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Consolidated Financial Statements

For the First Half ended September 30, 2009

SANIX INCORPORATED

November 12, 2009

(Note) Numbers are rounded off to the nearest whole number.

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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:

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SANIX INCORPORATED

Summary of First Half

Summary of First Half

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

Net Sales	:	12,057 Million Yen	(622 million yen below the projection)
Operating Income	:	185 Million Yen	(98 million yen over the projection)
Ordinary Income	:	133 Million Yen	(66 million yen over the projection)
Net Income	:	60 Million Yen	(57 million yen over the projection)

◆ Net Sales ◆

Sales in the ERD Division decreased short of the plan by 601 million yen, because: unit sales prices of electricity declined due to the sluggish electricity demand resulting from the economic deterioration; the volume of waste water brought in decreased. Sanix Group total sales decreased the plan by 622 million yen, since sales in the HS Division decreased in the plan by 109 million yen due to personal consumption and the ES Division exceeded the plan by 89 million yen.

◆ Earnings ◆

Income in the ERD Division fell short of the plan, since profitability worsened due to a decline in sales, while repair expenses increased as a result of unexpected additional works during the annual facility maintenance at the Sanix Energy Tomakomai Power Plant. However, Sanix Group total income exceeded the plan, since income in the the ES Division surpassed the plan and the Group strived to improve profitability by reducing fixed costs.

1st Half : Statement of Income

(Millions of Yen)

	FY2008		FY2009					
	1st Half		1st Half					
	Actual	% to Sales	Actual	% to Sales	% of Change	Projection	% of Change	Difference
Net Sales	13,412	100.0%	12,057	100.0%	(1,354)	12,680	95.1%	(622)
(H S)	7,975	59.5%	7,212	59.8%	(763)	7,322	98.5%	(109)
(E S)	1,674	12.5%	1,229	10.2%	(444)	1,140	107.8%	89
(ERD)	3,762	28.0%	3,616	30.0%	(146)	4,218	85.7%	(601)
Cost of Sales	7,757	57.8%	6,889	57.1%	(868)	7,158	96.2%	(268)
Gross Profit	5,655	42.2%	5,168	42.9%	(486)	5,522	93.6%	(353)
SGA	6,006	44.8%	4,983	41.3%	(1,022)	5,435	91.7%	(451)
Operating Income	(351)	—	185	1.5%	536	87	212.6%	98
Ordinary Income	(368)	—	133	1.1%	501	67	199.6%	66
Net Income	(737)	—	60	0.5%	798	3	—	57

■ The Sanix Group promoted streamlining, reducing costs more than anticipated. The SG&A expenses to net sales declined by 3.5 points year-on-year (expenses decreased by 1,022 million yen year-on-year) and by 1.6 points compared with the plan (expenses decreased by 451 million yen compared with the plan). As a result, The Group's operating income exceeded the forecast while net sales decreased in comparison to the plan.

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1st Half : Quarterly Statement of Income

(Millions of Yen)

	FY2009						
	1st Quarter			2nd Quarter			
	Actual	Projection	Difference	Actual	Projection	% of Change	Difference
Net Sales	6,288	6,218	70	5,769	6,462	89.3%	(692)
(H S)	3,925	3,793	132	3,286	3,529	93.1%	(242)
(E S)	648	553	95	580	587	98.9%	(6)
(ERD)	1,714	1,872	(157)	1,902	2,346	81.1%	(443)
Cost of Sales	3,608	3,686	(77)	3,280	3,472	94.5%	(191)
Gross Profit	2,680	2,532	148	2,488	2,990	83.2%	(501)
SGA	2,613	2,791	(177)	2,370	2,644	89.7%	(273)
Operating Income	66	(259)	325	118	346	34.2%	(227)
Ordinary Income	78	(269)	347	55	336	16.5%	(280)
Net Income	84	(308)	392	(23)	311	—	(335)

SANIX 3

1st Half : Segment Information

(Millions of Yen)

		FY2008		FY2009					
		1st Half		1st Half					
		Actual	% to last year	Actual	% to Sales	% to last year	Projection	% of Change	Difference
HS	Net Sales	7,975	100.0%	7,212	100.0%	(763)	7,322	98.5%	(109)
	Gross Profit	5,396	67.7%	4,816	66.8%	(579)	4,852	99.3%	(35)
	SGA	3,522	44.2%	2,718	37.7%	(804)	3,079	88.3%	(360)
	Operating Income	1,873	23.5%	2,098	29.1%	224	1,773	118.3%	325
ES	Net Sales	1,674	100.0%	1,229	100.0%	(444)	1,140	107.8%	89
	Gross Profit	633	37.9%	520	42.3%	(113)	482	108.0%	38
	SGA	641	38.3%	442	36.0%	(199)	430	102.8%	12
	Operating Income	(7)	—	78	6.4%	85	52	150.6%	26
ERD	Net Sales	3,762	100.0%	3,616	100.0%	(146)	4,218	85.7%	(601)
	Gross Profit	(374)	—	(168)	—	206	188	—	(356)
	SGA	670	17.8%	768	21.3%	98	798	96.4%	(29)
	Operating Income	(1,045)	—	(937)	—	108	(610)	—	(327)
Group	Operating Income	(1,171)	—	(1,053)	—	117	(1,128)	—	74

SANIX 4

1st Half : Quarterly Segment Information

(Millions of Yen)

		FY2009						
		1st Quarter			2nd Quarter			
		Actual	Projection	Difference	Actual	Projection	% of Change	Difference
HS	Net Sales	3,925	3,793	132	3,286	3,529	93.1%	(242)
	Gross Profit	2,669	2,530	139	2,147	2,322	92.5%	(174)
	SGA	1,423	1,580	(156)	1,295	1,499	86.4%	(203)
	Operating Income	1,246	950	296	851	823	103.5%	28
ES	Net Sales	648	553	95	580	587	98.9%	(6)
	Gross Profit	273	231	42	246	251	98.3%	(4)
	SGA	229	216	13	212	214	99.3%	(1)
	Operating Income	44	15	29	34	37	92.1%	(2)
ERD	Net Sales	1,714	1,872	(157)	1,902	2,346	81.1%	(443)
	Gross Profit	(263)	(229)	(34)	94	417	22.7%	(322)
	SGA	400	398	2	368	400	92.1%	(31)
	Operating Income	(663)	(627)	(36)	(273)	17	—	(290)
Group	Operating Income	(560)	(597)	36	(493)	(531)	—	37

SANIX 5

1st Half : Summary of HS Division

HS Division

■ Sales slightly fell the plan. Operating-income-to-sales ratio exceeded the plan.

Despite steady sales of equipment in Under-Roof/Floor Ventilation Systems, sales in Foundation Repair Treatment and Reinforcement Services fell short of the plan by 26.6%, since the first-round effects of the sales campaign have ended, and sales in the HS Division fell the plan by 1.5%. The ratio of operating income increased year-on-year and over the plan, because the Group succeeded in reducing expenses.

■ Net Sales by Product and Operating Income

(Millions of Yen)

	FY2008	FY2009				
	1st Half	1st Half				
	Actual	Actual	% to last year	Projection	% of Change	Difference
Termite Eradication Service	2,990	2,763	92.4%	2,730	101.2%	23
Foundation Repairing Treatment	2,440	1,447	59.3%	1,971	73.4%	(524)
Under-Floor-/Roof Ventilation System	1,283	1,606	125.1%	1,430	112.3%	175
House Reinforcement System	212	193	90.8%	186	103.8%	7
Others	1,048	1,202	114.7%	1,003	119.8%	198
Total Net Sales	7,975	7,212	90.4%	7,322	98.5%	(109)
Operating Income	1,873	2,098	112.0%	1,773	118.3%	325

SANIX 6

1st Half : Summary of ES Division

ES Division

■ Both the sales and income increased in comparison to the projection, because Repair of Building Water-works and Others exceeded the plan.

Works related to the direct booster water supply system, mainly in the Chukyo and Fukuoka areas, steadily increased, bringing in more orders of other incidental works and building renovation works. The ES Division saw sales and income exceed the plan.

■ Net Sales by Product and Operating Income

(Millions of Yen)

	FY2008	FY2009				
	1st Half	1st Half				
	Actual	Actual	% to last year	Projection	% of Change	Difference
Anti-rust Equipment Installation	402	344	85.7%	527	65.3%	(183)
Repair of Building Water-works	488	388	79.5%	290	133.9%	98
Waterproofing of Building	321	103	32.4%	106	97.6%	(2)
Others	462	392	84.8%	215	181.9%	176
Total Net Sales	1,674	1,229	73.4%	1,140	107.8%	89
Operating Income	(7)	78	—	52	150.6%	26

SANIX 7

1st Half : Summary of ERD Division(1)

ERD Division

■ Sales and income fell short of the plan, due to lingering sluggish business.

Sales in the ERD Division fell short of the plan, since unit sale prices did not recover to the projected level in the Power Sales business and the volume of wastes brought in from the food industry and manufacturing factories decreased more than expected in the Organic Liquid Waste Processing business.

The Division reported an operating loss of 937 million yen, since repair expenses exceeded the plan due to unexpected additional works during the annual facility maintenance conducted in May (last done in September 2008) at the Sanix Energy Tomakomai Power Plant. As a result, income decreased in comparison with the plan.

■ Net Sales by Product and Operating Income

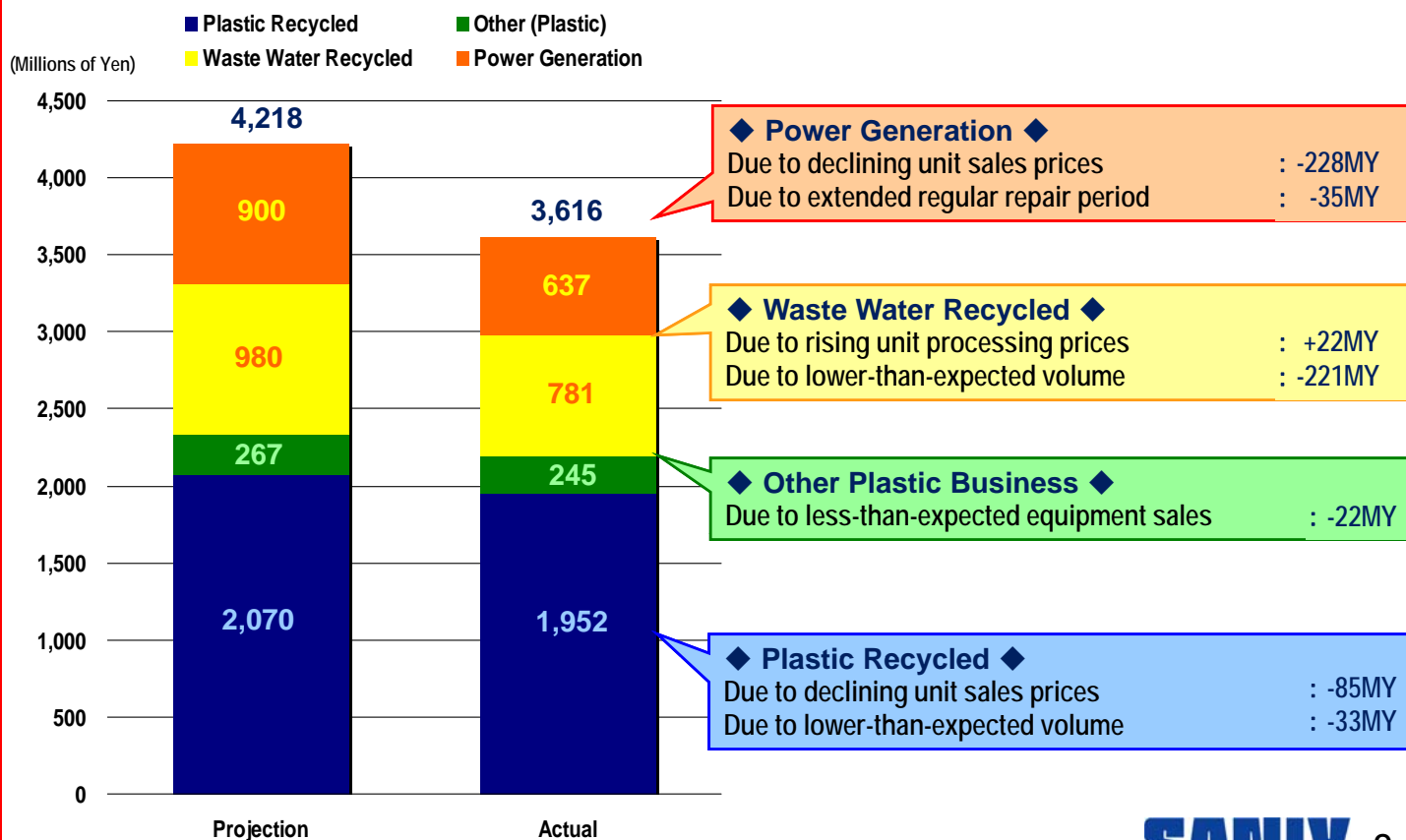
(Millions of Yen)

	FY2008	FY2009				
	1st Half	1st Half				
	Actual	Actual	% to last year	Projection	% of Change	Difference
Waste Plastic Recycled	1,802	1,952	108.3%	2,070	94.3%	(118)
Organic Waste Water Recycled	1,020	781	76.6%	980	79.8%	(198)
Power Generation	614	637	103.7%	900	70.8%	(262)
Others	324	245	75.6%	267	91.8%	(21)
Total Net Sales	3,762	3,616	96.1%	4,218	85.7%	(601)
Operating Income	(1,045)	(937)	—	(610)	—	(327)

SANIX 8

1st Half: Summary of ERD Division (2)

■ Analysis of a decrease in op. income in comparison to the projection in the Division





SANIX INCORPORATED

Forecast for Consolidated FY2009

FY2009: Revision to Forecast

Forecast for consolidated FY2010

Net Sales	:	29,457 Million Yen	(The previous forecast : 25,000 million yen)
Operating Income	:	625 Million Yen	(The previous forecast : 750 million yen)
Ordinary Income	:	643 Million Yen	(The previous forecast : 720 million yen)
Net Income	:	340 Million Yen	(The previous forecast : 600 million yen)

Key Points of Operational Forecasts for the Fiscal 2010

◆ **HS Division (Operating income will decrease by 786 million yen from the previous forecast)**

Since the Japanese government's stepped-up commitment has boosted demand for home-use solar power generation units, the HS Division has started a full-scale marketing of *Sanix Solar Power Generation System* from October 1, 2009. The Division aims to increase sales and incomes compared to the initial plan by putting a new product on the market.

◆ **ES Division (Operating income will increase by 18 million yen from the previous forecast)**

The ES Division saw sales and income grow compared to the plan for the first six-month period of the fiscal year. The Division went into the black. The management forecasts the business will remain steady in the second half of the fiscal year, though a drastic improvement is hard to be expected, and aims to turn the ES Division into the black for the full year.

◆ **ERD Division (Operating income will decrease by 1,020 million yen from the previous forecast)**

The Division strived to reduce costs further. However, the management expects the ERD Division's sales and income to decrease greatly compared to the initial plan, reflecting a still uncertain economic outlook and a discrepancy between the initial plan and the results for the first six-month period. On October 30, 2009, the Sanix Group turned C&R Co., Ltd., a final disposal site operator, into its sub-subsidiary through the acquisition of their shares. From the third quarter of the fiscal year, income from the aforementioned sub-subsidiary will contribute to the Group's earnings and expenses for disposal of ashes at the Sanix Energy Tomakomai Power Plant will be reduced.

FY2009 : Statement of Income (Projection)

(Millions of Yen)

	FY2009								
	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	12,057	17,400	147.2%	12,320	5,080	29,457	116.7%	25,000	4,457
(H S)	7,212	11,673	174.7%	5,818	5,855	18,885	128.8%	13,140	5,745
(E S)	1,229	1,162	89.2%	1,125	37	2,391	80.3%	2,265	126
(ERD)	3,616	4,565	118.9%	5,377	(812)	8,181	107.6%	9,595	(1,413)
Cost of Sales	6,889	11,900	172.0%	6,732	5,168	18,789	128.0%	13,890	4,899
Gross Profit	5,168	5,500	112.2%	5,588	(88)	10,668	101.0%	11,110	(441)
SGA	4,983	5,060	98.3%	4,925	135	10,043	90.0%	10,360	(316)
Operating Income	185	440	—	663	(223)	625	—	750	(124)
Ordinary Income	133	340	—	653	(313)	473	—	720	(246)
Net Income	60	280	—	597	(317)	340	—	600	(259)

■ The management expects that sales will grow compared to the initial plan due to the marketing of a new product in the HS Division, but it revises the forecast of consolidated incomes for the fiscal year downward from the initial plan, since sales in the ERD Division are estimated to fall short of the initial plan largely, reflecting the ERD Division's results for the first six-month period.

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FY2009 : Quarterly Statement of Income (Projection)

(Millions of Yen)

	FY2009							
	1Q		2Q		3Q		4Q	
	Actual	% to last year	Actual	% to last year	Revised Forecast	% to last year	Revised Forecast	% to last year
Net Sales	6,288	95.5%	5,769	84.5%	7,070	118.0%	10,330	177.2%
(H S)	3,925	100.5%	3,286	80.8%	4,232	129.0%	7,441	218.7%
(E S)	648	81.9%	580	65.8%	592	87.3%	570	91.3%
(ERD)	1,714	91.0%	1,902	101.2%	2,246	110.5%	2,319	128.5%
Cost of Sales	3,608	100.4%	3,280	78.8%	4,744	132.2%	7,156	215.0%
Gross Profit	2,680	89.7%	2,488	93.3%	2,326	96.8%	3,174	126.9%
SGA	2,613	84.0%	2,370	81.9%	2,480	97.2%	2,580	99.4%
Operating Income	66	—	118	—	(154)	—	594	—
Ordinary Income	78	—	55	—	(240)	—	580	—
Net Income	84	—	(23)	—	(270)	—	550	—

SANIX 12

FY2009 : Segment Information (Projection)

(Millions of Yen)

		FY2009								
		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	7,212	11,673	174.7%	5,818	5,855	18,885	128.8%	13,140	5,745
	Gross Profit	4,816	4,172	94.8%	3,628	544	8,988	91.7%	8,480	508
	SGA	2,718	2,742	97.7%	2,659	83	5,460	86.3%	5,738	(277)
	Op. Income	2,098	1,430	89.5%	969	461	3,528	101.7%	2,742	786
ES	Net Sales	1,229	1,162	89.2%	1,125	37	2,391	80.3%	2,265	126
	Gross Profit	520	473	97.5%	474	(1)	993	88.8%	956	37
	SGA	442	433	76.3%	426	7	875	72.4%	856	19
	Op. Income	78	40	—	48	(8)	118	—	100	18
ERD	Net Sales	3,616	4,565	118.9%	5,377	(812)	8,181	107.6%	9,595	(1,413)
	Gross Profit	(168)	855	—	1,486	(631)	686	—	1,674	(987)
	SGA	768	845	107.2%	783	62	1,613	110.6%	1,581	32
	Op. Income	(937)	10	—	703	(693)	(927)	—	93	(1,020)
Group	Op. Income	(1,053)	(1,040)	—	(1,057)	17	(2,093)	—	(2,185)	91

SANIX 13

FY2009 : Quarterly Segment Information (Projection)

(Millions of Yen)

		FY2009							
		1Q		2Q		3Q		4Q	
		Actual	% to last year	Actual	% to last year	Revised Forecast	% to last year	Revised Forecast	% to last year
HS	Net Sales	3,925	100.5%	3,286	80.8%	4,232	129.0%	7,441	218.7%
	Gross Profit	2,669	100.8%	2,147	78.2%	1,747	81.5%	2,425	107.4%
	SGA	1,423	77.6%	1,295	76.7%	1,332	93.4%	1,410	102.1%
	Op. Income	1,246	152.7%	851	80.6%	415	57.7%	1,015	115.6%
ES	Net Sales	648	81.9%	580	65.8%	592	87.3%	570	91.3%
	Gross Profit	273	88.9%	246	75.7%	247	106.0%	226	89.6%
	SGA	229	72.5%	212	65.4%	217	75.8%	216	76.8%
	Op. Income	44	—	34	—	30	—	10	—
ERD	Net Sales	1,714	91.0%	1,902	101.2%	2,246	110.5%	2,319	128.5%
	Gross Profit	(263)	—	94	—	332	—	523	—
	SGA	400	119.7%	368	109.7%	422	122.0%	423	95.6%
	Op. Income	(663)	—	(273)	—	(90)	—	100	—
Group	Op. Income	(560)	—	(493)	—	(509)	—	(531)	—

SANIX 14

FY2009 : Summary of the HS Division (Projection)

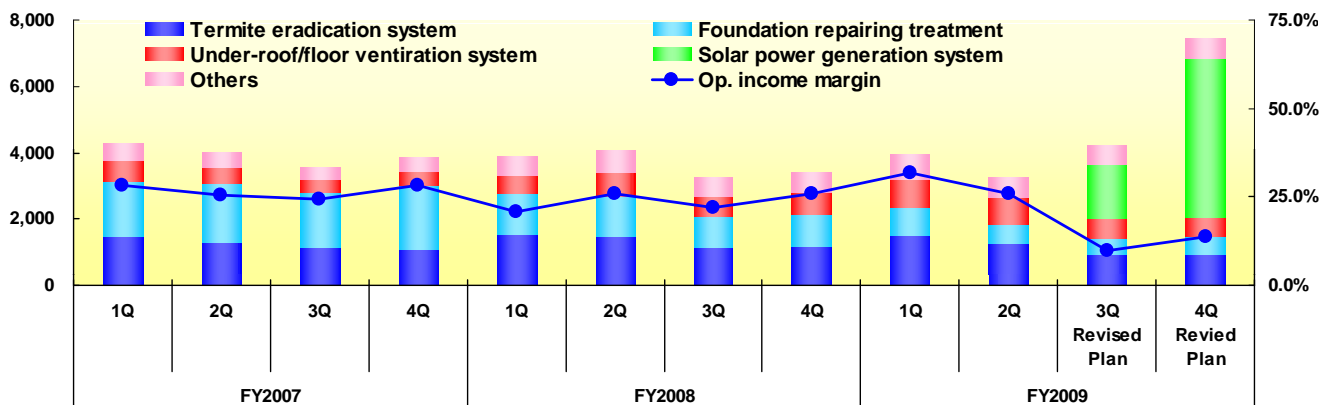
Strategies and Specific Measures

◆ Aiming to increase sales and income compared to the plan by marketing a new product, Solar Power Generation System.

- Sales are expected to increase substantially thanks to the marketing of the solar power generation system. But, operating income ratio is likely to decline since the management sets profit margins of the system at a level lower than those of the existing products in order to obtain larger market share in the home-use solar photovoltaic power generation business that is forecasted to grow in the future.
- The HS Division increased the number of employees who install the system in order to meet an expected increase in demand and to build up a seamless service system from sales to installation.

■ Net Sales by Product and Operating Income Margin

(Millions of Yen)



FY2009 : Summary of the ES Division (Projection)

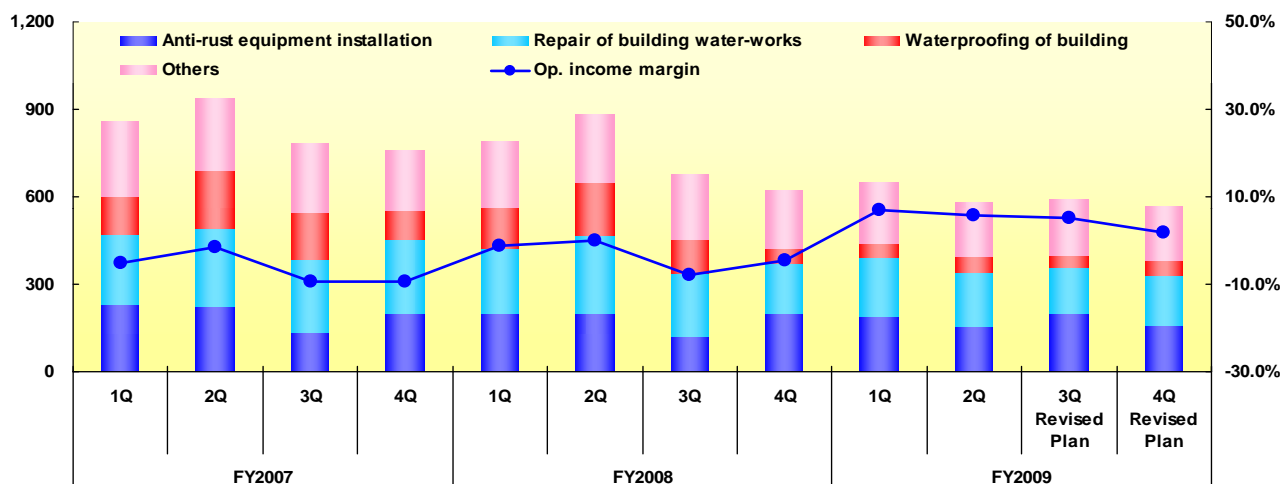
Strategies and Specific Measures

◆ The division will revamp its structure to generate profits through selection and concentration on and on.

- The management forecasts that figures for the fiscal year will remain almost unchanged from the initial plan, although the results for the first six-month period exceeded the initial plan slightly.
- New market development will emphasize sales of the highly profitable anti-rust equipment installation and works concerning pipes and water services.

■ Net Sales by Product and Operating Income Margin

(Millions of Yen)



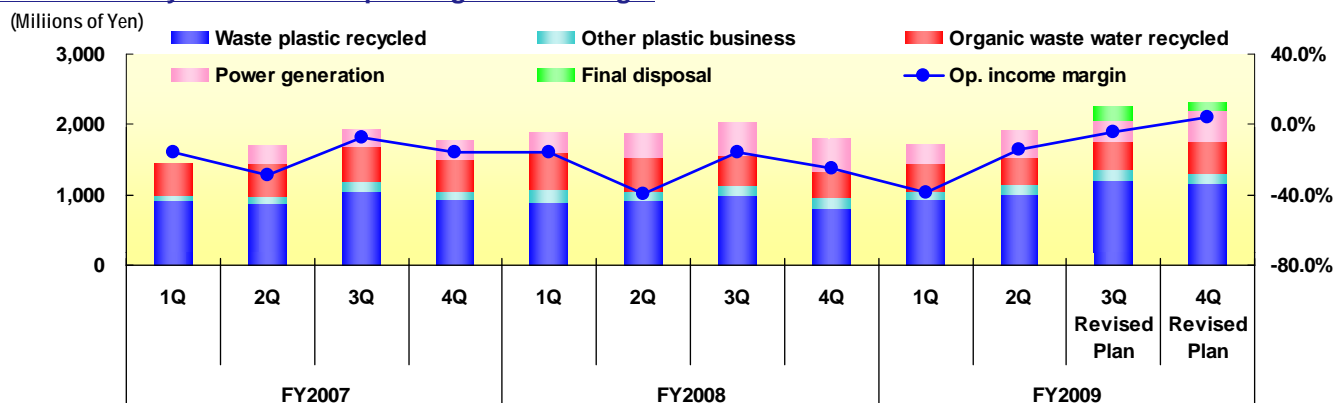
FY2009 : Summary of the ERD Division (Projection)

Strategies and Specific Measures

◆ The management drastically revises the Division's forecast, reflecting their results for the first six-month period.

- The management implemented a scheduled service suspension at the Sanix Energy Tomakomai Power Plant in order to maintain their stable operation. Although unit sale prices will slightly increase due to seasonal factors in the second half of the fiscal year, they are expected to remain at the low level.
- Sales in Waste Plastic Processing increased steadily from the same period last year. The management will strive to recover its sales to the level targeted by the initial plan through the increase in the volume of plastic brought in.
- In Organic Liquid Waste Processing, the Division will focus on cost-reduction, since the volume of wastewater brought in is expected to decrease for a while.

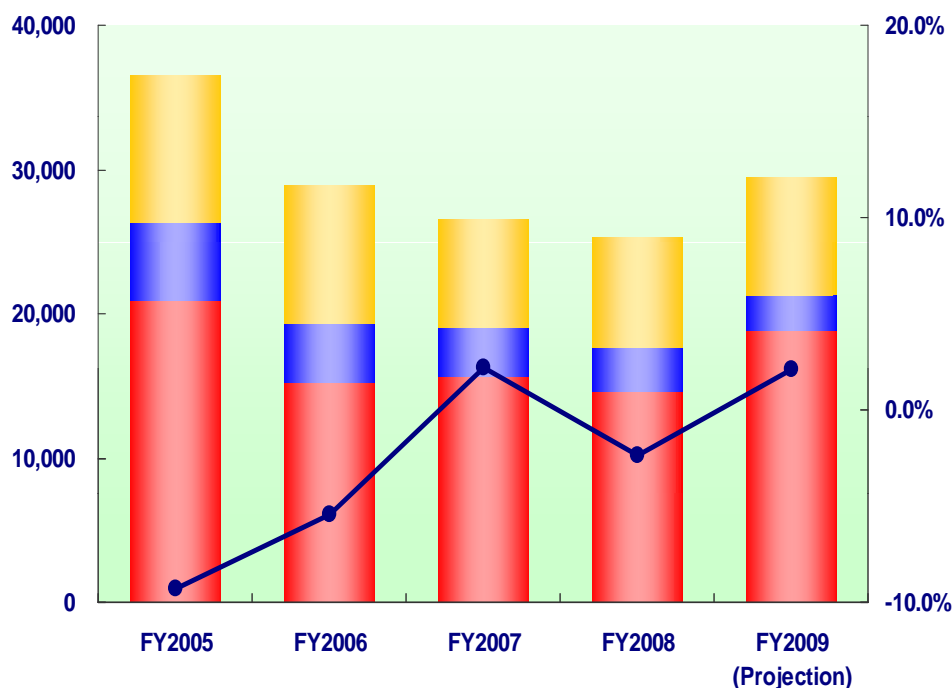
Net Sales by Product and Operating Income Margin



FY2009 : Investment Highlights

(Net Sales: MY)

(Op. Income %)



Forecast for FY2009

(Millions of Yen)

	FY2009
Net Sales	29,457
Op. Income (Op. Income %)	625 2.1%
Ordinary Income	473
Net Income	340





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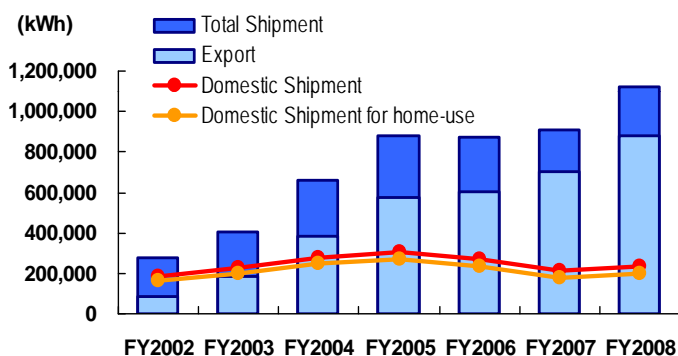
New Product in the HS Division: Solar Power Generation System

Entry into the Home-use Solar Power Generation Business

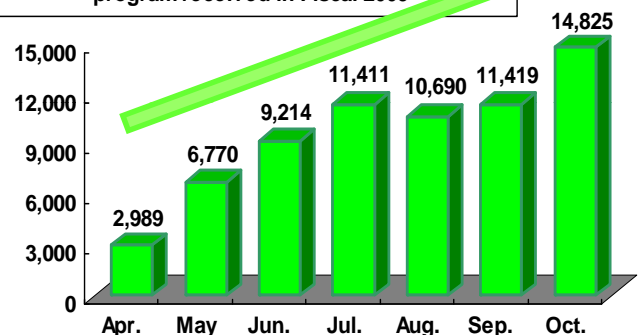
Environment Surrounding the Home-use Solar Photovoltaic Power Generation Business

- ◇ At a General Assembly of the United Nations, Prime Minister Hatoyama referred to the target of greenhouse gas emission reduction (medium-term) and declared, "Japan will cut emissions by 25% from 1990 levels by 2020. There is growing expectation that the Government will upgrade measures for greenhouse gas emission reduction further.
- ◇ The Japanese government reintroduced a subsidy program to promote the installation of home-use solar photovoltaic power systems, providing 70,000 yen per kilowatt of power generation capacity. Along with the central government's move, each local government has reviewed its policies including an increase in budget for the subsidy program.
- ◇ The Japanese government has introduced a solar power purchasing system (at fixed prices), mainly implemented in Germany, an environmentally-advanced nation, from November 1, 2009. This aims to promote the spread of clean energy by offering high premiums to shorten the payback period.

Change in shipment of photovoltaic cells in Japan



Number of applications for the government's subsidy program received in Fiscal 2009



Entry into the Home-use Solar Power Generation Business

◇ Japanese New Solar Power Purchasing System ◇

Based on Act on the Energy Supply Structure Enhancement that was passed in the Diet on July 1, 2009, a new solar photovoltaic power purchasing system has started from November 1, 2009.

	Home use		Non-home use	
	Solar photovoltaic power system only	Equipped with other power generation system	Solar photovoltaic power system only	Equipped with other power generation system
Under 10kW	¥48.00	¥39.00	¥24.00	¥24.00
Over 10kW	¥24.00	¥20.00		

The above unit prices will be applied to those who apply for the installation of a solar photovoltaic power generation system by March 31, 2010 and start electric power selling by June 30, 2010 (including systems installed before the application of the new prices). The prices will be valid for ten years from the installation date. According to a government's committee (Purchasing System Sub-committee), the Minister of Economy, Trade and Industry will officially instruct the purchasing prices of electricity from households applied after fiscal 2010, reflecting discussions at the Sub-committee that takes into account a reduction in costs of solar photovoltaic power generation systems.

◇ The Government's Subsidy Program ◇

Under the previous government's subsidy program (implemented by the New Energy Foundation administered by the Ministry of Economy, Trade and Industry), which was discontinued in 2006, 20,000 yen was offered per kilowatt. Its budget amounted to around 2,600 million yen. The new program, which was reintroduced in 2009, provides a subsidy of 70,000 yen per kilowatt totaling the budget of around 20,000 million yen.

• Organization that implements the program: Japan Photovoltaic Expansion Center (J-PEC)

• Subsidy: 70,000 yen per kilowatt of a solar cell module's nominal maximum output power

• Application period: April 1, 2009 to January 29, 2010 (providing the installation work completion date no later than Feb. 22, 2010)

* The application period is expected to be extended to March 31, 2010 (according to J-PEC's disclosed material on Nov. 10, 2009).

* In addition to the above subsidy, some local governments have their own subsidy programs.

SANIX 20

Entry into the Home-use Solar Power Generation Business

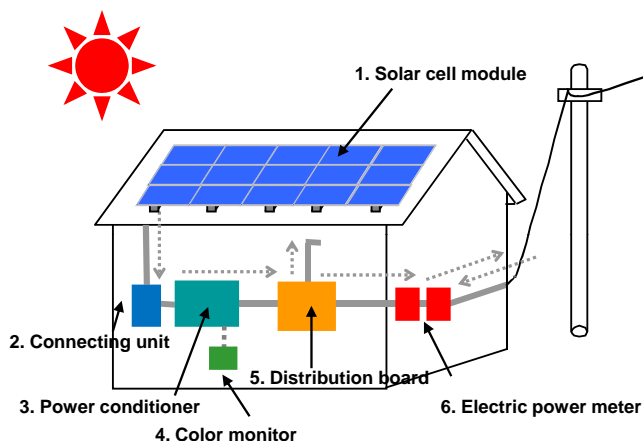
Sanix's Competitive Advantages in the Home-use Solar Photovoltaic Power Generation Business

	SANIX	Competitors
Price	<p>approx. 400 thousand yen / kW</p> <p>Our system is set at a price that encourages the spread of home-use solar photovoltaic power generation systems and enables customers to enjoy many economic benefits.</p>	<p>approx. 690 thousand yen / kW</p> <ul style="list-style-type: none"> • Excerpt from the New Energy Foundation's disclosed materials in fiscal 2007 • The selling price should be set at a higher level in case of sales through agents, since commissions are added to the price.
How to Sales	<ul style="list-style-type: none"> • Sanix has around 300,000 customer base for its termite eradication services. • We have been marketing solar powered ventilation fans for around 20 years (installed in 320,000 homes). Since our sales persons and consumers have a good knowledge of solar cells. • In case of a door-to-door selling, the Act on Specified Commercial Transactions shall be observed. The Company has been selling products and services door-to-door since its foundation and has trained our sales persons for a long period. 	<ul style="list-style-type: none"> • Competitors basically wait for customers to place an order or rely on in-store sales. • The solar photovoltaic power generation system can be proposed as an option, when selling a new home. Those who don't have any customer base are expected to face difficulties in obtaining buyers. Compliance risks will increase, especially when starting a door-to-door selling to cultivate new customers.

SANIX 21

Entry into the Home-use Solar Power Generation Business

Details of the Sanix Solar Power Generation System



- 1 Solar cell module**
Generating direct-current power
- 2 Connecting unit**
Combining wiring from solar cell modules
- 3 Power conditioner**
Transforming direct-current power into alternating-current power
- 4 Color monitor**
Checking power generation situation
- 5 Home-use power distribution board**
- 6 Electric power meter**
Selling surplus electricity to an electric power company and buying electricity from an electric power company in case of an electricity shortage

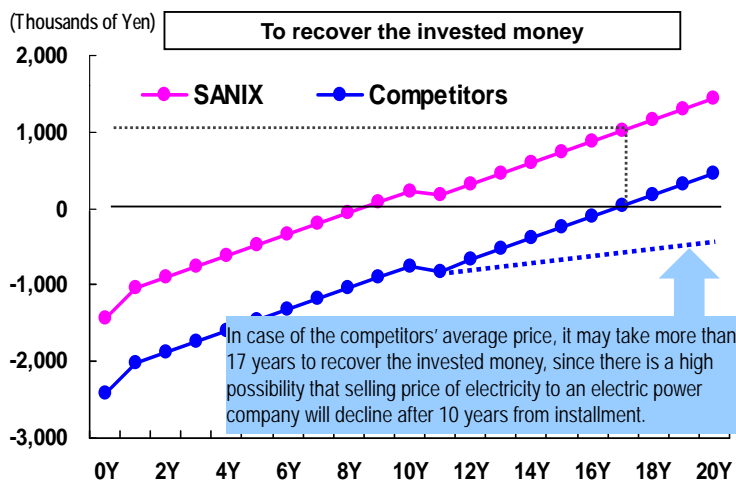
System capacity (Number of modules)	List price (excluding tax)	Campaign price (excluding tax)
3.5kW (20 modules)	¥1,575,000	¥1,430,000
4.2kW (24modules)	¥1,795,000	¥1,630,000

(Including the cost for peripheral equipment installation and the expense for subsidy application procedures)

Entry into the Home-use Solar Power Generation Business

Features of the Sanix Solar Power Generation System

1. Shorter payback period and bigger economic benefits



<Economic benefits enjoyed by a buyer of the Sanix Solar Power Generation System>

- <Precondition>
- System capacity: 3.5kw
 - Selling price: 48 yen/kwh, Purchasing price: 24 yen/kwh
 - Power generation efficiency: 12%
 - Percentage of electric power sold: 60%, Percentage of electric power self-consumed: 40%
 - Competitors' average selling price: around 690,000 yen/kw
 - After installation, the government's subsidy of 245,000 yen is provided.
 - After 10 years from installation, 200,000 yen is needed as maintenance and repair expenses.
 - Full amount is paid in cash.
- The following calculations are based on the above assumptions.
- *Annual generation volumes*
 $3.5\text{kw} \times 24 \text{ hours} \times 365 \text{ days} \times 12\% = 3,679\text{kwh}$
 Sanix: 1,430,000 yen \Rightarrow The invested money can be recovered by 9 years.
 Competitors' average: 2,415,000 yen \Rightarrow More than 17 years are needed to recover the invested money.

2. Upgrading the warranty program and after sales service

(1) Under the Sanix's warranty agreement, the system equipment comes with a 10-year warranty (The color monitor comes with a one-year warranty)

- In case the system fails to operate properly due to a lightning strike
- In case the output of solar cell modules falls below the guaranteed performance (80% of the nominal value)

(2) Implementation of a regular inspection during the warranty period (free of charge)

* Sanix adopts a seamless service system from the concluding a contract to installation instead of a dealership system.



Entry into the Home-use Solar Power Generation Business

◇ Outlook of Sales ◆

■ In the third quarter of the fiscal year, we will construct and improve the seamless system.

- Regarding sales (including clerical works) and installation, the Company has provided its specialized staff with training and educational programs since July 2009. In the third quarter of the fiscal year, we will conservatively set the installation target with the aim to increase efficiency through horizontal development including OJT.
- Sanix will employ electrical engineers at its all stores and register all stores as electrical engineering office, improving its installation work system.

■ In the fourth quarter of the fiscal year, we will focus on fulfillment of back orders and initiate active business operation.

- Following improvement of efficiency in sales and installation work in the third quarter of the fiscal year, Sanix will promote fulfillment of back orders.
- Based on installation results, we will review variable costs such as material costs and supplies expenses to secure profits.

