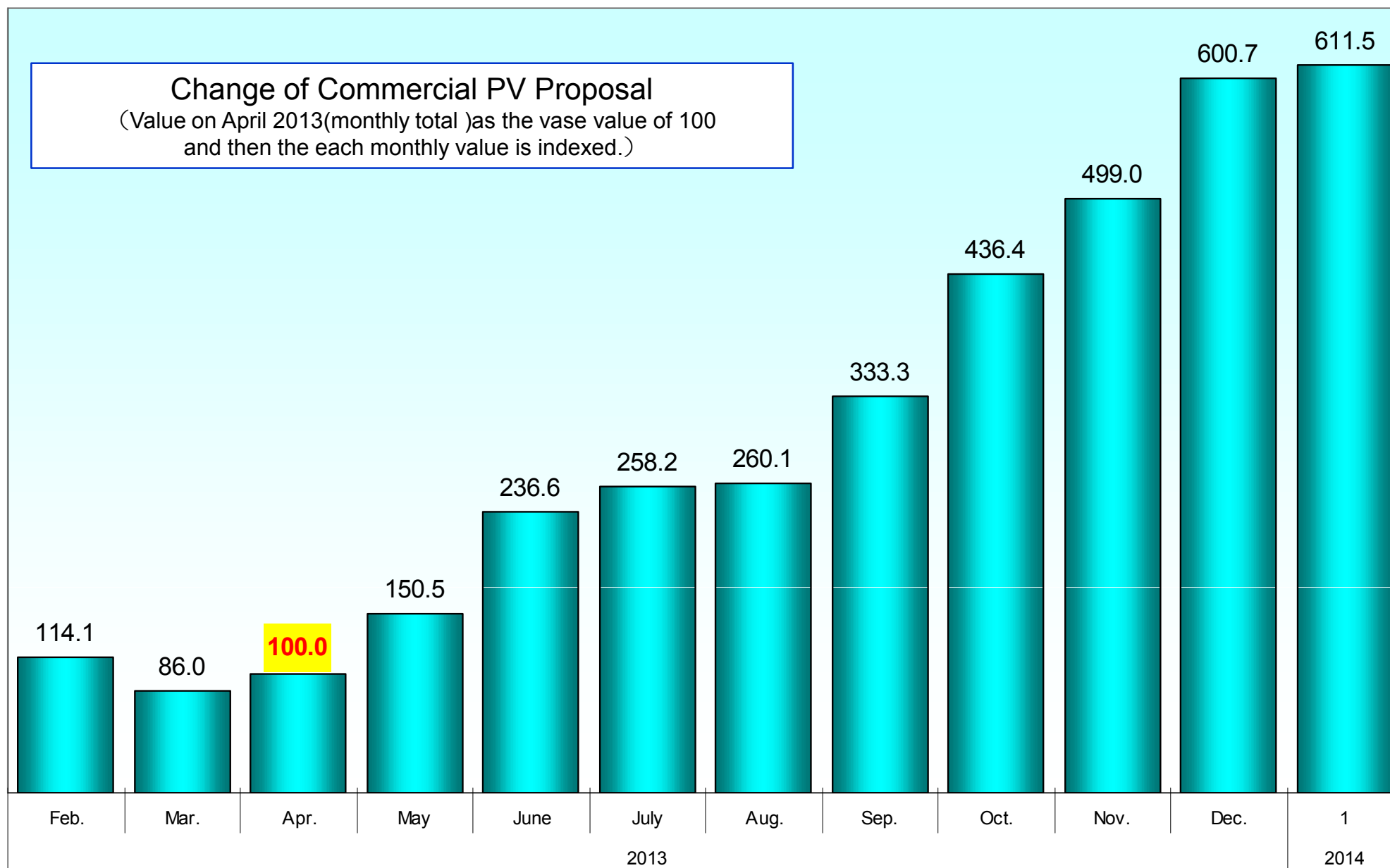
(%)	1Q	2Q	3Q	4Q Forecast	Full year forecast	Former Plan
Personnel cost	12.4	16.6	14.8	13.7	14.2	10.9
Other	5.2	10.2	8.9	4.4	6.4	3.3
Fixed cost Total	17.6	26.8	23.7	18.0	20.6	14.2

Along with rapid business expansion, fixed cost had increased prior to sales income. Although fixed cost ratio had increased until third quarter, it expect to be lower by absorbing into surpassed sales after fourth quarter.

(Reference) Change of Commercial PV Proposal

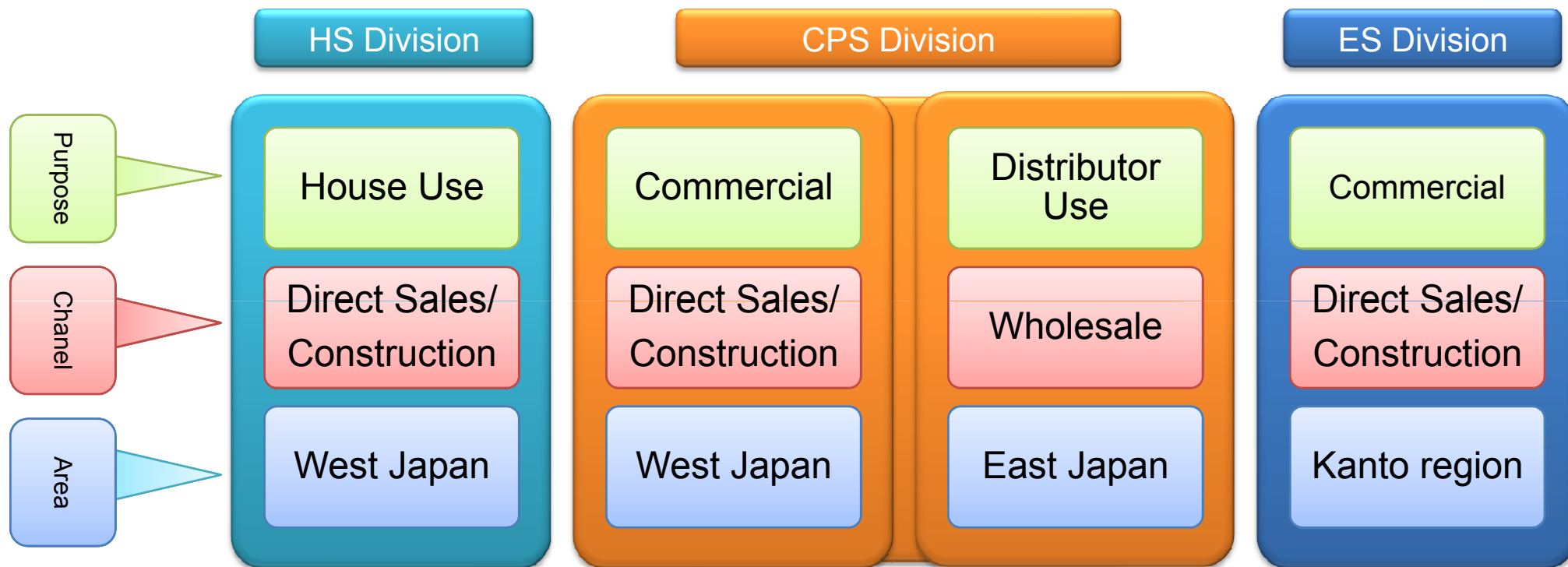
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FY2013-3Q

Change of Commercial PV proposal(Direct Sales) from Feb.2013



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

(Reference) Business Format of Photovoltaic Sales



Number of Working Staff on ended March 31 2013

	HS Division	CPS Division	CPS Division	ES Division
Sales	143	46	12	12
Engineering	297	277	—	14

Number of Working Staff on ended December 30 2013

	HS Division	CPS Division	CPS Division	ES Division
Sales	117	170	25	20
Engineering	188	1,107	0	25

■ Status of current logistics sites

● **Logistics Centers**

Takeo, Saga-prefecture & Minami-Port, Osaka

● **Logistic site Storage**

4 sites locate in West Japan

Modules are shipped directly from the storage of alliance company

Allied Warehouse

Fukuoka site

Yokawa site

Takeo Logi Center

Onomichi Site

Kameyama site

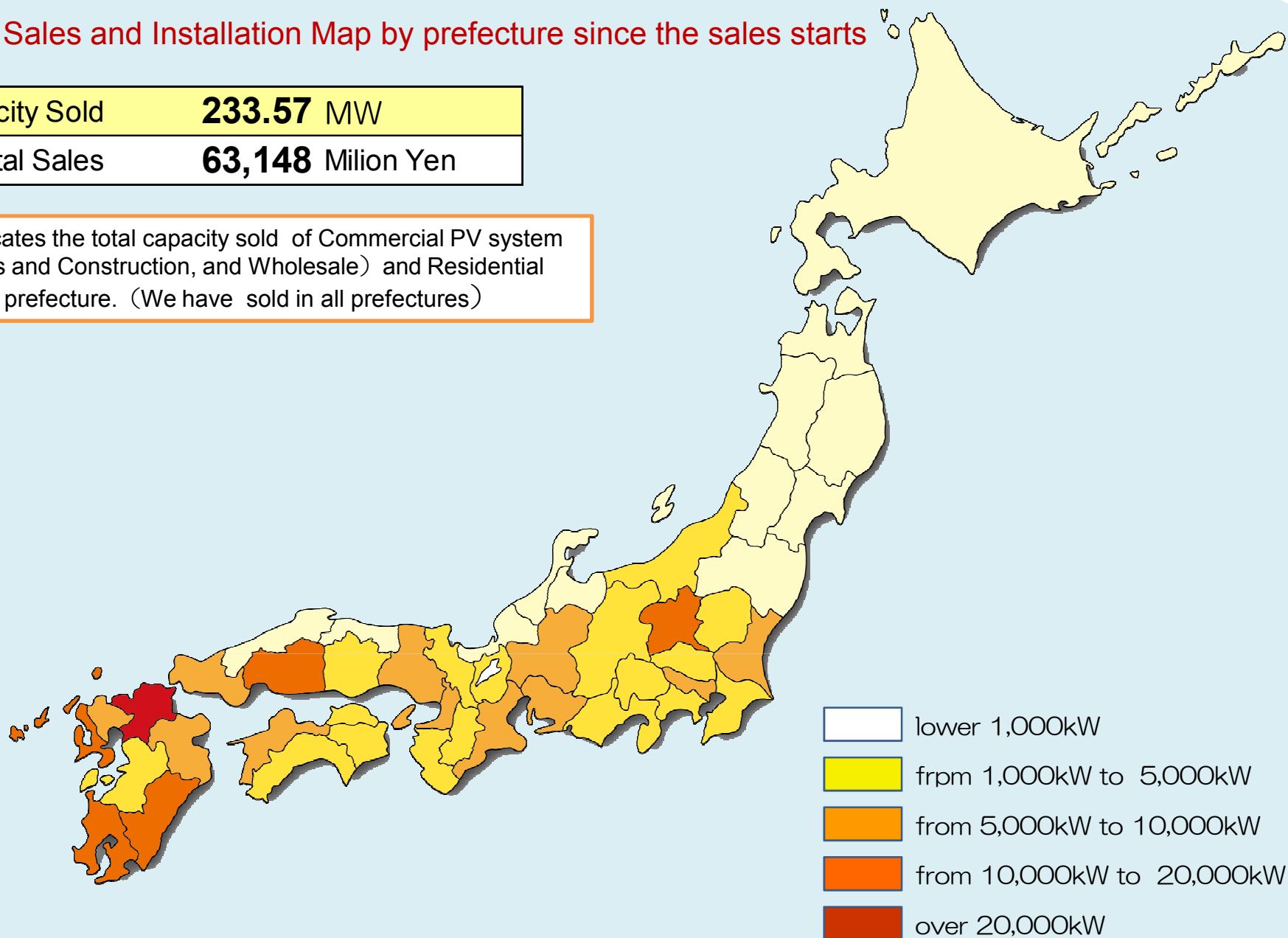
Osaka Logi Center

(end of January 2014)

■ Total Sales and Installation Map by prefecture since the sales starts

Capacity Sold	233.57 MW
Total Sales	63,148 Milion Yen

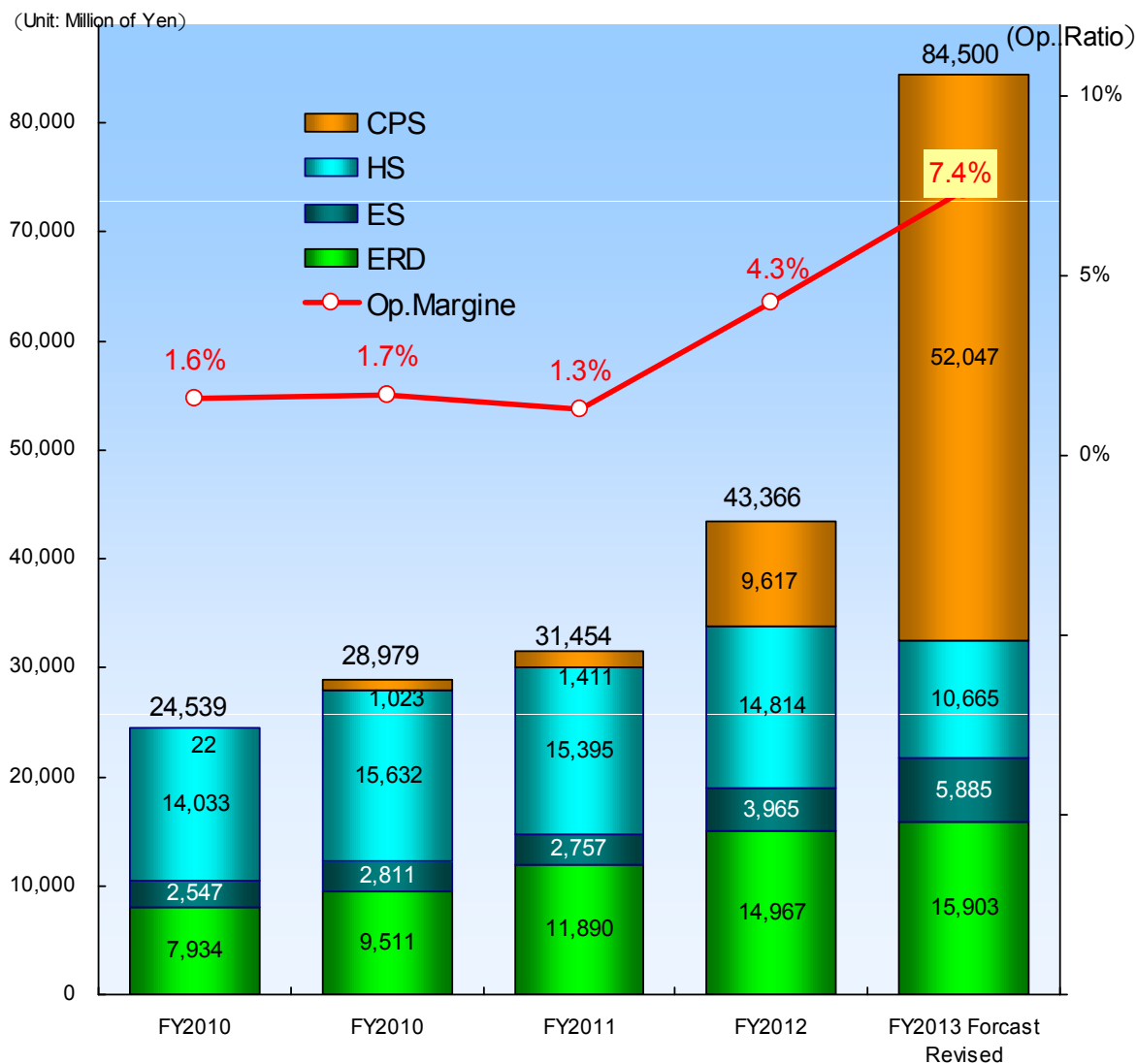
The map indicates the total capacity sold of Commercial PV system (Direct-Sales and Construction, and Wholesale) and Residential PV system by prefecture. (We have sold in all prefectures)



(end of December 2013)

The original forecast is revised on 14th Feb 2014

Net Sales and Operating Margin Ratio



Forecasts for FY2013
(ending March 31, 2014)

Net Sales : 84,500MY

Operating Income : 6,300MY

Operating Margin : 7.5%