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# SANIX

## Consolidated Financial Statements For the 3<sup>rd</sup> Quarter ended December 31, 2008

### SANIX INCORPORATED

February 9, 2009

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

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### Disclaimer

*This material contains certain forward-looking statements. Such forward-looking statements are not intended to provide guarantees of our future performance and are based on certain assumptions and management's judgment based on currently available information. Therefore, actual results in future earnings and operating results may materially differ from those contained in the forward-looking statements.*

*The following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this material:*

*changes in economic environment in Japan and abroad, business condition in Japanese manufacturing industry, competition with other manufacturers, changing technology, regulatory environment, new legislation and any other factors which are beyond our control.*

*In addition, this presentation is not intended to solicit investment to securities issued by us. We assume no responsibility for any losses and liabilities that may be incurred because of information contained in this material.*

**SANIX**



## SANIX INCORPORATED

### Summary of 3<sup>rd</sup> Quarter

### Summary of 3<sup>rd</sup> Quarter

In the first 9-month period of the current consolidated fiscal year, both sales and income decreased in comparison to the same period last year, and to the forecast.

Net Sales	:	19,403 Million Yen (4.6% below the projection)
Operating Income	:	- 502 Million Yen (365 million yen below the projection)
Ordinary Income	:	- 524 Million Yen (359 million yen below the projection)
Net Income	:	- 886 Million Yen (330 million yen below the projection)

#### ◆ HS Division

Sales in the HS Division fell short of the forecast due to sluggish sales of "Foundation Repair Treatment and Reinforcement Services", one of the high-price products.

#### ◆ ES Division

The ES division saw sales decrease compared to the forecast, due to poor sales of products targeted at new customers, and the turmoil in the real estate and construction industries.

#### ◆ ERD Division

"Power Plant": Sales decreased, since the selling prices fell due to a sharp decline in electricity demand on the back of bleak business sentiment, mainly among manufacturers.

"Waste Plastic Processing Plant": The Division increased the number of personnel and made investment in plant and equipment in order to expand processing volume, so as to make up for sales decrease due to the decline in processing prices. Although processing volume increased from the same period last year, it failed to reach the forecast figures, and sales declined.

"Organic Liquid Waste Processing Plant": Sales failed to reach the forecast figures due to production cutbacks by the customer end, along with the economic slowdown.

# 9-month : Statement of Income

(Millions of Yen)

	FY2007		FY2008					
	9-month		9-month					
	Actual	% to Sales	Actual	% to Sales	% to last year	Projection	% of Change	Difference
<b>Net Sales</b>	20,129	100.0%	19,403	100.0%	96.4%	20,329	95.4%	(926)
<b>(H S)</b>	11,855	58.9%	11,255	58.0%	94.9%	11,638	96.7%	(382)
<b>(E S)</b>	2,579	12.8%	2,352	12.1%	91.2%	2,534	92.8%	(181)
<b>(ERD)</b>	5,694	28.3%	5,795	29.9%	101.8%	6,157	94.1%	(362)
<b>Cost of Sales</b>	11,303	56.2%	11,346	58.5%	100.4%	11,574	98.0%	(228)
<b>Gross Profit</b>	8,826	43.8%	8,056	41.5%	91.3%	8,755	92.0%	(698)
<b>SGA</b>	8,435	41.9%	8,559	44.1%	101.5%	8,892	96.3%	(333)
<b>Operating Income</b>	390	1.9%	(502)	—	—	(137)	—	(365)
<b>Ordinary Income</b>	301	1.5%	(524)	—	—	(164)	—	(359)
<b>Net Income</b>	(408)	—	(886)	—	—	(556)	—	(330)

■ In the first nine-month period of the current fiscal year, the company saw sales in each division fall short of the forecasts. With sales failing to reach the forecast figures and fixed costs increasing due to the increase in personnel in anticipation of growing processing volume in the ERD Division, the company posted an ordinary loss of 524 million yen (decrease of 359 million yen as compared to the forecast).

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# 3<sup>rd</sup> Quarter : Quarterly Statement of Income

(Millions of Yen)

	FY2008							
	1st Quarter		2nd Quarter		3rd Quarter			
	Actual	Difference	Actual	Difference	Actual	Projection	% of Change	Difference
<b>Net Sales</b>	6,583	(262)	6,828	(68)	5,990	6,917	86.6%	(926)
<b>(H S)</b>	3,908	(369)	4,067	57	3,279	3,662	89.5%	(382)
<b>(E S)</b>	792	(68)	881	(55)	678	860	78.9%	(181)
<b>(ERD)</b>	1,883	175	1,879	(70)	2,033	2,395	84.9%	(362)
<b>Cost of Sales</b>	3,595	(32)	4,161	71	3,589	3,817	94.0%	(228)
<b>Gross Profit</b>	2,987	(229)	2,667	(139)	2,401	3,099	77.5%	(698)
<b>SGA</b>	3,110	223	2,895	29	2,552	2,885	88.5%	(333)
<b>Operating Income</b>	(122)	(453)	(228)	(168)	(150)	214	—	(365)
<b>Ordinary Income</b>	(124)	(425)	(243)	(174)	(156)	203	—	(359)
<b>Net Income</b>	(143)	(295)	(594)	(20)	(148)	181	—	(330)

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# 9-month: Segment Information

(Millions of Yen)

		FY2007		FY2008					
		9-month		9-month					
		Actual	% to Sales	Actual	% to Sales	% to last year	Projection	% of Change	Difference
HS	Net Sales	11,855	100.0%	11,255	100.0%	94.9%	11,638	96.7%	(382)
	Gross Profit	7,960	67.1%	7,540	67.0%	94.7%	7,823	96.4%	(282)
	SGA	4,864	41.0%	4,948	44.0%	101.7%	5,182	95.5%	(233)
	Operating Income	3,095	26.1%	2,592	23.0%	83.8%	2,641	98.2%	(48)
ES	Net Sales	2,579	100.0%	2,352	100.0%	91.2%	2,534	92.8%	(181)
	Gross Profit	968	37.5%	866	36.8%	89.5%	946	91.6%	(79)
	SGA	1,098	42.6%	927	39.4%	84.4%	962	96.4%	(34)
	Operating Income	(130)	—	(60)	—	—	(15)	—	(44)
ERD	Net Sales	5,694	100.0%	5,795	100.0%	101.8%	6,157	94.1%	(362)
	Gross Profit	(101)	—	(350)	—	—	(14)	—	(336)
	SGA	879	15.4%	1,016	17.5%	115.6%	1,004	101.2%	12
	Operating Income	(981)	—	(1,367)	—	—	(1,018)	—	(348)
Group	Operating Income	(1,592)	—	(1,666)	—	—	(1,743)	—	76

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# 3<sup>rd</sup> Quarter : Quarterly Segment Information

(Millions of Yen)

		FY2008							
		1st Quarter		2nd Quarter		3rd Quarter			
		Actual	% to last year	Actual	% to last year	Actual	Projection	% of Change	Difference
HS	Net Sales	3,908	91.4%	4,067	101.4%	3,279	3,662	89.5%	(382)
	Gross Profit	2,649	92.7%	2,746	101.5%	2,144	2,427	88.4%	(282)
	SGA	1,833	110.6%	1,689	100.8%	1,425	1,659	85.9%	(233)
	Operating Income	816	67.9%	1,057	102.6%	718	767	93.7%	(48)
ES	Net Sales	792	92.1%	881	94.0%	678	860	78.9%	(181)
	Gross Profit	307	91.9%	325	91.1%	232	312	74.5%	(79)
	SGA	316	83.6%	324	87.4%	286	320	89.2%	(34)
	Operating Income	(8)	—	1	—	(53)	(8)	—	(44)
ERD	Net Sales	1,883	110.3%	1,879	96.4%	2,033	2,395	84.9%	(362)
	Gross Profit	30	130.8%	(405)	—	24	360	6.7%	(336)
	SGA	334	113.7%	335	111.8%	345	333	103.7%	12
	Operating Income	(304)	—	(741)	—	(321)	26	—	(348)
Group	Operating Income	(626)	—	(545)	—	(494)	(571)	—	76

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# 9-month : Summary of HS Division

## HS Division

### ■ Sales failed to reach the forecast figures, since consumers tightened their purse strings.

In the first nine months of the current fiscal year, sales of each product fell short of the forecast, since consumers were reluctant to purchase. Sales of "Foundation Repair Treatment Services," one of the high-price products, in particular, decreased by 4.5% compared to the forecast. As a result, total sales in the HS Division amounted to 11,255 million yen (a 3.3% decline from the forecast). Regarding earnings, the Division posted operating profit of 2,592 million yen (a 1.8% decline from the forecast), thanks to cost reduction, mainly SGA costs, despite the increase in personnel in preparation for acquisition of new customers from the spring. An operating-income-to-sales ratio was 23.0% (expected ratio was 22.7%).

### ■ Net Sales by Product and Operating Income

(Millions of Yen)

	FY2007	FY2008				
	9-month	9-month				
	Actual	Actual	% to last year	Projection	% of Change	Difference
Termite Eradication Service	3,920	4,102	104.7%	4,241	96.7%	(138)
Foundation Repairing Treatment	5,109	3,430	67.1%	3,590	95.5%	(159)
Under-Floor/-Roof Ventilation System	1,509	1,876	124.3%	1,907	98.4%	(30)
House Reinforcement System	271	288	106.0%	299	96.1%	(11)
Others	1,044	1,556	149.1%	1,598	97.4%	(41)
<b>Total Net Sales</b>	<b>11,855</b>	<b>11,255</b>	<b>94.9%</b>	<b>11,638</b>	<b>96.7%</b>	<b>(382)</b>
<b>Operating Income</b>	<b>3,095</b>	<b>2,592</b>	<b>83.8%</b>	<b>2,641</b>	<b>98.2%</b>	<b>(48)</b>

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# 9-month : Summary of ES Division

## ES Division

### ■ Sales failed to reach the forecast figures due to turmoil in the real estate and construction industries.

In the first nine months of the current fiscal year, the ES Division continued sales promotion activities toward real estate management companies and focused on the establishing a corporate customer base. However, sales amounted to 2,352 million yen (a 7.2% decline from the forecast), due to turmoil in the real estate and construction industries following the global financial crisis. Regarding earnings, the Division posted operating loss of 60 million yen (operating loss of 15 million yen in the forecast), since profitability deteriorated despite cost reduction, mainly SGA costs, through streamlining efforts.

### ■ Net Sales by Product and Operating Income

(Millions of Yen)

	FY2007	FY2008				
	9-month	9-month				
	Actual	Actual	% to last year	Projection	% of Change	Difference
Anti-rust Equipment Installation	594	523	88.0%	601	87.0%	(77)
Repair of Building Water-works	761	702	92.2%	744	94.3%	(42)
Waterproofing of Building	478	442	92.5%	494	89.5%	(51)
Others	745	684	91.8%	694	98.6%	(9)
<b>Total Net Sales</b>	<b>2,579</b>	<b>2,352</b>	<b>91.2%</b>	<b>2,534</b>	<b>92.8%</b>	<b>(181)</b>
<b>Operating Income</b>	<b>(130)</b>	<b>(60)</b>	<b>—</b>	<b>(15)</b>	<b>—</b>	<b>(44)</b>

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# 9-month: Summary of ERD Division (1)

## ERD Division

■ Sales failed to reach the forecast figures due to production cutbacks by manufacturers, along with the economic slowdown and intensifying price competition with rival companies.

Sales of Power Generation fell short of the forecast, since the selling prices fell due to a sharp decline in electricity demand. In Waste Plastic Recycled, the Division increased the number of personnel in order to expand processing volume, so as to make up for sales decrease due to the decline in processing prices. Although processing volume increased from the same period last year, it failed to reach the forecast figures, and sales declined. Sales of Organic Liquid Waste Processing amounted to 5,795 million yen (a 5.9% decline from the forecast), due to intensifying price competition. Regarding earnings, the Division posted operating loss of 1,367 million yen due to a rise in fixed costs, along with an increase in personnel.

### ■ Net Sales by Product and Operating Income

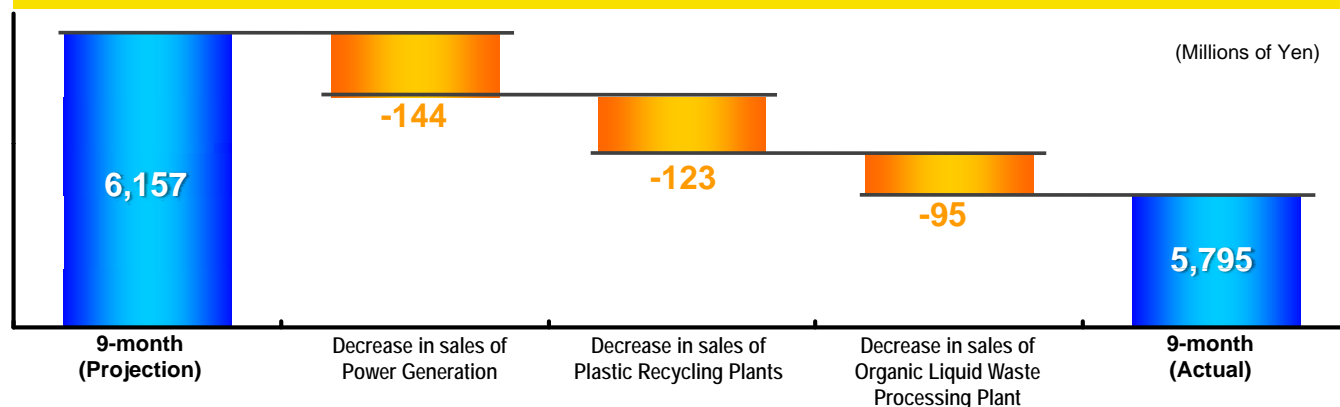
(Millions of Yen)

	FY2007	FY2008				
	9-month	9-month				
	Actual	Actual	% to last year	Projection	% of Change	Difference
Waste Plastic Recycled	2,845	2,795	98.3%	2,865	97.6%	(69)
Organic Waste Water Recycled	1,429	1,459	102.1%	1,555	93.9%	(95)
Power Generation	493	1,077	218.4%	1,221	88.2%	(143)
Incineration	619	—	—	—	—	—
Others	307	463	150.6%	515	89.7%	(52)
<b>Total Net Sales</b>	<b>5,694</b>	<b>5,795</b>	<b>101.8%</b>	<b>6,157</b>	<b>94.1%</b>	<b>(362)</b>
<b>Operating Income</b>	<b>(981)</b>	<b>(1,367)</b>	<b>—</b>	<b>(1,018)</b>	<b>—</b>	<b>(348)</b>

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# 9-month: Summary of ERD Division (2)

## Analysis of a decrease in op. income in comparison to the forecast in the Division



### 【Decrease in sales of Power Generation】

- ◆ Decrease due to decline in power prices (negative influence of around 72 million yen).
- ◆ Decrease due to operational troubles (negative influence of around 72 million yen).

### 【Decrease in sales of Plastic Recycling Plants】

- ◆ Decrease due to decline in the processing amount (negative influence of around 80 million yen).
- ◆ Decrease due to a plunge in material recycling prices following the suspension of material exports to China. (negative influence of around 37 million yen).
- ◆ Sales of others fell short of the forecast (negative influence of around 6 million yen).

### 【Decrease in sales of Organic Liquid Waste Processing Plant】

- ◆ Decrease due to decline in the processing amount (negative influence of around 95 million yen).

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## SANIX INCORPORATED

### Forecast for Consolidated FY2008

## FY2008 : Revision to Forecast

### Revised Forecast for consolidated FY2008

■ With negative effects looming due to deteriorating earnings of each division in the first nine months of the current fiscal year and falling business sentiment in the fourth quarter, the Company revised its forecast of business results for the full current consolidated fiscal year ending March 2009.

Net Sales	:	25,640 Million Yen (2,360 million yen below the previous projection)
Operating Income	:	- 450 Million Yen (1,080 million yen below the previous projection)
Ordinary Income	:	- 480 Million Yen (1,080 million yen below the previous projection)
Net Income	:	- 920 Million Yen (1,070 million yen below the previous projection)

#### ◆◆Business policy by segment ◆◆

The HS Division will strive to maintain high profit margins by focusing on further cost reduction to cover a profit decline due to reduced sales.

The ES Division will try to improve profitability by reducing fixed costs through restructuring, such as consolidation of offices.

At plastic recycling plants, the Division will continue to try to expand processing volume. The Tomakonai Power Plant has achieved continuous stable operation with successful results. The Company decided to start continuous stable high-power operation to cover decreased sales due to a fall in the selling prices. At its organic liquid waste processing plant, the Division will streamline its operation so as to generate profits at the current level of sales.

# FY2008 : Statement of Income (Projection)

(Millions of Yen)

	FY2008								
	9-month	4th Quarter				Full Year			
	Actual	Revised Forecast	% to last year	Previous Forecast	Difference	Revised Forecast	% to last year	Previous Forecast	Difference
<b>Net Sales</b>	19,403	6,236	97.7%	7,670	(1,433)	25,640	96.7%	28,000	(2,360)
(H S)	11,255	3,421	89.2%	4,116	(694)	14,677	93.5%	15,754	(1,077)
(E S)	2,352	592	77.8%	940	(348)	2,944	88.1%	3,474	(529)
(ERD)	5,795	2,223	124.6%	2,613	(390)	8,018	107.2%	8,771	(752)
<b>Cost of Sales</b>	11,346	3,572	102.1%	3,945	(372)	14,918	100.8%	15,520	(601)
<b>Gross Profit</b>	8,056	2,664	92.4%	3,725	(1,060)	10,721	91.6%	12,480	(1,759)
<b>SGA</b>	8,559	2,612	97.5%	2,958	(345)	11,171	100.5%	11,850	(679)
<b>Operating Income</b>	(502)	52	25.5%	767	(714)	(450)	—	630	(1,080)
<b>Ordinary Income</b>	(524)	44	22.9%	764	(720)	(480)	—	600	(1,080)
<b>Net Income</b>	(886)	(33)	—	706	(739)	(920)	—	150	(1,070)

■ The Company revised its sales forecast downward by taking into consideration that demand continued to decline faster than expected in the first nine months of the current consolidated fiscal year, with consumers placing greater emphasis on thrift and corporations postponing contracts following a decline in earnings. The Company also lowered its profit forecast, since profitability was expected to decline along with sales.

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# FY2008 : Quarterly Statement of Income (Projection)

(Millions of Yen)

	FY2008							
	1Q		2Q		3Q		4Q	
	Actual	% to last year	Actual	% to last year	Actual	% to last year	Revised Forecast	% to last year
<b>Net Sales</b>	6,583	96.2%	6,828	99.0%	5,990	93.8%	6,236	97.7%
(H S)	3,908	91.4%	4,067	101.4%	3,279	91.9%	3,421	89.2%
(E S)	792	92.1%	881	94.0%	678	86.8%	592	77.8%
(ERD)	1,883	110.3%	1,879	96.4%	2,033	99.8%	2,223	124.6%
<b>Cost of Sales</b>	3,595	99.1%	4,161	101.7%	3,589	100.1%	3,572	102.1%
<b>Gross Profit</b>	2,987	92.9%	2,667	95.0%	2,401	85.7%	2,664	92.4%
<b>SGA</b>	3,110	107.7%	2,895	101.0%	2,552	95.2%	2,612	97.5%
<b>Operating Income</b>	(122)	—	(228)	—	(150)	—	52	25.5%
<b>Ordinary Income</b>	(124)	—	(243)	—	(156)	—	44	22.9%
<b>Net Income</b>	(143)	—	(594)	—	(148)	—	(33)	—

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# FY2008 : Segment Information (Projection)

(Millions of Yen)

		FY2008								
		9-month	4th Quarter				Full Year			
		Actual	Revised Forecast	% to last year	Previous Forecast	Difference	Revised Forecast	% to last year	Previous Forecast	Difference
HS	Net Sales	11,255	3,421	89.2%	4,116	(694)	14,677	93.5%	15,754	(1,077)
	Gross Profit	7,540	2,218	84.4%	2,844	(625)	9,759	92.2%	10,667	(907)
	SGA	4,948	1,412	91.2%	1,702	(289)	6,361	99.2%	6,884	(523)
	Op. Income	2,592	805	74.5%	1,141	(335)	3,398	81.4%	3,782	(384)
ES	Net Sales	2,352	592	77.8%	940	(348)	2,944	88.1%	3,474	(529)
	Gross Profit	866	212	85.2%	361	(148)	1,079	88.6%	1,308	(228)
	SGA	927	272	84.8%	331	(59)	1,199	84.5%	1,293	(94)
	Op. Income	(60)	(59)	—	29	(89)	(120)	—	14	(134)
ERD	Net Sales	5,795	2,223	124.6%	2,613	(390)	8,018	107.2%	8,771	(752)
	Gross Profit	(350)	232	—	519	(286)	(118)	—	504	(622)
	SGA	1,016	388	133.0%	354	33	1,404	119.9%	1,358	45
	Op. Income	(1,367)	(155)	—	164	(320)	(1,522)	—	(854)	(668)
Group	Op. Income	(1,666)	(538)	—	(569)	30	(2,205)	—	(2,312)	107

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# FY2008 : Quarterly Segment Information (Projection)

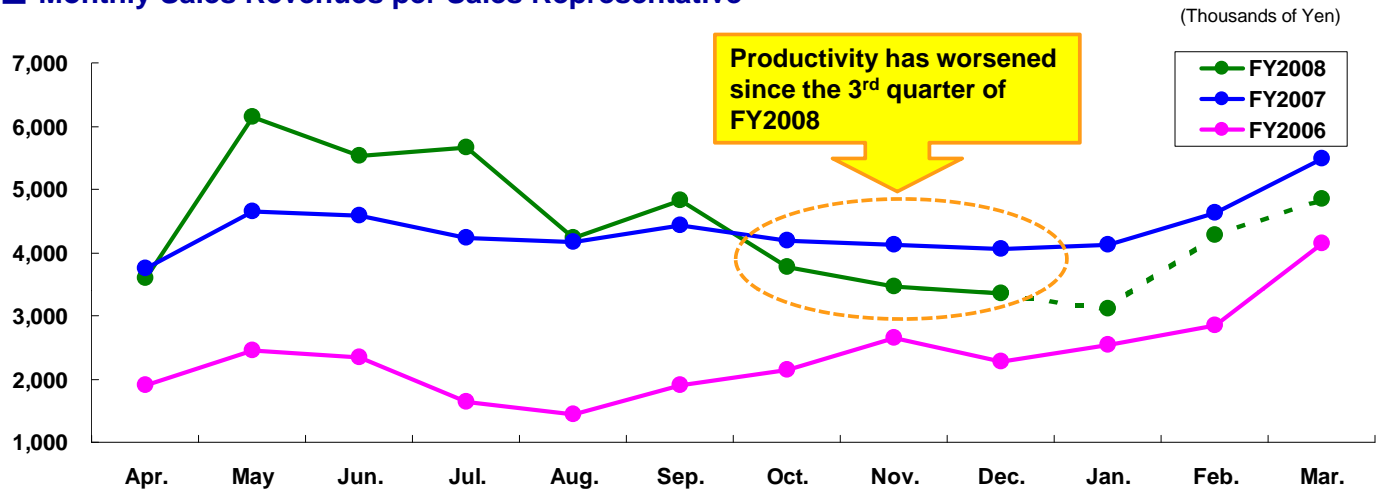
(Millions of Yen)

		FY2008							
		1Q		2Q		3Q		4Q	
		Actual	% to last year	Actual	% to last year	Actual	% to last year	Revised Forecast	% to last year
HS	Net Sales	3,908	91.4%	4,067	101.4%	3,279	91.9%	3,421	89.2%
	Gross Profit	2,649	92.7%	2,746	101.5%	2,144	89.5%	2,218	84.4%
	SGA	1,833	110.6%	1,689	100.8%	1,425	93.1%	1,412	91.2%
	Op. Income	816	67.9%	1,057	102.6%	718	83.3%	805	74.5%
ES	Net Sales	792	92.1%	881	94.0%	678	86.8%	592	77.8%
	Gross Profit	307	91.9%	325	91.1%	232	84.7%	212	85.2%
	SGA	316	83.6%	324	87.4%	286	82.1%	272	84.8%
	Op. Income	(8)	—	1	—	(53)	—	(59)	—
ERD	Net Sales	1,883	110.3%	1,879	96.4%	2,033	99.8%	2,223	124.6%
	Gross Profit	30	130.8%	(405)	—	24	18.3%	232	—
	SGA	334	113.7%	335	111.8%	345	121.4%	388	133.0%
	Op. Income	(304)	—	(741)	—	(321)	—	(155)	—
Group	Op. Income	(626)	—	(545)	—	(494)	—	(538)	—

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# FY2008 : Forecast for the HS Division

## Monthly Sales Revenues per Sales Representative



### <Reference: The Average Number of Sales Representative>

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
FY2008	270	253	251	262	276	293	309	309	312	297	279	270
FY2007	333	335	321	322	316	300	290	289	287	274	268	267
FY2006	781	784	786	759	685	526	517	449	423	388	361	352

(Person)

◆ Due to the serious recession from the third quarter, the Company needs to reduce the number of sales representatives into proper level to recover the profitability.

# FY2008 : Forecast for the ES Division

◆ The ES Division will revamp its structure to generate profits through selection and concentration.

## ◆◇ Consolidation of business areas and sales strategy ◆◇

**Kanto Area** (Controlling office: Tokyo Office)

Since the Company regards the Tokyo Metropolitan area, the largest market in Japan, as the forefront of new business development, it concentrates on the sales of anti-rust equipment and repair of waterworks, targeting new customers. It will also promote alliances with building and condominium management companies, in order to seek new business opportunities from the Chukyo area and to the west.

**Kansai, Chukyo Area** (Controlling office: Nagoya Office)

The Company will be engaged in maintenance works for existing customers in the Kansai area and will concentrate on sales of anti-rust equipment and repair of waterworks, targeting new customers in the Chukyo area.

**Kyushu, Chu-Shikoku Area** (Controlling office: Fukuoka Office)

In the Kyushu, Chugoku & Shikoku area, the Company has many customers for lucrative regular maintenance and pest control services. It will commit to expanding sales of these products, while maintaining existing customers.

**West of Kansai:** Regular maintenance and PC Service

**East of Chukyo:** Target is New Customers

The Company will consolidate existing stores in the Kansai area and to the west into the HS Division's offices, and conduct customer management. In the Kanto area, it will reduce the number of offices (from 7 to 2) in order to improve profitability. Through these consolidations, the Company can reduce fixed costs though the impact on earnings for the current fiscal year will be minimal.

**[Reducing amount] :** Around 500 million yen annually (this will gradually contribute to earnings from the next fiscal year).

# FY2008 : Forecast for the ERD Division

- ◆ In Waste Plastic Recycling, with a view to suspending exports of materials to China following the economic slowdown, the Company will focus on the collection of waste plastic that has been flowing into material recycling.
- ◆ The Company revised downward the sales forecast for Power Generation in accordance with a decline in selling prices following a fall in electricity demand.
- ◆ The Company revised downward the sales forecast for Organic Liquid Waste Processing, the same level as the sales in the third quarter in accordance with the recession.

## ■ Net Sales by Product and Operating Income

(Millions of Yen)

	FY2008								
	9-month	4th Quarter				Full Year			
	Actual	Revised Forecast	% to last year	Previous Forecast	Difference	Revised Forecast	% to last year	Previous Forecast	Difference
Waste Plastic Recycled	2,795	1,021	109.5%	1,042	(20)	3,816	101.0%	3,907	(90)
Organic Waste Water Recycled	1,459	450	97.9%	561	(110)	1,909	101.1%	2,116	(206)
Power Generation	1,077	565	204.9%	814	(248)	1,643	213.5%	2,036	(392)
Others	463	185	160.9%	196	(10)	648	153.4%	711	(63)
<b>Total Net Sales</b>	<b>5,795</b>	<b>2,223</b>	<b>124.6%</b>	<b>2,613</b>	<b>(390)</b>	<b>8,018</b>	<b>107.2%</b>	<b>8,771</b>	<b>(752)</b>
<b>Operating Income</b>	<b>(1,367)</b>	<b>(155)</b>	<b>—</b>	<b>164</b>	<b>(320)</b>	<b>(1,522)</b>	<b>—</b>	<b>(854)</b>	<b>(668)</b>

**SANIX** 17

# FY2008 : Forecast for the ERD Division

## - Resource-recycling Power Generation Business -

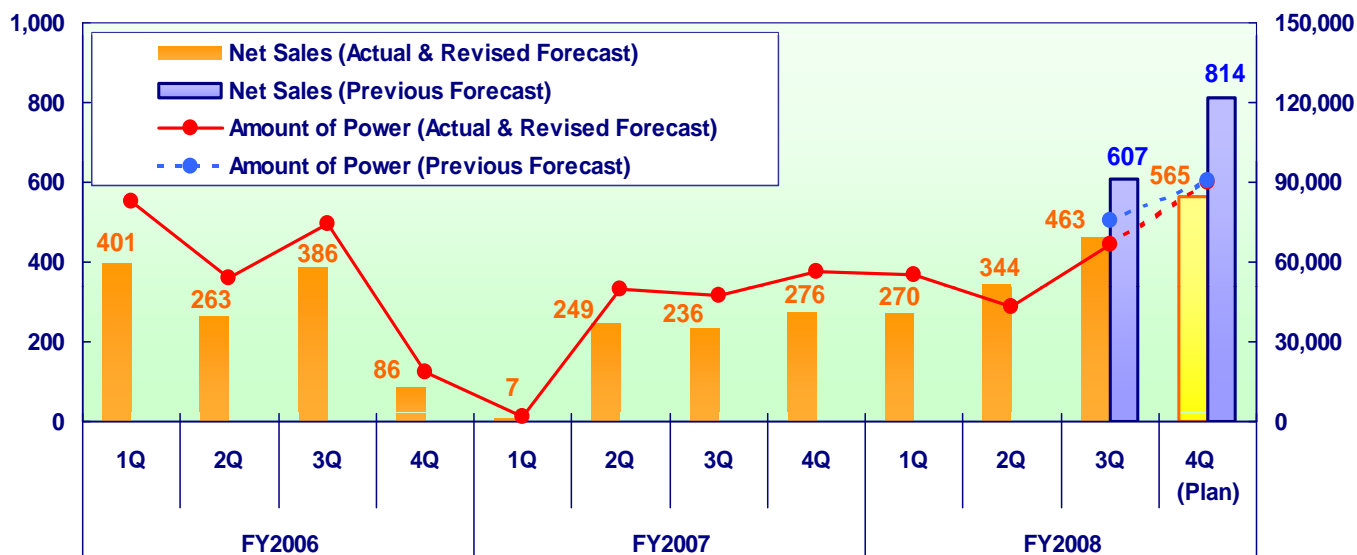
- ◆ By the end of 2008, the Company had completed installation of additional foreign object-removal systems and expects power generation will increase from the fourth quarter.

The Company completed installation of additional foreign object-removal systems. Since the Company has improved the fuel supply system for pre-processing equipment, which is essential for continuous stable operation, it will increase the fuel supply to boilers and commence continuous stable high-power operation in the fourth quarter.

## ■ Quarterly Net Sales and the Amount of Power Generated Tomakomai Power Plant

(Net Sales: MY)

(Amount of Power: MWh)



**SANIX** 18

# FY2008 : Forecast for the ERD Division

## - Capital Expenditures in Resource-recycling Power Generation Business -

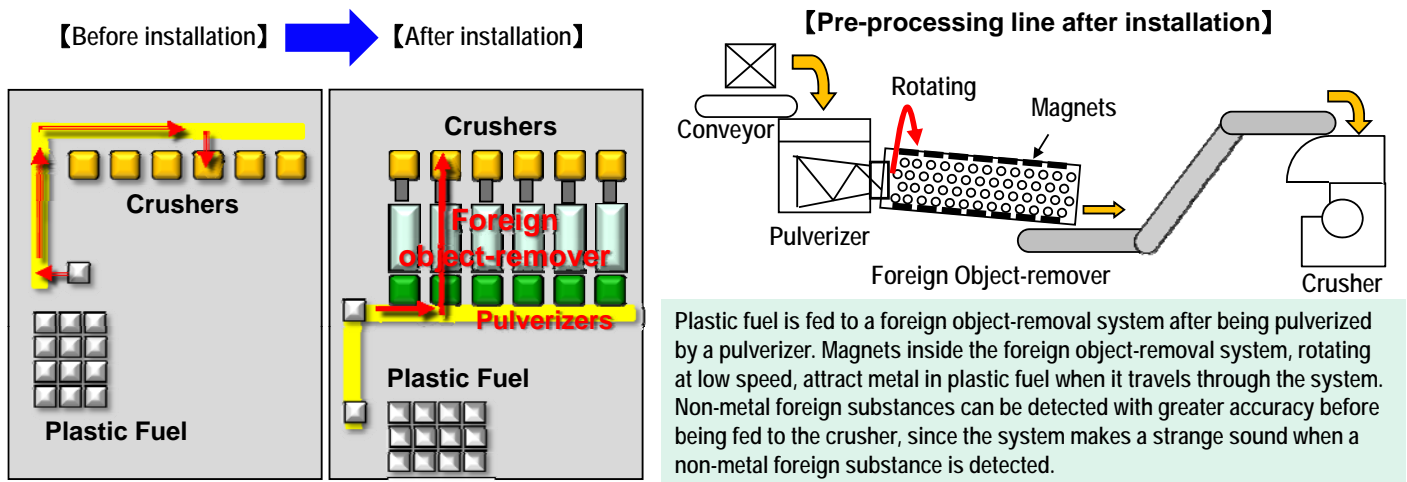
◆ The Company completed installation of foreign object-removal systems by the end of December 2008.

Installation of foreign object-removal systems in the process preceding the crushing process in pre-processing lines will enable the Company to remove from fuel such foreign substances as metal, which have caused various problems, thereby reducing such problems and the potential risk of fire in crushers and boilers. The Company expects this will minimize opportunity loss and unexpected costs caused by such problems.

◆ The Company expanded pre-processing capacity.

The Company installed high-performance pulverizers in the process preceding foreign object-removal process in all lines, to enhance pre-processing capacity. An increase in the total quantity of fuel fed to boilers will enable the Company to boost electricity output and operate with capacity to spare.

\*The Company had also installed the same type of systems in all plastic recycling plants by the end of December 2008.



# FY2008 : Forecast for the ERD Division

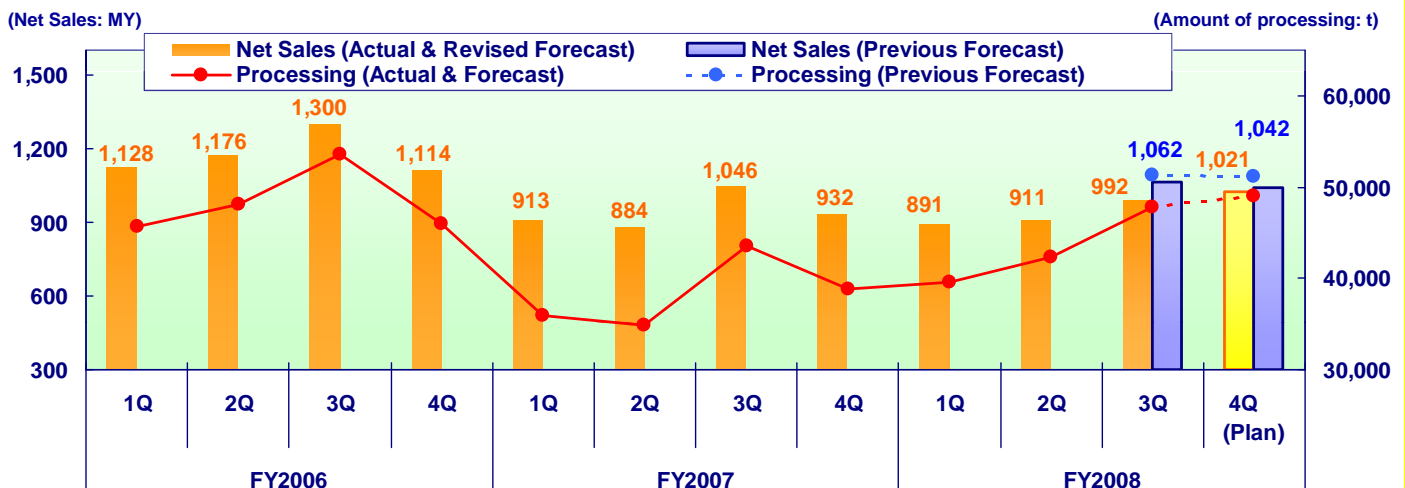
## - Waste Plastic Processing Business -

◆ Since the installation of foreign object-removal systems was completed; the Company will seek to expand processing volume.

• The Company will strive to expand processing volume by bringing back former customers who left after the Company had a plastic contamination problem at the plant, or after the Company had imposed a limit on processing.

• The Company expects that processing prices will remain unchanged from the third quarter.

### ■ Quarterly Net Sales and the Amount of Waste Plastics Processing



<Reference: Average Processing Price>

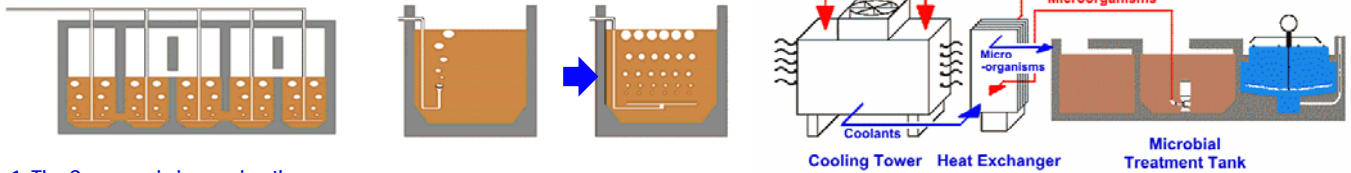
	(Yen)											
Actual & Revised Forecast	24.7	24.4	24.3	24.2	25.5	25.3	24.0	24.1	22.5	21.5	20.8	20.9
Previous Forecast											20.7	20.4

# FY2008 : Forecast for the ERD Division

## - Organic Liquid Waste Processing Business -

◆ The Company is working on measures to improve profitability, which deteriorated due to the decline in processing amount and processing prices.

### ◆◆Measures for stable operation◆◆

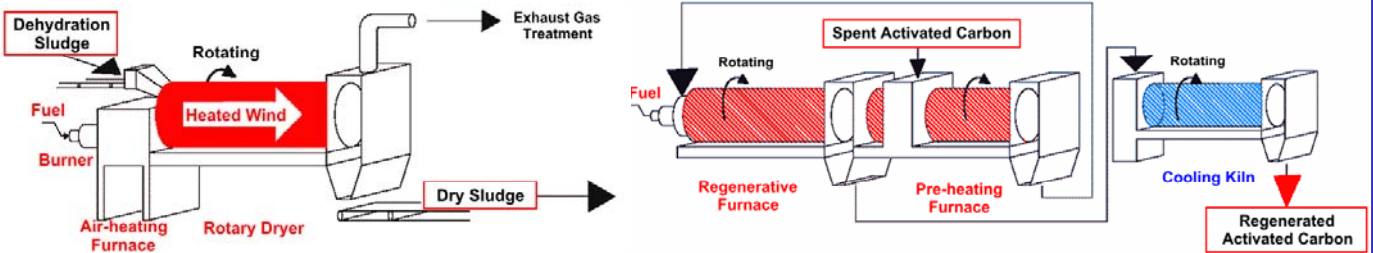


1. The Company is increasing the number of microbial treatment tanks to expand processing capacity and moderate the fluctuation of load on the existing microorganisms, with stable processing.

2. The Company is replacing existing aeration equipment (equipment that passes air or gas through) with high oxygen solubility equipment, to increase microorganism processing capacity.

3. The Company maintains liquid waste temperature within the optimal range for stable operation by absorbing the excess heat with coolants contained in a heat exchanger. The heat is produced when microorganisms break down water pollutants (organic substances in water).

### ◆◆Measures for cost reduction◆◆



4. After dehydrating waste liquid with heated air to reduce its quantity, the Company dries the resulting dehydration sludge.

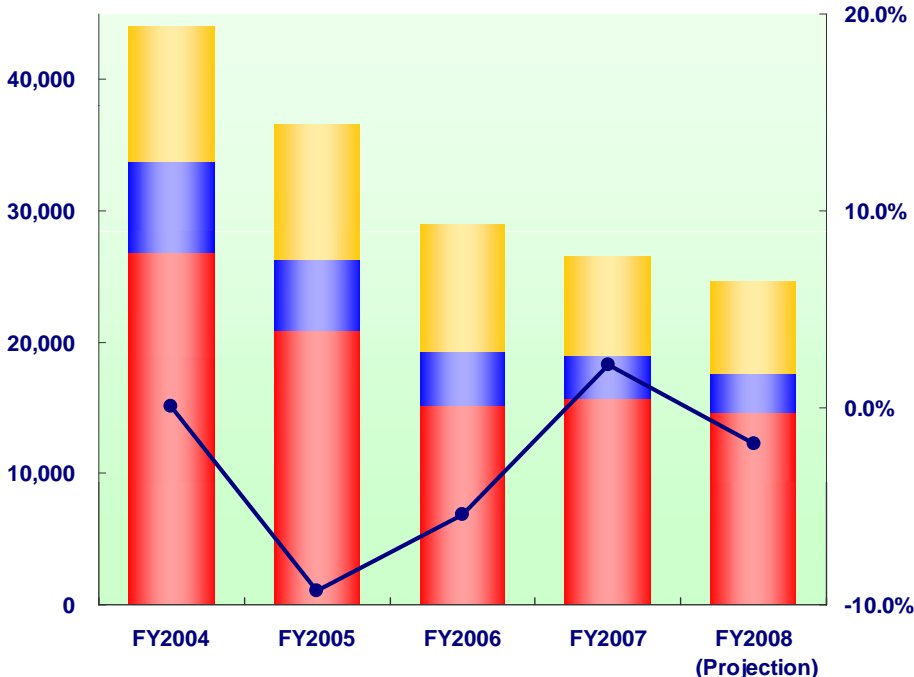
5. The Company resolves adsorbed matter in spent activated carbon by applying strong heat, and reuses the activated carbon.

# FY2008 : Investment Highlights

## ■ Net Sales and Operating Income Margin

(Net Sales: MY)

(Op. Income %)



## ■ Forecast for FY2008

(Millions of Yen)

	FY2008
Net Sales	25,640
Op. Income (Op. Income %)	-450 -1.8%
Ordinary Income	-480
Net Income	-920