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**Ticker: 4651**



# Consolidated Financial Statements

For the First Quarter ended June 30, 2009

## SANIX INCORPORATED

August 6, 2009

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

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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.*



## SANIX INCORPORATED

### Summary of 1st Quarter

## Summary of 1st Quarter

**In the current first quarter, both sales and income surpassed the plan.**

<b>Net Sales</b>	<b>:</b>	<b>6,288 Million Yen</b>	<b>(70 million yen over the projection)</b>
<b>Operating Income</b>	<b>:</b>	<b>66 Million Yen</b>	<b>(325 million yen over the projection)</b>
<b>Ordinary Income</b>	<b>:</b>	<b>78 Million Yen</b>	<b>(347 million yen over the projection)</b>
<b>Net Income</b>	<b>:</b>	<b>84 Million Yen</b>	<b>(392 million yen over the projection)</b>

#### ◆ Net Sales ◆

Sales in the ERD Division fell short of the plan by 157 million yen, because: unit sales prices of electricity declined due to the sluggish electricity demand resulting from the economic deterioration; the waste plastic processing unit price was lowered in response to customer demand for lower prices; the volume of waste water brought in decreased. However, Sanix Group total sales surpassed the plan by 70 million yen, since sales in the HS Division and the ES Division exceeded the plan by 132 million yen and 95 million yen, respectively.

#### ◆ Earnings ◆

Income in the ERD Division fell short of the plan, since profitability worsened due to a decline in sales, while repair expenses increased as a result of unexpected additional works during the annual facility maintenance at the Sanix Energy Tomakomai Power Plant. However, Sanix Group total income exceeded the plan, since income in the HS Division and the ES Division surpassed the plan and the Group strived to improve profitability by reducing fixed costs.

# 1st Quarter : Statement of Income

(Millions of Yen)

	FY2008		FY2009					
	1st Quarter		1st Quarter					
	Actual	% to Sales	Actual	% to Sales	% of Change	Projection	% of Change	Difference
<b>Net Sales</b>	6,583	100.0%	6,288	100.0%	95.5%	6,218	101.1%	70
(H S)	3,908	59.4%	3,925	62.4%	100.5%	3,793	103.5%	132
(E S)	792	12.0%	648	10.3%	81.9%	553	117.3%	95
(ERD)	1,883	28.6%	1,714	27.3%	91.0%	1,872	91.6%	(157)
<b>Cost of Sales</b>	3,595	54.6%	3,608	57.4%	100.4%	3,686	97.9%	(77)
<b>Gross Profit</b>	2,987	45.4%	2,680	42.6%	89.7%	2,532	105.9%	148
<b>SGA</b>	3,110	47.3%	2,613	41.6%	84.0%	2,791	93.6%	(177)
<b>Operating Income</b>	(122)	—	66	1.1%	—	(259)	—	325
<b>Ordinary Income</b>	(124)	—	78	1.2%	—	(269)	—	347
<b>Net Income</b>	(143)	—	84	1.3%	—	(308)	—	392

■ The Sanix Group promoted streamlining, reducing fixed costs more than anticipated. The SG&A expenses to net sales declined by 5.7 points year-on-year (expenses decreased by 497 million yen year-on-year) and by 3.3 points compared with the plan (expenses decreased by 177 million yen compared with the plan). The Group's profitability improved, particularly thanks to better-than-expected sales and income in the HS Division, the mainstay of the Group business.

**SANIX** 2

# 1st Quarter : Segment Information (1)

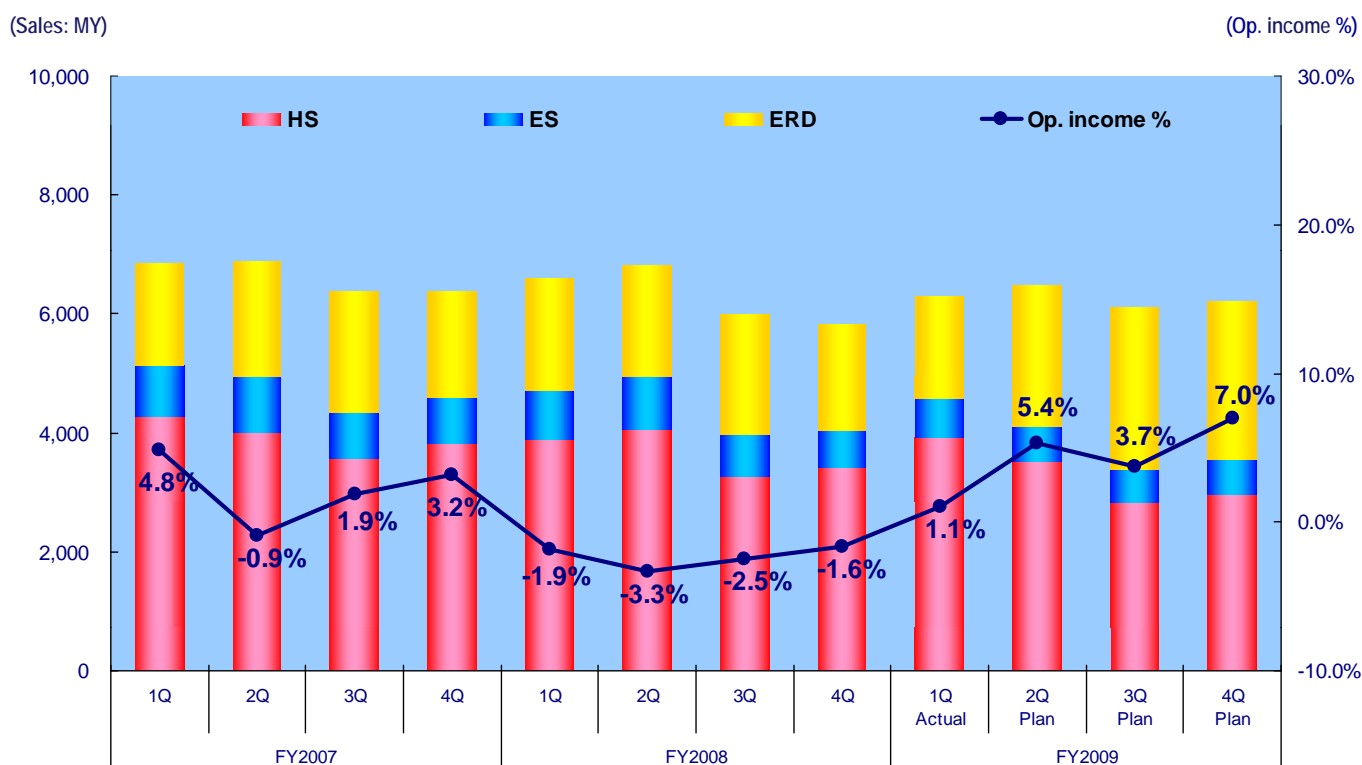
(Millions of Yen)

	FY2008		FY2009						
	1st Quarter		1st Quarter						
	Actual	% to last year	Actual	% to Sales	% to last year	Projection	% of Change	Difference	
HS	<b>Net Sales</b>	3,908	91.4%	3,925	100.0%	100.5%	3,793	103.5%	132
	<b>Gross Profit</b>	2,649	92.7%	2,669	68.0%	100.8%	2,530	105.5%	139
	<b>SGA</b>	1,833	110.6%	1,423	36.3%	77.6%	1,580	90.1%	(156)
	<b>Operating Income</b>	816	67.9%	1,246	31.7%	152.7%	950	131.2%	296
ES	<b>Net Sales</b>	792	92.1%	648	100.0%	81.9%	553	117.3%	95
	<b>Gross Profit</b>	307	91.9%	273	42.2%	88.9%	231	118.5%	42
	<b>SGA</b>	316	83.6%	229	35.4%	72.5%	216	106.2%	13
	<b>Operating Income</b>	(8)	—	44	6.8%	—	15	294.8%	29
ERD	<b>Net Sales</b>	1,883	110.3%	1,714	100.0%	91.0%	1,872	91.6%	(157)
	<b>Gross Profit</b>	30	130.8%	(263)	—	—	(229)	—	(34)
	<b>SGA</b>	334	113.7%	400	23.4%	119.7%	398	100.6%	2
	<b>Operating Income</b>	(304)	—	(663)	—	—	(627)	—	(36)
<b>Group</b>	<b>Operating Income</b>	(626)	—	(560)	—	89.4%	(597)	—	36

**SANIX** 3

# 1st Quarter : Segment Information (2)

## ■ Quarterly Net Sales and Operating Income Margin by Segment



**SANIX** 4

# 1st Quarter : Summary of HS Division

## HS Division

■ Sales slightly exceeded the plan. Operating-income-to-sales ratio largely improved through cost-cutting measures.

Sales in Termite Eradication Services surpassed the plan by 4.1%, due to the effects of a TV advertising campaign from April to June. Sales in Foundation Repair Treatment and Reinforcement Services fell short of the plan by 15.5%, since the first-round effects of the sales campaign have ended. However, sales in the HS Division exceeded the plan by 3.5%, thanks to steady sales of equipment in Under-Roof/Floor Ventilation Systems. The ratio of operating income to net sales rose to 31.7% (increased year-on-year and over the plan), because the Group succeeded in reducing expenses.

## ■ Net Sales by Product and Operating Income

(Millions of Yen)

	FY2008				FY2009			
	1Q	2Q	3Q	4Q	1Q			
	Actual	Actual	Actual	Actual	Actual	% of Change	Projection	% of Change
Termite Eradication Service	1,528	1,461	1,112	1,185	1,524	99.7%	1,464	104.1%
Foundation Repairing Treatment	1,220	1,220	990	943	827	67.8%	979	84.5%
Under-Floor/-Roof Ventilation System	564	718	593	672	832	147.4%	743	111.9%
House Reinforcement System	110	101	75	122	112	101.7%	98	114.4%
Other	483	565	508	476	629	130.1%	506	124.1%
<b>Total Net Sales</b>	<b>3,908</b>	<b>4,067</b>	<b>3,279</b>	<b>3,401</b>	<b>3,925</b>	<b>100.5%</b>	<b>3,793</b>	<b>103.5%</b>
<b>Operating Income</b>	<b>816</b>	<b>1,057</b>	<b>718</b>	<b>878</b>	<b>1,246</b>	<b>152.7%</b>	<b>950</b>	<b>131.2%</b>

**SANIX** 5

# 1st Quarter : Summary of ES Division

## ES Division

### ■ Consolidation of 13 offices led to improvement in profitability.

The ES Division consolidated 13 stores in the previous fiscal year, to improve business efficiency by concentrating managerial resources on sales activities toward corporate customers in larger cities. As a result, sales in the Division decreased by 18.1% year-on-year, but surpassed the plan by 17.3%. Regarding earnings, the ES Division finally posted an operating profit of 44 million yen, since fixed costs decreased due to the implementation of cost-cutting measures.

### ■ Net Sales by Product and Operating Income

(Millions of Yen)

	FY2008				FY2009			
	1Q	2Q	3Q	4Q	1Q			
	Actual	Actual	Actual	Actual	Actual	% of Change	Projection	% of Change
Anti-rust Equipment Installation	201	200	121	198	190	94.4%	259	73.2%
Repair of Building Water-works	220	268	213	174	201	91.6%	134	149.8%
Waterproofing of Building	139	181	121	51	51	36.7%	52	97.1%
Others	230	231	222	199	205	89.0%	105	194.3%
<b>Total Net Sales</b>	<b>792</b>	<b>881</b>	<b>678</b>	<b>623</b>	<b>648</b>	<b>81.9%</b>	<b>553</b>	<b>117.3%</b>
<b>Operating Income</b>	<b>(8)</b>	<b>1</b>	<b>(53)</b>	<b>(28)</b>	<b>44</b>	<b>—</b>	<b>15</b>	<b>294.8%</b>

**SANIX** 6

# 1st Quarter : Summary of ERD Division (1)

## ERD Division

### ■ Income fell short of the plan, due to declined sales and increased costs.

Sales in the ERD Division fell short of the plan, since unit sales prices of electricity declined due to the sluggish electricity demand resulting from the worsening economic situation. The Division reported an operating loss of 663 million yen, since repair expenses exceeded the plan due to unexpected additional works during the annual facility maintenance conducted in May (last done in September 2008) at the Sanix Energy Tomakomai Power Plant. Income decreased year-on-year, and in comparison with the plan.

### ■ Net Sales by Product and Operating Income

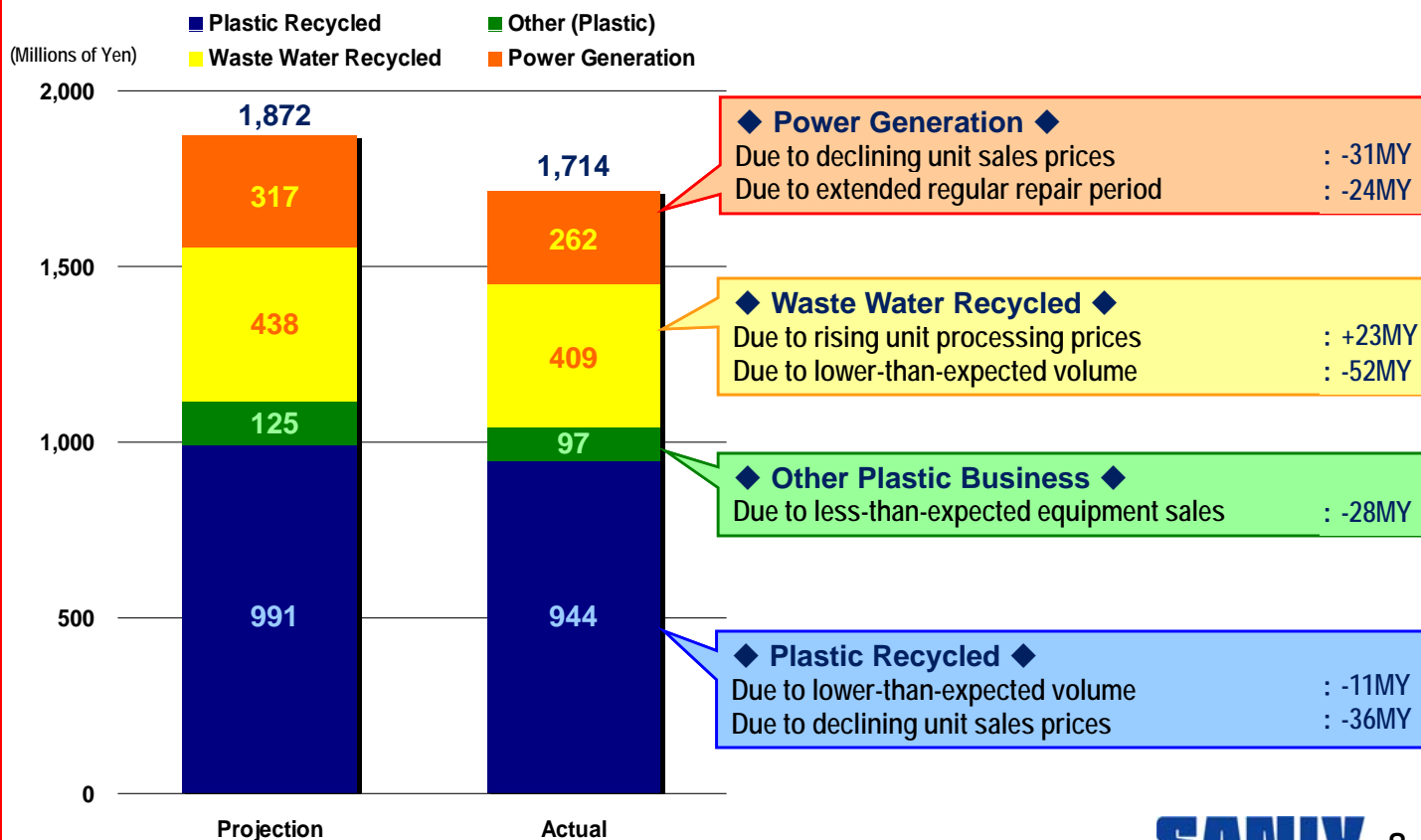
(Millions of Yen)

	FY2008				FY2009			
	1Q	2Q	3Q	4Q	1Q			
	Actual	Actual	Actual	Actual	Actual	% of Change	Projection	% of Change
Plastic Recycled	891	911	992	808	944	106.0%	991	95.2%
Organic Waste Water Recycled	544	476	439	374	409	75.3%	438	93.5%
Power Generation	270	344	463	473	262	97.2%	317	82.8%
Other	177	146	138	148	97	54.9%	125	77.8%
<b>Total Net Sales</b>	<b>1,883</b>	<b>1,879</b>	<b>2,033</b>	<b>1,804</b>	<b>1,714</b>	<b>91.0%</b>	<b>1,872</b>	<b>91.6%</b>
<b>Operating Income</b>	<b>(304)</b>	<b>(741)</b>	<b>(321)</b>	<b>(451)</b>	<b>(663)</b>	<b>—</b>	<b>(627)</b>	<b>—</b>

**SANIX** 7

# 1st Quarter : Summary of ERD Division (2)

## ■ Analysis of a decrease in op. income in comparison to the projection in the Division



# SANIX

## SANIX INCORPORATED

### Forecast for Consolidated FY2009

# FY2009 : Statement of Income (Projection)

\*There is no change for business results forecast.

(Millions of Yen)

	First-Half				Full Year			
	Forecast	% to Sales	% to last year	Difference	Forecast	% to Sales	% to last year	Difference
Net Sales	12,680	100.0%	94.5%	(732)	25,000	100.0%	99.1%	(233)
(H S)	7,322	57.7%	91.8%	(653)	13,140	52.5%	89.6%	(1,517)
(E S)	1,140	9.0%	68.1%	(534)	2,265	9.1%	76.1%	(711)
(ERD)	4,218	33.3%	112.1%	455	9,595	38.4%	126.2%	1,994
Cost of Sales	7,158	56.5%	92.3%	(599)	13,890	55.6%	94.7%	(784)
Gross Profit	5,522	43.5%	97.6%	(133)	11,110	44.4%	105.2%	551
SGA	5,435	42.9%	90.5%	(571)	10,360	41.4%	92.9%	(795)
Operating Income	87	0.7%	—	438	750	3.0%	—	1,346
Ordinary Income	67	0.5%	—	435	720	2.9%	—	1,340
Net Income	3	0.0%	—	740	600	2.4%	—	4,745

**SANIX** 9

# FY2009 : Segment Information (Projection)

\*There is no change for business results forecast.

(Millions of Yen)

		First-Half				Full Year			
		Forecast	% to sales	% to last year	Difference	Forecast	% to sales	% to last year	Difference
HS	Net Sales	7,322	100.0%	91.8%	(653)	13,140	100.0%	89.6%	(1,517)
	Gross Profit	4,852	66.3%	89.9%	(544)	8,480	64.5%	86.5%	(1,319)
	SGA	3,079	42.1%	87.4%	(443)	5,738	43.7%	90.7%	(590)
	Op. Income	1,773	24.2%	94.6%	(100)	2,742	20.9%	79.0%	(728)
ES	Net Sales	1,140	100.0%	68.1%	(534)	2,265	100.0%	76.1%	(711)
	Gross Profit	482	42.3%	76.1%	(151)	956	42.2%	85.4%	(163)
	SGA	430	37.7%	67.0%	(211)	856	37.8%	70.8%	(352)
	Op. Income	52	4.6%	—	59	100	4.4%	—	189
ERD	Net Sales	4,218	100.0%	112.1%	455	9,595	100.0%	126.2%	1,994
	Gross Profit	188	4.5%	—	562	1,674	17.4%	—	2,033
	SGA	798	18.9%	119.0%	127	1,581	16.5%	108.4%	122
	Op. Income	(610)	—	—	435	93	1.0%	—	1,911
Group	Op. Income	(1,128)	—	—	43	(2,185)	—	—	(25)

**SANIX** 10

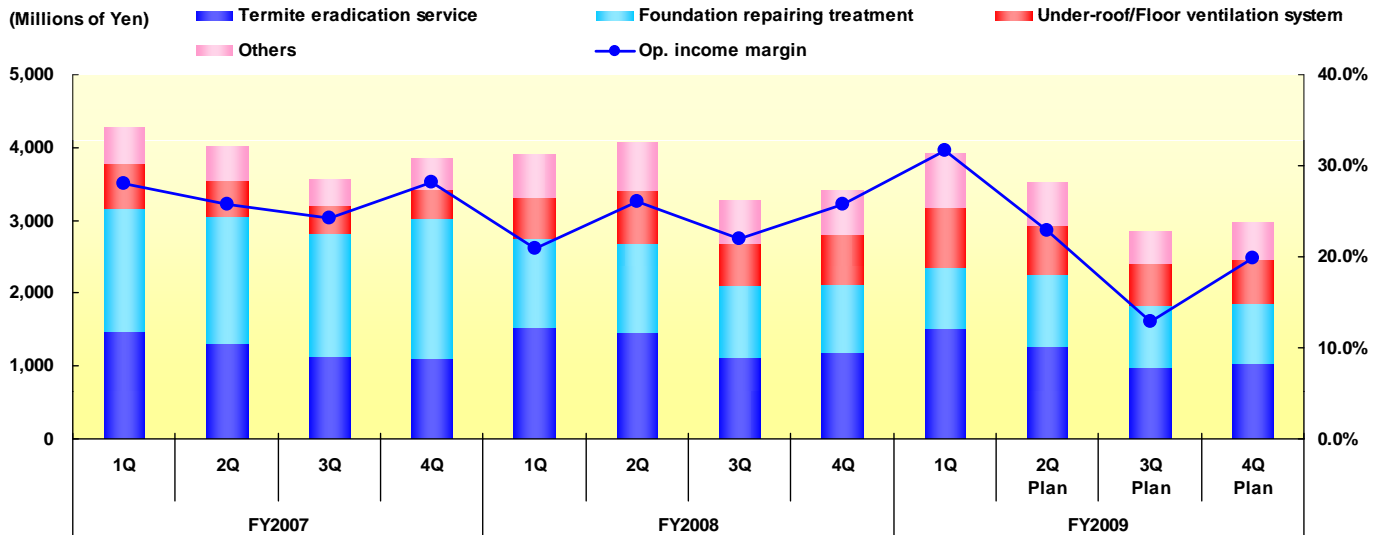
# FY2009 : Summary of the HS Division (Projection)

## Strategies and Specific Measures

◆ The weak consumer spending trend is expected to continue unchanged for a time. — In the 2nd quarter, sales will fall below sales for the same period last year.

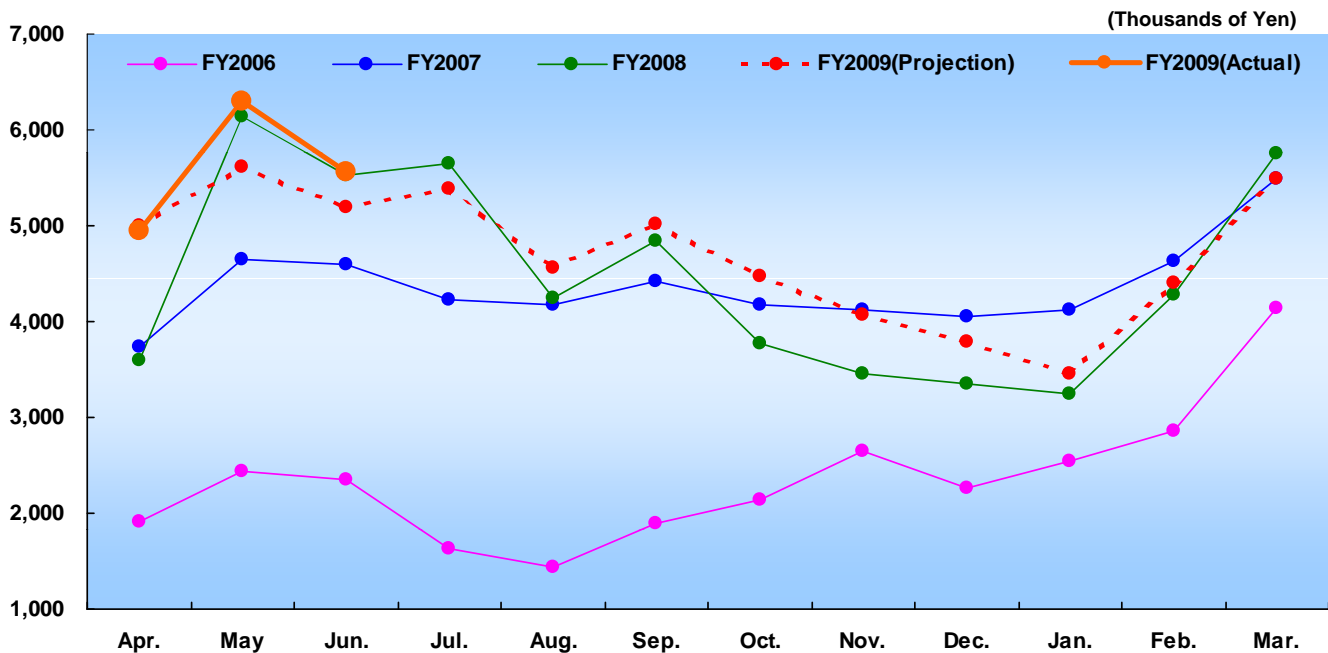
- To expand sales channels, the Division will strengthen sales activities toward corporate customers and promote alliance with companies that have an edge in sales to individual customers and the housing sector.
- The Division will examine the development of new products and the improvement of product line-ups.

### Net Sales by Product and Operating Income Margin



# FY2009 : Summary of the HS Division (Projection)

## Monthly Sales Revenues per Sales Representative



Sales efficiency, which declined from October 2008, recovered to the previous level in the final quarter of the previous fiscal year. In the first quarter of the current fiscal year, sales efficiency was better than expected. The Division will try to maintain its efficiency at the same level as the previous fiscal year.

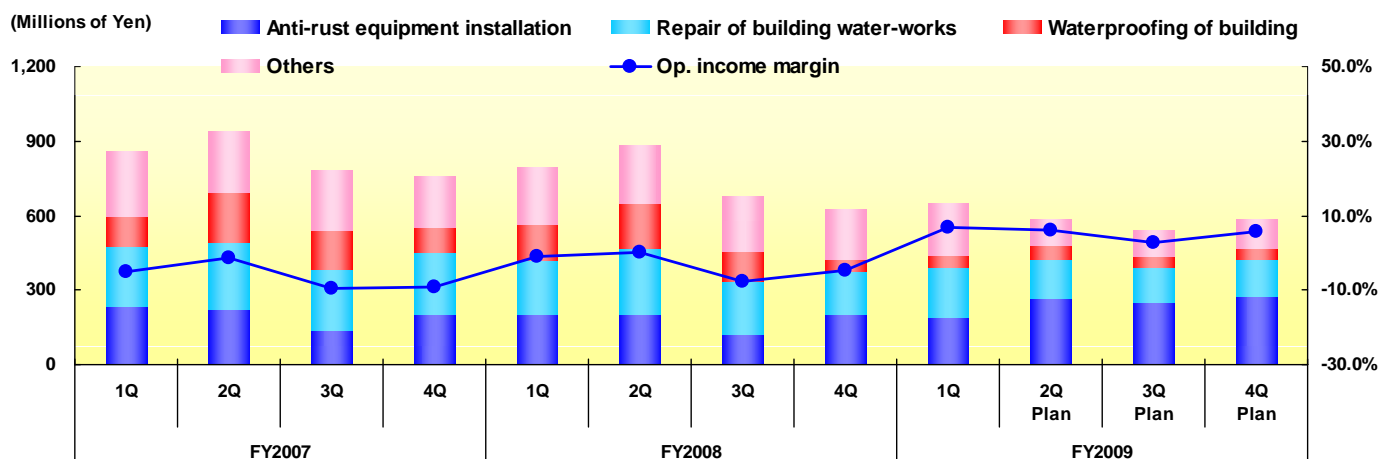
# FY2009 : Summary of the ES Division (Projection)

## Strategies and Specific Measures

### ◆ The division will revamp its structure to generate profits through selection and concentration

- In areas west of the Kansai region, sales activities will focus on customer management and PC (pest control), while in areas east of the Chukyo region, focus will be on seeking new customers.
- New market development will emphasize sales of the highly profitable anti-rust equipment installation and works concerning pipes and water services.

### ■ Net Sales by Product and Operating Income Margin



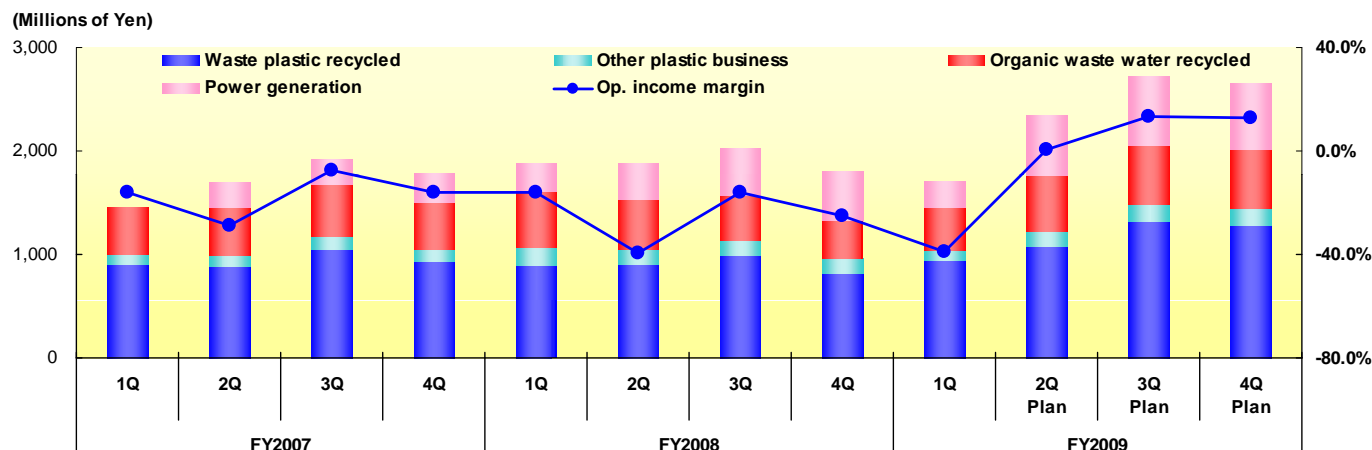
# FY2009 : Summary of the ERD Division (Projection)

## Specific Measures

### ◆ The Division continues to focus on cost reduction and the expansion of volumes of plastic and waste water brought in, and getting the Division back in the black.

- Since electricity unit sales prices are expected to remain low, the Division will try to improve profitability by gradually increasing electricity output and reducing production costs.
- Regarding waste plastic recycling, the Division will try to raise sales to the level set out in the plan, by expanding the volume of plastic brought in.
- Regarding organic liquid waste processing, since the volume of waste water brought in is expected to decrease for a time, the Division will try to improve profitability by reducing cost through capital investment and maintaining stable operation.

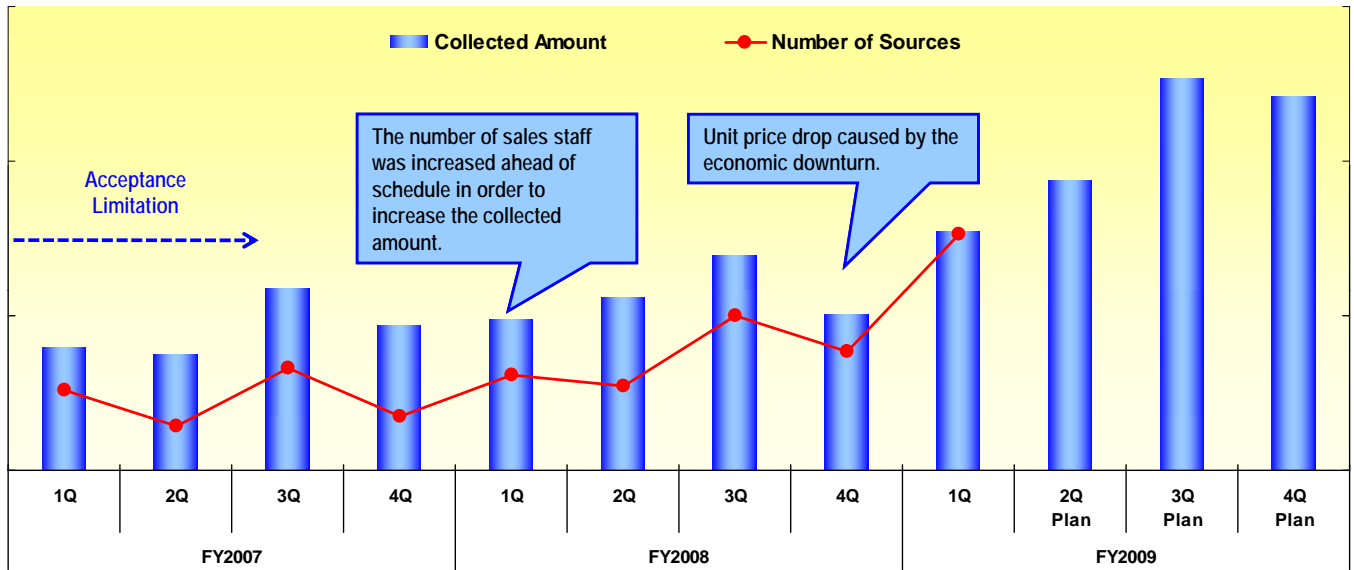
### ■ Net Sales by Product and Operating Income Margin



# FY2009 : Summary of the ERD Division (Projection)

## - Waste Plastic Processing Business

### Waste Plastic Collected amounts and Number of Sources



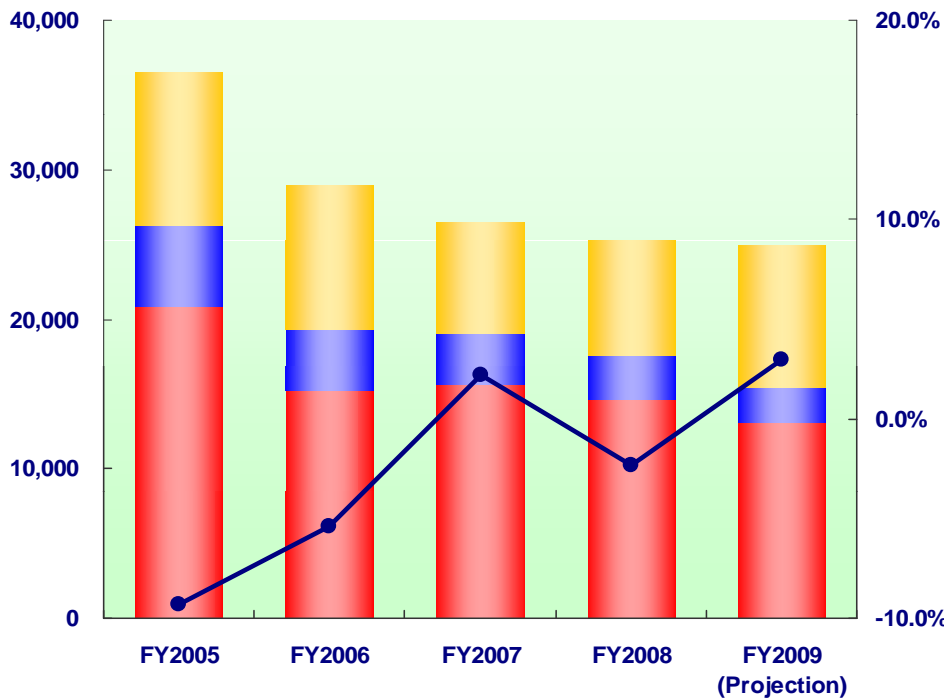
### - Waste Plastic Processing Business -

- ◆ The cultivation of new customers and the re-signing of previous customers are expected to progress smoothly.
- ◆ Processing unit prices are likely to decline due to the deterioration of the economy. The Division will try to compensate for sales decline due to declining unit prices by expanding the volume of plastic brought in.

## FY2009 : Investment Highlights

(Net Sales: MY)

(Op. Income %)



### Forecast for FY2009

(Millions of Yen)

	FY2009
Net Sales	25,000
Op. Income (Op. Income %)	750 3.0%
Ordinary Income	720
Net Income	600