

Consolidated Financial Statements

For the Year ended March 31, 2010

SANIX INCORPORATED

May 13, 2010

(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.

Summary of FY2009

Summary of FY2009

The Sanix Group returned to the black on an operating and ordinary basis, but posted a net loss since it recorded an impairment loss as an extraordinary loss.

Net Sales	:	24,539 Million Yen	(2.8% below the last year)
Operating Income	:	390 Million Yen	(up 300 million yen from the last year)
Ordinary Income	:	224 Million Yen	(up 845 million yen from the last year)
Net Income	:	- 3,676 Million Yen	(up 468 million yen from the last year)

◆ Net Sales ◆

In the ERD Division, sales increased from the previous fiscal year since revenue from waste plastic processing grew steadily (up 19.2% year-on-year) and revenue from a landfill site, which the Group acquired in October 2009, was added to the Division's sales. However, sales in the HS and ES Divisions decreased from the previous fiscal year due to the economic downturn.

◆ Earnings ◆

Regarding costs, the Sanix Group continued to tackle group-wide fixed cost reduction, returning to profitability, with operating income of 390 million yen (operating loss of 596 million yen in the previous fiscal year) and ordinary income of 224 million yen (ordinary loss of 620 million yen in the previous fiscal year). After reassessing future business risks in the ERD Division, the Group recognized an impairment loss of 3,701 million yen as an extraordinary loss, resulting in a net loss of 3,676 million yen.

FY2009 : Statement of Income

(Millions of Yen)	FY2008	FY2009					
	Actual	Actual	% to sales	% to last year	Projection	% of change	Difference
Net Sales	25,233	24,539	100.0%	97.2%	24,520	100.1%	19
H S	14,657	14,056	57.3%	95.9%	14,040	100.1%	16
E S	2,976	2,547	10.4%	85.6%	2,540	100.3%	7
ERD	7,600	7,934	32.3%	104.4%	7,940	99.9%	(5)
Cost of Sales	14,674	14,621	59.6%	99.6%	14,550	100.5%	71
Gross Profit	10,558	9,918	40.4%	93.9%	9,970	99.5%	(51)
SG&A	11,155	9,527	38.8%	85.4%	9,520	100.1%	7
Operating Income	(596)	390	1.6%	—	450	86.7%	(59)
Ordinary Income	(620)	224	0.9%	—	280	80.3%	(55)
Net Income	(4,145)	(3,676)	—	—	(1,830)	—	(1,846)

■ In the HS Division (with high marginal profit ratio), sales and income decreased from the previous fiscal year, but the ES Division returned to the black due to streamlining. In the ERD Division, profitability improved due to an increase in revenue from waste plastic processing and the acquisition of a landfill site. Despite unexpected expenses incurred related to additional works during a regular maintenance period at the Sanix Energy Tomakomai Power Plant, the Sanix Group as a whole returned to the black with improved profitability.

FY2009 : Segment Information

(Millions of Yen)		FY2008	FY2009					
		Actual	Actual	% to sales	% to last year	Projection	% of change	Difference
H S	Net Sales	14,657	14,056	100.0%	95.9%	14,040	100.1%	16
	Gross Profit	9,799	8,455	60.2%	86.3%	8,431	100.3%	24
	SG&A	6,328	5,090	36.2%	80.4%	5,091	100.0%	0
	Op. Income	3,470	3,365	23.9%	97.0%	3,340	100.8%	25
E S	Net Sales	2,976	2,547	100.0%	85.6%	2,540	100.3%	7
	Gross Profit	1,119	1,037	40.7%	92.7%	1,025	101.3%	12
	SG&A	1,208	826	32.4%	68.4%	840	98.4%	(13)
	Op. Income	(89)	211	8.3%	—	185	114.2%	26
ERD	Net Sales	7,600	7,934	100.0%	104.4%	7,940	99.9%	(5)
	Gross Profit	(359)	424	5.4%	—	514	82.6%	(89)
	SG&A	1,458	1,537	19.4%	105.4%	1,549	99.2%	(11)
	Op. Income	(1,818)	(1,112)	—	—	(1,035)	—	(77)
Group	Op. Income	(2,159)	(2,073)	—	—	(2,040)	—	(33)

FY2009 : Quarterly Segment Information

(Millions of Yen)		FY2009							
		1Q		2Q		3Q		4Q	
		Actual	% to last year	Actual	% to last year	Actual	% to last year	Actual	% to last year
H S	Net Sales	3,925	100.5%	3,286	80.8%	3,197	97.5%	3,646	107.2%
	Gross Profit	2,669	100.8%	2,147	78.2%	1,690	78.8%	1,948	86.3%
	SG&A	1,423	77.6%	1,295	76.7%	1,150	80.7%	1,220	88.4%
	Op. Income	1,246	152.7%	851	80.6%	539	75.1%	727	82.9%
E S	Net Sales	648	81.9%	580	65.8%	662	97.7%	656	105.2%
	Gross Profit	273	88.9%	246	75.7%	268	115.3%	248	98.6%
	SG&A	229	72.5%	212	65.4%	198	69.4%	186	66.2%
	Op. Income	44	—	34	—	70	—	62	—
ERD	Net Sales	1,714	91.0%	1,902	101.2%	2,113	104.0%	2,204	122.2%
	Gross Profit	(263)	—	94	—	237	984.4%	356	—
	SG&A	400	119.7%	368	109.7%	389	112.6%	378	85.6%
	Op. Income	(663)	—	(273)	—	(152)	—	(22)	—
Group	Op. Income	(560)	—	(493)	—	(473)	—	(546)	—

FY2009 : HS Division

- Sales and income decreased from the previous fiscal year, due to sluggish sales of existing products, despite the launching of a new product

Sales of Under-Roof/Floor Ventilation Systems grew solidly and the marketing of a new product — Solar Photovoltaic Power Generation System — started from October 2009. However, sales of Foundation Repair Treatment and Reinforcement Services plunged sharply since the effects of the sales promotion diminished. As a result, the Division's sales declined by 4.1% year-on-year. Regarding earnings, the Division reduced costs further but failed to make up the decrease in income caused by declining sales. Thus, operating income fell from the previous fiscal year.

(Millions of Yen)	FY2008	FY2009			
	Actual	Actual	% to last year	Projection	% of change
Total Net Sales	14,657	14,056	95.9%	14,040	100.1%
Termite Eradication Service	5,288	4,775	90.3%	4,740	100.8%
Foundation Repairing Treatment	4,374	2,584	59.1%	2,480	104.2%
Under-Floor/-Roof Ventilation System	2,549	2,996	117.5%	3,040	98.6%
House Reinforcement System	410	393	95.9%	380	103.6%
Solar Power Generation System	—	1,086	—	1,250	87.0%
Others	2,033	2,219	109.1%	2,150	103.2%
Operating Income	3,470	3,365	97.0%	3,340	100.8%

FY2009 : ES Division

■ Returning to the black through selection and concentration of businesses

The ES Division limited its sales area to Tokyo, Nagoya and Fukuoka and focused on the marketing of relatively lucrative Anti-rust Equipment Installation from the last year, resulting in an increase in the percentage of the said product in the total sales from the previous fiscal year. The Repair of Building Waterworks business also remained steady. Consequently, the Division returned to the black with operating income of 211 million yen (up 300 million yen from the previous fiscal year) despite a 14.4% year-on-year decline in sales.

(Millions of Yen)	FY2008	FY2009			
	Actual	Actual	% to last year	Projection	% of change
Total Net Sales	2,976	2,547	85.6%	2,540	100.3%
Anti-rust Equipment Installation	721	693	96.1%	700	99.1%
Repair of Building Water-works	876	869	99.2%	870	100.0%
Waterproofing of Building	493	197	40.1%	184	107.5%
Others	884	786	89.0%	786	100.1%
Operating Income	(89)	211	—	185	114.2%

FY2009 : ERD Division

■ Sales increased and operating loss shrank from the previous fiscal year, but the recovery lacked momentum

Sales in the ERD Division increased from the previous fiscal year. This is because a steady increase in revenue from the waste plastic processing business and additional revenue from a landfill site the Group acquired in November 2009 offset a decrease in revenue from the organic waste water recycling business and the Power Sales business due to a decline in electricity unit prices. The ERD Division's income did not recover sharply, although operating loss shrank from the previous fiscal year. This is because the Division increased its staff to cope with an increase in the volume of waste plastic accepted, and because repair costs increased due to unexpected additional works during a regular maintenance period at the Sanix Energy Tomakomai Power Plant, although it continued to reduce costs.

(Millions of Yen)	FY2008	FY2009			
	Actual	Actual	% to last year	Projection	% of change
Total Net Sales	7,600	7,934	104.4%	7,940	99.9%
Waste Plastic Recycled	3,603	4,295	119.2%	4,320	99.4%
Organic Waste Water Recycled	1,833	1,474	80.4%	1,460	101.0%
Power Generation	1,550	1,276	82.3%	1,315	97.1%
Final Disposal	—	415	—	345	120.5%
Others	611	472	77.3%	500	94.5%
Operating Income	(1,818)	(1,112)	—	(1,035)	—

Forecast for FY2010

Mid-term Business Plan “Spring Plan 2012” (announced on April 22, 2010)

- Summary of the Business Strategy in the Mid-term Business Plan -

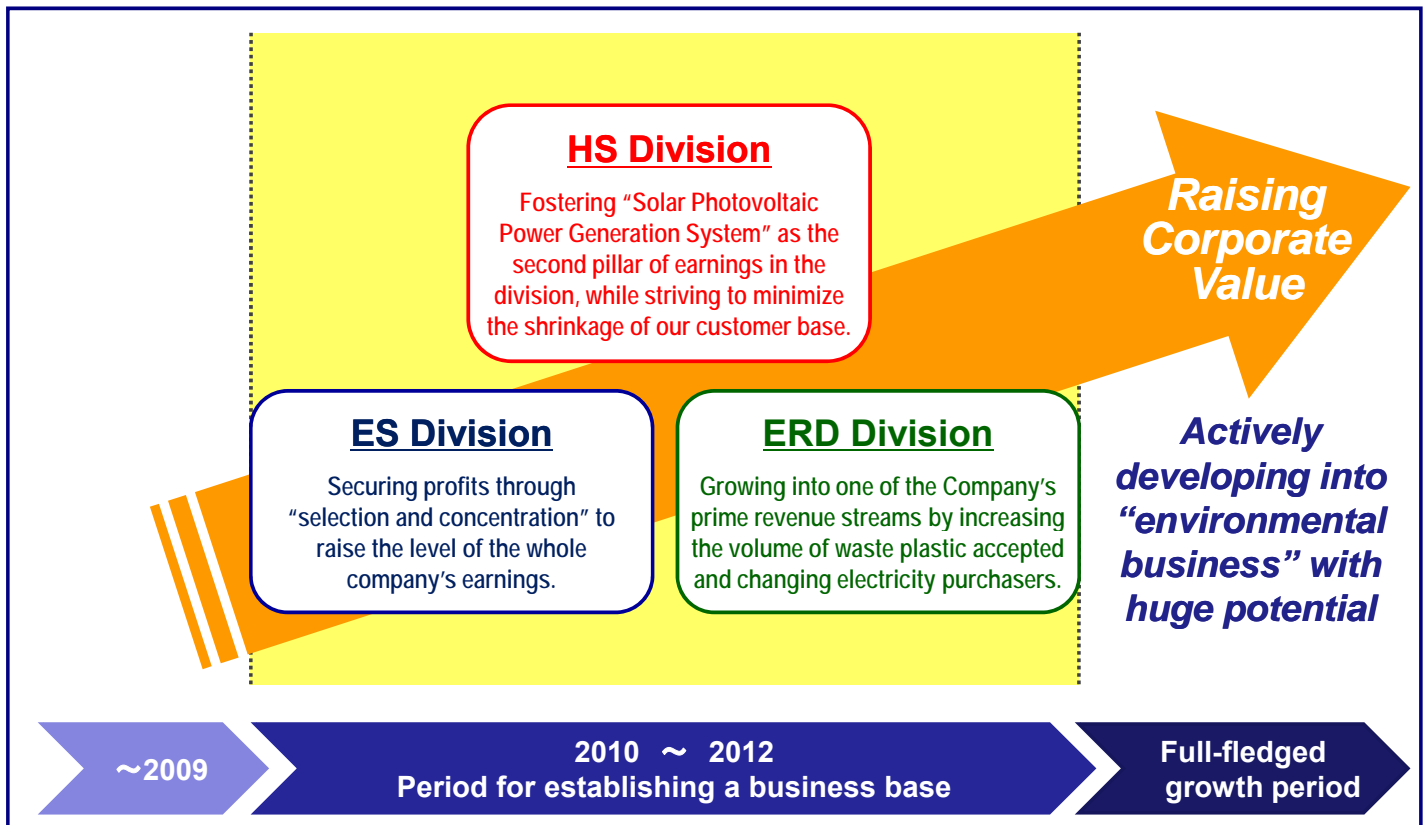
Concentrating our business resources in providing competitive services and goods to meet growing social needs regarding the environment.

Action

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

(Millions of Yen)	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
	Actual	Actual	Actual	Projection	Projection	Projection
Net Sales	26,510	25,233	24,539	27,500	27,850	28,700
H S	15,691	14,657	14,056	15,750	15,380	15,470
E S	3,340	2,976	2,547	2,570	2,610	2,650
ERD	7,478	7,600	7,934	9,180	9,860	10,580
Op. Income	596	(596)	390	1,240	1,520	2,000
Op. Income %	2.2%	-2.4%	1.6%	4.5%	5.5%	7.0%
H S	4,176	3,470	3,365	2,700	2,350	2,160
E S	(201)	(89)	211	240	270	290
ERD	(1,269)	(1,818)	(1,112)	350	940	1,580
Group	(2,109)	(2,159)	(2,073)	(2,050)	(2,040)	(2,030)
Ordinary Income	495	(620)	224	1,150	1,500	2,000

Summary of the Mid-term Business Plan “Spring Plan 2012”



FY2010 : Statement of Income

(Millions of Yen)	FY2010							
	First-Half				Full-Year			
	Projection	% to sales	% to last year	Difference	Projection	% to sales	% to last year	Difference
Net Sales	14,400	100.0%	119.4%	2,342	27,500	100.0%	112.1%	2,960
H S	8,554	59.4%	118.6%	1,341	15,750	57.3%	112.0%	1,693
E S	1,263	8.8%	102.8%	33	2,570	9.3%	100.9%	22
ERD	4,583	31.8%	126.7%	966	9,180	33.4%	115.7%	1,245
Cost of Sales	8,472	58.8%	123.0%	1,583	16,824	61.2%	115.1%	2,203
Gross Profit	5,927	41.2%	114.7%	759	10,675	38.8%	107.6%	757
SG&A	4,867	33.8%	97.7%	(115)	9,435	34.3%	99.0%	(92)
Operating Income	1,060	7.4%	573.0%	874	1,240	4.5%	317.7%	849
Ordinary Income	1,016	7.1%	759.7%	882	1,150	4.2%	511.4%	925
Net Income	820	5.7%	—	759	900	3.3%	—	4,576

■ In the HS Division, sales are expected to increase from the previous fiscal year due to sales of a new product, Solar Photovoltaic Power Generation System. In the ERD Division, sales are expected to grow from the previous fiscal year due to a steady increase in revenue from waste plastic processing and stable operation at the Sanix Energy Tomakomai Power Plant. Net income is forecast to return to the black since costs for generating electricity will be lowered, due to stable operation at the Sanix Energy Tomakomai Power Plant and the acquisition of a landfill site. The Group will continue to implement cost reduction measures, although material expenses in the cost of sales is likely to increase due to sales of a new product in the HS Division.

FY2010 : Segment Information

(Millions of Yen)		FY2010							
		First-Half				Full-Year			
		Projection	% to sales	% to last year	Difference	Projection	% to sales	% to last year	Difference
H S	Net Sales	8,554	100.0%	118.6%	1,341	15,750	100.0%	112.0%	1,693
	Gross Profit	4,471	52.3%	92.8%	(345)	7,810	49.6%	92.4%	(645)
	SG&A	2,651	31.0%	97.5%	(67)	5,110	32.4%	100.4%	19
	Op. Income	1,819	21.3%	86.7%	(278)	2,700	17.1%	80.2%	(665)
E S	Net Sales	1,263	100.0%	102.8%	33	2,570	100.0%	100.9%	22
	Gross Profit	515	40.8%	99.1%	(4)	1,030	40.1%	99.2%	(7)
	SG&A	393	31.2%	89.0%	(48)	790	30.7%	95.6%	(36)
	Op. Income	122	9.7%	155.8%	43	240	9.3%	113.6%	28
ERD	Net Sales	4,583	100.0%	126.7%	966	9,180	100.0%	115.7%	1,245
	Gross Profit	941	20.5%	—	1,109	1,835	20.0%	432.1%	1,410
	SG&A	742	16.2%	96.6%	(26)	1,485	16.2%	96.7%	(51)
	Op. Income	198	4.3%	—	1,135	350	3.8%	—	1,462
Group	Op. Income	(1,080)	—	—	(26)	(2,050)	—	—	23

FY2010 : HS Division

<Specific Strategies>

■ Sales of Existing Products

- Strengthening sales activities by increasing staff in the corporate sales division, and promoting to increase new sales channels
- Beginning marketing a new product, "Solar Photovoltaic Power Generation System," to the current customers

■ Wholesales of "Solar Photovoltaic Power Generation System"

- Aiming to immediately establish a wholesale selling system to dealers to cope with market expansion
- Concluding a dealership agreement with community-based private housing contractors and strive to expand sales with our price competitiveness

(Millions of Yen)	FY2009 Actual	FY2010 Projection	Difference	
Net Sales	14,056	15,750	+1,693	● Increase in sales due to full-year contribution from sales of SPPG System to current customers and the commencement of wholesaling.
Gross Profit	8,455	7,810	-645	● The percentage of material expenses in the cost of sales will increase as sales of SPPG System expand.
SG&A	5,090	5,110	+19	● SG&A expenses will be almost the same level as the previous fiscal year.
Op. Income	3,365	2,700	-665	● The Division expects the operating income of 2,700 million yen (operating income margin of 17.1%).

FY2010 : HS Division

Sales Expansion of Solar Photovoltaic Power Generation System

- The HS Division is responsible for sales to current customers
- The SPPG System Business Division is engaged in wholesaling to dealers

Direct Sales to the Current Customers

- Improving product lineup to entice current customers
- Playing a key role in acquiring new customers

- Establishing a structure that ensures stable earnings in the medium and long term by restoring a weakened customer base.

Wholesales to the Dealers

- Securing sales channels other than direct sales to customers
- Obtaining demand from a wide range of customers, with price competitiveness

- Reducing excessive dependence on door-to-door sales and establishing a presence in the market, where demand is expected to expand in the medium and long term

The number of dealership agreement

- Western Japan : about 600
- Eastern Japan : about 400

Aiming to conclude a dealership agreement with 1,500 companies

Actively conducting sales activities in the first half of this fiscal year, since there are many sunny days and most local governments' subsidy programs remain available

FY2010 : HS Division

Projections of the SPPG System

- Direct sales to current customers : Aiming to obtain the same level as actual sales in the 4th quarter of the previous fiscal year
- Wholesales to Dealers : Aiming to obtain around 100 orders per month



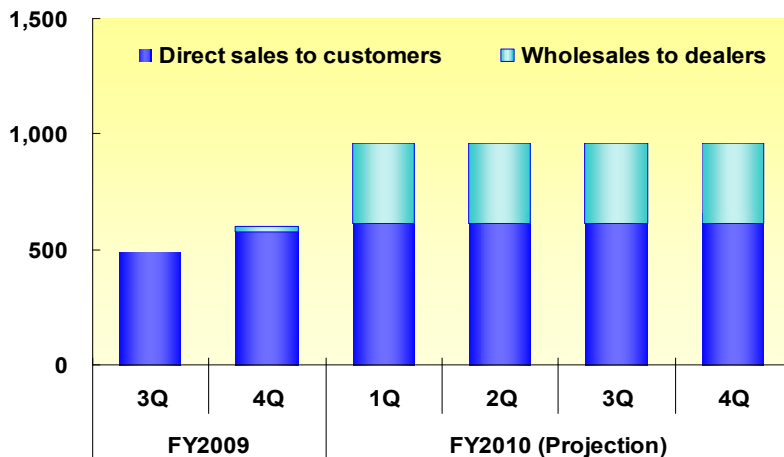
【Wholesales to Dealers】

Aiming to obtain almost as many orders as the number of dealers per year

【Direct sales to current customers】

Setting the target at the same level as actual sales in the second half of the previous fiscal year when the Company began marketing the system. However, demand is expected to pick up in the first half of the current fiscal year since there are many sunny days and most local governments' subsidy programs remain available.

(Millions of Yen)



FY2010 : ES Division

<Specific 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 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



(Millions of Yen)	FY2009 Actual	FY2010 Projection	Difference
Net Sales	2,547	2,570	+22
Gross Profit	1,037	1,030	-7
SG&A	826	790	-36
Op. Income	211	240	+28

- Aiming to steadily increase sales of anti-rust equipment by establishing and deepening relationships with held-for-rental property management companies.
- Gross profit will decrease slightly since subcontract expenses are expected to increase as sales grow.
- Aiming to maintain the number of offices and employees at current levels
- The Division expects the operating income of 240 million yen (operating income margin of 9.3%).

FY2010 : ERD Division

<Specific Strategies>

- **Resource-recycling Power Generation Business**
 - Securing stable (not affected by external conditions) revenues from electricity sales and realizing further stable power plant operation.
 - Increasing the volume of waste plastic accepted and securing new purchasers of plastic fuel by manufacturing RPF.

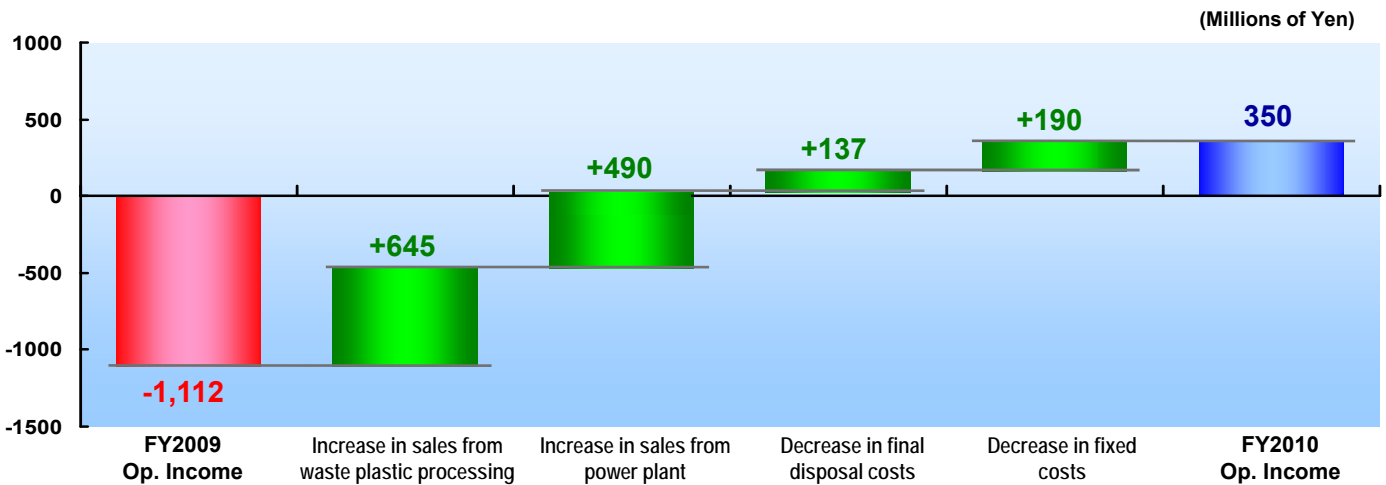


(Millions of Yen)	FY2009 Actual	FY2010 Projection	Difference
Net Sales	7,934	9,180	+1,245
Gross Profit	424	1,835	+1,410
SG&A	1,537	1,485	-51
Op. Income	-1,112	350	+1,462

- Sales are expected to increase by changing electricity purchasers and expanding the volume of waste plastic accepted.
- Reducing sales costs, which the Group believes can be reduced further, in addition to cost reduction by stable power plant operation.
- Continuing to focus on containing fixed costs.
- The Division expects the operating income of 350 million yen (operating income margin of 3.8%).

FY2010 : ERD Division

ERD Division : Operating Income

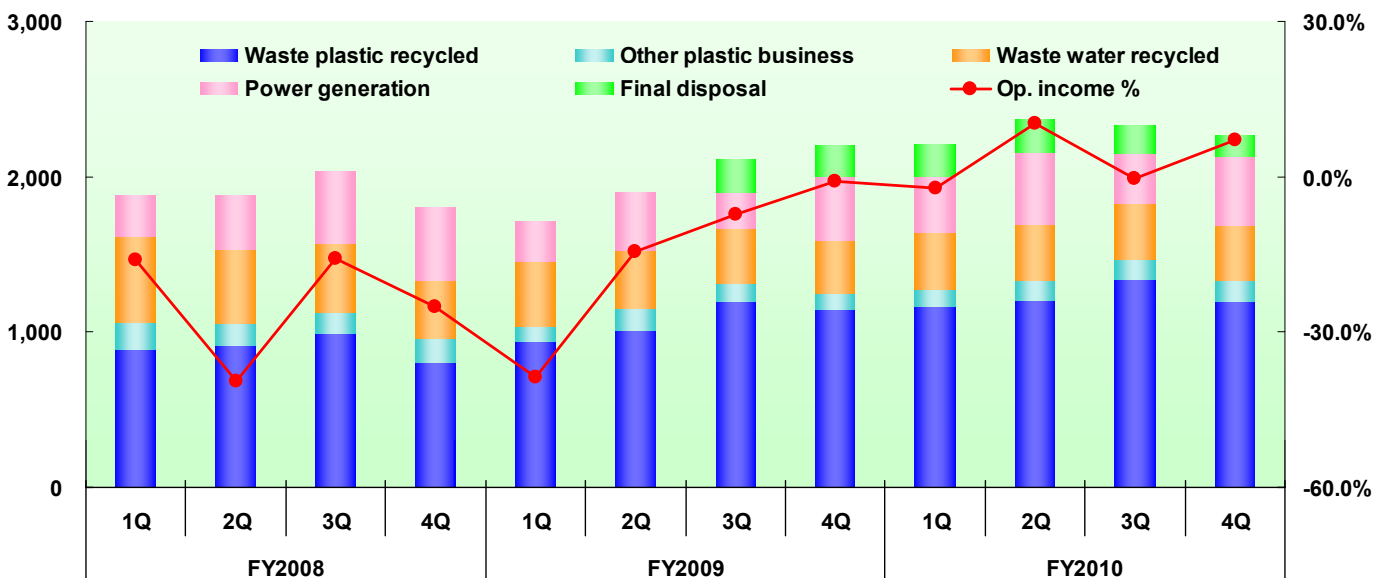


1. Increase in sales due to steady expansion of revenue from waste plastic processing
2. Increase in sales and decrease in costs due to changing purchasers of electricity generated at the Tomakomai Power Plant
3. Decrease in final disposal costs in the Hokkaido region due to acquisition of a landfill site
4. Decrease in fixed costs including depreciation and amortization costs

FY2010 : ERD Division

Net Sales by Product and Operating Income Margin

(Millions of Yen)

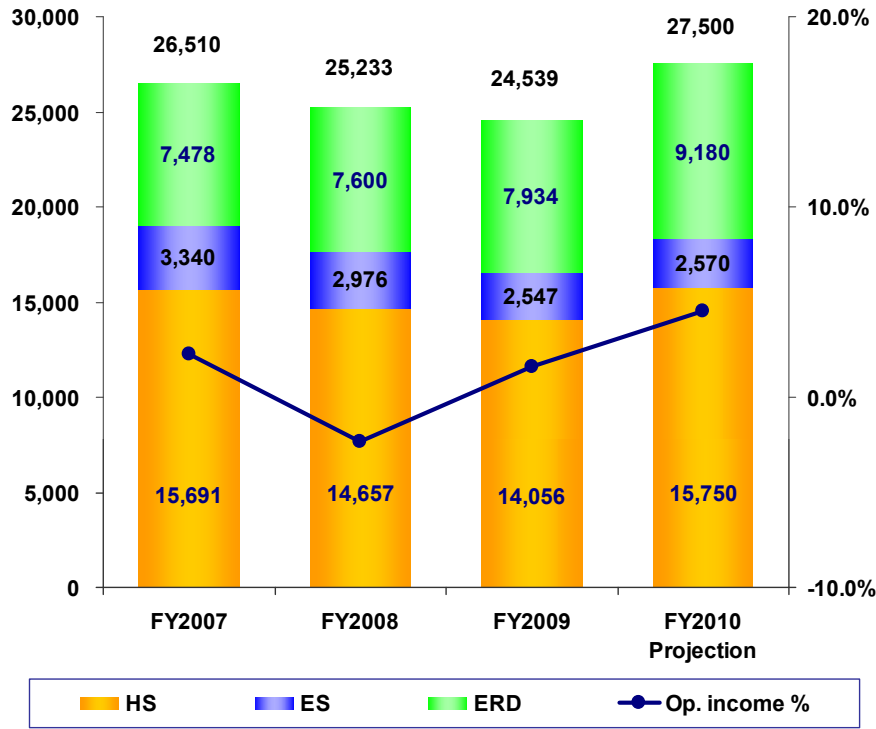


Recovery in the resource-recycling power generation business is expected to become more visible in the fiscal year ending March 2011, compared to the second half of the fiscal year ended March 2010. Profitability is forecast to improve.

FY2010 : Whole Group

■ Net Sales by Segment and Operating Income Margin

(Millions of Yen)



Forecast for FY2010

Net Sales : 27,500MY

Op. Income : 1,240MY

Op. Income % : 4.5%