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SANIX



Consolidated Financial Statements

For the Year ended March 31, 2011

SANIX INCORPORATED

May 12, 2011

(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 FY2010

Summary of FY2010

Both sales and income increased from the last year , and net income returned to the black.

Net Sales	:	28,979 Million Yen	(up 4,440 million yen from the last year)
Operating Income	:	501 Million Yen	(up 111 million yen from the last year)
Ordinary Income	:	430 Million Yen	(up 205 million yen from the last year)
Net Income	:	49 Million Yen	(up 3,725 million yen from the last year)

◆ Net Sales ◆

The HS Division and the ES Division saw their sales increase from the last year due to focusing on sales of Solar Photovoltaic Power Generation System. The ERD Division saw their sales increase from the last year because revenue from Waste Plastic Recycled and Power Generation increased from the last year in addition to receiving added revenue from landfill operations (since the Group acquired a landfill site).

◆ Earnings ◆

Both operation income and ordinary income increased from the last year because net sales increased from the last year. The Group recorded an extraordinary loss of 114 million yen, because “Accounting Standards for Asset Retirement Obligations” shall be applied ,and an loss on disaster of 35 million yen by the Great East Japan Earthquake. As a result, the Group reported net income of 49 million yen.

FY2010 : Statement of Income

(Millions of Yen)	FY2009	FY2010					
	Actual	Actual	% to sales	% to last year	Projection	% of change	Difference
Net Sales	24,539	28,979	100.0%	118.1%	30,000	96.6%	(1,020)
H S	14,056	16,656	57.5%	118.5%	17,370	95.9%	(713)
E S	2,547	2,811	9.7%	110.3%	2,805	100.2%	6
ERD	7,934	9,511	32.8%	119.9%	9,825	96.8%	(313)
Cost of Sales	14,621	18,703	64.5%	127.9%	18,600	100.6%	103
Gross Profit	9,918	10,275	35.5%	103.6%	11,400	90.1%	(1,124)
SG&A	9,527	9,773	33.7%	102.6%	10,100	96.8%	(326)
Operating Income	390	501	1.7%	128.6%	1,300	38.6%	(798)
Ordinary Income	224	430	1.5%	191.2%	1,230	35.0%	(799)
Net Income	(3,676)	49	0.2%	—	900	5.5%	(850)

■ Cost of sales exceeded the budget because both the HS Division and the ES Division saw their sales fell short of budget; the constituent ratio of the “Solar Photovoltaic Power Generation System” rose; costs increased by small problems at the Tomakomai Power Plant.

The Group saw operating income fell short of budget, however SGA fell short of budget due to the Group’s costs-reduction efforts.

FY2010 : Segment Information

(Millions of Yen)		FY2008	FY2009					
		Actual	Actual	% to sales	% to last year	Projection	% of change	Difference
H S	Net Sales	14,056	16,656	100.0%	118.5%	17,370	95.9%	(713)
	Gross Profit	8,455	7,964	47.8%	94.2%	8,550	93.2%	(585)
	SG&A	5,090	5,356	32.2%	105.2%	5,640	95.0%	(283)
	Op. Income	3,365	2,607	15.7%	77.5%	2,910	89.6%	(302)
E S	Net Sales	2,547	2,811	100.0%	110.3%	2,805	100.2%	6
	Gross Profit	1,037	974	34.7%	93.9%	1,050	92.8%	(75)
	SG&A	826	820	29.2%	99.2%	810	101.3%	10
	Op. Income	211	153	5.5%	72.8%	240	64.0%	(86)
ERD	Net Sales	7,934	9,511	100.0%	119.9%	9,825	96.8%	(313)
	Gross Profit	424	1,337	14.1%	314.8%	1,800	74.3%	(462)
	SG&A	1,537	1,553	16.3%	101.0%	1,600	97.1%	(46)
	Op. Income	(1,112)	(215)	—	—	200	—	(415)
Group	Op. Income	(2,073)	(2,043)	—	—	(2,050)	—	6

FY2010 : The effects of the Great East Japan Earthquake

- ◆ Regarding the HS Division's business, the Division suffered a negative impact including postponement of delivery of goods of wholesale distribution of Solar photovoltaic power generation systems to dealers in eastern Japan and temporary postponement of photovoltaic power generation system installations from March to April in western Japan because of the general confusion after the earthquake.
- ◆ The ERD Division saw revenue from the waste plastic recycling business fall short of the plan because Tagajo plant suffered inundation damage from the earthquake and tsunami, and other plant was influenced from the general confusion. The Tagajo plant recorded an extraordinary loss of 35 million yen as a loss on disaster.
- ◆ The ERD Division conducted inspection for facilities in Tomakomai Power Plant after the earthquake. Consequently, net sales fell short of budget due to a decrease in operation days.

■ Segment information – The effects of the Great East Japan Earthquake

(Millions of Yen)	The effects of decrease in revenue	The effects of decrease in income
Total	(963)	(417)
HS	(784)	(225)
ES	(13)	(8)
ERD	(166)	(182)

Details	
● HS Division (Solar Photovoltaic Power Generation Systems)	
Postponement since April	: 775 million yen
Cancellation	: 8 million yen
● ES Division	
Postponement since April	: 13 million yen
● ERD Division (Decrease in revenue)	
Waste Plastic	: 83 million yen
Power Generation	: 82 million yen

FY2010 : HS Division

■ Sales of Solar Photovoltaic Power Generation Systems increased greatly from the last year. With a subsidy program for home-use solar photovoltaic power generation systems being included in the government's supplementary budget, we focused on sales of Solar Photovoltaic Power Generation Systems for fostering as the mainstay. It exceeded the budget, however the existing products fell short of budget because the transition in sales techniques is not proceeding as expected.

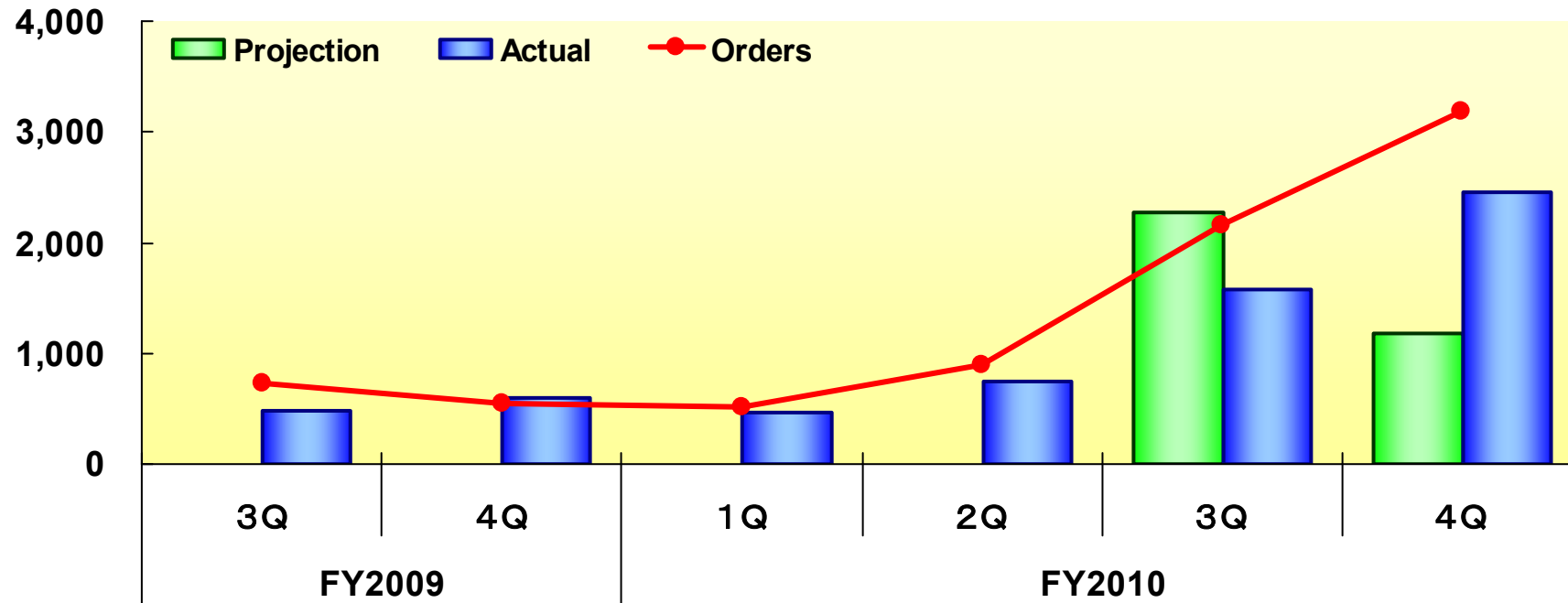
The Division's operating income was 2,607 million yen, down 10.4% compared to budget because of a rise in the constituent ratio of the Solar Photovoltaic Power Generation System with a thinner profit-margin than existing products and the effects on sales falling by the Great East Japan Earthquake.

(Millions of Yen)	FY2009	FY2010				
	Actual	Actual	% to last year	Projection	% of change	Difference
Total Net Sales	14,056	16,656	118.5%	17,370	95.9%	(713)
Termite Eradication Service	4,775	4,095	85.8%	4,260	96.1%	(164)
Under-Floor/-Roof Ventilation System	2,996	2,568	85.7%	3,100	82.8%	(531)
Foundation Repairing Treatment	2,584	1,759	68.1%	2,020	87.1%	(260)
House Reinforcement System	393	350	89.1%	390	89.9%	(39)
Solar Photovoltaic Power Generation System	1,086	5,261	484.1%	4,670	112.7%	591
Other	2,219	2,620	118.1%	2,930	89.4%	(309)
Operating Income	3,365	2,607	77.5%	2,910	89.6%	(302)

FY2010 : HS—Solar Photovoltaic Power Generation System

■ Quarterly Net Sales of solar photovoltaic power generation system

(Millions of Yen)



■ Sales of Solar Photovoltaic Power Generation Systems steadily increased, despite effects on the Great East Japan Earthquake on March

- We started focusing on sales of solar photovoltaic power generation systems from the fourth quarter of fiscal 2010 in direct sales to our existing customers. The sales steadily increased, but the Division suffered a negative impact including temporary postponement of photovoltaic power generation system installations until after April.
- The Division suffered a negative impact including cancellation and postponement of delivery of goods of wholesale distribution of Solar photovoltaic power generation systems to dealers in eastern Japan that is the main sales stronghold.

FY2010 : ES Division

■ We focused on sales of Solar Photovoltaic Power Generation Systems for fostering as the mainstay

The Division focused on sales of Solar Photovoltaic Power Generation Systems for housing complex. As a result, the Division's total net sales was almost in line with the plan because sales of Solar Photovoltaic Power Generation System exceeded the budget, despite sales of existing products fell short of budget.

Regarding operating margins, the Division's operating income was 153 million yen, 64.0% compared to budget because of a rise in the constituent ratio of the Solar Photovoltaic Power Generation System with a thinner profit-margin.

(Millions of Yen)	FY2009	FY2010				
	Actual	Actual	% to last year	Projection	% of change	Difference
Total Net Sales	2,547	2,811	110.3%	2,805	100.2%	6
Anti-Rust Equipment Installation	693	680	98.1%	720	94.5%	(39)
Repair of Building Water-works	869	770	88.6%	799	96.4%	(28)
Waterproofing of Building	197	427	215.9%	486	87.9%	(58)
Solar Photovoltaic Generation System	—	297	—	121	244.8%	176
Others	786	635	80.8%	678	93.7%	(43)
Operating Income	211	153	72.8%	240	64.0%	(86)

FY2010 : ERD Division

■ Sales increased from the last year, and profitability recovered.

The ERD Division saw revenue from the waste plastic recycling business fall short of the plan because Tagajo plant suffered inundation damage from the earthquake and tsunami, and other plant was influenced from the general confusion.

The Division conducted inspection for facilities in Tomakomai Power Plant after the earthquake, in addition, the equipment repair required due to age-related deterioration will be more extensive than anticipated. Consequently, net sales fell short of budget due to a decrease in operation days.

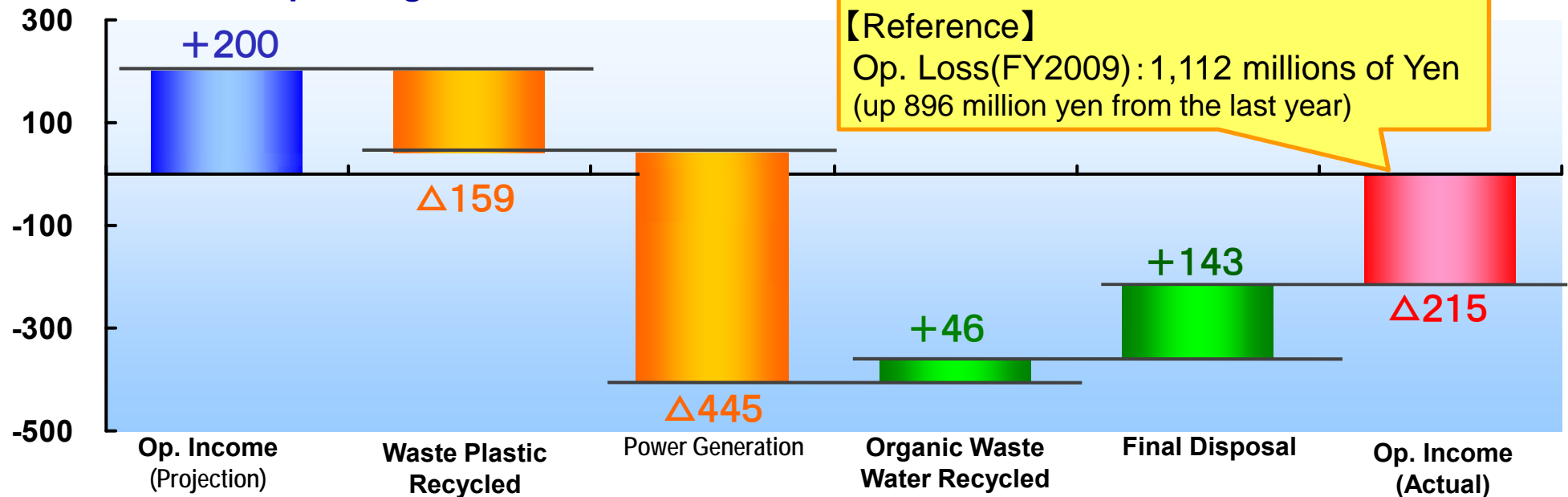
The Division's operating income decreased compared to the budget due to a decline in revenue by a decrease in operation days from the Tomakomai Power Plant and an increase in repair expenses, although earnings showed a trend toward recovery.

(Millions of Yen)	FY2009	FY2010				
	Actual	Actual	% to last year	Projection	% of change	Difference
Total Net Sales	7,934	9,511	119.9%	9,825	96.8%	(313)
Waste Plastic Recycled	4,295	5,023	116.9%	5,190	96.8%	(167)
Organic Waste Water Recycled	1,474	1,444	97.9%	1,450	99.6%	(5)
Power Generation	1,276	1,427	111.9%	1,825	78.2%	(397)
Final Disposal	415	939	226.0%	815	115.2%	124
Others	472	676	143.2%	544	124.3%	132
Operation Income	(1,112)	(215)	—	200	—	(415)

Analysis of a decrease in Op. income in comparison to the budget in the ERD Division

ERD Division : Operating Income

(Millions of Yen)



*** Waste Plastic Recycled**

Operating income fell short of budget because costs increased due to efforts to improve the quality of fuel, and the volume of waste plastics brought in decreased by the effects of the earthquake.

*** Power Generation**

Sales and income fell short of budget due to a decrease in operation days because of the inspection for facilities after the earthquake and the equipment repair required due to age-related deterioration in Tomakomai Power Plant

*** Organic Waste Water Recycled**

Operating income increased compared to the budget due to reduction of cost of sales and SGA .

*** Final Disposal**

Operating income increased compared to budget due to increase in the volume of incoming wastes from outside of SANIX group company.

SANIX



Forecast for FY2011



Forecast for FY2011

Forecast for consolidated FY 2011

Net Sales	:	38,000 Million Yen	(FY2010 :	28,979 million yen)
Operating Income	:	1,300 Million Yen	(FY2010 :	501 million yen)
Ordinary Income	:	1,250 Million Yen	(FY2010 :	430 million yen)
Net Income	:	830 Million Yen	(FY2010 :	49 million yen)

HS Division

Given that the market is forecast to expand with a continuation of subsidy programs by the national and local governments, we will prioritize sales of solar power systems in the expectation of far greater revenues than in the previous term.

ES Division

Hereafter, the ES Division concentrated its resources on marketing to corporate customers, such as building and condominium management companies. In addition, the Division will promote the sales of Solar Power Generation System as in HS Division.

ERD Division

Regarding the revenue of Waste Plastic Recycled, although the repercussions of the Great East Japan Earthquake are likely to continue through the first quarter, they should steadily dissipate from the second quarter and allow us to achieve solid results. Regarding the Power Sales business, the ERD Division strengthened its efforts to improve the quality of plastic used as fuel through strict sorting at its waste plastic recycling plants from the second half of the previous fiscal year. The Company estimates profitability will improve in the next fiscal year because the enhanced efforts are expected to lead to stable and continuous operation of the Tomakomai Power Plant, resulting in increased revenue from Power Sales and a decline in repair expenses for plant operations.

FY2011 : Statement of Income

(Millions of Yen)	FY2011							
	First-Half				Full-Year			
	Projection	% to sales	% to last year	Difference	Projection	% to sales	% to last year	Difference
Net Sales	17,410	100.0%	119.2%	2,800	38,000	100.0%	131.1%	9,020
H S	10,910	62.7%	125.7%	2,228	24,565	64.6%	147.5%	7,908
E S	1,672	9.6%	126.5%	349	3,455	9.1%	122.9%	643
ERD	4,828	27.7%	104.8%	222	9,980	26.3%	104.9%	468
Cost of Sales	11,629	66.8%	136.7%	3,119	25,944	68.3%	138.7%	7,240
Gross Profit	5,781	33.2%	94.8%	(318)	12,056	31.7%	117.3%	1,780
SG&A	5,516	31.7%	111.1%	549	10,756	28.3%	110.0%	982
Operating Income	265	1.5%	23.4%	(867)	1,300	3.4%	259.0%	798
Ordinary Income	240	1.4%	22.0%	(850)	1,250	3.3%	290.7%	819
Net Income	30	0.2%	3.7%	(776)	830	2.2%	—	780

■ In the first half, the repercussions of the Great East Japan Earthquake should steadily dissipate, and the Group expects the sales in each Division to increase steadily.

For the full year, the Group expects sales and income to increase from the last year due to the promote the sales of Solar Power Generation System in the HS and ES Division and a stable and continuous operation of the Tomakomai Power Plant.

FY2011: Segment Information

(Millions of Yen)		FY2011							
		First-Half				Full-Year			
		Projection	% to sales	% to last year	Difference	Projection	% to sales	% to last year	Difference
H S	Net Sales	10,910	100.0%	125.7%	2,228	24,565	100.0%	147.5%	7,908
	Gross Profit	4,717	43.2%	94.2%	(291)	9,242	37.6%	116.0%	1,277
	SG&A	3,122	28.6%	113.6%	373	6,057	24.7%	113.1%	700
	Op. Income	1,595	14.6%	70.6%	(665)	3,185	13.0%	122.1%	577
E S	Net Sales	1,672	100.0%	126.5%	349	3,455	100.0%	122.9%	643
	Gross Profit	580	34.7%	115.9%	79	1,208	35.0%	124.0%	233
	SG&A	466	27.9%	121.6%	82	938	27.1%	114.3%	117
	Op. Income	114	6.8%	97.2%	(3)	270	7.8%	175.7%	116
ERD	Net Sales	4,828	100.0%	104.8%	222	9,980	100.0%	104.9%	468
	Gross Profit	484	10.0%	82.0%	(105)	1,606	16.1%	120.1%	268
	SG&A	744	15.4%	95.5%	(34)	1,506	15.1%	97.0%	(47)
	Op. Income	(260)	—	—	(71)	100	1.0%	—	315
Group	Op. Income	(1,184)	—	—	(127)	(2,255)	—	—	(211)

FY2011 : HS Division

<Specific Strategies>

■ Sales of existing products

Personal consumption is expected to be sluggish for some time to come, and we expect it to remain below the previous term's level

■ Sales of "Solar Photovoltaic Power Generation System"

- The sales promotion activities such as advertising/publicity campaigns aimed at acquiring new customers will be phased in.
- The Division will assign dedicated sales personnel for direct sales to current customers, and promote the sales of Solar Power Generation System.
- The Division expect wholesale distribution to dealers to expand sales because we have our sights set on industrial-use and other large-scale orders.

(Millions of Yen)	FY2010 Actual	FY2010 Projection	Difference	
Net Sales	16,656	24,565	+7,908	● Net sales is expected to increase from the last year by selling the Solar Power Generation System steadily.
Gross Profit	7,964	9,242	+1,277	
SG&A	5,356	6,057	+700	● Increase of the costs for advertising/publicity campaigns and an increase of sales personnel.
Op. Income	2,607	3,185	+577	● The Division expects Op.Income of 3,185 million yen (Op.Income % : 13.0%)

FY2011 : HS Division

Projections of the SPPG System

Direct sales to current customers :

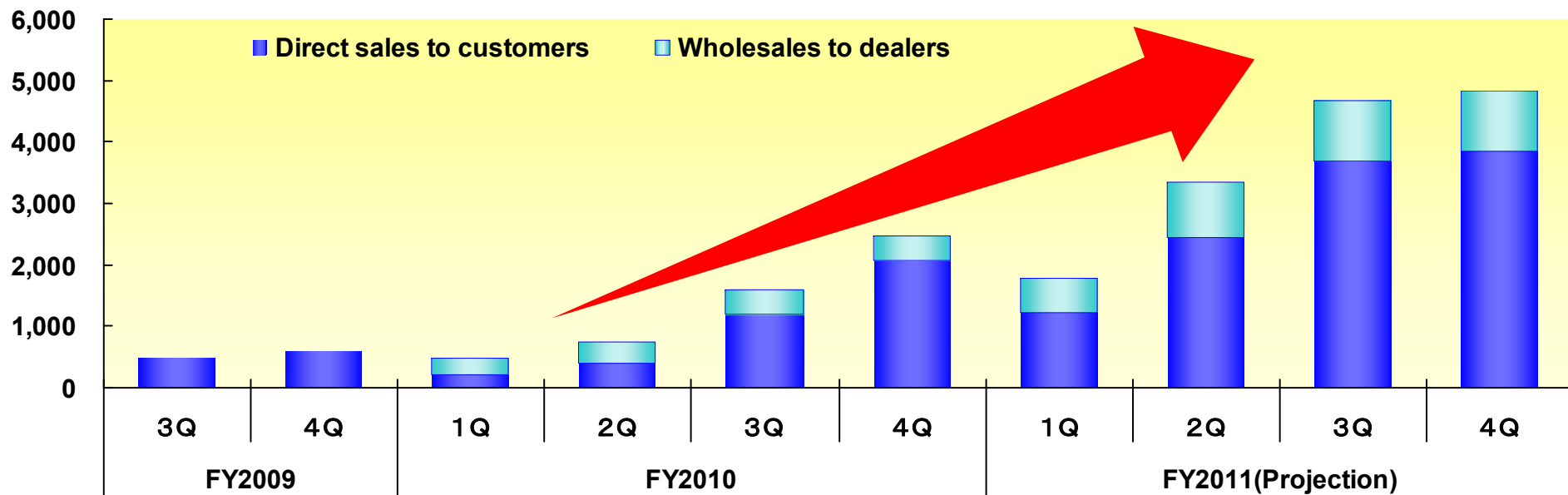
⇒ The Division intends to upgrade our sales structure and further enhance construction efficiency in the first half, and expects the revenue to increase greatly in the second half.

Wholesales to Dealers :

⇒ The Division improve our support to dealers, and we arrange industrial-use and other large-scale orders.



(Millions of Yen)



FY2011 : ES Division

<Specific Strategies>

■ The Division promotes marketing to corporate customers, based on streamlining through “selection and concentration”.

- Regarding the sales of existing products, the Division will strive to promote sales of anti-rust equipment installation with higher profit.
- The Division sets the Solar Photovoltaic Power Generation System as the second mainstay, and assign dedicated sales personnel for each products, Solar Photovoltaic Power Generation System and existing products.

(Millions of Yen)	FY2010 Actual	FY2010 Projection	Difference	
Net Sales	2,811	3,455	+643	● Net sales is expected to increase from the last year by selling the Solar Power Generation System steadily.
Gross Profit	974	1,208	+233	
SG&A	820	938	+117	● An increase of personal expenses by an increase of sales personnel.
Op. Income	153	270	+116	● The Division expects Op.Income of 270 million yen (Op.Income % : 7.8%)

FY2011 : ERD Division

<Specific Strategies>

■Resource-recycling Power Generation Business

- The Division will resolve the trouble of equipment due to age-related deterioration that occurred last year during the regular maintenance in the first quarter. In addition to a regular maintenance period, setting a self-imposed maintenance period regularly to minimize unexpected troubles, improving rate of operation in Tomakomai Power Plant.
- Regarding waste plastic processing, we will continue to focus on expanding the volume of waste plastic accepted and improving quality.

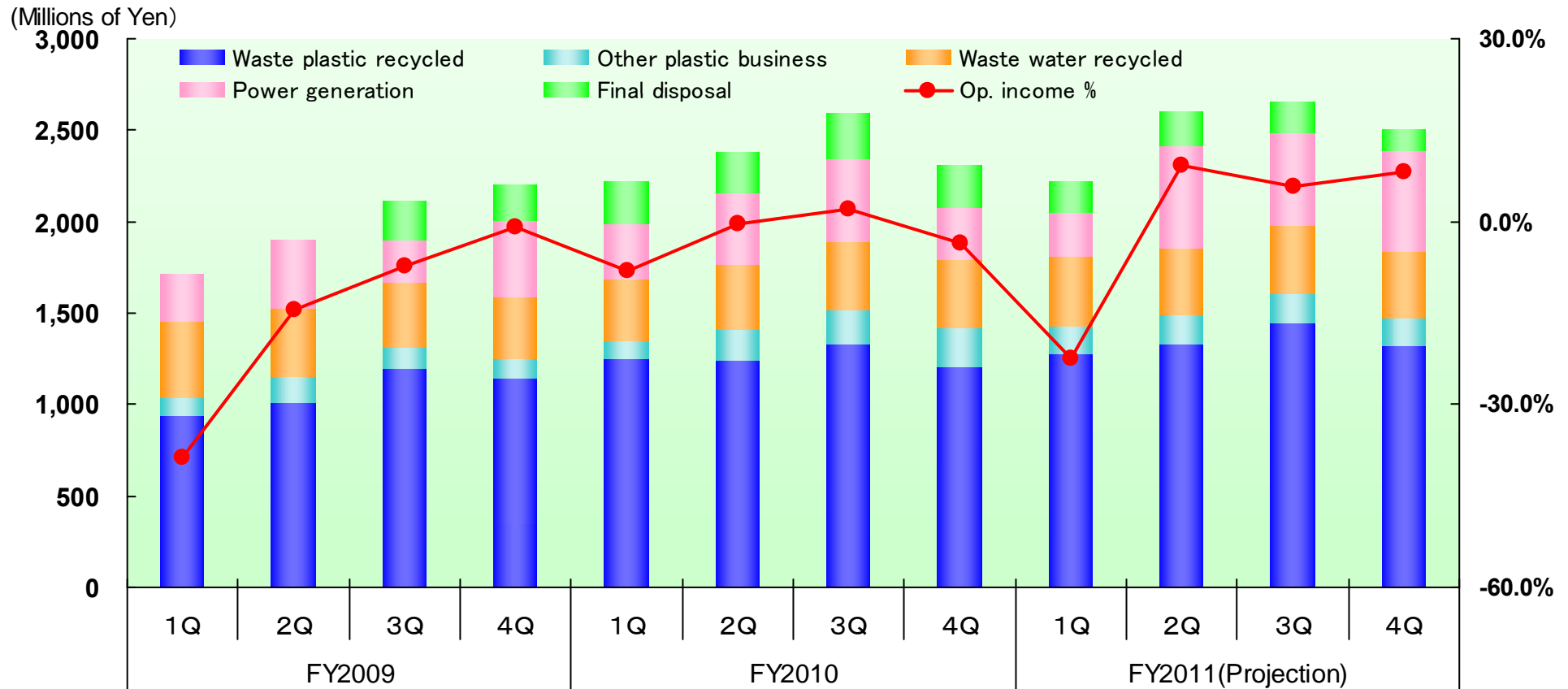
■Organic Wastewater Processing Business

- The Division continues to concentrate on reducing costs, improving and keeping earning structure.

(Millions of Yen)	FY2010 Actual	FY2010 Projection	Difference	
Net Sales	9,511	9,980	+468	●Improving rate of operation in Tomakomai Power Plant and an increase of revenue by increasing the volume of waste plastics brought in.
Gross Profit	1,337	1,606	+268	●Reduction of costs of sales and cost by stable operation of the Tomakomai Power Plant.
SG&A	1,553	1,506	-47	●Concentration on controlling fixed cost.
Op. Income	-215	100	+315	●The Division expects Op.Income of 100 million yen (Op.Income % : 1.0%)

FY2011 : ERD Division

Net Sales by Product and Operating Income Margin

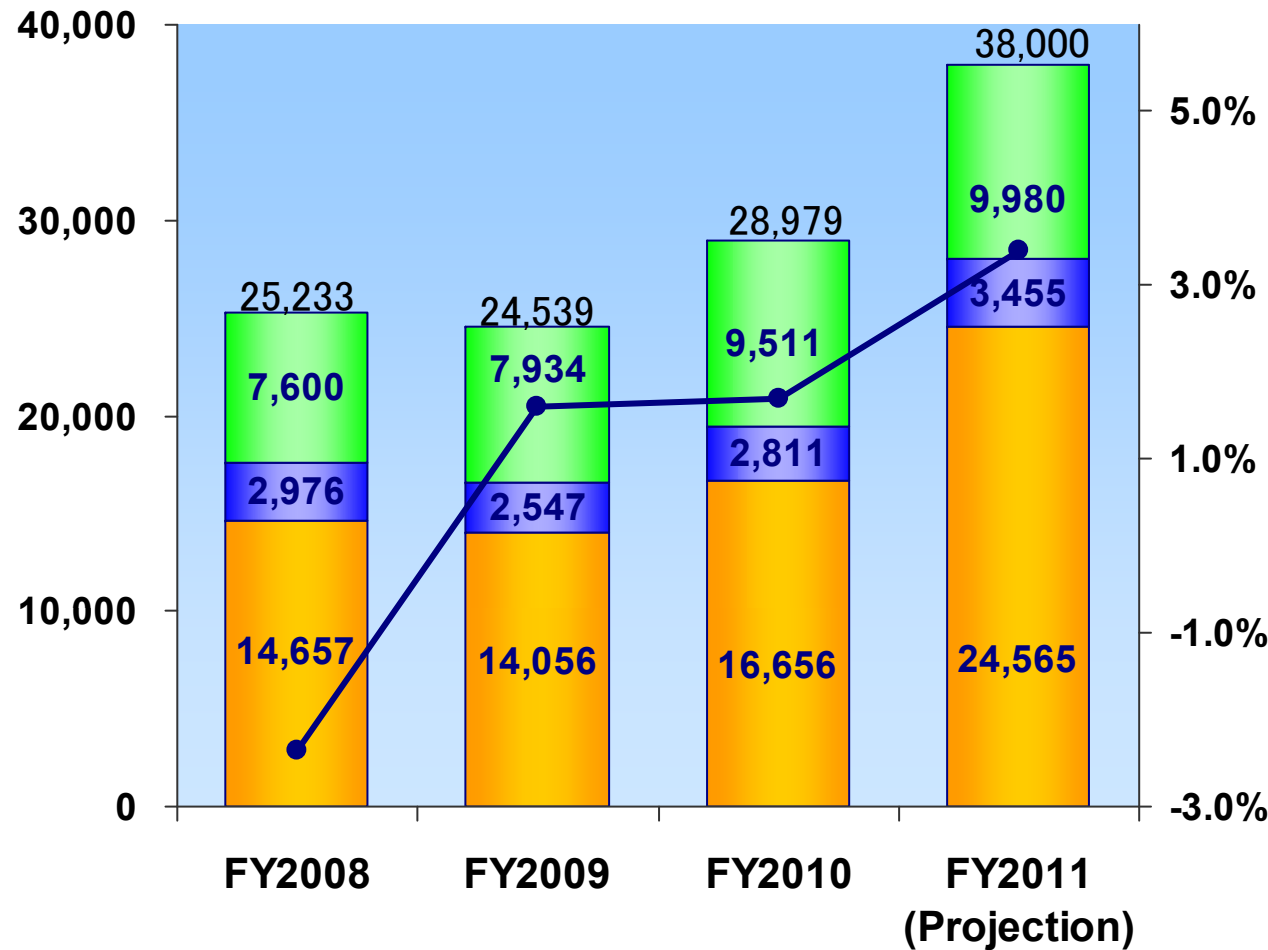


The revenue of Waste Plastic Recycled is expected to increase steadily, in addition to stable and continuous operation of the Tomakomai Power Plant after the regular maintenance in the first quarter. The profitability in the resource-recycling power generation business will improve, and the ERD Division expects to get into the black for the full year.

FY2010 : Whole Group

Net Sales by Segment and Operating Income Margin

(Millions of Yen)



Forecast for FY2011

Net Sales : 38,000MY

Op. Income : 1,300MY

Op. Income % : 3.4%

