SANIX

SANIX INCORPORATED

Consolidated/Non-Consolidated

Interim Financial Summary

For the First Half ended September 30, 2007

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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.

November 14, 2007

Consolidated Financial Statements

For the First Half ended September 30, 2007

SANIX INCORPORATED

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

Code No.: 4651

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1. Consolidated Financial Highlights for the First Half ended September 30, 2007

(April 1, 2007 to September 30, 2007)

(1) Consolidated Operating Results

(Millions of Yen)

	First Half between April 1 and September 30				Full Year ended March 31, 2007
	FY2007	**% change**	FY2006	% change	FY2006
Net Sales	**13,742**	**(11.5%)**	15,532	(24.4%)	28,908
Operating Income	**270**	**-**	(1,473)	-	(1,568)
Recurring Profit	**232**	**-**	(1,519)	-	(1,659)
Net Income	**(421)**	**-**	(1,579)	-	(1,930)
Net Income per Share(¥)	**(¥8.84)**	**-**	(¥37.23)	-	(¥43.03)
Net Income per Share, Diluted(¥)	**-**	**-**	-	-	-

Note (1) Investment profit and loss on equity method:

¥ - million (First Half ended September 30, 2007)

¥ - million (First Half ended September 30, 2006)

¥ - million (Full Year ended March 31, 2007)

(2) Consolidated Financial Position

(Millions of Yen)

	First Half between April 1 and September 30		Full Year ended March 31, 2007
	FY2007	FY2006	FY2006
Total Assets	**31,733**	34,677	32,705
Net Assets	**17,069**	17,898	17,540
Owners' Equity Ratio (%)	**53.7%**	51.6%	53.6%
Net Assets per Share (¥)	**¥357.36**	¥374.68	¥367.19
Owners' Equity	**17,049**	17,876	17,518

(3) Consolidated Financial Cash Flows

(Millions of Yen)

	First Half between April 1 and September 30		Full Year ended March 31, 2007
	FY2007	FY2006	FY2006
Cash Flows from Operating Activities.	**1,340**	(837)	(1,006)
Cash Flows from Investing Activities.	**468**	1,441	1,583
Cash Flows from Financing Activities.	**(1,256)**	(1,289)	(1,380)
Balance of Cash and Cash Equivalents at End of Period.	**1,148**	712	595

2. Dividends

(Yen)

	Annual		
	FY2006	FY2007 (Actual)	FY2007 (Forecast)
(Dividends per Share)			
At the End of the First Half.	—	**—**	—
At the End of the Second Half.	—	**—**	—
Annual Dividends per Share.	0.00	**0.00**	0.00

3. Forecasts for Consolidated Business Results (for the Fiscal Year ending March 31, 2008)

(Millions of Yen)

	Full Year ending March 31	
	FY2007	% Change
Net Sales.	28,222	(2.4%)
Operating Income.	1,500	-
Recurring Profit.	1,430	-
Net Income.	660	-
Net Income per Share(￥).	¥13.84	-

4. Others

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

(2) Change in Accounting Method: 2

Accounting method for reserve for directors' retirement allowances and depreciation of the tangible fixed assets.

(3) Number of Shares Issued and Outstanding at Period End

(Shares)

	First Half between April 1 and September 30		Full Year ended March 31, 2007
	FY2007	FY2006	FY2006
Number of shares issued and outstanding at period end.	**48,919,396**	48,919,396	48,919,396
Number of treasury stocks at period end.	**1,208,893**	1,208,103	1,208,663

Reference: Non-Consolidated Financial Highlights

1. Non-Consolidated Financial Highlights for the First Half ended September 30, 2007

(1) Non-Consolidated Operating Results

(Millions of Yen)

	First Half				Full Year
	between April 1 and September 30				ended March 31, 2007
	FY2007	**% change**	FY2006	% change	FY2006
Net Sales	**13,376**	**(9.0%)**	14,706	(25.6%)	27,457
Operating Income	**335**	**-**	(1,465)	-	(1,497)
Recurring Profit	**141**	**-**	(1,526)	-	(1,650)
Net Income	**(515)**	**-**	(1,537)	-	(1,865)
Net Income per Share(￥)	**(¥10.80)**	**-**	(¥36.25)	-	(¥41.58)

(2) Non-Consolidated Financial Position

(Millions of Yen)

	First Half		Full Year
	between April 1 and September 30		ended March 31, 2007
	FY2007	FY2006	FY2006
Total Assets	**31,075**	33,975	32,261
Net Assets	**16,453**	17,350	17,016
Owners' Equity Ratio (%)	**52.9%**	51.1%	52.7%
Net Assets per Share (￥)	**¥344.86**	¥363.65	¥356.66
Owners' Equity	**16,453**	17,350	17,016

3. Forecasts for Non-Consolidated Business Results (for the Fiscal Year ending March 31, 2008)

(Millions of Yen)

	Full Year ending March 31	
	FY2007	% Change
Net Sales	26,770	(2.5%)
Operating Income	1,590	-
Recurring Profit	1,330	-
Net Income	560	-
Net Income per Share(￥)	¥11.74	-

Note: Forecasts above 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.

I. Business Results

1. First Half Overview

During the first half of fiscal 2007, the Japanese economy recovered modestly. While the growth rate of consumer spending remained low, capital investments expanded supported by the improvement in corporate profits.

In the environmental sanitation industry, people's interest in the maintenance of homes and buildings remained strong, although the number of housing starts decreased. Consumers have become increasingly discerning and selective toward service providers. To attract such consumers, therefore, it has been necessary to provide quality services by offering attractive products and greater responsiveness to customer needs.

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.

The operating results of the HS Division recovered after difficulties that have continued since the previous second quarter. In the Environmental Resource Development Division, the safety program was redesigned in response to a fire that occurred at the SANIX Energy Tomakomai Power Plant (Tomakomai, Hokkaido) in the fourth quarter of FY2006. Since this redesign took longer than expected, the operating results of the Division were adversely affected temporarily. However, the plant resumed operation on June 12, 2007, and has been operating stably since. Moreover, to concentrate management resources on the Home Sanitation Division, which is the core business of the Group, the Kitakyushu Plant (engaged in incineration and plastic processing) of the ERD Division was transferred to Asahipretec Corporation on November 6, 2007.

As a result, sales for the first half of fiscal 2007 totaled 13,742 million yen, which was an 11.5% decrease from the same period last year, but almost as projected. Recurring profit improved to 232 million yen (compared with recurring loss of 1,519 million yen in the same period of the previous year). This improvement was mainly due to the improvement in profit structure achieved through cost reduction and recovery of sales in the HS Division where the marginal profit ratio is high. Net loss improved to 421 million yen, compared with net loss of 1,579 million yen in the same period of the previous year. This net loss was mainly due to recording of extraordinary losses comprising 221 million yen resulting from the transfer of the Kitakyushu Plant and other businesses and 216 million yen provided in reserve for retirement allowances (expected amount of directors' allowances accrued at the end of the period), associated with a change in the accounting of retirement allowances. Before the change, directors' retirement allowances were recorded as expenses when they were paid. On the basis of these results, the operating result forecasts for the first half and full year announced last time were modified.

Consolidated earnings of individual divisions were as follows:

Earnings of individual divisions:

Home Sanitation Division

The operating results of the HS Division recovered modestly after difficulties that have continued since the previous second quarter. Monthly sales have continued growing since July 2007, compared with the same month in the previous year. Compared with the first half of fiscal 2006, sales declined slightly by 2.2% to 8,287 million yen.

Operating profit increased significantly to 2,231 million yen from operating profit of 813 million yen in the same period of the previous year. Major reasons for this improvement were improved productivity that resulted in improved ratio of labor cost to sales, and reduced fixed expenses. The ratio of operating profit to sales increased to 26.9%, a 17.3 points increase from the same period of the previous year.

Establishment Sanitation Division

Sales decreased by 18.7% to 1,798 million yen mainly due to a decrease in revenues from one of the ES Division's core businesses, the water pipe maintenance and repair service.

The decline in revenue could not be offset fully by cost reductions promoted mainly in SGA expenses. As a result, an operating loss of 57 million yen was recorded (compared to an operating loss of 174 million in the same period of the previous year).

Environmental Resources Development Division

Revenues from electric power sales declined by 61.4% from the same period last year. This sharp decline was due to a fire that occurred at the SANIX Energy Tomakomai Power Plant in the fourth quarter of FY2006 and the subsequent shutdown of the plant until the middle of June 2007. Moreover, operation of the plant was temporarily suspended for regular maintenance at the end of June that continued for about one month. During the shutdown, facilities for preventing fires and other accidents and the control system at the Plant were reinforced. Revenues from the Waste Plastic Processing business also decreased by 22.0% because only a limited volume of waste plastic was accepted to minimize expansion of the stock level of waste plastic fuel during the shutdown of the Tomakomai Power Plant. This decline in the delivered volume of waste resulted in a 22.3% decrease in revenue from the Incineration business and a 3.7% decrease in revenue from the Organic Liquid Waste Processing business.

As a result, total sales by the ERD Division decreased by 24.5% to 3,656 million yen. Operating loss increased to 827 million yen from 713 million yen in the same period of the previous year.

2. Full-year Forecast

SANIX will further strengthen its efforts that have been continued since last year to improve its profit-generating structure and the compliance system. The pursuit of a "robust corporate structure" and "improvement of customer satisfaction" will promote performance recovery and return the Company to the growth path.

In the HS Division, sales are expected to remain stable. The Division will strive to further improve productivity and promote reduction of fixed and other costs to improve its profit ratio. The ES Division closed and consolidated seven sales offices in November to streamline its operations. To acquire new customers, especially in the Kanto region, the major geographical business area for the Division, marketing and sales activities will be expanded to condominium owners, lease facility management companies, real estate companies and other companies in order to recover sales growth in the Division. In the Environmental Resource Development Division, some sales decrease is expected due to the transfer of the Kitakyushu Plant, completed in November 2007. On the other hand, stable and continuous operation is expected at the Tomakomai Power Plant, and operation of the waste plastic processing plant will also become stable accordingly. Thus, it is expected that the ERD Division will achieve the sales level that was initially forecast.

Operating profit of the entire Company is expected to improve since the break even point has continued to decline as a result of improved profitability and strong sales expected in the HS Division. Based on these forecasts, operating result forecasts for the full year 2007 previously announced were modified.

3. Consolidated Cash Flow

As of September 30, 2007, cash and cash equivalents totaled 1,148 million yen on a consolidated basis, an increase of 553 million yen over the previous year-end.

Net cash provided by operating activities totaled 1,340 million yen, an increase of 2,178 million yen from the same period of the previous year. This increase was mainly due to a significant increase in the HS Division's profit resulting from strong sales and cost reduction in the division. Net cash provided by investing activities totaled 468 million yen, a decrease of 972 million yen from the same period of the previous year. The decrease was mainly due to no decrease in compulsory deposits required by lenders. Net cash used for financing activities totaled 1,256 million yen, an improvement by 33 million yen from the same period of the previous year. It was because the repayment of loans from bank was less.

The cash flow indicators of the SANIX Group are as follows;

	FY2003	FY2004	FY2005	FY2006	FY2007
	Full Year	Full Year	Full Year	Full Year	First Half
Shareholders' equity ratio	56.8%	48.1%	44.2%	53.6%	**53.7%**
Shareholders' equity ratio on a market price basis	62.4%	67.9%	62.6%	30.4%	**49.0%**
Debt-redemption years	—	7.05 year	—	—	**5.00 year**
Interest coverage ratio	—	7.96	—	—	**15.69**

(Note) Shareholders' equity ratio: Shareholders' equity/Gross assets

Share ratio on a market price basis: Total market value of stock/Gross assets

Debt-redemption years: Interest-bearing liabilities/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest payment

1. Each indicator is calculated based on consolidated financial results.
2. Total market value of stock is calculated by: closing price at the year-end x outstanding shares at the year-end.
3. The operating cash flow in this table is cash flow from operating activities reported on the consolidated cash flow statement. Interest-bearing liabilities cover all liabilities reported on the consolidated balance sheet for which interest is paid. Interest payment used in the calculation of the interest coverage ratio is the amount of interest expense reported on the consolidated cash flow statement.
4. Debt redemption years and interest coverage ratio data are not included in the table above for the year ended March 2003, 2004 and 2006 as the operating cash flow was negative in these years.

4. Basic Corporate Policy for Profit Distribution

SANIX operates its business focusing on the return profit to shareholders. One of our business policies is to increase dividends to shareholders by expanding the scope of our operators and improving earnings, while ensuring stable dividends based on the ratio according to shareholders' equity and other factors.

However, considering its current condition, it was decided by the board not to pay interim dividends for the current period. The Company intends to strengthen its efforts toward performance recovery in order to resume dividend payments to shareholders as early as possible.

5. Business and Other Risks

Major risks that may affect the operating results and business of the SANIX Group are described below. Recognizing the possibility of occurrence of these risks, the SANIX Group endeavors to take proper measures to avert these risks and minimize the impact in the event of occurrence.

Certain future-related statements included in this document are estimates made by the Company based on the information available at the end of the current first half.

(1) Laws and regulations concerning door-to-door-sales

Sales activities of the HS Division are mainly conducted by the door-to-door calls, which should be made in compliance with, and are subject to restrictions of, the Specific Commercial Transactions Law and the Consumer Contract Law. These laws and regulations are becoming severer lately, from the viewpoint to strengthen the protection for consumers. The Company ensures compliance with applicable laws and regulations in order to protect our customers. However, if the Division fails to comply with the current and future laws and regulations applicable to its businesses, the operating results or financial position of the Division may be negatively impacted.

(2) Movement in the door-to-door-sales industry

Any further detection of dishonest housing improvement operators, and subsequent reports in the media might have a negative impact on the Company’s future business.

(3) Laws and regulations concerning waste treatment

The businesses of the ERD Division require certain approvals and permits of administrative authorities, should satisfy environmental emission standards and should comply with the provisions of laws and regulations concerning waste treatment. If the Division fails to comply with the current and future laws and regulations applicable to its businesses, or if revenue expansion is offset by a huge amount of costs necessary to comply with severer regulations, the operating results or financial position of the Division may be negatively impacted.

(4) Retention and development of human resources

The SANIX Group must recruit, retain and develop a number of competent workers engaged in sales, engineering and other functions in order to identify potential needs of customers, and to conduct operations of execution of contracts, service applications and customer control. The SANIX Group endeavors to recruit, retain and develop excellent workers through the adoption of the ability-based and performance-based personnel management policy, recruitment of experienced workers in addition to the recruitment of new school graduates, and provision of various training and education programs. However, the operating results of the Company may be negatively affected by a decline in the number of employees resulting from resigning of existing workers, lowering of productivity due to the addition of new workers.

(5) Resource recycling power generation system

The Tomakomai Power Plant, the core facility for the resource recycling power generation system of the Company, is now able to operate stably and continuously, using recycled waste plastic as its fuel. However, since the fuel is reprocessed from waste plastic, its quality or nature is not always uniform, which may give adverse effect on the stable and continuous operation of the power plant, and, in turn, on the operating results and financial position of the Company.

(6) Industrial accident / disaster

The SANIX Group endeavors to achieve accident-free and disaster-free operations in all aspects of its businesses. However, if a material industrial accident or disaster occurs in any plant of the SANIX Group, its reputation in society will be damaged, payment of compensations for damage and other costs will be incurred to respond to such accident/disaster. In addition, during the suspension of operation caused by such accident/disaster, the Company will incur opportunity loss, which may have negative impact on the operating results and financial position of the Company.

II. Group Outline

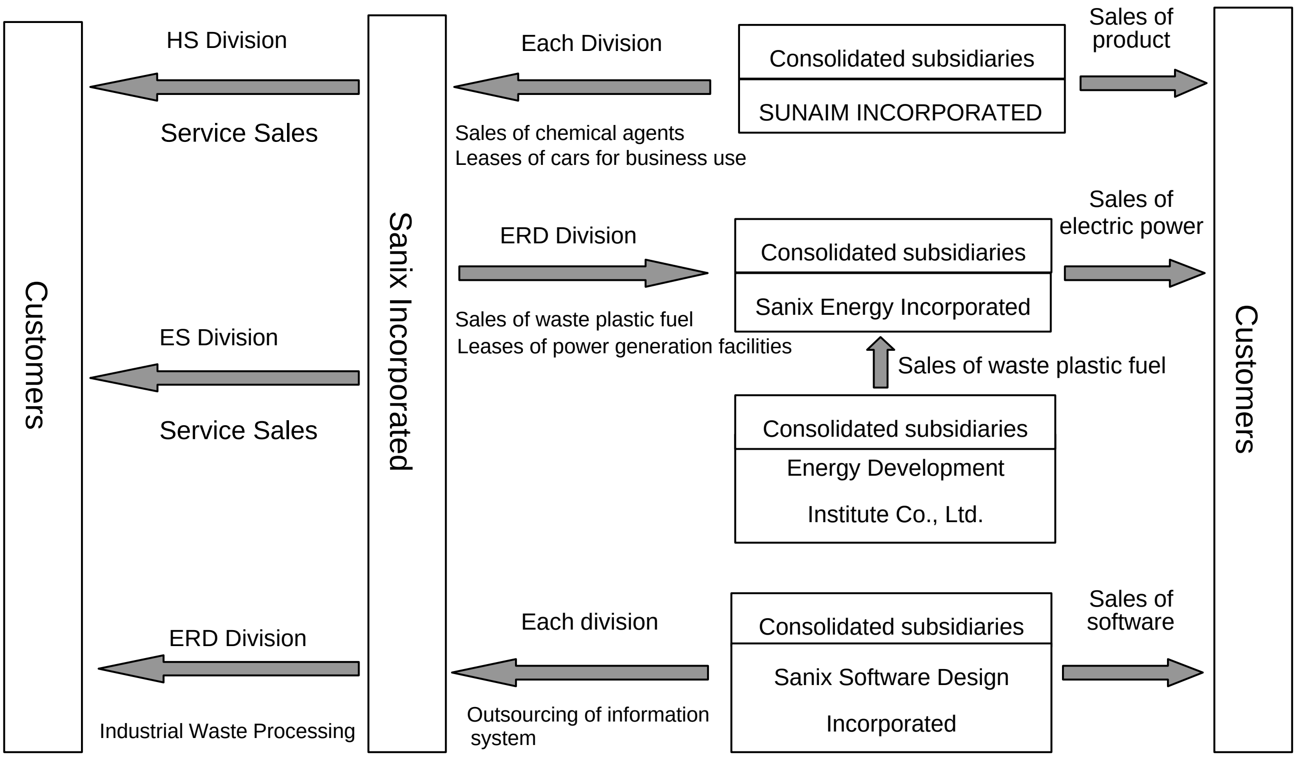
The SANIX Group is composed of SANIX Incorporated and 6 subsidiaries. SANIX's core businesses are residential environmental sanitation and maintenance, sanitation services for office buildings, intermediate processing of industrial waste and electricity generation with a focus on recycling resources.
These businesses are operated by each group company as shown below.

HS Division: The division offers environmental sanitation services for ordinary houses. The main services and products are Termite Eradication Service, Under-Roof/Floor Ventilation System, Home Reinforcement System, and Foundation Repairing Treatment.

ES Division: The division offers environmental sanitation services for offices and condominium. The main services are Anti-rust equipment installation, Repair of building water-works and Waterproofing of building.

ERD Division: The division focuses on reducing, detoxifying, recycling and treating industrial waste. Sanix sells industrial plastic waste processed at its plastic recycling plants to Sanix Energy Incorporated, a consolidated subsidiary. Sanix Energy Incorporated, a consolidated subsidiary, is responsible for generating and selling power from the Tomakomai Power plant, which solely utilizes industrial waste plastic, which are purchased from Sanix incorporated and Energy Development Institute Co., Ltd.

SANIX Incorporated purchases chemicals used in each division, and leases vehicles for operations, from Sunaim Incorporated, its consolidated subsidiary. (Sunaim leases these vehicles from Orix Auto Lease, and so on.) SANIX purchased information system services relating to each of its divisions from Sanix Software Design Incorporated.



Note: HS Division is an abbreviation for Home Sanitation Division, ES Division is an abbreviation for Establishment Sanitation Division and ERD Division is an abbreviation for Environmental Resources Development Division.

III. Business Policies

1. Fundamental Business Policies

Our corporate mission since our founding has been “Cleaning Up and Sanitizing Our Environment.” Under this concept, we have provided a broad range of environmental sanitation services to society. SANIX offers residential and commercial environmental sanitation services, and facility maintenance services for office buildings, apartment buildings, and other facilities. It is also engaged in industrial waste processing, focusing chiefly on waste recycling, detoxification, and volume reduction; and electricity generation utilizing recycled plastic waste.

In these three areas, SANIX is aggressively developing its ecological business by exploring latent demand, improving services and technology and constantly tailoring services to best suit customer needs. In operating these businesses, SANIX is endeavoring to enhance its profitability and capital efficiency to maximize its corporate value.

2. Target Management Indices

The SANIX Group aims at continuous improvement in profits based on mid- and long-term business strategies. The Company will implement serious cost reduction efforts and strengthen management structure.

Among various management indices, we should focus on the ratio of operating profit to revenues, which clearly reflects the status of our productivity and the balance with the costs. The Company targets at achieving the ratio of operating profit to revenues of 10% in the medium term.

3. Medium- and Long-Term Business Strategies and Issues to Be Addressed

(1) HS Division

The HS Division provides to residential customers a Termite Eradication Service, Under-Roof/Floor Ventilation Systems, House Foundation Repair and Reinforcement Treatment, and Home Reinforcement System. Respecting compliance and customer-oriented viewpoints, the Division now focuses on expanding sales to existing customers. Sales representatives make customized proposals to existing customers suggesting additional services. In the medium-to-long term, the Division will explore new sales channels to expand its customer base. At the same time, sales representatives will be added and new products will be introduced to increase the sales volume. HS businesses have high marginal profit ratio. The Division will strive to further improve its ratio of operating profit to sales.

(2) ES Division

The ES Division is cultivating markets mainly in large cities where office buildings, apartment complexes, and other large facilities are concentrated. The Division provides, as its core business, water quality control services, including maintenance and repair of degraded water pipes in buildings and apartment houses, and other services and products to extend the life cycle of buildings and structures. Through provision of regular maintenance programs to existing customers, the Division will explore further needs for maintenance and repair of water systems and other facilities within their buildings. The medium and long term goal is to improve the operating profit ratio of the division by improving operating and service efficiency, increasing sales, and lowering related costs.

(3) ERD Division

The main business of ERD division is resource-recycling power generation by using fuel recycled from waste plastic in its recycling plants. The mid-term and long-term goal of the division is to increase sales of electric power by operating the Tomakomai Power Plant, the main business if the division, at full capacity. At the same time, its 16 plastic recycling plants will make all efforts to process a higher volume of waste plastic into fuel. At the same time, the division is determined to increase the production and sales of waste plastic fuel, an alternative to fossil fuel, to enable the business to become more profitable.

4. Challenges the Company Faces

We expect that the business environment surrounding the Company will remain severe; however, the environmental industry will play an important role in society due to a rising demand for environmental protection. Under such circumstances, the following are managerial challenges to be tackled in order for our three main businesses to prosper.

(1) Promotion of compliance

In order to be trusted by more customers and to provide comfortable environment more extensively, one of the most important issues for the Company, as the leading "Eco Business" company, is promoting strict compliance with laws and regulations, from the viewpoint of consumer protection, following our principle of "Customers Come First." Education and training will be provided regularly to employees to enhance their morality and knowledge on legal compliance, to ensure delivery of safe and comfortable house environment to customers.

(2) Strengthening sales and management system

The Company needs to establish high quality sales and management systems, where we can increase close contact with our customers and cultivate underlying demand. SANIX, a team of experts, will firmly establish its brand image and employ efficient sales and management systems.

(3) Recruitment and training of employees

In accordance with our Management Philosophy, “Our job is to educate and education means management”, we are committed to improve corporate value and our services by recruiting more people and training employees. From the perspective of protecting customers, we are required to ensure compliance with applicable laws and regulations. The Company considers it is our corporate mission to raise the quality of our employees as well as products and services. Specifically, we are determined to provide employees with substantial and specific training on recruitment, at each managerial class, and at each position.

(4) Development of new products

A key issue for the Company is the development of new products and improvement of existing products. In HS division, our mission is to protect customers’ wooden houses from damage caused by termites, humidity, and natural disasters such as typhoons and earthquakes so that we can provide a comfortable living environment. ES division needs to develop new services for maintaining corporate buildings. In ERD division, we will develop value-added products by diversifying waste plastic fuel, for which we can expect an increase in demand.

(5) Sales of waste plastic fuel

Along with increasing the amount of waste plastic processing, ERD division now sells waste plastic fuel as part of the creation of the so-called recycling oriented society. As waste plastic fuel could be an alternative energy source to fossil fuel, our foremost issue is to develop a suitable profile of this fuel, and secure the stable quality and volume of fuel production in order to meet customer demand.

(6) Bolster disaster-prevention countermeasures

Treating the occurrence of the fire incidents at Kitakyushu plant and Tomakomai Power Plant with the utmost seriousness, we make every effort to give first priority to safety at each plant in ERD division. In addition, we are fully determined to further reinforce our disaster-prevention system and to make every effort to restore social trust in our company.

5. Other Significant Management Issues

No applicable matter.

IV. Consolidated Interim Financial Statements
1. Consolidated Balance Sheet for the First Half

(Thousands of Yen)

	First Half as of September 30				Full Year as of March 31, 2007	
ASSETS	FY2006	Ratio %	**FY2007**	**Ratio %**	FY 2006	Ratio %
Current Assets:						
Cash and bank deposits	712,880		**1,148,869**		595,837	
Notes and accounts receivable	2,250,879		**2,076,470**		2,224,933	
Inventories	944,460		**877,201**		842,464	
Deferred income taxes	7,690		**3,704**		124	
Other current assets	1,306,942		**351,090**		519,715	
Allowance for doubtful accounts	(50,351)		**(77,108)**		(57,400)	
Total Current Assets:	5,172,502	14.9	**4,380,227**	**13.8**	4,125,675	12.6
Fixed Assets:						
Tangible Fixed Assets:						
Buildings and structures	5,755,096		**5,218,529**		5,453,609	
Machinery, equipment and vehicles	5,372,643		**4,765,583**		5,031,339	
Land	15,123,935		**15,072,739**		15,123,935	
Construction in progress	19,010		**-**		7,669	
Other tangible fixed assets	201,177		**172,360**		185,921	
Total Tangible Fixed Assets:	26,471,863	76.4	**25,229,212**	**79.5**	25,802,475	78.9
Intangible Fixed Assets:						
Total Intangible Fixed Assets:	77,254	0.2	**74,512**	**0.2**	70,498	0.2
Investments and Other Assets:						
Investments in securities	1,212,384		**562,797**		1,194,405	
Lease guaranty deposits	1,423,254		**1,206,081**		1,226,057	
Deferred income taxes	1,304		**1,230**		1,733	
Other	715,259		**679,744**		686,468	
Allowance for bad loans	(396,799)		**(400,404)**		(402,130)	
Total Investments and Other Assets:	2,955,403	8.5	**2,049,448**	**6.5**	2,706,534	8.3
Total Fixed Assets:	29,504,521	85.1	**27,353,174**	**86.2**	28,579,508	87.4
Total Assets:	34,677,024	100.0	**31,733,401**	**100.0**	32,705,183	100.0

(Thousands of Yen)

Liabilities and Net Assets:	First Half as of September 30 FY2006	Ratio %	**FY2007**	**Ratio %**	Full Year as of March 31, 2007 FY 2006	Ratio %
Current Liabilities:						
Notes and accounts payable	916,320		**884,548**		716,787	
Short-term loans	3,190,000		**2,945,000**		2,950,000	
Long-term loans payable in 1 year	2,152,412		**1,684,746**		1,858,746	
Corporate bond payable in 1 year	330,000		**330,000**		330,000	
Amounts in arrears	1,625,869		**2,135,413**		1,547,365	
Accrued expenses	915,808		**887,321**		781,495	
Accrued income taxes	121,596		**114,714**		151,413	
Consumption tax payable	192,070		**175,628**		8,561	
Accrued bonuses	10,374		**131,296**		8,639	
Allowance for resource-recycling expenses	683,619		**563,796**		781,035	
Other current liabilities	1,130,181		**188,299**		276,897	
Total Current Liabilities:	11,268,254	32.5	**10,040,765**	**31.6**	9,410,940	28.8
Non-Current Liabilities:						
Corporate Bond	590,000		**260,000**		425,000	
Long-term debt	3,023,512		**1,478,766**		2,233,972	
Long-term debt from a director	-		**925,000**		975,000	
Deferred tax liabilities	110,630		**74,313**		106,058	
Reserve for directors' retirement allowances	-		**228,530**		-	
Retirement benefit	1,579,933		**1,211,006**		1,379,356	
Other non-current liabilities	205,804		**445,918**		634,398	
Total Non-Current Liabilities:	5,509,880	15.9	**4,623,534**	**14.6**	5,753,786	17.6
Total Liabilities:	16,778,135	48.4	**14,664,299**	**46.2**	15,164,726	46.4
Owners' Equity:						
Paid-in capital	14,041,834		**14,041,834**		14,041,834	
Capital surplus	6,291,287		**4,425,946**		6,291,287	
Earned surplus	(1,011,936)		**80,559**		(1,363,195)	
Treasury stock	(1,610,439)		**(1,610,629)**		(1,610,569)	
Total Owners' Equity:	17,710,746	51.1	**16,937,711**	**53.4**	17,359,356	53.1
Valuation and Translation Adjustments:						
Valuation difference on available-for-sale securities	165,904		**111,888**		159,576	
Total Valuation and Translation Adjustments:	165,904	0.5	**111,888**	**0.4**	159,576	0.5
Minority Interests:						
Minority interests	22,238	0.0	**19,502**	**0.0**	21,524	0.0
Total Net Assets:	17,898,889	51.6	**17,069,102**	**53.8**	17,540,456	53.6
Total Liabilities and Net Assets:	34,677,024	100.0	**31,733,401**	**100.0**	32,705,183	100.0

2. Consolidated Statement of Income for the First Half

(Thousands of Yen)

	First Half				Full Year	
	between April 1 and September 30				ended March 31, 2007	
	FY2006	Ratio %	**FY2007**	Ratio %	FY2006	Ratio %
Net sales	15,532,476	100.0	**13,742,460**	**100.0**	28,908,487	100.0
Cost of sales	8,700,459	56.0	**7,718,499**	**56.2**	16,229,396	56.1
Gross profit	6,832,017	44.0	**6,023,960**	**43.8**	12,679,090	43.9
Selling, general and administrative expenses	8,305,411	53.5	**5,753,842**	**41.8**	14,247,445	49.3
Operating income	(1,473,394)	(9.5)	**270,118**	**2.0**	(1,568,355)	(5.4)
Non-operating income:						
Interest income	4,281		**3,900**		8,390	
Dividend income	15,995		**19,589**		29,801	
Rent revenue	13,291		**14,388**		26,583	
Other non-operating income	30,558		**35,230**		50,256	
Total non-operating income	64,127	0.4	**73,108**	**0.5**	115,031	0.4
Non-operating expenses						
Interest expenses	98,861		**94,564**		191,877	
Rental expenses	1,139		**1,114**		2,277	
Other non-operating expenses	10,576		**15,204**		11,857	
Total non-operating expenses	110,576	0.7	**110,883**	**0.8**	206,012	0.7
Recurring profit	(1,519,844)	(9.8)	**232,343**	**1.7**	(1,659,336)	(5.7)
Extraordinary income:						
Gain on sale of property, plant and equipment	3		**-**		3	
Insurance money received	33,463		**1,498**		206,333	
Gain on sale of investment securities	3,390		**-**		3,390	
Transfer from reserve for possible loan losses	-		**138**		-	
Transfer from reserve for bonuses	188,165		**-**		188,165	
Gain on insurance cancellation	-		**-**		22,969	
Total extraordinary income	225,022	1.4	**1,636**	**0.0**	420,862	1.4
Extraordinary losses:						
Loss on sale of property, plant and equipment	-		**6,465**		6,001	
Loss on disposal of property, plant and equipment	64,861		**8,812**		86,911	
Loss on impairment of fixed assets	-		**263,010**		-	
Loss due to disaster	33,463		**10,966**		205,958	
Loss on cancellation of lease contract	6,505		**2,756**		9,633	
Loss on valuation of investment securiries	-		**52,124**		7,432	
Loss on valuation of membership right	805		**-**		5,666	
Allowance for director's retirement bonus	11,603		**-**		11,603	
Net provision for reserve for directors' retirement allowances	-		**271,480**		-	
Net provision for resource-recycling expenses	-		**-**		96,379	
Reorganization of offices expense	75,431		**-**		121,671	
Total extraordinary losses	192,670	1.2	**615,616**	**4.5**	551,257	1.9
Income before income taxes and minority interests	(1,487,492)	(9.6)	**(381,636)**	**(2.8)**	(1,789,730)	(6.2)
Corporate income, local and enterprise taxes	60,337		**44,672**		103,287	
Adjustment on corporate tax, etc.	29,021		**(3,026)**		35,805	
Minority interests in consolidated subsidiaries	2,460	0.0	**(1,697)**	**(0.0)**	1,747	0.0
Net income	(1,579,311)	(10.2)	**(421,585)**	**(3.1)**	(1,930,571)	(6.7)

3. Consolidated Statement of Changes in Net Asset for the First Half

Prior first half from April 1, 2006 to September 30, 2006

(Thousands of Yen)

	Owners' Equity				
	Paid-in Capital	Capital Surplus	Earned Surplus	Treasury Stock	Total Owners' Equity
Balance at the end of previous period	12,616,253	9,221,410	(3,780,116)	(1,610,111)	16,447,436
Changes of items during the period					
Issuanse of new shares	1,425,581	1,424,418			2,850,000
Directors' bonus			(7,050)		(7,050)
Net income			(1,579,311)		(1,579,311)
Purchase of treasury stock				(328)	(328)
Reversal of profit from capital surplus		(4,354,542)	4,354,542		-
Net changes of items other than owners' equity					-
Total changes of items during the period	1,425,581	(2,930,123)	2,768,180	(328)	1,263,309
Balance at the end of current period	14,041,834	6,291,287	(1,011,936)	(1,610,439)	17,710,746

	Valuation and Translation Adjustments		Minority Interests	Net Assets Total
	Valuation Difference on Availble-for-sale Securities	Total		
Balance at the end of previous period	210,174	210,174	23,417	16,681,028
Changes of items during the period				
Issuanse of new shares				2,850,000
Directors' bonus				(7,050)
Net income				(1,579,311)
Purchase of treasury stock				(328)
Reversal of profit from capital surplus				-
Net changes of items other than owners' equity	(44,270)	(44,270)	(1,179)	(45,449)
Total changes of items during the period	(44,270)	(44,270)	(1,179)	1,217,860
Balance at the end of current period	165,904	165,904	22,238	17,898,889

Current first half from April 1, 2007 to September 30, 2007

(Thousands of Yen)

	Owners' Equity				
	Paid-in Capital	Capital Surplus	Earned Surplus	Treasury Stock	Total Owners' Equity
Balance at the end of previous period	14,041,834	6,291,287	(1,363,195)	(1,610,569)	17,359,356
Changes of items during the period					
Net income			(421,585)		(421,585)
Purchase of treasury stock				(59)	(59)
Reversal of profit from capital surplus		(1,865,340)	1,865,340		-
Net changes of items other than owners' equity					-
Total changes of items during the period	-	(1,865,340)	1,443,755	(59)	(421,644)
Balance at the end of current period	14,041,834	4,425,946	80,559	(1,610,629)	16,937,711

	Valuation and Translation Adjustments		Minority Interests	Net Assets Total
	Valuation Difference on Availble-for-sale Securities	Total		
Balance at the end of previous period	159,576	159,576	21,524	17,540,456
Changes of items during the period				
Net income				(421,585)
Purchase of treasury stock				(59)
Reversal of profit from capital surplus				-
Net changes of items other than owners' equity	(47,687)	(47,687)	(2,022)	(49,710)
Total changes of items during the period	(47,687)	(47,687)	(2,022)	(471,354)
Balance at the end of current period	111,888	111,888	19,502	17,069,102

Prior fiscal year (April 1, 2006 to March 31, 2007)

(Thousands of Yen)

	Owners' Equity				
	Paid-in Capital	Capital Surplus	Earned Surplus	Treasury Stock	Total Owners' Equity
Balance at the end of previous period	12,616,253	9,221,410	(3,780,116)	(1,610,111)	16,447,436
Changes of items during the period					
Issuanse of new shares	1,425,581	1,424,418			2,850,000
Directors' bonus			(7,050)		(7,050)
Net income			(1,930,571)		(1,930,571)
Purchase of treasury stock				(458)	(458)
Reversal of profit from capital surplus		(4,354,542)	4,354,542		-
Net changes of items other than owners' equity					-
Total changes of items during the period	1,425,581	(2,930,123)	2,416,920	(458)	911,919
Balance at the end of current period	14,041,834	6,291,287	(1,363,195)	(1,610,569)	17,359,356

	Valuation and Translation Adjustments		Minority Interests	Net Assets Total
	Valuation Difference on Availble-for-sale Securities	Total		
Balance at the end of previous period	210,174	210,174	23,417	16,681,028
Changes of items during the period				
Issuanse of new shares				2,850,000
Directors' bonus				(7,050)
Net income				(1,930,571)
Purchase of treasury stock				(458)
Reversal of profit from capital surplus				-
Net changes of items other than owners' equity	(50,598)	(50,598)	(1,892)	(52,491)
Total changes of items during the period	(50,598)	(50,598)	(1,892)	859,428
Balance at the end of current period	159,576	159,576	21,524	17,540,456

4. Consolidated Statement of Cash Flows for the First Half

(Thousands of yen)

	First Half		Full Year
	From April 1to September 30		ended March 31
	FY2006	**FY2007**	FY2006
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	(1,487,492)	**(381,636)**	(1,789,730)
Depreciation and amortization	690,877	**598,867**	1,388,412
Allowance for retirement benefits	(97,169)	**(168,350)**	(297,746)
Allowance for directors' retirement benefits	-	**228,530**	-
Allowance for bonuses	-	**127,929**	-
Allowance for resource-recycling expenses	(221,295)	**(217,239)**	(123,878)
Loss on impairment of fixed assets	-	**263,010**	-
Allowance for doubtful accounts	7,905	**17,981**	15,720
Interest and dividend income	(20,276)	**(23,489)**	(38,192)
Interest expense	98,861	**94,564**	191,877
Commission expense paid	4,727	**4,332**	11,692
Gain on sales of short-term investments in securities	(3,390)	**-**	(3,390)
Loss on valuation of short-term investments in securities	-	**52,124**	7,432
Loss on valuation of membership rights	805	**-**	5,666
Gain on insurance cancellation	-	**-**	(22,969)
Gain on sales of property, plant and equipment	(3)	**-**	(3)
Loss on sales of proprety, plant and equipment	-	**6,465**	6,001
Loss on disposal of property, plant and equipment	64,861	**8,812**	86,911
Insurance commission income	(33,463)	**(1,498)**	(206,333)
Loss due to disaster	33,463	**10,966**	205,958
Reorganization of offices expense	75,431	**-**	121,671
Decrease in notes and accounts receivable-trade	285,812	**148,462**	311,759
Increase/decrease in inventories	91,203	**(34,736)**	193,199
Increase/decrease in refunded consumption taxes receivable	76,585	**(2,000)**	-
Increase/decrease in other current assets	(983,279)	**45,234**	23,199
Increase/decrease in notes and accounts payable-trade	160,559	**(14,983)**	49,025
Increase/decrease in consumption taxes payable	186,799	**167,067**	3,289
Increase/decrease in other current liabilities	637,654	**541,613**	(681,883)
Payment of bonuses to directors and auditors	(7,050)	**(3,375)**	(7,050)
Minority Shareholders' Payment of bonuses to directors and auditors	(3,250)	**(1,625)**	(3,250)
Other	(127,455)	**49,597**	(44,078)
Net	(568,577)	**1,516,627**	(596,688)
Interest and dividend income received	21,029	**24,242**	39,702
Interest expense paid	(111,448)	**(85,453)**	(197,149)
Proceeds from damage insurance	-	**149,238**	41,635
Payment for damage repairing	(119,305)	**(146,071)**	(155,094)
Income taxes paid	(69,771)	**(133,308)**	(149,075)
Income taxes refunded	10,227	**15,287**	10,456
Net cash provided by operating activities:	(837,846)	**1,340,563**	(1,006,214)

(Thousands of Yen)

	First Half		Full Year
	Between April 1 and September 30		Ended March 31
	FY2006	**FY2007**	FY2006
Cash Flows from Investing Activities:			
Decrease in limited withdrawl deposit.	2,000,000	**-**	2,000,000
Proceeds from sales of securities.	23,579	**-**	23,579
Proceeds from refunds of securities.	5,448	**500,000**	5,448
Proceeds from sales of property, plant and equipment.	280	**14,254**	280
Payment for purchases of property, plant and equipment.	(782,570)	**(61,928)**	(869,014)
Proceeds from refunds of deposits and guaranty.	46,324	**16,381**	242,290
Proceeds from cancellation of insurance reserve.	147,755	**-**	180,345
Other.	926	**138**	476
Net cash provided by investing activities:	1,441,743	**468,844**	1,583,406
Cash Flows from Financing Activities:			
Increase/decrease in short-term loans.	(210,000)	**(5,000)**	(450,000)
Increase/decrease in long-term loans from a director.	-	**(50,000)**	975,000
Proceeds from long-term loans from banks.	1,200,000	**-**	1,200,000
Repayment of long-term loans from banks.	(2,108,872)	**(929,206)**	(3,192,078)
Payment for redemption of corporate bond.	(165,000)	**(165,000)**	(330,000)
Increase/decrease in treasury stock.	(328)	**(59)**	(458)
Dividends paid.	(1,017)	**(2,810)**	(1,087)
Other.	(4,694)	**(104,299)**	418,373
Net cash provided by financing activities:	(1,289,912)	**(1,256,375)**	(1,380,250)
Effect of exchange rate changes on cash and cash equivalents . .	-	**-**	-
Net increase/decrease in cash and cash equivalents.	(686,015)	**553,032**	(803,058)
Cash and cash equivalents at beginning of the fiscal term.	1,398,895	**595,837**	1,398,895
Cash and cash equivalents at the end of the fiscal term.	712,880	**1,148,869**	595,837

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

Six months ended September 30, 2007 (April 1, 2007 to September 30, 2007)

The SANIX Group has posted operating loss, recurring loss and negative operating cash flow in four out of five fiscal years since the year ended March 31, 2003 (i.e. in fiscal year ended march 31, 2003, 2004, 2006 and 2007), and net loss for five consecutive fiscal years. In the first half of 2007, the Group achieved consolidated operating profit of 270 million yen, recurring profit of 232 million yen, and net operating cash inflow of 1,340 million yen. However, the impact of accumulated losses recorded in the previous fiscal year still remains. We have not fully emerged from financial difficulties yet. These circumstances may raise serious doubts regarding the assumption of a "going concern."

Since SANIX files consolidated interim financial statements with financial authorities, it is required to disclose information relating to such doubts. To overcome these adverse conditions, the SANIX Group developed the Business Streamlining Plan last fiscal year, under which closing and consolidation of sales offices and reduction of labor and other costs were promoted. As a result, the break-even point declined and profitability improved in the first half of fiscal 2007. In the area of sales activities, provision of educational training on compliance to employees continued, and customer-oriented marketing was implemented. In the area of organizational structure, a self-cleansing control system was established, including reinforcement of the internal control system. Moreover, seminars on proper handling of installment purchase contracts involving credit companies were provided and stricter rules were adopted for contracts with the aged in order to ensure strict compliance of our operations with laws and regulations.

As a result of the above-mentioned cost reduction efforts and sales policies, the HS Division, our core business, achieved stable sales, which contributed to the recovery of performance by the entire Group.

However, in the Environmental Resource Development Division, revenues from Power Sales were below the projection. This was because the redesign of the safety program at the Tomakomai Power Plant (where a fire occurred last fiscal year) took longer than expected, and resumption of its operation delayed about two months. Moreover, revenues from the Waste Plastic Processing business were also below the projection. This was because only a limited volume of waste plastic was accepted to minimize the stock level of waste plastic fuel during the shutdown of the Tomakomai Power Plant. The Tomakomai Power Plant resumed operations on June 12, 2007, equipped with extended disaster-prevention facilities and reinforced control systems. Since it now operates continuously and stably, it is expected that operating results of the ERD Division will recover in the second half of fiscal 2007.

Under these circumstances, the SANIX Group will continue to strive for improved performance in the second half of the year, aiming at reporting net profit on a full year basis.

Consolidated financial statements were prepared based on the assumption of a going concern, and did not reflect the impact of these serious doubts regarding our ability to continue as a going concern.

Significant Accounting Policies

Relating to Financial Statements

1. Matters Pertaining to Consolidation

Number of consolidated subsidiaries: 6 companies

Names of consolidated subsidiaries: SUNAIM INCORPORATED / Energy Development Institute Co., Ltd. / Sanix Energy Incorporated / Sanix Software Design Incorporated / EDI Incorporated / Sanix Solution Incorporated

There is only one non-consolidated subsidiary, Qingdao Shan Yang Tai Chemical Resource Exploiture Co., Ltd. The Company excluded it from the consolidation because its business size is small, and none of the total assets, sales, net income (the portion corresponding to the shareholding by the Company) and retained earnings (the portion corresponding to the shareholding by the Company) of this subsidiary has any significant effect on the consolidated financial statements of the Company.

2. Matters Concerning the Application of Equity method Accounting

Qingdao Shan Yang Tai Chemical Resource Exploiture Co., Ltd. is the only non-consolidated subsidiary not reported by the equity method. This subsidiary was not reported by the equity method because its business size is small, and its total assets, sales, net income (the portion corresponding to the shareholding by the Company) and retained earnings of this subsidiary have minor effect and little significance on the consolidated financial statements of the Company.

3. Matters Pertaining to the Settlement Dates of Consolidated Subsidiaries

The settlement dates of consolidated subsidiaries are the same as those of the parent company.

4. Accounting Treatment Standards

(1) Appraisal standards and appraisal methods for principal assets.

1) Short-term investments in securities:

Other marketable securities:

*Securities valued at market: Market value method based on the market prices on the settlement date (all valuation difference are reflected directly in shareholders' equity, the sale price being computed using the moving average method.)

*Securities not valued at market: Cost method, cost being determined by the moving average method

2) Inventories:

Half-finished products and material: Cost method computed by moving average method

Stored goods: The latest purchase cost method

(2) Depreciation methods for depreciable assets.

1) Tangible fixed assets: Fixed percentage on declining-balance method

The useful lives of major assets are as follows:

Buildings and structures	8 years - 50 years
Machinery and vehicles	4 years - 17 years
Tools and furniture	2 years - 15 years

2) Intangible fixed assets: Straight-line method

3) Long-term prepaid expenses: Straight-line method

(3) Accounting standards for allowances and reserves:

1) Allowance for doubtful accounts: Provision for losses on doubtful accounts is made up to the maximum allowable based on individual assessments and the actual percentage of bad loan write-offs, as prescribed in the Corporate Income Tax Law. If that amount is deemed to be insufficient, additional provision is made.

2) Provision for accrued bonuses: Provision for accrued bonuses to employees is made by appropriating an amount based on estimated total bonuses that will be paid during the year.

3) Allowance for retirement benefits for employees: In order to provide for retirement allowances the company accrues an amount equivalent to the amount that would be paid if the payment occurred at the end of the consolidated first quarter, based on the projected amount of retirement allowance liabilities and pension assets at the end of the current consolidated accounting period. Furthermore, the Company will treat the entire variance at the time the accounting standards were changed as a one-off expense during the next consolidated accounting period.

4) Reserve for directors' retirement allowances: To provide for payment of retirement allowances to directors, the amount of bonuses accrued at the end of the period is provided in accordance with the Regulations for Directors' Retirement Allowances.

5) Allowance for resource-recycling expenses: The Company recognized transportation costs and storage costs expected to incur for the recycled waste plastic fuel stored by the end of this first quarter.

(4) Accounting treatment for lease transactions

Finance lease transactions, except those under which the title of the leased asset is deemed to be transferred to the lessee, are treated according to the method used for ordinary loan transactions.

(5) Hedging accounting

1) Method of hedging accounting: Interest rate swap arrangements were accounted for by the special treatment method of hedging accounting as they satisfy the requirements for the special treatment.

2) Hedging arrangements and transactions to be hedged

(Hedging arrangement) Interest rate swap contracts

(Transactions to be hedged) Interest on borrowings

3) Hedging policy: The Company concludes interest rate swap contracts for the purpose of hedging the risk of floating of Interest rates of borrowings. Transactions to be hedged by an interest rate swap contract are specified for each contract.

4) Assessment of validity of hedging arrangements: The Company concludes only interest rate swap contracts that satisfy all of the following conditions, in accordance with its risk management policy:

i. The notional principal amount of the interest rate swap contract is the same as that of the principal amount of the relevant long-term borrowing;

ii. The term and maturity of the interest rate swap contract are the same as those of the relevant long-term borrowing;

iii. The index of the floating rate of the relevant long term borrowing is TIBOR+1.1%;

iv. The terms for revision of interest rate of the interest rate swap contract are the same as those stipulated in the relevant long-term borrowing; and

v. The receipt-and-payment conditions of the interest rate swap contract are fixed throughout the swap period.

Assessment of validity of interest rate swap contracts concluded and maintained by the Company as of the account settlement date is omitted as they satisfy all of the above-mentioned requirements, and are thus qualified to be accounted for by the special treatment method.

(6) Other significant policies used in these consolidated financial statements.

Accounting treatment of consumption tax: Excluding tax method

5. Cash and Cash Equivalents on Consolidated Statements of Cash Flows

Cash and cash equivalents on the consolidated statements of cash flows include cash on hand, savings which can be withdrawn as required, and short-term investments which are easily converted into cash, having low risk of changing value, and which will be redeemed within 3 months from the acquisition date.

Change in Accounting Method

(Accounting Method for Reserve for Directors' Retirement Allowances)

(Current First Half ended September 30, 2007)

Traditionally, retirement allowances to directors of the Company and major consolidated subsidiaries were recorded as expenses when they were paid. Starting from the first half of fiscal 2007, the Group adopted the accounting method stipulated in the "Treatment in Auditing of Reserves Under the Special Taxation Measures Law, and Reserves Under Special Laws and Reserve for Officer's Retirement Allowances" (issued by the Japanese Institute of Certified Public Accountants, dated April 13, 2007, Auditing/Guarantee Practice Committee Report No. 42). Accordingly, compared with the figures computed using the former accounting method, consolidated operating profit and recurring profit for the first half of fiscal 2007 decreased by 11,560 thousand yen and 11,560 thousand yen, respectively, and net loss before tax adjustments increased by 271,480 thousand yen.

(Accounting Method for Depreciation of the Tangible Fixed Assets)

(Current First Half ended September 30, 2007)

In accordance with the provisions of the revised Corporation Tax Law, the tangible fixed assets depreciation method has been changed. Starting from April 1, 2007, tangible fixed assets acquired during and after April 2007 are depreciated fully to their memorandum values (¥1). This change has only minor impact on the consolidated profits of the SANIX Group.

Regarding tangible fixed assets acquired on and before March 31, 2007, the differences between residual values and memorandum values are depreciated in accordance with the revised Corporation Tax Law. Specifically, when the depreciated value of a tangible fixed asset reaches the "residual value" (as defined in the Corporation Tax Law before the revision) in a certain fiscal year, the difference between the residual value and the memorandum value of such asset is depreciated in equal amounts over five years from the following fiscal year.

Accordingly, compared with the figures computed using the former accounting method, consolidated operating profit and recurring profit for the first half of fiscal 2007 decreased by 4,128 thousand yen and 4,128 thousand yen, respectively, and net loss before tax adjustments increased by 4,128 thousand yen.

Notes

Notes to Consolidated Balance Sheet

1.Total accumulated depreciation for tangible fixed assets (Thousands of Yen)

	First Half between April 1 and September 30		Full Year ended March 31, 2007
	FY2006	**FY2007**	FY2006
Total accumulated depreciation for tangible fixed assets.	17,694,055	**18,898,517**	18,302,948

2. Hypothecated assets and secured liabilities

Assets provided as collateral (Factory foundation) (Thousands of Yen)

	First Half between April 1 and September 30		Full Year ended March 31, 2007
	FY2006	**FY2007**	FY2006
Buildings and structures.	429,023	**401,408**	414,495
Machinery, equipment and vehicles.	498,784	**435,420**	464,953
Land	1,311,067	**1,311,067**	1,311,067
Other tangible fixed assets.	3,525	**4,067**	4,128
Total.	2,242,401	**2,151,964**	2,194,645

Assets provided as collateral (Other than factory foundation) (Thousands of Yen)

	First Half between April 1 and September 30		Full Year ended March 31, 2007
	FY2006	**FY2007**	FY2006
Buildings and structures.	3,270,435	**3,018,771**	3,138,489
Land	12,464,568	**12,423,096**	12,464,568
Investments in securities	576,880	**434,833**	566,321
Time deposit	100,000	**100,000**	100,000
Total.	16,411,884	**15,976,702**	16,269,379

Secured liabilities (Thousands of Yen)

	First Half between April 1 and September 30		Full Year ended March 31, 2007
	FY2006	**FY2007**	FY2006
Short-term loans	2,040,000	**2,140,000**	1,800,000
Lomg-term loans payable in 1 year	2,128,400	**1,660,400**	1,834,400
Long-term loans	1,797,100	**1,287,100**	1,240,100
Total.	5,965,500	**5,087,500**	4,874,500

3. Notes receivable and payable

Notes matured at the end of period are settled at the day of exchanging notes. Since the closing date of the period was a bank holiday, the following notes receivable matured at the end of the period are included in the outstanding balance as of the period-end:

(Thousands of Yen)

	First Half between April 1 and September 30		Full Year ended March 31, 2007
	FY2006	**FY2007**	FY2006
Notes receivable	14,689	**5,601**	10,426
Nots payable	53,127	**95,498**	22,801

Notes to Consolidated Statement of Income

1. Main items in Selling, general, and administrative expense (Thousands of Yen)

	First Half		Full Year
	between April 1 and September 30		ended March 31, 2007
	FY2006	**FY2007**	FY2006
Loading charge.	167,795	**82,605**	293,768
Advertisement.	442,877	**250,092**	757,437
Net provision for doubtful accounts.	10,256	**21,311**	18,140
Salaries and Wages.	4,231,575	**3,031,614**	7,205,823
Net prpvision for accrued bonuses.	1,490	**78,975**	957
Net provision for retirement benefit.	65,779	**(16,386)**	128,123
Net provision for reserve for directors' retirement allowances. .	-	**11,560**	-
Legal fringe benefits.	561,889	**322,455**	932,962
Rent.	858,952	**574,234**	1,492,142
Depreciation.	137,817	**112,134**	269,520

2. Breakdown of Gain on sale of property, plant, and equipment (Thousands of Yen)

	First Half		Full Year
	between April 1 and September 30		ended March 31, 2007
	FY2006	**FY2007**	FY2006
Machinery, equipment and vehicles.	3	**-**	3

3. Loss due to disaster

(Current consolidated first half accounting period between April 1 and September 30, 2007)

Losses due to disaster are those related to fire that occurred in the Kitakyushu Plant. Since these losses will be fully covered by the non-life insurance maintained by the Company, the estimate amounts of insurance claims to be received are included in the extraordinary income for the current interim period.

4. Breakdown of Loss on sale of property, plant and equipment (Thousands of Yen)

	First Half		Full Year
	between April 1 and September 30		ended March 31, 2007
	FY2006	**FY2007**	FY2006
Buildings and structures.	—	**2,457**	—
Land.	—	**4,008**	—
Intangible fixed assets	—	**—**	6,001
Total Loss on sale of property, plant and equipment.	—	**6,465**	6,001

5. Breakdown of Loss on disposal of property, plant and equipment (Thousands of Yen)

	First Half		Full Year
	between April 1 and September 30		ended March 31, 2007
	FY2006	**FY2007**	FY2006
Buildings and structures.	63,396	**337**	83,109
Machinery, equipment and vehicles.	1,465	**477**	626
Other tangible fixed assets.	-	**7,997**	3,176
Total loss on disposal of property, plant and equipment.	64,861	**8,812**	86,911

Notes to Consolidated Statement of Changes in Net Assets

Prior first half (April 1, 2006 to September 30, 2006)

1. Issues related to shares issued

	31-Mar-06	Increase	Decrease	30-Sep-06
Number of shares of issued (Shares)	41,224,736	7,694,660	-	48,919,396

(Reasons for changes)

The number of shares increased due to a following reason.

Conversion of unsecured convertible bonds with stock acquisition rights: 7,694,660 shares

2. Regarding Treasury Stock

	31-Mar-06	Increase	Decrease	30-Sep-06
Number of shares of treasury stock (Shares)	1,207,223	880	-	1,208,103

(Reasons for changes)

The number of shares increased due to a following reason.

Purchase of odd stock: 880 shares

3. Regarding Stock Option

No applicable matter.

4. Regarding Dividends

No applicable matter.

Current first half (April 1, 2007 to September 30, 2007)

1. Issues related to shares issued

	31-Mar-07	Increase	Decrease	30-Sep-07
Number of shares of issued (Shares)	48,919,396	-	-	**48,919,396**

2. Regarding Treasury Stock

	31-Mar-07	Increase	Decrease	30-Sep-07
Number of shares of treasury stock (Shares)	1,208,663	230	-	**1,208,893**

(Reasons for changes)

The number of shares increased due to a following reason.

Purchase of odd stock: 230 shares

3. Regarding Stock Option

No applicable matter.

4. Regarding Dividends

No applicable matter.

Prior fiscal year (April 1, 2006 to March 31, 2007)

1. Issues related to shares issued

	31-Mar-06	Increase	Decrease	31-Mar-07
Number of shares of issued (Shares)	41,224,736	7,694,660	-	48,919,396

(Reasons for changes)

The number of shares increased due to a following reason.

Conversion of unsecured convertible bonds with stock acquisition rights: 7,694,660 shares

2. Regarding Treasury Stock

	31-Mar-06	Increase	Decrease	31-Mar-07
Number of shares of treasury stock (Shares)	1,207,223	1,440	-	1,208,663

(Reasons for changes)

The number of shares increased due to a following reason.

Purchase of odd stock: 1,440 shares

3. Regarding Stock Option

No applicable matter.

4. Regarding Dividends

No applicable matter.

Notes to Consolidated Statement of Cash Flows

1. Relationship between balance of cash and cash equivalents at the end of period and value of items stated on the consolidated balance sheets.

(Thousands of Yen)

	First Half		Full Year
	between April 1 and September 30		ended March 31, 2007
	FY2006	**FY2007**	FY2006
Cash and bank deposits.	712,880	**1,148,869**	595,837
Time deposits exceeding 3 months.	-	**-**	-
Cash and cash equivalents	712,880	**1,148,869**	595,837

Segment Information

1. Segment Information by type of business

Prior consolidated first-half accounting period (From April 1, 2006 to September 30, 2006)

(Thousands of Yen)

Segments	HS	ES	ERD	Total	Elimination or Group	Consolidated
Sales, operating profit or loss*						
Sales:						
(1)Sales to customers	8,475,124	2,212,160	4,845,191	15,532,476	-	15,532,476
(2)Internal sales among segments and transfer accounts.	-	-	809	809	(809)	-
Total	8,475,124	2,212,160	4,846,000	15,533,286	(809)	15,532,476
Operating expenses	7,661,973	2,386,331	5,559,365	15,607,671	1,398,199	17,005,870
Operating income(loss)	813,150	(174,171)	(713,364)	(74,384)	(1,399,009)	(1,473,394)

Current consolidated first-half accounting period (From April 1, 2007 to September 30, 2007)

(Thousands of Yen)

Segments	HS	ES	ERD	Total	Elimination or Group	Consolidated
Sales, operating profit or loss*						
Sales:						
(1)Sales to customers	8,287,843	1,798,193	3,656,424	13,742,460	-	13,742,460
(2)Internal sales among segments and transfer accounts.	-	-	353	353	(353)	-
Total	8,287,843	1,798,193	3,656,777	13,742,813	(353)	13,742,460
Operating expenses	6,056,373	1,855,541	4,484,765	12,396,680	1,075,661	13,472,342
Operating income(loss)	2,231,470	(57,348)	(827,988)	1,346,133	(1,076,014)	270,118

Prior consolidated fiscal year accounting period (April1, 2006 to March 31, 2007)

(Thousands of Yen)

Segments	HS	ES	ERD	Total	Elimination or Group	Consolidated
Sales, operating profit or loss*						
Sales:						
(1)Sales to customers	15,205,222	4,090,941	9,612,323	28,908,487	-	28,908,487
(2)Internal sales among segments and transfer accounts.	-	-	1,207	1,207	(1,207)	-
Total	15,205,222	4,090,941	9,613,530	28,909,694	(1,207)	28,908,487
Operating expenses	13,213,072	4,301,626	10,527,404	28,042,104	2,434,738	30,476,842
Operating income(loss)	1,992,149	(210,685)	(913,874)	867,589	(2,435,945)	(1,568,355)

(Notes)

1. Business divisions are those used for internal administrative purposes.
2. Principal services and products by business division

   *HS(Home Sanitation Division). . . Sales of home reinforcement systems, termite eradication service, under-floor and under-roof ventilation systems

   *ES(Establishment Sanitation Division). . . Installation of anti-rust equipments and maintenance services

   *ERD(Environmental Resources Development Division). . .Waste plastic processing, incineration, organic liquid waste water processing, and power generation

3. Unabsorbed operating expenses listed under elimination or group is the administration cost of the general affairs department of the parent company.

   Prior consolidated first half accounting period. . . . .¥1,399,009 thousand

   Current consolidated first half accounting period. . . . .¥1,076,014 thousand

   Prior consolidated fiscal year accounting period. . . . .¥2,435,945 thousand

2. Segment information by location

Previous first half (April 1, 2006 to September 30, 2006)

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 half (April 1, 2007 to September 30, 2007)

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.

Previous fiscal year (April 1, 2006 to March 31, 2007)

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.

3. Foreign sales

Previous first half (April 1, 2006 to September 30, 2006)

None

Current first half (April 1, 2007 to September 30, 2007)

None

Previous fiscal year (April 1, 2006 to March 31, 2007)

None

Notes to lease transactions

①Relationship between balance of cash and cash equivalents at the end of period and value of items stated on the consolidated balance sheet

(Thousands of Yen)

	First Half between April 1 and September 30		Full Year ended March 31, 2007
	FY2007	**FY2008**	FY2007
	Machinery and Vehicle		
Book Value.	814,000	**592,674**	729,228
Cumulative depreciation.	486,591	**397,104**	485,771
Value at end of half year.	327,408	**195,569**	243,457
	Others (Tool Function)		
Book Value.	545,123	**412,056**	470,558
Cumulative depreciation.	277,755	**225,076**	254,931
Value at end of half year.	267,368	**186,979**	215,626
	Total		
Book Value.	1,359,124	**1,004,730**	1,199,787
Cumulative depreciation.	764,347	**622,181**	740,703
Value at end of half year.	594,777	**382,549**	459,084
②Outstanding balance of future lease payments at the end of the period:			
Within one year.	354,949	**163,767**	191,570
Over one year.	265,136	**234,992**	290,798
Total.	620,086	**398,760**	482,369
③Amount of lease fee payments, depreciation expense and interest expense:			
Lease fee payments.	148,317	**114,889**	311,132
Depreciation expense.	136,605	**105,020**	278,787
Interest expense.	8,257	**5,500**	16,532

④Accounting method for the amount equivalent to depreciation expenses:

Accounting method for the amount equivalent to depreciation expenses and interest expenses:

Calculated by assuming the lease term is the depreciable life and depreciating the remaining amount to zero using the straight-line method.

Accounting method for the amount equivalent to interest expenses:

Interest expense for lease assets is calculated as the difference between the total lease payments andthe acquisition price of the leased assets, with the amount allocated to each accounting period using the interest method.

⑤Operating lease transactions:

Outstanding balance of future lease payments

	FY2007	**FY2008**	FY2007
Within one year.	110,550	**137,982**	96,752
Over one year.	176,817	**93,235**	128,783
Total.	287,368	**231,217**	225,536

Notes to Securities

1. First half ended September 30, 2006

(1) Other marketable securities with market value: (Thousands of Yen)

	First Half As of September 30, 2006		
	Acquisition Cost	Value stated on consolidated balance sheet	Balance
Stocks	301,701	578,236	276,535
Other	-	-	-
Total	301,701	578,236	276,535

(2) Principal marketable securities without market price (Thousands of Yen)

	First Half As of September 30, 2006
	Value stated on consolidated balance sheet
Other marketable securities	
Non-listed stocks	634,147
Total	634,147

2. First half ended September 30, 2007

(1) Other marketable securities with market value: (Thousands of Yen)

	First Half As of September 30, 2007		
	Acquisition Cost	Value stated on consolidated balance sheet	Balance
Stocks	301,701	436,081	134,380
Other	-	-	-
Total	301,701	436,081	134,380

(2) Principal marketable securities without market price (Thousands of Yen)

	First Half As of September 30, 2007
	Value stated on consolidated balance sheet
Other marketable securities	
Non-listed stocks	126,715
Total	126,715

3. Fiscal year ended March 31, 2007

(1) Other marketable securities with market value: (Thousands of Yen)

	Full Year As of March 31, 2007		
	Acquisition Cost	Value stated on consolidated balance sheet	Balance
Stocks	301,701	567,689	265,988
Other	-	-	-
Total	301,701	567,689	265,988

(2) Principal marketable securities without market price (Thousands of Yen)

	Full Year As of March 31, 2007
	Value stated on consolidated balance sheet
Other marketable securities	
Non-listed stocks (exluding OTC stocks)	626,715
Total	626,715

Notes to Derivative transactions

Six months ended September 30, 2006 (April 1, 2006 to September 30, 2006)

There were no applicable transactions.

Notes regarding interest swap arrangements are not included in this section because they were accounted for by the hedge accounting method.

Six months ended September 30, 2007 (April 1, 2007 to September 30, 2007)

There were no applicable transactions.

Notes regarding interest swap arrangements are not included in this section because they were accounted for by the hedge accounting method.

Fiscal year ended March 31, 2007 (From April 1, 2006 to March 31, 2007)

There were no applicable transactions.

Notes regarding interest swap arrangements are not included in this section because they were accounted for by the hedge accounting method.

Net Sales by Division

	First Half from April 1 to September 30		Changes	Full Year ended March 31
	FY2006	**FY2007**		FY2006
Termite eradication service.	4,204,994	**2,780,112**	(1,424,882)	7,083,362
Under-roof/floor ventilation system.	2,420,671	**1,122,634**	(1,298,037)	4,352,044
Home reinforcement system.	508,235	**201,596**	(306,638)	886,029
Foundation Repairing Treatment.	-	**3,435,918**	3,435,918	508,847
Other.	1,341,223	**747,582**	(593,641)	2,374,938
Home Sanitation Division Total:	8,475,124	**8,287,843**	(187,281)	15,205,222
Anti-rust equipment installation.	562,993	**456,221**	(106,772)	1,023,934
Repair of building water-works.	725,895	**512,567**	(213,328)	1,330,647
Waterproofing of building.	375,942	**320,778**	(55,164)	667,485
Other.	547,329	**508,626**	(38,703)	1,068,873
Establishment Sanitation Division Total:	2,212,160	**1,798,193**	(413,967)	4,090,941
Industrial waste (Waste plastic processing).	2,305,548	**1,798,138**	(507,410)	4,720,381
Industrial waste (Organic waste water recycle).	954,646	**919,382**	(35,264)	1,863,796
Generation of electricity.	665,832	**256,808**	(409,024)	1,138,746
Industrial waste (Incineration).	647,777	**503,493**	(144,284)	1,302,476
Other.	271,385	**178,601**	(92,783)	586,921
Environmental Resources Development Division Total:	4,845,191	**3,656,424**	(1,188,766)	9,612,323
Total Net Sales:	15,532,476	**13,742,460**	(1,790,015)	28,908,487

Non-Consolidated Interim Financial Statements

1. Non-Consolidated Balance Sheet for the First Half

(Thousands of Yen)

	Fist Half as of September 30				Full Year as of March 31, 2007	
ASSETS	FY2006	Ratio %	**FY2007**	**Ratio %**	FY 2006	Ratio %
Current Assets:						
Cash and bank deposits.	536,314		**951,530**		424,471	
Note receivable.	82,681		**67,999**		68,165	
Accounts receivable.	1,973,137		**1,850,877**		2,080,135	
Inventories.	707,355		**710,366**		675,549	
Other current assets.	1,252,824		**373,589**		519,109	
Allowance for doubtful accounts.	(50,000)		**(71,000)**		(57,000)	
Total Current Assets:	4,502,313	13.3	**3,883,363**	**12.5**	3,710,430	11.5
Fixed Assets:						
Tangible Fixed Assets:						
Buildings.	4,540,779		**4,126,921**		4,307,166	
Machinery, equipment and vehicles.	5,303,031		**4,702,658**		4,973,074	
Land.	13,584,463		**13,574,739**		13,584,463	
Construction in progress.	14,542		**-**		2,271	
Other tangible fixed assets.	1,390,023		**1,237,384**		1,308,443	
Total Tangible Fixed Assets:	24,832,840		**23,641,704**		24,175,419	
Intangible Fixed Assets:						
Total Intangible Fixed Assets:	76,308		**69,274**		69,552	
Investments and Other Assets:						
Lease guaranty deposits.	1,419,780		**1,176,992**		1,204,515	
Other.	3,542,455		**2,828,813**		3,505,407	
Allowance for bad loans.	(398,299)		**(524,244)**		(403,640)	
Total Investments and Other Assets:	4,563,936		**3,481,562**		4,306,283	
Total Fixed Assets:	29,473,085	86.7	**27,192,541**	**87.5**	28,551,254	88.5
Total Assets:	33,975,398	100.0	**31,075,904**	**100.0**	32,261,685	100.0

(Thousands of Yen)

LIABIRITIES AND NET ASSETS	First Half as of September 30				Full Year as of March 31, 2007	
	FY2006	Ratio %	**FY2007**	**Ratio %**	FY 2006	Ratio %
Current Liabilities:						
Notes payable.	608,145		**303,892**		135,633	
Accounts payable.	380,570		**599,655**		775,992	
Short-term loans.	3,040,000		**2,840,000**		2,800,000	
Long-term loans payable in 1 year.	2,128,400		**1,660,400**		1,834,400	
Corporate bonds payable in 1 year.	330,000		**330,000**		330,000	
Amount in arrears.	1,716,102		**2,305,397**		1,727,588	
Accrued income taxes.	116,184		**113,972**		148,876	
Accrued expenses.	880,813		**859,051**		751,154	
Accrued bonuses.	-		**125,000**		-	
Allowance for resource-recycling expenses.	683,619		**563,796**		781,035	
Other current liabilities.	1,309,927		**355,935**		272,196	
Total Current Liabilities:	11,193,762	32.9	**10,057,101**	**32.4**	9,556,877	29.6
Non-Current Liabilities:						
Corporate bond.	590,000		**260,000**		425,000	
Long-term debt.	2,968,500		**1,448,100**		2,191,300	
Long-term debt from a director.	-		**925,000**		975,000	
Accrued retirement benefits.	1,559,091		**1,188,038**		1,357,745	
Reserve for directors' retirement allowances.	-		**224,530**		-	
Other non-current liabilities.	313,687		**519,718**		739,463	
Total Non-Current Liabilities:	5,431,279	16.0	**4,565,387**	**14.7**	5,688,508	17.7
Total Liabilities:	16,625,042	48.9	**14,622,488**	**47.1**	15,245,386	47.3
Owners' Equity:						
Paid-in capital.	14,041,834		**14,041,834**		14,041,834	
Capital surplus						
Capital legal reserve.	4,639,973		**4,425,946**		4,639,973	
Other capital surplus.	1,651,313		**-**		1,651,313	
Capital surplus total.	6,291,287		**4,425,946**		6,291,287	
Earned surplus.	(1,537,749)		**(515,205)**		(1,865,340)	
Treasury stock.	(1,610,439)		**(1,610,629)**		(1,610,569)	
Total Owners' Equity:	17,184,932	50.6	**16,341,946**	**52.5**	16,857,211	52.2
Valuation and Translation Adjutments:						
Valuation difference on available-for-sale securities.	165,423		**111,469**		159,088	
Total Valuation and Translation Adjustments:	165,423	0.5	**111,469**	**0.4**	159,088	0.5
Total Net Assets:	17,350,356	51.1	**16,453,416**	**52.9**	17,016,299	52.7
Total Liabilities and Net Assets:	33,975,398	100.0	**31,075,904**	**100.0**	32,261,685	100.0

2. Non-Consolidated Statement of Income for the First Half

(Thousands of Yen)

	First Half between April 1 and September 30				Full Year ended March 31, 2007	
	FY2006	Ratio %	**FY2007**	**Ratio %**	FY2006	Ratio %
Net sales	14,706,945	100.0	**13,376,767**	**100.0**	27,457,487	100.0
Cost of sales	8,035,703	54.6	**7,422,527**	**55.5**	15,038,833	54.8
Gross profit	6,671,242	45.4	**5,954,239**	**44.5**	12,418,654	45.2
Selling, general and administrative expenses	8,136,286	55.4	**5,618,641**	**42.0**	13,916,335	50.7
Operating income	(1,465,043)	(10.0)	**335,598**	**2.5**	(1,497,681)	(5.5)
Total non-operating income	134,735	0.9	**115,522**	**0.9**	235,169	0.9
Total non-operating expenses	195,737	1.3	**309,218**	**2.3**	387,861	1.4
Recurring profit	(1,526,046)	(10.4)	**141,902**	**1.1**	(1,650,373)	(6.0)
Total extraordinary income	223,857	1.5	**1,636**	**0.0**	419,697	1.5
Total extraordinary losses	180,560	1.2	**614,744**	**4.6**	538,664	1.9
Income before income taxes	(1,482,749)	(10.1)	**(417,205)**	**(3.5)**	(1,769,340)	(6.4)
Corporate income, local and enterprise taxes	55,000	0.4	**44,000**	**0.4**	96,000	0.4
Net income	(1,537,749)	(10.5)	**(515,205)**	**(3.9)**	(1,865,340)	(6.8)

3. Non-consolidated Statement of Changes in Net Assets for the First Half

Prior first half (April 1, 2006 to September 30, 2006)

(Thousands of Yen)

	Owners' Equity			
	Paid-in Capital	Capital Surplus		
		Capital Legal Reserve	Other Capital Surplus	
Balance at the end of previous period	12,616,253	3,215,555	6,005,855	9,221,410
Changes of items during the period				
Issuanse of new shares	1,425,581	1,424,418		1,424,418
Net income				
Purchase of treasury stock				
Reversal of profit from capital surplus			(4,354,542)	(4,354,542)
Net changes of items other than owners' equity				
Total changes of items during the period	1,425,581	1,424,418	(4,354,542)	(2,930,123)
Balance at the end of current period	14,041,834	4,639,973	1,651,313	6,291,287

	Owners' Equity			
	Earned Surplus		Treasury Stock	
	Other Earned Surplus			
	Earned Surplus brought forward			
Balance at the end of previous period	(4,354,542)	(4,354,542)	(1,610,111)	15,873,010
Changes of items during the period				
Issuanse of new shares				2,850,000
Net income	(1,537,749)	(1,537,749)		(1,537,749)
Purchase of treasury stock			(328)	(328)
Reversal of profit from capital surplus	4,354,542	4,354,542		-
Net changes of items other than owners' equity				-
Total changes of items during the period	2,816,792	2,816,792	(328)	1,311,922
Balance at the end of current period	(1,537,749)	(1,537,749)	(1,610,439)	17,184,932

	Valuation and Translation Adjustments		Net Assets
	Valuation Difference on Availble-for-sale Securities		
Balance at the end of previous period	209,741	209,741	16,082,752
Changes of items during the period			
Issuanse of new shares			2,850,000
Net income			(1,537,749)
Purchase of treasury stock			(328)
Reversal of profit from capital surplus			-
Net changes of items other than owners' equity	(44,318)	(44,318)	(44,318)
Total changes of items during the period	(44,318)	(44,318)	1,267,603
Balance at the end of current period	165,423	165,423	17,350,356

Current first half (April 1, 2007 to September 30, 2007)

(Thousands of Yen)

	Owners' Equity			
	Paid-in Capital	Capital Surplus		
		Capital Legal Reserve	Other Capital Surplus	
Balance at the end of previous period	14,041,834	4,639,973	1,651,313	6,291,287
Changes of items during the period				
Issuanse of new shares				
Net income				
Purchase of treasury stock				
Reversal of profit from capital surplus		(214,027)	(1,651,313)	(1,865,340)
Net changes of items other than owners' equity				
Total changes of items during the period		(214,027)	(1,651,313)	(1,865,340)
Balance at the end of current period	14,041,834	4,425,946	-	4,425,946

	Owners' Equity			
	Earned Surplus		Treasury Stock	
	Other Earned Surplus			
	Earned Surplus brought forward			
Balance at the end of previous period	(1,865,340)	(1,865,340)	(1,610,569)	16,587,211
Changes of items during the period				
Issuanse of new shares				
Net income	(515,205)	(515,205)		(515,205)
Purchase of treasury stock			(59)	(59)
Reversal of profit from capital surplus	1,865,340	1,865,340		-
Net changes of items other than owners' equity				-
Total changes of items during the period	1,350,135	1,350,135	(59)	(515,264)
Balance at the end of current period	(515,205)	(515,205)	(1,610,629)	16,341,946

	Valuation and Translation Adjustments		Net Assets
	Valuation Difference on Availble-for-sale Securities		
Balance at the end of previous period	159,088	159,088	17,016,299
Changes of items during the period			
Issuanse of new shares			
Net income			(515,205)
Purchase of treasury stock			(59)
Reversal of profit from capital surplus			-
Net changes of items other than owners' equity	(47,618)	(47,618)	(47,618)
Total changes of items during the period	(47,618)	(47,618)	(562,883)
Balance at the end of current period	111,469	111,469	16,453,416

Prior fiscal year (April 1, 2006 to March 31, 2007)

(Thousands of Yen)

	Owners' Equity			
	Paid-in Capital	Capital Surplus		
		Capital Legal Reserve	Other Capital Surplus	
Balance at the end of previous period	12,616,253	3,215,555	6,005,855	9,221,410
Changes of items during the period				
Issuanse of new shares	1,425,581	1,424,418		1,424,418
Net income				
Purchase of treasury stock				
Reversal of profit from capital surplus			(4,354,542)	(4,354,542)
Net changes of items other than owners' equity				
Total changes of items during the period	1,425,581	1,424,418	(4,354,542)	(2,930,123)
Balance at the end of current period	14,041,834	4,639,973	1,651,313	6,291,287

	Owners' Equity			
	Earned Surplus		Treasury Stock	
	Other Earned Surplus			
	Earned Surplus brought forward			
Balance at the end of previous period	(4,354,542)	(4,354,542)	(1,610,111)	15,873,010
Changes of items during the period				
Issuanse of new shares				2,850,000
Net income	(1,865,340)	(1,865,340)		(1,865,340)
Purchase of treasury stock			(458)	(458)
Reversal of profit from capital surplus	4,354,542	4,354,542		-
Net changes of items other than owners' equity				-
Total changes of items during the period	2,489,201	2,489,201	(458)	984,200
Balance at the end of current period	(1,865,340)	(1,865,340)	(1,610,569)	16,857,211

	Valuation and Translation Adjustments		Net Assets
	Valuation Difference on Availble-for-sale Securities		
Balance at the end of previous period	209,741	209,741	16,082,752
Changes of items during the period			
Issuanse of new shares			2,850,000
Net income			(1,865,340)
Purchase of treasury stock			(458)
Reversal of profit from capital surplus			-
Net changes of items other than owners' equity	(50,653)	(50,653)	(50,653)
Total changes of items during the period	(50,653)	(50,653)	933,546
Balance at the end of current period	159,088	159,088	17,016,299

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

Six months ended September 30, 2007 (April 1, 2007 to September 30, 2007)

SANIX has posted operating loss, recurring loss and net loss for five consecutive fiscal years since the year ended March 31, 2003. In the first half of 2007, the Company achieved non-consolidated operating profit of 335 million yen and recurring profit of 141 million yen. However, the impact of accumulated losses recorded in the previous fiscal year still remains. We have not fully emerged from financial difficulties yet. These circumstances may raise serious doubts regarding the assumption of a "going concern."

Since SANIX files consolidated interim financial statements with financial authorities, it is required to disclose information relating to such doubts. To overcome these adverse conditions, the Company developed the Business Streamlining Plan last fiscal year, under which closing and consolidation of sales offices and reduction of labor and other costs were promoted. As a result, the break-even point declined and profitability improved in the first half of fiscal 2007. In the area of sales activities, provision of educational training on compliance to employees continued, and customer-oriented marketing was implemented. In the area of organizational structure, a self-cleansing control system was established, including reinforcement of the internal control system. Moreover, seminars on proper handling of installment purchase contracts involving credit companies were provided and stricter rules were adopted for contracts with the aged in order to ensure strict compliance of our operations with laws and regulations.

As a result of the above-mentioned cost reduction efforts and sales policies, the HS Division, our core business, achieved stable sales, which contributed to the recovery of performance by the Company.

However, in the Environmental Resource Development Division, revenues from the Waste Plastic Processing business were below the projection. This was because the redesign of the safety program at the Tomakomai Power Plant (where a fire occurred last fiscal year) took longer than expected, and resumption of its operation delayed about two months. So only a limited volume of waste plastic was accepted to minimize the stock level of waste plastic fuel during the shutdown of the Tomakomai Power Plant. The Tomakomai Power Plant resumed operations on June 12, 2007, equipped with extended disaster-prevention facilities and reinforced control systems. Since it now operates continuously and stably, it is expected that operating results of the ERD Division will recover in the second half of fiscal 2007.

Under these circumstances, the Company will continue to strive for improved performance in the second half of the year, aiming at reporting net profit on a full year basis.

Non-consolidated financial statements were prepared based on the assumption of a going concern, and did not reflect the impact of these serious doubts regarding our ability to continue as a going concern.

Significant Accounting Policies

Relating to Financial Statements

1. Accounting Treatment Standards

(1) Appraisal standards and appraisal methods for principal assets

1) Short-term investments in securities:

Stocks of subsidiaries: Cost method, computed by moving average method

Other marketable securities:

*Securities valued at market: Market value method based on the market prices on the settlement date (all valuation difference are reflected directly in shareholders' equity, the sale price being computed using the moving average method.)

*Securities not valued at market: Cost method, cost being determined by the moving average method

2) Inventories:

Commodity, products and products in process: Cost method computed by moving average method

Stored goods: The latest purchase cost method

(2) Depreciation methods for depreciable assets

1) Tangible fixed assets: Fixed percentage on declining-balance method

The useful lives of major assets are as follows:

Buildings and structures	8 years - 50 years
Machinery and vehicles	4 years - 17 years
Tools and furniture	2 years - 15 years

2) Intangible fixed assets: Straight-line method

3) Long-term prepaid expenses: Straight-line method

(3) Accounting standards for allowances and reserves

1) Allowance for doubtful accounts: Provision for losses on doubtful accounts is made up to the maximum allowable based on individual assessments and the actual percentage of bad loan write-offs, as prescribed in the Corporate Income Tax Law. If that amount is deemed to be insufficient, additional provision is made.

2) Provision for accrued bonuses: Provision for accrued bonuses to employees is made by appropriating an amount based on estimated total bonuses that will be paid during the year.

3) Allowance for retirement benefits for employees: In order to provide for retirement allowances the company accrues an amount equivalent to the amount that would be paid if the payment occurred at the end of the consolidated first quarter, based on the projected amount of retirement allowance liabilities and pension assets at the end of the consolidated accounting fiscal year. Furthermore, the Company will treat the entire variance at the time the accounting standards were changed as a one-off expense during the next consolidated accounting period.

4) Reserve for directors' retirement allowances: To provide for payment of retirement allowances to directors, the amount of bonuses accrued at the end of the period is provided in accordance with the Regulations for Directors' Retirement Allowances.

5) Allowance for resource-recycling expenses: Allowance for resource-recycling expenses is provided in preparation for payment of transportation and storage relating to recycling waste plastics for fuel.

(4) Accounting treatment for lease transactions

Finance lease transactions, except those under which the title of the leased asset is deemed to be transferred to the lessee, are treated according to the method used for ordinary loan transactions.

(5) Hedging accounting

1) Method of hedging accounting: Interest rate swap arrangements were accounted for by the special treatment method of hedging accounting as they satisfy the requirements for the special treatment.

2) Hedging arrangements and transactions to be hedged

Hedging arrangement: Interest rate swap contracts

Transactions to be hedged: Interest on borrowings

3) Hedging policy: The Company concludes interest rate swap contracts for the purpose of hedging the risk of floating of interest rates of borrowings. Transactions to be hedged by an interest rate swap contract are specified for each contract.

4) Assessment of validity of hedging arrangements: The Company concludes only interest rate swap contracts that satisfy all of the following conditions, in accordance with its risk management policy:

i. The notional principal amount of the interest rate swap contract is the same as that of the principal amount of the relevant long-term borrowing;

ii. The term and maturity of the interest rate swap contract are the same as those of the relevant long-term borrowing;

iii. The index of the floating rate of the relevant long term borrowing is TIBOR+1.1%;

iv. The terms for revision of interest rate of the interest rate swap contract are the same as those stipulated in the relevant long-term borrowing; and

v. The receipt-and-payment conditions of the interest rate swap contract are fixed throughout the swap period.

Assessment of validity of interest rate swap contracts concluded and maintained by the Company as of the account settlement date is omitted as they satisfy all of the above-mentioned requirements, and are thus qualified to be accounted for by the special treatment method.

(6) Other significant policies used in these consolidated financial statements

Accounting treatment of consumption tax:

(Prior first half ended September 30, 2006)

Consumption and local consumption taxes are not included in the amounts reported on the consolidated financial statements. Temporary consumption taxes paid and temporary consumption taxes received were setoff with each other, and the net amount (185,778 thousand yen) was included in “Others” under the “Current Liabilities” category on the balance sheet.

(Current first half ended September 30, 2007)

Consumption and local consumption taxes are not included in the amounts reported on the consolidated financial statements. Temporary consumption taxes paid and temporary consumption taxes received were setoff with each other, and the net amount (173,016 thousand yen) was included in “Others” under the “Current Liabilities” category on the balance sheet.

(Prior fiscal year ended March 31, 2006)

Excluding tax method

Change in accounting method

(Accounting Method for Reserve for Directors' Retirement Allowances)

(Current First Half ended September 30, 2007)

Traditionally, retirement allowances to directors of the Company were recorded as expenses when they were paid. Starting from the first half of fiscal 2007, the Company adopted the accounting method stipulated in the "Treatment in Auditing of Reserves Under the Special Taxation Measures Law, and Reserves Under Special Laws and Reserve for Officer's Retirement Allowances" (issued by the Japanese Institute of Certified Public Accountants, dated April 13, 2007, Auditing/Guarantee Practice Committee Report No. 42). Accordingly, compared with the figures computed using the former accounting method, non-consolidated operating profit and recurring profit for the first half of fiscal 2007 decreased by 10,960 thousand yen and 10,960 thousand yen, respectively, and net loss before tax adjustments increased by 224,530 thousand yen.

(Accounting Method for Depreciation of the Tangible Fixed Assets)

(Current First Half ended September 30, 2007)

In accordance with the provisions of the revised Corporation Tax Law, the tangible fixed assets depreciation method has been changed. Starting from April 1, 2007, tangible fixed assets acquired during and after April 2007 are depreciated fully to their memorandum values (¥1). This change has only minor impact on the non-consolidated profits of the Company.

Regarding tangible fixed assets acquired on and before March 31, 2007, the differences between residual values and memorandum values are depreciated in accordance with the revised Corporation Tax Law. Specifically, when the depreciated value of a tangible fixed asset reaches the "residual value" (as defined in the Corporation Tax Law before the revision) in a certain fiscal year, the difference between the residual value and the memorandum value of such asset is depreciated in equal amounts over five years from the following fiscal year.

Accordingly, compared with the figures computed using the former accounting method, consolidated operating profit and recurring profit for the first half of fiscal 2007 decreased by 4,128 thousand yen and 4,128 thousand yen, respectively, and net loss before tax adjustments increased by 4,128 thousand yen.

Notes

Notes to Non-Consolidated Balance Sheet

1.Total accumulated depreciation for tangible fixed assets (Thousands of Yen)

	First Half between April 1 and September 30		Full Year ended March 31, 2007
	FY2006	**FY2007**	FY2006
Total accumulated depreciation for tangible fixed assets.	17,482,808	**18,660,891**	18,077,519

2. Hypothecated assets and secured liabilities

Assets provided as collateral (Factory foundation) (Thousands of Yen)

	First Half between April 1 and September 30		Full Year ended March 31, 2007
	FY2006	**FY2007**	FY2006
Buildings.	351,987	**328,985**	340,082
Machinery and equipment.	498,784	**435,420**	464,953
Land	1,311,067	**1,311,067**	1,311,067
Other tangible fixed assets.	80,561	**76,491**	78,541
Total.	2,242,401	**2,151,964**	2,194,645

Assets provided as collateral (Other than factory foundation) (Thousands of Yen)

	First Half between April 1 and September 30		Full Year ended March 31, 2007
	FY2006	**FY2007**	FY2006
Buildings and structures.	3,270,435	**3,018,771**	3,138,489
Land	10,925,096	**10,925,096**	10,925,096
Investments in securities	576,880	**434,833**	566,321
Time deposit	100,000	**100,000**	100,000
Total.	14,872,413	**14,478,702**	14,729,907

Secured liabilities (Thousands of Yen)

	First Half between April 1 and September 30		Full Year ended March 31, 2007
	FY2006	**FY2007**	FY2006
Short-term loans	1,606,000	**2,140,000**	1,800,000
Lomg-term loans payable in 1 year	2,128,400	**1,660,400**	1,834,400
Long-term loans	1,797,100	**1,287,100**	1,240,100
Total.	5,531,500	**5,087,500**	4,874,500

3. Notes receivable and payable

Notes matured at the end of period are settled at the day of exchanging notes. Since the closing date of the period was a bank holiday, the following notes receivable matured at the end of the period are included in the outstanding balance as of the period-end: (Thousands of Yen)

	First Half between April 1 and September 30		Full Year ended March 31, 2007
	FY2006	**FY2007**	FY2006
Notes receivable	14,689	**5,601**	10,426
Nots payable	53,127	**95,498**	22,801

Notes to Non-Consolidated Statement of Income

1. Breakdown of non-operating income (Thousands of Yen)

	First Half between April 1 and September 30		Full Year ended March 31, 2007
	FY2006	**FY2007**	FY2006
Interest income	4,273	**3,856**	8,351
Dividend income.	37,784	**20,234**	51,591
Rent revenue.	58,248	**58,665**	116,914

2. Breakdown of non-operating expenses (Thousands of Yen)

	First Half between April 1 and September 30		Full Year ended March 31, 2007
	FY2006	**FY2007**	FY2006
Interest expenses	96,908	**89,983**	188,144
Allowance for doubtful accounts.	-	**122,323**	-
Rental expenses.	88,298	**78,950**	187,956

3. Breakdown of extraordinary income (Thousands of Yen)

	First Half between April 1 and September 30		Full Year ended March 31, 2007
	FY2006	**FY2007**	FY2006
Gain on sales of investment securities	3,390	**-**	3,390
Insurance money received.	33,463	**1,498**	206,333
Transfer from reserve for bonuses.	187,000	**-**	187,000

4. Breakdown of extraordinary losses (Thousands of Yen)

	First Half between April 1 and September 30		Full Year ended March 31, 2007
	FY2006	**FY2007**	FY2006
Loss on disposal of property, plant and equipment.	64,354	**-**	85,922
Impairment loss.	-	**221,539**	-
Loss on valuation of investment securities.	-	**52,124**	-
Loss on valuation of shares of affiliates.	-	**44,000**	-
Loss due to disaster.	33,463	**10,966**	205,958
Net provision for reserve for directors' retirement allowances. . . .	-	**268,080**	-
Net provision for resource-recycling expenses.	-	**-**	96,379
Reorganization of offices expense.	75,431	**-**	-

5. Amount of depreciation cost (Thousands of Yen)

	First Half between April 1 and September 30		Full Year ended March 31, 2007
	FY2006	**FY2007**	FY2006
Depreciation cost for tangible fixed assets. . . .	674,633	**583,371**	1,355,555
Depreciation cost for intangible fixed assets. .	278	**278**	556

6. Loss due to disaster

(Current first half accounting period between April 1 and September 30, 2007)

Insurance money received and losses due to disaster are those related to fire that occurred in the Kitakyushu Plant. Since these losses will be fully covered by the non-life insurance maintained by the Company, the estimate amounts of insurance claims to be received are included in the extraordinary income for the current interim period.

Notes to Non-consolidated Statement of Changes in Net Assets

Prior first half (April 1, 2006 to September 30, 2006)

1. Numbers of Shares of Treasury Stock

	31-Mar-06	Increase	Decrease	30-Sep-06
Number of shares of treasury stock (Shares)	1,207,223	880	-	1,208,103

(Reasons for changes)

The number of shares increased due to a following reason.

Purchase of odd stock: 880 shares

Current first half (April 1, 2007 to September 30, 2007)

1. Numbers of Shares of Treasury Stock

	31-Mar-07	Increase	Decrease	30-Sep-07
Number of shares of treasury stock (Shares)	1,208,663	230	-	**1,208,893**

(Reasons for changes)

The number of shares increased due to a following reason.

Purchase of odd stock: 230 shares

Current fiscal year (April 1, 2006 to March 31, 2007)

1. Numbers of Shares of Treasury Stock

	31-Mar-06	Increase	Decrease	31-Mar-07
Number of shares of treasury stock (Shares)	1,207,223	1,440	-	1,208,663

(Reasons for changes)

The number of shares increased due to a following reason.

Purchase of odd stock: 1,440 shares

Notes to lease transactions

①Relationship between balance of cash and cash equivalents at the end of period and value of items stated on the consolidated balance sheet

(Thousands of Yen)

	First Half between April 1 and September 30		Full Year ended March 31, 2007
	FY2006	**FY2007**	FY2006
	Machinery and Equipment		
Book Value	151,050	**167,418**	152,790
Cumulative depreciation	99,782	**128,757**	116,170
Value at end of half year	51,267	**38,660**	36,619
	Others (Tool Function)		
Book Value	458,476	**350,254**	389,904
Cumulative depreciation	219,784	**178,579**	194,767
Value at end of half year	238,691	**171,675**	195,137
	Others (Vehicles)		
Book Value	649,507	**417,348**	569,571
Cumulative depreciation	380,431	**265,372**	368,177
Value at end of half year	269,076	**151,976**	201,393
	Total		
Book Value	1,259,033	**935,022**	1,112,265
Cumulative depreciation	699,998	**572,709**	679,115
Value at end of half year	559,035	**362,312**	433,149
②Outstanding balance of future lease payments at the end of the period:			
Within one year	231,722	**154,657**	208,983
Over one year	349,197	**221,702**	311,598
Total	580,919	**376,360**	520,582
③Amount of lease fee payments, depreciation expense and interest expense:			
Lease fee payments	139,236	**108,216**	227,499
Depreciation expense	128,745	**99,082**	200,575
Interest expense	7,458	**5,017**	12,367

④Accounting method for the amount equivalent to depreciation expenses:

Accounting method for the amount equivalent to depreciation expenses and interest expenses:

Calculated by assuming the lease term is the depreciable life and depreciating the remaining amount to zero using the straight-line method.

Accounting method for the amount equivalent to interest expenses:

Interest expense for lease assets is calculated as the difference between the total lease payments and the acquisition price of the leased assets, with the amount allocated to each accounting period using the interest method.

⑤Operating lease transactions:

Outstanding balance of future lease payments

	FY2006	**FY2007**	FY2006
Within one year	128,199	**143,124**	100,572
Over one year	172,445	**96,374**	133,029
Total	300,645	**239,498**	233,602

Notes to Securities

(Prior first half accounting period ended September 30, 2006)

There were no securities valued at market of subsidiaries and affiliates.

(Current first half accounting period ended September 30, 2007)

There were no securities valued at market of subsidiaries and affiliates.

(Prior full year accounting period ended March 31, 2007)

There were no securities valued at market of subsidiaries and affiliates.

Quarterly Information
1. Business Results

For the fiscal year ending March 31, 2008 (Consolidated) (Millions of Yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Apr. 1 to Jun. 30	Jul. 1 to Sep. 30	Oct. 1 to Dec. 31	Jan. 1 to Mar. 31
	FY2007			
Net sales.	6,845	**6,896**	-	-
Gross profit.	3,217	**2,806**	-	-
Operating income (loss).	330	**(60)**	-	-
Recurring profit (loss).	300	**(68)**	-	-
Income (loss) before income taxes. . .	172	**(554)**	-	-
Net Income (loss).	152	**(573)**	-	-

For the fiscal year ended March 31, 2007 (Consolidated) (Millions of Yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Apr. 1 to Jun. 30	Jul. 1 to Sep. 30	Oct. 1 to Dec. 31	Jan. 1 to Mar. 31
	FY2006			
Net sales.	8,966	6,565	6,817	6,558
Gross profit.	4,451	2,380	3,023	2,823
Operating income (loss).	(114)	(1,358)	(132)	37
Recurring profit (loss).	(137)	(1,382)	(164)	25
Income (loss) before income taxes. . .	51	(1,538)	(261)	(41)
Net Income (loss).	11	(1,590)	(284)	(66)

For the fiscal year ending March 31, 2008 (Non-consolidated) (Millions of Yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Apr. 1 to Jun. 30	Jul. 1 to Sep. 30	Oct. 1 to Dec. 31	Jan. 1 to Mar. 31
	FY2007			
Net sales.	6,787	**6,589**	-	-
Gross profit.	3,180	**2,774**	-	-
Operating income (loss).	358	**(22)**	-	-
Recurring profit (loss).	310	**(169)**	-	-
Income (loss) before income taxes. . .	182	**(653)**	-	-
Net Income (loss).	160	**(675)**	-	-

For the fiscal year ended March 31, 2007 (Non-consolidated) (Millions of Yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Apr. 1 to Jun. 30	Jul. 1 to Sep. 30	Oct. 1 to Dec. 31	Jan. 1 to Mar. 31
	FY2006			
Net sales.	8,488	6,218	6,366	6,384
Gross profit.	4,349	2,322	2,967	2,780
Operating income (loss).	(122)	(1,342)	(102)	70
Recurring profit (loss).	(154)	(1,371)	(157)	33
Income (loss) before income taxes. . .	34	(1,516)	(254)	(32)
Net Income (loss).	6	(1,543)	(277)	(50)

2. Segment Information by Type of Business

For the fiscal year ending March 31, 2008 (Thousands of Yen)

Home Sanitation Division	1st Quarter Apr. 1 to Jun. 30	2nd Quarter Jul. 1 to Sep. 30	3rd Quarter Oct. 1 to Dec. 31	4th Quarter Jan. 1 to Mar. 31
Sales, operating profit or loss				
Sales:				
(1)Sales to customers	4,277,900	**4,009,942**	-	-
(2)Internal sales among segments and transfer accounts.	-	**-**	-	-
Total	4,277,900	**4,009,942**	-	-
Operating expenses	3,076,140	**2,980,233**	-	-
Operating income(loss)	1,201,760	**1,029,709**	-	-

Establishnebt Sanitation Division	1st Quarter Apr. 1 to Jun. 30	2nd Quarter Jul. 1 to Sep. 30	3rd Quarter Oct. 1 to Dec. 31	4th Quarter Jan. 1 to Mar. 31
Sales, operating profit or loss				
Sales:				
(1)Sales to customers	860,413	**937,779**	-	-
(2)Internal sales among segments and transfer accounts.	-	**-**	-	-
Total	860,413	**937,779**	-	-
Operating expenses	904,096	**951,445**	-	-
Operating income(loss)	(43,683)	**(13,665)**	-	-

Environmental Resources Development Division	1st Quarter Apr. 1 to Jun. 30	2nd Quarter Jul. 1 to Sep. 30	3rd Quarter Oct. 1 to Dec. 31	4th Quarter Jan. 1 to Mar. 31
Sales, operating profit or loss				
Sales:				
(1)Sales to customers	1,707,274	**1,949,149**	-	-
(2)Internal sales among segments and transfer accounts.	177	**176**	-	-
Total	1,707,451	**1,949,325**	-	-
Operating expenses	1,978,179	**2,506,586**	-	-
Operating income(loss)	(270,727)	**(557,260)**	-	-

Elimination or Group	1st Quarter Apr. 1 to Jun. 30	2nd Quarter Jul. 1 to Sep. 30	3rd Quarter Oct. 1 to Dec. 31	4th Quarter Jan. 1 to Mar. 31
Sales, operating profit or loss				
Sales:				
(1)Sales to customers	-	**-**	-	-
(2)Internal sales among segments and transfer accounts.	(177)	**(176)**	-	-
Total	(177)	**(176)**	-	-
Operating expenses	557,012	**518,649**	-	-
Operating income(loss)	(557,189)	**(518,825)**	-	-

Consolidated	1st Quarter Apr. 1 to Jun. 30	2nd Quarter Jul. 1 to Sep. 30	3rd Quarter Oct. 1 to Dec. 31	4th Quarter Jan. 1 to Mar. 31
Sales, operating profit or loss				
Sales:				
(1)Sales to customers	6,845,588	**6,896,871**	-	-
(2)Internal sales among segments and transfer accounts.	-	**-**	-	-
Total	6,845,588	**6,896,871**	-	-
Operating expenses	6,515,428	**6,956,913**	-	-
Operating income(loss)	330,160	**(60,041)**	-	-

For the fiscal year ended March 31, 2007 (Thousands of Yen)

Home Sanitation Division	1st Quarter Apr. 1 to Jun. 30	2nd Quarter Jul. 1 to Sep. 30	3rd Quarter Oct. 1 to Dec. 31	4th Quarter Jan. 1 to Mar. 31
Sales, operating profit or loss				
Sales:				
(1)Sales to customers	5,251,140	3,223,983	3,252,737	3,477,360
(2)Internal sales among segments and transfer accounts	-	-	-	-
Total	5,251,140	3,223,983	3,252,737	3,477,360
Operating expenses	4,356,726	3,305,247	2,853,903	2,697,196
Operating income(loss)	894,414	(81,263)	398,834	780,164

Establishment Sanitation Division	1st Quarter Apr. 1 to Jun. 30	2nd Quarter Jul. 1 to Sep. 30	3rd Quarter Oct. 1 to Dec. 31	4th Quarter Jan. 1 to Mar. 31
Sales, operating profit or loss				
Sales:				
(1)Sales to customers	1,226,282	985,878	941,873	936,907
(2)Internal sales among segments and transfer accounts	-	-	-	-
Total	1,226,282	985,878	941,873	936,907
Operating expenses	1,269,009	1,117,322	987,318	927,976
Operating income(loss)	(42,727)	(131,443)	(45,445)	8,931

Environmental Resources Development Division	1st Quarter Apr. 1 to Jun. 30	2nd Quarter Jul. 1 to Sep. 30	3rd Quarter Oct. 1 to Dec. 31	4th Quarter Jan. 1 to Mar. 31
Sales, operating profit or loss				
Sales:				
(1)Sales to customers	2,489,461	2,355,729	2,623,025	2,144,107
(2)Internal sales among segments and transfer accounts	272	537	247	149
Total	2,489,733	2,356,267	2,623,272	2,144,256
Operating expenses	2,712,861	2,846,504	2,570,597	2,397,441
Operating income(loss)	(223,127)	(490,237)	52,675	(253,185)

Elimination or Group	1st Quarter Apr. 1 to Jun. 30	2nd Quarter Jul. 1 to Sep. 30	3rd Quarter Oct. 1 to Dec. 31	4th Quarter Jan. 1 to Mar. 31
Sales, operating profit or loss				
Sales:				
(1)Sales to customers	-	-	-	-
(2)Internal sales among segments and transfer accounts	(272)	(537)	(247)	(149)
Total	(272)	(537)	(247)	(149)
Operating expenses	743,181	655,018	538,753	497,784
Operating income(loss)	(743,453)	(655,555)	(539,001)	(497,933)

Consolidated	1st Quarter Apr. 1 to Jun. 30	2nd Quarter Jul. 1 to Sep. 30	3rd Quarter Oct. 1 to Dec. 31	4th Quarter Jan. 1 to Mar. 31
Sales, operating profit or loss				
Sales:				
(1)Sales to customers	8,966,884	6,565,591	6,817,635	6,558,375
(2)Internal sales among segments and transfer accounts	-	-	-	-
Total	8,966,884	6,565,591	6,817,635	6,558,375
Operating expenses	9,081,778	7,924,092	6,950,572	6,520,399
Operating income(loss)	(114,893)	(1,358,500)	(132,937)	37,976