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SANIX



Consolidated Financial Statements

For the 3rd Quarter ended December 31, 2012

SANIX INCORPORATED

February 13, 2013

(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 3rd Quarter



Summary of 3rd Quarter

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

Net Sales	: 27,402 Million Yen	(Up 4,006 million yen compared to the same period last year)
Operating Income	: 166 Million Yen	(Down 305 million yen compared to the same period last year)
Ordinary Income	: 84 Million Yen	(Down 343 million yen compared to the same period last year)
Net Loss	: 125 Million Yen	(Down 174 million yen compared to the same period last year)

◆ Net Sales ◆

Net Sales increased steadily from the last year because the sales of Solar Photovoltaic Power Generation System in the HS Division and the ES Division. Sales in the ERD Division vastly increased because sales of Waste Plastic Recycled and Power Generation increased steadily. As a result, the Group's total sales amounted to 27,402 million yen (17.1% increase year-on-year).

◆ Earnings ◆

Operating income in the ERD Division increased greatly year-on-year by increasing sales, but operating income in the HS Division decreased year-on-year because after the enactment of the "Act on Special Measures Concerning Renewable Energy Sources", sales promotion expenses as prior investment increased for sales of Industrial Solar Photovoltaic Power Generation System.

As a result, we reported operating income of 166 million yen (decreased by 64.8% from the last year).

3rd Quarter : Statement of Income

(Millions of Yen)	FY2011				FY2012			
	9-month				9-month			
	Actual	% to sales	% to last year	Difference	Actual	% to sales	% to last year	Difference
Net Sales	23,395	100.0%	106.5%	1,421	27,402	100.0%	117.1%	4,006
HS	12,677	54.2%	99.2%	(97)	14,048	51.3%	110.8%	1,370
ES	2,047	8.7%	102.6%	51	2,271	8.3%	111.0%	224
ERD	8,670	37.1%	120.4%	1,468	11,082	40.4%	127.8%	2,411
Cost of Sales	15,355	65.6%	114.1%	1,899	18,653	68.1%	121.5%	3,297
Gross Profit	8,039	34.4%	94.4%	(477)	8,748	31.9%	108.8%	708
SG&A	7,568	32.3%	102.6%	188	8,582	31.3%	113.4%	1,014
Operating Income	471	2.0%	41.4%	(666)	166	0.6%	35.2%	(305)
Ordinary Income	427	1.8%	39.6%	(652)	84	0.3%	19.7%	(343)
Net Income	48	0.2%	7.0%	(644)	(125)	—	—	(174)

■ Net Sales increased steadily from the last year because the sales of Solar Photovoltaic Power Generation System in the HS Division and the ES Division. Sales in the ERD Division vastly increased because sales of Waste Plastic Recycled and Power Generation increased steadily.

Operating income decreased year-on-year due to increasing sales promotion expenses as prior investment to focus on sales of Industrial Solar Photovoltaic Power Generation System from the third quarter.

3rd Quarter: Segment Information

(Millions of Yen)		FY2011				FY2012			
		9-month				9-month			
		Actual	% to sales	% to last year	Difference	Actual	% to sales	% to last year	Difference
HS	Net Sales	12,677	100.0%	99.2%	(97)	14,048	100.0%	110.8%	1,370
	Gross Profit	6,049	47.7%	89.9%	(682)	5,437	38.7%	89.9%	(611)
	SG&A	4,141	32.7%	102.1%	84	4,507	32.1%	108.8%	365
	Op.Income	1,908	15.1%	71.3%	(766)	930	6.6%	48.8%	(977)
ES	Net Sales	2,047	100.0%	102.6%	51	2,271	100.0%	111.0%	224
	Gross Profit	651	31.8%	87.6%	(92)	720	31.7%	110.6%	68
	SG&A	652	31.8%	109.1%	54	670	29.5%	102.9%	18
	Op.Income	(0)	—	—	(146)	49	2.2%	—	49
ERD	Net Sales	8,670	100.0%	120.4%	1,468	11,082	100.0%	127.8%	2,411
	Gross Profit	1,338	15.4%	128.5%	297	2,590	23.4%	193.5%	1,251
	SG&A	1,176	13.6%	100.0%	(0)	1,663	15.0%	141.3%	486
	Op.Income	162	1.9%	—	297	927	8.4%	572.2%	765
Group	Op.Income	(1,598)	—	—	(50)	(1,741)	—	—	(142)

3rd Quarter : Statement of Income

(Millions of Yen)	FY2012							
	1st Quarter		2nd Quarter		3rd Quarter			
	Actual	Difference	Actual	Difference	Actual	% to sales	% to last year	Difference
Net Sales	8,822	1,317	9,361	1,414	9,217	100.0%	116.0%	1,274
HS	4,501	38	4,818	413	4,727	51.3%	124.1%	918
ES	723	46	729	65	819	8.9%	116.0%	112
ERD	3,597	1,232	3,814	935	3,670	39.8%	107.1%	242
Cost of Sales	6,268	1,059	6,069	1,218	6,315	68.5%	119.3%	1,019
Gross Profit	2,554	258	3,292	196	2,902	31.5%	109.6%	254
SG&A	2,669	55	2,652	140	3,260	35.4%	133.5%	817
Operating Income	(115)	202	639	55	(358)	—	—	(562)
Ordinary Income	(115)	209	624	61	(424)	—	—	(614)
Net Income	(170)	268	549	110	(505)	—	—	(553)

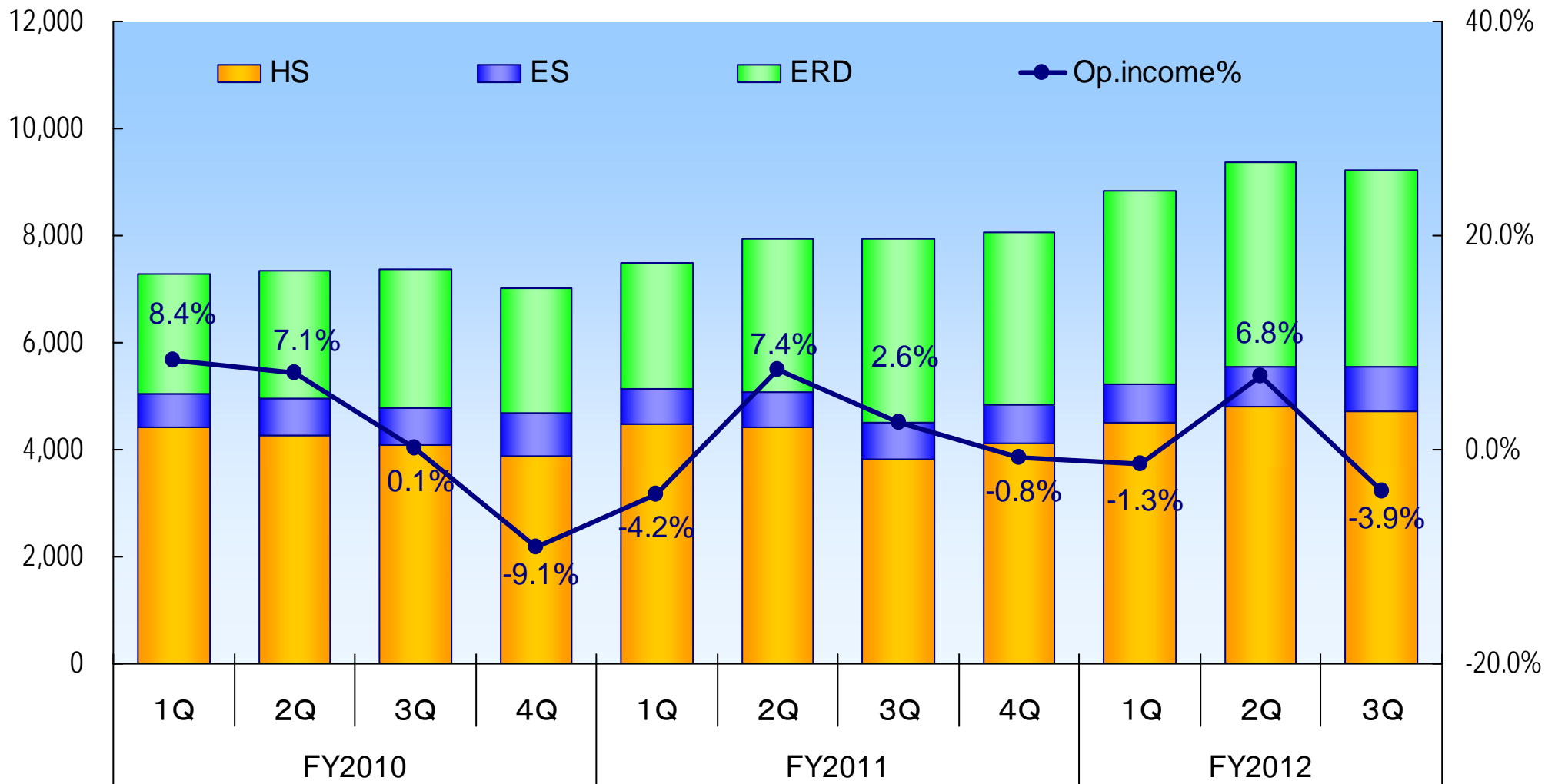
3rd Quarter : Segment Information

(Millions of Yen)		FY2012							
		1st Quarter		2nd Quarter		3rd Quarter			
		Actual	Difference	Actual	Difference	Actual	% to sales	% to last year	Difference
HS	Net Sales	4,501	38	4,818	413	4,727	100.0%	124.1%	918
	Gross Profit	1,472	(713)	1,984	(306)	1,980	41.9%	126.0%	408
	SG&A	1,351	(66)	1,288	(131)	1,866	39.5%	143.2%	563
	Op.Income	121	(647)	695	(175)	113	2.4%	42.4%	(154)
ES	Net Sales	723	46	729	65	819	100.0%	116.0%	112
	Gross Profit	223	9	252	40	243	29.8%	108.7%	19
	SG&A	212	(14)	213	0	245	29.9%	115.4%	32
	Op.Income	11	23	39	39	(1)	—	—	(13)
ERD	Net Sales	3,597	1,232	3,814	935	3,670	100.0%	107.1%	242
	Gross Profit	857	962	1,055	462	677	18.5%	79.6%	(173)
	SG&A	563	176	556	185	543	14.8%	129.8%	124
	Op.Income	294	786	498	277	134	3.7%	31.0%	(298)
Group	Op.Income	(542)	39	(593)	(85)	(604)	—	—	(96)

3rd Quarter : Segment Information (2)

■ Net Sales by Segment and Operating Income Margin

(Millions of Yen)



3rd Quarter: HS Division

■ Sales of Solar Photovoltaic Power Generation System increased steadily. As a whole, net sales increased, but operating income decreased year-on-year.

After the enactment of the "Act on Special Measures Concerning Renewable Energy Sources", it raise needs for Industrial Solar Photovoltaic Power Generation System, so that we promoted sales of Industrial Solar Photovoltaic Power Generation System for direct sales to customers and orders from end users to dealers from third quarter. As a result, the cumulative sales of Solar Photovoltaic Power Generation System until the third quarter was 8,966 million yen , which increased by 132.2% year-on-year. Operating income was 930 million yen, which decreased year-on-year due to increasing sales promotion expenses as prior investment and a decline of the constituent ratio of the existing products with higher profitability.

(Millions of Yen)	FY2011			FY2012		
	9-month			9-month		
	Actual	% to last year	Difference	Actual	% to last year	Difference
Total Net Sales	12,677	99.2%	(97)	14,048	110.8%	1,370
Solar Photovoltaic Power Generation System	3,861	138.0%	1,064	8,966	232.2%	5,105
Termite Eradication Service	2,953	86.9%	(445)	1,966	66.6%	(987)
Under-Floor/-Roof Ventiration System	1,813	75.6%	(584)	914	50.5%	(898)
Foundation Treatment/ House Reinforcement	1,392	72.7%	(523)	546	39.3%	(845)
Others	2,656	117.3%	391	1,652	62.2%	(1,003)
Operating Income	1,908	71.3%	(766)	930	48.8%	(977)

3rd Quarter: ES Division

■ Sales of existing products and Solar Photovoltaic Power Generation System increased steadily, so that sales and operation income increased year-on-year.

The Division has concentrated its resources on marketing to corporate customers, such as building and condominium management companies, so that sales of Anti-rust equipment installation increased steadily.

Sales of Solar Photovoltaic Power Generation System in the third quarter of the fiscal year increased vastly year-on-year due to promoting sales of Industrial Solar Photovoltaic Power Generation System.

Regarding operating margins, the Division's operating income recorded 49 million yen because sale increased.

(Millions of Yen)	FY2011			FY2012		
	9-month			9-month		
	Actual	% to last year	Difference	Actual	% to last year	Difference
Total Net Sales	2,047	102.6%	51	2,271	111.0%	224
Anti-rust Equipment Installation	338	65.7%	(176)	485	143.5%	147
Repair of Building Water-works	644	110.6%	61	567	88.1%	(76)
Waterproofing of Building	285	79.9%	(71)	228	80.0%	(56)
Solar Photovoltaic Power Generation System	310	587.7%	257	547	176.2%	236
Others	468	95.9%	(19)	443	94.5%	(25)
Operation Income	(0)	—	(146)	49	—	49

3rd Quarter: ERD Division

■ The Division as a whole kept steadily, so that sales and income increased vastly year-on-year.

The volume of the plastics brought in increased steadily, so the cumulative sales of Plastic fuel until the third quarter was 6,637 million yen, which increased by 39.9% year-on-year. The cumulative sales of Power Generation until the third quarter was 2,325 million yen, which increased by 42.2% year-on-year (December saw record-high income for a single month) because Tomakomai Power Plant kept stable and continuous operation after a regular maintenance in November in addition to improving quality of fuel. As a result, the Division's operating income was 927 million yen, which increased vastly year-on-year.

(Millions of Yen)	FY2011			FY2012		
	9-month			9-month		
	Actual	% to last year	Difference	Actual	% to last year	Difference
Total Net Sales	8,670	120.4%	1,468	11,082	127.8%	2,411
Plastic fuel	4,743	124.2%	923	6,637	139.9%	1,893
Organic Waste Water Recycled	1,229	114.9%	159	1,157	94.1%	(72)
Power Generation	1,635	143.0%	492	2,325	142.2%	690
Final Disposal	585	82.4%	(125)	493	84.3%	(91)
Others	476	104.2%	19	468	98.2%	(8)
Operating Income	162	—	297	927	572.2%	765

SANIX



Forecast for FY2012



Forecast for FY2012

Forecast for consolidated FY 2012

Net Sales	:	43,500 million yen	(FY2011 : 31,454 million yen)
Operating Income	:	2,600 million yen	(FY2011 : 409 million yen)
Ordinary Income	:	2,480 million yen	(FY2011 : 347 million yen)
Net Income	:	2,100 million yen	(FY2011 : 13 million yen)

HS Division

The number of quotation requests for industrial photovoltaic power systems grew dramatically by positive sales promotion in the third quarter. The division makes application procedures streamline and also makes the contracting system strengthen, and promotes sales to win over last-minute demand at the end of fiscal year. We expects sales to increase vastly year-on-year.

ES Division

Hereafter, the division concentrates its resources on marketing to corporate customers, such as building and condominium management companies and promotes our cultivation of relations with our existing business partners and the acquisition of new partners. Regarding Solar Photovoltaic Power Generation System for housing complex, demands of Industrial Solar Photovoltaic Power Generation System are increasing, so we promote sales to win over last-minute demand at the end of fiscal year.

ERD Division

The volume of the plastics brought in are expected to increased steadily. 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.

FY2012 : Statement of Income (Projection)

(Millions of Yen)	FY2011		FY2012				
	Full-Year		Full-Year				
	Actual	% to sales	Revised Forecast	% to sales	% to last year	Previous Forecast	Difference
Net Sales	31,454	100.0%	43,500	100.0%	138.3%	38,000	5,500
HS	16,806	53.4%	25,000	57.5%	148.7%	21,375	3,625
ES	2,757	8.8%	3,465	8.0%	125.7%	2,955	510
ERD	11,890	37.8%	15,035	34.5%	126.4%	13,670	1,365
Cost of Sales	21,012	66.8%	29,170	67.1%	138.8%	25,035	4,135
Gross Profit	10,441	33.2%	14,330	32.9%	137.2%	12,965	1,365
SG&A	10,032	31.9%	11,730	27.0%	116.9%	10,965	765
Operating Income	409	1.3%	2,600	6.0%	634.3%	2,000	600
Ordinary Income	347	1.1%	2,480	5.7%	712.7%	1,970	510
Net Income	13	0.0%	2,100	4.8%	—	1,820	280

■ HS and ES Division will promote positive sales of Industrial Solar Photovoltaic Power Generation System to win over last-minute demand at the end of fiscal year. In addition, we expect profit margin to improve by reducing costs of materials and streamlining application procedures and the contracting system. Revenue in the ERD Division are expected to increase steadily on and on.

FY2012: Segment Information (Projection)

(Millions of Yen)		FY2011		FY2012				
		Full-Year		Full-Year				
		Actual	% to sales	Revised Forecast	% to sales	% to last year	Previous Forecast	Difference
HS	Net Sales	16,806	100.0%	25,000	100.0%	148.7%	21,375	3,625
	Gross Profit	7,568	45.0%	9,387	37.5%	124.0%	8,430	957
	SG&A	5,352	31.8%	6,222	24.9%	116.3%	5,707	515
	Op.Income	2,216	13.2%	3,165	12.7%	142.8%	2,723	442
ES	Net Sales	2,757	100.0%	3,465	100.0%	125.7%	2,955	510
	Gross Profit	898	32.6%	1,081	31.2%	120.3%	1,010	71
	SG&A	857	31.1%	898	25.9%	104.7%	870	28
	Op.Income	40	1.5%	183	5.3%	446.6%	140	43
ERD	Net Sales	11,890	100.0%	15,035	100.0%	126.4%	13,670	1,365
	Gross Profit	1,974	16.6%	3,862	25.7%	195.6%	3,525	337
	SG&A	1,686	14.2%	2,266	15.1%	134.4%	2,140	126
	Op.Income	287	2.4%	1,596	10.6%	554.7%	1,385	211
Group	Op.Income	(2,135)	—	(2,344)	—	—	(2,248)	(96)

FY2012 : HS Division (Projection)

<Forecast for the HS Division>

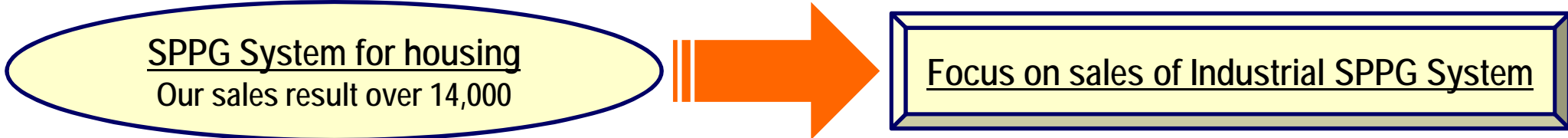
■ Focus on sales of Industrial Solar Photovoltaic Power Generation System. We makes the contracting system and sales strengthen, and reduce costs of materials.

- The sales structure has been reviewed, including reassignment of personnel, and cope with quotation requests promptly.
- By establishing a special dedicated department, design and application procedures will be streamlined.
- We reduce costs of materials by full-scale operation of the factory in China which was expanded and expect profit margin to improve.
- Conducted R&D and technical training related to groundwork and mounting racks, and makes the contracting streamline.
- Increase the number of staff members in designing and construction including qualified personnel ("Electrical work specialist").

(Millions of Yen)	FY2011 Actual	FY2012 Revised Forecast	FY2012 Previous Forecast	Difference
Net Sales	16,806	25,000	21,375	+3,625
Gross Profit	7,568	9,387	8,430	+957
SG&A	5,352	6,222	5,707	+515
Op.Income	2,216	3,165	2,723	+442

FY2012 : HS Division (Projection)

- Focus on sales of Industrial Solar Photovoltaic Power Generation System. Sales and contracting system will be strengthened.
 - For mainly on industrial solar photovoltaic power generation systems of less than 50kW for low-voltage electrical power receiving equipment, production, sales and construction will all be handled by SANIX Group.
 - While retaining competitive pricing, strive to expand our share in the market.



Roof setting construction

◆ We can cope with roof setting construction speedily because technical know-how related to sales of SPPG System can easily be developed horizontally.



Land setting construction

◆ Developed rack for relatively simple installation. Occasionally conducted R&D and streamline the construction including reviewing the number of the construction workers, so that a term of construction will be shortened.



FY2012 : ES Division (Projection)

< Forecast for the ES Division >

■ Promotes our cultivation of relations with our existing business partners and the acquisition of new partners .

- Regarding sales of existing products, focus on sales of "Anti-rust Equipment Installation" with higher profitability.
- Focus on sales of Solar Photovoltaic Power Generation System for housing complex including for industrial use, and assign dedicated sales personnel for each products, Solar Photovoltaic Power Generation System and existing products.

(Millions of Yen)	FY2011 Actual	FY2012 Revised Forecast	FY2012 Previous Forecast	Difference
Net Sales	2,757	3,465	2,955	+510
Gross Profit	898	1,081	1,010	+71
SG&A	857	898	870	+28
Op.Income	40	183	140	+43

FY2012 : ERD Division (Projection)

< Forecast for the ERD Division >

■ Revenue of Resource-recycling Power Generation Business will increase steadily.

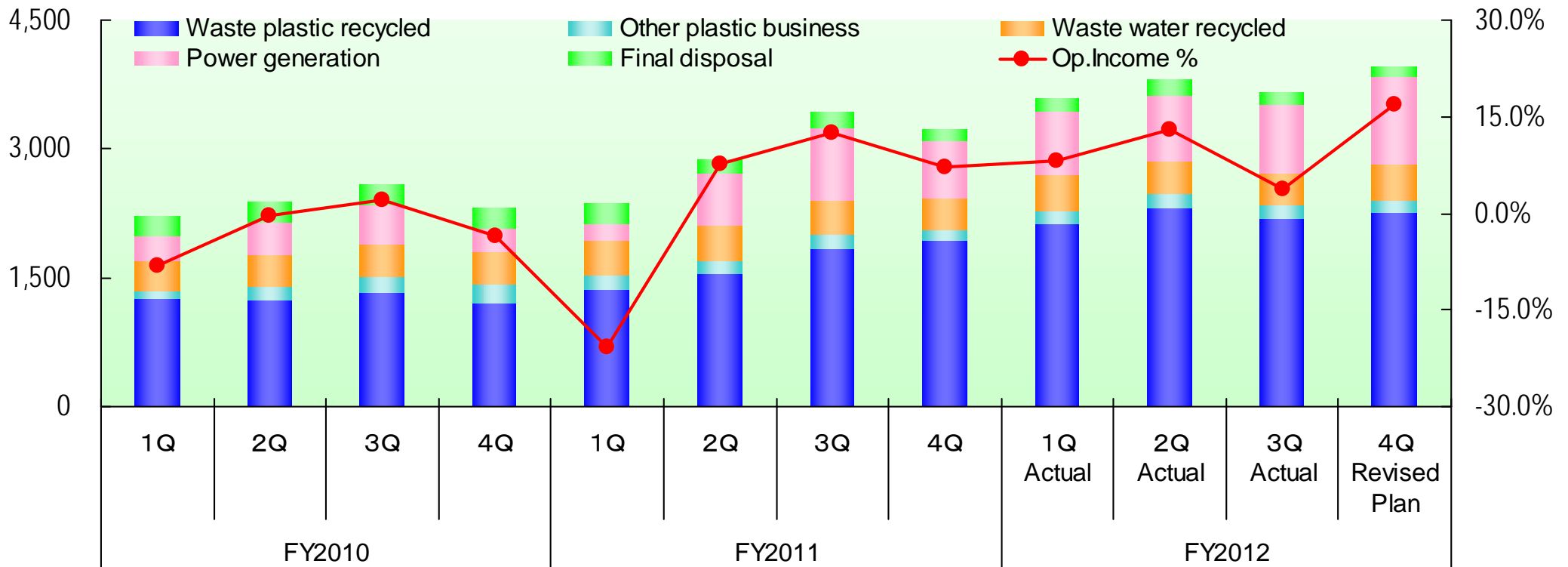
- The volume of the plastics brought in are expected to increased steadily on and on.
- The new process for sorting of the plastics will be introduced for further improving quality of fuel.
- We will establish our plastic fuel as a brand, so that expand sales of our fuel to the outside.
- Regarding Tomakomai Power Plant, we carry out daily maintenance thoroughly and reduce the small trouble, so that stabilize a rate of operation.

(Millions of Yen)	FY2011 Actual	FY2012 Revised Forecast	FY2012 Previous Forecast	Difference
Net Sales	11,890	15,035	13,670	+1,365
Gross Profit	1,974	3,862	3,525	+337
SG&A	1,686	2,266	2,140	+126
Op.Income	287	1,596	1,385	+211

FY2012 : ERD Division

Net Sales by Product and Operating Income Margin

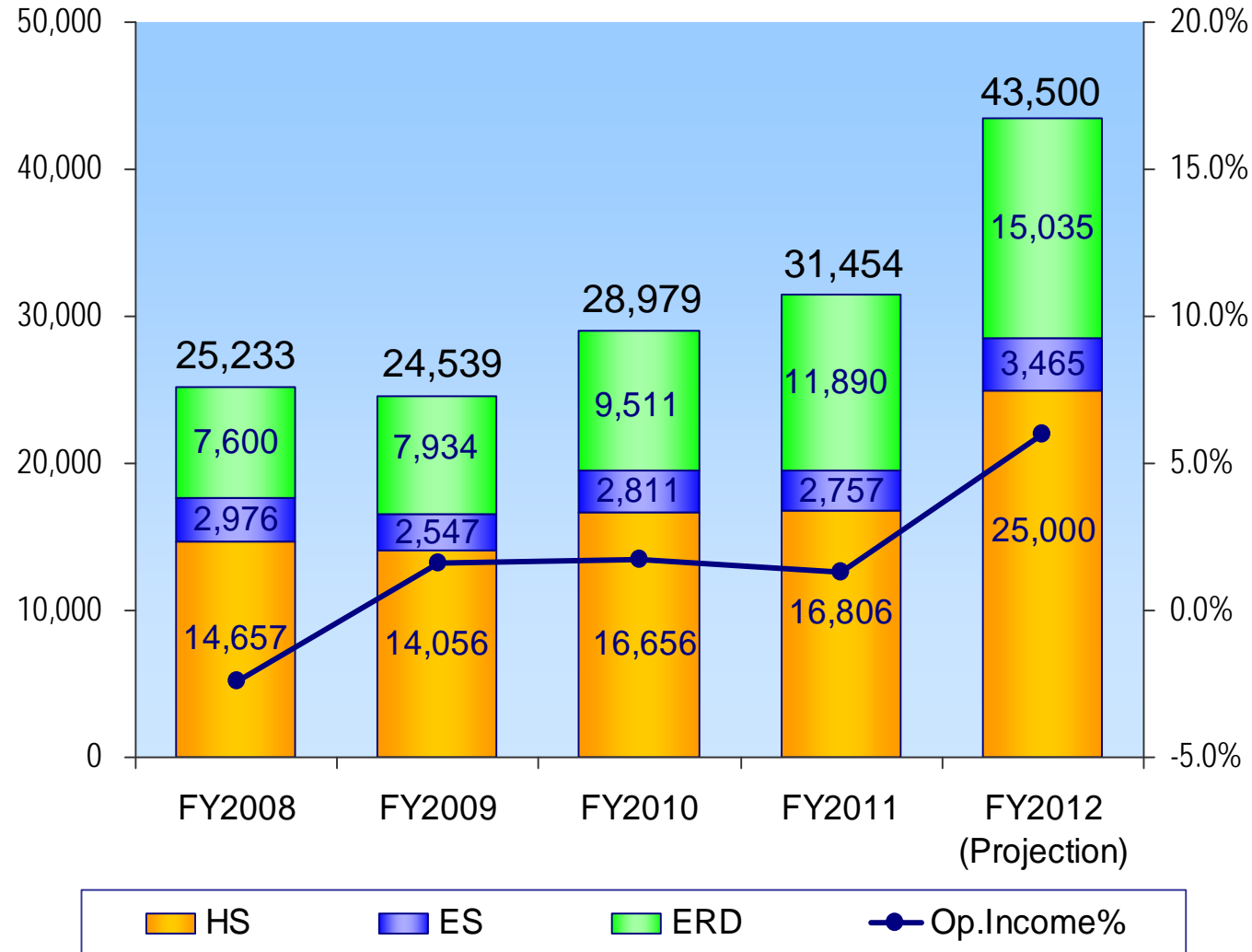
(Millions of Yen)



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.

FY2011 : Whole Group

■ Net Sales by Segment and Operating Income Margin



Forecast for FY2012

Net Sales : 43,500MY

Op. Income : 2,600MY

Op. Income % : 6.0%