



# **SANIX INCORPORATED**

## Consolidated Financial Summary

For the third quarter ended December 31, 2009

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, 2009

### 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, 2009

### (1) Consolidated Operating Results

(Millions of Yen)

	Third Quarter			
	from April 1 to December 31			
	FY2009	% change	FY2008	% change
Net Sales . . . . .	18,031	(7.1)	19,403	-
Operating Income . . . . .	169	-	(502)	-
Ordinary Income . . . . .	27	-	(524)	-
Net Income . . . . .	(2,039)	-	(886)	-
Net Income per Share( ¥ ) . . . . .	(¥42.74)	-	(¥18.58)	-
Net Income per Share, Diluted( ¥ ) . . . . .	-	-	-	-

Note: Percentages indicate the increase and decrease compared with the previous third quarter.

### (2) Consolidated Financial Position

(Millions of Yen)

	As of December 31	As of March 31
	FY2009	FY2008
	Total Assets . . . . .	21,419
Net Assets . . . . .	8,688	10,730
Shareholders' Equity Ratio (%) . . . . .	40.4%	51.3%
Net Assets per Share ( ¥ ) . . . . .	¥181.50	¥224.30

Reference:

Shareholders' equity as of December 31, 2009 . . . . . 8,659 million yen

Shareholders' equity as of March 31, 2009 . . . . . 10,701 million yen

## 2. Dividends

(Yen)

	At the end of				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
(Dividends per Share)					
FY2008 ended March 31, 2009 . . . . .	-	0.00	-	0.00	0.00
FY2009 ending March 31, 2010 (Forecast) . . . . .	-	0.00	-	0.00	0.00

### 3. Forecasts for Consolidated Business Results for the Fiscal Year ending March 31, 2010

	(Millions of Yen)	
	FY2009	
	Full Year as of March 31	% Change
Net Sales . . . . .	24,520	(2.8)
Operating Income . . . . .	450	-
Ordinary Income . . . . .	280	-
Net Income . . . . .	(1,830)	-
Net Income per Share(¥) . . . . .	(¥38.36)	-

### 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: None
- (4) Number of Shares Issued and Outstanding

(Shares)

	Third Quarter ended Dec. 31, 2009	Full Year ended Mar. 31, 2009
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>1,209,871</b>	1,209,633
Average number of shares issued and outstanding during the fiscal term . . .	<b>47,709,635</b>	47,710,243 (3Q)

Note:

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.

# Qualitative Information on Financial Statements

For the nine-month period ended December 31, 2009

## 1. Qualitative information on consolidated business results

In the first nine-month period of the current consolidated fiscal year (April 1, 2009 to December 31, 2009), there were some signs that the economy hit bottom and started recovering from the global recession caused by the financial turmoil since the year before last. However, the outlook of the Japanese economy remained unclear due to lingering weakness in employment and consumer spending.

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, with Sanix Energy Inc., one of the consolidated subsidiaries, acquiring shares of K.K. Hokuhei and K.K. C&R who hold a landfill site in Tomakomai City, Hokkaido on October 30, 2009, the ERD (Environmental Resources Development) Division could not only reduce expenses for disposal of incinerated ashes discharged from Tomakomai Power Plant, but also secure a new revenue source by accepting landfill wastes from companies outside the Group. In addition, the HS (Home Sanitation) Division commenced the marketing of a new product, "solar power generation system" for a detached house, from the end of October 2009.

In the first nine-month period of the current consolidated fiscal year, the Sanix Group saw sales in the HS (Home Sanitation) Division, the ES (Establishment Sanitation) Division and the ERD (Environmental Resources Development) Division decline from the same period last year due to effects of economic slowdown. As a result, the Group's total sales amounted to 18,031 million yen (7.1% decrease year-on-year). Regarding incomes, the Group saw profitability improve, since it implemented streamlining measures to reduce fixed costs. Sanix Energy Inc., one of the consolidated subsidiaries, acquired a landfill site in Tomakomai City, Hokkaido. The Group recorded a commission fee of 128 million yen incurred from the acquisition as a non-operating expense. The Group also recorded an impairment loss of 1,975 million yen as an extraordinary loss after reassessed the recoverability of the Organic Liquid Waste Processing Plant in the ERD division, since a decline in the volume of wastewater brought in from the restaurant industry and food processing plants due to recession continued longer than we anticipated. Consequently, the Sanix Group reported operating income of 169 million yen (operating loss of 502 million yen for the same period last year), ordinary income of 27 million yen (ordinary loss of 524 million yen for the same period last year) and quarterly net loss of 2,039 million yen (quarterly net loss of 886 million yen for the same period last year).

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

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

#### **Home Sanitation Division**

In the first nine-month period of the current consolidated fiscal year, sales in Termite Eradication Services declined by 9.5% from the same period last year amid sluggish consumer spending, despite some effects of a television advertising campaign during the busy period of termite eradication (April to June). Meanwhile, sales in Foundation Repair Treatment and Reinforcement Services plunged by 42.2% from the same period last year, since the first-round effects of the sales campaign has ended. Meanwhile, sales in Under-Roof/Floor Ventilation Systems steadily increased by 21.5% (year-on-year). As a result, sales in the HS Division amounted to 10,410 million yen (down 7.5% from the same period last year).

Regarding earnings, the Division posted an operating income of 2,637 million yen (1.8% increase year-on-year),

resulting in an operating-income-to-sales ratio of 25.3% (23.0% for the same period last year), because of reduced advertising expenses compared to the same period last year.

### **Establishment Sanitation Division**

The ES Division consolidated 13 stores in March 2009 to improve business efficiency and recover profitability by concentrating managerial resources on sales activities for corporate customers, such as building and condominium management companies in the Tokyo, Nagoya and Fukuoka areas. As a result, the Division finally posted an operating profit of 148 million yen (operating loss of 60 million yen for the same period last year), since fixed costs decreased due to implementation of cost-cutting measures, although sales decreased by 19.6% (year-on-year) to 1,891 million yen.

### **Environmental Resources Development Division**

Sales in Waste Plastic Processing increased by 12.7% (year-on-year), due to increases in the number of customers and volume of plastic brought in, though the processing unit price was lowered to cope with customers' demands for reduced prices during the economic slump. "Power sales" at the Sanix Energy's Tomakomai Power Plant decreased by 19.9% from the same period last year, due to unit sales prices declined due to weak electricity demand as a result of production adjustments in the manufacturing sector. Sales in Organic Liquid Waste Processing fell by 22.2% (year-on-year), since the volume of waste water brought in from the restaurant industry and food processing factories decreased due to the slowing economy. In addition, the Group recorded sales of "final disposal" from the first nine-month period of the current consolidated fiscal year, since it acquired a landfill site. As a result, sales in the ERD Division amounted to 5,729 million yen (down 1.1% from the same period last year).

Regarding earnings, repair expenses increased, since an extra expense was incurred for an unscheduled work during the Sanix Energy Tomakomai Power Plant's annual facility maintenance conducted in May 2009. Personnel expenses rose at plastic recycling plants, since the Company increased the number of employees in anticipation of a possible expansion in the volume of plastic brought in. As a result, the Division reported an operating loss of 1,089 million yen (operating loss of 1,367 million yen for the same period last year).

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

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

Total assets amounted to 21,419 million yen at the end of the first nine-month period of the current consolidated fiscal year, an increase of 549 million yen from the end of the previous consolidated fiscal year. This is mainly due to an increase in current assets such as cash and deposits and deferred tax assets. Liabilities amounted to 12,731 million yen, an increase of 2,591 million yen from the end of the previous consolidated fiscal year. This is mainly due to an increase in long-term loans payable related to the acquisition of a controlled landfill type landfill site in Tomakomai City, Hokkaido. Net assets totaled 8,688 million yen, a decrease of 2,041 million yen from the end of the previous consolidated fiscal year, mainly due to a quarterly net loss of 2,039 million yen as a result of posting an impairment loss as extraordinary loss. Consequently, the ratio of owners' equity was 40.4%, compared to 51.3% for the previous consolidated fiscal year end.

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

Cash and cash equivalents as of December 31, 2009 totaled 1,302 million yen, an increase of 252 million yen from as of March 31, 2009.

#### **(Cash Flows from Operating Activities)**

Net cash provided by operating activities totaled 496 million yen (increase of 563 million yen from the same period last year), mainly due to non-cash outflow items such as an impairment loss of 1,975 million yen and

depreciation and amortization expenses of 461 million yen were included, despite quarterly net loss before income tax of 1,862 million yen.

**(Cash Flows from Investing Activities)**

Net cash used in investment activities amounted to 2,447 million yen (increase of 3,370 million yen from the same period last year) mainly due to purchase of stocks of subsidiaries and affiliates of 2,000 million yen and purchase of property, plant and equipment of 453 million yen.

**(Cash Flows from Financing Activities)**

Net cash provided by financing activities amounted to 2,203 million yen (increase of 2,841 million yen from the same period last year) mainly due to an increase in loans payable related to the purchase of stocks of subsidiaries and affiliates.

**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 current consolidated fiscal year ending March 2010 as announced on November 11, 2009. For further details, please refer to “Notice Concerning Revision of Earnings Forecast” announced on February 12, 2010.

Full year results forecast (April 1, 2009 to March 31, 2010)

(Millions of Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Previous Forecast	29,457	625	473	340	7.14Yen
Revised Forecast	24,520	450	280	(1,830)	(38.36Yen)
Difference	(4,937)	(175)	(193)	(2,170)	-
% Change	(16.8%)	(28.0%)	(40.8%)	-	-
Results from year before	25,233	(596)	(620)	(4,145)	(86.88Yen)

**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: None

## 5. Consolidated Financial Statements

### (1) Consolidated Quarterly Balance Sheets

(Thousands of Yen)

	As of December 31 FY2009	As of March 31 FY2008
<b>Assets:</b>		
Current Assets:		
Cash and deposits	1,302,697	1,064,885
Notes and accounts receivable-trade	1,882,450	1,678,368
Merchandise and finished goods	42,663	52,928
Raw materials and supplies	780,667	564,104
Other	717,739	642,392
Allowance for doubtful accounts	(110,434)	(107,990)
Total Current Assets:	<u>4,615,784</u>	<u>3,894,689</u>
Noncurrent Assets:		
Property, Plant and Equipment:		
Buildings and structures, net	2,449,113	3,041,333
Machinery, equipment and vehicles, net	1,227,989	2,493,039
Land	9,595,281	9,535,429
Other, net	500,604	257,798
Total Property, Plant and Equipment:	<u>13,772,989</u>	<u>15,327,601</u>
Intangible Fixed Assets:		
Goodwill	989,392	-
Other	71,431	77,307
Total Intangible Fixed Assets	<u>1,060,823</u>	<u>77,307</u>
Investments and Other Assets:	<u>1,969,684</u>	<u>1,569,724</u>
Total Noncurrent Assets:	<u>16,803,497</u>	<u>16,974,634</u>
<b>Total Assets:</b>	<u>21,419,282</u>	<u>20,869,323</u>
<b>Liabilities:</b>		
Current Liabilities:		
Notes and accounts payable-trade	713,811	530,469
Short-term loans payable	5,603,500	5,316,000
Income taxes payable	107,734	159,584
Provision	20,595	122,537
Other	2,631,486	2,407,869
Total Current Liabilities:	<u>9,077,127</u>	<u>8,536,460</u>
Noncurrent Liabilities:		
Long-term loans payable	1,811,500	15,500
Provision for retirement benefits	1,196,113	1,130,617
Provision for disposal site closing expenses	240,288	-
Provision for directors' retirement benefits	213,520	229,845
Other	192,475	226,661
Total Noncurrent Liabilities:	<u>3,653,897</u>	<u>1,602,624</u>
<b>Total Liabilities:</b>	<u>12,731,024</u>	<u>10,139,085</u>

(Thousands of Yen)

	<u>As of December 31</u>	<u>As of March 31</u>
	<u>FY2009</u>	<u>FY2008</u>
<b>Net Assets:</b>		
Shareholders' Equity:		
Capital stock	14,041,834	14,041,834
Capital surplus	-	1,758,841
Retained earnings	(3,803,750)	(3,523,538)
Treasury stock	(1,610,738)	(1,610,705)
Total Shareholders' Equity:	<u>8,627,346</u>	<u>10,666,432</u>
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	31,935	34,636
Total Valuation and translation adjustments:	<u>31,935</u>	<u>34,636</u>
Minority Interests:	<u>28,975</u>	29,169
<b>Total Net Assets:</b>	<u>8,688,257</u>	10,730,238
<b>Total Liabilities and Net Assets:</b>	<u>21,419,282</u>	<u>20,869,323</u>



## (2) Consolidated Quarterly Statements of Income

(Thousands of Yen)

	Third Quarter (9 months)	
	from April 1 to December 31	
	FY2008	FY2009
Net sales	19,403,091	18,031,845
Cost of sales	11,346,357	10,667,024
Gross profit	8,056,733	7,364,821
Selling, general and administrative expenses	8,559,009	7,195,783
Operating income (loss)	(502,275)	169,037
Non-operating income:		
Interest income	5,228	5,333
Dividends income	17,592	7,117
Land and house rent received	50,405	50,460
Other	18,347	29,917
Total non-operating income	91,574	92,828
Non-operating expenses:		
Interest expenses	111,649	102,576
Commission fee	-	128,122
Other	1,935	3,237
Total non-operating expenses	113,585	233,936
Ordinary income (loss)	(524,287)	27,929
Extraordinary income:		
Gain on sales of noncurrent assets	688	-
Gain on sales of investment securities	2,245	21
Insurance income	310,339	3,084
Gain on insurance adjustment	-	14,553
Reversal of allowance for doubtful accounts	-	21
Reversal of provision for bonuses	-	53,632
Gain on revision of retirement benefit plan	-	87,255
Total extraordinary income	313,273	158,568
Extraordinary loss:		
Loss on sales of noncurrent assets	202	-
Loss on retirement of noncurrent assets	243	8,778
Impairment loss	333,000	1,975,625
Loss on cancellation of lease contracts	2,185	2,183
Loss on disaster	263,792	1,940
Loss on valuation of investment securities	-	852
Provision of allowance for doubtful accounts	525	-
Enterprise tax for prior periods	-	59,406
Total extraordinary loss	599,948	2,048,785
Income (loss) before income taxes and minority interests	(810,961)	(1,862,287)
Income taxes-current	89,369	101,808
Income taxes-deferred	(20,530)	74,825
Total income taxes	68,839	176,633
Minority interests in income	6,357	131
Net income (loss)	(886,338)	(2,039,052)

(Thousands of Yen)

	Third Quarter (3 months)	
	from October 1 to December 31	
	FY2008	FY2009
Net sales	5,990,854	<b>5,973,996</b>
Cost of sales	3,637,051	<b>3,804,630</b>
Gross profit	2,353,802	<b>2,169,366</b>
Selling, general and administrative expenses	2,624,275	<b>2,240,404</b>
Operating income (loss)	(270,472)	<b>(71,038)</b>
Non-operating income:		
Interest income	1,712	<b>1,761</b>
Dividends income	6,765	<b>850</b>
Land and house rent received	16,801	<b>16,819</b>
Other	6,443	<b>9,001</b>
Total non-operating income	31,723	<b>28,432</b>
Non-operating expenses:		
Interest expenses	36,307	<b>42,990</b>
Commission fee	-	<b>73,719</b>
Other	702	<b>1,572</b>
Total non-operating expenses	37,010	<b>118,282</b>
Ordinary income (loss)	(275,759)	<b>(160,887)</b>
Extraordinary income:		
Gain on sales of noncurrent assets	688	-
Gain on sales of investment securities	2,245	<b>21</b>
Insurance income	39,560	<b>2,084</b>
Reversal of allowance for doubtful accounts	-	<b>21</b>
Reversal of provision for bonuses	119,627	<b>55,073</b>
Gain on revision of retirement benefit plan	-	<b>87,255</b>
Total extraordinary income	162,122	<b>144,456</b>
Extraordinary loss:		
Loss on sales of noncurrent assets	202	-
Loss on retirement of noncurrent assets	-	<b>810</b>
Impairment loss	-	<b>1,975,625</b>
Loss on cancellation of lease contracts	916	<b>424</b>
Loss on disaster	(6,859)	<b>1,940</b>
Total extraordinary loss	(5,740)	<b>1,978,801</b>
Income (loss) before income taxes and minority interests	(107,896)	<b>(1,995,232)</b>
Income taxes-current	43,626	<b>40,069</b>
Income taxes-deferred	(6,883)	<b>65,555</b>
Total income taxes	36,743	<b>105,624</b>
Minority interests in income	3,925	<b>(1,293)</b>
Net income (loss)	(148,565)	<b>(2,099,564)</b>

## (3) Consolidated Quarterly Statements of Cash Flows

(Thousands of yen)

	Third Quarter (9 months)	
	From April 1 to December 31	
	FY2008	FY2009
<b>Net Cash Provided by (Used in) Operating Activities:</b>		
Income before income taxes and minority interests	(810,961)	(1,862,287)
Depreciation and amortization	660,577	461,995
Impairment loss	333,000	1,975,625
Amortization of goodwill	-	28,001
Loss on disaster	263,792	1,940
Insurance income	(310,339)	(3,084)
Increase/ Decrease in provision for retirement benefits	77,573	43,346
Increase/ Decrease in allowance for doubtful accounts	13,375	(529)
Interest and dividends income	(22,821)	(12,451)
Interest expenses	111,649	102,576
Loss/ Gain on sales of noncurrent assets	(486)	-
Loss on retirement of noncurrent assets	243	8,778
Loss/ Gain on sales of investment securities	(2,245)	(21)
Decrease/ Increase in notes and accounts receivable-trade	196,573	214,839
Decrease/ increase in inventories	16,209	(206,297)
Increase/ decrease in notes and accounts payable-trade	78,291	100,495
Other, net	(557,154)	(138,166)
Subtotal	47,277	714,761
Interest and dividends income received	22,820	21,278
Interest expenses paid	(100,921)	(104,823)
Payments for loss on disaster	(263,000)	(174,806)
Proceeds from insurance income	310,339	190,503
Income taxes paid	(87,396)	(134,674)
Income taxes refund	4,049	-
<b>Net cash provided by operating activities:</b>	<b>(66,833)</b>	<b>512,239</b>
<b>Net Cash Provided by (Used in) Investing Activities:</b>		
Proceeds from withdrawal of time deposits	-	(5,000)
Payments into time deposits	-	20,000
Purchase of property, plant and equipment	(270,517)	(453,826)
Proceeds from sales of property, plant and equipment	1,166,532	-
Proceeds from sales of investment securities	8,280	36
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(2,000,000)
Other	18,950	(8,549)
<b>Net cash provided by investing activities:</b>	<b>923,245</b>	<b>(2,447,339)</b>
<b>Net Cash Provided by (Used in) Financing Activities:</b>		
Net increase (decrease) in short-term loans payable	(248,000)	287,500
Proceeds from long-term loans payable	-	2,000,000
Repayment of long-term loans payable	(189,003)	(17,316)
Repayments of finance lease obligations	-	(46,162)
Other	(200,753)	(20,436)
<b>Net cash provided by financing activities:</b>	<b>(637,756)</b>	<b>2,203,585</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>218,655</b>	<b>268,485</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,019,848</b>	<b>1,034,212</b>
<b>Cash and cash equivalents at the end of period</b>	<b>1,238,504</b>	<b>1,302,697</b>

#### (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

Prior third quarter (From October 1, 2008 to December 31, 2008)

(Thousands of Yen)

Segments	HS	ES	ERD	Total	Elimination or Group	Consolidated
Net Sales:						
(1)Sales to customers . . . . .	3,279,386	678,169	2,033,297	5,990,854	-	5,990,854
(2)Internal sales among segments and transfer accounts. . . . .	-	-	-	-	-	-
Total . . . . .	3,279,386	678,169	2,033,297	5,990,854	-	5,990,854
Operating income (loss) . . . . .	643,310	(65,163)	(344,148)	233,998	(504,470)	(270,472)

Current third quarter (From October 1, 2009 to December 31, 2009)

(Thousands of Yen)

Segments	HS	ES	ERD	Total	Elimination or Group	Consolidated
Net Sales:						
(1)Sales to customers . . . . .	3,197,570	662,565	2,113,861	5,973,996	-	5,973,996
(2)Internal sales among segments and transfer accounts. . . . .	-	-	-	-	-	-
Total . . . . .	3,197,570	662,565	2,113,861	5,973,996	-	5,973,996
Operating income (loss) . . . . .	498,758	65,902	(159,061)	405,599	(476,638)	(71,038)

Prior nine-month period (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)

Current nine-month period (From April 1, 2009 to December 31, 2009)

(Thousands of Yen)

Segments	HS	ES	ERD	Total	Elimination or Group	Consolidated
Net Sales:						
(1)Sales to customers . . . . .	10,410,129	1,891,735	5,729,980	18,031,845	-	18,031,845
(2)Internal sales among segments and transfer accounts. . . . .	-	-	-	-	-	-
Total . . . . .	10,410,129	1,891,735	5,729,980	18,031,845	-	18,031,845
Operating income (loss) . . . . .	2,637,833	148,567	(1,089,798)	1,696,602	(1,527,565)	169,037

## 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, Solar power generation 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, Power generation and Final disposal

3. Additional Information

(Prior third quarter)

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 prior 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 operating loss of the ERD Division decreased by 23,700 thousand yen.

## b. Segment Information by Location

Prior 3rd quarter (From October 1, 2008 to December 31, 2008), and 9-month (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.

Current 3rd quarter (From October 1, 2009 to December 31, 2009), and 9-month (From April 1, 2009 to December 31, 2009)

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 3rd quarter (From October 1, 2008 to December 31, 2008), and 9-month (From April 1, 2008 to December 31, 2008)

There is no foreign sales.

Current 3rd quarter (From October 1, 2009 to December 31, 2009), and 9-month (From April 1, 2009 to December 31, 2009)

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.

## 6. Other Information

### Net Sales by Division

(Thousands of Yen)

	Third Quarter		Changes	Fiscal year
	from April 1 to December 31			ended March 31
	FY2008	FY2009		FY2008
Termite Eradication Service	4,102,881	<b>3,714,528</b>	(388,353)	5,288,667
Foundation Repairing Treatment	3,430,386	<b>1,981,613</b>	(1,448,772)	4,374,361
Under-Roof/Floor Ventilation System	1,876,865	<b>2,281,071</b>	404,205	2,549,838
Home Reinforcement System	288,178	<b>272,440</b>	(15,738)	410,317
Solar Power Generation System	-	<b>489,153</b>	489,153	-
Other	1,556,958	<b>1,671,322</b>	114,363	2,033,948
<b>Home Sanitation Division Total:</b>	11,255,270	<b>10,410,129</b>	(845,141)	14,657,134
Anti-rust equipment installation	523,052	<b>495,651</b>	(27,401)	721,745
Repair of building water-works	702,234	<b>650,940</b>	(51,294)	876,888
Waterproofing of building	442,267	<b>142,404</b>	(299,863)	493,423
Other	684,682	<b>602,739</b>	(81,942)	884,161
<b>Establishment Sanitation Division Total:</b>	2,352,237	<b>1,891,735</b>	(460,501)	2,976,219
Industrial Waste (Waste plastic processing)	2,795,272	<b>3,150,375</b>	355,103	3,603,757
Industrial waste (Organic Waste Water Recycle)	1,459,813	<b>1,135,648</b>	(324,164)	1,833,997
Generation of electricity	1,077,488	<b>862,714</b>	(214,774)	1,550,989
Final Disposal	-	<b>216,894</b>	216,894	-
Other	463,008	<b>364,347</b>	(98,660)	611,607
<b>Environmental Resources Development Division Total:</b>	5,795,582	<b>5,729,980</b>	(65,602)	7,600,352
<b>Total Net Sales:</b>	19,403,091	<b>18,031,845</b>	(1,371,245)	25,233,705