



# **SANIX INCORPORATED**

## Consolidated Financial Summary

For the Fiscal Year ended March 31, 2012

The financial figures in this document are based on Japanese Accounting Standards and accompanying laws. Amounts are rounded off to 1 decimal place. This document is an English translation of the Japanese-language original.

**Consolidated Financial Statements**

For the Fiscal year ended March 31, 2012

**SANIX INCORPORATED**

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

Code No.: 4651

URL: [http://sanix.jp/index\\_e.htm](http://sanix.jp/index_e.htm)

President and CEO: Shin-ichi Munemasa

Contact: Toshiyuki Tominaga, General Manager, Management and Planning Division

**1. Consolidated Financial Highlights for the Year ended March 31, 2012**

(April 1, 2011 to March 31, 2012)

**(1) Consolidated Operating Results**

(Millions of Yen)

|   | Fiscal Year                  |          |               |                |
|---|------------------------------|----------|---------------|----------------|
|   | between April 1 and March 31 |          |               |                |
|   | FY2010                       | % change | FY2011        | % change       |
| Net Sales . . . . .                               | 28,979                       | 18.1%    | <b>31,454</b> | <b>8.5%</b>    |
| Operating Income . . . . .                        | 501                          | 28.6%    | <b>409</b>    | <b>(18.3%)</b> |
| Recurring Profit . . . . .                        | 430                          | 91.2%    | <b>347</b>    | <b>(19.1%)</b> |
| Net Income . . . . .                              | 49                           | —        | <b>13</b>     | <b>(71.8%)</b> |
| Net Income per Share(¥). . . . .                  | ¥1.04                        | —        | <b>¥0.29</b>  | —              |
| Net Income per Share, Diluted(¥). . . . .         | —                            | —        | —             | —              |
| Return on Equity . . . . .                        | 0.7%                         | —        | <b>0.2%</b>   | —              |
| Ratio of Recurring Profit to Net Assets . . . . . | 2.1%                         | —        | <b>1.7%</b>   | —              |
| Ratio of Operating Income to Net Sales . . . . .  | 1.7%                         | —        | <b>1.3%</b>   | —              |
| (Reference) Comprehensive income . . . . .        | 48                           | —        | <b>32</b>     | <b>(32.2%)</b> |

**(2) Consolidated Financial Position**

(Millions of Yen)

|  | As of March 31 |                |
|--|----------------|----------------|
|  | FY2010         | FY2011         |
| Total Assets . . . . .                   | 20,406         | <b>21,286</b>  |
| Net Assets . . . . .                     | 7,102          | <b>7,134</b>   |
| Shareholders' Equity Ratio (%) . . . . . | 34.7%          | <b>33.4%</b>   |
| Net Assets per Share (¥). . . . .        | ¥148.24        | <b>¥148.95</b> |

Note (1) Shareholders' equity

Fiscal Year ended March 31, 2012 7,106million yen

Fiscal Year ended March 31, 2011 7,072 million yen

## (3) Consolidated Financial Cash Flows

(Millions of Yen)

|   | Fiscal Year              |              |
|---|--------------------------|--------------|
|   | from April 1 to March 31 |              |
|   | FY2010                   | FY2011       |
| Cash Flows from Operating Activities . . . . .              | 54                       | <b>1,260</b> |
| Cash Flows from Investing Activities . . . . .              | (214)                    | <b>(151)</b> |
| Cash Flows from Financing Activities . . . . .              | 42                       | <b>(881)</b> |
| Balance of Cash and Cash Equivalents at End of Period . . . | 1,138                    | <b>1,365</b> |

**2. Dividends**

|   | Fiscal Year              |              |                  |
|---|--------------------------|--------------|------------------|
|   | from April 1 to March 31 |              |                  |
|   | FY2010                   | FY2011       | FY2012(Forecast) |
| Dividend per Share at the end of 1st Half (¥) . . . . . | ¥0.00                    | <b>¥0.00</b> | ¥0.00            |
| Dividend per Share at the end of the year (¥) . . . . . | ¥0.00                    | <b>¥0.00</b> | ¥0.00            |
| Annual dividend per Share (¥) . . . . .                 | ¥0.00                    | <b>¥0.00</b> | ¥0.00            |
| Total dividend . . . . .                                | —                        | —            | —                |
| Pay-out ratio (%) . . . . .                             | —                        | —            | —                |
| Ratio of dividend to total capital (%) . . . . .        | —                        | —            | —                |

**3. Forecasts for Consolidated Business Results**

(For the fiscal year ending March 31, 2013)

(Millions of Yen)

|                                   | FY2012     |          |           |          |
|-----------------------------------|------------|----------|-----------|----------|
|                                   | First Half | % change | Full Year | % change |
| Net Sales . . . . .               | 18,940     | 22.6%    | 38,000    | 20.8%    |
| Operating Income . . . . .        | 635        | 138.1%   | 2,000     | 388.0%   |
| Recurring Profit . . . . .        | 615        | 159.3%   | 1,970     | 466.1%   |
| Net Income . . . . .              | 540        | —        | 1,820     | —        |
| Net Income per Share(¥) . . . . . | ¥11.32     |          | ¥38.15    |          |

**4. Others**

(1) Changes in significant subsidiaries during FY2011: No

(2) Changes in accounting principles, procedures, and the presentation

1) Changes due to revisions of accounting standards etc: Adopted

2) Changes other than 1): No

(3) Number of Shares Issued and Outstanding

(Shares)

|  | As of March 31 |                   |
|--|----------------|-------------------|
|  | FY2010         | FY2011            |
| Number of shares issued and outstanding at period end . . .  | 48,919,396     | <b>48,919,396</b> |
| Number of treasury stocks at period end . . . . .            | 1,210,021      | <b>1,210,021</b>  |
| Average Number of shares outstanding during the period . . . | 47,709,429     | <b>47,709,406</b> |

Indication of audit procedure implementation status

This earnings report is exempt from audit procedure based upon the Financial Instruments and Exchange Act. It is under the audit procedure process at the time of disclosure of this report.

Note to ensure appropriate use of forecasts:

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.

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# I. Business Results

## 1. Earnings

### (1) Current Fiscal Year Overview

In the current consolidated fiscal year, although the Japanese economy was in the business stagnation by the influence of the Great East Japan Earthquake, it gradually showed signs of a recovery. Nevertheless, the situation remains uncertain because of overseas economic slowdown against the background of the Europe's debt crisis and the influence of the fear of domestic electrical power shortage.

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. As a business model in the next-generation energy field, we promoted sales of our Solar Photovoltaic Power Generation System, a clean energy source, and resource-recycling power generation system, which reprocesses plastic waste as fuel.

In the current consolidated fiscal year, the Sanix Group saw sales in the Home Sanitation Division (HS Division) and the Environmental Resources Development Division (ERD Division) grow from the last year, though sales in the Establishment Sanitation Division (ES Division) decreased from last year. The Group's total sales amounted to 31,454 million (8.5% increase year-on-year).

Regarding incomes, although operating income in the ERD Division got into the black because the Division's profitability improved by effect on increased revenue and focusing on reducing costs paid off, operating income in the HS Division and the ES Division decreased because of the rise of the constituent ratio of the Solar Photovoltaic Power Generation System, which are less profitable than other products

As a result, the Sanix Group reported operating income of 409 million yen (declined by 18.3% from the last year), ordinary income of 347 million yen (declined by 19.1% from the last year) and net income of 13 million yen (declined by 71.8% from the last year).

| Consolidated Operating Results | FY2010 | FY2011 | Rate of Change(%) | Diference |
|--------------------------------|--------|--------|-------------------|-----------|
| Net Sales                      | 28,979 | 31,454 | 8.5               | 2,474     |
| Operating Income               | 501    | 409    | (18.3)            | (91)      |
| Ordinary Income                | 430    | 347    | (19.1)            | (82)      |
| Net Income                     | 49     | 13     | (71.8)            | (35)      |

Consolidated results of individual divisions for the year were as follows:

## **Earnings of Individual Divisions:**

### **Home Sanitation Division**

In the HS Division, sales in Termite Eradication Services and Under-Roof/Floor Ventilation Systems declined by 14.6% and 18.5% from the last year amid sluggish consumer spending. Meanwhile, sales of Solar Photovoltaic Power Generation System increased by 22.4% from the last year because we focused on sales as the mainstay. Consequently, sales in the HS Division amounted to 16,806 million yen (up 0.9% from the last year).

Regarding operating margins, the Division's operating income decreased by 15.0% year-on-year to 2,216 million yen, since the constituent ratio of the Solar Photovoltaic Power Generation System, which are less profitable than other products, rose. The operating-income-to-sales ratio stands at 13.2% (15.7% in the last year).

### **Establishment Sanitation Division**

In the ES Division, although sales of Solar Photovoltaic Power Generation System for housing complex increased steadily, sales of the existing building and condominium maintenance management services made little progress. Consequently, sales in the ES Division amounted to 2,757 million yen (down 1.9% year-on-year).

Regarding operating margins, the Division's operating income decreased by 73.3% year-on-year to 40 million yen because sales of Anti-rust equipment installation with higher profitability made little progress.

### **Environmental Resources Development Division**

Sales in Waste Plastic Processing increased by 32.8% year-on-year, due to increases steadily in the volume of plastic brought in. Power Sales increased by 61.3% year-on-year due to improving rate of operation by stable and continuous operation and appreciation of unit price of electric power selling in the Sanix Energy's Tomakomai Power Plant (Tomakomai City, Hokkaido Prefecture). Sales in Organic Liquid Waste Processing steadily increased by 10.5% year-on-year. As a result, sales in the ERD Division amounted to 11,890 million yen (up 25.0% from the last year).

The Division saw operating income recorded 287 million yen (operating loss of 215 million yen the last year) and got into the black because the Division's profitability improved by effect on increased revenue and focusing on reducing costs paid off.

## **(2) Prospect for Next Year**

In the fiscal year ending March 2012, Sanix will aim to establish a "lean business structure" by continuously improving earnings structure, striving to turn business around by upgrading its compliance system to "enhance customer satisfaction."

In the HS Division, sales of the existing products are expected to decrease compared with the previous fiscal year, since consumer spending is estimated to remain sluggish, although there have been signs of economic recovery. Regarding the Solar Photovoltaic Power Generation System, the Division expects sales to increase steadily due to effects of the central and local governments' home-use solar photovoltaic power generation subsidy program, and the fear of electrical power shortage and a rise of social consideration for renewable energy.

In the ES Division, the Company will try to improve profitability by strengthening sales activities targeted at corporate customers such as building and condominium management companies in Tokyo, Nagoya and Fukuoka areas and striving to promote sales of the Solar Photovoltaic Power Generation System for housing complex.

In the ERD Division, sales in Waste Plastic Processing expects to increase steadily through the next fiscal year because the volume of plastic brought in has been on the rise. Regarding the Power Sales business, we expect to increase by stable and continuous operation at Tomakomai Power Plant which is effected by the efforts to improve the quality of plastic used as fuel through strict sorting at its waste plastic recycling plants.

As a result, the Group expected net sales of 38,000 million yen, operating income of 2,000 million yen, ordinary income of 1,970 million yen, net income of 1,820 million yen.

### **(3) Progress of Mid-term Business Plan**

On April 22, 2010, the SANIX Group announced “*Spring Plan 2012*”, its medium-term business plan for three years from the year ended March 31, 2011 through the year ending March 31, 2013.

In the plan, going back to the starting point of our mission, “Create clean and comfortable living environments for various spaces,” the Group will establish a foundation for further growth by having three divisions - HS Division, ES Division and ERD Division - work together to meet growing social needs regarding the environment.

In the HS Division, we improve sales productivity steadily, and aim to foster “Solar Photovoltaic Power Generation System” that we began marketing as the mainstay in the division and expand our domestic market share with the price competitiveness. In the ES Division, we try to maintain and upgrade our lean structure to secure profits based on streamlining through “selection and concentration”. In the ERD Division, we seek to further increase the volume of waste plastic accepted that has been on the rise. Furthermore, we work on improving the quality of fuel and build a system that separates into categories and manufactures varying qualities of the fuel according to customer (use). So, we intend to improve earning more. Regarding the Power Sales business, we secure certain revenue from sales of electric power by stable and continuous operation in Tomakomai Power Plant through the effect of improving the quality of fuel. As a result, we grow the ERD division as one of the Company's prime revenue streams

By the end of this term, which the final year of the med-term business plan, we will complete establishing a business base for a full-fledged growth in the future.

## 2. Financial Condition

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

Total assets amounted to 21,286 million yen at the end of the current consolidated fiscal year, a increase of 879 million yen from the end of the previous consolidated fiscal year. Liabilities amounted to 14,151 million yen, an increase of 847 million yen from the end of the previous consolidated fiscal year. Net assets totaled 7,134 million yen, a increase of 32 million yen from the end of the previous consolidated fiscal year. Consequently, the ratio of owners' equity was 33.4%.

#### (Assets)

Current assets increased 18.2% from the end of the previous year to 6,964 million yen. This is primarily because notes and accounts receivable-trade and inventories increased by 788 million yen and 124 million.

Fixed assets decreased 1.3% to 14,322 million yen. This is primarily because property, plant and equipment decreased by 39 million yen by depreciation.

#### (Liabilities)

Current liabilities increased 20.4% from the end of the previous year to 8,380 million yen. This is primarily because notes and accounts payable-trade and accounts payable-other increased to 518 million yen and 881 million yen.

Fixed liabilities decreased by 9.0% to 5,770 million yen. This is mainly because long-term loans payable increased by 759 million yen by repaying a loan.

#### (Net Assets)

Net assets increased 0.5% to 7,134 million yen, mainly due to a net income of 13 million.

### (2) Cash Flows

As of March 31, 2012, cash and cash equivalents totaled 1,365 million yen on a consolidated basis, an increase of 227 million yen from as of March 31, 2011.

#### (Cash Flows from Operating Activities)

Net cash provided by operating activities totaled 1,260 million yen (increase of 1,205 million yen from the last year), mainly due to increase in notes and accounts payable-trade of 518 million yen and increase in other current liabilities of 970 million yen, despite income before income taxes of 352 million yen, despite increase in notes and accounts receivable-trade of 465 million yen and increase in inventories of 425 million yen, and non-cash outflow items such as depreciation and amortization expenses of 371 million yen and amortization of goodwill of 112 million yen were included.

#### (Cash Flows from Investing Activities)

Net cash used in investment activities amounted to 151 million yen (decrease of 63 million yen from the last year) mainly due to purchase of property, plant and equipment of 92 million yen and purchase of stocks of subsidiaries and affiliates of 68 million yen.

#### (Cash Flows from Financing Activities)

Net cash provided by financing activities amounted to 881 million yen (increase of 924 million yen from the last year) mainly due to repaying a long-term loan.



## The Cash Flow Indicators:

|  | <u>FY2007</u> | <u>FY2008</u> | <u>FY2009</u> | <u>FY2010</u> | <u>FY2011</u> |
|--|---------------|---------------|---------------|---------------|---------------|
| Shareholders' equity ratio                         | 57.2%         | 51.3%         | 35.1%         | 34.7%         | 33.4%         |
| Shareholders' equity ratio on a market price basis | 41.8%         | 19.9%         | 42.1%         | 55.6%         | 53.3%         |
| Interest-bearing liabilities ratio to cash flow    | 5.05          | —             | 13.10         | 136.73        | 5.34          |
| Interest coverage ratio                            | 6.55          | —             | 3.60          | 0.29          | 7.36          |

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

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

Interest-bearing liabilities ratio to cash flow: Operating cash flow/Interest payment

Interest coverage ratio: Operating cash flow/Interest payment

1. Each indicator is calculated based on consolidated financial results.
2. Total market value of stock is calculated by: closing price at the year-end x outstanding shares at the year-end.
3. The operating cash flow in this table is cash flow from operating activities reported on the consolidated cash flow statement. Interest-bearing liabilities cover all liabilities reported on the consolidated balance sheet for which interest is paid. Interest payment used in the calculation of the interest coverage ratio is the amount of interest expense reported on the consolidated cash flow statement.
4. Interest-bearing liabilities ratio to cash flow and interest coverage ratio data are not included in the table above for the year ended March 2009 as the operating cash flow was negative in these years.

### 3. Basic Corporate Policy for Profit Distribution

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

However, during the current year, the Company will not pay dividends for the year, considering retained earnings are negative, though the Company was able to record net income in the current consolidated fiscal year. The Company will strive for further improvement of operating results so that it can make stable distribution of profits to shareholders in the next fiscal year, meeting shareholders' expectations, based on operating results and future plans for business development.

### 4. Business and Other Risks

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

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

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

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

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

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

(3) Laws and regulations concerning waste treatment

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

(4) Retention and development of human resources

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

(5) Resource recycling power generation system

The SANIX Energy Tomakomai Power Plant plays a core part in the Company's resource-recycling power plant business, using waste plastics as its fuel. As a result of the reinforcement of its disaster prevention system and improvement and maintenance of the waste plastic fuel quality, the Tomakomai Plant has maintained consistent operation since August 2007. However, since the fuel is reprocessed from waste plastic, its quality or nature is not always uniform, which may give adverse effect on the stable and continuous operation of the power plant, and, in turn, on the operating results and financial position of the Company.

(6) Industrial accident/ disaster

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

(7) Market circumstance for waste plastics and trend of the demands/supply at the JEPX

In the ERD Division, processing unit price for waste plastic may be influenced by each occasion market circumstance. Regarding Power Generation in Tomakomai Power Plant, the unit prices traded at the JEPX are fluctuating according to the demands/supply balance. As a result, a decrease more than assumption in processing unit price for waste plastic and the unit prices for selling of electricity may have a prejudicial influence on achievement and finance.

## II. Group Outline

The SANIX Group is composed of SANIX Incorporated and 8 subsidiaries. SANIX's core businesses are residential environmental sanitation and maintenance, sanitation services for office buildings, intermediate processing of industrial waste and electricity generation with a focus on recycling resources.

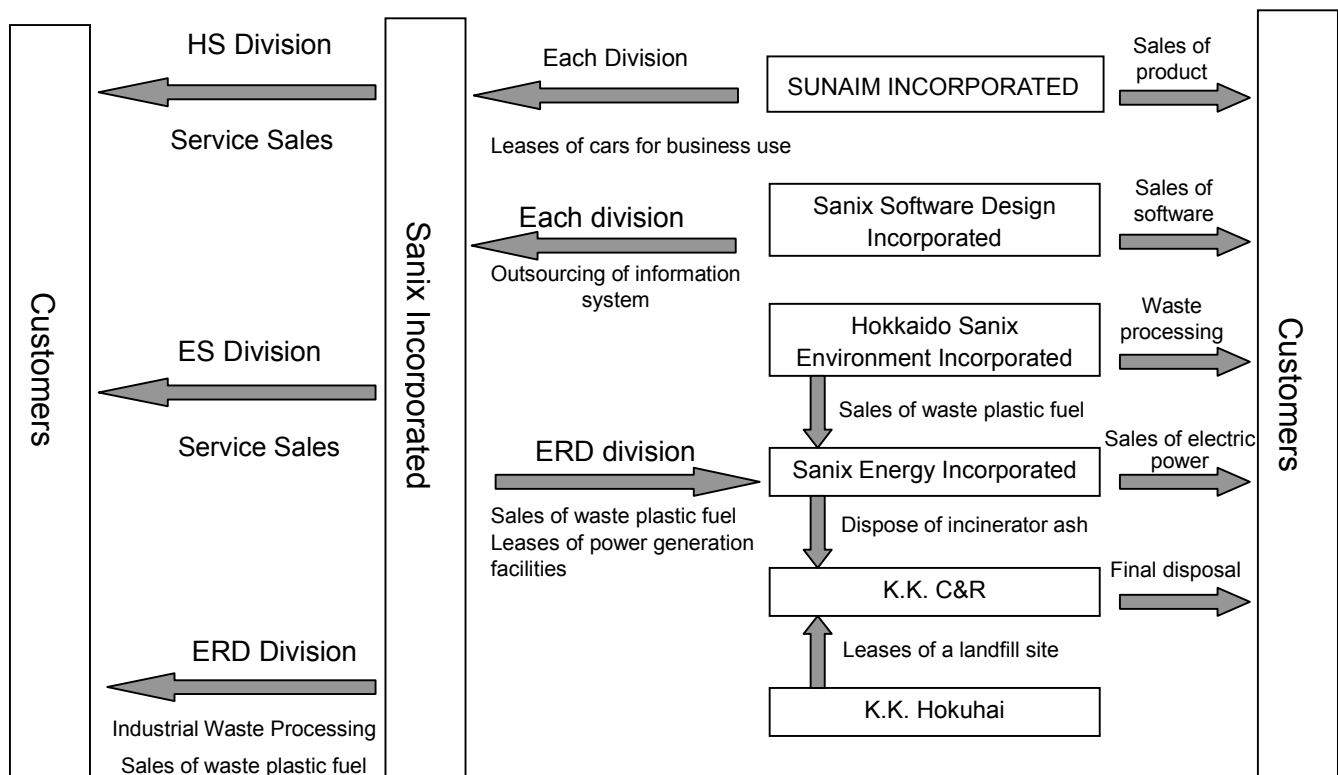
These businesses are operated by each group company as shown below.

**HS Division:** The Company offers environmental sanitation services for ordinary houses. The main services and products are Termite Eradication Service, Foundation Repairing Treatment, Under-Roof/Floor Ventilation System, and Solar Photovoltaic Power Generation System.

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

**ERD Division:** The Company is engaged in the intermediary processing business, mainly recycling industrial wastes. The Company sells waste plastic fuel processed at its plastic recycling plants to its consolidated subsidiary companies including Sanix Energy Incorporated. Sanix Energy generates and sells electricity by using waste plastic fuel as its main fuel, purchased from Sanix and Hokkaido Sanix Environment Incorporated, Sanix's consolidated subsidiary. K.K. C&R, Sanix's consolidated subsidiary, disposes of incinerator ash from Sanix Energy. K.K. Hokuhei, Sanix's consolidated subsidiary, leases facilities including a landfill site to K.K. C&R.

The Company purchases chemicals used in each division, and leases vehicles for operations, from Sunaim Incorporated, its consolidated subsidiary. The Company purchased information system services relating to each of its divisions from Sanix Software Design Incorporated.



### **III. Business Policies**

#### **1. Fundamental Business Policies**

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

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

#### **2. Target Management Indices**

The SANIX Group aims at continuous improvement in profits based on mid- and long-term business strategies. The Company will implement serious cost reduction efforts and strengthen management structure. Among various management indices, we should focus on the ratio of operating profit to revenues, which clearly reflects the status of our productivity and the balance with the costs. The Company targets at achieving the ratio of operating profit to revenues of 7.0% in the medium term.

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

##### **(1) HS Division**

The HS division will continue emphasizing compliance with applicable laws and regulations to ensure the protection of consumers. The division is determined to make efforts to create a marketing organization that is closely connected to the local community, and to provide existing customers good after-sales service through our Termite Eradication Service, Under-Roof/Floor Ventilation Systems, and Solar Photovoltaic Power Generation System. In the medium to long term, the Division aims to foster “Solar Photovoltaic Power Generation System” that we began marketing as the mainstay in the division and expand our domestic market share with the price competitiveness

##### **(2) ES Division**

The ES Division is cultivating markets mainly in the metropolitan areas where office buildings, apartment complexes, and other large facilities are concentrated. The Division provides, as its core business, maintenance and repairing service for water pipes in buildings and apartment houses. Through provision of regular maintenance programs to existing customers, the Division will also explore additional needs for maintenance and repairing of all facilities within their buildings. In addition, the Division strive to promote sales of the Solar Photovoltaic Power Generation System for housing complex. In the medium to long term, a corporate customer marketing system targeting realtors, facility management companies and other companies will be established. At the same time, efficiency in marketing and installation work should be improved to reduce costs and increase sales, which will lead to improvement in the operating profit ratio.

##### **(3) ERD Division**

The main business of ERD division is resource-recycling power generation by using fuel recycled from waste plastic in its recycling plants. As for the application of waste plastic processed by the Division’s plants, the Division pursues sales to other customers than power plants to expand the sales volume of plastic fuel for which demand is high as an alternative of fossil fuel. Expansion of the customer base will contribute to improvement of its business profitability.

## 4. Challenges the Company faces

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

### (1) Promotion of compliance

In order to be trusted by more customers and to provide comfortable environment more extensively, one of the most important issues for the Company, as the leading "Eco Business" company, is promoting strict compliance with laws and regulations, from the viewpoint of consumer protection, following our principle of "Customers Come First." Education and training will be provided regularly to employees to enhance their morality and knowledge on legal compliance, to ensure delivery of safe and comfortable house environment to customers. At the same time, the Company pays close attention to environment conservation when conducting its operations, including ensuring proper treatment and disposition of industrial waste it generates.

### (2) Strengthening sales and management system

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

### (3) Recruitment and training of employees

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

### (4) Development of new products

A key issue for the Company is the development of new products and improvement of existing products. In HS division, our mission is to protect customers' wooden houses from damage caused by termites, humidity, and natural disasters such as typhoons and earthquakes so that we can provide a comfortable living environment. ES division needs to develop new services for maintaining corporate buildings. The Environmental Resources Development Division will strive for development of value-added alternatives to fossil fuel to create new market needs, including diversifying the applications of plastic fuel for which strong demand growth is expected.

### (5) Sales of waste plastic fuel

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

### (6) A stable power plant operation in Tomakomai Power Plant and an improvement of output of power generation.

A key issue for the Sanix Energy's Tomakomai Power Plant is a stable power plant and an improvement of output of power generation. Effect of the operation know-how and capital investment which is accumulated from the accidents occurred in the past made an ability for removing foreign materials from waste plastics improved, so we reap the result for a stable power plant operation. In future, we will try to improve profitability further.

### (7) Bolster disaster-prevention countermeasures

We make every effort to give first priority to safety at each plant in ERD division. Management takes seriously the gravity of the accident that occurred in the past, and has reviewed and strengthened its disaster prevention system to ensure safe operations of its business.

## 5. Other Significant Management Issues

No applicable matter.

## IV. Consolidated Financial Statements

### 1. Consolidated Balance Sheet

(Thousands of Yen)

|  | As of March 31    |                          |
|--|-------------------|--------------------------|
|  | FY2010            | FY2011                   |
| <b>Assets:</b>                         |                   |                          |
| Current Assets:                        |                   |                          |
| Cash and deposits                      | 1,138,347         | <b>1,365,530</b>         |
| Notes and accounts receivable-trade    | 2,521,099         | <b>3,309,437</b>         |
| Merchandise and finished goods         | 59,493            | <b>53,187</b>            |
| Raw materials and supplies             | 1,582,927         | <b>1,713,692</b>         |
| Deferred tax assets                    | 298,959           | <b>244,668</b>           |
| Other                                  | 395,429           | <b>385,389</b>           |
| Allowance for doubtful accounts        | (105,828)         | <b>(107,831)</b>         |
| Total Current Assets:                  | <u>5,890,429</u>  | <u><b>6,964,074</b></u>  |
| Fixed Assets:                          |                   |                          |
| Property, Plant and Equipment:         |                   |                          |
| Buildings and structures, net          | 2,260,413         | <b>2,090,183</b>         |
| Machinery, equipment and vehicles, net | 144,994           | <b>239,367</b>           |
| Land                                   | 8,979,529         | <b>8,979,529</b>         |
| Lease assets, net                      | 145,520           | <b>213,923</b>           |
| Construction in progress               | 59,019            | <b>49,943</b>            |
| Other, net                             | 173,639           | <b>150,751</b>           |
| Total Property, Plant and Equipment:   | <u>11,763,116</u> | <u><b>11,723,699</b></u> |
| Intangible Fixed Assets:               |                   |                          |
| Goodwill                               | 849,383           | <b>737,377</b>           |
| Other, net                             | 61,035            | <b>59,105</b>            |
| Total Property, Plant and Equipment:   | <u>910,419</u>    | <u><b>796,482</b></u>    |
| Investments and Other Assets:          |                   |                          |
| Investment securities                  | 404,991           | <b>500,960</b>           |
| Lease and guarantee deposits           | 819,627           | <b>781,079</b>           |
| Deferred tax assets                    | 232,706           | <b>128,645</b>           |
| Other                                  | 821,786           | <b>828,513</b>           |
| Allowance for doubtful accounts        | (436,406)         | <b>(437,035)</b>         |
| Total Investments and Other Assets:    | <u>1,842,705</u>  | <u><b>1,802,163</b></u>  |
| Total Fixed Assets:                    | <u>14,516,241</u> | <u><b>14,322,345</b></u> |
| <b>Total Assets:</b>                   | <u>20,406,670</u> | <u><b>21,286,420</b></u> |

(Thousands of Yen)

|   | As of March 31    |                   |
|---|-------------------|-------------------|
|   | FY2010            | FY2011            |
| <b>Liabilities:</b>                                   |                   |                   |
| Current Liabilities:                                  |                   |                   |
| Notes and accounts payable-trade                      | 867,782           | 1,386,410         |
| Short-term loans payable                              | 2,425,000         | 2,325,000         |
| Current portion of long-term loans payable            | 760,986           | 759,724           |
| Accounts payable-other                                | 1,449,293         | 2,330,436         |
| Accrued expenses                                      | 754,791           | 825,338           |
| Accrued income taxes                                  | 100,452           | 100,660           |
| Lease obligations                                     | 242,661           | 157,942           |
| Income taxes payable                                  | 178,406           | 196,872           |
| Provision for bonuses                                 | 9,956             | 9,959             |
| Allowance for resource-recycling expenses             | 21,796            | 40,611            |
| Other   | 149,545           | 248,016           |
| Total Current Liabilities:                            | 6,960,673         | 8,380,971         |
| Non-Current Liabilities:                              |                   |                   |
| Bonds payable   | —                 | 70,000            |
| Long-term loans payable                               | 4,319,226         | 3,559,741         |
| Lease obligations                                     | 160,198           | 173,125           |
| Deferred tax liabilities                              | 21,662            | 28,776            |
| Long-term lease deposited                             | 46,216            | 46,349            |
| Provision for retirement benefits                     | 1,329,172         | 1,382,781         |
| Provision for directors' retirement benefits          | 177,555           | 178,256           |
| Provision for disposal site closing expenses          | 289,414           | 331,431           |
| Total Non-Current Liabilities:                        | 6,343,445         | 5,770,462         |
| <b>Total Liabilities:</b>                             | <b>13,304,118</b> | <b>14,151,433</b> |
| <b>Net Assets:</b>                                    |                   |                   |
| Shareholders' Equity:                                 |                   |                   |
| Capital stock   | 14,041,834        | 14,041,834        |
| Retained earnings                                     | (5,391,444)       | (5,377,499)       |
| Treasury stock  | (1,610,766)       | (1,610,767)       |
| Total Shareholders' Equity:                           | 7,039,624         | 7,053,567         |
| Valuation and translation adjustments:                |                   |                   |
| Valuation difference on available-for-sale securities | 32,620            | 52,772            |
| Total Valuation and translation adjustments:          | 32,620            | 52,772            |
| Minority Interests:                                   | 30,307            | 28,647            |
| <b>Total Net Assets:</b>                              | <b>7,102,551</b>  | <b>7,134,986</b>  |
| <b>Total Liabilities and Net Assets:</b>              | <b>20,406,670</b> | <b>21,286,420</b> |

## 2. Consolidated Statement of Income

(Thousands of Yen)

|   | from April 1 to March 31 |            |
|---|--------------------------|------------|
|   | FY2010                   | FY2011     |
| Net sales   | 28,979,773               | 31,454,477 |
| Cost of sales   | 18,703,982               | 21,012,601 |
| Gross profit  | 10,275,790               | 10,441,876 |
| Selling, general and administrative expenses  | 9,773,948                | 10,032,006 |
| Operating income (loss)   | 501,842                  | 409,869    |
| Non-operating income:   |                          |            |
| Interest income   | 6,754                    | 6,197      |
| Dividends income  | 7,132                    | 11,411     |
| Commission for insurance office work  | 4,200                    | 3,967      |
| Land and house rent revenue   | 67,278                   | 67,675     |
| Other   | 40,632                   | 43,711     |
| Total non-operating income  | 125,998                  | 132,962    |
| Non-operating expenses:   |                          |            |
| Interest expenses   | 190,412                  | 171,176    |
| Rent expenses   | 3,504                    | 2,413      |
| Other   | 3,859                    | 21,257     |
| Total non-operating expenses  | 197,776                  | 194,847    |
| Ordinary income (loss)  | 430,064                  | 347,984    |
| Extraordinary income:   |                          |            |
| Gain on sales of subsidiaries and affiliates' stocks                                      | 7,000                    | —          |
| Reversal of allowance for doubtful accounts   | 2,809                    | —          |
| Reversal of provision for bonuses   | 64,788                   | —          |
| Gain on sales of fixed assets   | 265                      | 3,706      |
| Total extraordinary income  | 74,863                   | 3,706      |
| Extraordinary loss:   |                          |            |
| Loss on sales of fixed assets   | —                        | 78         |
| Loss on retirement of fixed assets  | 572                      | 8,678      |
| Loss on cancellation of lease contracts   | 1,713                    | 1,458      |
| Loss on disaster  | 36,287                   | —          |
| Loss on adjustment for changes of accounting standard<br>for asset retirement obligations | 114,268                  | —          |
| Total extraordinary loss  | 152,842                  | 10,215     |
| Income (loss) before income taxes and minority interests                                  | 352,086                  | 341,474    |
| Income taxes-current  | 227,589                  | 170,547    |
| Income taxes-deferred   | 74,374                   | 158,318    |
| Total income taxes  | 301,964                  | 328,865    |
| Income before minority interests  | 50,121                   | 12,608     |
| Minority interests in income  | 593                      | (1,335)    |
| Net income (loss)   | 49,528                   | 13,944     |



(Comprehensive Income)

(Thousands of Yen)

|   | <b>from April 1 to March 31</b> |                |
|---|---------------------------------|----------------|
|   | <b>FY2010</b>                   | <b>FY2011</b>  |
| Income before minority interests  | <b>50,121</b>                   | <b>12,608</b>  |
| Other comprehensive income  |                                 |                |
| Share of other comprehensive income of associates accounted for using equity method | <b>(1,776)</b>                  | <b>20,152</b>  |
| Total other comprehensive income  | <b>(1,776)</b>                  | <b>20,152</b>  |
| Comprehensive income  | <b>48,345</b>                   | <b>32,761</b>  |
| Comprehensive income attributable to  |                                 |                |
| Comprehensive income attributable to parent company                                 | <b>47,751</b>                   | <b>34,096</b>  |
| Comprehensive income attributable to minority interests                             | <b>593</b>                      | <b>(1,335)</b> |

### 3. Consolidated Statements of Changes in Net Assets

(Thousands of Yen)

|  | from April 1 to March 31 |                           |
|--|--------------------------|---------------------------|
|  | FY2010                   | FY2011                    |
| <b>Shareholders' Equity</b>              |                          |                           |
| Capital stock:                           |                          |                           |
| Balance at the end of previous period    | 14,041,834               | <b>14,041,834</b>         |
| Changes of items during the period       |                          |                           |
| Total changes of items during the period | —                        | —                         |
| Balance at the end of current period     | <u>14,041,834</u>        | <u><b>14,041,834</b></u>  |
| Retained earnings:                       |                          |                           |
| Balance at the end of previous period    | (5,440,972)              | <b>(5,391,444)</b>        |
| Changes of items during the period       |                          |                           |
| Net income                               | 49,528                   | <b>13,944</b>             |
| Total changes of items during the period | 49,528                   | <b>13,944</b>             |
| Balance at the end of current period     | <u>(5,391,444)</u>       | <u><b>(5,377,499)</b></u> |
| Treasury Stock:                          |                          |                           |
| Balance at the end of previous period    | (1,610,755)              | <b>(1,610,766)</b>        |
| Changes of items during the period       |                          |                           |
| Purchase of treasury stock               | (26)                     | <b>(12)</b>               |
| Disposal of treasury stock               | 15                       | <b>11</b>                 |
| Total changes of items during the period | (11)                     | <b>(1)</b>                |
| Balance at the end of current period     | <u>(1,610,766)</u>       | <u><b>(1,610,767)</b></u> |
| Total Shareholders' Equity:              |                          |                           |
| Balance at the end of previous period    | 6,990,107                | <b>7,039,624</b>          |
| Changes of items during the period       |                          |                           |
| Net income                               | 49,528                   | <b>13,944</b>             |
| Purchase of treasury stock               | (26)                     | <b>(12)</b>               |
| Disposal of treasury stock               | 15                       | <b>11</b>                 |
| Total changes of items during the period | 49,517                   | <b>13,943</b>             |
| Balance at the end of current period     | <u>7,039,624</u>         | <u><b>7,053,567</b></u>   |

from April 1 to March 31

FY2010

FY2011

**Valuation and Translation Adjustments:**

Valuation difference on available- for-sale securities

|  |         |        |
|--|---------|--------|
| Balance at the end of previous period                | 34,396  | 32,620 |
| Changes of items during the period                   |         |        |
| Net changes of items other than shareholders' equity | (1,776) | 20,152 |
| Total changes of items during the period             | (1,776) | 20,152 |
| Balance at the end of current period                 | 32,620  | 52,772 |

Total Valuation and Translation Adjustments:

|  |         |        |
|--|---------|--------|
| Balance at the end of previous period                | 34,396  | 32,620 |
| Changes of items during the period                   |         |        |
| Net changes of items other than shareholders' equity | (1,776) | 20,152 |
| Total changes of items during the period             | (1,776) | 20,152 |
| Balance at the end of current period                 | 32,620  | 52,772 |

**Minority Interests:**

|  |        |         |
|--|--------|---------|
| Balance at the end of previous period                | 30,039 | 30,307  |
| Changes of items during the period                   |        |         |
| Net changes of items other than shareholders' equity | 268    | (1,660) |
| Total changes of items during the period             | 268    | (1,660) |
| Balance at the end of current period                 | 30,307 | 28,647  |

**Total Net Assets:**

|  |           |           |
|--|-----------|-----------|
| Balance at the end of previous period          | 7,054,542 | 7,102,551 |
| Changes of items during the period             |           |           |
| Net income                                     | 49,528    | 13,944    |
| Purchase of treasury stock                     | (26)      | (12)      |
| Disposal of treasury stock                     | 15        | 11        |
| Net changes of items other than owners' equity | (1,507)   | 18,491    |
| Total changes of items during the period       | 48,009    | 32,435    |
| Balance at the end of current period           | 7,102,551 | 7,134,986 |

## 4. Consolidated Cash Flow Statement

(Thousands of Yen)

|   | From April 1 to March 31 |           |
|---|--------------------------|-----------|
|   | FY2010                   | FY2011    |
| <b>Net Cash Provided by (Used in) Operating Activities:</b>                               |                          |           |
| Income before income taxes and minority interests   | 352,086                  | 341,474   |
| Depreciation and amortization   | 415,738                  | 371,049   |
| Loss on disaster  | 36,287                   | —         |
| Increase/ Decrease in reserve for retirement benefits                                     | 116,991                  | 53,609    |
| Increase/ Decrease in reserve for directors' retirement benefits                          | (32,339)                 | 700       |
| Increase/ Decrease in provision for bonuses   | (58,075)                 | 2         |
| Decrease in allowance for resource-recycling expenses                                     | (191)                    | 18,814    |
| Amortization of goodwill  | 112,006                  | 112,006   |
| Loss on adjustment for changes of accounting standard<br>for asset retirement obligations | 114,268                  | —         |
| Increase/decrease in allowance for doubtful accounts                                      | 13,575                   | 2,631     |
| Interest and dividends income   | (13,886)                 | (17,608)  |
| Interest expenses   | 190,412                  | 171,176   |
| Gain/ Loss on sales of fixed assets   | (265)                    | (3,627)   |
| Loss on retirement of fixed assets  | 572                      | 8,678     |
| Increase/ Decrease in notes and accounts receivable-trade                                 | (465,385)                | (788,338) |
| Increase/ Decrease in inventories   | (425,218)                | (124,458) |
| Increase/ Decrease in other current assets  | (13,255)                 | (27,740)  |
| Decrease in notes and accounts payable-trade  | (291,385)                | 518,627   |
| Increase/ Decrease in consumption tax refund receivable                                   | 35,143                   | 18,465    |
| Increase/ Decrease in other current liabilities   | 280,128                  | 970,076   |
| Other   | 35,354                   | 83,677    |
| Subtotal  | 402,562                  | 1,709,217 |
| Interest and dividends income received  | 13,705                   | 17,601    |
| Interest expenses paid  | (210,112)                | (166,911) |
| Payment for damage repairing  | (1,347)                  | (28,629)  |
| Income taxes paid   | (157,022)                | (271,132) |
| Income taxes refund   | 7,103                    | —         |
| <b>Net cash provided by operating activities:</b>   | 54,889                   | 1,260,145 |

(Thousands of Yen)

From April 1 to March 31

|  | FY2010           | FY2011           |
|--|------------------|------------------|
| <b>Net Cash Provided by (Used in) Investment Activities:</b> |                  |                  |
| Proceeds from sales of property, plant and equipment         | 1,180            | 4,128            |
| Purchase of property, plant and equipment                    | (175,905)        | (92,949)         |
| Payments for lease and guarantee deposits                    | (33,665)         | (11,212)         |
| Proceeds from collection of lease and guarantee deposits     | 29,304           | 18,956           |
| Increase (decrease) in lease deposits received               | —                | 133              |
| Purchase of investment securities                            | (40,682)         | (68,669)         |
| Other  | 5,410            | (1,714)          |
| <b>Net cash provided by investing activities:</b>            | <b>(214,358)</b> | <b>(151,327)</b> |
| <b>Net Cash Provided by (Used in) Financing Activities:</b>  |                  |                  |
| Increase (decrease) in short-term loans payable              | (2,920,000)      | (100,000)        |
| Proceeds from long-term loans payable                        | 3,530,000        | —                |
| Repayment of long-term loans payable                         | (484,812)        | (760,747)        |
| Proceeds from issuance of bonds                              | —                | 100,000          |
| Redemption of bonds  | —                | (10,000)         |
| Repayments of finance lease obligations                      | (81,725)         | (104,903)        |
| Net decrease/ increase in treasury stock                     | (11)             | (1)              |
| Cash dividends paid  | (595)            | (325)            |
| Other  | —                | (5,659)          |
| <b>Net cash provided by financing activities:</b>            | <b>42,856</b>    | <b>(881,635)</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | <b>(116,612)</b> | <b>227,182</b>   |
| <b>Cash and cash equivalents at beginning of period</b>      | <b>1,254,960</b> | <b>1,138,347</b> |
| <b>Cash and cash equivalents at the end of period</b>        | <b>1,138,347</b> | <b>1,365,530</b> |

## Segment Information

### Segment Information by Type of Business

Prior consolidated fiscal year (From April 1, 2010 to March 31, 2011)

(Thousands of Yen)

| Segments   | HS         | ES        | ERD       | Total      | Elimination<br>or Group | Consolidated |
|--|------------|-----------|-----------|------------|-------------------------|--------------|
| Sales:   |            |           |           |            |                         |              |
| Sales to customers . . . . .                                     | 16,656,730 | 2,811,124 | 9,511,918 | 28,979,773 | —                       | 28,979,773   |
| Internal sales among segments<br>and transfer accounts . . . . . | —          | —         | —         | —          | —                       | —            |
| Total . . . . .  | 16,656,730 | 2,811,124 | 9,511,918 | 28,979,773 | —                       | 28,979,773   |
| Operating income(loss) . . . . .                                 | 2,607,955  | 153,674   | (215,972) | 2,545,657  | (2,043,814)             | 501,842      |
| Assets . . . . .   | 4,837,856  | 1,134,538 | 9,971,107 | 15,943,502 | 4,463,168               | 20,406,670   |
| Others:  |            |           |           |            |                         |              |
| Depreciation expenses . . . . .                                  | 57,891     | 6,225     | 278,656   | 342,773    | 72,964                  | 415,738      |
| Amortization of goodwill . . . . .                               | —          | —         | 112,006   | 112,006    | —                       | 112,006      |
| Capital expenditures . . . . .                                   | 47,662     | 18,328    | 240,383   | 306,374    | 32,823                  | 339,197      |

Consolidated fiscal year (From April 1, 2011 to March 31, 2012)

(Thousands of Yen)

| Segments   | HS         | ES        | ERD        | Total      | Elimination<br>or Group | Consolidated |
|--|------------|-----------|------------|------------|-------------------------|--------------|
| Sales:   |            |           |            |            |                         |              |
| Sales to customers . . . . .                                     | 16,806,742 | 2,757,129 | 11,890,605 | 31,454,477 | —                       | 31,454,477   |
| Internal sales among segments<br>and transfer accounts . . . . . | —          | —         | —          | —          | —                       | —            |
| Total . . . . .  | 16,806,742 | 2,757,129 | 11,890,605 | 31,454,477 | —                       | 31,454,477   |
| Operating income(loss) . . . . .                                 | 2,216,859  | 40,976    | 287,743    | 2,545,579  | (2,135,710)             | 409,869      |
| Assets . . . . .   | 5,076,315  | 1,128,277 | 10,026,909 | 16,231,502 | 5,054,917               | 21,286,420   |
| Others:  |            |           |            |            |                         |              |
| Depreciation expenses . . . . .                                  | 61,786     | 13,306    | 233,726    | 308,819    | 62,230                  | 371,049      |
| Amortization of goodwill . . . . .                               | —          | —         | 112,006    | 112,006    | —                       | 112,006      |
| Capital expenditures . . . . .                                   | 3,317      | 411       | 290,573    | 294,303    | 13,973                  | 308,277      |

## VI. Others

### Consolidated Net Sales by Division

(Thousands of Yen)

|  | Full Year                |                   | Changes   |
|--|--------------------------|-------------------|-----------|
|  | from April 1 to March 31 |                   |           |
|  | FY2010                   | FY2011            |           |
| Termite eradication service. . . . .                       | 4,095,554                | <b>3,498,153</b>  | (597,400) |
| Foundation repairing treatment. . . . .                    | 1,759,896                | <b>1,277,104</b>  | (482,791) |
| Under-roof/floor ventilation system. . . . .               | 2,568,157                | <b>2,092,921</b>  | (475,236) |
| Home reinforcement system. . . . .                         | 350,648                  | <b>337,251</b>    | (13,396)  |
| Solar photovoltaic power generation system. . . . .        | 5,261,744                | <b>6,442,962</b>  | 1,181,217 |
| Other. . . . .   | 2,620,728                | <b>3,158,348</b>  | 537,620   |
| <b>Home Sanitation Division Total:</b>                     | 16,656,730               | <b>16,806,742</b> | 150,012   |
| Anti-rust equipment installation. . . . .                  | 680,549                  | <b>473,641</b>    | (206,908) |
| Repair of building water-works. . . . .                    | 770,194                  | <b>855,705</b>    | 85,511    |
| Waterproofing of building. . . . .                         | 427,263                  | <b>384,129</b>    | (43,133)  |
| Solar photovoltaic power generation system. . . . .        | 297,863                  | <b>403,686</b>    | 105,823   |
| Other. . . . .   | 635,253                  | <b>639,966</b>    | 4,712     |
| <b>Establishment Sanitation Division Total:</b>            | 2,811,124                | <b>2,757,129</b>  | (53,994)  |
| Industrial waste (Waste plastic processing). . . . .       | 5,023,753                | <b>6,673,583</b>  | 1,649,830 |
| Industrial waste (Organic Waste Water Recycle). . . . .    | 1,444,216                | <b>1,595,758</b>  | 151,541   |
| Generation of electricity. . . . .                         | 1,427,975                | <b>2,303,795</b>  | 875,820   |
| Final disposal. . . . .                                    | 939,269                  | <b>706,146</b>    | (233,123) |
| Other. . . . .   | 676,703                  | <b>611,321</b>    | (65,382)  |
| <b>Environmental Resources Development Division Total:</b> | 9,511,918                | <b>11,890,605</b> | 2,378,686 |
| <b>Total Net Sales:</b>                                    | 28,979,773               | <b>31,454,477</b> | 2,474,704 |