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SANIX



Consolidated Financial Statements

For the First Half ended September 30, 2011

SANIX INCORPORATED

November 10, 2011

(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.

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Summary of 1st Half



Summary of 1st Half

In the first six-month period of the current consolidated fiscal year, sales increased in comparison to the same period last year, but income decreased.

Net Sales	:	15,452 Million Yen	(Up 843 million yen compared to the same period last year)
Operating Income	:	266 Million Yen	(Down 865 million yen compared to the same period last year)
Ordinary Income	:	237 Million Yen	(Down 853 million yen compared to the same period last year)
Net Income	:	△0 Million Yen	(Down 806 million yen compared to the same period last year)

◆ Net Sales ◆

Net Sales increased in comparison to the same period last year because the sales of Solar Photovoltaic Power Generation System in the HS Division and the ES Division and the sales of Resource-recycling Power Generation Business and Organic Waste Water Recycled in the ERD Division increased steadily.

◆ Earnings ◆

Net Income decreased in comparison to the same period last year because cost of sales increased. In the ERD Division, the Sanix Energy's Tomakomai Power Plant recorded higher the repair expenses than the same period last year to prepare stable and continuous operation at the regular maintenance in addition to rising the constituent ratio of the Solar Photovoltaic Power Generation System.

1st Half : Statement of Income

(Millions of Yen)	FY2010		FY2011					
	1st Half		1st Half					
	Actual	% to sales	Actual	% to sales	% to last year	Projection	% of change	Difference
Net Sales	14,609	100.0%	15,452	100.0%	105.8%	17,410	88.8%	(1,957)
HS	8,681	59.4%	8,868	57.4%	102.2%	10,910	81.3%	(2,041)
ES	1,322	9.1%	1,341	8.7%	101.4%	1,672	80.2%	(330)
ERD	4,605	31.5%	5,243	33.9%	113.8%	4,828	108.6%	415
Cost of Sales	8,509	58.3%	10,060	65.1%	118.2%	11,629	86.5%	(1,568)
Gross Profit	6,099	41.7%	5,392	34.9%	88.4%	5,781	93.3%	(388)
SG&A	4,966	34.0%	5,125	33.2%	103.2%	5,516	92.9%	(390)
Operating Income	1,132	7.8%	266	1.7%	23.6%	265	100.7%	1
Ordinary Income	1,090	7.5%	237	1.5%	21.8%	240	98.8%	(2)
Net Income	806	5.5%	(0)	—	—	30	—	(30)

■ Sales in the ERD Division increased steadily. In the HS and ES Division, sales of the Solar Photovoltaic Power Generation System vastly fell short of budget.

Operating income and ordinary income were roughly in line with the plan because in the HS Division, sales of the existing products with high operating income margin increased compared to the budget in addition to focus on reduction of fixed costs. Net income was fell short of the budget due to exceeding the plan for income taxes-current.

1st Half : Segment Information

(Millions of Yen)		FY2010		FY2011					
		1st Half		1st Half					
		Actual	% to last year	Actual	% to sales	% to last year	Projection	% of change	Difference
HS	Net Sales	8,681	120.4%	8,868	100.0%	102.2%	10,910	81.3%	(2,041)
	Gross Profit	5,008	104.0%	4,477	50.5%	89.4%	4,717	94.9%	(239)
	SG&A	2,748	101.1%	2,837	32.0%	103.2%	3,122	90.9%	(284)
	Op,Income	2,260	107.7%	1,639	18.5%	72.5%	1,595	102.8%	44
ES	Net Sales	1,322	107.6%	1,341	100.0%	101.4%	1,672	80.2%	(330)
	Gross Profit	500	96.2%	427	31.9%	85.4%	580	73.7%	(152)
	SG&A	383	86.7%	439	32.8%	114.7%	466	94.3%	(26)
	Op,Income	117	149.7%	(12)	—	—	114	—	(126)
ERD	Net Sales	4,605	127.4%	5,243	100.0%	113.8%	4,828	108.6%	415
	Gross Profit	589	—	487	9.3%	82.7%	484	100.8%	3
	SG&A	778	101.3%	758	14.5%	97.3%	744	101.9%	14
	Op.Income	(188)	—	(270)	—	—	(260)	—	(10)
Group	Op.Income	(1,056)	—	(1,090)	—	—	(1,184)	—	93

1st Half : Statement of Income

(Millions of Yen)	FY2011						
	1st Half			2nd Half			
	Actual	Projection	Difference	Actual	Projection	% of change	Difference
Net Sales	7,505	7,828	(322)	7,947	9,582	82.9%	(1,634)
HS	4,463	4,840	(376)	4,405	6,070	72.6%	(1,664)
ES	677	765	(87)	663	907	73.2%	(243)
ERD	2,364	2,223	141	2,878	2,605	110.5%	273
Cost of Sales	5,209	5,292	(82)	4,851	6,337	76.6%	(1,485)
Gross Profit	2,296	2,536	(239)	3,096	3,245	95.4%	(148)
SG&A	2,613	2,736	(122)	2,511	2,780	90.3%	(268)
Operating Income	(317)	(200)	(117)	584	465	125.7%	119
Ordinary Income	(325)	(211)	(114)	562	451	124.8%	111
Net Income	(439)	(302)	(137)	439	332	132.3%	107

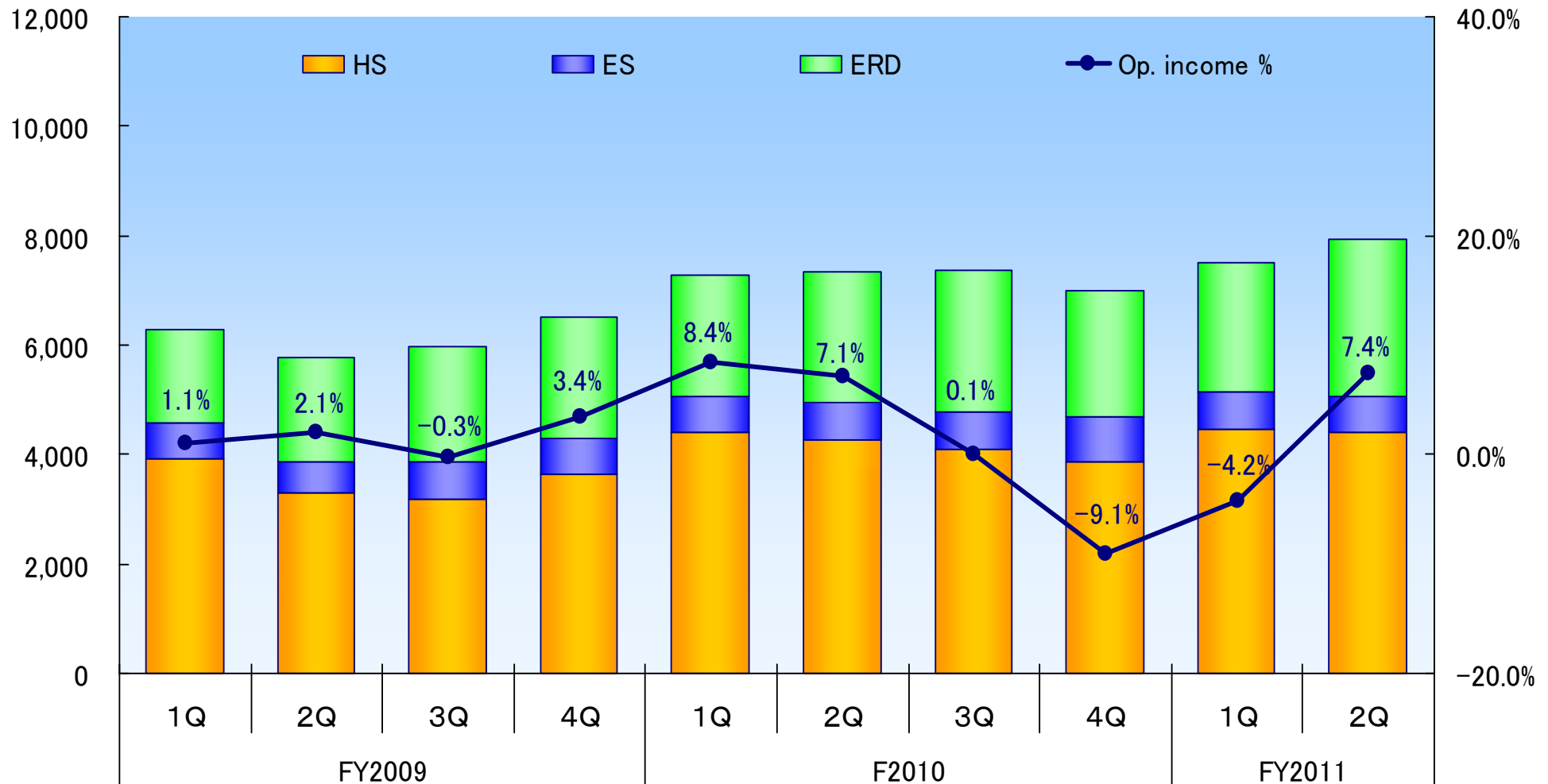
1st Half : Segment Information

(Millions of Yen)		FY2011						
		1st Half			2nd Half			
		Actual	Projection	Difference	Actual	Projection	% of change	Difference
HS	Net Sales	4,463	4,840	(376)	4,405	6,070	72.6%	(1,664)
	Gross Profit	2,185	2,410	(224)	2,291	2,307	99.3%	(15)
	SG&A	1,417	1,522	(104)	1,420	1,600	88.8%	(179)
	Op.Income	768	888	(119)	871	707	123.2%	164
ES	Net Sales	677	765	(87)	663	907	73.2%	(243)
	Gross Profit	214	260	(45)	212	320	66.4%	(107)
	SG&A	226	225	1	212	240	88.3%	(28)
	Op.Income	(11)	34	(46)	(0)	79	—	(79)
ERD	Net Sales	2,364	2,223	141	2,878	2,605	110.5%	273
	Gross Profit	(104)	(134)	29	592	618	95.9%	(25)
	SG&A	387	366	21	371	378	98.2%	(6)
	Op.Income	(491)	(500)	8	221	240	92.3%	(18)
Group	Op.Income	(582)	(622)	40	(508)	(561)	—	53

1st Half : Segment Information (2)

■ Net Sales by Segment and Operating Income Margin

(Millions of Yen)



1st Half : HS Division

■ Sales fell below the budget, but operating income was over the budget after revising the sales plan

In the first half, the Group changed its sales plan to focus on sales of existing products with higher profit. Because the Group switched to sales of existing products which unit price is lower than the Solar Photovoltaic Power Generation System, operating income vastly fell below the budget. Operating income was 2.8% over the budget, reaching 1,639 million yen, due to increased sales of existing products with high profit margins compared the budget.

(Millions of Yen)	FY2010	FY2011				
	1st Half	2nd Half				
	Actual	Actual	% to last year	Projection	% of change	Difference
Total Net Sales	8,681	8,868	102.2%	10,910	81.3%	(2,041)
Termite Eradication Service	2,567	2,351	91.6%	2,340	100.5%	11
Under-Floor/-Roof Ventiration System	1,887	1,304	69.1%	1,080	120.8%	224
Foundation Repairing Treatment	1,205	765	63.5%	760	100.8%	5
House Reinforcement System	232	193	83.1%	160	120.7%	33
Solar Photovoltaic Power Generation System	1,215	2,456	202.0%	5,130	47.9%	(2,673)
Others	1,572	1,797	114.3%	1,440	124.8%	357
Operation Income	2,260	1,639	72.5%	1,595	102.8%	44

1st Half : ES Division

■ The Division fell short of budget because it took longer than expected to make sales system maintenance of Solar Photovoltaic Power Generation System

Concerning marketing to corporate customers, such as building and condominium management companies, although our cultivation of relations with our existing business partners is proceeding smoothly, the increase in the number of new partners that we have acquired is sluggish due to taking long time to make sales system maintenance of the Solar Photovoltaic Power Generation System. As a result, sales of Anti-rust Equipment Installation and Solar Photovoltaic Power Generation System fell short of budget. The Division 's operating loss was 12 million yen because the Division's net sales fell short of budget.

(Millions of Yen)	FY2010	FY2011				
	1st Half	1st Haf				
	Actual	Actual	% to last year	Projection	% of change	Difference
Total Net Sales	1,322	1,341	101.4%	1,672	80.2%	(330)
Anti-rust Equipment Installation	326	224	68.9%	340	66.1%	(115)
Repair of Building Water-works	391	412	105.3%	381	108.3%	31
Waterproofing of Building	257	208	81.1%	193	108.2%	15
Solar Photovoltaic Power Generation System	1	178	—	426	41.8%	(247)
Others	345	316	91.8%	332	95.5%	(15)
Operating Income	117	(12)	—	114	—	(126)

1st Half : ERD Division

■ Net sales was over the budget and operating income was almost in line with plan.

The Sanix Energy's Tomakomai Power Plant has been keeping stable and continuous operation after the regular maintenance in the first quarter. The revenue of Waste Plastic Recycled was 11.9% over the budget because waste plastics brought in has continued to increase . The Division's net sales was over the budget because sales of Organic Waste Water Recycled and Final Disposal increased steadily.

The Division's operating income was almost in line with the plan.

(Millions of Yen)	FY2010	FY2011				
	1st Half	1st Half				
	Actual	Actual	% to last year	Projection	% of change	Difference
Total Net Sales	4,605	5,243	113.8%	4,828	108.6%	415
Waste Plastic Recycled	2,488	2,912	117.1%	2,603	111.9%	309
Organic Waste Water Recycled	694	822	118.4%	755	108.9%	67
Power Generation	690	802	116.1%	790	101.5%	12
Final Disposal	459	394	85.8%	370	106.5%	24
Others	272	311	114.4%	310	100.6%	1
Operating Income	(188)	(270)	—	(260)	—	(10)

SANIX



Forecast for FY2011



Forecast for FY2011

Forecast for consolidated FY 2011

Net Sales	:	38,000 Million Yen	(FY2010 :	28,979 million yen)
Operating Income	:	1,300 Million Yen	(FY2010 :	501 million yen)
Ordinary Income	:	1,250 Million Yen	(FY2010 :	430 million yen)
Net Income	:	830 Million Yen	(FY2010 :	49 million yen)

HS Division

Sales of Solar Photovoltaic Power Generation Systems, which were scheduled to get under way from the second quarter, have been postponed until third quarter because the demands remain great. We will intend to launch active sales and pull up to level of initial plan.

ES Division

We intend to acquire new business partners and focus on sales of Anti-rust Equipment Installation and Solar Photovoltaic Power Generation System.

ERD Division

Regarding the revenue of Waste Plastic Recycled , waste plastics brought in increased steadily, so we will work on expansion of sales of our fuel to the outside and improving rate of operation in Tomakomai Power Plant through improving quality of fuel on and on. Regarding the Power Sales business, Tomakomai Power Plant operates favorably after the regular maintenance and expects to improve revenue by stable and continuous operation to improve rate of operation and a reduction of the cost by operation.

FY2011 : Statement of Income (Projection)

(Millions of Yen)	FY2011								
	1st Half	2nd Half				Full Year			
	Actual	Revised Forecast	% to last year	Previous Forecast	Difference	Revised Forecast	% to last year	Previous Forecast	Difference
Net Sales	15,452	22,547	156.9%	20,590	1,957	38,000	131.1%	38,000	—
HS	8,868	14,811	185.7%	13,655	1,156	23,680	142.2%	24,565	(885)
ES	1,341	1,568	105.4%	1,783	(214)	2,910	103.5%	3,455	(545)
ERD	5,243	6,166	125.7%	5,152	1,014	11,410	120.0%	9,980	1,430
Cost of Sales	10,060	15,364	150.7%	14,315	1,049	25,425	135.9%	25,944	(519)
Gross Profit	5,392	7,182	172.0%	6,275	907	12,575	122.4%	12,056	519
SG&A	5,125	6,149	127.9%	5,240	909	11,275	115.4%	10,756	519
Operating Income	266	1,033	—	1,035	(1)	1,300	259.0%	1,300	—
Ordinary Income	237	1,012	—	1,010	2	1,250	290.7%	1,250	—
Net Income	(0)	830	—	800	30	830	—	830	—

■ On the basis of actual result in the first half of the fiscal year, the management forecasts in the ERD Division will remain steadily in the second half of the fiscal year. In the HS Division, we will promote the sales of Solar Photovoltaic Power Generation System after the third quarter of the current fiscal year, and expect net sales to exceed the previous forecast in the second half of the fiscal year. We expect the sales and income budget for the full year of the current fiscal year to be in line with initial plan though the actual results of each segment differ from our initial plan.

FY2011: Segment Information (Projection)

(Millions of Yen)		FY2011								
		1st Half	2nd Half				Full Year			
		Actual	Revised Forecast	% to last year	Previous Forecast	Difference	Revised Forecast	% to last year	Previous Forecast	Difference
HS	Net Sales	8,868	14,811	185.7%	13,655	1,156	23,680	142.2%	24,565	(885)
	Gross Profit	4,477	5,072	171.6%	4,525	547	9,550	119.9%	9,242	308
	SG&A	2,837	3,809	146.1%	2,935	874	6,647	124.1%	6,057	590
	Op.Income	1,639	1,263	363.6%	1,590	(326)	2,903	111.3%	3,185	(282)
ES	Net Sales	1,341	1,568	105.4%	1,783	(214)	2,910	103.5%	3,455	(545)
	Gross Profit	427	542	114.6%	628	(85)	970	99.6%	1,208	(238)
	SG&A	439	418	95.7%	472	(53)	858	104.6%	938	(80)
	Op.Income	(12)	124	340.4%	156	(31)	112	72.9%	270	(158)
ERD	Net Sales	5,243	6,166	125.7%	5,152	1,014	11,410	120.0%	9,980	1,430
	Gross Profit	487	1,567	209.8%	1,122	445	2,055	153.7%	1,606	449
	SG&A	758	796	102.9%	762	34	1,555	100.1%	1,506	49
	Op.Income	(270)	770	—	360	410	500	—	100	400
Group	Op.Income	(1,090)	(1,124)	—	(1,071)	(53)	(2,215)	—	(2,255)	40

FY2011 : HS Division (Projection)


< Forecast for the HS Division >

■ Sales of Solar Photovoltaic Power Generation System

- Direct sales to current customers—By the change for our sales plan, we will intend to launch active sales after the third quarter of the fiscal year.
- Orders from end users to dealers— We intend to acquire new dealers and continue to improve our support to dealers.

■ Sales of existing products

- By promoting sales of Solar Photovoltaic Power Generation System, we expect sales to fall below the previous budget.

(Millions of Yen)	FY2010 Actual		FY2011 Revised Forecast	FY2011 Previous Forecast	Difference
Net Sales	16,656		23,680	24,565	(885)
Gross profit	7,964		9,550	9,242	+308
SG&A	5,356		6,647	6,057	+590
Op.Income	2,607		2,903	3,185	(282)

FY2011 : HS Division (Projection)

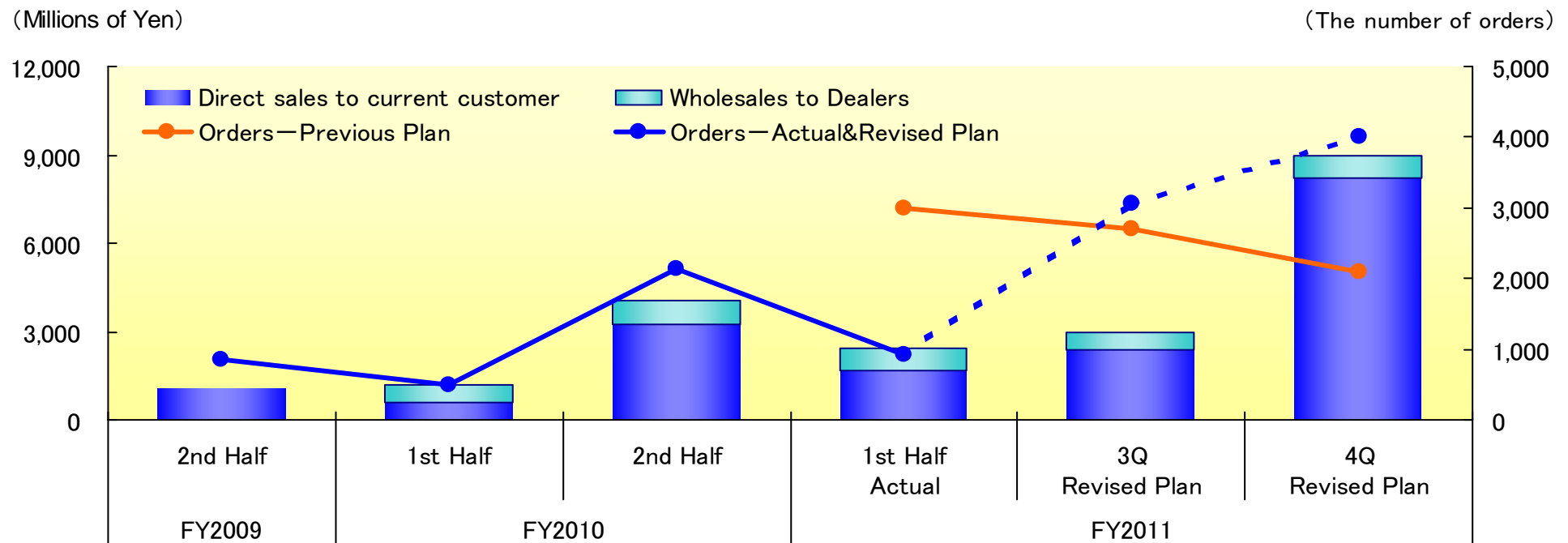
Projection of the SPPG System

■ For direct sales to current customers, we will gradually transfer our employees, excluding some sales personnel for existing products, by area unit to Solar Photovoltaic Power Generation System sales operation by the third quarter of the fiscal year.

【October ⇒ Kyushu District November ⇒ To add Chugoku and Shikoku District December ⇒ To add Kansai and Chukyo District】

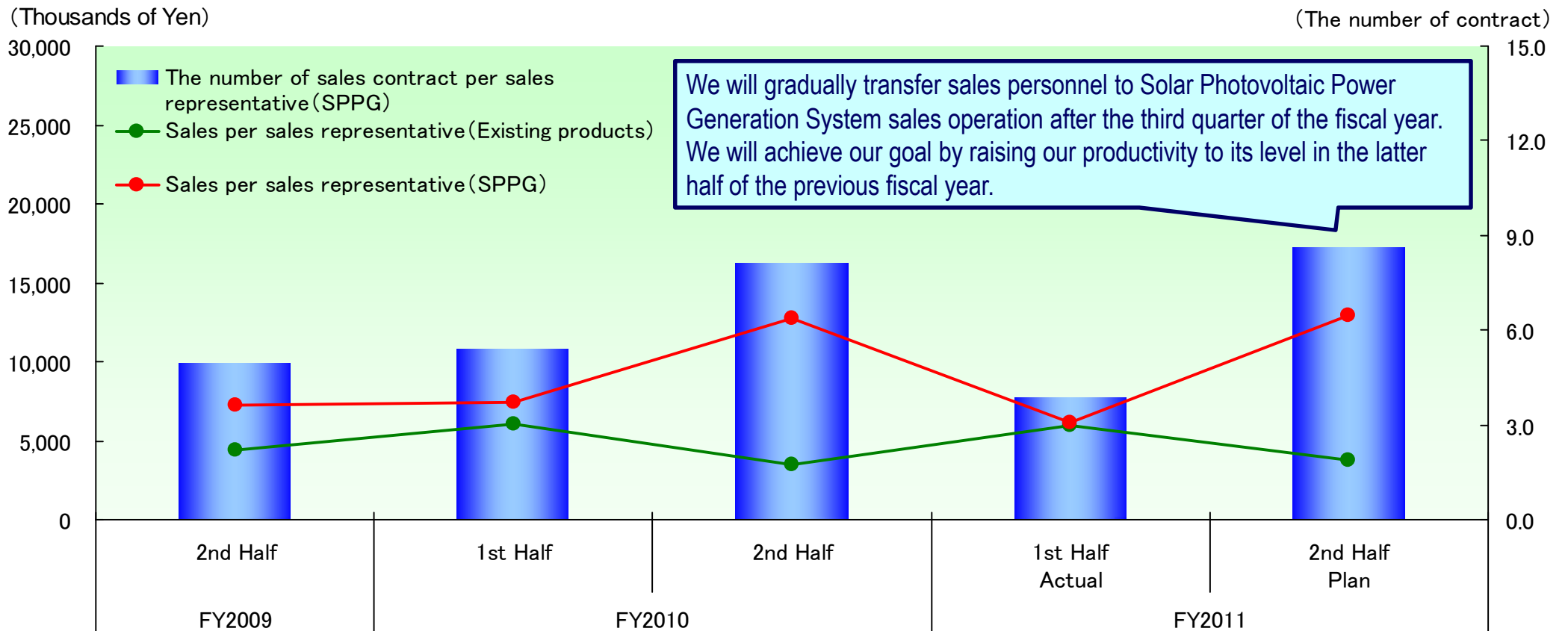
■ We expect profit margin to improve by which sales of Solar Photovoltaic Power Generation System for the first half of the fiscal year doubled from the same period last year ; the expenses for our materials will decrease owing to start of a full operation in our subsidiary in China.

Net sales and orders of the Solar Photovoltaic Power Generation System (construction and delivery) in the HS Division



FY2011 : HS Division (Projection)

Sales Productivity per sales representative in the Division



- We will divide our sales personnel between for sales of Solar Photovoltaic Power Generation System and for sales of existing products according to each person's aptitude. Consequently, sales productivity will improve in each sales operation.
- We intend to expand sales of Solar Photovoltaic Power Generation System owing to meeting and training for rolling some success case out and expanding knowledge.

FY2011 : ES Division (Projection)

<Forecast for the ES Division>

■ Focus on achievement of new business partners

- After making sales system maintenance, we will intend to acquire new business partners of building and condominium management companies.

■ Sales of Solar Photovoltaic Power Generation System

- To win over last-minute demand at the end of fiscal year, we intend to increase the number of our sales proposals from the third quarter of fiscal year.

(Millions of Yen)	FY2010 Actual	FY2011 Revised Forecast	FY2011 Previous Forecast	Difference
Net Sales	2,811	2,910	3,455	(545)
Gross Profit	974	970	1,208	(238)
SG&A	820	858	938	(80)
Op.Income	153	112	270	(158)

FY2011 : ERD Division (Projection)

<Forecast for the ERD Division>

■ The revenue of Resource-recycling Power Generation Business will increase steadily by improvement of quality of fuel

- In the sight of expanding sales of our fuel to the outside, we intend to improve quality of fuel.
- We will set a self-imposed maintenance period in the second half of fiscal year to keep stable and continuous operation for Tomakomai Power Plant.

■ Organic Waste Water Recycled

- Although it is small in terms of the ratio of overall waste, the volume of specially controlled waste with high unit price brought in increase steadily. We expect the business to increase steadily.

(Millions of Yen)	FY2010 Actual	FY2011 Revised Forecast	FY2011 Previous Forecast	Difference
Net Sales	9,511	11,410	9,980	+1,430
Gross Profit	1,337	2,055	1,606	+449
SG&A	1,553	1,555	1,506	+49
Op.Income	(215)	500	100	+400

FY2011 : ERD Division (Projection)

■ The situation of Resource-recycling Power Generation Business

- Regarding waste plastic processing, the waste plastics brought in increased steadily (up 18.7% year-on-year in the first half).
- Tomakomai Power Plant has kept stable and continuous operation without a great trouble since a regular maintenance was over.

Earnings are expected to recover more by implementing the following measures.



Turning our waste plastic fuel into a brand

● More improvement of quality of fuel

We had moderate result for removal of foreign objects owing to improvement of quality of fuel which we have worked on since last year. Hereafter, we will work on making waste plastic fuel with high calorie, and intend to improve earning more in Tomakomai Power Plant.

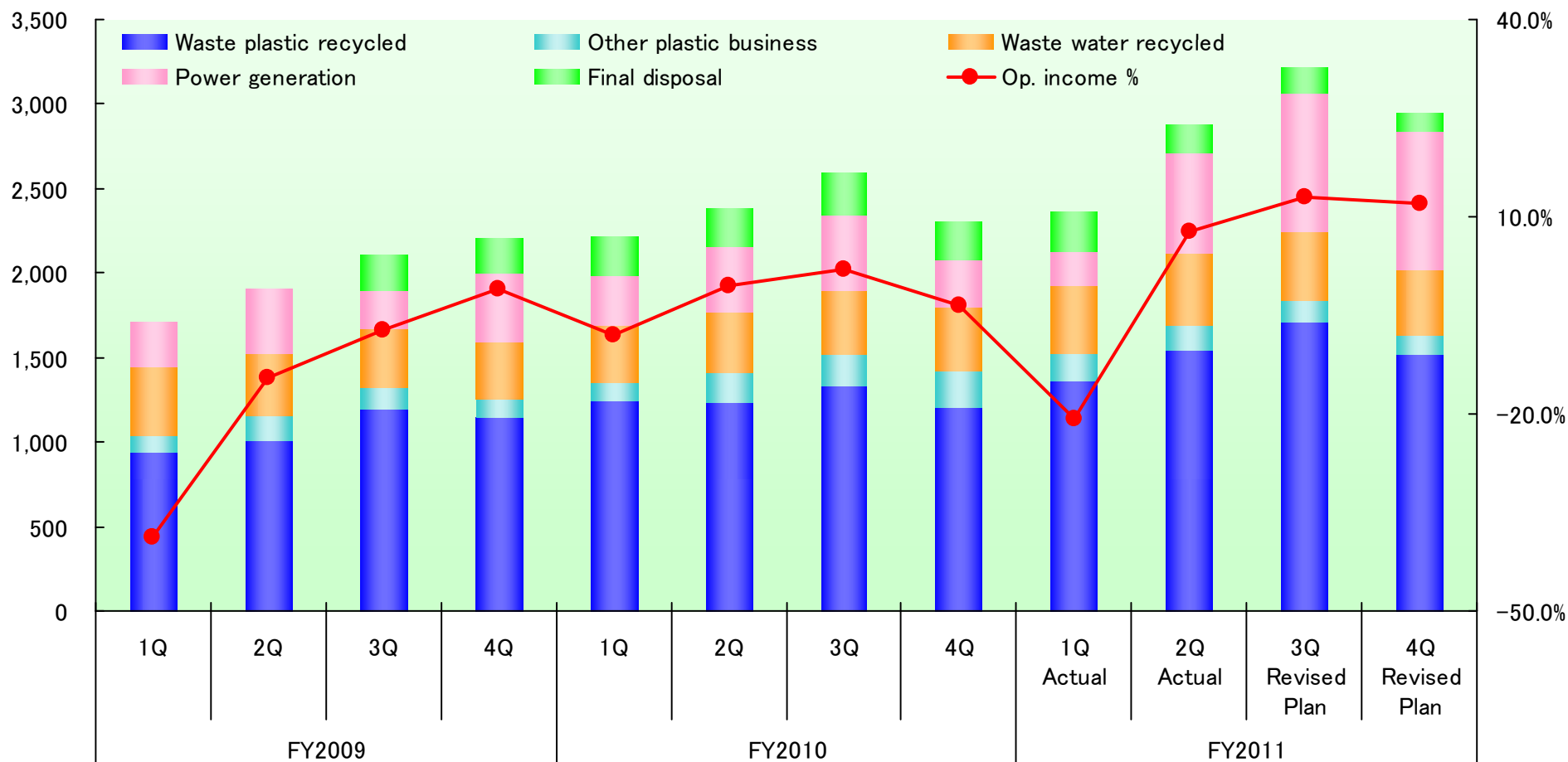
● Building a system that separates into categories and manufactures varying qualities of the fuel according to customer (use).

We plan to turn our waste plastic fuel into a brand by building a system that separates into categories and manufactures varying qualities of the fuel according to customer (use) because waste plastics brought in has increased steadily in waste plastic processing. We will expand sales of our fuel to the outside by turning our fuel into a brand and plan to recover earnings.

FY2011 : ERD Division

Net Sales by Product and Operating Income Margin

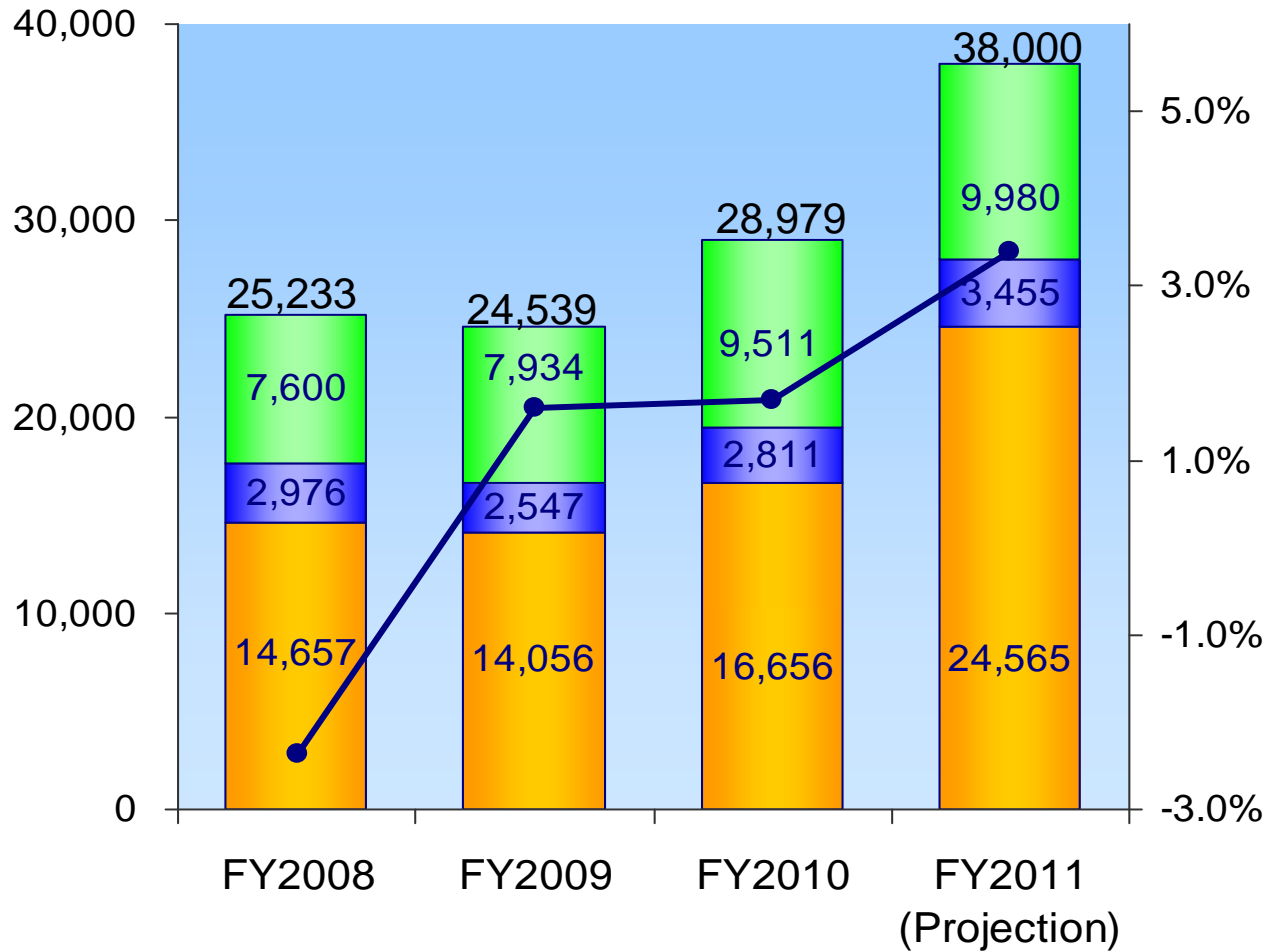
(Millions of Yen)



FY2011 : Whole Group

Net Sales by Segment and Operating Income Margin

(Millions of Yen)



Forecast for FY2011

Net Sales : 38,000MY

Op. Income : 1,300MY

Op. Income % : 3.4%

