Feburuary 12, 2015

Revision of Earnings Forecast for the Fiscal Year Ending March 31, 2015, Reduction in Deferred Tax Assets, Review of Mid-term Business Plan, and Decrease in Officers' Remuneration

SANIX Incorporated (Ticker:4651,TSE/FSE, President & CEO: Shin-ichi Munemasa) announces that in light of recent performance trends, it has revised the consolidated earnings forecast for the fiscal year ending March 31,2015, which were announced October 31,2014. And the Company decided reduce in deferred tax asset on this third quarter. And also reviewed it's midterm business plan and decided decrease in officers' remuneration.

1.Revision of Earnings forecast

Revision of consolidated forecast for the full fiscal year ending March 31, 2015(From April 1, 2014 to March 31, 2015)

(Millions of Yen)		Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (YEN)
Previous Forecast	(A)	118,000	3,640	3,200	1,300	27.23
Revised Forecast	(B)	97,000	(1,160)	(1,430)	(2,720)	(56.93)
Change	(B-A)	(21,000)	(4,800)	(4,630)	(4,020)	
Precet Change	(%)	-17.8%	-	-	-	
Reference: results for the 1st half of the fiscal year ended March 31,2014		84,221	4,508	4,309	2,964	62.13

Reasons for the Revision

Electric power companies' responses associated with the installation of solar power facilities were delayed, and from late September, they suspended their responses. Given the rapid change in the external environment, the Company believed that the business environment would remain unchanged in the third and fourth quarters and revised its earnings forecast downward on October 31, 2014. Now, the commencement of work is expected to be delayed further. Given the situation, the Company has revised its full-year sales forecast as shown above.

Mainly due to the downward revision of the sales forecast, the Company forecasts that operating income and ordinary income will fall far below the previous forecast, into negative territory. Net income is also forecast to be lower than the previous forecast, reflecting a reduction in deferred tax assets, among other factors.

Outlook for Solar Power Generation Business

The government reviewed the Renewable Energy Feed-in Tariff Purchasing Program and in January 2015 changed the output control rules and the timing for determining the purchase price. The deadline for facility certification in FY2014 has been set to January 30, 2015. For these reasons, it is difficult to assess profitability at power generation operators, customers of the Company, in the fourth quarter. Meanwhile, in the areas covered by Tokyo Electric Power, Chubu Electric Power, and Kansai Electric Power, which have large grid connection capacities, small solar power generation facilities (those with a low voltage connection of 50kW or less), which are the main products that the Company sells, are out of the scope of output control, and these areas are expected to be the Company's main operating areas. The Company needs to develop marketing and structures appropriate for different areas.

The Company will respond to changes in the solar power generation market appropriately and in a timely fashion primarily by transferring personnel from Kyushu and Shikoku to Kanto, Kansai, and Chubu, taking into account the appropriate numbers for personnel in Kyushu and Shikoku. Meanwhile, to improve profitability, the Company will strive to lower the break-even point by cutting costs, including costs for materials for solar power generation and logistics costs, and thoroughly reviewing fixed costs. The Company will complete these initiatives in the fourth quarter.

2.Reduction in Deferred Tax Assets

As a result of a review of the realizability of deferred tax assets based on its earnings forecast for the fiscal year under review, at the end of the third quarter, the Group reduced deferred tax assets and posted income taxes-deferred of ¥847 million.

3. Review of Mid-term Business Plan

On May 28, 2014, the Company announced its mid-term business plan 'Sun Shine Plan 2016' for 2014 through 2016. The main point of the business plan is expanding the sales and installation of solar power generation systems. However, in September last year, electric power companies' grid connection capacity relating to renewable energy, including solar power, emerged as an issue. In January 2015, the Renewable Energy Feed-in Tariff Purchasing Program, including output control rules, was reviewed. In this environment, the Company, unfortunately, is going to go back to the drawing board. If the Company formulates a new mid-term business plan, it will provide notification of the plan.

4. Decrease in Officers' Remuneration

The Company takes the downward revision of the earnings forecast seriously. To make management's responsibility clear, the Company is cutting officers' remuneration from February 2015 until the time when a recovery in performance can be expected. Details are as follows:

Representative Director & President: 50% cut in monthly remuneration
Executive Vice President & Managing Executive Officer: 50% cut in monthly remuneration
Director & Managing Executive Officer: 25% cut in monthly remuneration
Executive Officer: 10% cut in monthly remuneration

The projections and plans on this release are subject to change depending upon the changes of business environments and other conditions.

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