

FY2010 First Quarter consolidated highlights

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July 29, 2010

Sanwa Holdings Corporation

I. Overview of Consolidated Results

JPYm

	FY2009								FY2010							
	1Q		2Q		Half Year		Full Year		1Q		2Q(F)		Half Year(F)		Full Year(F)	
	(@95.20 @123.20)	Y/Y		Y/Y	(@95.98 @128.33)	Y/Y	(@93.72 @130.56)	Y/Y	(@90.75 @123.71)	Y/Y		Y/Y	(@90.00 @125.00)	Y/Y	(@90.00 @125.00)	Y/Y
Net Sales <small>[assumed forex rate same as the previous year]</small>	45,651	-20%	62,372	-25%	108,024	-23%	232,029	-15%	46,384	2%	65,615	5%	112,000	4%	250,000	8%
	【49,128】	-14%			【117,048】	-17%	【229,878】	-16%	【47,118】	3%			【114,745】	6%	【254,811】	10%
Sanwa Shutter	20,776	-17%	34,950	-19%	55,727	-19%	124,254	-17%	18,727	-10%	32,272	-8%	51,000	-8%	121,000	-3%
Japanese Subsidiaries	5,483	-5%	6,581	-13%	12,064	-9%	24,650	-15%	4,132	-25%	7,117	8%	11,250	-7%	25,000	1%
ODC (U.S.A.)	\$105,635	-21%	\$110,862	-25%	\$216,498	-23%	\$472,885	-18%	\$173,059	64%	\$196,940	78%	\$370,000	71%	\$800,000	69%
	10,056	-25%	10,722	-35%	20,779	-31%	44,318	-15%	15,705	56%	17,594	64%	33,300	60%	72,000	62%
Novoform (Europe)	€84,298	-6%	€85,909	-12%	€170,208	-9%	€337,892	-11%	€70,521	-16%	€89,478	4%	€160,000	-6%	€330,000	-2%
	10,385	-27%	11,457	-34%	21,842	-31%	44,115	-9%	8,724	-16%	11,275	-2%	20,000	-8%	41,250	-6%
Operating Income <small>[before goodwill amortization and assumed forex rate same as the previous year]</small>	-3,060	<->	2,487	-27%	-573	<->	5,624	-30%	-2,386	<+>	2,586	4%	200	<+>	6,000	7%
	【-3,162】	<->			【-650】	<->	【5,763】	-49%	【-1,993】	<+>			【987】	<+>	【7,648】	33%
Sanwa Shutter	-2,409	<->	2,418	-34%	9	-100%	3,380	-54%	-1,547	<+>	1,697	-30%	150	1548%	3,300	-2%
Japanese Subsidiaries	-129	<->	171	-51%	41	-88%	329	-55%	-309	<->	319	87%	10	-76%	470	43%
ODC (U.S.A.)	-\$4,795	<->	-\$2,011	<->	-\$6,806	<->	\$6,833	-69%	\$451	<+>	\$4,548	<+>	\$5,000	<+>	\$29,000	324%
	-456	<->	-196	<->	-653	<->	640	-68%	41	<+>	408	<+>	450	<+>	2,610	308%
Novoform (Europe)	-€2,221	<->	-€54	<->	-€2,275	<->	€6,099	-24%	-€1,934	<+>	€4,634	<+>	€2,700	<+>	€8,000	31%
	-273	<->	-18	<->	-292	<->	796	-23%	-239	<+>	576	<+>	337	<+>	1,000	26%
Current Income <small>[before goodwill amortization and assumed forex rate same as the previous year]</small>	-3,232	<->	2,479	-20%	-752	<->	4,829	-36%	-2,557	<+>	2,757	11%	200	<+>	5,500	14%
	【-3,369】	<->			【-900】	<->	【4,984】	-53%	【-2,164】	<+>			【969】	<+>	【7,114】	43%
Sanwa Shutter	-2,317	<->	2,509	-33%	191	-94%	3,766	-51%	-1,445	<+>	1,745	-30%	300	57%	3,600	-4%
Japanese Subsidiaries	-127	<->	170	-52%	43	-87%	340	-53%	-307	<->	317	87%	10	-77%	480	41%
ODC (U.S.A.)	-\$5,424	<->	-\$1,944	<->	-\$7,369	<->	\$4,685	-75%	\$305	<+>	\$2,694	<+>	\$3,000	<+>	\$26,000	455%
	-516	<->	-190	<->	-707	<->	439	-75%	27	<+>	242	<+>	270	<+>	2,340	433%
Novoform (Europe)	-€3,153	<->	-€746	<->	-€3,900	<->	€2,375	-13%	-€2,791	<+>	€3,791	<+>	€1,000	<+>	€4,000	68%
	-388	<->	-111	<->	-500	<->	310	-11%	-345	<+>	470	<+>	125	<+>	500	61%
Other Affiliates	-112	<->	22	<+>	-90	<+>	-204	<->	-93	<+>	137	512%	44	<+>	170	<+>
Net Income <small>[before goodwill amortization and assumed forex rate same as the previous year]</small>	-2,122	<+>	1,198	-1%	-924	<+>	-725	<->	-4,681	<->	1,331	11%	-3,350	<->	-1,300	<->
	【-2,214】	<+>			【-1,009】	<+>	【-535】	<->	【-4,290】	<->			【-2,598】	<->	【244】	<->
Sanwa Shutter	-1,492	<->	1,498	-39%	5	-100%	129	-97%	-3,668	<->	918	-39%	-2,750	<->	-1,400	<->
Japanese Subsidiaries	-142	<->	110	-62%	-32	<->	136	-67%	-243	<->	223	102%	-20	<+>	255	86%
ODC (U.S.A.)	-€3,382	<->	-€2,880	<->	-€6,263	<->	-€2,495	<->	-\$184	<+>	\$984	<+>	\$800	<+>	\$10,100	<+>
	-322	<->	-279	<->	-601	<->	-233	<->	-16	<+>	88	<+>	72	<+>	910	<+>
Novoform (Europe)	-€2,139	<->	-€494	<+>	-€2,633	<->	-€3,734	<->	-€2,367	<->	€2,067	<+>	-€300	<+>	€2,000	<+>
	-263	<->	-74	<+>	-337	<->	-487	<->	-292	<->	255	<+>	-37	<+>	250	<+>
Other Affiliates	-112	<->	22	<+>	-90	<+>	-204	<->	-93	<+>	137	512%	44	<+>	170	<+>

1) The relevant financial periods for each entity are as follows:

Sanwa Shutter & Japanese subsidiaries:
ODC & Novoform:

First Half

Apr.1 to Sep.30
Jan.1 to Jun.30

Full Year

Apr.1 to Mar.31 following year
Jan.1 to Dec.31

2) Figures are round off. <+> is for increase, <-> is for decrease from the previous year.

3) Each figure by entities is before consolidation adjustment.

4) Forex rate is changed from end of the term to term average in FY2009.

II. Summary of 1Q Consolidated Results

Summary	Despite slow recovery of construction demand in Japan, the U.S. and Europe, 1Q consolidated results marked increased sales due to integration effect of Wayne Dalton(WD). Operating income improved 0.67bln year-on-year in spite of WD goodwill amortization(0.37bln). The factors of cost decrease were (1) material price decline(sales cost ratio improved 0.4% excluding FX impact), (2) decrease of bad-debt loss and progress of cost reduction(real SG&A 0.48bln decrease). Surcharge from Fair Trade Commission(2.82bln) made net income decrease 2.56bln year-on-year.
Net sales	<p>Net sales increased 1.6%(¥0.73bln). [3.2% up(¥1.47bln increase) excluding FX impact]</p> <p><u>In Japan</u>, due to recover in single-family house, light weight shutter sales remained flat, maintenance service sales increased by 4.3%. Private-sector capital investment has not recover, so main products(heavy-duty shutter, commercial building and condominium door) sales dropped. In total, sales decreased 12.4%.</p> <p><u>In the US(ODC)</u>, residential market show a recovery trend. Sales of residential garage door slightly reduced(down 2.0% in local currency), and commercial door decreased 16.0%. Automatic door declined 7.1%, truck & trailer door large increased 23.2%. In total, sales jumped of 63.8% in local currency. But 5.0% sales decrease in former ODC basis.</p> <p><u>In Europe(NF)</u>, sales of door & door frame decreased 4.9% in local currency. Continuous housing market shrinkage and dull capital investment caused sales decrease in garage door(down 27.1%) and industrial door(down 18.2%). In total, sales decreased 16.3% in local currency.</p>
Operating Income	<p>Operating income increased ¥0.67bln. [¥1.03bln increase excluding WD goodwill amortization and FX impact]</p> <p><u>Factors of change in income:</u> (1) sales increase: +0.37bln, (2) sales cost ratio improved: +0.18bln, (3) SG&A decrease: +0.48bln, (4) goodwill amortization: -0.35bln</p> <p><u>In Japan</u>, Sanwa Shutter sales increased 0.86bln year-on-year. Despite commercial building material sales decrease(0.65bln), sales cost ratio improved 0.7% due to steel price decline and cost reduction. Sanwa Shutter's cost reduction has progressed smoothly, and its effect were as follows; total cost reduction: ¥1.05bln (full-year plan ¥2.1bln), structural reform: ¥0.6bln (full-year plan ¥0.8bln). Besides, operating income decreased at Sanwa Tajima and Venix because of large sales decrease. In total, operating income increased ¥0.58bln in Japan.</p> <p><u>In the US(ODC)</u>, by the consolidation of Wayne Dalton, moved into the black in 1Q. Sales increase 0.84bln and operating income increase 0.6bln offset SG&A increase 0.93bln. In total, operating income increased ¥0.5bln.</p> <p><u>In Europe(NF)</u>, Despite huge sales decrease compared with Japan/US, operating income increased 0.03bln. Material price decline and cost trimming including labor cost cut produced great improvement of profit ratio.</p>
Current Income	Nonoperating loss was ¥171mill same level as the same period last year. Interest expenses declined(¥18mill) by decreased borrowing and increase in investment profit on equity method(19mill). On the negative side, dividends etc. were decreased.
Net Income	Extraordinary loss such as surcharge from Fair Trade Commission(2.82bln) made net income decrease 2.56bln year-on-year.

Forecast for interim and entire FY2010 Consolidated Results

Summary	Forecast for this term was changed only relate to the surcharge from Fair Trade Commission. They were disclosed on June 9 and July 16.
Net sales	Demand trends is still slow, but is predicted to turn toward a recovery in Japan and the US. (1) In Japan, Sanwa Shutter's order intake of commercial building materials is expected improved gradually. Light weight shutter and mentenance service is anticipated to steady performance. (2) In the US, housing market and transportation industry will recover. WD integration effect is expected in addition to launch of new operator. (3) In Europe, enhanced order increase through powerful sales force after reorganization sales network. Expand garage door sales for UK market and maintenance service business.
Operating Income	In the severe business environment, operational companies in each area vigorously push forward cost reduction for lower sales cost ratio. Although material price hike is scheduled after 2Q, the following will contribute to achieve consolidated operating income target. (1) WD integration effect and new operator sales effectiveness are expected, (2) steady progress of cost reduction through TCR activity, structural reform and emergency measures by the whole group.

III. Order Intake and Net Sales by products / Sanwa Shutter

JPYm・%

		FY2009									FY2010								
		1Q			Half Year			Full Year			1Q			Half Year(F)			Full Year(F)		
		Order Intake	Sales	% to total	Order Intake	Sales	% to total	Order Intake	Sales	% to total	Order Intake	Sales	% to total	Order Intake	Sales	% to total	Order Intake	Sales	% to total
Rolling Shutters	Lightweight	<-16.4> 5,823	<-15.9> 5,409	26.0	<-15.1> 11,618	<-16.1> 11,288	20.3	<-10.0> 23,069	<-10.7> 22,955	18.5	<-0.3> 5,806	<-1.0> 5,353	28.6	<-3.6> 11,200	<-0.8> 11,200	22.0	<-2.5> 22,500	<-2.0> 22,500	18.6
	Heavy-duty	<-39.2> 4,691	<-15.1> 3,633	17.5	<-42.9> 9,347	<-29.9> 9,902	17.8	<-37.9> 18,050	<-28.1> 22,111	17.8	<-12.0> 4,126	<-22.3> 2,823	15.1	<1.6> 9,500	<-13.2> 8,600	16.9	<14.1> 20,600	<-4.1> 21,200	17.5
	Sub Total	<-28.3> 10,514	<-15.6> 9,043	43.5	<-30.3> 20,965	<-23.2> 21,190	38.0	<-24.8> 41,120	<-20.2> 45,067	36.3	<-5.5> 9,932	<-9.6> 8,176	43.7	<-1.3> 20,700	<-6.6> 19,800	38.8	<4.8> 43,100	<-3.0> 43,700	36.1
Shutter-related Products	Overhead Doors	<-21.4> 1,176	<-12.5> 935	4.5	<-19.5> 2,367	<-14.9> 2,196	3.9	<-11.7> 4,655	<-10.3> 4,789	3.9	<-3.9> 1,130	<-1.1> 924	4.9	<1.4> 2,400	<0.1> 2,200	4.3	<7.4> 5,000	<6.5> 5,100	4.2
	Others	<-36.9> 1,735	<-33.8> 1,084	5.2	<-36.8> 3,468	<-24.7> 3,389	6.1	<-33.0> 6,428	<-25.8> 7,172	5.8	<-9.6> 1,568	<-13.7> 936	5.0	<-25.0> 2,600	<-17.4> 2,800	5.5	<-11.3> 5,700	<-6.6> 6,700	5.5
	Sub Total	<-31.4> 2,912	<-25.4> 2,020	9.7	<-30.7> 5,835	<-21.1> 5,586	10.0	<-25.5> 11,083	<-20.3> 11,962	9.6	<-7.3> 2,699	<-7.9> 1,860	9.9	<-14.3> 5,000	<-10.5> 5,000	9.8	<-3.5> 10,700	<-1.4> 11,800	9.8
Doors	Comm. Bldgs/ Condominiums	<-21.6> 9,067	<-15.8> 4,224	20.3	<-29.2> 18,267	<-5.4> 16,035	28.8	<-25.6> 35,359	<-11.6> 39,042	31.4	<-19.1> 7,339	<-11.9> 3,720	19.9	<-3.7> 17,600	<-15.8> 13,500	26.5	<8.3> 38,300	<-3.2> 37,800	31.2
	Residential	<-11.5> 716	<-11.4> 715	3.4	<-11.7> 1,509	<-11.8> 1,507	2.7	<-9.5> 2,992	<-9.6> 2,991	2.4	<-17.1> 594	<-17.1> 593	3.2	<-0.6> 1,500	<-0.5> 1,500	2.9	<-3.1> 2,900	<-3.1> 2,900	2.4
	Sub Total	<-20.9> 9,783	<-15.2> 4,939	23.8	<-28.2> 19,776	<-6.0> 17,542	31.5	<-24.5> 38,351	<-11.4> 42,033	33.8	<-18.9> 7,933	<-12.7> 4,313	23.0	<-3.4> 19,100	<-14.5> 15,000	29.4	<7.4> 41,200	<-3.2> 40,700	33.6
Window-related Products		<-22.8> 1,485	<-23.5> 1,452	7.0	<-27.3> 3,030	<-27.2> 3,025	5.4	<-21.8> 6,193	<-22.4> 6,179	5.0	<-0.3> 1,481	<1.7> 1,476	7.9	<2.3> 3,100	<2.5> 3,100	6.1	<3.3> 6,400	<3.6> 6,400	5.3
Exterior Fittings		<-16.3> 877	<-16.9> 815	3.9	<-19.7> 1,692	<-20.7> 1,663	3.0	<-19.2> 3,246	<-19.5> 3,245	2.6	<-13.4> 759	<-13.3> 706	3.8	<-11.4> 1,500	<-9.8> 1,500	2.9	<-7.6> 3,000	<-7.6> 3,000	2.5
Others	Partitions	<-1.7> 1,261	<-6.9> 736	3.5	<-10.0> 2,750	<-0.4> 2,256	4.0	<-13.3> 5,120	<1.8> 5,513	4.4	<-19.7> 1,013	<-1.7> 724	3.9	<-1.8> 2,700	<-6.9> 2,100	4.1	<7.4> 5,500	<-2.1> 5,400	4.5
	Stainless-Steel Entrances	<-1.0> 668	<-31.1> 320	1.5	<-3.6> 1,427	<-21.9> 959	1.7	<-6.8> 2,810	<-16.1> 2,777	2.2	<-10.5> 598	<-32.4> 216	1.2	<-1.9> 1,400	<4.3> 1,000	2.0	<-0.4> 2,800	<-6.4> 2,600	2.1
	Aluminum Fronts	<-28.9> 148	<-33.2> 108	0.5	<-20.9> 376	<-26.6> 301	0.5	<-14.2> 722	<-16.0> 717	0.6	<5.7> 156	<29.8> 140	0.7	<-20.4> 300	<-0.6> 300	0.6	<-3.1> 700	<-2.5> 700	0.6
	Others	<-41.2> 1,273	<-14.1> 1,340	6.5	<-44.8> 2,485	<-35.8> 3,200	5.7	<-33.4> 5,489	<-26.9> 6,757	5.4	<-7.0> 1,183	<-17.1> 1,110	5.9	<28.8> 3,200	<-0.0> 3,200	6.3	<20.2> 6,600	<-0.9> 6,700	5.5
	Sub Total	<-22.6> 3,352	<-15.9> 2,506	12.1	<-26.0> 7,039	<-24.5> 6,718	12.1	<-21.5> 14,143	<-16.2> 15,766	12.7	<-11.9> 2,952	<-12.5> 2,192	11.7	<8.0> 7,600	<-1.8> 6,600	12.9	<10.3> 15,600	<-2.3> 15,400	12.7
Total		<-25.1> 28,926	<-17.2> 20,776	100.0	<-28.7> 58,340	<-18.6> 55,727	100.0	<-24.1> 114,139	<-17.0> 124,254	100.0	<-11.0> 25,758	<-9.9> 18,727	100.0	<-2.3> 57,000	<-8.5> 51,000	100.0	<5.1> 120,000	<-2.6> 121,000	100.0
Commercial Building Materials		<-28.8> 16,767	<-19.3> 9,153	44.1	<-33.9> 33,625	<-17.6> 30,723	55.1	<-30.2> 63,776	<-18.7> 72,723	58.5	<-16.8> 13,948	<-17.0> 7,599	40.6	<-5.1> 31,900	<-15.7> 25,900	50.8	<8.0> 68,900	<-3.9> 69,900	57.8
Shop-related Materials		<-20.0> 4,866	<-19.5> 4,377	21.1	<-17.9> 9,661	<-19.5> 9,249	16.6	<-12.8> 18,884	<-13.7> 18,883	15.2	<-1.9> 4,772	<-2.5> 4,267	22.8	<-5.8> 9,100	<-1.6> 9,100	17.8	<-4.2> 18,100	<-4.1> 18,100	15.0
Residential Housing Materials		<-18.7> 3,271	<-19.7> 3,130	15.1	<-21.2> 6,645	<-21.8> 6,575	11.8	<-18.2> 13,155	<-18.7> 13,129	10.6	<-7.7> 3,018	<-6.8> 2,917	15.6	<-2.2> 6,500	<-1.1> 6,500	12.7	<-1.9> 12,900	<-1.8> 12,900	10.7
Maintenance & Repair		<-6.5> 3,420	<-6.5> 3,420	16.5	<-5.6> 7,584	<-5.6> 7,584	13.6	<-2.2> 16,253	<-2.2> 16,253	13.1	<4.3> 3,566	<4.3> 3,566	19.0	<6.8> 8,100	<6.8> 8,100	15.9	<6.4> 17,300	<6.4> 17,300	14.3
Others		<-53.4> 600	<-10.0> 695	3.3	<-69.2> 822	<-50.6> 1,593	2.9	<-54.7> 2,069	<-42.1> 3,263	2.6	<-24.6> 452	<-45.9> 376	2.0	<70.3> 1,400	<-12.2> 1,400	2.7	<35.3> 2,800	<-14.2> 2,800	2.3
		Amount			Amount			Amount			Amount			Amount					
Outstanding Order Intake		71,558			65,894			53,468			60,082			59,468					
Work-in-process		18,004			15,416			11,641			17,621			10,600					

1) < > = % year on year 2) Outstanding Order Intake = Unordered, unpurchased and work-in-process