



SANIX INCORPORATED

Consolidated Financial Summary

For the first quarter ended June 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 quarter ended June 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 quarter ended June 30, 2009**(1) Consolidated Operating Results**

(Millions of Yen)

	First quarter			
	from April 1 to June 30			
	FY2009	% change	FY2008	% change
Net Sales.	6,288	(4.5)	6,583	-
Operating Income.	66	-	(122)	-
Ordinary Income.	78	-	(124)	-
Net Income.	84	-	(143)	-
Net Income per Share(¥).	¥1.77	-	(¥3.01)	-
Net Income per Share, Diluted(¥).	-	-	-	-

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

(2) Consolidated Financial Position

(Millions of Yen)

	As of June 30	As of March 31
	FY2009	FY2008
	Total Assets.	21,362
Net Assets.	10,815	10,730
Shareholders' Equity Ratio (%).	50.5%	51.3%
Net Assets per Share (¥).	¥226.09	¥224.30

Reference:

Shareholders' equity as of June 30, 2009	10,786 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			
	First Half as of September 30	% Change	Full Year as of March 31	% Change
Net Sales.	12,860	(5.5)	25,000	(0.9)
Operating Income.	87	-	750	-
Ordinary Income.	67	-	720	-
Net Income.	3	-	600	-
Net Income per Share(¥).	¥0.06	-	¥12.58	-

There is no change from initial projections for semi-annual and annual operational results publicly announced on May 13, 2009.

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 Quarter ended June 30, 2009	Full Year ended March 31, 2009
Number of shares issued and outstanding at period end.	48,919,396	48,919,396
Number of treasury stocks at period end.	1,209,733	1,209,633
Average number of shares issued and outstanding during the fiscal term. . .	47,709,713	47,710,340

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 quarter ended June 30, 2009

1. Qualitative information on consolidated business results

In the first quarter of the current consolidated fiscal year (April 1, 2009 to June 30, 2009), there were some indications that the economy hit bottom and started recovering from the global recession caused by the financial turmoil since last year. However, the outlook for the Japanese economy remains unclear and uncertain due to the deteriorating employment situation and declining personal consumption.

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 quarter of the current consolidated fiscal year, the Sanix Group saw sales in the Home Sanitation Division (HS Division) remain unchanged from the same period last year, but those in the Establishment Sanitation Division (ES Division) and Environmental Resources Development Division (ERD Division) decrease from the same period last year. As a result, total sales of the Group amounted to 6,288 million yen (4.5% decrease year-on-year). Regarding earnings, the Sanix Group finally reported operating income of 66 million yen (operating loss of 122 million yen for the same period last year), ordinary income of 78 million yen (ordinary loss of 124 million yen for the same period last year) and net income of 84 million yen (net loss of 143 million yen for the same period last year). This was because the Company succeeded in reducing fixed costs through implementation of cost-cutting measures across the Group, though repair expenses increased, since the Sanix Energy Tomakomai Power Plant (Tomakomai, Hokkaido) conducted annual facility maintenance in June (last done in September 2008).

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

Earnings of individual divisions:

Home Sanitation Division

In the first quarter of the current consolidated fiscal year, sales in Foundation Repair Treatment and Reinforcement Services decreased by 32.2% (year-on-year). Sales in Termite Eradication Services remained almost unchanged from the same period last year (a mere 0.3% decrease year-on-year) due to the effects of a television advertising campaign during the busy period of termite eradication (April to June). Meanwhile, sales in Under-Roof/Floor Ventilation Systems steadily increased by 47.4% (year-on-year). As a result, sales in the HS Division amounted to 3,925 million yen (up 0.5% from the same period last year).

Regarding earnings, the Division posted an operating income of 1,246 million yen (52.7% increase year-on-year), resulting in an operating-income-to-sales ratio of 31.7% (20.9% 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 44 million yen (operating loss of 8 million yen for the same period last year), since fixed costs decreased due to implementation of cost-cutting measures, although sales decreased by 18.1% (year-on-year) to 648 million yen.

Environmental Resources Development Division

Sales in Waste Plastic Processing increased by 6.0% (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. The Sanix Energy Tomakomai Power Plant (Tomakomai, Hokkaido) gradually increased its output through stable continuous operation, but Power sales decreased by 2.8% (year-on-year), since unit sales prices declined due to sluggish electricity demand as a result of production adjustments in the manufacturing sector. Sales in Organic Liquid Waste Processing fell by 24.7% (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, while sales in Others plunged by 45.1% (year-on-year) due to weak sales of packaging machinery. As a result, sales in the ERD Division amounted to 1,714 million yen (down 9.0% from the same period last year).

Regarding earnings, repair expenses jumped by 331 million yen at the Sanix Energy Tomakomai Power Plant (Tomakomai, Hokkaido), since the Power Plant conducted annual facility maintenance in June (last done in September 2008). 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 663 million yen (operating loss of 304 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 June 30, 2009 amounted to 21,362 million yen, up 493 million yen from the previous consolidated fiscal year end. This increase was primarily due to an increase in cash and deposits. Total liabilities were 10,546 million yen, up 407 million yen from the previous consolidated fiscal year end, mainly due to an increase in accounts payable. Net assets totaled 10,815 million yen, up 85 million yen from the previous consolidated fiscal year end. This increase was primarily due to the net income of 84 million yen incurred during the quarter. Consequently, the ratio of owners' equity was 50.5%, compared to 51.3% for the previous consolidated fiscal year end.

(2) Cash Flows

Cash and cash equivalents as of June 30, 2009 totaled 1,655 million yen, an increase of 605 million yen from as of March 31, 2009.

(Cash Flows from Operating Activities)

Net cash provided by operating activities totaled 680 million yen, an increase of 492 million yen from the same period last year. This was mainly because a net income before taxes and other adjustments of 126 million yen was recorded for the first quarter and there was an increase in other current liabilities of 423 million yen.

(Cash Flows from Investing Activities)

Net cash used for investing activities totaled 16 million yen, a decrease of 103 million yen from the same period last year. This was mainly due to the payments for purchase of property, plant and equipment by 58 million yen.

(Cash Flows from Financing Activities)

Net cash used for financing activities totaled 58 million yen, a decrease of 183 million yen from the same period last year. Here, accelerating the repayment of debt was responsible.

3. Qualitative information on the forecast of consolidated business results

There is no change in the forecast of consolidated business results for the current fiscal year ending March 2010, the Sanix Group announced on May 13, 2009.

In April 2008, the Group announced its *Spring Plan 2010*, its medium-term business plan for three years from the year ended March 2009 through the year ending March 2011. Management has decided to review the business plan after comprehensively examining changes in the business environment along with the deteriorating business conditions and the business results for the fiscal year ended March 2009. The Sanix Group plans to announce a new medium-term business plan in April 2010 with careful consideration given to the business results for the fiscal year ending March 2010 and the overall business environment surrounding the Group.

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 June 30	As of March 31
	FY2009	FY2008
Assets:		
Current Assets:		
Cash and deposits	1,655,353	1,064,885
Notes and accounts receivable-trade	1,694,180	1,678,368
Merchandise and finished goods	52,784	52,928
Raw materials and supplies	544,347	564,104
Other	649,376	642,392
Allowance for doubtful accounts	(102,961)	(107,990)
Total Current Assets:	<u>4,493,081</u>	<u>3,894,689</u>
Fixed Assets:		
Property, Plant and Equipment:		
Buildings and structures, net	2,980,009	3,041,333
Machinery, equipment and vehicles, net	2,461,727	2,493,039
Land	9,535,429	9,535,429
Other, net	292,258	257,798
Total Property, Plant and Equipment:	<u>15,269,425</u>	<u>15,327,601</u>
Intangible Fixed Assets:	75,391	77,307
Investments and Other Assets:	1,524,677	1,569,724
Total Fixed Assets:	<u>16,869,494</u>	<u>16,974,634</u>
Total Assets:	<u>21,362,575</u>	<u>20,869,323</u>
Liabilities:		
Current Liabilities:		
Notes and accounts payable-trade	586,260	530,469
Short-term loans payable	5,278,500	5,316,000
Income taxes payable	48,926	159,584
Provision	121,959	122,537
Other	2,879,513	2,407,869
Total Current Liabilities:	<u>8,915,160</u>	<u>8,536,460</u>
Non-Current Liabilities:		
Long-term loans payable	14,000	15,500
Provision for retirement benefits	1,163,201	1,130,617
Provision for directors' retirement benefits	233,620	229,845
Other	220,939	226,661
Total Non-Current Liabilities:	<u>1,631,760</u>	<u>1,602,624</u>
Total Liabilities:	<u>10,546,921</u>	<u>10,139,085</u>

(Thousands of Yen)

	<u>As of June 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	(1,680,427)	(3,523,538)
Treasury stock	(1,610,715)	(1,610,705)
Total Shareholders' Equity:	<u>10,750,692</u>	<u>10,666,432</u>
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	35,906	34,636
Total Valuation and translation adjustments:	<u>35,906</u>	<u>34,636</u>
Minority Interests:	<u>29,054</u>	29,169
Total Net Assets:	<u>10,815,653</u>	10,730,238
Total Liabilities and Net Assets:	<u>21,362,575</u>	20,869,323

(2) Consolidated Quarterly Statements of Income

(Thousands of Yen)

	First quarter	
	from April 1 to June 30	
	FY2008	FY2009
Net sales	6,583,550	6,288,550
Cost of sales	3,595,667	3,608,424
Gross profit	2,987,882	2,680,126
Selling, general and administrative expenses	3,110,855	2,613,400
Operating income (loss)	(122,972)	66,726
Non-operating income:		
Interest income	1,709	1,765
Dividends income	10,826	6,267
Land and house rent revenue	16,801	16,820
Other	7,215	17,088
Total non-operating income	36,553	41,942
Non-operating expenses:		
Interest expenses	37,663	29,718
Other	652	609
Total non-operating expenses	38,315	30,328
Ordinary income (loss)	(124,734)	78,339
Extraordinary income:		
Reversal of provision for bonuses	-	53,632
Insurance income	318,000	-
Total extraordinary income	318,000	53,632
Extraordinary loss:		
Loss on retirement of noncurrent assets	-	4,471
Loss on cancellation of lease contracts	526	642
Loss on disaster	318,000	-
Total extraordinary loss	318,526	5,113
Income (loss) before income taxes and minority interests	(125,261)	126,859
Income taxes-current	20,230	30,587
Income taxes-deferred	(2,946)	11,790
Total income taxes	17,284	42,378
Minority interests in income	1,129	210
Net income (loss)	(143,676)	84,270

(3) Consolidated Quarterly Statements of Cash Flows

(Thousands of yen)

	First Quarter	
	From April 1 to June 30	
	FY2008	FY2009
Net Cash Provided by (Used in) Operating Activities:		
Income before income taxes and minority interests	(125,261)	126,859
Depreciation and amortization	215,395	128,679
Loss on disaster	318,000	-
Insurance income	(318,000)	-
Increase/ Decrease in reserve for retirement benefits	30,865	32,583
Increase/ Decrease in allowance for doubtful accounts	4,541	(5,837)
Interest and dividends income	(12,536)	(8,033)
Interest expenses	37,663	29,718
Decrease/ Increase in notes and accounts receivable-trade	(35,626)	(15,812)
Decrease/ increase in inventories	18,002	19,900
Increase/ decrease in notes and accounts payable-trade	54,956	55,790
Other, net	76,171	480,320
Subtotal	264,171	844,170
Interest and dividends income received	12,536	7,993
Interest expenses paid	(419)	(26,827)
Payments for loss on disaster	(1,460)	(37,398)
Income taxes paid	(86,617)	(107,138)
Net cash provided by operating activities:	188,210	680,799
Net Cash Provided by (Used in) Investment Activities:		
Payments into time deposits	-	(5,000)
Proceeds from withdrawal of time deposits	-	20,000
Purchase of property, plant and equipment	(133,712)	(58,931)
Other	13,240	27,346
Net cash provided by investing activities:	(120,471)	(16,585)
Net Cash Provided by (Used in) Financing Activities:		
Increase (decrease) in short-term loans payable	-	(37,500)
Repayment of long-term loans payable	(141,501)	(6,501)
Repayments of finance lease obligations	-	(14,389)
Other	(100,786)	(356)
Net cash provided by financing activities:	(242,287)	(58,746)
Net increase (decrease) in cash and cash equivalents	(174,548)	605,467
Cash and cash equivalents at beginning of period	1,019,848	1,049,885
Cash and cash equivalents at the end of period	845,300	1,655,353

(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 first quarter (From April 1, 2008 to June 30, 2008)

(Thousands of Yen)

Segments	HS	ES	ERD	Total	Elimination or Group	Consolidated
Net Sales:						
(1)Sales to customers	3,908,132	792,244	1,883,173	6,583,550	-	6,583,550
(2)Internal sales among segments and transfer accounts.	-	-	-	-	-	-
Total	3,908,132	792,244	1,883,173	6,583,550	-	6,583,550
Operating income (loss)	816,303	(8,706)	(304,179)	503,416	(626,389)	(122,972)

Current first quarter (From April 1, 2009 to June 30, 2009)

(Thousands of Yen)

Segments	HS	ES	ERD	Total	Elimination or Group	Consolidated
Net Sales:						
(1)Sales to customers	3,925,991	648,538	1,714,020	6,288,550	-	6,288,550
(2)Internal sales among segments and transfer accounts.	-	-	-	-	-	-
Total	3,925,991	648,538	1,714,020	6,288,550	-	6,288,550
Operating income (loss)	1,246,296	44,219	(663,700)	626,815	(560,089)	66,726

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 quarter)

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 78 thousand yen and that of the ERD Division increased by 7,921 thousand yen.

b. Segment Information by Location

Prior first quarter (From April 1, 2008 to June 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 first quarter (From April 1, 2009 to June 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 first quarter (From April 1, 2008 to June 30, 2008)

There is no foreign sales.

Current first quarter (From April 1, 2009 to June 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 quarter		Changes	Fiscal year
	from April 1 to June 30			ended March 31
	FY2008	FY2009		FY2008
Termite Eradication Service	1,528,840	1,524,044	(4,796)	5,288,667
Foundation Repairing Treatment	1,220,167	827,857	(392,309)	4,374,361
Under-Roof/Floor Ventilation System	564,714	832,227	267,512	2,549,838
Home Reinforcement System	110,934	112,831	1,897	410,317
Other	483,475	629,031	145,555	2,033,948
Home Sanitation Division Total:	3,908,132	3,925,991	17,859	14,657,134
Anti-rust equipment installation	201,239	190,016	(11,222)	721,745
Repair of building water-works	220,213	201,742	(18,471)	876,888
Waterproofing of building	139,946	51,370	(88,575)	493,423
Other	230,844	205,409	(25,435)	884,161
Establishment Sanitation Division Total:	792,244	648,538	(143,705)	2,976,219
Industrial Waste (Waste plastic processing)	891,323	944,519	53,196	3,603,757
Industrial waste (Organic Waste Water Recycle)	544,302	409,703	(134,598)	1,833,997
Generation of electricity	270,033	262,411	(7,622)	1,550,989
Other	177,514	97,386	(80,128)	611,607
Environmental Resources Development Division Total:	1,883,173	1,714,020	(169,153)	7,600,352
Total Net Sales:	6,583,550	6,288,550	(294,999)	25,233,705