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SANIX

Consolidated Financial Statements For the Third Quarter ended December 31, 2007

SANIX INCORPORATED

February 14, 2008

(Note) Numbers are rounded off to the nearest whole number.

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Summary of March 2008, 3rd Quarter

Summary of March 2008, 3rd Quarter

3rd Quarter (From April 2007 to December 2007)

Net Sales: 20,129 Million Yen (Down 9.9% compared to the same period last year)

Operating Income: 390 Million Yen (Up 1,997 million yen compared to the same period last year)

Recurring Profit: 301 Million Yen (Up 1,986 million yen compared to the same period last year)

Topics

HS Division:

Monthly sales have continued growing since July 2007, compared with the same month in the previous year. The ratio of operating profit to sales increased to 26.1%, a 15.8 points increase from the same period of the previous year.

ES 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. However, the positive impact of this shift has not seen yet since such marketing approach takes rather long time until contracts and installations are completed. Accordingly new sales decreased.

ERD Division

Revenues from electric power sales declined, which was due to the fire occurred in the 4th quarter of 2006 and the subsequent shutdown of the plant to the middle of June 2007, during which facilities for preventing fire and other accidents and the control system at the Plant were reinforced. In addition, the operation of the plant was temporarily suspended from November 27 to December 16, 2007 in response to the detection of exhaust gas exceeding the density limit designated under the pollution control agreement.

3rd Quarter: Statement of Income

(Millions of Yen)

	FY2006		FY2007					
	3rd Quarter		3rd Quarter					
	Actual	% to Sales	Actual	% to Sales	Difference	Plan	% to Plan	Difference
Net Sales	22,350	100.0%	20,129	100.0%	(2,220)	20,927	96.2%	(797)
(H S)	11,727	52.5%	11,855	58.9%	127	12,062	98.3%	(207)
(E S)	3,154	14.1%	2,579	12.8%	(574)	2,848	90.6%	(268)
(ERD)	7,468	33.4%	5,694	28.3%	(1,773)	6,016	94.6%	(321)
Cost of Sales	12,494	55.9%	11,303	56.2%	(1,191)	11,582	97.6%	(278)
Gross Profit	9,855	44.1%	8,826	43.8%	(1,029)	9,344	94.4%	(518)
SGA	11,461	51.3%	8,435	41.9%	(3,026)	8,602	98.1%	(167)
Operating Profit	(1,606)	-	390	1.9%	1,997	742	52.6%	(351)
Recurring Profit	(1,684)	-	301	1.5%	1,986	681	44.3%	(379)
Net Income	(1,864)	-	(408)	-	1,455	(66)	-	(342)



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FY2007: Quarterly Statement of Income

(Millions of Yen)

	FY2007							
	1st Quarter		2nd Quarter		3rd Quarter			
	Actual	Difference	Actual	Difference	Actual	Difference	Plan	% to Plan
Net Sales	6,845	(2,121)	6,896	331	6,387	(430)	7,185	88.9%
(H S)	4,277	(973)	4,009	785	3,567	314	3,775	94.5%
(E S)	860	(365)	937	(48)	781	(160)	1,050	74.4%
(ERD)	1,707	(782)	1,949	(406)	2,038	(585)	2,360	86.4%
Cost of Sales	3,628	(887)	4,090	(94)	3,585	(209)	3,864	92.8%
Gross Profit	3,217	(1,234)	2,806	425	2,802	(221)	3,321	84.4%
SGA	2,887	(1,679)	2,866	(872)	2,681	(474)	2,849	94.1%
Operating Profit	330	445	(60)	1,298	120	253	472	25.5%
Recurring Profit	300	438	(68)	1,313	69	234	449	15.5%
Net Income	152	140	(573)	1,016	12	297	355	3.6%



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3rd Quarter: Segment Information

(Millions of Yen)

		FY2006		FY2007					
		3rd Quarter		3rd Quarter					
		Actual	% to Sales	Actual	% to Sales	% of Change	Difference	Plan	Difference
HS	Net Sales	11,727	100.0%	11,855	100.0%	101.1%	127	12,062	(207)
	Gross Profit	8,037	68.5%	7,960	67.1%	99.0%	(77)	8,114	(154)
	SGA	6,824	58.2%	4,864	41.0%	71.3%	(1,960)	4,968	(104)
	Operating Profit	1,213	10.3%	3,095	26.1%	255.2%	1,882	3,145	(50)
ES	Net Sales	3,154	100.0%	2,579	100.0%	81.8%	(574)	2,848	(268)
	Gross Profit	1,319	41.8%	968	37.5%	73.3%	(351)	1,110	(142)
	SGA	1,539	48.8%	1,098	42.6%	71.4%	(440)	1,123	(24)
	Operating Profit	(219)	-	(130)	-	-	88	(12)	(118)
ERD	Net Sales	7,468	100.0%	5,694	100.0%	76.2%	(1,773)	6,016	(321)
	Gross Profit	497	6.7%	(101)	-	-	(599)	119	(221)
	SGA	1,159	15.5%	879	15.4%	75.9%	(279)	877	1
	Operating Profit	(661)	-	(981)	-	-	(319)	(758)	(223)
Elimination and/or Corporated	Operating Profit	(1,938)	-	(1,592)	-	-	345	(1,633)	40

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3rd Quarter: Net Sales Results by Product

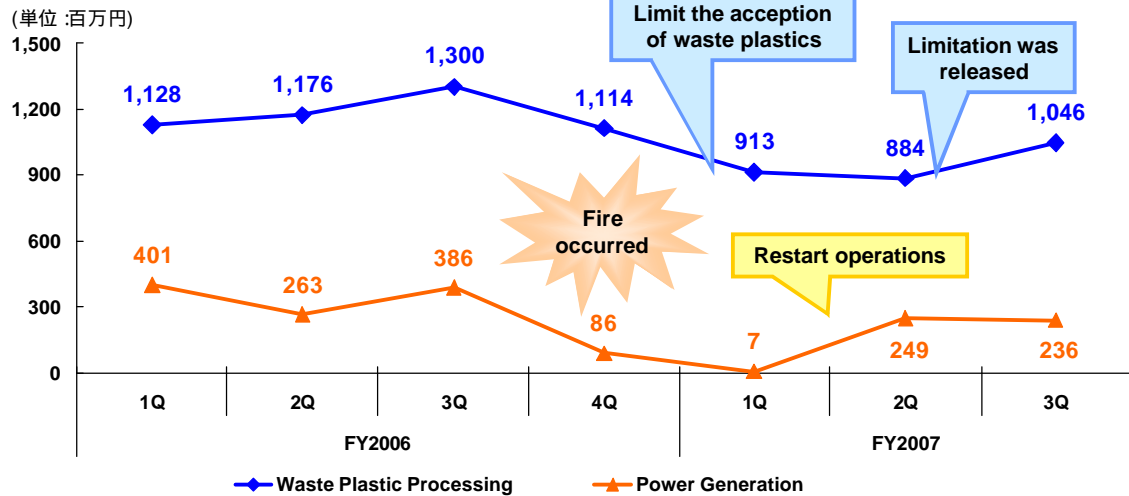
(Millions of Yen)

		FY2006				FY2007		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q
HS	Termite Control Preventative	2,557	1,647	1,481	1,396	1,476	1,303	1,140
	Under-Floor/-Roof Ventilation System	1,512	908	1,007	924	629	493	386
	House Reinforcement System	350	157	202	175	103	98	70
	Foundation Repairing Treatment	-	-	-	508	1,682	1,753	1,673
	Others	830	510	561	472	386	361	296
ES	Anti-rust Equipment Installation	371	191	170	290	232	223	137
	Repair of Building Water-works	348	377	350	254	243	269	248
	Waterproofing of Building	205	170	159	132	122	198	157
	Others	301	246	261	259	262	246	237
ERD	Plastic Recycled	1,216	1,225	1,382	1,239	993	983	1,175
	Organic Waste Water Recycled	569	519	497	518	454	465	509
	Power Generation	401	263	386	86	7	249	236
	Incineration	301	346	356	298	252	251	115

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FY2007: Problems of the ERD Division

ERD Division - Recycling Power Generation: Quarterly Net Sales



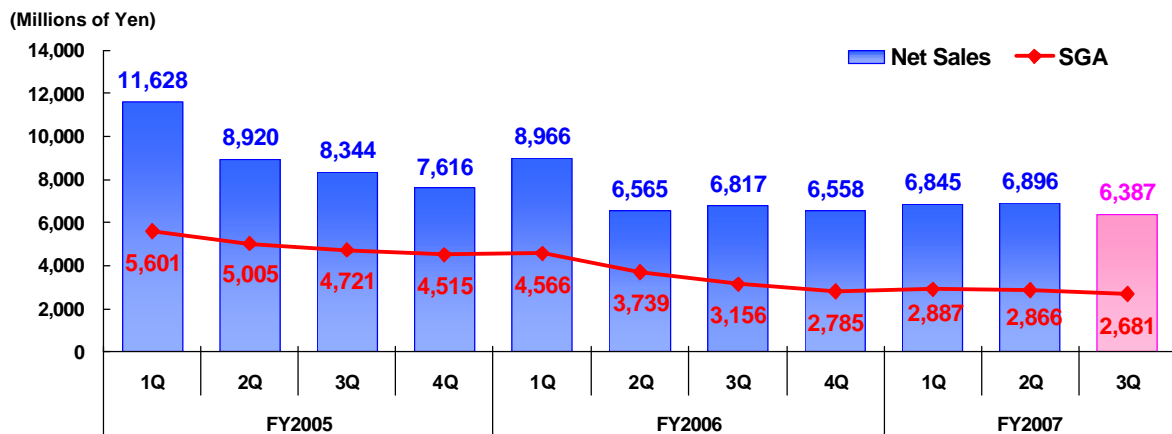
The safety program was redesigned in response to a fire that occurred at the SANIX Energy Tomakomai Power Plant (Tomakomai, Hokkaido) in the fourth quarter of FY2006. Since this redesign took longer than expected, the operating results of the Division were adversely affected temporarily. As a result of the suspensions of the power plant operation, acceptance of waste plastic was limited to minimize the expansion of the plastic fuel stock.



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Improvement of the Profitability

Quarterly Net Sales and SGA



<Reference: SGA % to Sales and Operating Income>

(Person, Millions of Yen)

	FY2005				FY2006				FY2007		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
The No. of Employee	3,159	3,084	2,974	2,897	2,902	2,611	2,122	1,885	1,801	1,744	1,652
Operating Income	404	(1,228)	(1,226)	(1,331)	(114)	(1,358)	(132)	37	330	(60)	120



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Forecast for Consolidated March 2008

Forecast for March 2008

Revised Forecast for March 2008 (Announced on February 13, 2008)

Net Sales: 27,900 MY (Previous Forecast: 28,222 MY, Change: -322MY)

Recurring Profit: 1,430MY (No change)

Net Income: 660MY (No change)

The full year consolidated sales forecast for FY 2007 is modified based on the fact that power sales from the SANIX Energy Tomakomai Power Plant of a consolidated subsidiary were far below the budget during the 3rd quarter. Operating profit of the entire Company is expected to improve since strong sales are expected in the HS Division which generates a high marginal profit ratio. On the basis of these forecasts, no modification is made to the consolidated and non-consolidated profit forecasts for the full year of 2007 last time announced.

HS Division

It is expected that sales by the HS Division will grow strongly. Recognition of the House Foundation Repair and Reinforcement Service, which entered into the second year of operation, and its necessity has increased among existing customers who are the target customers of this service.

ES Division

The ES Division will focus on recovery of sales through expanding the marketing target to condominiums, facility management companies, realtors and other institutional customers.

ERD Division

The ERD Division is now restructuring the operation system of the Power Plant with the assistance of a technical consultant, aiming at achieving stable operation of the plant. The waste plastic processing business will strive to recover the volume of accepted waste plastic to the level before the restriction, while maintaining the quality of processed plastic.

Forecast for FY2007 : Statement of Income

(Millions of Yen)

	FY2006		FY2007				
	Actual	% to Sales	Revised Forecast	% to Sales	% of Change	Previous Forecast	Difference
Net Sales	28,908	100.0%	27,900	100.0%	96.5%	28,222	(322)
(H S)	15,205	52.6%	16,320	58.5%	107.3%	15,977	342
(E S)	4,090	14.1%	3,495	12.5%	85.4%	3,918	(423)
(ERD)	9,612	33.3%	8,085	29.0%	84.1%	8,326	(241)
Cost of Sales	16,229	56.1%	15,140	54.3%	93.3%	15,258	(118)
Gross Profit	12,679	43.9%	12,760	45.7%	100.6%	12,963	(203)
SGA	14,247	49.3%	11,260	40.4%	79.0%	11,463	(203)
Operating Profit	(1,568)		1,500	5.4%		1,500	0
Recurring Profit	(1,659)		1,430	5.1%		1,430	0
Net Income	(1,930)		660	2.4%		660	0

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Forecast for FY2007 : Quarterly Statement of Income

(Millions of Yen)

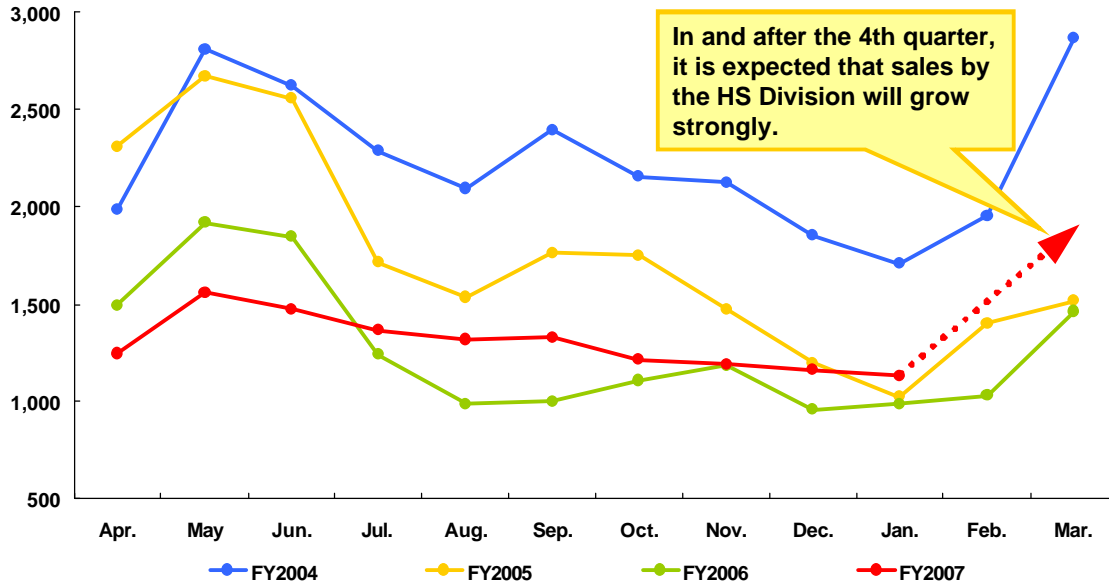
	FY2007							
	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	Actual	Difference	Actual	Difference	Actual	Difference	Revised Forecast	Difference
Net Sales	6,845	(2,121)	6,896	331	6,387	(430)	7,770	1,211
(H S)	4,277	(973)	4,009	785	3,567	314	4,464	987
(E S)	860	(365)	937	(48)	781	(160)	915	(21)
(ERD)	1,707	(782)	1,949	(406)	2,038	(585)	2,390	246
Cost of Sales	3,628	(887)	4,090	(94)	3,585	(209)	3,836	101
Gross Profit	3,217	(1,234)	2,806	425	2,802	(221)	3,933	1,110
SGA	2,887	(1,679)	2,866	(872)	2,681	(474)	2,824	39
Operating Profit	330	445	(60)	1,298	120	253	1,109	1,071
Recurring Profit	300	438	(68)	1,313	69	234	1,128	1,103
Net Income	152	140	(573)	1,016	12	297	1,068	1,135

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HS Division : Monthly Sales Volume

HS Division: Monthly Sales Volume

(Millions of Yen)



Forecast for FY2007 : Segment Information

(Millions of Yen)

		FY2007							
		1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
		Actual	% of Change	Actual	% of Change	Actual	% of Change	Revised Forecast	% of Change
HS	Net Sales	4,277	81.5%	4,009	124.4%	3,567	109.7%	4,464	128.4%
	Gross Profit	2,859	76.8%	2,705	129.9%	2,395	107.3%	3,114	131.3%
	SGA	1,657	58.6%	1,675	77.4%	1,531	83.5%	1,610	101.2%
	Operating Profit	1,201	134.3%	1,029	-	863	216.3%	1,504	192.8%
ES	Net Sales	860	70.2%	937	95.1%	781	83.0%	915	97.7%
	Gross Profit	334	61.4%	357	89.6%	275	73.4%	341	89.0%
	SGA	378	64.4%	371	70.0%	348	82.9%	346	92.2%
	Operating Profit	(43)	-	(13)	-	(73)	-	(4)	-
ERD	Net Sales	1,707	68.6%	1,949	82.7%	2,038	77.7%	2,390	111.5%
	Gross Profit	23	12.6%	(256)	-	131	31.6%	476	704.8%
	SGA	294	72.3%	300	77.3%	284	78.3%	283	88.3%
	Operating Profit	(270)	-	(557)	-	(153)	-	193	-
Elimination and/or Corporated	Operating Profit	(557)	-	(518)	-	(516)	-	(584)	-

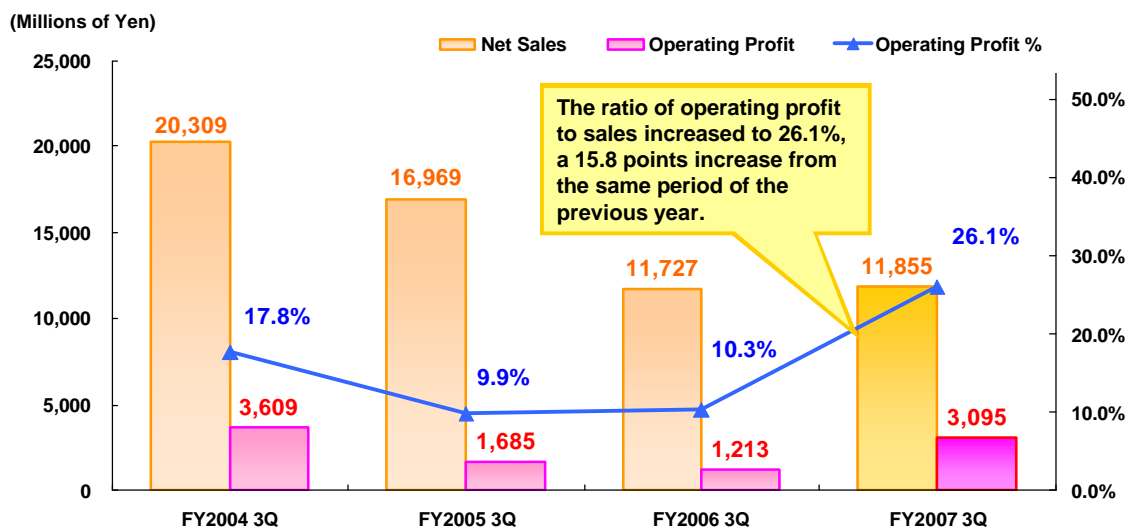
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Summary of the HS Division

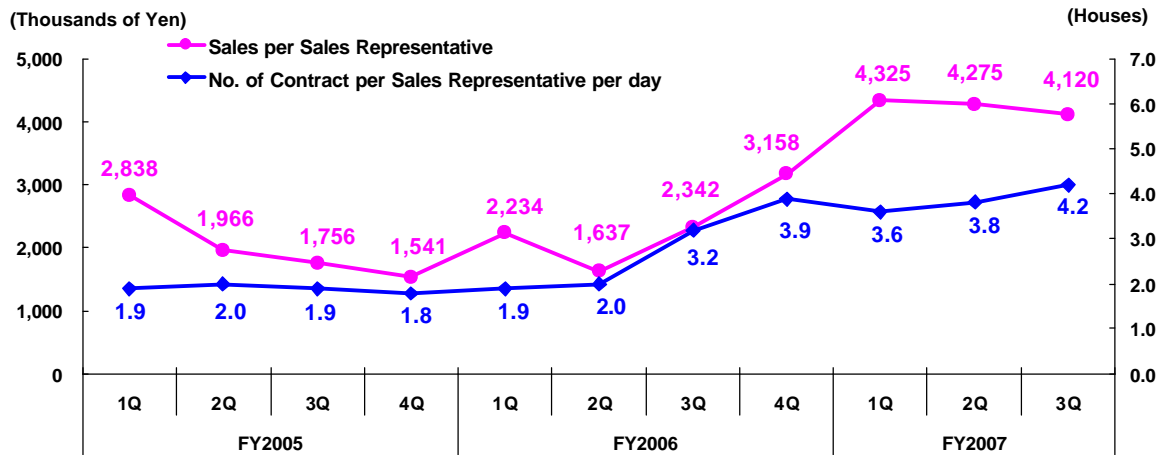
HS Division: Net Sales and Operating Profit

HS Division: Net Sales, Operating Profit and Operating Profit % to Net Sales (For the 9 months)



HS Division: Sales Productivity

Quarterly Sales Revenues per Sales Representative

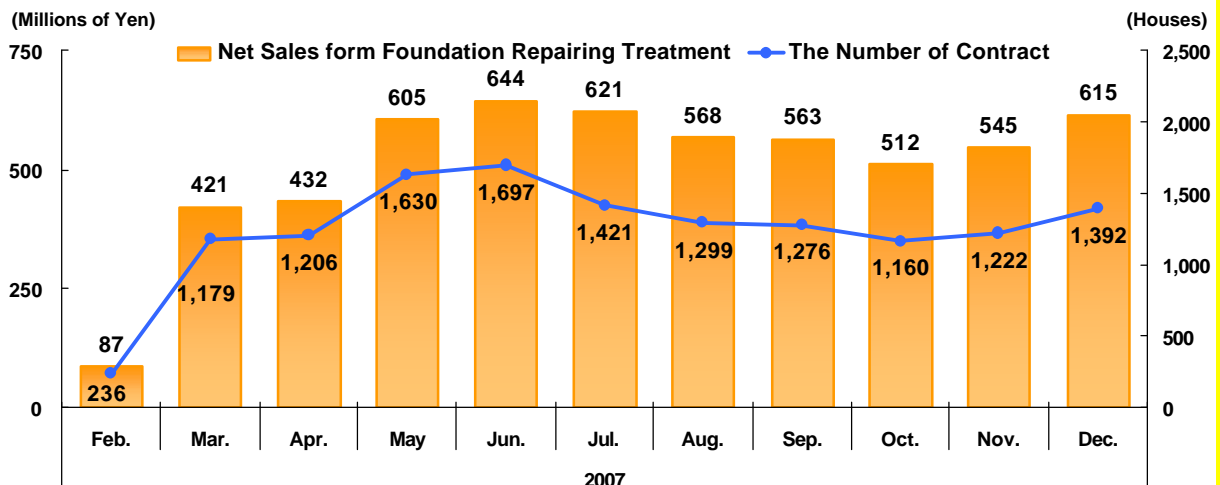


<Reference: The Average Number of Sales Representative>

	FY2005				FY2006				FY2007		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Sales Representative	885	850	840	852	784	657	463	367	330	313	289

Foundation Repairing Treatment : Net Sales

Monthly Net Sales and the Number of Construction from Foundation Repairing Treatment



The new product launched in mid-February 2007, SANIX Foundation Repairing Treatment, showed steadily favorable sales results. It accounted for about 40% of the HS Division's total sales, becoming one of the Division's major products. The House Foundation Repair and Reinforcement Service entered into the second year of operation, and its necessity has increased among existing customers who are the target customers of this service.