



SANIX INCORPORATED

Consolidated/Non-Consolidated

Financial Summary

For the first quarter ended June 30, 2007

The financial figures in this document are based on Japanese Accounting Standards and accompanying laws . This document is an English translation of the Japanese-language original.

Consolidated Financial Statements

For the first quarter ended June 30, 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 quarter ended June 30, 2007**(1) Consolidated Operating Results**

(Millions of Yen)

	from April 1 to June 30				ended March 31
	FY2008	% change	FY2007	% change	FY2007
Net Sales	6,845	(23.7)	8,966	(22.9)	28,908
Operating Income	330	-	(114)	-	(1,568)
Recurring Profit	300	-	(137)	-	(1,659)
Net Income	152	-	11	(96.8)	(1,930)
Net Income per Share(¥)	¥3.19	-	¥0.28	-	(¥43.03)
Net Income per Share, Diluted(¥)	-	-	¥0.24	-	-

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

(2) Consolidated Financial Position

(Millions of Yen)

	As of June 30		As of March 31
	FY2008	FY2007	FY2007
Total Assets	32,256	36,827	32,705
Net Assets	17,672	16,927	17,540
Owners' Equity Ratio (%)	54.7%	45.9%	53.6%
Net Assets per Share (¥)	¥369.98	¥415.45	¥367.19

(3) Consolidated Financial Cash Flows

(Millions of Yen)

	First quarter		Fiscal year
	from April 1 to June 30		ended March 31
	FY2008	FY2007	FY2007
Cash Flows from Operating Activities	1,124	11	(1,006)
Cash Flows from Investing Activities	19	(679)	1,583
Cash Flows from Financing Activities	(937)	188	(1,380)
Balance of Cash and Cash Equivalents at End of Period	803	919	595

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

There is no change from initial projections for semi-annual and annual operational results publicly announced on May 16, 2007.

(Millions of Yen)

	FY2008			
	First Half as of September 30	% Change	Full Year as of March 31	% Change
Net Sales	14,230	(8.4)	28,680	(0.8)
Operating Income	160	-	1,000	-
Recurring Profit	100	-	900	-
Net Income	(60)	-	660	-
Net Income per Share(¥)	(¥1.26)	-	¥13.83	-

3. Others

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

(2) Use of simplified accounting methods: None

(3) Change in accounting methods from recent fiscal years:

Change in Depreciation methods for depreciable assets

Reference: Non-Consolidated Financial Highlights

1. Non-Consolidated Financial Highlights for the first quarter ended June 30, 2007

(1) Non-Consolidated Operating Results

(Millions of Yen)

	First quarter				Fiscal year
	from April 1 to June 30				ended March 31
	FY2008	% change	FY2007	% change	FY2007
Net Sales	6,787	(20.0)	8,488	(24.1)	27,457
Operating Income	358	-	(122)	-	(1,497)
Recurring Profit	310	-	(154)	-	(1,650)
Net Income	160	-	6	(98.2)	(1,865)
Net Income per Share(¥)	¥3.37	-	¥0.15	-	(¥41.58)
Net Income per Share, Diluted(¥)	-	-	¥0.13	-	-

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

(2) Non-Consolidated Financial Position

(Millions of Yen)

	As of June 30		As of March 31
	FY2008	FY2007	FY2007
Total Assets	31,849	35,946	32,261
Net Assets	17,157	16,332	17,016
Owners' Equity Ratio (%)	53.9%	45.4%	52.7%
Net Assets per Share (¥)	¥359.62	¥400.86	¥356.66

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

There is no change from initial projections for semi-annual and annual operational results publicly announced on May 16, 2007.

	FY2008			
	First Half	% Change	Full Year	% Change
	as of September 30		as of March 31	
Net Sales	13,650	(7.2)	27,000	(1.7)
Operating Income	120	-	940	-
Recurring Profit	20	-	760	-
Net Income	(100)	-	580	-
Net Income per Share(¥)	(¥2.10)	-	¥12.16	-

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.

Business Results

For the First Quarter ended June 30, 2007

1. Earnings

During the first quarter ended June 30, 2007, the Japanese economy showed a tendency toward continued recovery, with generally favorable corporate performance and expanded private-sector capital expenditure, although crude oil price changes required constant surveillance. Employer income continued its gradual increase, while personal spending tended to grow, although with some difficulty.

In the environmental sanitation industry, people's interest in the maintenance of houses and buildings remained very strong, with consumers becoming increasingly discerning and selective toward service providers. To attract such consumers, therefore, it was necessary to offer attractive products, better customer service, and greater responsiveness to customer needs, founded on more closely customer-oriented marketing.

Under these circumstances, the SANIX Group focused on streamlining along through measures for profitability improvement and cost reduction, while at the same time striving to recover profitability and customer trust by reinforcing legal compliance. The fire that broke out in the SANIX Energy Tomakomai Power Plant (Tomakomai, Hokkaido) in the last fourth quarter, had a temporary adverse impact on the Environmental Resources Development (ERD) Division's performance. We took to heart the gravity of this accident, and formed an investigative committee whose members included outside experts to restructure our fire prevention system and safety measures under instruction by concerned authorities so as to prevent recurrence. The affected facility resumed operation on June 12, 2007.

Consequently, sales decreased in all three divisions: the Home Sanitation Division, the Establishment Sanitation Division and the ERD Division. Group sales decreased 23.7% from the same period of the previous year to 6,845 million yen. In terms of profit, the Group's profit-making structure improved, since the break-even point dropped as cost reduction progressed on a corporate-wide basis, thanks to the streamlining program. As a result, SANIX reported recurring profit of 300 million yen on a consolidated basis (as compared to the recurring loss of 137 million yen for the same period in the previous year). Consolidated net income totaled 152 million yen (as compared to 11 million yen for the same period in the previous year), because of the extraordinary loss of 54 million yen for directors' retirement bonuses and 55 million yen for securities valuation loss.

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

Earnings of individual divisions:

Home Sanitation Division

In the HS Division, the quarter under review saw a mild recovery as the sluggish performance that had continued since the second quarter of the previous year finally bottomed out. Nevertheless, revenues were still below the previous year's, not recovering the level maintained before the administrative disposition. As a result, the Division's total sales decreased 18.5% from the same period last year to 4,277 million yen.

Operating profit increased to 1,201 million yen (from 894 million yen for the same period last year), registering an operating-profit-to-sales ratio of 28.1% (up from 17.0% for the same period of the previous year), thanks to the streamlining program that resulted in a smaller labor-costs-to-sales ratio, as well as reduced fixed costs.

Establishment Sanitation Division

In the ES Division, a significant revenue decrease was seen in the anti-rust equipment installation business, essentially targeted at new customers. As a result, the Division's total sales decreased 29.8% to 860 million yen from the same period of the previous year.

The Division recorded an operating loss of 43 million yen (compared to 42 million yen for the same period last year), due to a considerable decrease in revenues despite advanced cost reduction, particularly selling, general and administrative costs.

Environmental Resources Development Division

The ERD's power sales plummeted 98.2% from the same period of the previous year, due to the SANIX Energy Tomakomai Power Plant fire and subsequent operation suspension up to mid-June. The suspension period was used to improve anti-disaster facilities and reinforce the management system for the purpose of recurrence prevention. As for the waste plastic processing business, revenues decreased 19.1% from the same period last year, since shipment was regulated so as not to expand the stock of waste plastic as fuel, following the power plant fire. The organic liquid waste processing business had a 9.4% decrease in revenues because it accepted a smaller quantity of liquid. Revenues from the incineration business decreased 16.3% from the same period last year. Consequently, the Division's total sales were 1,707 million yen, down 31.4% from the same period in the previous year.

The Division had an operating loss of 270 million yen (compared to the loss of 223 million yen for the same period last year).

2. Consolidated Financial Conditions

Total assets as of June 30, 2007 amounted to 32,256 million yen, down 448 million yen from the previous fiscal year-end. Total liabilities were 14,584 million yen, down 580 million yen from the previous fiscal year-end. The decrease was mainly due to accelerated loan repayment. Net assets totaled 17,672 million yen, up 131 million yen from the previous year.

Consequently, the ratio of owners' equity was 54.7%, compared to 53.6% for the previous quarter.

Cash and cash equivalents as of June 30, 2007 totaled 803 million yen, an increase of 207 million yen from as of March 31, 2007.

Net cash provided by operating activities totaled 1,124 million yen (up 1,113 million yen from the same period last year), mainly as a result of streamlining, which led to higher sales productivity and cost reduction, hence greater profitability.

Net cash provided by investing activities totaled 19 million yen (up 699 million yen from the same period of the previous year). This increase was mainly affected by the payments made in the same period last year for contract prices for the construction of pre-treatment facilities at the Tomakomai Power Plant and other works.

Net cash used for financing activities totaled 937 million yen, a decrease of 1,125 million yen from the same period of the previous year. Here, accelerating the repayment of debt was responsible.

3. Forecast of Operation Results

As a corporate group that has established a solid leader status in the industry, the SANIX Group will renew our commitment to our fundamental “customers-come-first” principle, instill in all employees the spirit of strict compliance with applicable laws and regulations, and pursue fundamental reform and improvement in business management organization. In particular, we will be particularly observant of our in-house standards for appropriate conduct, a stricter version of the Specified Commercial Transaction Law, so as to prevent problems relating to contracts with individual customers. Accordingly, contracts will be signed only with the customer’s full agreement.

As to prospects for the second quarter and thereafter, the HS Division’s sales, which have already bottomed out, are expected to recover gradually. In the ERD Division, drawing lessons from the fire at the SANIX Energy Tomakomai Power Plant, we will ensure safe and stable operation by increasing the frequency of periodic inspections for recurrence prevention and by implementing thoroughgoing disaster prevention management measures.

For greater profitability, we will further promote the streamlining program in all Divisions. As this program is expected to bring about considerable cost reduction, the second quarter and thereafter is likely to record positive figures, in terms of both operating income and net profit.

There is no change from initial projections for semi-annual and annual operational results publicly announced on May 16, 2007.

Consolidated Financial Statements

1. Consolidated Balance Sheet

(Thousands of Yen)

Assets:	As of March 31	As of June 30	Increase/Decrease		As of June 30
	FY2007	FY2008	Amount	Ratio %	FY2007
Current Assets:					
Cash and bank deposits	595,837	803,298	207,461		2,919,112
Notes and accounts receivable	2,224,933	1,942,127	(282,805)		2,635,003
Inventories	842,464	965,360	122,895		975,362
Deferred tax assets	124	2,031	1,906		21,610
Other current assets	519,715	377,537	(142,177)		309,226
Allowance for doubtful accounts	(57,400)	(50,224)	7,176		(47,295)
Total Current Assets:	4,125,675	4,040,131	(85,544)	(2.1)	6,813,019
Fixed Assets:					
Tangible Fixed Assets:					
Buildings and structures	5,453,609	5,332,827	(120,781)		5,915,602
Machinery, equipment and vehicles	5,031,339	4,892,136	(139,203)		5,521,765
Land	15,123,935	15,114,211	(9,724)		15,122,635
Construction in progress	7,669	29,819	22,149		6,847
Other tangible fixed assets	185,921	175,705	(10,216)		209,287
Total Tangible Fixed Assets:	25,802,475	25,544,699	(257,776)	(1.0)	26,776,138
Intangible Fixed Assets:					
Total Intangible Fixed Assets:	70,498	74,890	4,391	6.2	77,393
Investments and Other Assets:					
Investments in securities	1,194,405	1,107,377	(87,027)		1,197,662
Deposits and guaranty	1,226,057	1,206,530	(19,526)		1,464,041
Deferred tax assets	1,733	1,229	(503)		12,887
Other	686,468	681,938	(4,530)		883,523
Allowance for bad loans	(402,130)	(400,109)	2,021		(396,994)
Total Investments and Other Assets:	2,706,534	2,596,966	(109,567)	(4.0)	3,161,120
Total Fixed Assets:	28,579,508	28,216,556	(362,952)	(1.3)	30,014,652
Total Assets:	32,705,183	32,256,687	(448,496)	(1.4)	36,827,672

(Thousands of Yen)

Liabilities and Net Assets:	As of March 31	As of June 30	Increase/Decrease		As of June 30
	FY2007	FY2008	Amount	Ratio %	FY2007
Current Liabilities:					
Notes and accounts payable	716,787	1,046,799	330,012		802,262
Short-term loans	2,950,000	2,630,000	(320,000)		4,200,000
Long-term loans payable in 1 year	1,858,746	1,858,746	-		2,434,078
Corporate bond payable in 1 year	330,000	330,000	-		330,000
Amounts in arrears	1,547,365	1,666,910	119,545		1,305,815
Accrued expenses	781,495	904,872	123,376		1,195,322
Accrued income taxes	151,413	63,889	(87,523)		75,838
Consumption tax payable	8,561	169,410	160,849		213,315
Accrued bonuses	8,639	8,712	73		14,212
Allowance for resource-recycling expenses	781,035	697,866	(83,169)		778,296
Other current liabilities	276,897	162,781	(114,115)		182,226
Total Current Liabilities:	9,410,940	9,539,989	129,048	1.4	11,531,367
Non-Current Liabilities:					
Corporate Bond	425,000	425,000	-		3,305,000
Long-term debt	2,233,972	1,769,369	(464,603)		3,042,115
Long-term debt from a director	975,000	925,000	(50,000)		-
Deferred tax liabilities	106,058	93,643	(12,414)		102,448
Monetary deposits	14,479	14,479	-		15,405
Retirement benefit	1,379,356	1,297,263	(82,093)		1,625,470
Other non-current liabilities	619,919	519,679	(100,239)		278,639
Total Non-Current Liabilities:	5,753,786	5,044,435	(709,350)	(12.3)	8,369,078
Total Liabilities:	15,164,726	14,584,424	(580,302)	(3.8)	19,900,446
Owners' Equity:					
Paid-in capital	14,041,834	14,041,834	-		12,766,834
Capital surplus	6,291,287	4,425,946	(1,865,340)		5,016,286
Earned surplus	(1,363,195)	654,370	2,017,566		575,563
Treasury stock	(1,610,569)	(1,610,580)	(10)		(1,610,223)
Total Owners' Equity:	17,359,356	17,511,571	152,215	0.9	16,748,462
Valuation and Translation Adjustments:					
Valuation difference on available-for-sale securities	159,576	140,428	(19,147)		154,074
Total Valuation and Translation Adjustments:	159,576	140,428	(19,147)	(12.0)	154,074
Minority Interests:					
Minority interests	21,524	20,263	(1,261)	(5.9)	24,689
Total Net Assets:	17,540,456	17,672,262	131,805	0.8	16,927,226
Total Liabilities and Net Assets:	32,705,183	32,256,687	(448,496)	(1.4)	36,827,672

2. Consolidated Statement of Income

(Thousands of Yen)

	First quarter		Increase/Decrease		Fiscal year
	from April 1 to June 30				ended March 31
	FY2007	FY2008	Amount	Ratio %	FY2006
Net sales	8,966,884	6,845,588	(2,121,295)	(23.7)	28,908,487
Cost of sales	4,515,380	3,628,123	(887,256)	(19.6)	16,229,396
Gross profit	4,451,504	3,217,465	(1,234,039)	(27.7)	12,679,090
Selling, general and administrative expenses	4,566,398	2,887,305	(1,679,093)	(36.8)	14,247,445
Operating income(loss)	(114,893)	330,160	445,054	-	(1,568,355)
Non-operating income:					
Interest income	1,937	1,817	(119)		8,390
Dividend income	6,255	8,393	2,137		29,801
Rent Revenue	6,645	7,492	846		26,583
Other non-operating income	16,471	12,104	(4,367)		50,256
Total non-operating income	31,310	29,808	(1,502)	(4.8)	115,031
Non-operating expenses:					
Interest expenses	50,985	45,576	(5,409)		191,877
Rent expenses	570	557	(12)		2,277
Other non-operating expenses	2,427	13,004	10,577		11,857
Total non-operating expenses	53,983	59,138	5,154	9.5	206,012
Recurring profit (loss)	(137,566)	300,830	438,396	-	(1,659,336)
Extraordinary income:					
Gain on sale of property, plant and equipment	-	-	-		3
Insurance money received	-	13,366	13,366		206,333
Gain on sale of investment securities	3,390	-	(3,390)		3,390
Transfer from reserve for possible loan losses	-	138	138		-
Transfer from reserve for bonuses	187,000	-	(187,000)		188,165
Gain on insurance cancellation	-	-	-		22,969
Total extraordinary income	190,390	13,504	(176,886)	(92.9)	420,862
Extraordinary losses:					
Loss on sale of property, plant and equipment	-	6,465	6,465		6,001
Loss on disposal of property, plant and equipment	506	7,922	7,415		86,911
Loss on cancellation of lease contract	1,258	1,271	13		9,633
Loss due to disaster	-	16,476	16,476		205,958
Loss on valuation of investment securities	-	55,112	55,112		7,432
Loss on valuation of membership rights	-	-	-		5,666
Directors' retirement allowance	-	54,510	54,510		11,603
New provision for resource-recycling expenses	-	-	-		96,379
Reorganization of offices expense	-	-	-		121,671
Total extraordinary losses	1,765	141,759	139,993	-	551,257
Income (loss) before income taxes and minority interests	51,059	172,575	121,516	238.0	(1,789,730)
Corporate income, local and enterprise taxes	34,730	22,336	(12,394)	(35.7)	103,287
Adjustment on corporate tax, etc	3,228	(1,049)	(4,278)	-	35,805
Minority interests in consolidated subsidiaries	1,662	(936)	(2,599)	-	1,747
Net income (loss)	11,437	152,225	140,788	-	(1,930,571)

3. Consolidated Statement of Changes in Net Asset

Prior first quarter from April 1, 2006 to June 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					
Issuance of new shares	150,581	149,418			300,000
Directors' bonus			(10,300)		(10,300)
Net income			11,437		11,437
Purchase of treasury stock				(111)	(111)
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	150,581	(4,205,124)	4,355,680	(111)	301,025
Balance at the end of current period	12,766,834	5,016,286	575,563	(1,610,223)	16,748,462

	Valuation and Translation Adjustments		Minority Interests	Net Assets Total
	Valuation Difference on Available-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				
Issuance of new shares				300,000
Directors' bonus				(10,300)
Net income				11,437
Purchase of treasury stock				(111)
Reversal of profit from capital surplus				-
Net changes of items other than owners' equity	(56,100)	(56,100)	1,272	(54,828)
Total changes of items during the period	(56,100)	(56,100)	1,272	246,197
Balance at the end of current period	154,074	154,074	24,689	16,927,226

	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			152,225		152,225
Purchase of treasury stock				(10)	(10)
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)	2,017,566	(10)	152,215
Balance at the end of current period	14,041,834	4,425,946	654,370	(1,610,580)	17,511,571

	Valuation and Translation Adjustments		Minority Interests	Net Assets Total
	Valuation Difference on Available-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				152,225
Purchase of treasury stock				(10)
Reversal of profit from capital surplus				-
Net changes of items other than owners' equity	(19,147)	(19,147)	(1,261)	(20,409)
Total changes of items during the period	(19,147)	(19,147)	(1,261)	131,805
Balance at the end of current period	140,428	140,428	20,263	17,672,262

	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					
Issuance 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 Available-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				
Issuance 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

(Thousands of yen)

	First Quarter		Full Year
	From April 1 to June 30		ended March 31
	FY2007	FY2008	FY2007
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	51,059	172,575	(1,789,730)
Depreciation and amortization	338,418	295,227	1,388,412
Loss due to disaster	-	16,476	205,958
Insurance commission income	-	(13,366)	(206,333)
Allowance for retirement benefits	(51,632)	(82,093)	(297,746)
Allowance for resource-recycling expenses	(126,617)	(83,169)	(123,878)
Allowance for doubtful accounts	5,045	(9,197)	15,720
Interest and dividend income	(8,193)	(10,211)	(38,192)
Interest expense	50,985	45,576	191,877
Commission expense paid	2,417	2,132	11,692
Gain on sales of short-term investments in securities	(3,390)	-	(3,390)
Loss on valuation of short-term investments in securities	-	55,112	7,432
Loss on valuation of membership rights	-	-	5,666
Gain on insurance cancellation	-	-	(22,969)
Gain on sales of property, plant and equipment	-	-	(3)
Loss on sales of property, plant and equipment	-	6,465	6,001
Loss on disposal of property, plant and equipment	506	7,922	86,911
Reorganization of offices expense	-	-	121,671
Increase/decrease in notes and accounts receivable-trade	(98,310)	282,805	311,759
Increase/decrease in inventories	60,301	(122,895)	193,199
Decrease in consumption taxes refunded	-	13,956	-
Increase/decrease in other current assets	(36,760)	58,916	23,199
Increase in notes and accounts payable-trade	134,500	94,118	49,025
Increase in consumption taxes payable	297,999	160,849	3,289
Increase/decrease in other current liabilities	(285,728)	311,720	(681,883)
Payment of bonuses to directors and auditors	(10,000)	-	(7,050)
Minority shareholders' payment of bonuses to directors and auditors	-	-	(3,250)
Other	16,769	(8,615)	(44,078)
Net	337,371	1,194,307	(596,688)
Interest and dividend income received	8,946	10,964	39,702
Interest expense paid	(56,790)	(42,932)	(197,149)
Payment for damage repairing	(119,305)	(1,950)	(155,094)
Proceeds from damage insurance	-	97,000	41,635
Income taxes paid	(158,983)	(132,834)	(149,075)
Income taxes refunded	-	-	10,456
Net cash provided by operating activities:	11,238	1,124,553	(1,006,214)

(Thousands of Yen)

	First Quarter		Full Year
	Between April 1 and March 31		Ended March 31
	FY2007	FY2008	FY2007
Cash Flows from Investing Activities:			
Decrease in limited withdrawl deposit	-	-	2,000,000
Proceeds from sales of securities	23,579	-	23,579
Proceeds from refunds of securities	-	-	5,448
Payment for purchases of property, plant and equipment	(712,977)	(12,109)	(869,014)
Proceeds from sales of property, plant and equipment	-	14,254	280
Proceeds from refunds of deposits and guaranty	9,393	17,699	242,990
Proceeds from insurance canellation	-	-	180,345
Other	926	94	476
Net cash provided by investing activities:	(679,079)	19,938	1,583,406
Cash Flows from Financing Activities:			
Increase/decrease in short-term loans	800,000	(320,000)	(450,000)
Proceeds from long-term debt from a director	-	-	975,000
Repayment of long-term debt from a director	-	(50,000)	-
Proceeds from long-term loans from banks	-	-	1,200,000
Repayment of long-term loans from banks	(608,603)	(464,603)	(3,192,078)
Payment for redemption of corporate bond	-	-	(330,000)
Increase/decrease in treasury stock	(111)	(10)	(458)
Dividends paid	(826)	(301)	(1,087)
Other	(2,400)	(102,116)	418,373
Net cash provided by financing activities:	188,057	(937,031)	(1,380,250)
Net increase/decrease in cash and cash equivalents	(479,783)	207,461	(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	919,112	803,298	595,837

Segment Information

1. Segment Information by Type of Business

Previous first quarter (From April 1, 2006 to June 30, 2006)						(Thousands of Yen)	
Segments	HS	ES	ERD	Total	Elimination or Group	Consolidated	
Sales, operating profit or loss							
Sales:							
(1)Sales to customers	5,251,140	1,226,282	2,489,461	8,966,884	-	8,966,884	
(2)Internal sales among segments and transfer accounts.	-	-	272	272	(272)	-	
Total	5,251,140	1,226,282	2,489,733	8,967,157	(272)	8,966,884	
Operating expenses	4,356,726	1,269,009	2,712,861	8,338,597	743,181	9,081,778	
Operating income(loss)	894,414	(42,727)	(223,127)	628,559	(743,453)	(114,893)	

Current first quarter (From April 1, 2007 to June 30, 2007)						(Thousands of Yen)	
Segments	HS	ES	ERD	Total	Elimination or Group	Consolidated	
Sales, operating profit or loss							
Sales:							
(1)Sales to customers	4,277,900	860,413	1,707,274	6,845,588	-	6,845,588	
(2)Internal sales among segments and transfer accounts.	-	-	177	177	(177)	-	
Total	4,277,900	860,413	1,707,451	6,845,765	(177)	6,845,588	
Operating expenses	3,076,140	904,096	1,978,179	5,958,416	557,012	6,515,428	
Operating income(loss)	1,201,760	(43,683)	(270,727)	887,349	(557,189)	330,160	

Previous fiscal year (From April 1, 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 to segment information

1. Business divisions are those used for internal administrative purposes.

2. Principal services and products by business division

*HS Division: Home Reinforcement System, Termite Eradication Service, Under-Floor and Under-Roof Ventilation Systems

*ES Division: Fitting of water supply system for office and apartment buildings, maintenance services

*ERD Division: Waste plastic processing, incineration, waste organic liquid 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.

Previous first quarter ¥ 743,453 thousand

Current first quarter ¥557,189 thousand

Previous fiscal year ¥2,435,945 thousand

2. Segment Information by Location

Previous first quarter (April 1, 2006 to June 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 quarter (April 1, 2007 to June 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 quarter (April 1, 2006 to June 30, 2006)

None

Current first quarter (April 1, 2007 to June 30, 2007)

None

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

None

Net Sales by Division

(Thousands of Yen)

	First quarter		Changes	Fiscal year
	from April 1 to June 30			ended March 31
	FY2007	FY2008		FY2007
Termite Eradication Service	2,557,924	1,476,153	(1,081,770)	7,083,362
Under-Roof/Floor Ventilation System	1,512,134	629,409	(882,725)	4,352,044
Home Reinforcement System	350,315	103,289	(247,026)	886,029
Foundation Repairing Treatment	-	1,682,586	1,682,586	508,847
Other	830,766	386,461	(444,305)	2,374,938
Home Sanitation Division Total:	5,251,140	4,277,900	(973,240)	15,205,222
Anti-rust equipment installation	371,357	232,486	(138,871)	1,023,934
Repair of building water-works	348,628	243,189	(105,439)	1,330,647
Waterproofing of building	205,280	122,549	(82,731)	667,485
Other	301,015	262,189	(38,826)	1,068,873
Establishment Sanitation Division Total:	1,226,282	860,413	(365,868)	4,090,941
Industrial Waste (Waste plastic processing)	1,128,774	913,252	(215,522)	4,720,381
Industrial waste (Organic Waste Water Recycle)	501,198	454,243	(46,955)	1,863,796
Generation of electricity	401,900	7,413	(394,486)	1,138,746
Industrial waste (Incineration)	301,409	252,227	(49,181)	1,302,476
Other	156,178	80,137	(76,041)	586,921
Environmental Resources Development Division Total:	2,489,461	1,707,274	(782,186)	9,612,323
Total Net Sales:	8,966,884	6,845,588	(2,121,295)	28,908,487

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
FY2008				
Net sales	6,845	-	-	-
Gross profit	3,217	-	-	-
Operating income (loss)	330	-	-	-
Recurring profit (loss)	300	-	-	-
Income (loss) before income taxes . .	172	-	-	-
Net Income (loss)	152	-	-	-

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
FY2007				
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	-	-	-
Gross profit	3,180	-	-	-
Operating income (loss)	358	-	-	-
Recurring profit (loss)	310	-	-	-
Income (loss) before income taxes . .	182	-	-	-
Net Income (loss)	160	-	-	-

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
FY2007				
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)

	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
Home Sanitation Division				
Sales, operating profit or loss				
Sales:				
(1)Sales to customers	4,277,900	-	-	-
(2)Internal sales among segments and transfer accounts.	-	-	-	-
Total	4,277,900	-	-	-
Operating expenses	3,076,140	-	-	-
Operating income(loss)	1,201,760	-	-	-
Establishnebt Sanitation Division				
Sales, operating profit or loss				
Sales:				
(1)Sales to customers	860,413	-	-	-
(2)Internal sales among segments and transfer accounts.	-	-	-	-
Total	860,413	-	-	-
Operating expenses	904,096	-	-	-
Operating income(loss)	(43,683)	-	-	-
Environmental Resources Development Division				
Sales, operating profit or loss				
Sales:				
(1)Sales to customers	1,707,274	-	-	-
(2)Internal sales among segments and transfer accounts.	177	-	-	-
Total	1,707,451	-	-	-
Operating expenses	1,978,179	-	-	-
Operating income(loss)	(270,727)	-	-	-
Elimination or Group				
Sales, operating profit or loss				
Sales:				
(1)Sales to customers	-	-	-	-
(2)Internal sales among segments and transfer accounts.	(177)	-	-	-
Total	(177)	-	-	-
Operating expenses	557,012	-	-	-
Operating income(loss)	(557,189)	-	-	-
Consolidated				
Sales, operating profit or loss				
Sales:				
(1)Sales to customers	6,845,588	-	-	-
(2)Internal sales among segments and transfer accounts.	-	-	-	-
Total	6,845,588	-	-	-
Operating expenses	6,515,428	-	-	-
Operating income(loss)	330,160	-	-	-

	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
Home Sanitation Division				
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				
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				
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				
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				
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