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SANIX

Mid-term Business Plan “Spring Plan 2012” (FY2010 - FY2012)

SANIX INCORPORATED

April 23, 2010

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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.

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Mid-term Business Plan “Spring Plan 2012”

Mid-term Business Plan “Spring Plan 2012”

(1) Corporate Philosophy and Targets of the Mid-term Business Plan

Corporate Philosophy :

Create clean and comfortable living environments for various spaces

HS Division

Providing services and goods contributing to the improvement of living environment of detached houses

ES Division

Providing services and goods contributing to the improvement of environment of office buildings and condominiums

Providing services and goods that are essential for improving social environment

ERD Division

Processing and recycling industrial wastes that help environmental protection and economic growth simultaneously

Targets of the Mid-term Business Plan

- *Realizing the growth of our business that meet growing social needs regarding the environment*
- *Raising corporate value through the steady realization of the plan*
- *Raising evaluation by stakeholders such as customers, shareholders and employees*

Mid-term Business Plan “Spring Plan 2012”

(2) Outline of the Business

	HS Division	ES Division	ERD Division
Customer	Individuals who own a detached house	Owners of a building or condominium (Anti-rust equipment installation) Restaurants, offices, etc. (Pest Control Operation)	Manufacturers (source of industrial wastes) Paper and cement manufacturers, etc. (purchaser of processed materials)
Sales method	Door-to-door sales Corporate sales Wholesale (Solar Photovoltaic Power Generation System only)	Contacting owners through introduction of a management company (Anti-rust equipment installation) Corporate sales (PCO)	Making sales to corporate customers who need to process industrial wastes and have interests in purchasing recycled goods
Main Services and Products	Termite eradication service Solar photovoltaic power generation system Other instruments	Anti-rust equipment etc. PCO	Waste plastics processing Power generation Recycled plastic fuel
Main business resources	Door-to-door sales staff Installation staff Corporate sales and wholesales staff	Corporate sales staff Installation staff PCO staff	Sales staff Factory staff Processing plant, Power plant, Landfill site

Mid-term Business Plan “Spring Plan 2012”

(3) Summary of our Business Strategy in the Mid-term Business Plan

Basic concept of our business strategy:

Concentrating our business resources in providing competitive services and goods to meet growing social needs regarding the environment

HS Division

- Fostering “Solar Photovoltaic Power Generation System” as the second mainstay in the division and expanding our domestic market share with the price competitiveness
- Shedding dependence on the door-to-door sales and strengthening corporate sales and wholesales

ES Division

- Focusing sales resources on lucrative and competitive anti-rust equipment and PCO and limiting its sales area
- Spending time to build up orders from built-for-sales properties with the aim to stabilize earnings, while steadily increasing orders from held-for-rental properties

ERD Division

- Beginning manufacturing and marketing RPF to diversify recycled goods purchasers, while increasing the volume of waste plastic accepted to improve profitability
- Changing electricity purchasers to secure stable earnings from electricity sales that are not affected by external environment

Mid-term Business Plan “Spring Plan 2012”

(4) Plan Projections

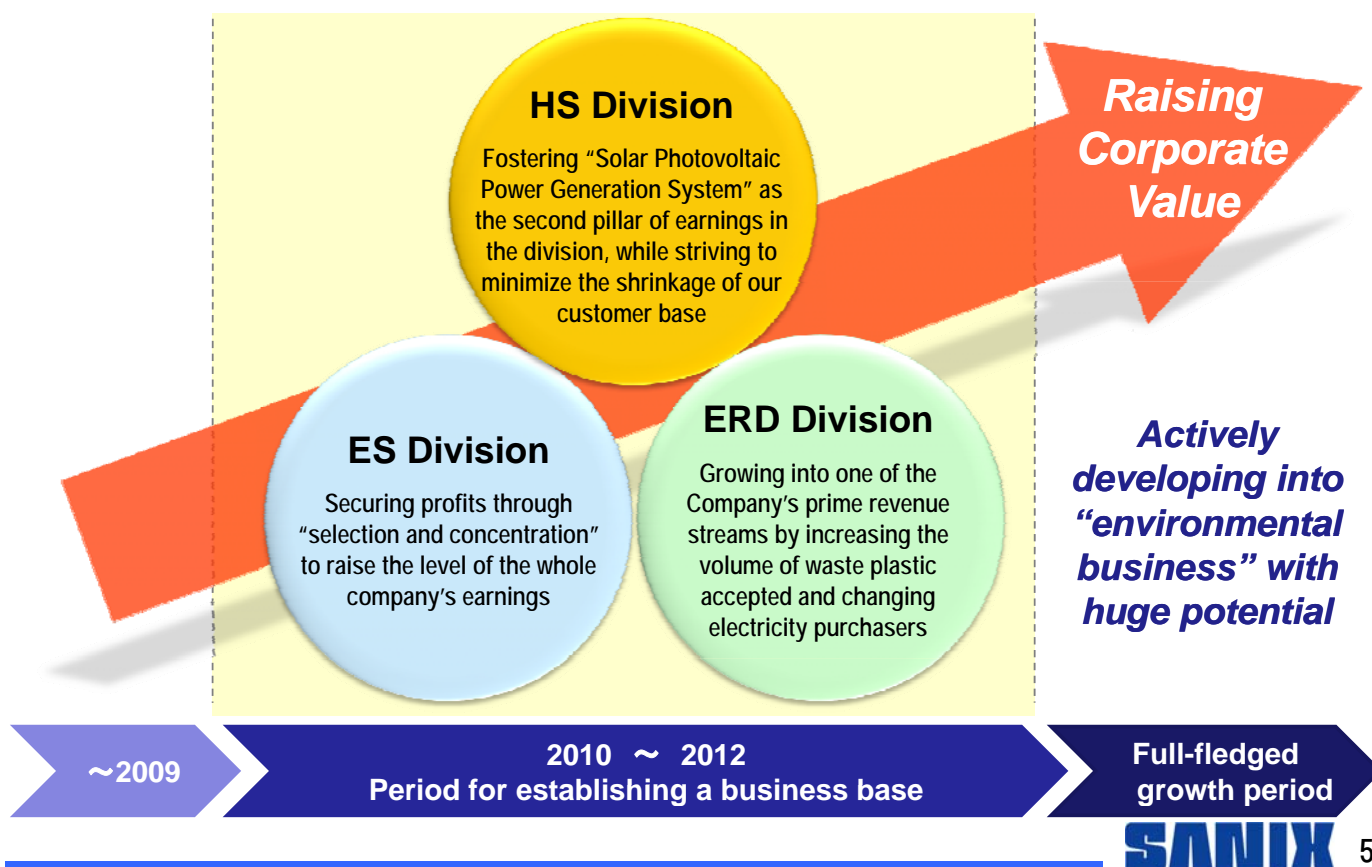
(Millions of Yen)	FY2007	FY2008	FY2009 Forecast	FY2010 Projection	FY2011 Projection	FY2012 Projection
Net Sales	26,510	25,233	24,540	27,500	27,850	28,700
<i>Relative Growth Rate (year-on-year)</i>	-8.3%	-4.8%	-2.7%	12.1%	1.3%	3.1%
HS Division	15,691	14,657	14,055	15,750	15,380	15,470
ES Division	3,340	2,976	2,550	2,570	2,610	2,650
ERD Division	7,478	7,600	7,935	9,180	9,860	10,580
Operating Income	596	-596	400	1,240	1,520	2,000
<i>Op. Income %</i>	2.2%	-2.4%	1.6%	4.5%	5.5%	7.0%
HS Division	4,176	3,470	3,380	2,700	2,350	2,160
ES Division	-201	-89	210	240	270	290
ERD Division	-1,269	-1,818	-1,120	350	940	1,580
Whole Group	-2,109	-2,159	-2,070	-2,050	-2,040	-2,030
Ordinary Income	495	-620	230	1,150	1,500	2,000

Completing establishing a business base by the final year of the mid-term plan
for a full-fledged growth in the future

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Mid-term Business Plan “Spring Plan 2012”

(5) Summary of the Mid-term Business Plan



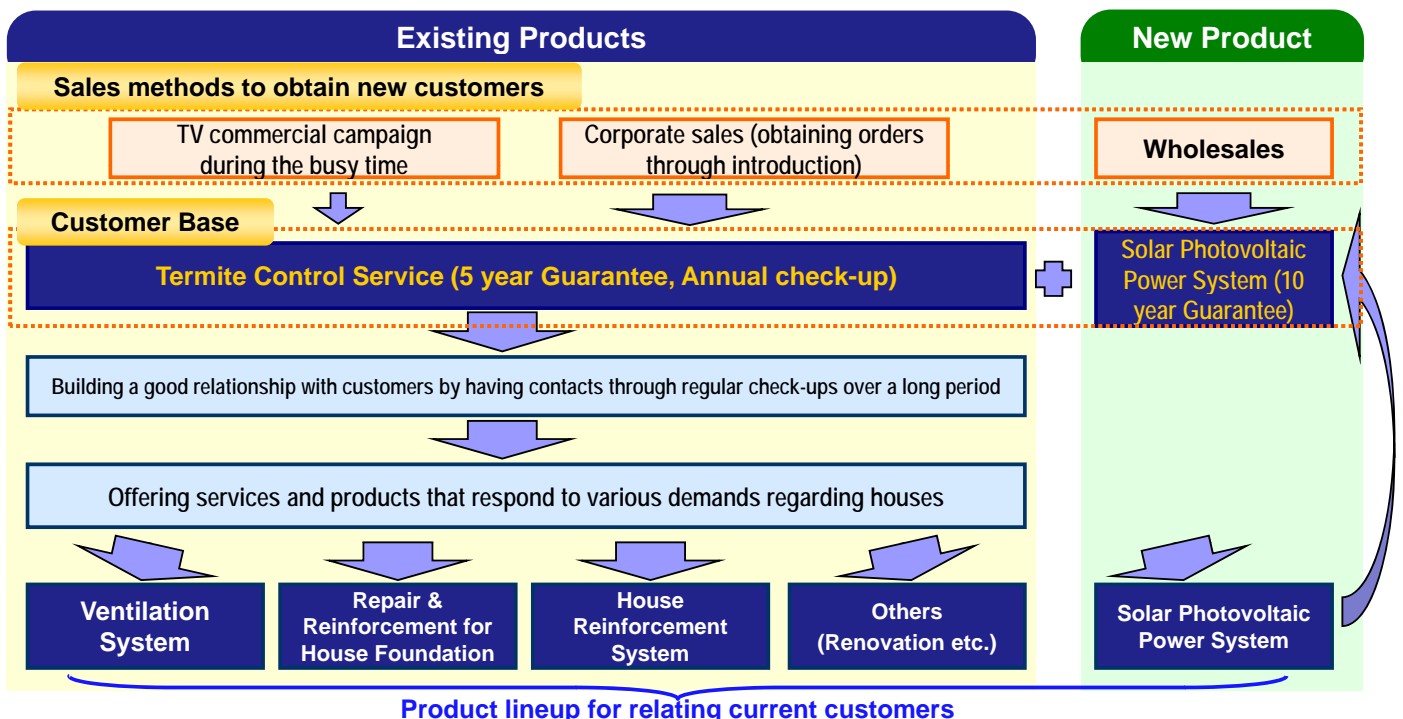
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Mid-term Business Plan HS Division

HS Division

(1) Business Structure



Marketing other existing goods after building relationships of trust with customers through providing termite eradication service
Marketing a new product, Solar Photovoltaic Power Generation System, to obtain new customers and to improve product lineup for retaining the current customers

HS Division

(2) Existing Products

Business Environment

- With the termite eradication service market shrinking and the regulations on the door-to-door sales, our main sales channel, being tightened, it is difficult to expand earnings by obtaining new contracts mainly through the door-to-door sales.
- Since the number of new contracts obtained has decreased due to the above factors, our customer base has shrunk. In addition, our product lineup is poor.

Strategies

- Strengthening corporate sales by setting up a new special section and aiming to increase sales channels that will not depend on the door-to-door sales
- Beginning marketing a new product, "Solar Photovoltaic Power Generation System," to the current customers

Specific Measures

- Strengthening corporate sales by setting up a special section
 - Setting up a special section, Special Sales Division, and increasing staff
- Beginning marketing a new product, "Solar Photovoltaic Power Generation System," to the current customers
 - Improving product lineup to increase the opportunity of proposing our proposal to the current customers

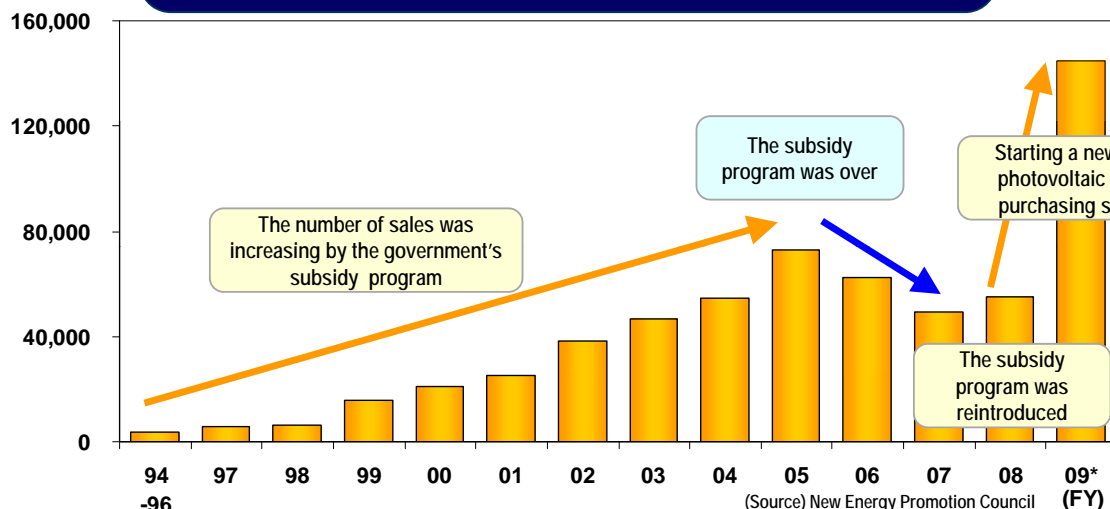
HS Division

(3) New Product – Solar Photovoltaic Power Generation System

Business Environment

- The market is expected to expand in Japan and overseas, since the move toward grid parity⁽¹⁾ has been accelerated around the world.
- Especially in the domestic market, sales of SPPG system have gained momentum, since the government's subsidy program was reintroduced in fiscal year 2008 and a new solar photovoltaic power purchasing system started. In addition to manufacturers, electronics retail stores, electric power companies and gas companies have promoted sales campaigns.

The number of sales of SPPG system in the domestic market



(Note 1) grid parity: the point at which renewable electricity, such as solar or wind power is equal to or cheaper than grid power.

HS Division

(3) New Product – Solar Photovoltaic Power Generation System

Strategies

- Immediately establishing a sales channel, wholesale to dealers, in addition to direct sales to the current customers, to cope with the market expansion
- “Solar Photovoltaic Power Generation System Business Division” newly set up in February 2010 plays a central role in wholesale to dealers. The Division will conclude a dealership agreement with community-based private housing contractors and strive to expand sales with our price competitiveness.

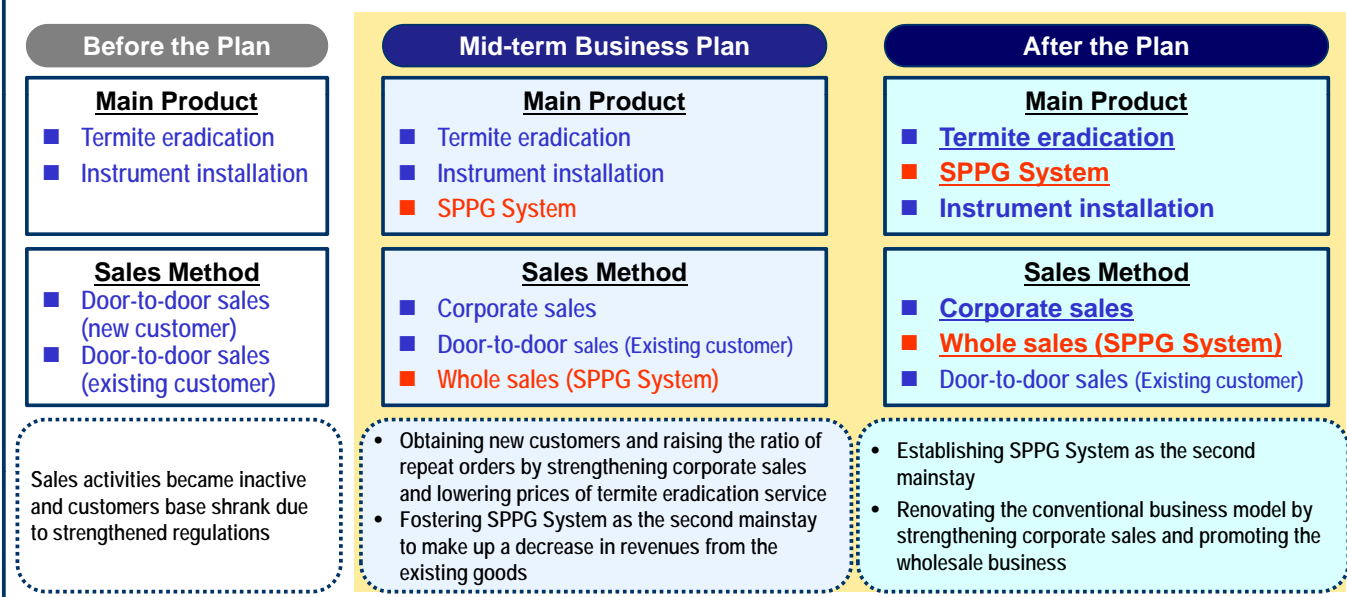
Specific Measures

- In February 2010, we set up “Solar Photovoltaic Power Generation System Business Division” that is responsible for wholesale and sales of a solar photovoltaic power generation system to industrial corporate customers
 - In addition to the Division staff, as a member of the wholesale promotion project, staff in the head office and the HS Division also participate in the campaign to increase the number of dealers
- Immediately establishing a sales channel by increasing the number of dealers in the wholesale business
 - We have already sent direct mail circulars by fax to potential domestic dealers in order to secure dealers. We have contacted some potential dealers that responded to our circulars first
 - We will strive to increase the number of dealers in the first half of this fiscal year on the assumption that it is better to conduct active sales campaigns of the System in the first half of this fiscal year, since the weather is favorable and the local government’s subsidiary program is available

HS Division

(4) Direction of the Mid-term Business Plan

Image of HS Division after implementing the plan



After implementing the new mid-term business plan, the HS Division will reduce excessive dependence on the door-to-door sales by further promoting the renovation of its business model and establish its presence in the SPPG System business in which demand is estimated to expand for a long time to come

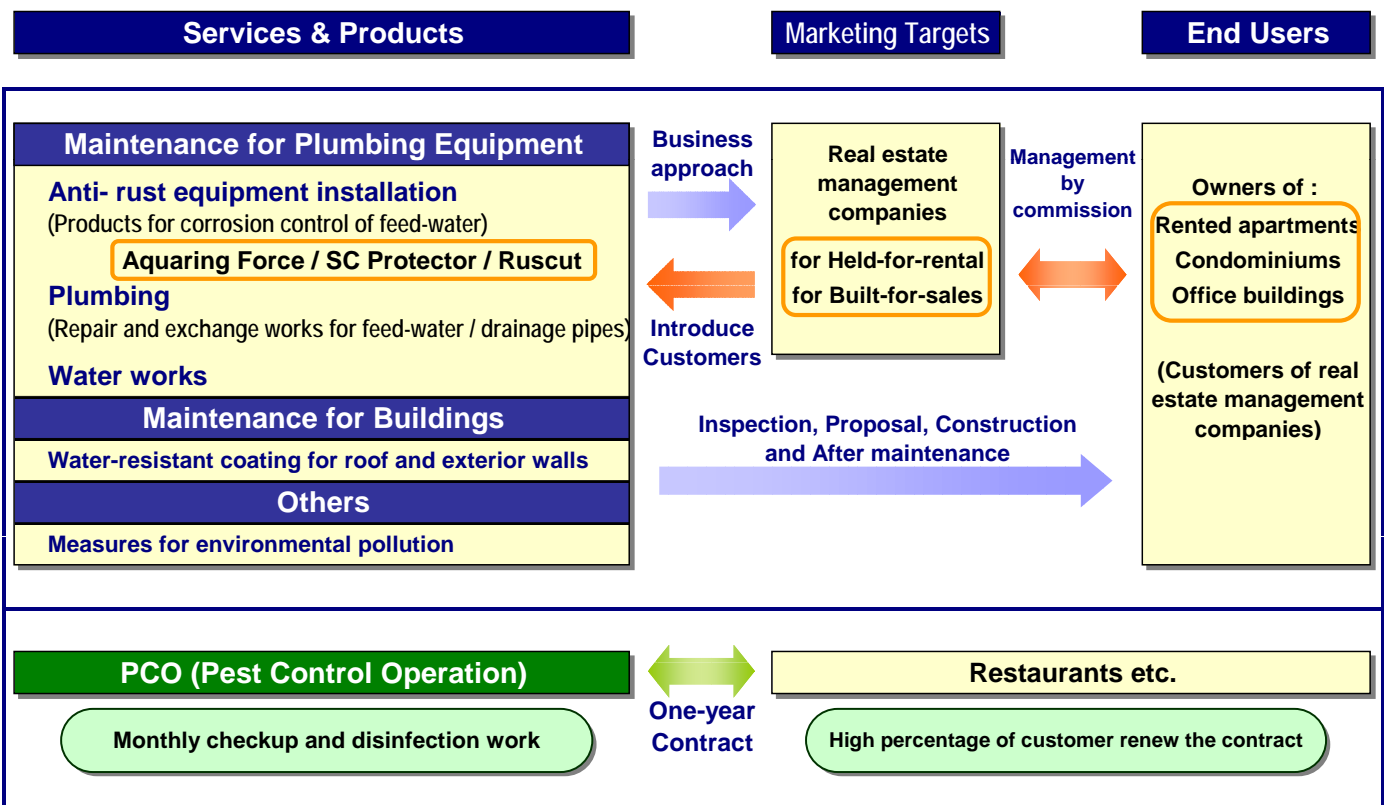
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Mid-term Business Plan ES Division

ES Division

(1) Business Structure



ES Division

(2) Business Environment

		Held-for-rental property	Built-for-sale property
Market situation		<ul style="list-style-type: none"> Although the housing starts have been declining, huge potential markets exist, since there are an enormous number of existing properties. 	
Features	Property owner and decision-maker	<ul style="list-style-type: none"> Individuals mainly own held-for-rental properties. Property owners themselves are decision-makers. 	<ul style="list-style-type: none"> A property owner consists of owners of each condominium unit. A representative organization of residents, such as the executive board or the general meeting, is authorized to make a decision.
	Purpose of owning a property	<ul style="list-style-type: none"> To receive an economic benefit from rent revenue 	<ul style="list-style-type: none"> To reside
	Features related to rendering our services	<ul style="list-style-type: none"> Maintenance demands are easily affected by the economic trend (owners' motivation for maintenance investment declines, when rent revenues decrease due to a falling occupancy rate caused by the recession). Owners place an importance on the cost-effectiveness regarding economic benefit. Since a decision-maker is a property owner, it takes a relatively short time to obtain an order in most cases, if the owner satisfies our proposal. 	<ul style="list-style-type: none"> Maintenance demands are not easily affected by the economic trend (since maintenance is conducted based on the long-term renovation plan). Owners place an importance on the cost-effectiveness regarding the improvement of living environment. It takes a relatively longer period of time to obtain an order in most cases, even if the owners satisfy our proposal, since it requires the approval of decision-making body such as the general meeting to place an order.
	Current situation of a management company	<ul style="list-style-type: none"> The occupancy rate of properties under management has declined, due to the recession. Since it is hard to predict the situation will improve drastically in future, management companies have been actively seeking for additional revenue sources other than rental agent's commissions. 	<ul style="list-style-type: none"> The number of properties under management has been increasing even during the recession.

Huge potential markets exist, since there are an enormous number of existing properties to which the ES Division can make approaches. Residential properties, our main target, are divided into two main categories, held-for-rental and built-for-sale properties. Each has different features.

ES Division

(3) Strategies and Specific Measures

Strategies

- Maintaining and upgrading a structure that enables to secure profits even under deteriorating external conditions, based on streamlining through "selection and concentration"
 - Focusing sales resources on lucrative and competitive anti-rust equipment installation and PCO and limiting its sales area
 - Striving to expand markets for built-for-sales properties with the aim to increase and stabilize earnings in the future, while steadily increasing orders from held-for-rental properties

Specific Measures

Held-for-rental Properties

- Trying to increase sales opportunities through introduction by a management company by promoting alliance with management companies through participation in associations, etc. that held-for-rental property management companies over the country join
- Deepening relationship with member companies by participating in meetings, etc. held by the association and the same time, introducing our goods (mainly anti-rust equipment) to them and getting publicity for the merit of alliance with us

Built-for-sales Properties

- Participating in meetings etc. held by an individual management company with the aim to establish and deepen relationship with the management company, to gather information on renovation plans of built-for-sales properties and to increase sales opportunities to condo association boards through introduction by the management company
- Seeking a new alliance, while increasing credibility by steadily establishing a track record completing projects obtained through introduction by the current business partner

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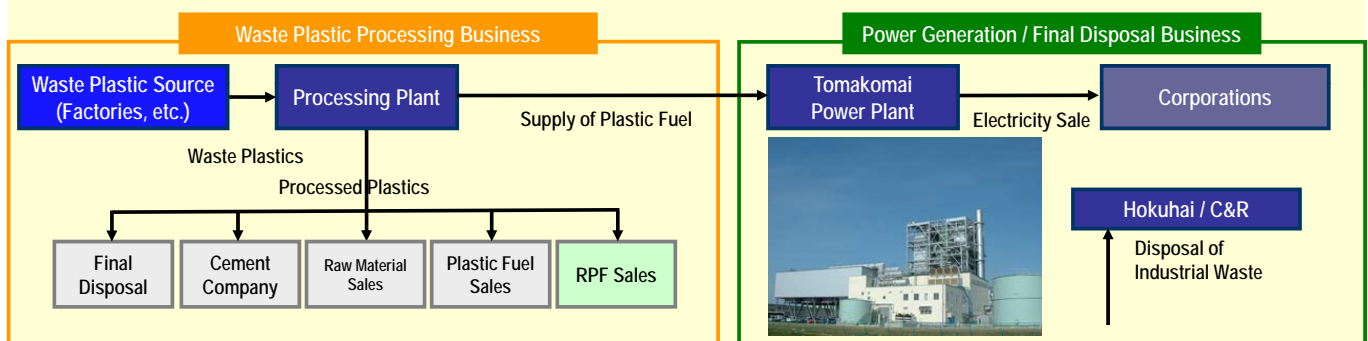
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Mid-term Business Plan ERD Division

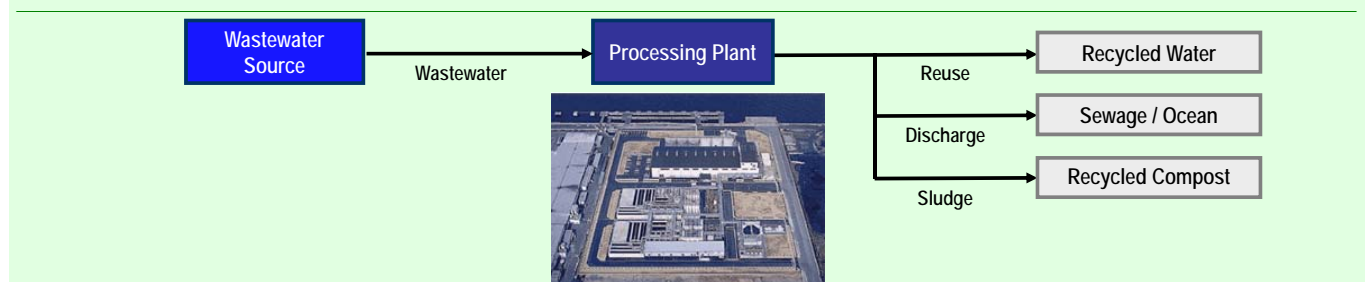
ERD Division

(1) Business Structure

Resource-recycling Power Generation Business



Organic Wastewater Processing Business



ERD Division

(2) Mid-term Plan by segment – ERD Division in Total

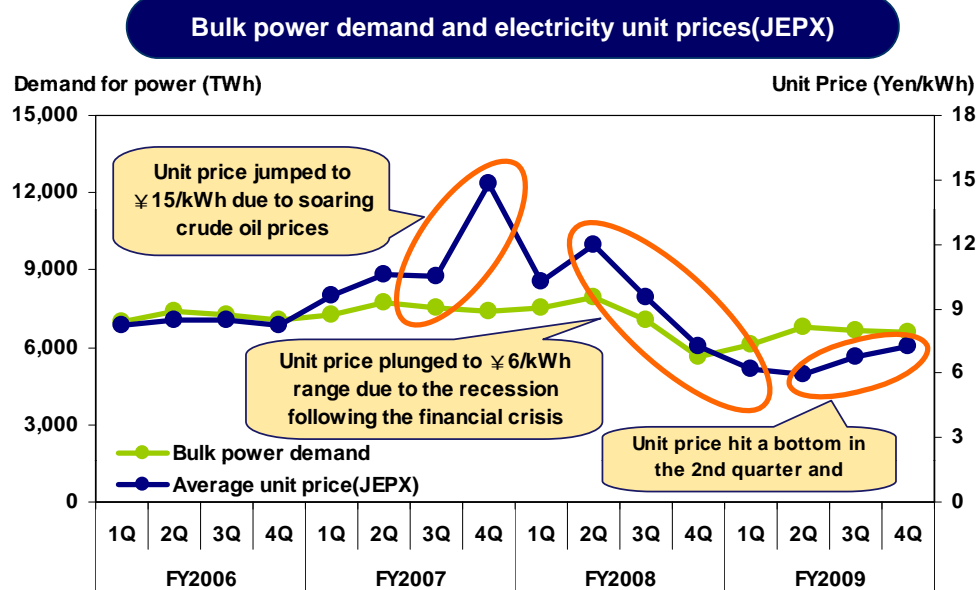
(Millions of Yen)	FY2007	FY2008	FY2009 Forecast	FY2010 Projection	FY2011 Projection	FY2012 Projection
Net Sales	7,478	7,600	7,935	9,180	9,860	10,580
<i>Relative Growth Rate(year-on-year)</i>	-22.2%	1.6%	4.4%	15.7%	7.4%	7.3%
Resource-recycling Power Generation	4,970	5,766	6,460	7,740	8,410	9,130
Organic Wastewater Processing	1,889	1,833	1,475	1,440	1,450	1,450
Incineration	619	-	-	-	-	-
Operating Income	-1,269	-1,818	-1,120	350	940	1,580
<i>Op. Income %</i>	-17.0%	-23.9%	-14.1%	3.8%	9.5%	14.9%
Resource-recycling Power Generation	-1,290	-1,600	-1,000	265	810	1,450
Organic Wastewater Processing	11	-217	-120	85	130	130
Incineration	9	-	-	-	-	-

The figures for the ERD Division in total are calculated by aggregating the figures for the resource-recycling power generation business (electricity generation + waste plastic processing + final disposal), organic wastewater processing business and the waste incineration business(divested in FY 2007)

ERD Division

(3) Resource-recycling Power Generation Business – Business Structure

A change in bulk power demand and electricity unit prices traded at the JEPX



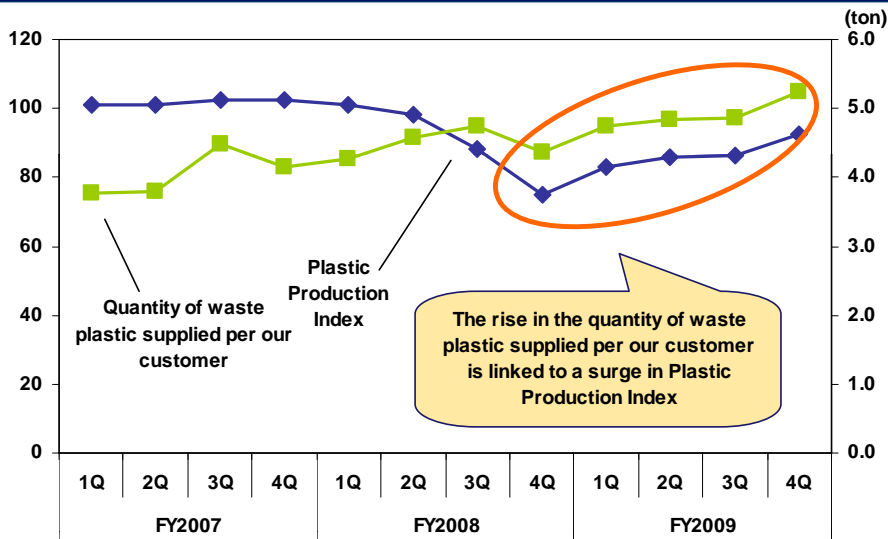
The unit prices traded at the JEPX are fluctuating according to the demand/supply balance. They are easily affected by external conditions such as the economic trend, weather and crude oil prices, etc ⇒ In the future, there is a risk that the unit prices traded at the JEPX will fall again due to a deterioration in external conditions

ERD Division

(3) Resource-recycling Power Generation Business – Business Environment

The volume of waste plastic accepted

A change in Plastic Production Index and quantity of waste plastic supplied per our customer



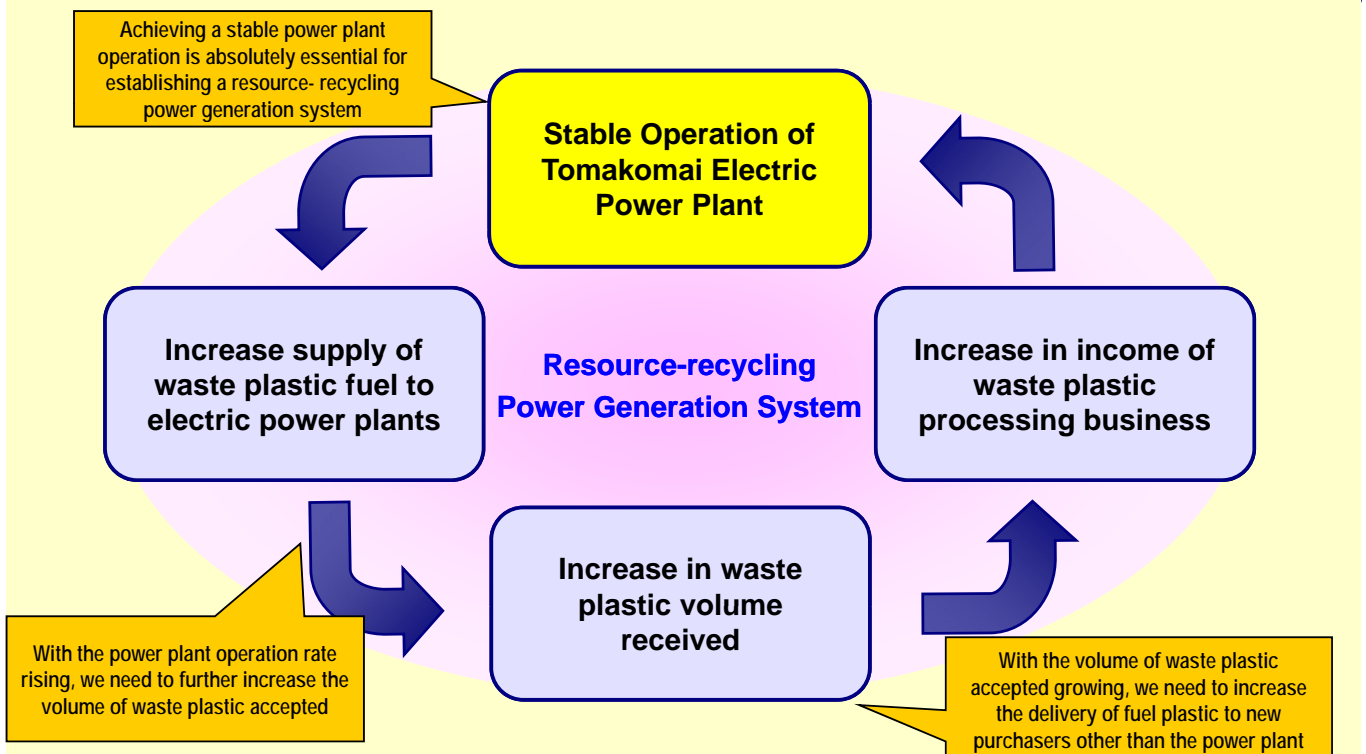
(Source) Ministry of Economy, Trade and Industry: Plastic Production Index in Industrial Production Index

The volume of waste plastic accepted by us was on the rise, since a quantity of waste plastic increased in fiscal year 2009.

ERD Division

(3) Resource-recycling Power Generation Business – Business Environment

Resource-recycling Power Generation System



ERD Division

(3) Resource-recycling Power Generation Business – Strategies and Specific Measures

Strategies

- Securing stable (not affected by external conditions) revenues from electricity sales = Changing purchasers
- Realizing further stable power plant operation = Upgrading the maintenance of the power plant facilities
- Lowering the break-even point in the power generation business = Further reducing power generation costs
- Increasing the volume of waste plastic accepted = Implementing measures to expand the volume further according to the current upward trend
- Securing new purchasers of plastic fuel = Beginning manufacturing and marketing RPF

Specific Measures

- Stabilizing revenues from electricity sales by changing electricity purchasers
 - Changing from the current electricity wholesale trade at the JEPX to electricity sales based on individual contract with companies
 - Planning to set the unit sales price at a level higher than prices currently traded at the JEPX (the rate is fixed through the year)
 - Consequently, it will become possible to secure stable (not affected by external conditions) revenues from electricity sales
 - Changing purchasers enables us to raise and stabilize the unit sale price as well as reduce the following costs
 - In electricity trades at the JEPX, if a seller's supply fails to reach the delivery volume it declared to supply on the previous day, the seller must pay a penalty according to the shortage of the supply
 - We don't need to pay the above penalty, since we have changed electricity purchasers

ERD Division

(3) Resource-recycling Power Generation Business – Strategies and Specific Measures

Specific Measures

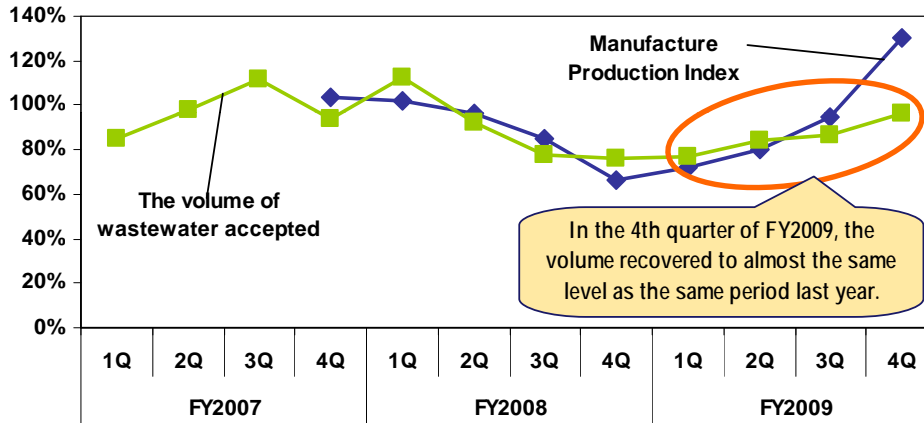
- Measures to upgrade the maintenance of the power plant facilities
 - In addition to a regular maintenance period (once a year), setting a self-imposed maintenance period regularly to minimize unexpected troubles, realizing further stable operation
- Measures to reduce power generation costs
 - Reducing costs for processing incinerated ashes from the power plant by acquiring a landfill site in October 2009
 - Appropriately grasping and managing the condition of power generation facilities facilitates us to draw up an efficient repairing schedule and negotiate prices in advance, reducing regular repairing expenses
- Measures to increase the volume of waste plastic accepted
 - Setting up a depot allows us to expand areas in which we collect waste plastic (Hokkaido area)
 - Aiming to increase the volume of waste plastic accepted by expanding areas in which we can collect waste plastic by setting up a collection center (depot) in Hokkaido. We have not covered the whole area in Hokkaido due to the transport/distance problem
 - Capturing small waste plastic suppliers by beginning self collection and transportation
- Measures to secure new purchasers of plastic fuel
 - Beginning the production of RPF that has been widely used as coal alternative fuel mainly by paper, steel and lime manufacturers
 - Acquiring a new customer for fluff fuel that we have been manufacturing (paper manufacturer)

ERD Division

(4) Organic Wastewater Processing Business – Business Environment

The volume of wastewater accepted

Y-o-Y change in Manufacture Production Index and the volume of waste water accepted

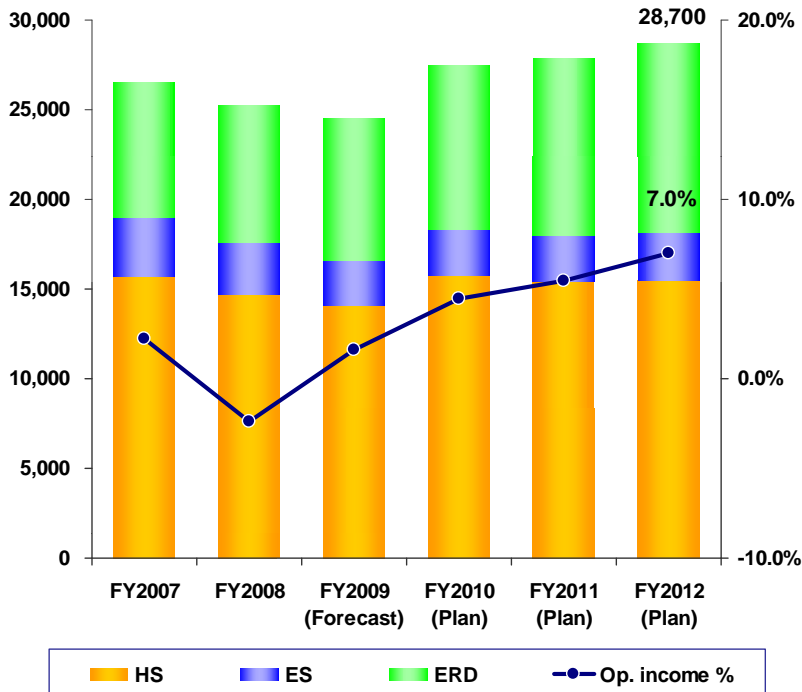


(Source) Ministry of Economy, Trade and Industry: Manufacture Production Index in Industrial Production Index

The recovery in the volume of wastewater accepted, which decreased after the financial crisis, is linked with a rise in Manufacture Production Index. In the 4th quarter of FY2009, the volume recovered to almost the same level as the same period last year.

Highlights of the Mid-term Business Plan

(Millions of Yen)



FY2012	
Net Sales :	<u>28,700 million yen</u>
Operating Income :	<u>2,000 million yen</u>
Operating Income Margin :	<u>7.0%</u>

Completing establishing a business base by the final year of the mid-term plan for a full-fledged growth in the future