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SANIX



Consolidated Financial Statements

For the Year ended March 31, 2012

SANIX INCORPORATED

May 14, 2012

(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 FY2011



Summary of FY2011

Net sales increased from last year, but net income decreased.

Net Sales	:	31,454 million yen	(Up 2,474 million yen from last year)
Operating Income	:	409 million yen	(Down 91 million yen from last year)
Ordinary Income	:	347 million yen	(Down 82 million yen from last year)
Net Income	:	13 million yen	(Down 35 million yen from last year)

◆Net Sales◆

Sales in the HS Division increased from last year by focusing on sales of Solar Photovoltaic Power Generation System and sales in the ERD Division increased from last year because the sales of Waste Plastic Recycled, Power Generation and Organic Waste Water Recycled in the ERD Division increased steadily. In the ES Division, sales decreased last year because sales of Solar Photovoltaic Power Generation System increased from last year, but sales of existing products was sluggish. As a result, the Group's sales increased by 8.5% from last year.

◆Earnings◆

Operation income in the ERD Division increased substantially and got into the black for the full year due to effect on increased revenue and focusing on reduction of the cost.

Net Income in the HS and ES Division decreased from last year because the constituent ratio of the Solar Photovoltaic Power Generation System with higher cost rate rose. As a result, the Group's operating income was 409 million yen, decreased from last year.

FY2011 : Statement of Income

(Millions of Yen)	FY2010	FY2011					
	Actual	Actual	% to sales	% to last year	Projection	% of change	Difference
Net Sales	28,979	31,454	100.0%	108.5%	33,300	94.5%	(1,845)
HS	16,656	16,806	53.4%	100.9%	18,450	91.1%	(1,643)
ES	2,811	2,757	8.8%	98.1%	2,910	94.7%	(152)
ERD	9,511	11,890	37.8%	125.0%	11,940	99.6%	(49)
Cost of Sales	18,703	21,012	66.8%	112.3%	22,050	95.3%	(1,037)
Gross Profit	10,275	10,441	33.2%	101.6%	11,250	92.8%	(808)
SG&A	9,773	10,032	31.9%	102.6%	10,180	98.5%	(147)
Operating Income	501	409	1.3%	81.7%	1,070	38.3%	(660)
Ordinary Income	430	347	1.1%	80.9%	1,010	34.5%	(662)
Net Income	49	13	0.0%	28.2%	550	2.5%	(536)

■ For the sales of Solar Photovoltaic Power Generation System in the HS and ES Division, it increased steadily compared with last year, but sales productivity wasn't in line with the plan. So, both of Division, sales fell short of budget.

In the ERD Division, sales fell short of budget because sales of Power Generation in Tomakomai Power Plant fell short of budget in spite of increasing steadily compared with the budget in sales of Waste Plastic Recycled. Regarding income, we promoted cost-reduction efforts, but the Group's income fell short of budget by effect that sales fell short of budget.

FY2011 : Statement of Income

(Millions of Yen)		FY2011							
		1Q		2Q		3Q		4Q	
		Actual	Difference	Actual	Difference	Actual	Difference	Actual	Difference
Net Sales		7,505	230	7,947	612	7,943	578	8,058	1,052
HS		4,463	59	4,405	127	3,809	(284)	4,129	247
ES		677	27	663	(8)	706	32	709	(105)
ERD		2,364	143	2,878	494	3,427	830	3,219	910
Cost of Sales		5,209	1,051	4,851	498	5,295	348	5,656	409
Gross Profit		2,296	(821)	3,096	114	2,647	229	2,402	643
SG&A		2,613	108	2,511	50	2,442	30	2,463	69
Operating Income		(317)	(929)	584	63	204	199	(61)	574
Ordinary Income		(325)	(919)	562	66	190	200	(79)	570
Net Income		(439)	(879)	439	73	48	161	(34)	608

FY2011 : Segment Information

(Millions of Yen)		FY2010	FY2011					
		Actual	Actual	% to sales	% to last year	Projection	% of change	Difference
HS	Net Sales	16,656	16,806	100.0%	100.9%	18,450	91.1%	(1,643)
	Gross Profit	7,964	7,568	45.0%	95.0%	8,155	92.8%	(586)
	SG&A	5,356	5,352	31.8%	99.9%	5,495	97.4%	(142)
	Op.Income	2,607	2,216	13.2%	85.0%	2,660	83.3%	(443)
ES	Net Sales	2,811	2,757	100.0%	98.1%	2,910	94.7%	(152)
	Gross Profit	974	898	32.6%	92.3%	950	94.6%	(51)
	SG&A	820	857	31.1%	104.6%	860	99.8%	(2)
	Op.Income	153	40	1.5%	26.7%	90	45.5%	(49)
ERD	Net Sales	9,511	11,890	100.0%	125.0%	11,940	99.6%	(49)
	Gross Profit	1,337	1,974	16.6%	147.6%	2,145	92.0%	(170)
	SG&A	1,553	1,686	14.2%	108.6%	1,660	101.6%	26
	Op.Income	(215)	287	2.4%	—	485	59.3%	(197)
Group	Op.Income	(2,043)	(2,135)	—	—	(2,165)	—	29

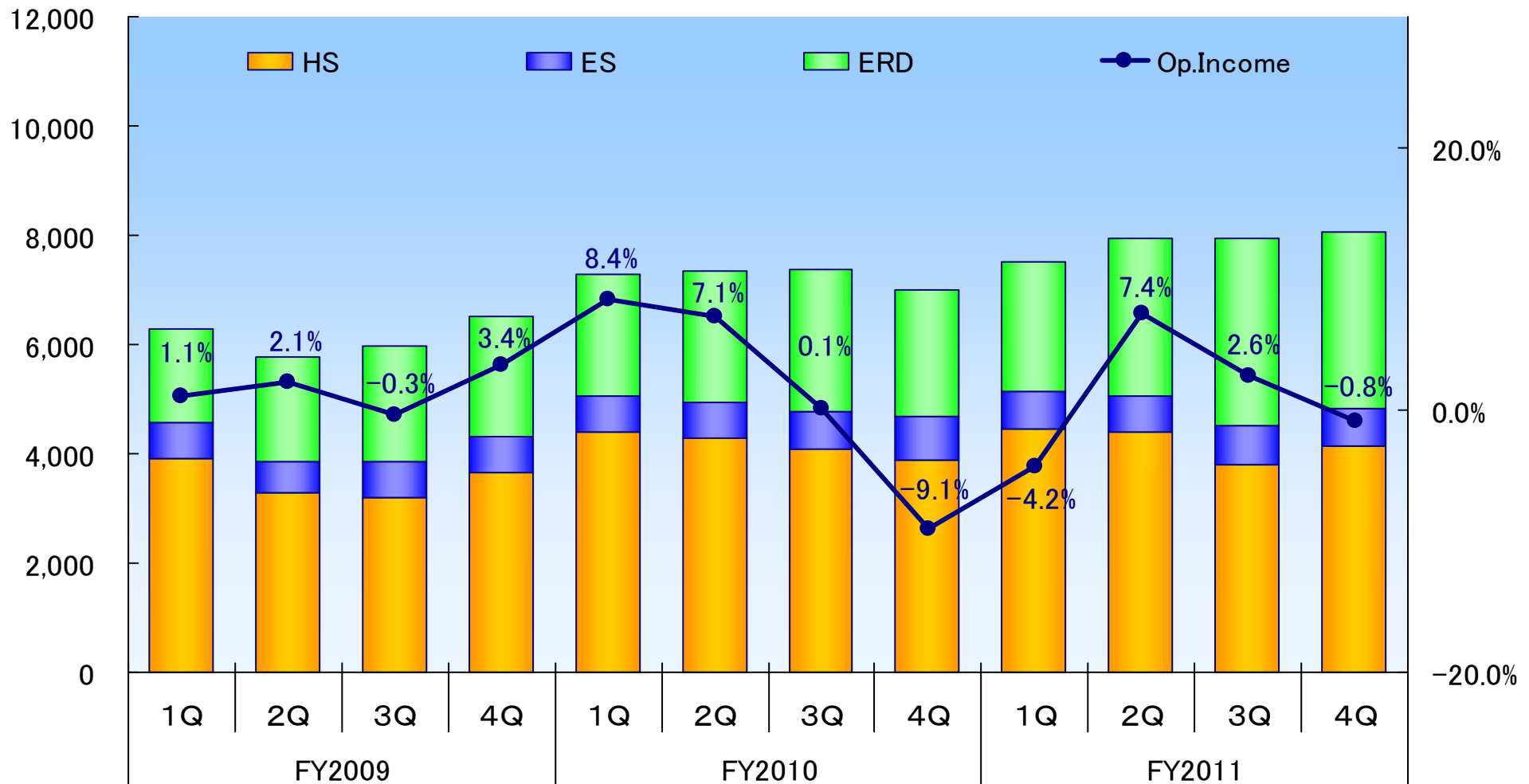
FY2011 : Segment Information

(Millions of Yen)		FY2011							
		1Q		2Q		3Q		4Q	
		Actual	Difference	Actual	Difference	Actual	Difference	Actual	Difference
HS	Net Sales	4,463	59	4,405	127	3,809	(284)	4,129	247
	Gross Profit	2,185	(488)	2,291	(43)	1,572	(150)	1,519	286
	SG&A	1,417	29	1,420	59	1,303	(4)	1,211	(88)
	Op.Income	768	(517)	871	(103)	268	(145)	308	375
ES	Net Sales	677	27	663	(8)	706	32	709	(105)
	Gross Profit	214	(23)	212	(49)	224	(19)	247	16
	SG&A	226	44	212	12	212	(1)	205	(17)
	Op,Income	(11)	(67)	(0)	(61)	11	(17)	41	34
ERD	Net Sales	2,364	143	2,878	494	3,427	830	3,219	910
	Gross Profit	(104)	(309)	592	207	851	399	635	339
	SG&A	387	3	371	(24)	418	20	509	133
	Op.Income	(491)	(312)	221	231	432	378	125	206
Group	Op.Income	(582)	(31)	(508)	(2)	(508)	(16)	(537)	(41)

FY2011 : Segment Information (2)

Net sales by segment and operating income margin

(Millions of Yen)



FY2011: HS Division

■ Sales of Solar Photovoltaic Power Generation System increased steadily compared with last year, but fell short of budget.

Sales of Solar Photovoltaic Power Generation System increased steadily compared with last year, so it was 22.4% over last year, reaching 6,442 million yen.

Regarding mainly Direct sales to customers, the shift of business structure by area unit has already finished just as planned.

Revised sales price in response to an improvement in profitability accompanied by lower cost of purchase. In February and March we expanded active sales and achieved a certain result, but it fell short of the budget.

(Millions of Yen)	FY2010	FY2011				
	Actual	Actual	% to last year	Projection	% of change	Difference
Total Net Sales	16,656	16,806	100.9%	18,450	91.1%	(1,643)
Termite Eradication Service	4,095	3,498	85.4%	3,436	101.8%	62
Under-Floor/-Roof Ventiration System	2,568	2,092	81.5%	2,140	97.8%	(47)
Foundation Repairing Treatment	1,759	1,277	72.6%	1,262	101.2%	15
House Reinforcement System	350	337	96.2%	348	96.9%	(10)
Solar Photovoltaic Power Generation System	5,261	6,442	122.4%	8,056	80.0%	(1,613)
Others	2,620	3,158	120.5%	3,208	98.5%	(49)
Operating Income	2,607	2,216	85.0%	2,660	83.3%	(443)

FY2011: ES Division

■ The Division fell short of budget because the acquisition of new partners fell below the expectation.

Concerning marketing to corporate customers, such as building and condominium management companies, our cultivation of relations with our existing business partners is proceeding smoothly and sales of existing products was in line with the plan. Concerning sales of Solar Photovoltaic Power Generation System for housing complex, it increased steadily compared with last year, but sales of them targeted at new customers fell short of budget because the increase in the number of new partners that we have acquired is sluggish. The Division 's operating income fell short of the budget by 49 millions yen because the Division's net sales fell short of budget.

(Millions of Yen)	FY2010	FY2011				
	Actual	Actual	% to last year	Projection	% of change	Difference
Total Net Sales	2,811	2,757	98.1%	2,910	94.7%	(152)
Anti-Rust Equipment Installation	680	473	69.6%	486	97.5%	(12)
Repair of Building Water-works	770	855	111.1%	862	99.3%	(6)
Waterproofing of Building	427	384	89.9%	359	107.0%	25
Solar Photovoltaic power Generation System	297	403	135.5%	545	74.1%	(141)
Others	635	639	100.7%	658	97.3%	(18)
Operating Income	153	40	26.7%	90	45.5%	(49)

FY2011: ERD Division

■ Both of net sales and income increased compared with last year and got into the black for the full year.

The revenue of Waste Plastic Recycled increased compared with the budget, but net system energy demand and unit price of electric power selling fell short of budget because the recovery of damage caused to an undersea cable stretching between related facilities located in Hokkaido and Honshu was delayed later than had been expected. So, the Division's operation income fell short of budget.

Regarding incomes, the Division succeeded in cutting cost, as a whole and the Division's profitability tends to improve. But the Division's operating income fell short of budget because rise in crude oil prices led to an unexpected increase in costs such as supplies expenses and the revenue of Power Generation fell short of budget

(Millions of Yen)	FY2010	FY2011				
	Actual	Actual	% to last year	Projection	% of change	Difference
Total Net Sales	9,511	11,890	125.0%	11,940	99.6%	(49)
Waste Plastic Recycled	5,023	6,673	132.8%	6,605	101.0%	68
Organic Waste Water Recycled	1,444	1,595	110.5%	1,604	99.5%	(8)
Power Generation	1,427	2,303	161.3%	2,420	95.2%	(116)
Final Disposal	939	706	75.2%	716	98.6%	(9)
Others	676	611	90.3%	595	102.7%	16
Operation Income	(215)	287	—	485	59.3%	(197)

SANIX



Forecast for FY2012



Forecast for FY2012

Forecast for consolidated FY 2012

Net Sales	:	38,000 million yen	(FY2011:	31,454 million yen)
Operating Income	:	2,000 million yen	(FY2011:	409 million yen)
Ordinary Income	:	1,970 million yen	(FY2011:	347 million yen)
Net Income	:	1,820 million yen	(FY2011:	13 million yen)

HS Division

In the year before last and last year, we promoted the sales of existing products in the first half and Solar Photovoltaic Power Generation System in the second half. In the current fiscal year, we will sell Solar Photovoltaic Power Generation System positively for the full year and expect net sales to increase greatly compared with the previous term.

ES Division

Hereafter, the ES Division concentrated its resources on marketing to corporate customers, such as building and condominium management companies and promote the sales of Solar Power Generation System for housing complex.

ERD Division

The damage caused to an undersea cable stretching between related facilities located in Hokkaido and Honshu retrieved completely early in April.

We expect the revenue of Waste Plastic Recycled increased steadily and expect profitability to improve more due to stable and continuous operation by improvement of quality of fuel and reduction of the cost by operation.

FY2012 : Statement of Income (Projection)

(Millions of Yen)	FY2012							
	First-Half				Full-Year			
	Projection	% to sales	% to last year	Difference	Projection	% to sales	% to last year	Difference
Net Sales	18,940	100.0%	122.6%	3,487	38,000	100.0%	120.8%	6,545
HS	10,590	55.9%	119.4%	1,721	21,375	56.3%	127.2%	4,568
ES	1,480	7.8%	110.4%	138	2,955	7.7%	107.2%	197
ERD	6,870	36.3%	131.0%	1,626	13,670	36.0%	115.0%	1,779
Cost of Sales	12,691	67.0%	126.1%	2,630	25,035	65.9%	119.1%	4,022
Gross Profit	6,249	33.0%	115.9%	856	12,965	34.1%	124.2%	2,523
SG&A	5,614	29.6%	109.5%	488	10,965	28.9%	109.3%	932
Operating Income	635	3.4%	238.1%	368	2,000	5.3%	488.0%	1,590
Ordinary Income	615	3.2%	259.3%	377	1,970	5.2%	566.1%	1,622
Net Income	540	2.9%	—	540	1,820	4.8%	—	1,806

■ In the HS and ES Division, cost of sales increase due to a rise of the constituent ratio of the Solar Photovoltaic Power Generation System which cost rate is higher than existing products, but we expect its profitability to improve compared with the previous term by lower cost of purchase.

We expect to be a stable and continuous operation in Tomakomai Power Plant by phased regular maintenance by third quarter. As a result, we expect the Group's sales and income projection for full year to increase compared with the previous term.

FY2012: Segment Information (Projection)

(Millions of Yen)		FY2012							
		First-Half				Full-Year			
		Projection	% to sales	% to last year	Difference	Projection	% to sales	% to last year	Difference
HS	Net Sales	10,590	100.0%	119.4%	1,721	21,375	100.0%	127.2%	4,568
	Gross Profit	4,130	39.0%	92.2%	(347)	8,430	39.4%	111.4%	861
	SG&A	2,819	26.6%	99.3%	(18)	5,707	26.7%	106.6%	354
	Op.Income	1,311	12.4%	80.0%	(328)	2,723	12.7%	122.8%	506
ES	Net Sales	1,480	100.0%	110.4%	138	2,955	100.0%	107.2%	197
	Gross Profit	505	34.1%	118.2%	77	1,010	34.2%	112.4%	111
	SG&A	440	29.7%	100.1%	0	870	29.4%	101.4%	12
	Op.Income	65	4.4%	—	77	140	4.7%	341.7%	99
ERD	Net Sales	6,870	100.0%	131.0%	1,626	13,670	100.0%	115.0%	1,779
	Gross Profit	1,614	23.5%	330.9%	1,126	3,525	25.8%	178.6%	1,550
	SG&A	1,166	17.0%	153.8%	407	2,140	15.7%	126.9%	453
	Op.Income	448	6.5%	—	718	1,385	10.1%	481.3%	1,097
Group	Op.Income	(1,189)	—	—	(98)	(2,248)	—	—	(112)

FY2012 : HS Division (Projection)

<Forecast for the HS Division>

■Sales of existing products

●In the year before last and last year, sales of existing products decreased in the second half because we focused on sales of Solar Photovoltaic Power Generation System from the second half. In this term, we control a decrease in sales of existing products in the second half by increase of sales personnel after second quarter.

■Sales of Solar Photovoltaic Power Generation System

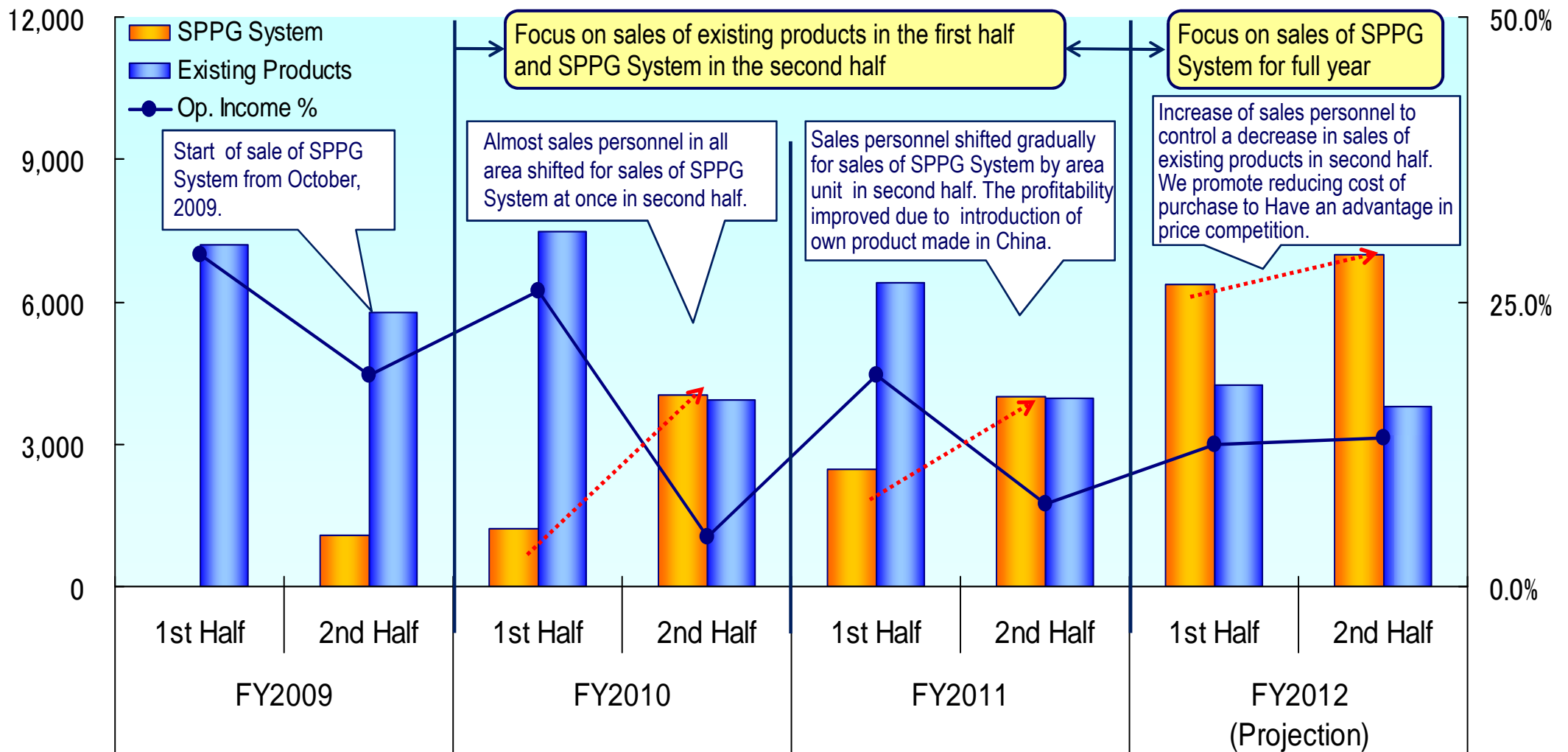
- For direct sales to customers, sales productivity per sales personnel for sales of Solar Photovoltaic Power Generation System has improved gradually. We promote sales of Solar Photovoltaic Power Generation System for full year.
- The Division's profitability improves due to increased sales ratio in our products. We work on still lower cost of purchase.

(Millions Of Yen)	FY2011 Actual	FY2012 Projection	Difference	
Net Sales	16,806	21,375	+4,568	●Net sales is expected to increase from the last year by selling the Solar Power Generation System steadily.
Gross Profit	7,568	8,430	+861	
SG&A	5,352	5,707	+354	●Increase of the costs for advertising/publicity campaigns and an increase of sales personnel.
Op.Income	2,216	2,723	+506	●The Division expects Op.Income of 2,723 million yen (Op.Income % : 12.7%)

FY2012 : HS Division (Projection)

Net sales and Operating income margin

(Millions of Yen)



FY2012 : ES Division (Projection)

<Forecast for the ES Division>

■The Division promotes marketing to corporate customers and focus on the acquisition of new partners

- Regarding the sales of existing products, the Division will strive to promote sales of anti-rust equipment installation with higher profit.
- The Division sets the Solar Photovoltaic Power Generation System as the second mainstay, and assign dedicated sales personnel for each products, Solar Photovoltaic Power Generation System and existing products.

(Millions of Yen)	FY2011 Actual	FY2012 Projection	Difference	
Net Sales	2,757	2,955	+197	●Net sales is expected to increase from the last year by selling the Solar Power Generation System steadily.
Gross Profit	898	1,010	+111	
SG&A	857	870	+12	●An increase of personal expenses by an increase of sales personnel.
Op.Income	40	140	+99	●The Division expects Op.Income of 140 million yen (Op.Income % : 4.7%)

FY2012 : ERD Division (Projection)

<Forecast for the ERD Division>

■Resource-recycling Power Generation Business

- Tomakomai Power Plant will be conducted separate regular maintenance in May, August and November to minimize unexpected troubles, improving rate of operation in Tomakomai Power Plant.
- Regarding waste plastic processing, we will continue to focus on expanding the volume of waste plastic accepted and improving quality.

■Organic Wastewater Processing Business

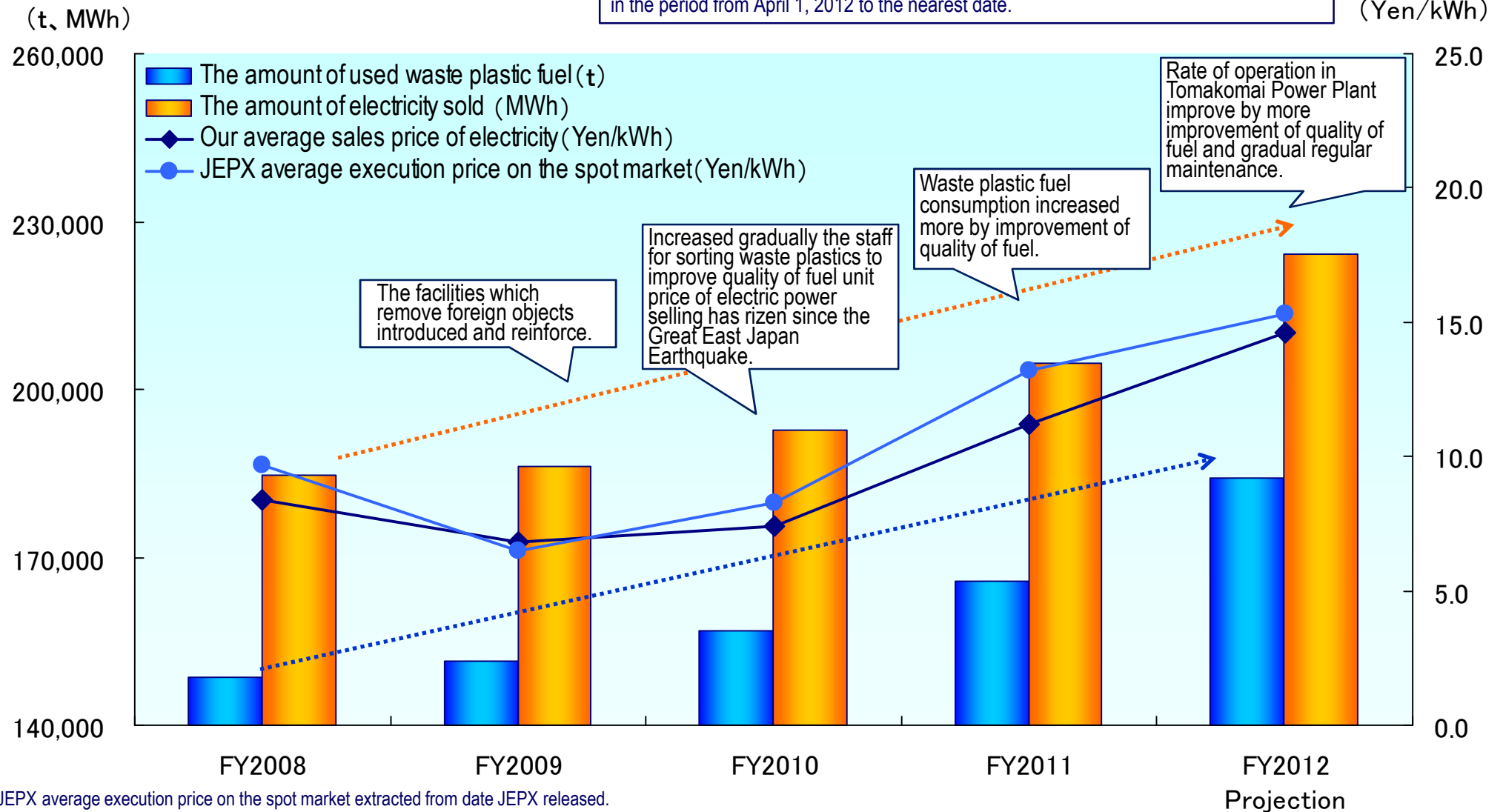
- The Division continues to concentrate on reducing costs, improving and keeping earning structure.

(Millions of Yen)	FY2011 Actual	FY2012 Projection	Difference	
Net Sales	11,890	13,670	+1,779	●Improving rate of operation and rise of unit price of electric power selling in Tomakomai Power Plant and an increase of revenue by increasing the volume of waste plastics brought in.
Gross Profit	1,974	3,525	+1,550	●Reduction of costs of sales and cost by stable operation of the Tomakomai Power Plant.
SG&A	1,686	2,140	+453	●Increase in sales charge due to an expanded volume of waste brought in.
Op.Income	287	1,385	+1,097	●The Division expects Op.Income of 1,385 million yen (Op.Income % : 10.1%)

FY2012 : ERD Division (Projection)

■ Tomakomai Power Plant (Power Generation)

※「JEPX」... General incorporated association Japan Electric Power Exchange
 ※“JEPX average execution price on the spot market” in FY2012 shows the average price in the period from April 1, 2012 to the nearest date.

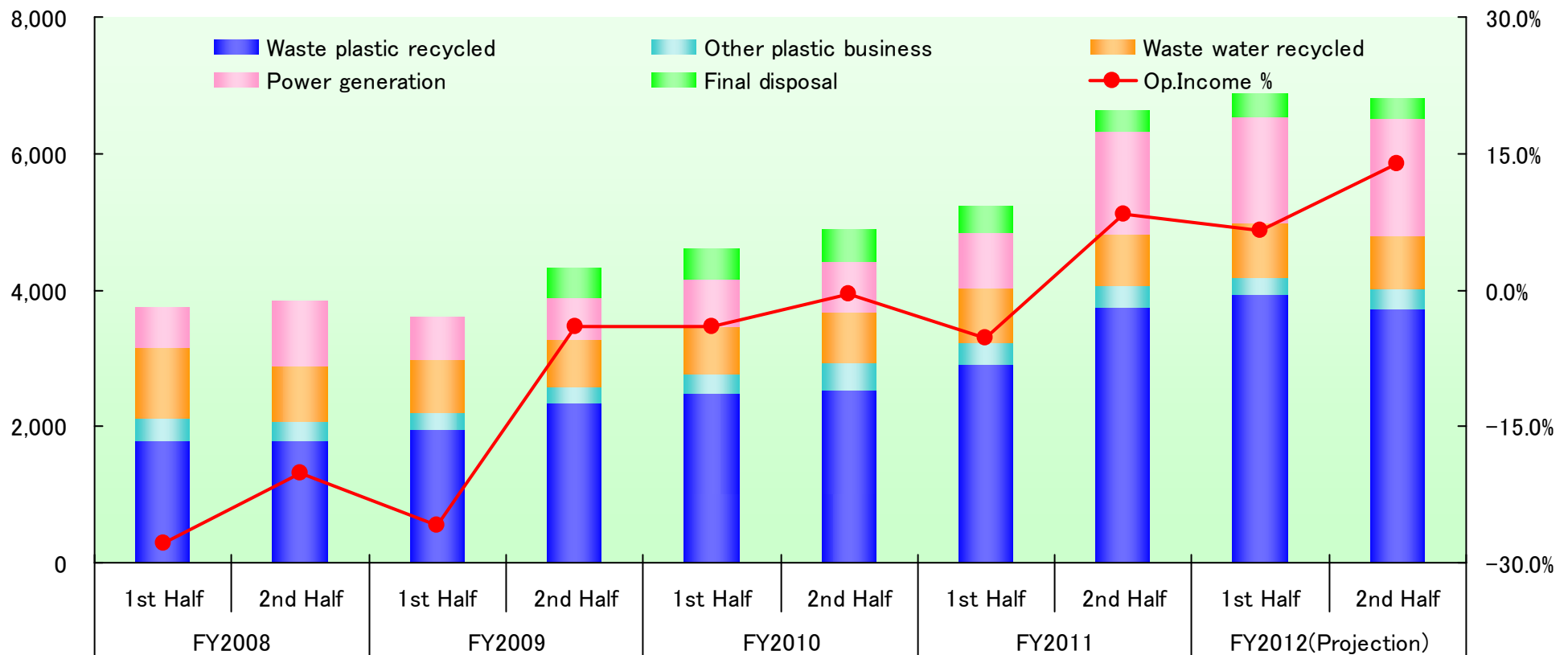


※ JEPX average execution price on the spot market extracted from date JEPX released.

FY2012 : ERD Division (Projection)

Net sales by product and operating income margin

(Millions of Yen)



We improve rate of operation in Tomakomai Power Plant by conducting a regular repair, which was intensively carried out annually in the first quarter, quarterly until the third quarter. We expect the profitability in Resource-recycling Power Generation Business to improve more because sales of Waste Plastic Recycled will increase steadily. We assume that profitability will be achieved over the course of the full financial year.

Solar Photovoltaic Power Generation Systems for Public/ Industrial Use

In line with the enactment of the “Act on Special Measures Concerning Renewable Energy Sources”, we will make system to entry into the market for Solar Photovoltaic Power Generation Systems for Public/ Industrial Use.

【 Act on Special Measures Concerning Renewable Energy Sources 】
 Introduction of the Feed-in Tariff Scheme for Renewable Energy for the purpose of promotion, along with the current home-use solar photovoltaic power generation subsidy program, raise needs for large-scale solar photovoltaic power generation systems.

【The present act on special measures】 ※Not applicable if a private power generation facility

	Less than 10kW	10kW or more and less than 500kW	500kW or more
Home use	40 Yen/kWh Purchase of surplus power	40 Yen/kWh Purchase of surplus power	
Non-home use			
Business use	Not applicable in Feed-in-Tariff Scheme		

【Plan after July, 2012】 ※Not applicable if a private power generation facility

	Less than 10kW	10kW or more and less than 500kW	500kW or more
Home use	42 Yen/kWh Purchase of surplus power		
Non-home use			
Business use	42 Yen/kWh(before tax) Purchase all electric power generation		

※ The price proposal submitted to METI by the Procurement Price Calculation Committee on April 27

- HS Division – SPPG System for detached housing
- ES Division – SPPG System for housing complex

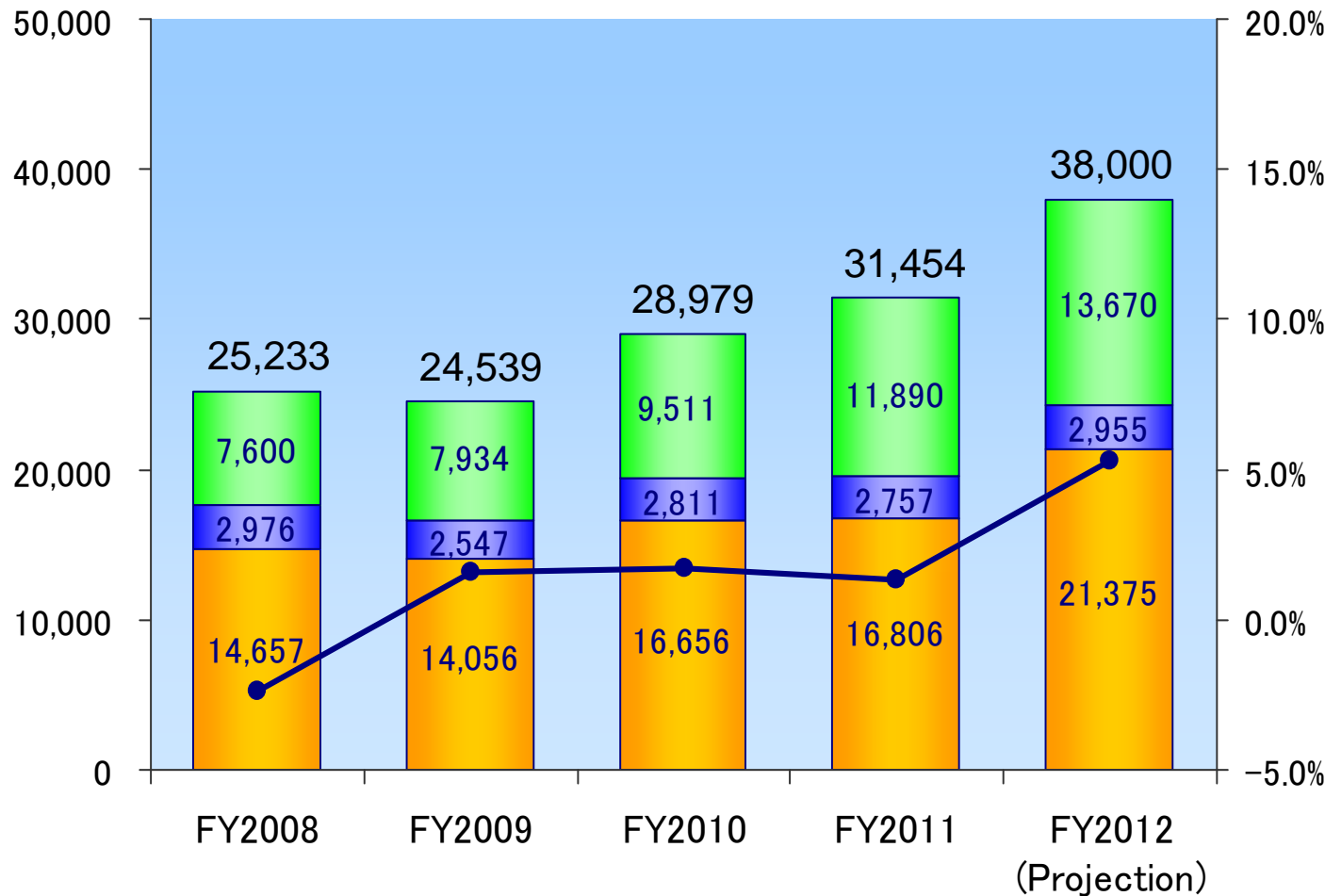
- SANIX ENGINEERING Inc. (Established in January, 2012)
 — SPPG Systems for Public/ Industrial Use

Sanix Group is able to cover all types of SPPG Systems, including those for home use, non-home use and business uses!

FY2012 : Whole Group

Net sales by segment and operating income margin

(Millions of Yen)



Forecast for FY2012

Net Sales : 38,000MY

Op.Income : 2,000MY

Op.Income % : 5.3%

