



# **SANIX INCORPORATED**

## **Consolidated Financial Summary**

**For the Third Quarter ended December 31, 2008**

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

**Consolidated Financial Statements**

For the third quarter ended December 31, 2008

**SANIX INCORPORATED**

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

Code No.: 4651

URL: <http://sanix.jp>

President and CEO: Shin-ichi Munemasa

Contact: Masahiro Shimojo, Director, Management and Planning Division

**1. Consolidated Financial Highlights for the third quarter ended December 31, 2008****(1) Consolidated Operating Results**

(Millions of Yen)

	Third Quarter			
	from April 1 to December 31			
	FY2008	% change	FY2007	% change
Net Sales . . . . .	19,403	-	20,129	(9.9)
Operating Income . . . . .	(502)	-	390	-
Ordinary Income . . . . .	(524)	-	301	-
Net Income . . . . .	(886)	-	(408)	-
Net Income per Share( ¥) . . . . .	(¥18.58)	-	(¥8.57)	-
Net Income per Share, Diluted( ¥) . . . . .	-	-	-	-

**(2) Consolidated Financial Position**

(Millions of Yen)

	As of December 31	As of March 31
	FY2008	FY2007
	Total Assets . . . . .	23,959
Net Assets . . . . .	13,976	14,863
Shareholders' Equity Ratio (%) . . . . .	58.2%	57.2%
Net Assets per Share ( ¥) . . . . .	¥292.36	¥311.06

## Reference:

Shareholders' equity as of December 31, 2008	13,948 million yen
Shareholders' equity as of March 31, 2008	14,840 million yen

**2. Dividends**

(Yen)

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

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

	(Millions of Yen)	
	FY2008	
	From April1 to March 31	% Change
Net Sales . . . . .	25,640	(3.3)
Operating Income . . . . .	(450)	-
Ordinary Income . . . . .	(480)	-
Net Income . . . . .	(920)	-
Net Income per Share(¥) . . . . .	(¥19.28)	-

### 4. Others

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

	(Shares)	
	Third Quarter ended December 31, 2008	Full Year ended March 31, 2008
Number of shares issued and outstanding at period end .	<b>48,919,396</b>	48,919,396
Number of treasury stocks at period end . . . . .	<b>1,209,458</b>	1,209,043
Average number of shares issued and outstanding . . . . .	<b>47,710,234</b>	47,710,573 (as of Dec. 31)

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

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

# Qualitative information on financial statements

## For the Third Quarter ended December 31, 2008

### 1. Qualitative information on consolidated business results

In the first nine-month period of the current consolidated fiscal year (April 1, 2008 to December 31, 2008), on the back of the global economic downturn caused by the financial crisis following the U.S. subprime loan problems as well as the appreciation of the Japanese yen, the Japanese economy has lost momentum rapidly, with corporate earnings and the employment situation worsening with personal consumption reducing drastically.

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.

In the first nine-month period of the current consolidated fiscal year, the Company saw sales in the Home Sanitation Division (HS Division) and the Establishment Sanitation Division (ES Division) decrease over the same period last year, but those in the Environmental Resources Development Division (ERD Division) remain unchanged from the previous year. As a result, total sales of the Sanix Group amounted to 19,403 million yen (a 3.6% decrease year-on-year). Regarding earnings, the Company posted an impairment loss of 333 million yen as an extraordinary loss in the first six-month of the current consolidated accounting period along with the transfer of idle land owned by EDI Incorporated, a consolidated subsidiary, in November 2008. As a result, the Group reported an operating loss of 502 million yen (operating income of 390 million yen for the same period last year), an ordinary loss of 524 million yen (ordinary income of 301 million yen for the same period last year) and a net loss of 886 million yen (net loss of 408 million yen for the same period last year).

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

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

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

In the first nine-month period of the current consolidated fiscal year, sales of "Termite Eradication Services," a mainstay of the Company's business, increased by 4.7% (year-on-year), due to the effects of the television advertising campaign. Sales of "Under-Roof/Floor Ventilation System" grew by 24.3% (year-on-year), but sales of "Foundation Repair Treatment and Reinforcement Services" decreased by 32.9% (year-on-year). As a result, sales by the HS Division decreased by 5.1% to 11,255 million yen compared with the same period of the previous year.

Due to increased advertising expenses, the Division's operating income was 2,592 million yen (3,094 million yen for the same period last year), registering an operating-income-to-sales ratio of 23.0% (down from 26.1% for the same period of the previous year).

##### **Establishment Sanitation Division**

To improve its marketing efficiency, the ES Division has promoted shift from marketing to individual owners to collaboration with building management companies and other institutional customers. However, sales decreased by 8.8% to 2,352 million yen due to turmoil in the real estate and construction industries along with the financial crisis.

The division recorded an operating loss of 60 million yen (compared to 130 million yen for the same period last year), despite its ongoing streamlining efforts to reduce costs.

## **Environmental Resources Development Division**

Power sales increased by 118.4% from the same period last year due to the stable operation of the Tomakomai Power Plant, whose operation was suspended in the previous period due to a fire and other related reasons. Sales of "Waste Plastic Processing" decreased by 1.7% due to falling processing prices caused by cost reductions at the customer end because of the economic slowdown as well as fierce price competition despite a steady increase in the processing amount. Organic Liquid Waste Processing Plant increased its sales by 2.1% from the same period last year. Consequently, the Division's total sales were 5,795 million yen, up 1.8% from the same period of the previous year.

Regarding earnings, profitability deteriorated, since labor costs expanded and the Company increased the number of personnel at plastic recycling plants ahead of the original schedule to cope with a possible increase in processing. At Organic Liquid Waste Processing Plant, the Company was forced to use chemical treatment due to a temporary malfunction of its microbial treatment system, leading to an increase in supplies expenses. As a result, the Division reported an operating loss of 1,367 million yen (operating loss of 981 million yen for the same period last year).

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

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

Total assets as of December 31, 2008 amounted to 23,959 million yen, a decrease of 1,998 million yen from the end of the previous consolidated fiscal year. This is primarily because tangible fixed assets declined due to depreciation and a decrease in land holding along with the transfer of idle land. Total liabilities amounted to 9,982 million yen, a decrease of 1,112 million yen from the end of the previous consolidated fiscal year. This is primarily due to a decrease of a provision for recycling expenses and an accelerating the repayment of debt. Net assets totaled 13,976 million yen, down 886 million yen from the previous consolidated fiscal year end. This decrease was primarily due to the net loss of 886 million yen incurred during the third quarter. Consequently, the ratio of owners' equity was 58.2%, compared to 57.2% for the previous consolidated fiscal year end.

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

Cash and cash equivalents as of December 31, 2008 totaled 1,238 million yen, an increase of 218 million yen from as of March 31, 2008.

Net cash used for operating activities totaled 66 million yen. This was mainly due to the net loss before taxes and other adjustments of 810 million yen incurred during the third quarter.

Net cash provided by investing activities totaled 923 million yen. This was mainly due to the sales of property, plant and equipment.

Net cash used for financing activities totaled 637 million yen. Here, accelerating the repayment of debt was responsible.

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

Taking the results for the first nine-month period of the current consolidated fiscal year into consideration, the Company revised their forecast of consolidated business results for the full year of the current consolidated fiscal year ending March 2009 as announced on October 31, 2008. For further details, please refer to "Revision to Forecast for Business Results" announced on February 6, 2008.

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

(Millions of Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast	28,000	630	600	150
Revised Forecast	25,640	(450)	(480)	(920)
Difference	(2,360)	(1,080)	(1,080)	(1,070)
% Change	(8.4%)	-	-	-
Results from year before	26,510	596	495	(2,547)

### 4. Others

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

(2) Use of simplified accounting methods: None

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

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

2. Change in valuation standards and methods for inventories

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

(Additional Information)

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

In accordance with the revision of the Corporate Tax Law, SANIX and its consolidated subsidiaries have reviewed and changed the estimated useful lives of machinery and equipment from the first quarter of the current fiscal year. As a result, operating income, ordinary income and net income before adjustments for the third quarter increased by 23,466 thousand yen.

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

## 5. Consolidated Financial Statements

### (1) Consolidated Quarterly Balance Sheets

(Thousands of Yen)

	As of December 31	As of March 31
	FY2008	FY2007
<b>Assets:</b>		
Current Assets:		
Cash and deposits	1,238,504	1,019,848
Notes and accounts receivable-trade	1,659,010	1,855,584
Merchandise	16,665	16,102
Semi-finished goods	52,643	76,645
Raw materials	440,358	485,708
Other	690,877	615,429
Allowance for doubtful accounts	(95,501)	(83,857)
Total Current Assets:	<u>4,002,558</u>	<u>3,985,462</u>
Fixed Assets:		
Property, Plant and Equipment:		
Buildings and structures, net	4,192,660	4,469,286
Machinery, equipment and vehicles, net	3,524,772	3,661,281
Land	10,224,008	11,722,008
Other, net	344,554	304,846
Total Property, Plant and Equipment:	<u>18,285,995</u>	<u>20,157,422</u>
Intangible Fixed Assets:	59,506	61,751
Investments and Other Assets:	<u>1,611,384</u>	<u>1,753,352</u>
Total Fixed Assets:	<u>19,956,887</u>	<u>21,972,526</u>
<b>Total Assets:</b>	<u>23,959,445</u>	<u>25,957,988</u>
<b>Liabilities:</b>		
Current Liabilities:		
Notes and accounts payable-trade	713,161	616,720
Short-term loans payable	5,357,000	5,605,000
Accrued income taxes	106,941	122,144
Reserves	47,633	423,596
Other	2,334,292	2,644,269
Total Current Liabilities:	<u>8,559,029</u>	<u>9,411,731</u>
Non-Current Liabilities:		
Long-term loans payable	17,500	34,816
Reserve for retirement benefits	1,119,596	1,042,023
Other reserves	225,050	239,700
Other	61,660	366,660
Total Non-Current Liabilities:	<u>1,423,807</u>	<u>1,683,200</u>
<b>Total Liabilities:</b>	<u>9,982,837</u>	<u>11,094,931</u>

(Thousands of Yen)

	As of December 31	As of March 31
	FY2008	FY2007
<b>Net Assets:</b>		
Owners' Equity:		
Capital stock	14,041,834	14,041,834
Capital surplus	1,758,841	4,425,946
Retained earnings	(264,618)	(2,045,384)
Treasury stock	(1,610,690)	(1,610,673)
Total Owners' Equity:	13,925,367	14,811,722
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	22,909	29,214
Total Valuation and translation adjustments:	22,909	29,214
Minority Interests:	28,331	22,119
<b>Total Net Assets:</b>	<b>13,976,608</b>	<b>14,863,056</b>
<b>Total Liabilities and Net Assets:</b>	<b>23,959,445</b>	<b>25,957,988</b>



## (2) Consolidated Quarterly Statements of Income

(Thousands of Yen)

	Third Quarter (9-months) from April 1 to December 31 FY2008
Net sales	19,403,091
Cost of sales	11,346,357
Gross profit	8,056,733
Selling, general and administrative expenses	8,559,009
Operating income (loss)	(502,275)
Non-operating income:	
Interest income	5,228
Dividends income	17,592
Land and house rent revenue	50,405
Other	18,347
Total non-operating income	91,574
Non-operating expenses:	
Interest expenses	111,649
Other	1,935
Total non-operating expenses	113,585
Ordinary income (loss)	(524,287)
Extraordinary income:	
Gain on sales of fixed assets	688
Gain on sales of investment securities	2,245
Insurance income	310,339
Total extraordinary income	313,273
Extraordinary loss:	
Loss on sales of fixed assets	202
Loss on retirement of fixed assets	243
Impairment loss	333,000
Loss on cancellation of lease contracts	2,185
Loss on disaster	263,792
Provision of allowance for doubtful accounts	525
Total extraordinary loss	599,948
Income (loss) before income taxes and minority interests	(810,961)
Income taxes-current	89,369
Income taxes-deferred	(20,530)
Total income taxes	68,839
Minority interests in income	6,537
Net income (loss)	(886,338)

(Thousands of Yen)

	<b>Third Quarter (3-month)</b>
	<b>from October 1 to December 31</b>
	<b>FY2008</b>
Net sales	5,990,854
Cost of sales	3,637,051
Gross profit	2,353,802
Selling, general and administrative expenses	2,624,275
Operating income (loss)	(270,472)
Non-operating income:	
Interest income	1,712
Dividends income	6,765
Land and house rent revenue	16,801
Other	6,443
Total non-operating income	31,723
Non-operating expenses:	
Interest expenses	36,307
Other	702
Total non-operating expenses	37,010
Ordinary income (loss)	(275,759)
Extraordinary income:	
Gain on sales of fixed assets	688
Gain on sales of investment securities	2,245
Insurance income	39,560
Reversal of reserve for bonuses	119,627
Total extraordinary income	162,122
Extraordinary loss:	
Loss on sales of fixed assets	202
Loss on cancellation of lease contracts	916
Loss on disaster	(6,859)
Total extraordinary loss	(5,740)
Income (loss) before income taxes and minority interests	(107,896)
Income taxes-current	43,626
Income taxes-deferred	(6,883)
Total income taxes	36,743
Minority interests in income	3,925
Net income (loss)	(148,565)

## (3) Consolidated Quarterly Statements of Cash Flows

(Thousands of yen)

	Third Quarter
	From April 1 to December 31
	FY2008
<b>Net Cash Provided by (Used in) Operating Activities:</b>	
Income before income taxes and minority interests	(810,961)
Depreciation and amortization	660,577
Impairment loss	333,000
Loss on disaster	263,792
Insurance income	(310,339)
Increase (decrease) in reserve for retirement benefits	77,573
Increase (decrease) in allowance for doubtful accounts	13,375
Interest and dividends income	(22,821)
Interest expenses	111,649
Loss (gain) on sales of fixed assets	(486)
Loss on retirement of fixed assets	243
Loss (gain) on sales of investment securities	(2,245)
Decrease (increase) in notes and accounts receivable-trade	196,573
Decrease (increase) in inventories	16,209
Increase (decrease) in notes and accounts payable-trade	78,291
Other, net	(557,154)
Subtotal	47,277
Interest and dividends income received	22,820
Interest expenses paid	(100,921)
Payments for loss on disaster	(263,000)
Proceeds from insurance income	310,339
Income tax paid	(87,396)
Income tax refund	4,049
<b>Net cash provided by operating activities:</b>	<b>(66,833)</b>
<b>Net Cash Provided by (Used in) Investment Activities:</b>	
Purchase of property, plant and equipment	(270,517)
Proceeds from sales of property, plant and equipment	1,166,532
Proceeds from sales of investment securities	8,280
Other	18,950
<b>Net cash provided by investing activities:</b>	<b>923,245</b>
<b>Net Cash Provided by (Used in) Financing Activities:</b>	
Increase (decrease) in short-term loans payable	(248,000)
Repayment of long-term loans payable	(189,003)
Other	(200,753)
<b>Net cash provided by financing activities:</b>	<b>(637,756)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>218,655</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,019,848</b>
<b>Cash and cash equivalents at the end of period</b>	<b>1,238,504</b>

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

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

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

(5) Segment Information

a. Segment Information by Type of Business

Current third quarter (From April 1, 2008 to December 31, 2008)

(Thousands of Yen)

Segments	HS	ES	ERD	Total	Elimination or Group	Consolidated
Net Sales:						
(1)Sales to customers . . . . .	11,255,270	2,352,237	5,795,582	19,403,091	-	19,403,091
(2)Internal sales among segments and transfer accounts. . . . .	-	-	70	70	(70)	-
Total . . . . .	11,255,270	2,352,237	5,795,653	19,403,161	(70)	19,403,091
Operating income (loss) . . . . .	2,592,215	(60,674)	(1,367,161)	1,164,378	(1,666,654)	(502,275)

Notes to segment information

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

2. Principal services and products by business division

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

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

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

3. As described in "Additional Information," in accordance with the revision of the Corporate Tax Law in 2008, SANIX and its consolidated subsidiaries have reviewed and changed the estimated useful lives of machinery and equipment from the current first quarter. Accordingly, compared with the figures computed using the method in the past, the operating income of the HS Division decreased by 234 thousand yen and that of the ERD Division increased by 23,700 thousand yen.

b. Segment Information by Location

Current third quarter (From April 1, 2008 to December 31, 2008)

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

c. Foreign Sales

Current third quarter (From April 1, 2008 to December 31, 2008)

There is no foreign sales.

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

There is no significant change.

## - Reference Data -

Consolidated financial statements for the prior third quarter

(1) Consolidated Quarterly Statements of Income

(Thousands of Yen)

	Third Quarter (9-months) from April 1 to December 31 FY2007
Net sales	20,129,657
Cost of sales	11,303,613
Gross profit	8,826,043
Selling, general and administrative expenses	8,435,333
Operating income (loss)	390,709
Non-operating income:	
Interest income	5,717
Dividends income	22,737
Land and house rent revenue	21,774
Other	45,641
Non-operating expenses:	
Interest expenses	142,543
Rent expenses	1,672
Other	40,609
Ordinary income (loss)	301,755
Extraordinary income:	
Insurance income	19,998
Reversal of allowance for doubtful accounts	138
Extraordinary loss:	
Loss on sales of fixed assets	10,229
Loss on retirement of fixed assets	26,897
Impairment loss	263,010
Loss on disaster	29,410
Loss on cancellation of lease contracts	3,898
Loss on valuation of investment securities	52,124
Provision of reserve for directors' retirement benefits	271,480
Reorganization of offices expense	15,888
Income (loss) before income taxes and minority interests	(351,048)
Income taxes-current	67,725
Income taxes-deferred	(8,404)
Minority interests in income	(1,666)
Net income (loss)	(408,702)

(Thousands of Yen)

	Third Quarter (3-months) from April 1 to December 31 FY2007
Net sales	6,387,196
Cost of sales	3,585,113
Gross profit	2,802,082
Selling, general and administrative expenses	2,681,491
Operating income (loss)	120,591
Non-operating income:	
Interest income	1,817
Dividends income	3,147
Land and house rent revenue	7,386
Other	10,411
Non-operating expenses:	
Interest expenses	47,979
Rent expenses	557
Other	25,405
Ordinary income (loss)	69,411
Extraordinary income:	
Insurance income	18,500
Extraordinary loss:	
Loss on sales of fixed assets	3,764
Loss on retirement of fixed assets	18,085
Loss on disaster	18,444
Loss on cancellation of lease contracts	1,142
Reorganization of offices expense	15,888
Income (loss) before income taxes and minority interests	30,587
Income taxes-current	23,052
Income taxes-deferred	(5,378)
Minority interests in income	30
Net income (loss)	12,882

## (2) Consolidated Quarterly Statements of Cash Flows

(Thousands of yen)

	Third Quarter
	From April 1 to December 31
	FY2007
<b>Net Cash Provided by (Used in) Operating Activities:</b>	
Income before income taxes and minority interests	(351,048)
Depreciation and amortization	883,171
Impairment loss	263,010
Loss on disaster	29,410
Insurance income	(19,998)
Decrease in reserve for retirement benefits	(260,283)
Increase in reserve for directors' retirement benefits	234,100
Decrease in reserve for resource-recycling expenses	(335,330)
Increase in allowance for doubtful accounts	18,068
Interest and dividends income	(28,454)
Interest expenses	142,543
Commission fee	20,824
Loss on valuation of investment securities	52,124
Loss on sales of fixed assets	10,229
Loss on retirement of fixed assets	26,897
Reorganization of offices expenses	15,888
Decrease in notes and accounts receivable-trade	423,373
Increase in inventories	17,675
Decrease in consumption tax refund receivable	8,893
Decrease in other current assets	(45,705)
Decrease in notes and accounts payable-trade	(80,706)
Increase in accrued consumption taxes	254,739
Increase in other current liabilities	234,644
Directors' bonuses paid	(3,375)
Directors' bonuses payments charged to minority shareholders	(1,625)
Other	(14,514)
Subtotal	1,494,551
Interest and dividends income received	29,207
Interest expenses paid	(153,001)
Payment for damage repairing	(181,080)
Proceeds from damage insurance	166,196
Income taxes paid	(175,097)
Income taxes refund	15,287
<b>Net cash provided by operating activities:</b>	<b>1,196,062</b>

(Thousands of yen)

	Third Quarter
	From April 1 to December 31
	FY2007
<b>Net Cash Provided by (Used in) Investment Activities:</b>	
Proceeds from redemption of investment securities	500,000
Purchase of property, plant and equipment	(139,982)
Proceeds from sales of property, plant and equipment	1,994,900
Increase (decrease) in lease and guarantee deposits	(7,913)
Other	32,303
<b>Net cash provided by investing activities:</b>	<b>2,379,307</b>
<b>Net Cash Provided by (Used in) Financing Activities:</b>	
Increase (decrease) in short-term loans payable	1,860,000
Repayment of long-term loans from a director	(50,000)
Proceeds from long-term loans payable	30,000
Repayment of long-term loans payable	(3,749,897)
Redemption of bonds	(755,000)
Decrease (increase) in treasury stock	(92)
Cash dividends paid	(2,835)
Other	(120,824)
<b>Net cash provided by financing activities:</b>	<b>(2,788,649)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>786,720</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>595,837</b>
<b>Cash and cash equivalents at the end of period</b>	<b>1,382,558</b>



### (3) Segment Information

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

Prior third quarter (From April 1, 2007 to December 31, 2007)

(Thousands of Yen)

Segments	HS	ES	ERD	Total	Elimination or Group	Consolidated
Sales, operating profit or loss						
Sales:						
(1)Sales to customers . . . . .	11,855,438	2,579,787	5,694,431	20,129,657	-	20,129,657
(2)Internal sales among segments and transfer accounts. . . . .	-	-	412	412	(412)	-
<b>Total . . . . .</b>	<b>11,855,438</b>	<b>2,579,787</b>	<b>5,694,843</b>	<b>20,130,069</b>	<b>(412)</b>	<b>20,129,657</b>
Operating income(loss) . . . . .	3,094,804	(130,686)	(981,093)	1,983,024	(1,592,315)	390,709

#### b. Segment Information by Location

Prior third quarter (From April 1, 2007 to December 31, 2007)

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

#### c. Foreign Sales

Prior third quarter (From April 1, 2007 to December 31, 2007)

There is no foreign sales.

## 6. Other Information

### Net Sales by Division

(Thousands of Yen)

	Third Quarter		Changes	Fiscal year
	from April 1 to December 31			ended March 31
	FY2007	FY2008		FY2007
Termite eradication service	3,920,215	<b>4,102,881</b>	182,665	5,022,942
Foundation repairing treatment	5,109,594	<b>3,430,386</b>	(1,679,207)	7,035,818
Under-roof/floor ventilation system	1,509,627	<b>1,876,865</b>	367,237	1,901,806
Home reinforcement system	271,859	<b>288,178</b>	16,318	351,824
Other	1,044,141	<b>1,556,958</b>	512,817	1,378,814
<b>Home Sanitation Division Total:</b>	11,855,438	<b>11,255,270</b>	(600,168)	15,691,207
Anti-rust equipment installation	594,191	<b>523,052</b>	(71,138)	795,367
Repair of building water-works	761,562	<b>702,234</b>	(59,327)	1,013,175
Waterproofing of building	478,074	<b>442,267</b>	(35,807)	578,344
Other	745,958	<b>684,682</b>	(61,276)	954,038
<b>Establishment Sanitation Division Total:</b>	2,579,787	<b>2,352,237</b>	(227,549)	3,340,925
Industrial waste (Waste plastic processing)	2,845,055	<b>2,795,272</b>	(49,783)	3,777,765
Industrial waste (Organic waste water recycle)	1,429,354	<b>1,459,813</b>	30,458	1,889,000
Generation of electricity	493,441	<b>1,077,488</b>	584,047	769,686
Industrial waste (Incineration)	619,102	-	(619,102)	619,102
Other	307,476	<b>463,008</b>	155,532	422,985
<b>Environmental Resources Development Division Total:</b>	5,694,431	<b>5,795,582</b>	101,151	7,478,540
<b>Total Net Sales:</b>	20,129,657	<b>19,403,091</b>	(726,566)	26,510,673