



SANIX INCORPORATED

Consolidated Financial Summary

For the first half ended September 30, 2009

The financial figures in this document are based on Japanese Accounting Standards and accompanying laws. This document is an English translation of the Japanese-language original.

Consolidated Financial Statements

For the first half ended September 30, 2009

SANIX INCORPORATED

Stock Listed: Tokyo Stock Exchange First Section, Osaka Stock Exchange First Section,
Fukuoka Stock Exchange

Code No.: 4651

URL: <http://sanix.jp>

President and CEO: Shin-ichi Munemasa

Contact: Masahiro Shimojo, Director, Management and Planning Division

1. Consolidated Financial Highlights for the first half ended September 30, 2009**(1) Consolidated Operating Results**

(Millions of Yen)

	First Half			
	from April 1 to September 30			
	FY2009	% change	FY2008	% change
Net Sales	12,057	(10.1)	13,412	-
Operating Income	185	-	(351)	-
Ordinary Income	133	-	(368)	-
Net Income	60	-	(737)	-
Net Income per Share(¥)	¥1.27	-	(¥15.46)	-
Net Income per Share, Diluted(¥)	-	-	-	-

Note: Percentages indicate the increase and decrease compared with the previous first half.

(2) Consolidated Financial Position

(Millions of Yen)

	As of September 30	As of March 31
	FY2009	FY2008
	Total Assets	20,678
Net Assets	10,788	10,730
Shareholders' Equity Ratio (%)	52.0%	51.3%
Net Assets per Share (¥)	¥225.50	¥224.30

Reference:

Shareholders' equity as of September 30, 2009 10,758 million yen

Shareholders' equity as of March 31, 2009 10,701 million yen

2. Dividends

(Yen)

	At the end of				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
(Dividends per Share)					
FY2008 ended March 31, 2009	-	0.00	-	0.00	0.00
FY2009 ending March 31, 2010 (Forecast) . . .	-	0.00	-	0.00	0.00

3. Forecasts for Consolidated Business Results for the Fiscal Year ending March 31, 2010

	(Millions of Yen)	
	FY2009	
	Full Year as of March 31	% Change
Net Sales	29,457	16.7
Operating Income	625	-
Ordinary Income	473	-
Net Income	340	-
Net Income per Share(¥)	¥7.14	-

4. Others

- (1) Change in application range of consolidation and equity method: None
- (2) Use of simplified accounting methods: None
- (3) Change in accounting methods from recent fiscal years: None
- (4) Number of Shares Issued and Outstanding

(Shares)

	First Half ended Sep. 30, 2009	Full Year ended Mar. 31, 2009
Number of shares issued and outstanding at period end	48,919,396	48,919,396
Number of treasury stocks at period end	1,209,821	1,209,633
Average number of shares issued and outstanding during the fiscal term . . .	47,709,668	47,710,300 (First half)

Note:

Forecasts in this document are based on assumptions, prospects and plans as of the date of this document. Actual results may differ significantly from these forecasts, due to various factors affecting the Company's business performance, such as change in economical conditions.

Qualitative Information on Financial Statements

For the first half ended September 30, 2009

1. Qualitative information on consolidated business results

In the first six-month period of the current consolidated fiscal year (April 1, 2009 to September 30, 2009), there were some signs that the economy hit bottom and started recovering from the global recession caused by the financial turmoil since last year. However, the outlook of the Japanese economy remained unclear due to lingering weakness in employment and consumer spending.

Under these circumstances, the SANIX Group reinforced legal compliance and customer-oriented marketing to recover customer confidence in the Company. At the same time, SANIX focused on improving productivity, reducing costs and implementing other streamlining measures to improve profitability.

In the first six-month period of the current consolidated fiscal year, the Sanix Group saw sales in the HS (Home Sanitation) Division, the ES (Establishment Sanitation) Division and the ERD (Environmental Resources Development) Division decline from the same period last year. As a result, the Group's total sales amounted to 12,057 million yen (10.1% decrease year-on-year). Regarding incomes, profitability improved, since the Group promoted streamlining, reducing fixed costs. We recorded a commission fee of 54 million yen as a non-operating expense in the current quarter, as Sanix Energy Inc., one of the company's subsidiaries, acquired a final disposal site in Tomakonai City, Hokkaido on October 30, 2009. We also registered an enterprise tax of 59 million yen incurred in prior year as an extraordinary loss. Consequently, the Sanix Group reported operating income of 185 million yen (operating loss of 351 million yen for the same period last year), ordinary income of 133 million yen (ordinary loss of 368 million yen for the same period last year) and net income of 60 million yen (net loss of 737 million yen for the same period last year).

Earnings of individual divisions during the first quarter were as follows:

Earnings of individual divisions:

Home Sanitation Division

In the first six-month period of the current consolidated fiscal year, sales in Termite Eradication Services declined by 7.6% from the same period last year amid sluggish consumer spending, despite some effects of a television advertising campaign during the busy period of termite eradication (April to June). Meanwhile, sales in Foundation Repair Treatment and Reinforcement Services, a newly introduced service in February 2007, plunged by 40.7% from the same period last year, since the first-round effects of the sales campaign has ended. Meanwhile, sales in Under-Roof/Floor Ventilation Systems steadily increased by 25.1% (year-on-year). As a result, sales in the HS Division amounted to 7,212 million yen (down 9.6% from the same period last year).

Regarding earnings, the Division posted an operating income of 2,098 million yen (12.0% increase year-on-year), resulting in an operating-income-to-sales ratio of 29.1% (23.5% for the same period last year), because of reduced advertising expenses compared to the same period last year.

Establishment Sanitation Division

The ES Division consolidated 13 stores in March 2009 to improve business efficiency and recover profitability by concentrating managerial resources on sales activities for corporate customers, such as building and condominium management companies in the Tokyo, Nagoya and Fukuoka areas. As a result, the Division finally posted an operating profit of 78 million yen (operating loss of 7 million yen for the same period last year), since fixed costs decreased due to implementation of cost-cutting measures, although sales decreased by 26.6% (year-on-year) to 1,229 million yen.

Environmental Resources Development Division

Sales in Waste Plastic Processing increased by 8.3% (year-on-year), due to increases in the number of customers and volume of plastic brought in, though the processing unit price was lowered to cope with customers' demands for reduced prices during the economic slump. Power sales increased by 3.7% from the same period last year, due to stable continuous operation at the Sanix Energy Tomakomai Power Plant, although unit sales prices declined due to weak electricity demand as a result of production adjustments in the manufacturing sector. Sales in Organic Liquid Waste Processing fell by 23.4% (year-on-year), since the volume of waste water brought in from the restaurant industry and food processing factories decreased due to the slowing economy. As a result, sales in the ERD Division amounted to 3,616 million yen (down 3.9% from the same period last year).

Regarding earnings, repair expenses increased, since an extra expense was incurred for an unscheduled work during the Sanix Energy Tomakomai Power Plant's annual facility maintenance conducted in May 2009. Personnel expenses rose at plastic recycling plants, since the Company increased the number of employees in anticipation of a possible expansion in the volume of plastic brought in. As a result, the Division reported an operating loss of 937 million yen (operating loss of 1,045 million yen for the same period last year).

2. Qualitative information on consolidated financial condition

(1) Assets, Liabilities and Net Assets

Total assets as of September 30, 2009 amounted to 20,678 million yen, down 191 million yen from the previous consolidated fiscal year end. This was primarily because tangible fixed assets declined due to depreciation. Total liabilities were 9,889 million yen, down 249 million yen from the previous consolidated fiscal year end, mainly due to a decrease in accounts payable. Net assets totaled 10,788 million yen, up 58 million yen from the previous consolidated fiscal year end. This increase was primarily due to the net income of 60 million yen incurred during the first half. Consequently, the ratio of owners' equity was 52.0%, compared to 51.3% for the previous consolidated fiscal year end.

(2) Cash Flows

Cash and cash equivalents as of September 30, 2009 totaled 1,200 million yen, an increase of 150 million yen from as of March 31, 2009.

(Cash Flows from Operating Activities)

Net cash provided by operating activities totaled 356 million yen. This was mainly because a net income before taxes and other adjustments of 132 million yen was recorded for the first half.

(Cash Flows from Investing Activities)

Net cash used for investing activities totaled 87 million yen. This was mainly due to the payments for purchase of property, plant and equipment by 103 million yen.

(Cash Flows from Financing Activities)

Net cash used for financing activities totaled 118 million yen. Here, accelerating the repayment of debt was responsible.

3. Qualitative information on the forecast of consolidated business results

Taking the results for the first six-month period of the current consolidated fiscal year into consideration, the Company revised their forecast of consolidated business results for the first six-month period of the current consolidated fiscal year ending March 2010 and for the full year of the current consolidated fiscal year ending March 2010 as announced on May 13, 2009. For further details, please refer to "Notice Concerning Revision of Earnings Forecast" announced on November 11, 2009.

Full year results forecast (April 1, 2009 to March 31, 2010)

(Millions of Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Previous Forecast	25,000	750	720	600	12.58Yen
Revised Forecast	29,457	625	473	340	7.14Yen
Difference	4,457	(125)	(247)	(260)	-
% Change	17.8%	(16.7%)	(34.2%)	(43.2%)	-
Results from year before	25,233	(596)	(620)	(4,145)	(86.88Yen)

4. Others

(1) Change in application range of consolidation and equity method: None

(2) Use of simplified accounting methods: None

(3) Change in accounting methods from recent fiscal years: None

5. Consolidated Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Thousands of Yen)

	As of September 30	As of March 31
	FY2009	FY2008
Assets:		
Current Assets:		
Cash and deposits	1,200,588	1,064,885
Notes and accounts receivable-trade	1,604,845	1,678,368
Merchandise and finished goods	63,528	52,928
Raw materials and supplies	538,164	564,104
Other	620,085	642,392
Allowance for doubtful accounts	(105,829)	(107,990)
Total Current Assets:	<u>3,921,381</u>	<u>3,894,689</u>
Noncurrent Assets:		
Property, Plant and Equipment:		
Buildings and structures, net	2,920,697	3,041,333
Machinery, equipment and vehicles, net	2,380,895	2,493,039
Land	9,535,429	9,535,429
Other, net	312,044	257,798
Total Property, Plant and Equipment:	<u>15,149,067</u>	<u>15,327,601</u>
Intangible Fixed Assets:	73,451	77,307
Investments and Other Assets:	1,534,175	1,569,724
Total Noncurrent Assets:	<u>16,756,694</u>	<u>16,974,634</u>
Total Assets:	<u>20,678,076</u>	<u>20,869,323</u>
Liabilities:		
Current Liabilities:		
Notes and accounts payable-trade	583,688	530,469
Short-term loans payable	5,241,000	5,316,000
Income taxes payable	164,819	159,584
Provision	76,263	122,537
Other	2,173,594	2,407,869
Total Current Liabilities:	<u>8,239,367</u>	<u>8,536,460</u>
Noncurrent Liabilities:		
Long-term loans payable	12,500	15,500
Provision for retirement benefits	1,222,267	1,130,617
Provision for directors' retirement benefits	213,145	229,845
Other	201,817	226,661
Total Noncurrent Liabilities:	<u>1,649,730</u>	<u>1,602,624</u>
Total Liabilities:	<u>9,889,097</u>	<u>10,139,085</u>

(Thousands of Yen)

	<u>As of September 30</u>	<u>As of March 31</u>
	<u>FY2009</u>	<u>FY2008</u>
Net Assets:		
Shareholders' Equity:		
Capital stock	14,041,834	14,041,834
Capital surplus	-	1,758,841
Retained earnings	(1,704,186)	(3,523,538)
Treasury stock	(1,610,730)	(1,610,705)
Total Shareholders' Equity:	<u>10,726,918</u>	<u>10,666,432</u>
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	31,790	34,636
Total Valuation and translation adjustments:	<u>31,790</u>	<u>34,636</u>
Minority Interests:	<u>30,269</u>	29,169
Total Net Assets:	<u>10,788,978</u>	10,730,238
Total Liabilities and Net Assets:	<u>20,678,076</u>	<u>20,869,323</u>

(2) Consolidated Quarterly Statements of Income

(Thousands of Yen)

	First half	
	from April 1 to September 30	
	FY2008	FY2009
Net sales	13,412,236	12,057,849
Cost of sales	7,757,156	6,889,060
Gross profit	5,655,080	5,168,789
Selling, general and administrative expenses	6,006,511	4,983,786
Operating income (loss)	(351,431)	185,002
Non-operating income:		
Interest income	3,516	3,571
Dividends income	10,826	6,267
Land and house rent received	33,603	33,640
Other	11,904	20,916
Total non-operating income	59,851	64,395
Non-operating expenses:		
Interest expenses	75,342	59,585
Commission fee	-	54,403
Other	1,232	1,665
Total non-operating expenses	76,575	115,654
Ordinary income (loss)	(368,155)	133,743
Extraordinary income:		
Reversal of provision for bonuses	-	53,632
Insurance income	270,779	1,000
Gain on insurance adjustment	-	14,553
Total extraordinary income	270,779	69,186
Extraordinary loss:		
Loss on retirement of noncurrent assets	526	7,967
Impairment loss	333,000	-
Loss on cancellation of lease contracts	1,268	1,758
Loss on valuation of investment securities	-	852
Loss on disaster	270,651	-
Enterprise tax for prior periods	-	59,406
Provision of allowance for doubtful accounts	525	-
Total extraordinary loss	605,689	69,984
Income (loss) before income taxes and minority interests	(703,065)	132,945
Income taxes-current	45,743	61,738
Income taxes-deferred	(13,646)	9,270
Total income taxes	32,096	71,009
Minority interests in income	2,611	1,425
Net income (loss)	(737,773)	60,511

(Thousands of Yen)

	Second Quarter	
	from July 1 to September 30	
	FY2008	FY2009
Net sales	6,828,686	5,769,298
Cost of sales	4,161,488	3,280,635
Gross profit	2,667,198	2,488,662
Selling, general and administrative expenses	2,895,656	2,370,386
Operating income (loss)	(28,458)	118,276
Non-operating income:		
Interest income	1,806	1,806
Dividends income	0	-
Land and house rent received	16,801	16,819
Other	4,688	3,827
Total non-operating income	23,297	22,453
Non-operating expenses:		
Interest expenses	37,679	29,866
Commission fee	-	54,376
Other	580	1,082
Total non-operating expenses	38,259	85,325
Ordinary income (loss)	(243,420)	55,404
Extraordinary income:		
Insurance income	(47,220)	1,000
Gain on insurance adjustment	-	14,553
Total extraordinary income	(47,220)	15,553
Extraordinary loss:		
Loss on retirement of noncurrent assets	243	3,496
Impairment loss	333,000	-
Loss on cancellation of lease contracts	741	1,116
Loss on valuation of investment securities	-	852
Loss on disaster	(47,348)	-
Enterprise tax for prior periods	-	59,406
Provision of allowance for doubtful accounts	525	-
Total extraordinary loss	287,162	64,870
Income (loss) before income taxes and minority interests	(577,803)	6,086
Income taxes-current	25,512	31,151
Income taxes-deferred	(10,700)	(2,520)
Total income taxes	14,811	28,630
Minority interests in income	1,481	1,214
Net income (loss)	(594,097)	(23,758)

(3) Consolidated Quarterly Statements of Cash Flows

(Thousands of yen)

	First Half	
	From April 1 to June 30	
	FY2008	FY2009
Net Cash Provided by (Used in) Operating Activities:		
Income before income taxes and minority interests	(703,065)	132,945
Depreciation and amortization	434,153	284,257
Impairment loss	333,000	-
Loss on disaster	270,651	-
Insurance income	(270,779)	(1,000)
Increase/ Decrease in provision for retirement benefits	48,963	91,649
Increase/ Decrease in allowance for doubtful accounts	6,187	(3,272)
Interest and dividends income	(14,343)	(9,839)
Interest expenses	75,342	59,585
Loss on retirement of noncurrent assets	243	7,967
Decrease/ Increase in notes and accounts receivable-trade	(1,987)	73,523
Decrease/ increase in inventories	23,668	15,340
Increase/ decrease in notes and accounts payable-trade	(90,367)	(16,794)
Other, net	(93,251)	(108,122)
Subtotal	18,416	526,240
Interest and dividends income received	14,210	9,510
Interest expenses paid	(63,470)	(45,030)
Payments for loss on disaster	(54,417)	(102,852)
Proceeds from insurance income	100,779	79,258
Income taxes paid	(86,119)	(110,364)
Income taxes refund	4,049	-
Net cash provided by operating activities:	(66,553)	356,762
Net Cash Provided by (Used in) Investing Activities:		
Payments into time deposits	-	20,000
Proceeds from withdrawal of time deposits	-	(5,000)
Purchase of property, plant and equipment	(200,955)	(103,662)
Other	16,380	1,593
Net cash provided by investing activities:	(184,575)	(87,068)
Net Cash Provided by (Used in) Financing Activities:		
Increase (decrease) in short-term loans payable	300,000	(75,000)
Repayment of long-term loans payable	(183,002)	(13,002)
Repayments of finance lease obligations	-	(30,586)
Other	(200,726)	(403)
Net cash provided by financing activities:	(83,728)	(118,991)
Net increase (decrease) in cash and cash equivalents	(334,856)	150,702
Cash and cash equivalents at beginning of period	1,019,848	1,049,885
Cash and cash equivalents at the end of period	684,992	1,200,588

(4) Events or Situations that Arouse Serious Doubt Regarding the Assumption of a Going Concern

There is no events or situations that arouse serious doubt regarding the assumption of a going concern.

(5) Segment Information

a. Segment Information by Type of Business

Prior second quarter (From July 1, 2008 to September 30, 2008)

(Thousands of Yen)

Segments	HS	ES	ERD	Total	Elimination or Group	Consolidated
Net Sales:						
(1)Sales to customers	4,067,751	881,823	1,879,111	6,828,686	-	6,828,686
(2)Internal sales among segments and transfer accounts.	-	-	70	70	(70)	-
Total	4,067,751	881,823	1,879,182	6,828,757	(70)	6,828,686
Operating income (loss)	1,056,945	1,132	(741,213)	316,863	(545,322)	(228,458)

Current second quarter (From July 1, 2009 to September 30, 2009)

(Thousands of Yen)

Segments	HS	ES	ERD	Total	Elimination or Group	Consolidated
Net Sales:						
(1)Sales to customers	3,286,567	580,631	1,902,099	5,769,298	-	5,769,298
(2)Internal sales among segments and transfer accounts.	-	-	-	-	-	-
Total	3,286,567	580,631	1,902,099	5,769,298	-	5,769,298
Operating income (loss)	851,707	34,092	(273,687)	612,112	(493,835)	118,276

Prior first half (From April 1, 2008 to September 30, 2008)

(Thousands of Yen)

Segments	HS	ES	ERD	Total	Elimination or Group	Consolidated
Net Sales:						
(1)Sales to customers	7,975,883	1,674,067	3,762,285	13,412,236	-	13,412,236
(2)Internal sales among segments and transfer accounts.	-	-	70	70	(70)	-
Total	7,975,883	1,674,067	3,762,355	13,412,307	(70)	13,412,236
Operating income (loss)	1,873,248	(7,573)	(1,045,393)	820,280	(1,171,712)	(351,431)

Current first half (From April 1, 2009 to September 30, 2009)

(Thousands of Yen)

Segments	HS	ES	ERD	Total	Elimination or Group	Consolidated
Net Sales:						
(1)Sales to customers	7,212,559	1,229,170	3,616,119	12,057,849	-	12,057,849
(2)Internal sales among segments and transfer accounts.	-	-	-	-	-	-
Total	7,212,559	1,229,170	3,616,119	12,057,849	-	12,057,849
Operating income (loss)	2,098,004	78,311	(937,387)	238,927	(1,053,925)	185,002

Notes to segment information

1. Business divisions are those used for internal administrative purposes.

2. Principal services and products by business division

*HS Division: Termite eradication service, Foundation repairing treatment, Under-roof/floor ventilation system and Home reinforcement system

*ES Division: Anti-rust equipment installation, Repair of building water-works and Waterproofing of building

*ERD Division: Waste plastic processing, Waste organic liquid processing and Power generation

3. Additional Information

(Prior first half)

In accordance with the revision of the Corporate Tax Law in 2008, SANIX and its consolidated subsidiaries have reviewed and changed the estimated useful lives of machinery and equipment from the prior first quarter. Accordingly, compared with the figures computed using the method in the past, the operating income of the HS Division decreased by 156 thousand yen and operating loss of the ERD Division decreased by 15,842 thousand yen.

b. Segment Information by Location

Prior second quarter (From July 2008 to September 30, 2008), and first half (From April 1, 2008 to September 30, 2008)

The Company does not report segment information by location because the Company does not have any consolidated subsidiaries or important offices located in countries or regions outside of Japan.

Current second quarter (From July 2009 to September 30, 2009), and first half (From April 1, 2009 to September 30, 2009)

The Company does not report segment information by location because the Company does not have any consolidated subsidiaries or important offices located in countries or regions outside of Japan.

c. Foreign Sales

Prior second quarter (From July 2008 to September 30, 2008), and first half (From April 1, 2008 to September 30, 2008)

There is no foreign sales.

Current second quarter (From July 2009 to September 30, 2009), and first half (From April 1, 2009 to September 30, 2009)

There is no foreign sales.

(6) Note in the case where there is a significant change in the amount of owners' equity

There is no significant change.

6. Other Information

Net Sales by Division

(Thousands of Yen)

	First half		Changes	Fiscal year
	from April 1 to September 30			ended March 31
	FY2008	FY2009		FY2008
Termite Eradication Service	2,990,494	2,763,177	(227,317)	5,288,667
Foundation Repairing Treatment	2,440,187	1,447,471	(992,715)	4,374,361
Under-Roof/Floor Ventilation System	1,283,657	1,606,007	322,349	2,549,838
Home Reinforcement System	212,852	193,338	(19,513)	410,317
Other	1,048,691	1,202,564	153,872	2,033,948
Home Sanitation Division Total:	7,975,883	7,212,559	(763,324)	14,657,134
Anti-rust equipment installation	402,005	344,361	(57,643)	721,745
Repair of building water-works	488,580	388,590	(99,989)	876,888
Waterproofing of building	321,100	103,989	(217,110)	493,423
Other	462,381	392,228	(70,153)	884,161
Establishment Sanitation Division Total:	1,674,067	1,229,170	(444,897)	2,976,219
Industrial Waste (Waste plastic processing)	1,802,714	1,952,082	149,367	3,603,757
Industrial waste (Organic Waste Water Recycle)	1,020,798	781,738	(239,060)	1,833,997
Generation of electricity	614,288	637,091	22,802	1,550,989
Other	324,482	245,207	(79,275)	611,607
Environmental Resources Development Division Total:	3,762,285	3,616,119	(146,165)	7,600,352
Total Net Sales:	13,412,236	12,057,849	(1,354,387)	25,233,705