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SANIX



Consolidated Financial Statements

For the First Quarter ended June 30, 2012

SANIX INCORPORATED

August 9, 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.

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Summary of 1st Quarter

Summary of 1st Quarter

In the current first quarter, both sales and income increased compared to previous period.

Net Sales	:	8,822 million yen	(Up 1,317 million yen from last year)
Operating Income	:	△115 million yen	(Up 202 million yen from last year)
Ordinary Income	:	△115 million yen	(Up 209 million yen from last year)
Net Income	:	△170 million yen	(Up 268 million yen from last year)

◆Net Sales◆

The sales of Solar Photovoltaic Power Generation System in the HS Division and the ES Division and the sales of Plastic fuel business and Power Generation in the ERD Division increased compared to previous period. As a result, the Group's total sales amounted to 8,822 million yen (17.6% increase year-on-year).

◆Earnings◆

Although operating income in the HS Division decrease compared to previous period by rising the constituent ratio of the Solar Photovoltaic Power Generation System with higher cost rate, operating income in the ERD Division increased greatly compared to previous period by increasing sales greatly compared to previous period. As a result, the Group reported operating loss of 115 million yen (operating loss of 317 million yen for the same period last year).

1st Quarter : Statement of Income

(Millions of Yen)	FY2011		FY2012					
	1st Quarter		1st Quarter					
	Actual	% to sales	Actual	% to sales	% to last year	Projection	% of change	Difference
Net Sales	7,505	100.0%	8,822	100.0%	117.6%	9,165	96.3%	(342)
HS	4,463	59.5%	4,501	51.0%	100.9%	5,065	88.9%	(563)
ES	677	9.0%	723	8.2%	106.8%	730	99.1%	(6)
ERD	2,364	31.5%	3,597	40.8%	152.1%	3,370	106.8%	227
Cost of Sales	5,209	69.4%	6,268	71.1%	120.3%	6,202	101.1%	66
Gross Profit	2,296	30.6%	2,554	28.9%	111.2%	2,963	86.2%	(408)
SG&A	2,613	34.8%	2,669	30.3%	102.1%	2,835	94.2%	(165)
Operating Income	(317)	—	(115)	—	—	128	—	(243)
Ordinary Income	(325)	—	(115)	—	—	123	—	(238)
Net Income	(439)	—	(170)	—	—	86	—	(256)

■ Sales and income in ERD Division increased compared with the budget because sales of Plastic fuel business and Power generation in the main business, Resource-recycling Power Generation System, increased steadily. Regarding HS Division, sales of Solar Photovoltaic Power Generation System was almost in line with the budget, but sales of existing products including Termite Eradication Service with high profitability fell short of the budget. As a result, the Group's total sales and income fell short of the budget.

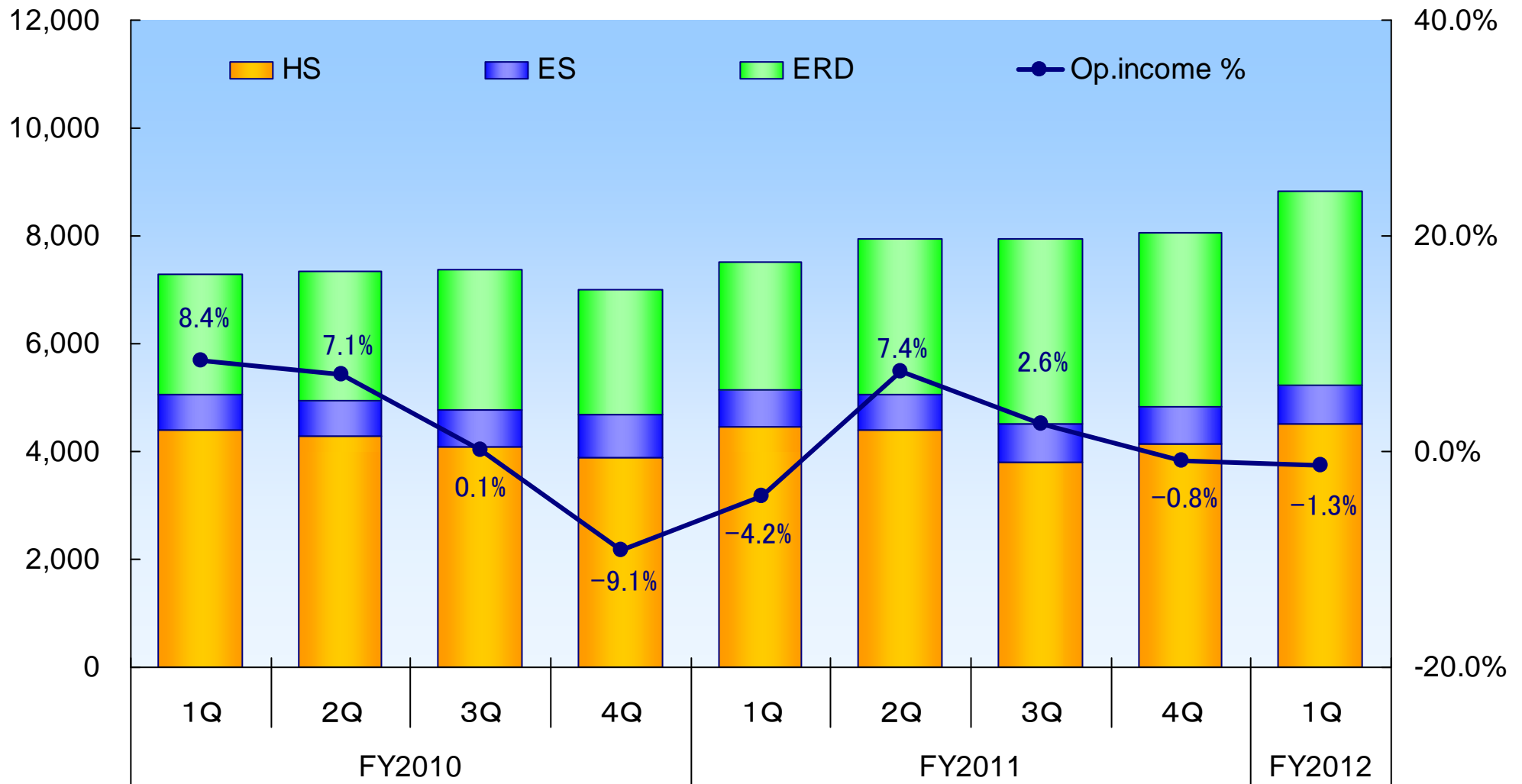
1st Quarter : Segment Information

(Millions of Yen)		FY 2011		FY 2012					
		1st Quarter		1st Quarter					
		Actual	% to last year	Actual	% to sales	% to last year	Projection	% of change	Difference
HS	Net Sales	4,463	101.3%	4,501	100.0%	100.9%	5,065	88.9%	(563)
	Gross Profit	2,185	81.7%	1,472	32.7%	67.4%	1,940	75.9%	(467)
	SG&A	1,417	102.1%	1,351	30.0%	95.3%	1,404	96.2%	(52)
	Op.Income	768	59.8%	121	2.7%	15.8%	536	22.6%	(414)
ES	Net Sales	677	104.3%	723	100.0%	106.8%	730	99.1%	(6)
	Gross Profit	214	90.1%	223	31.0%	104.2%	255	87.8%	(31)
	SG&A	226	124.2%	212	29.4%	93.7%	217	97.9%	(4)
	Op.Income	(11)	—	11	1.6%	—	38	30.2%	(26)
ERD	Net Sales	2,364	106.5%	3,597	100.0%	152.1%	3,370	106.8%	227
	Gross Profit	(104)	—	857	23.8%	—	768	111.7%	89
	SG&A	387	100.9%	563	15.7%	145.5%	573	98.3%	(9)
	Op.Income	(491)	—	294	8.2%	—	195	151.0%	99
Group	Op.Income	(582)	—	(542)	—	—	(641)	—	98

1st Quarter : Segment Information (2)

■ Net Sales by Segment and Operating Income Margin

(Millions of Yen)



1st Quarter : HS Division

■ Sales of Solar Photovoltaic Power Generation System increased steadily, but total sales fell short of budget.

Sales of existing products including Termite Eradication Service fell short of the budget because requests on peak season fell short of our expectation. Regarding sales of Solar Photovoltaic Power Generation System, for Direct sales to customers, our sales structure including personal distribution has already completed, so we promoted sales positively. But, the Division's sales fell short of budget because existing products fell short of the budget. As a result, the Division's operating income recorded 121 million yen which fell short of budget.

(Millions of Yen)	FY 2011				FY 2012				
	1Q	2Q	3Q	4Q	1Q				
	Actual	Actual	Actual	Actual	Actual	% to last year	Projection	% of change	Difference
Total Net Sales	4,463	4,405	3,809	4,129	4,501	100.9%	5,065	88.9%	△ 563
Solar Photovoltaic Power Generation System	1,400	1,056	1,405	2,581	2,791	199.4%	2,963	94.2%	△ 171
Termite Eradication Service	1,228	1,123	602	544	703	57.3%	918	76.7%	△ 214
Under-Floor/-Roof Ventiration System	573	731	509	279	271	47.3%	373	72.6%	△ 102
Foundation Treatment/House Reinforcement	484	474	433	221	186	38.5%	321	57.9%	△ 135
Others	777	1,019	858	502	548	70.6%	488	112.4%	60
Operating Income	768	871	268	308	121	15.8%	536	22.6%	△ 414

1st Quarter : ES Division

■ Sales of Solar Photovoltaic Power Generation System and existing products were almost in line with the budget.

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. Sales of Solar Photovoltaic Power Generation System for housing complex was in line with the budget by revising sales price, but the Division's operating income fell short of the budget because costs of materials exceed our expectation.

(Millions of Yen)	FY 2011				FY 2012				
	1Q	2Q	3Q	4Q	1Q				
	Actual	Actual	Actual	Actual	Actual	% to last year	Projection	% of change	Difference
Total Net Sales	677	663	706	709	723	106.8%	730	99.1%	△ 6
Anti-Rust Equipment Installation	118	105	113	135	149	125.9%	150	99.8%	△ 0
Repair of Building Water-works	210	202	231	211	211	100.4%	230	91.8%	△ 18
Waterproofing of Building	99	109	76	98	74	74.7%	80	92.7%	△ 5
Solar Photovoltaic power Generation System	93	85	132	92	119	128.3%	126	94.7%	△ 6
Others	155	161	152	171	168	108.6%	144	117.3%	24
Operating Income	△ 11	△ 0	11	41	11	—	38	30.2%	△ 26

1st Quarter : ERD Division

■ It was steadily generally, and sales and income increased compared to previous period and the budget.

The Division's sales in the first quarter was steadily generally. Especially, sales of Plastic fuel business exceeded the budget greatly due to increase in the volume of plastics brought in and recovery of Tagajo plant (Miyagi Prefecture). In addition, sales of Power Generation was almost in line with the budget.

The Division's operating income exceeded the budget due to increasing sales and reduction of costs.

(Millions of Yen)	FY 2011				FY 2012				
	1Q	2Q	3Q	4Q	1Q				
	Actual	Actual	Actual	Actual	Actual	% to last year	Projection	% of change	Difference
Total Net Sales	2,364	2,878	3,427	3,219	3,597	152.1%	3,370	106.8%	227
Platic fuel	1,364	1,548	1,831	1,929	2,137	156.6%	1,929	110.7%	207
Organic Waste Water Recycled	401	420	407	366	412	102.7%	397	103.9%	15
Power Generation	200	601	832	668	752	375.9%	790	95.3%	△ 37
Final Disposal	234	159	191	120	151	64.5%	143	105.9%	8
Others	164	147	164	134	144	87.9%	110	130.9%	34
Operating Income	△ 491	221	432	125	294	—	195	151.0%	99

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Forecast for FY2012



Forecast for FY2012

*There is no change for business results forecast.

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

Sales of existing products fell short of the budget in the first quarter. So, after second quarter, we will promote sales of Solar Photovoltaic Power Generation System positively.

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 similar to the HS Division.

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.

FY2012 : Statement of Income (Projection)

*There is no change for business results forecast.

(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

FY2012: Segment Information (Projection)

*There is no change for business results forecast.

(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
Gro up	Op.Income	△ 1,189	—	—	△ 98	△ 2,248	—	—	△ 112

FY2012 : HS Division (Projection)

■ Sales of Solar Photovoltaic Power Generation System

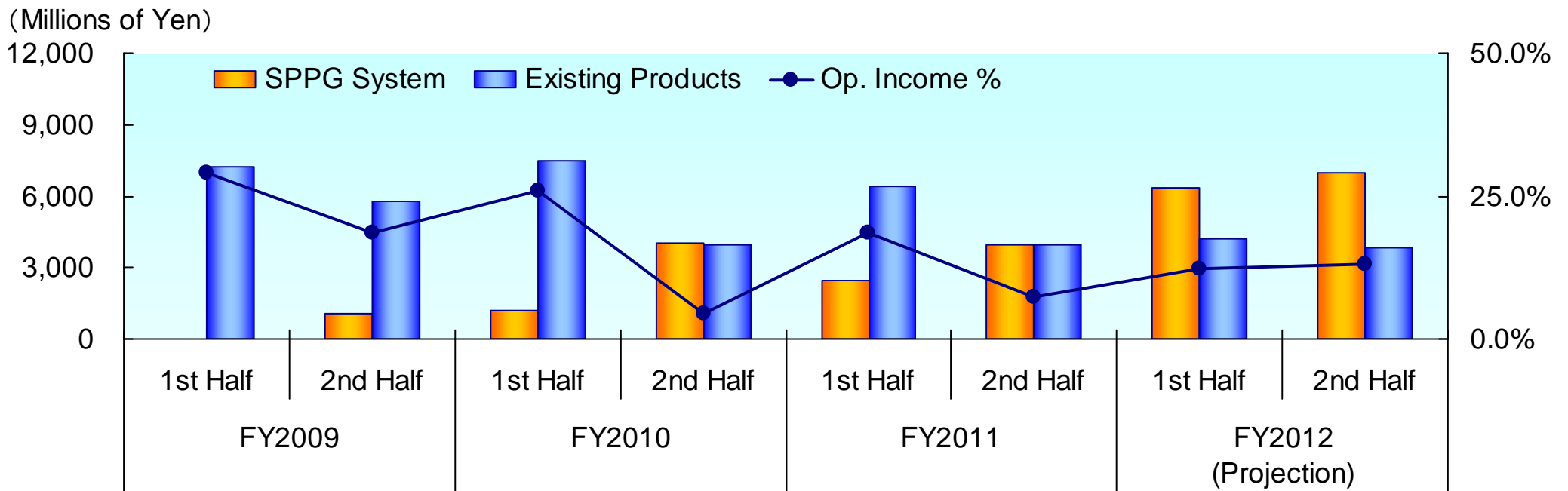
- We reduce costs of materials by upgrading and expanding raw material procurement from China, and we expect profit margin to improve.
- We enhance our construction efficiency and intend to improve productivity.
- We will revise sales price and promote sales positively.

■ Sales of existing products

We control a decrease in sales of existing products by increase of sales personnel after second quarter.



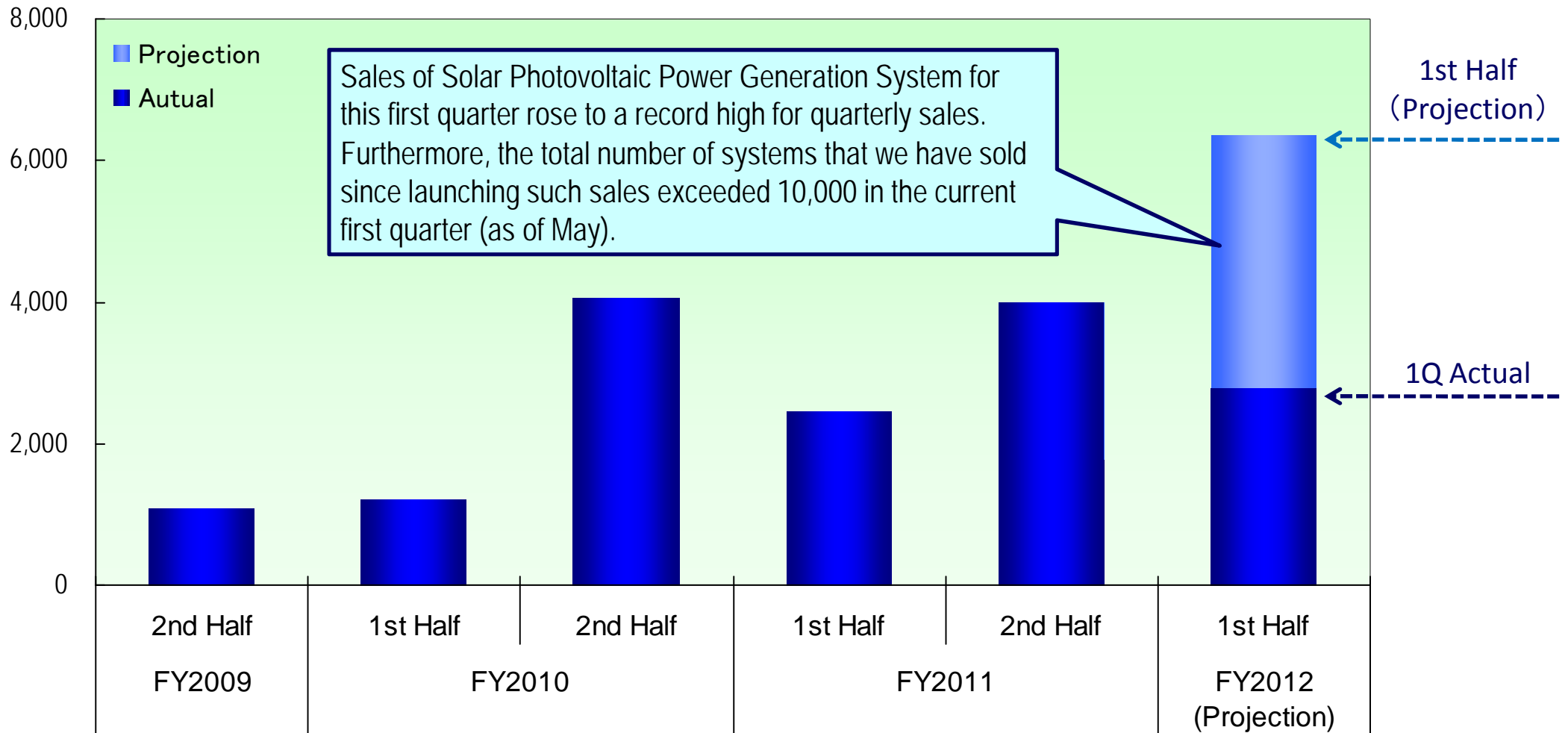
■ Net sales and Operating income margin



FY2012 : HS Division (Projection)

■ HS Division SPPG System Sales

(Millions of Yen)



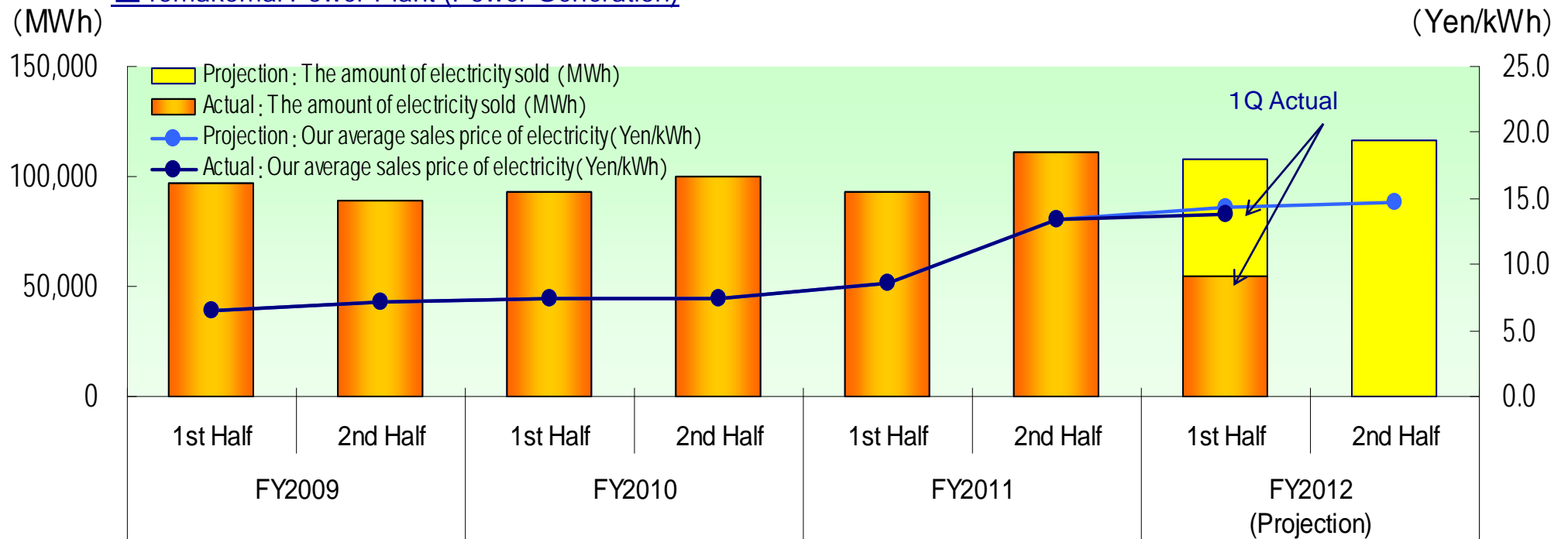
FY2012 : ERD Division (Projection)

■ Resource-recycling Power Generation Business

- The plastics brought in increased steadily (up 15.0% year-on-year).
- Recovery of plants of each of two systems completed and try to expand the volume of plastic accepted after second quarter.
- Tomakomai Power Plant has kept stable and continuous operation without a great trouble since a regular maintenance was over. Also, Power Generation is in line with the budget.



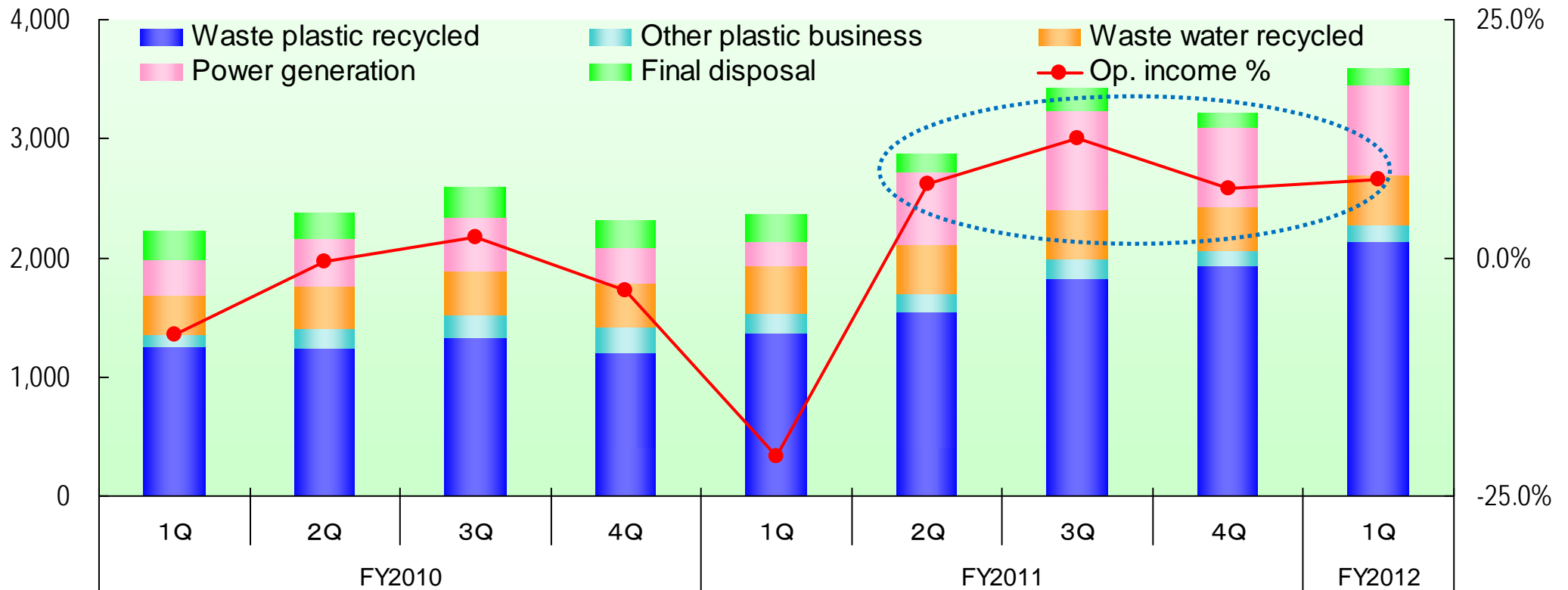
■ Tomakomai Power Plant (Power Generation)



FY2012 : ERD Division (Projection)

■ Net sales by product and operating income margin

(Million of Yen)

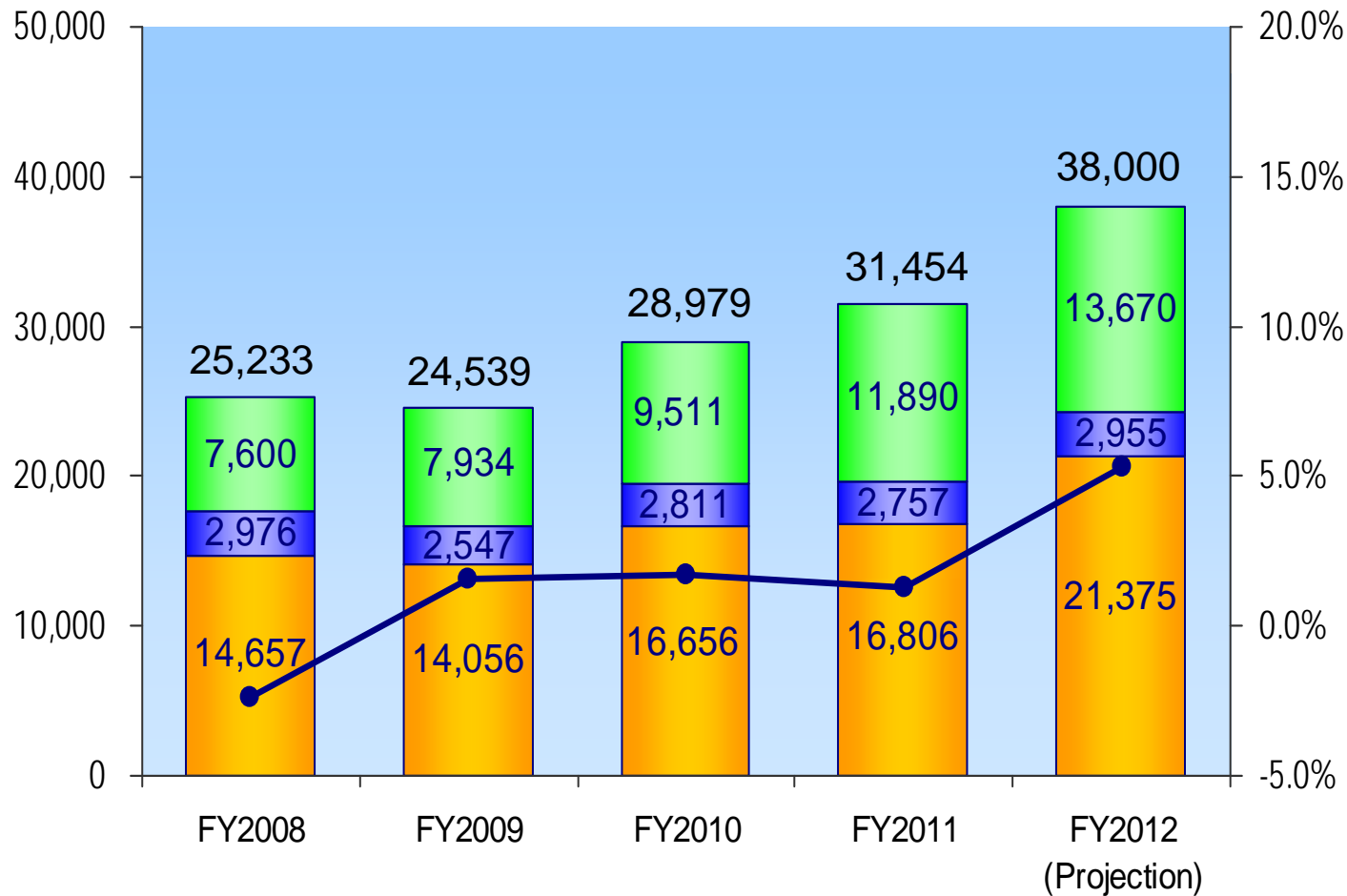


The profitability of Resource-recycling Power Generation Business has been improving by the following reasons; Tomakomai Power Plant has kept stable and continuous operation; the plastics brought in have increased steadily. The Division keep trying to increase and stabilize earning.

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%



Solar Photovoltaic Power Generation Systems for Industrial Use

Sales of Solar Photovoltaic Power Generation System for Industrial use start by taking advantage of our sale result for Home Use (over 10,000)

■ The purchase program for the full amount of Renewable Electricity under the Act on Special Measures Concerning Renewable Energy Sources and our group company sales activities for solar photovoltaic power generation systems

	Sales of home-use SPPG System in the HS and ES Division	Sales of SPPG System for Industrial Use
System capacity	Less than 10 kW	10kW or more
Main target for sale	Home Use	Public / Industrial Use
Purchase price/ term	42 yen/kWh(before tax) purchase of surplus power for 10 years	42 Yen/kWh(before tax) purchase all electric power generation
System facilities	A facility system capacity of less than 50kW	A facility system capacity of 50kW or more

※Electric power companies may purchase surplus electric power of SPPG systems of 10kW or more. As for PV systems of less than 10kW, they purchase only surplus electric power.

We actively sell industrial solar photovoltaic power generation systems of less than 50kW for low-voltage electrical power receiving equipment by taking advantage of our sales know-how for residential solar photovoltaic power generation systems. We focus more on such systems because those with a facility system capacity of 50kW or more are geared for high-voltage electrical power receiving equipment and have a high initial cost and require time to process the various application procedures needed for installation.