



# **SANIX INCORPORATED**

## Consolidated Interim Financial Summary

For the First Half ended September 30, 2008

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 Half ended September 30, 2008

**SANIX INCORPORATED**

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

Code No.: 4651

URL: <http://sanix.jp>

President and CEO: Shin-ichi Munemasa

Contact: Masahiro Shimojo, Director, Management and Planning Division

**1. Consolidated Financial Highlights for the First Half ended September 30, 2008****(1) Consolidated Operating Results**

(Millions of Yen)

	First Half			
	from April 1 to September 30			
	FY2008	% change	FY2007	% change
Net Sales . . . . .	13,412	-	13,742	(11.5)
Operating Income . . . . .	(351)	-	270	-
Ordinary Income . . . . .	(368)	-	232	-
Net Income . . . . .	(737)	-	(421)	-
Net Income per Share( ¥) . . . . .	(¥15.46)	-	(¥8.84)	-
Net Income per Share, Diluted( ¥) . . . . .	-	-	-	-

**(2) Consolidated Financial Position**

(Millions of Yen)

	As of September 30	As of March 31
	FY2008	FY2007
	Total Assets . . . . .	25,142
Net Assets . . . . .	14,137	14,863
Shareholders' Equity Ratio (%) . . . . .	56.1%	57.2%
Net Assets per Share ( ¥) . . . . .	¥295.81	¥311.06

## Reference:

Shareholders' equity as of September 30, 2008 14,113 million yen

Shareholders' equity as of March 31, 2008 14,840 million yen

**2. Dividends**

(Yen)

	At the end of				Annual
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	
(Dividends per Share)					
FY2007 ended March 31, 2008 . . . . .	-	0.00	-	0.00	0.00
FY2008 ending March 31, 2009 (Forecast) . . . . .	-	0.00	-	0.00	0.00

### 3. Forecasts for Consolidated Business Results for the Fiscal Year ending March 31, 2009

	(Millions of Yen)	
	FY2008	
	From April1 to March 31	% Change
Net Sales . . . . .	28,000	5.6
Operating Income . . . . .	630	5.7
Ordinary Income . . . . .	600	21.2
Net Income . . . . .	150	-
Net Income per Share(¥) . . . . .	¥3.14	-

### 4. Others

- (1) Change in application range of consolidation and equity method: None
- (2) Use of simplified accounting methods: None
- (3) Change in accounting methods from recent fiscal years: Refer to page 5
- (4) Number of Shares Issued and Outstanding

	(Shares)	
	First Half ended September 30, 2008	Full Year ended March 31, 2008
Number of shares issued and outstanding at period end .	<b>48,919,396</b>	48,919,396
Number of treasury stocks at period end . . . . .	<b>1,209,178</b>	1,209,043
Average number of shares issued and outstanding . . . . .	<b>47,710,300</b>	47,710,624

Note 1: Forecasts in this document are based on assumptions, prospects and plans as of the date of this document. Actual results may differ significantly from these forecasts, due to various factors affecting the Company's business performance, such as change in economical conditions.

Note 2: From the consolidated fiscal year ending March 2009, the Company has applied the "Accounting Standard for Quarterly Financial Statements" (Corporate Accounting Standards No.12) and "Application Guidelines for Accounting Standards Concerning Quarterly Financial Statements" (Corporate Accounting Standards Application Guidelines No.14) have been adopted. Quarterly financial statements are prepared in accordance with "Rules Concerning Quarterly Financial Statements."

# Qualitative information on financial statements

## For the First Half ended September 30, 2008

### 1. Qualitative information on consolidated business results

In the first six-month period of the current consolidated fiscal year, there were increasing worries that the Japanese economy would fall into recession due to concerns over the slowdown in the U.S. economy and turmoil in global financial markets triggered by the U.S. subprime loan problems as well as soaring raw material prices including crude oil.

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.

On April 22, 2008, the SANIX Group announced "Spring Plan 2010," a three-year, mid-term business plan for fiscal years 2008 to 2010. The Group has considered it necessary to reanalyze the factors responsible for the sluggish performance in recent years, and to formulate a highly feasible mid-term business plan to achieve a further recovery in business performance and to shift onto a full-fledged growth path.

In the first six-month period of the current consolidated fiscal year, the Company saw sales in the Environmental Resources Development Division (ERD Division) increase over the same period last year, but those in the Home Sanitation Division (HS Division) and the Establishment Sanitation Division (ES Division) decreased over the same period last year. As a result, total sales of Sanix Group amounted to 13,412 million yen (a 2.4% decrease year-on-year). Regarding earnings, the Group's selling, general and administrative costs increased by 4.4% (year-on-year), since the HS Division launched a television advertising campaign during a busy period for termite control (April through June) to expand its customer base. In addition, the Company posted an impairment loss of 333 million yen as an extraordinary loss in the second quarter of the current consolidated accounting period along with the transfer of idle land (133,580 square meters) situated in Shimonoseki City, Yamaguchi Prefecture by EDI Incorporated, a consolidated subsidiary, in the middle of November 2008. As a result, the Group reported an operating loss of 351 million yen (operating income of 270 million yen for the same period last year), an ordinary loss of 368 million yen (ordinary income of 232 million yen for the same period last year) and a net loss of 737 million yen (net loss of 421 million yen for the same period last year).

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

#### **Earnings of individual divisions:**

##### **Home Sanitation Division**

In the first six-month period of the current consolidated fiscal year, sales of "Termite Eradication Services," a mainstay of the Company's business, increased by 7.6% (year-on-year), due to the effects of the television advertising campaign. Sales of "Under-Roof/Floor Ventilation System" grew by 14.3% (year-on-year), but sales of "Foundation Repair Treatment and Reinforcement Services" decreased by 29.0% (year-on-year). As a result, sales by the HS Division decreased by 3.8% to 7,975 million yen compared with the same period of the previous year.

Due to increased advertising expenses resulting from the intensive television commercial campaign, the Division's operating income was 1,873 million yen (2,231 million yen for the same period last year), registering an operating-income-to-sales ratio of 23.5% (down from 26.9% for the same period of the previous year).

### **Establishment Sanitation Division**

To improve its marketing efficiency, the ES Division has promoted shift from marketing to individual owners to collaboration with building management companies and other institutional customers. As a result, sales decreased by 6.9% to 1,674 million yen compared with the same period of the previous year.

The Division recorded an operating loss of 7 million yen (compared to 57 million yen for the same period last year), due to ongoing cost reduction efforts, particularly in selling, general and administrative costs.

### **Environmental Resources Development Division**

The SANIX Energy Tomakomai Power Plant (Tomakomai, Hokkaido) started selling power to a new purchaser in June 2008, about one month behind the original schedule (this delay was because it took a long time to complete the procedures for power transmission route switchover, associated with the change of electricity purchaser). Power sales increased by 139.2% from the same period last year due to the stable operation of the Tomakomai Power Plant, whose operation was suspended in the previous period due to a fire and other related reasons. Sales of "Waste Plastic Processing" increased by 0.3% due to a steady increase in the processing amount despite falling processing prices caused by cost reductions at the customer end because of soaring crude oil prices as well as fierce price competition. Organic Liquid Waste Processing Plant increased its sales by 11.0% from the same period last year. Consequently, the Division's total sales were 3,762 million yen, up 2.9% from the same period of the previous year.

Regarding earnings, profitability deteriorated, since processing prices declined and labor costs expanded and the Company increased the number of personnel at plastic recycling plants ahead of the original schedule to cope with a possible increase in processing. At Organic Liquid Waste Processing Plant, the Company was forced to use chemical treatment due to a temporary malfunction of its microbial treatment system, leading to an increase in supplies expenses. In addition, at SANIX Energy Tomakomai Power Plant, repair expenses increased, since the Company carried out facility maintenance in case of a change of electricity purchasers. As a result, the Division reported an operating loss of 1,045 million yen (operating loss of 827 million yen for the same period last year).

## **2. Qualitative information on consolidated financial condition**

### **(1) Assets, Liabilities and Net Assets**

Total assets as of September 30, 2008 amounted to 25,142 million yen, a decrease of 815 million yen from the end of the previous consolidated fiscal year. This is primarily because tangible fixed assets declined due to depreciation and a decrease in land holdings. Total liabilities amounted to 11,004 million yen, a decrease of 90 million yen from the end of the previous consolidated fiscal year. This is primarily because a provision for recycling expenses diminished. Net assets totaled 14,137 million yen, down 725 million yen from the previous consolidated fiscal year end. This decrease was primarily due to the net loss of 737 million yen incurred during the first half. Consequently, the ratio of owners' equity was 56.1%, compared to 57.2% for the previous consolidated fiscal year end.

### **(2) Cash Flows**

Cash and cash equivalents as of September 30, 2008 totaled 684 million yen, a decrease of 334 million yen from as of March 31, 2008.

Net cash used for operating activities totaled 66 million yen.

This was mainly due to the net loss before taxes and other adjustments of 703 million yen incurred during the first

half.

Net cash used for investing activities totaled 184 million yen. This was mainly due to the payments for purchase of property, plant and equipment.

Net cash used for financing activities totaled 83 million yen. Here, accelerating the repayment of debt was responsible.

### 3. Qualitative information on the forecast of consolidated business results

Taking the results for the first six-month period of the current consolidated fiscal year into consideration, the Company revised their forecast of consolidated business results for the first six-month period of the current consolidated fiscal year ending March 2009 and for the full year of the current consolidated fiscal year ending March 2009 as announced on May 14, 2008. For further details, please refer to "Revision to Forecast for Business Results" announced on October 31, 2008.

#### Full year results forecast (April 1, 2008 to March 31, 2009)

(Millions of Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast	29,297	1,922	1,882	1,680
Revised Forecast	28,000	630	600	150
Difference	(1,297)	(1,292)	(1,282)	(1,530)
% Change	(4.4%)	(67.2%)	(68.1%)	(91.1%)
Results from year before	26,510	596	495	(2,547)

### 4. Others

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

(2) Use of simplified accounting methods: None

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

1. From the consolidated fiscal year ending March 2009, the Company has applied the "Accounting Standard for Quarterly Financial Statements" (Corporate Accounting Standards No.12) and "Application Guidelines for Accounting Standards Concerning Quarterly Financial Statements" (Corporate Accounting Standards Application Guidelines No.14) have been adopted. Quarterly financial statements are prepared in accordance with "Rules Concerning Quarterly Financial Statements."

2. Change in valuation standards and methods for inventories

In the past, inventories held for sale were valued at cost, determined mainly by the moving-average method. From the first quarter of the current consolidated fiscal year, in accordance with the "Accounting Standards for the Valuation of Inventory Assets" (Corporate Accounting Standards No. 9, July 5, 2006), inventories are valued at cost on a moving average basis (the amounts presented in the balance sheets are calculated by the book value markdown method based on the decline in profitability). There is no influence on profit and loss.

(Additional Information)

#### Change in estimated useful lives of tangible fixed assets

In accordance with the revision of the Corporate Tax Law, SANIX and its consolidated subsidiaries have reviewed and changed the estimated useful lives of machinery and equipment from the first quarter of the current fiscal year. As a result, operating income, ordinary income and net income before adjustments for first half increased by 15,686 thousand yen.

The influence on segment information is described in the corresponding section.

## 5. Consolidated Financial Statements

### (1) Consolidated Quarterly Balance Sheets

(Thousands of Yen)

	As of September 30	As of March 31
	FY2008	FY2007
<b>Assets:</b>		
Current Assets:		
Cash and deposits	684,992	1,019,848
Notes and accounts receivable-trade	1,857,571	1,855,584
Merchandise	17,284	16,102
Semi-finished goods	50,464	76,645
Raw materials	427,730	485,708
Other	904,225	615,429
Allowance for doubtful accounts	(89,051)	(83,857)
Total Current Assets:	<u>3,853,217</u>	<u>3,985,462</u>
Fixed Assets:		
Property, Plant and Equipment:		
Buildings and structures, net	4,286,740	4,469,286
Machinery, equipment and vehicles, net	3,559,879	3,661,281
Land	11,404,008	11,722,008
Other, net	330,305	304,846
Total Property, Plant and Equipment:	<u>19,580,933</u>	<u>20,157,422</u>
Intangible Fixed Assets:	60,041	61,751
Investments and Other Assets:	<u>1,647,882</u>	<u>1,753,352</u>
Total Fixed Assets:	<u>21,288,858</u>	<u>21,972,526</u>
<b>Total Assets:</b>	<u>25,142,076</u>	<u>25,957,988</u>
<b>Liabilities:</b>		
Current Liabilities:		
Notes and accounts payable-trade	526,352	616,720
Short-term loans payable	5,905,000	5,605,000
Accrued income taxes	84,366	122,144
Reserves	193,521	423,596
Other	2,889,355	2,644,269
Total Current Liabilities:	<u>9,598,596</u>	<u>9,411,731</u>
Non-Current Liabilities:		
Long-term loans payable	21,814	34,816
Reserve for retirement benefits	1,090,987	1,042,023
Other reserves	220,080	239,700
Other	72,841	366,660
Total Non-Current Liabilities:	<u>1,405,722</u>	<u>1,683,200</u>
<b>Total Liabilities:</b>	<u>11,004,318</u>	<u>11,094,931</u>

(Thousands of Yen)

	As of September 30	As of March 31
	FY2008	FY2007
<b>Net Assets:</b>		
Owners' Equity:		
Capital stock	14,041,834	14,041,834
Capital surplus	1,758,841	4,425,946
Retained earnings	(116,052)	(2,045,384)
Treasury stock	(1,610,713)	(1,610,673)
Total Owners' Equity:	14,073,909	14,811,722
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	39,441	29,214
Total Valuation and translation adjustments:	39,441	29,214
Minority Interests:	24,405	22,119
<b>Total Net Assets:</b>	<b>14,137,757</b>	<b>14,863,056</b>
<b>Total Liabilities and Net Assets:</b>	<b>25,142,076</b>	<b>25,957,988</b>



## (2) Consolidated Quarterly Statements of Income

(Thousands of Yen)

	<b>First Half</b>
	<b>from April 1 to September 30</b>
	<b>FY2008</b>
Net sales	13,412,236
Cost of sales	7,757,156
Gross profit	5,655,080
Selling, general and administrative expenses	6,006,511
Operating income (loss)	(351,431)
Non-operating income:	
Interest income	3,516
Dividends income	10,826
Land and house rent revenue	33,603
Other	11,904
Total non-operating income	59,851
Non-operating expenses:	
Interest expenses	75,342
Other	1,232
Total non-operating expenses	76,575
Ordinary income (loss)	(368,155)
Extraordinary income:	
Insurance income	270,779
Total extraordinary income	270,779
Extraordinary loss:	
Loss on retirement of fixed assets	243
Impairment loss	333,000
Loss on cancellation of lease contracts	1,268
Loss on disaster	270,651
Provision of allowance for doubtful accounts	525
Total extraordinary loss	605,689
Income (loss) before income taxes and minority interests	(703,065)
Income taxes-current	45,743
Income taxes-deferred	(13,646)
Total income taxes	32,096
Minority interests in income	2,611
Net income (loss)	(737,773)

## (3) Consolidated Quarterly Statements of Cash Flows

(Thousands of yen)

	First Half
	From April 1 to September 30
	FY2008
<b>Net Cash Provided by (Used in) Operating Activities:</b>	
Income before income taxes and minority interests	(703,065)
Depreciation and amortization	434,153
Impairment loss	333,000
Loss on disaster	270,651
Insurance income	(270,779)
Increase (decrease) in reserve for retirement benefits	48,963
Increase (decrease) in allowance for doubtful accounts	6,187
Interest and dividends income	(14,343)
Interest expenses	75,342
Loss on retirement of fixed assets	243
Decrease (increase) in notes and accounts receivable-trade	(1,987)
Decrease (increase) in inventories	23,668
Increase (decrease) in notes and accounts payable-trade	(90,367)
Other, net	(93,251)
Subtotal	18,416
Interest and dividends income received	14,210
Interest expenses paid	(63,470)
Payments for loss on disaster	(54,417)
Proceeds from insurance income	100,779
Income tax paid	(86,119)
Income tax refund	4,049
<b>Net cash provided by operating activities:</b>	<b>(66,553)</b>
<b>Net Cash Provided by (Used in) Investment Activities:</b>	
Purchase of property, plant and equipment	(200,955)
Other	16,380
<b>Net cash provided by investing activities:</b>	<b>(184,575)</b>
<b>Net Cash Provided by (Used in) Financing Activities:</b>	
Increase (decrease) in short-term loans payable	300,000
Repayment of long-term loans payable	(183,002)
Other	(200,726)
<b>Net cash provided by financing activities:</b>	<b>(83,728)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(334,856)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,019,848</b>
<b>Cash and cash equivalents at the end of period</b>	<b>684,992</b>

From the consolidated fiscal year ending March 2009, the Company has applied the "Accounting Standard for Quarterly Financial Statements" (Corporate Accounting Standards No.12) and "Application Guidelines for Accounting Standards Concerning Quarterly Financial Statements" (Corporate Accounting Standards Application Guidelines No.14) have been adopted. Quarterly financial statements are prepared in accordance with "Rules Concerning Quarterly Financial Statements."

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

There is no events or situations that arouse serious doubt regarding the assumption of a going concern.

(5) Segment Information

a. Segment Information by Type of Business

Current first half (From April 1, 2008 to September 30, 2008)

(Thousands of Yen)

Segments	HS	ES	ERD	Total	Elimination or Group	Consolidated
Net Sales:						
(1)Sales to customers . . . . .	7,975,883	1,674,067	3,762,285	13,412,236	-	13,412,236
(2)Internal sales among segments and transfer accounts. . . . .	-	-	70	70	(70)	-
Total . . . . .	7,975,883	1,674,067	3,762,355	13,412,307	(70)	13,412,236
Operating income (loss) . . . . .	1,873,248	(7,573)	(1,045,393)	820,280	(1,171,712)	(351,431)

Notes to segment information

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

2. Principal services and products by business division

\*HS Division: Termite eradication service, Foundation repairing treatment, Under-roof/floor ventilation system and Home reinforcement system

\*ES Division: Anti-rust equipment installation, Repair of building water-works and Waterproofing of building

\*ERD Division: Waste plastic processing, Waste organic liquid processing and Power generation

3. As described in "Additional Information," in accordance with the revision of the Corporate Tax Law in 2008, SANIX and its consolidated subsidiaries have reviewed and changed the estimated useful lives of machinery and equipment from the current first quarter. Accordingly, compared with the figures computed using the method in the past, the operating income of the HS Division decreased by 156 thousand yen and that of the ERD Division increased by 15,842 thousand yen.

b. Segment Information by Location

Current first half (From April 1, 2008 to September 30, 2008)

The Company does not report segment information by location because the Company does not have any consolidated subsidiaries or important offices located in countries or regions outside of Japan.

c. Foreign Sales

Current first half (From April 1, 2008 to September 30, 2008)

There is no foreign sales.

(6) Note in the case where there is a significant change in the amount of owners' equity

There is no significant change.

## - Reference Data -

Consolidated financial statements for the prior first half

(1) Consolidated Interim Statements of Income

	(Thousands of Yen)
	First Half
	from April 1 to September 30
	FY2007
Net sales	13,742,460
Cost of sales	7,718,499
Gross profit	6,023,960
Selling, general and administrative expenses	5,753,842
Operating income (loss)	270,118
Non-operating income:	
Interest income	3,900
Dividends income	19,589
Land and house rent revenue	14,388
Other	35,230
Non-operating expenses:	
Interest expenses	94,564
Rent expenses	1,114
Other	15,204
Ordinary income (loss)	232,343
Extraordinary income:	
Insurance income	1,498
Reversal of allowance for doubtful accounts	138
Extraordinary loss:	
Loss on sales of fixed assets	6,465
Loss on retirement of fixed assets	8,812
Impairment loss	263,010
Loss on disaster	10,966
Loss on cancellation of lease contracts	2,756
Loss on valuation of investment securities	52,124
Provision of reserve for directors' retirement benefits	271,480
Income (loss) before income taxes and minority interests	(381,636)
Income taxes-current	44,672
Income taxes-deferred	(3,026)
Minority interests in income	(1,697)
Net income (loss)	(421,585)

## (2) Consolidated Interim Statements of Cash Flows

(Thousands of yen)

	First Half
	From April 1 to September 30
	FY2007
<b>Net Cash Provided by (Used in) Operating Activities:</b>	
Income before income taxes and minority interests	(381,636)
Depreciation and amortization	598,867
Decrease in reserve for retirement benefits	(168,350)
Increase in reserve for directors' retirement benefits	228,530
Increase in reserve for bonuses	127,929
Decrease in reserve for resource-recycling expenses	(217,239)
Impairment loss	263,010
Increase in allowance for doubtful accounts	17,981
Interest and dividends income	(23,489)
Interest expenses	94,564
Commission fee	4,332
Loss on valuation of investment securities	52,124
Loss on sales of fixed assets	6,465
Loss on retirement of fixed assets	8,812
Insurance income	(1,498)
Loss on disaster	10,966
Decrease in notes and accounts receivable-trade	148,462
Increase in inventories	(34,736)
Decrease in consumption tax refund receivable	(2,000)
Decrease in other current assets	45,234
Decrease in notes and accounts payable-trade	(14,983)
Increase in accrued consumption taxes	167,067
Increase in other current liabilities	541,613
Directors' bonuses paid	(3,375)
Directors' bonuses payments charged to minority shareholders	(1,625)
Other	49,597
Subtotal	1,516,627
Interest and dividends income received	24,242
Interest expenses paid	(85,453)
Proceeds from damage insurance	149,238
Payment for damage repairing	(146,071)
Income taxes paid	(133,308)
Income taxes refund	15,287
<b>Net cash provided by operating activities:</b>	<b>1,340,563</b>

(Thousands of yen)

	First Half
	From April 1 to September 30
	FY2007
<b>Net Cash Provided by (Used in) Investment Activities:</b>	
Proceeds from redemption of investment securities	500,000
Proceeds from sales of property, plant and equipment	14,254
Purchase of property, plant and equipment	(61,928)
Increase (decrease) in lease and guarantee deposits	16,381
Other	138
<b>Net cash provided by investing activities:</b>	<b>468,844</b>
<b>Net Cash Provided by (Used in) Financing Activities:</b>	
Increase (decrease) in short-term loans payable	(5,000)
Repayment of long-term loans from a director	(50,000)
Repayment of long-term loans payable	(929,206)
Redemption of bonds	(165,000)
Decrease (increase) in treasury stock	(59)
Cash dividends paid	(2,810)
Other	(104,299)
<b>Net cash provided by financing activities:</b>	<b>(1,256,375)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>553,032</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>595,837</b>
<b>Cash and cash equivalents at the end of period</b>	<b>1,148,869</b>

### (3) Segment Information

#### a. Segment Information by Type of Business

Prior first half (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

#### b. Segment Information by Location

Prior first half (From 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.

#### c. Foreign Sales

Prior first half (From April 1, 2007 to September 30, 2007)

There is no foreign sales.

## 6. Other Information

### Net Sales by Division

(Thousands of Yen)

	First Half		Changes	Fiscal year
	from April 1 to September 30			ended March 31
	FY2007	FY2008		FY2007
Termite eradication service	2,780,112	<b>2,990,494</b>	210,382	5,022,942
Foundation repairing treatment	3,435,918	<b>2,440,187</b>	(995,731)	7,035,818
Under-roof/floor ventilation system	1,122,634	<b>1,283,657</b>	161,023	1,901,806
Home reinforcement system	201,596	<b>212,852</b>	11,256	351,824
Other	747,582	<b>1,048,691</b>	301,109	1,378,814
<b>Home Sanitation Division Total:</b>	8,287,843	<b>7,975,883</b>	(311,959)	15,691,207
Anti-rust equipment installation	456,221	<b>402,005</b>	(54,216)	795,367
Repair of building water-works	512,567	<b>488,580</b>	(23,986)	1,013,175
Waterproofing of building	320,778	<b>321,100</b>	322	578,344
Other	508,626	<b>462,381</b>	(46,244)	954,038
<b>Establishment Sanitation Division Total:</b>	1,798,193	<b>1,674,067</b>	(124,125)	3,340,925
Industrial waste (Waste plastic processing)	1,798,138	<b>1,802,714</b>	4,576	3,777,765
Industrial waste (Organic waste water recycle)	919,382	<b>1,020,798</b>	101,416	1,889,000
Generation of electricity	256,808	<b>614,288</b>	357,480	769,686
Industrial waste (Incineration)	503,493	-	(503,493)	619,102
Other	178,601	<b>324,482</b>	145,880	422,985
<b>Environmental Resources Development Division Total:</b>	3,656,424	<b>3,762,285</b>	105,860	7,478,540
<b>Total Net Sales:</b>	13,742,460	<b>13,412,236</b>	(330,223)	26,510,673



## - Supplement Information -

### (1) Quarterly Consolidated Business Results

For the fiscal year ending March 31, 2009

(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	6,583	<b>6,828</b>	-	-
Gross profit	2,987	<b>2,667</b>	-	-
Operating income	(122)	<b>(228)</b>	-	-
Ordinary income	(124)	<b>(243)</b>	-	-
Income before income taxes	(125)	<b>(577)</b>	-	-
Net income	(143)	<b>(594)</b>	-	-

For the fiscal year ended March 31, 2008

(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	6,387	6,381
Gross profit	3,217	2,806	2,802	2,883
Operating income	330	(60)	120	205
Ordinary income	300	(68)	69	193
Income before income taxes	172	(554)	30	(2,289)
Net income	152	(573)	12	(2,138)

## (2) Segment Information by Type of Business

For the fiscal year ending March 31, 2009

(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
<b>HS Division</b>				
Sales, operating profit or loss				
Sales:				
(1)Sales to customers . . . . .	3,908,132	<b>4,067,751</b>	-	-
(2)Internal sales among segments and transfer accounts. . . . .	-	-	-	-
Total . . . . .	3,908,132	<b>4,067,751</b>	-	-
Operating expenses . . . . .	3,091,829	<b>3,010,806</b>	-	-
Operating income(loss) . . . . .	816,303	<b>1,056,945</b>	-	-
<b>ES Division</b>				
Sales, operating profit or loss				
Sales:				
(1)Sales to customers . . . . .	792,244	<b>881,823</b>	-	-
(2)Internal sales among segments and transfer accounts. . . . .	-	-	-	-
Total . . . . .	792,244	<b>881,823</b>	-	-
Operating expenses . . . . .	800,950	<b>880,691</b>	-	-
Operating income(loss) . . . . .	(8,706)	<b>1,132</b>	-	-
<b>ERD Division</b>				
Sales, operating profit or loss				
Sales:				
(1)Sales to customers . . . . .	1,883,173	<b>1,879,111</b>	-	-
(2)Internal sales among segments and transfer accounts. . . . .	-	<b>70</b>	-	-
Total . . . . .	1,883,173	<b>1,879,182</b>	-	-
Operating expenses . . . . .	2,187,353	<b>2,620,396</b>	-	-
Operating income(loss) . . . . .	(304,179)	<b>(741,213)</b>	-	-
<b>Elimination or Group</b>				
Sales, operating profit or loss				
Sales:				
(1)Sales to customers . . . . .	-	-	-	-
(2)Internal sales among segments and transfer accounts. . . . .	-	<b>(70)</b>	-	-
Total . . . . .	-	<b>(70)</b>	-	-
Operating expenses . . . . .	626,389	<b>545,251</b>	-	-
Operating income(loss) . . . . .	(626,389)	<b>(545,322)</b>	-	-
<b>Consolidated</b>				
Sales, operating profit or loss				
Sales:				
(1)Sales to customers . . . . .	6,583,550	<b>6,828,686</b>	-	-
(2)Internal sales among segments and transfer accounts. . . . .	-	-	-	-
Total . . . . .	6,583,550	<b>6,828,686</b>	-	-
Operating expenses . . . . .	6,706,522	<b>7,057,145</b>	-	-
Operating income(loss) . . . . .	(122,972)	<b>(228,458)</b>	-	-

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
HS Division	Apr. 1 to Jun. 30	Jul. 1 to Sep. 30	Oct. 1 to Dec. 31	Jan. 1 to Mar. 31
Sales, operating profit or loss				
Sales:				
(1)Sales to customers . . . . .	4,277,900	4,009,942	3,567,595	3,835,768
(2)Internal sales among segments and transfer accounts. . . . .	-	-	-	-
Total . . . . .	4,277,900	4,009,942	3,567,595	3,835,768
Operating expenses . . . . .	3,076,140	2,980,233	2,704,260	2,754,457
Operating income(loss) . . . . .	1,201,760	1,029,709	863,334	1,081,310

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
ES Division	Apr. 1 to Jun. 30	Jul. 1 to Sep. 30	Oct. 1 to Dec. 31	Jan. 1 to Mar. 31
Sales, operating profit or loss				
Sales:				
(1)Sales to customers . . . . .	860,413	937,779	781,593	761,138
(2)Internal sales among segments and transfer accounts. . . . .	-	-	-	-
Total . . . . .	860,413	937,779	781,593	761,138
Operating expenses . . . . .	904,096	951,445	854,931	832,235
Operating income(loss) . . . . .	(43,683)	(13,665)	(73,337)	(71,097)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
ERD Division	Apr. 1 to Jun. 30	Jul. 1 to Sep. 30	Oct. 1 to Dec. 31	Jan. 1 to Mar. 31
Sales, operating profit or loss				
Sales:				
(1)Sales to customers . . . . .	1,707,274	1,949,149	2,038,007	1,784,109
(2)Internal sales among segments and transfer accounts. . . . .	177	176	59	-
Total . . . . .	1,707,451	1,949,325	2,038,066	1,784,109
Operating expenses . . . . .	1,978,179	2,506,586	2,191,171	2,072,217
Operating income(loss) . . . . .	(270,727)	(557,260)	(153,105)	(288,107)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Elimination or Group	Apr. 1 to Jun. 30	Jul. 1 to Sep. 30	Oct. 1 to Dec. 31	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)	(59)	-
Total . . . . .	(177)	(176)	(59)	-
Operating expenses . . . . .	557,012	518,649	516,241	516,768
Operating income(loss) . . . . .	(557,189)	(518,825)	(516,300)	(516,768)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Consolidated	Apr. 1 to Jun. 30	Jul. 1 to Sep. 30	Oct. 1 to Dec. 31	Jan. 1 to Mar. 31
Sales, operating profit or loss				
Sales:				
(1)Sales to customers . . . . .	6,845,588	6,896,871	6,387,196	6,381,016
(2)Internal sales among segments and transfer accounts. . . . .	-	-	-	-
Total . . . . .	6,845,588	6,896,871	6,387,196	6,381,016
Operating expenses . . . . .	6,515,428	6,956,913	6,266,605	6,175,678
Operating income(loss) . . . . .	330,160	(60,041)	120,591	205,337