



# **SANIX INCORPORATED**

## **Consolidated Financial Summary**

**For the third quarter ended December 31, 2010**

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, 2010

### 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, Managing Director, Management and Planning Division

## 1. Consolidated Financial Highlights for the third quarter ended December 31, 2010

### (1) Consolidated Operating Results

(Millions of Yen)

|                                  | Third Quarter               |          |          |          |
|----------------------------------|-----------------------------|----------|----------|----------|
|                                  | from April 1 to December 31 |          |          |          |
|                                  | FY2010                      | % change | FY2009   | % change |
| Net Sales                        | 21,974                      | 21.9     | 18,031   | (7.1)    |
| Operating Income                 | 1,138                       | 573.2    | 169      | -        |
| Ordinary Income                  | 1,080                       | -        | 27       | -        |
| Net Income                       | 692                         | -        | (2,039)  | -        |
| Net Income per Share(¥)          | ¥14.52                      | -        | (¥42.74) | -        |
| 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 |  |
|--------------------------------|-------------------|--|----------------|--|
|                                | FY2010            |  | FY2009         |  |
|                                |                   |  |                |  |
| Total Assets                   | 20,643            |  | 19,995         |  |
| Net Assets                     | 7,741             |  | 7,054          |  |
| Shareholders' Equity Ratio (%) | 37.3%             |  | 35.1%          |  |
| Net Assets per Share (¥)       | ¥161.61           |  | ¥147.24        |  |

Reference:

Shareholders' equity as of December 31, 2010                      7,710 million yen

Shareholders' equity as of March 31, 2010                         7,024 million yen

## 2. Dividends

(Yen)

|   | At the end of  |                |                |                |        |
|---|----------------|----------------|----------------|----------------|--------|
|   | 1st<br>Quarter | 2nd<br>Quarter | 3rd<br>Quarter | 4th<br>Quarter | Annual |
| (Dividends per Share)                   |                |                |                |                |        |
| FY2009 ended March 31, 2010             | -              | 0.00           | -              | 0.00           | 0.00   |
| FY2010 ending March 31, 2011 (Forecast) | -              | 0.00           | -              | 0.00           | 0.00   |

### 3. Forecasts for Consolidated Business Results for the Fiscal Year ending March 31, 2011

|                                   | (Millions of Yen)           |          |
|-----------------------------------|-----------------------------|----------|
|                                   | FY2010                      |          |
|                                   | Full Year<br>as of March 31 | % Change |
| Net Sales . . . . .               | 30,000                      | 22.3     |
| Operating Income . . . . .        | 1,300                       | 233.1    |
| Ordinary Income . . . . .         | 1,230                       | 447.0    |
| Net Income . . . . .              | 900                         | -        |
| Net Income per Share(¥) . . . . . | ¥18.86                      | -        |

#### 4. Other (Note) For details, refer to "2. Other Information" in Page 4

##### (1) Changes in significant subsidiaries during the period: No

(Note) Indicates changes in specified subsidiaries resulting in the change in consolidation scope during the third quarter ended December 31, 2010

##### (2) Adoption of simplified accounting treatment and special accounting treatments: No

(Note) Indicates adoption of simplified accounting treatment and special accounting treatments for quarterly consolidated financial statements

##### (3) Changes in accounting principles, procedures, and the presentation

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

2) Changes other than 1): No

(Note) Indicates changes in accounting principles, procedures, and the presentation for quarterly consolidated financial statements (matters to be included in the section, Changes in Basic Important Matters for Preparation of Quarterly Consolidated Financial Statements).

##### (4) Number of Shares Issued and Outstanding

(Shares)

|   | Third Quarter<br>ended Dec. 31, 2010 | Full Year<br>ended Mar. 31, 2010 |
|---|--------------------------------------|----------------------------------|
| Number of shares issued and outstanding at period end. . . . .                  | 48,919,396                           | 48,919,396                       |
| Number of treasury stocks at period end. . . . .                                | 1,209,921                            | 1,209,971                        |
| Average number of shares issued and outstanding during the fiscal term. . . . . | 47,709,435                           | 47,709,635 (3Q)                  |

#### \*Implementation status about the quarterly review:

This summary of financial statements is exempt from quarterly review procedure required by Financial Instruments and Exchange Act. A part of quarterly review for securities report based on Financial Instruments and Exchange Act have not finished at the time of disclosure of this summary of financial statements.

#### \*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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# 1. Qualitative Information for the third quarter ended December 31, 2010

## (1) Qualitative Information of Consolidated Operating Results

In the first nine-month period of the current consolidated fiscal year (April 1, 2010 to December 31, 2010), The outlook for the Japanese economy is still uncertain, because the employment and income environment continues to be difficult, although business confidence has been recovering moderately.

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.

On April 22, 2010, in the first nine-month period of the fiscal year ending March 31, 2011, the Group laid out "Spring Plan 2012," its medium-term management plan for fiscal years 2010 to 2012. In the fiscal year ended March 31, 2010, the Group began marketing a new product, Solar Photovoltaic Power Generation System, and acquired a landfill site in Hokkaido. Before moving into a new business phase, management decided to get the Group back on track for a full-fledged growth by reviewing the direction of the Group's business strategy. Meanwhile, the Environment Resources Development Division is expecting its profitability to improve because the Sanix Energy's Tomakomai Power Plant (Tomakomai City, Hokkaido Prefecture) terminated a wholesale contract with an existing purchaser and signed a new contract with another purchaser under better conditions to supply electricity from June 1, 2010.

In the first nine-month period of the fiscal year ending March 31, 2011, the Sanix Group saw sales in the Home Sanitation Division (HS Division), the Establishment Sanitation Division (ES Division), and the Environmental Resources Development Division (ERD Division) grow from the same period last year. The Group's total sales amounted to 21,974 million (21.9% increase year-on-year). Regarding incomes, the Group saw profitability improve, since it implemented streamlining measures to reduce fixed costs. The Group recorded a reversal of provision for bonuses of 64 million yen as an extraordinary income, and posted an extraordinary loss of 114 million yen, because "Accounting Standards for Asset Retirement Obligations" (ASBJ Statement No. 18) and "Guidance on Accounting Standards for Asset Retirement Obligations" (ASBJ Guidance No. 21) shall be applied from fiscal years beginning on or after April 1, 2010.

As a result, the Sanix Group reported operating income of 1,138 million yen (operating income of 169 million yen for the same period last year), ordinary income of 1,080 million yen (ordinary income of 27 million yen for the same period last year) and net income of 692 million yen (net income of 2,039 million yen for the same period last year).

Earnings of individual divisions during the nine-month period were as follows:

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

#### **1) Home Sanitation Division**

In the HS Division, sales in Termite Eradication Services declined by 8.5% from the same period last year amid sluggish consumer spending, and sales in Foundation Repair Treatment and Reinforcement Services plunged by 18.9% 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 5.1% (year-on-year). And Solar Photovoltaic Power Generation System, which the Group began marketing from October 2009, contributing to sales. Consequently, sales in the HS Division amounted to 12,775 million yen (up 22.7% from the same period last year).

Regarding operating margins, the Division promoted downsizing to reduce fixed costs, the Division's operating income increased by 1.4% year-on-year to 2,675 million yen, since the Division has begun marketing the "Solar Photovoltaic Power Generation System" with a thinner profit-margin than the existing products. The operating-income-to-sales ratio stands at 20.9% (25.3% in the same period last year).

## **2) Establishment Sanitation Division**

The ES Division concentrated its resources on marketing to corporate customers, such as building and condominium management companies in the Tokyo, Nagoya, and Fukuoka areas to improve business efficiency and recover profitability. Consequently, the ES Division's operating income amounted to 146 million yen (down 1.4% year-on-year) on net sales of 1,996 million yen (up 5.5% from the same period last year). This was because a rise in the constituent ratio of the building waterproofing products, which are less profitable than other products, due to revenue from the business jumped 150.7% year-on-year; however fixed costs decreased due to the Division's costs-reduction efforts.

## **3) Environmental Resources Development Division**

Sales in Waste Plastic Processing increased by 21.3% (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 increased by 32.5% year-on-year because the Sanix Energy's Tomakomai Power Plant (Tomakomai City, Hokkaido Prefecture) reduced the regular maintenance period compared to the previous year and began supplying electricity to a new purchaser under better conditions from June 2010. Sales in Organic Liquid Waste Processing fell by 5.8% (year-on-year), since the volume of wastewater brought in from the restaurant industry and food processing factories decreased due to the slowing economy. The Group posted sales in Landfill Operations because it acquired a landfill site in the third quarter of the previous fiscal year. As a result, sales in the ERD Division amounted to 7,202 million yen (up 25.7% from the same period last year).

The Division saw operating loss decrease to 135 million yen (operating loss of 1,089 million yen for the same period last year) because its efforts to increase productivity and reduce costs paid off.

## **(2) Qualitative information on consolidated financial condition**

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

Total assets amounted to 20,643 million yen as of the end of the first nine-month period of the current fiscal year, up 648 million yen from the end of the previous fiscal year. This was mainly due to an increase in cash and deposits and notes and accounts receivable-trade and inventories. Total liabilities were 12,902 million yen, down 38 million yen from the end of the previous fiscal year. This was attributable to a decrease in notes and accounts payable-trade and repayments of loans payable. Net assets totaled 7,741 million yen, up 686 million yen from the previous consolidated fiscal year end. This increase was primarily due to the net income of 692 million yen incurred during the quarter. Consequently, the ratio of owners' equity was 37.3%, compared to 35.1% for the previous consolidated fiscal year end.

### **2) Cash Flows**

Cash and cash equivalents as of December 31, 2010 totaled 1,687 million yen, an increase of 432 million yen from as of March 31, 2010.

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

Net cash provided by operating activities totaled 972 million yen, an increase of 476 million yen from the same period last year. This was mainly due to an increase in notes and accounts receivable-trade of 384 million yen and a decrease in accounts payable-trade of 376 million yen, despite the recording of net income before income taxes of 1,038 million yen.

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

Net cash used for investing activities totaled 133 million yen, a decrease of 2,313 million yen from the same period last year. This was mainly due to the payments for purchase of property, plant and equipment by 135

million yen.

(Cash Flows from Financing Activities)

Net cash used for financing activities totaled 406 million yen, a decrease of 2,610 million yen from the same period last year. This was mainly due to the repayments of loans payable.

### **(3) Qualitative information on the forecast of consolidated business results**

There is no change in the forecast of consolidated business results for the current fiscal year ending March 2011, the Sanix Group announced on November 10, 2010.

## **2. Other Information**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in consolidation scope): None

(2) Adoption of simplified accounting treatment and special accounting treatments: None

(3) Changes in accounting principles, procedures and presentation:

<Changes in accounting standards>

1) Adopting the "Accounting Standard for Asset Retirement Obligations"

Effective from the first quarter of the current fiscal year, the Company adopted new accounting standards, "Accounting Standard for Asset Retirement Obligations" (ASBJ statement No.18, March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21, March 31, 2008). In connection with the adoption of these Standards, operating income and ordinary income decreases in 6,319 thousand yen and income before income taxes and minority interests decreases in 120,588 thousand yen.

2) Adopting the "Accounting Standard for Business Combinations"

Effective from the first quarter of the current fiscal year, the Company adopted the "Accounting Standard for Business Combinations" (ASBJ statement No.21, December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ statement No.22, December 26, 2008), "Partial amendments to Accounting Standard for Research and Development Costs" (ASBJ statement No.23, December 26, 2008)," Accounting Standard for Business Divestitures" (ASBJ statement No.7, December 26, 2008), "Accounting Standard for Equity Method of Accounting for Inventories" (ASBJ statement No.16, December 26, 2008) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10 December 26, 2008).

### 3. Consolidated Financial Statements for the third quarter ended December 31, 2010

#### (1) Consolidated Quarterly Balance Sheets

(Thousands of Yen)

|  | As of December 31 | As of March 31    |
|--|-------------------|-------------------|
|  | FY2010            | FY2009            |
| <b>Assets:</b>                               |                   |                   |
| Current Assets:                              |                   |                   |
| Cash and deposits                            | 1,687,532         | 1,254,960         |
| Notes and accounts receivable-trade          | 2,440,167         | 2,055,714         |
| Merchandise and finished goods               | 71,058            | 59,981            |
| Raw materials and supplies                   | 1,401,038         | 1,160,785         |
| Other  | 725,018           | 731,319           |
| Allowance for doubtful accounts              | (97,388)          | (109,694)         |
| Total Current Assets:                        | 6,227,427         | 5,153,065         |
| Noncurrent Assets:                           |                   |                   |
| Property, Plant and Equipment:               |                   |                   |
| Buildings and structures, net                | 2,330,765         | 2,248,637         |
| Machinery, equipment and vehicles, net       | 161,746           | 162,775           |
| Land   | 8,979,529         | 8,979,529         |
| Other, net                                   | 291,130           | 437,373           |
| Total Property, Plant and Equipment:         | 11,763,171        | 11,828,315        |
| Intangible Fixed Assets:                     |                   |                   |
| Goodwill                                     | 877,385           | 961,390           |
| Other  | 61,678            | 61,884            |
| Total Intangible Fixed Assets:               | 939,063           | 1,023,275         |
| Investments and Other Assets:                | 1,714,326         | 1,991,062         |
| Total Fixed Assets:                          | 14,416,561        | 14,842,653        |
| <b>Total Assets:</b>                         | <b>20,643,989</b> | <b>19,995,719</b> |
| <b>Liabilities:</b>                          |                   |                   |
| Current Liabilities:                         |                   |                   |
| Notes and accounts payable-trade             | 782,947           | 1,159,167         |
| Short-term loans payable                     | 1,762,500         | 5,345,000         |
| Income taxes payable                         | 180,625           | 161,477           |
| Provision                                    | 25,171            | 90,019            |
| Other  | 3,689,815         | 2,586,718         |
| Total Current Liabilities:                   | 6,441,059         | 9,342,383         |
| Noncurrent Liabilities:                      |                   |                   |
| Long-term loans payable                      | 4,509,877         | 1,726,168         |
| Provision for retirement benefits            | 1,300,179         | 1,212,181         |
| Provision for disposal site closing expenses | 284,991           | 258,722           |
| Other provision                              | 177,180           | 209,895           |
| Other  | 189,367           | 191,825           |
| Total Noncurrent Liabilities:                | 6,461,597         | 3,598,793         |
| <b>Total Liabilities:</b>                    | <b>12,902,657</b> | <b>12,941,176</b> |



(Thousands of Yen)

|   | <u>As of December 31</u> | <u>As of March 31</u> |
|---|--------------------------|-----------------------|
|   | <u>FY2010</u>            | <u>FY2009</u>         |
| <b>Net Assets:</b>                                    |                          |                       |
| Shareholders' Equity:                                 |                          |                       |
| Capital stock   | 14,041,834               | 14,041,834            |
| Capital surplus                                       | (4,748,157)              | (5,440,972)           |
| Treasury stock  | (1,610,778)              | (1,610,755)           |
| Total Shareholders' Equity:                           | <u>7,682,898</u>         | <u>6,990,107</u>      |
| Valuation and translation adjustments:                |                          |                       |
| Valuation difference on available-for-sale securities | 27,531                   | 34,396                |
| Total Valuation and translation adjustments:          | <u>27,531</u>            | <u>34,396</u>         |
| Minority Interests:                                   | <u>30,901</u>            | 30,039                |
| <b>Total Net Assets:</b>                              | <u>7,741,332</u>         | 7,054,542             |
| <b>Total Liabilities and Net Assets:</b>              | <u>20,643,989</u>        | 19,995,719            |

**(2) Consolidated Quarterly Statements of Income**

(Thousands of Yen)

|   | Third Quarter (9 months)    |                   |
|---|-----------------------------|-------------------|
|   | from April 1 to December 31 |                   |
|   | FY2009                      | FY2010            |
| Net sales   | 18,031,845                  | <b>21,974,026</b> |
| Cost of sales   | 10,667,024                  | <b>13,456,397</b> |
| Gross profit  | 7,364,821                   | <b>8,517,629</b>  |
| Selling, general and administrative expenses  | 7,195,783                   | <b>7,379,604</b>  |
| Operating income  | 169,037                     | <b>1,138,024</b>  |
| Non-operating income:   |                             |                   |
| Interest income   | 5,333                       | <b>5,091</b>      |
| Dividends income  | 7,117                       | <b>7,132</b>      |
| Land and house rent received  | 50,460                      | <b>50,459</b>     |
| Other   | 29,917                      | <b>29,857</b>     |
| Total non-operating income  | 92,828                      | <b>92,540</b>     |
| Non-operating expenses:   |                             |                   |
| Interest expenses   | 102,576                     | <b>144,373</b>    |
| Commission fee  | 128,122                     | -                 |
| Other   | 3,237                       | <b>5,698</b>      |
| Total non-operating expenses  | 233,936                     | <b>150,072</b>    |
| Ordinary income   | 27,929                      | <b>1,080,492</b>  |
| Extraordinary income:   |                             |                   |
| Gain on sales of noncurrent assets  | -                           | <b>170</b>        |
| Gain on sales of subsidiaries and affiliates' stocks                                      | -                           | <b>7,000</b>      |
| Gain on sales of investment securities  | 21                          | -                 |
| Insurance income  | 3,084                       | -                 |
| Gain on insurance adjustment  | 14,553                      | -                 |
| Reversal of allowance for doubtful accounts   | 21                          | <b>2,637</b>      |
| Reversal of provision for bonuses   | 53,632                      | <b>64,788</b>     |
| Gain on revision of retirement benefit plan   | 87,255                      | -                 |
| Total extraordinary income  | 158,568                     | <b>74,596</b>     |
| Extraordinary loss:   |                             |                   |
| Loss on retirement of noncurrent assets   | 8,778                       | <b>572</b>        |
| Impairment loss   | 1,975,625                   | -                 |
| Loss on cancellation of lease contracts   | 2,183                       | <b>878</b>        |
| Loss on disaster  | 1,940                       | <b>991</b>        |
| Loss on valuation of investment securities  | 852                         | -                 |
| Loss on adjustment for changes of accounting standard<br>for asset retirement obligations | -                           | <b>114,268</b>    |
| Enterprise tax for prior periods  | 59,406                      | -                 |
| Total extraordinary loss  | 2,048,785                   | <b>116,711</b>    |
| Income (loss) before income taxes and minority interests                                  | (1,862,287)                 | <b>1,038,377</b>  |
| Income taxes-current  | 101,808                     | <b>184,544</b>    |
| Income taxes-deferred   | 74,825                      | <b>159,831</b>    |
| Total income taxes  | 176,633                     | <b>344,375</b>    |
| Income before minority interests  | -                           | <b>694,001</b>    |
| Minority interests in income  | 131                         | <b>1,187</b>      |
| Net income (loss)   | (2,039,052)                 | <b>692,814</b>    |

**(3) Consolidated Quarterly Statements of Cash Flows**

(Thousands of yen)

|   | Third Quarter (9 months)    |                  |
|---|-----------------------------|------------------|
|   | From April 1 to December 31 |                  |
|   | FY2009                      | FY2010           |
| <b>Net Cash Provided by (Used in) Operating Activities:</b>                               |                             |                  |
| Income (loss) before income taxes   | (1,862,287)                 | 1,038,377        |
| Depreciation and amortization   | 461,995                     | 306,492          |
| Impairment loss   | 1,975,625                   | —                |
| Amortization of goodwill  | 28,001                      | 84,005           |
| Loss on adjustment for changes of accounting standard<br>for asset retirement obligations | -                           | 114,268          |
| Loss on disaster  | 1,940                       | 991              |
| Insurance income  | (3,084)                     | —                |
| Increase (Decrease) in provision for retirement benefits                                  | 43,346                      | 87,998           |
| Increase (Decrease) in allowance for doubtful accounts                                    | (529)                       | (7,990)          |
| Interest and dividends income   | (12,451)                    | (12,223)         |
| Interest expenses   | 102,576                     | 144,373          |
| Loss (Gain) on sales of noncurrent assets   | —                           | (170)            |
| Loss on retirement of noncurrent assets   | 8,778                       | 572              |
| Loss (Gain) on sales of investment securities   | (21)                        | —                |
| Decrease (Increase) in notes and accounts receivable-trade                                | 214,839                     | (384,453)        |
| Decrease (increase) in inventories  | (206,297)                   | (251,901)        |
| Increase (decrease) in notes and accounts payable-trade                                   | 100,495                     | (376,220)        |
| Other, net  | (153,839)                   | 530,050          |
| Subtotal  | 699,088                     | 1,274,171        |
| Interest and dividends income received  | 21,278                      | 11,737           |
| Interest expenses paid  | (104,823)                   | (163,021)        |
| Payments for loss on disaster   | (174,806)                   | —                |
| Proceeds from insurance income  | 190,503                     | —                |
| Income taxes paid   | (134,674)                   | (157,018)        |
| Income taxes refund   | —                           | 7,109            |
| <b>Net cash provided by operating activities:</b>   | <b>496,565</b>              | <b>972,978</b>   |
| <b>Net Cash Provided by (Used in) Investing Activities:</b>                               |                             |                  |
| Payments into time deposits   | (5,000)                     | —                |
| Proceeds from withdrawal of time deposits   | 20,000                      | —                |
| Purchase of property, plant and equipment   | (453,826)                   | (135,693)        |
| Proceeds from sales of property, plant and equipment                                      | —                           | 1,084            |
| Proceeds from sales of investment securities  | 36                          | —                |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation     | (2,000,000)                 | —                |
| Other   | (8,549)                     | 753              |
| <b>Net cash provided by investing activities:</b>   | <b>(2,447,339)</b>          | <b>(133,854)</b> |
| <b>Net Cash Provided by (Used in) Financing Activities:</b>                               |                             |                  |
| Net increase (decrease) in short-term loans payable                                       | 287,500                     | (3,582,500)      |
| Proceeds from long-term loans payable   | 2,000,000                   | 3,530,000        |
| Repayment of long-term loans payable  | (17,316)                    | (293,404)        |
| Repayments of finance lease obligations   | (46,162)                    | (59,978)         |
| Other   | (20,436)                    | (669)            |
| <b>Net cash provided by financing activities:</b>   | <b>(2,203,585)</b>          | <b>(406,551)</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b>                               | <b>252,811</b>              | <b>432,572</b>   |
| <b>Cash and cash equivalents at beginning of period</b>                                   | <b>1,049,885</b>            | <b>1,254,960</b> |
| <b>Cash and cash equivalents at the end of period</b>                                     | <b>1,302,697</b>            | <b>1,687,532</b> |

#### (4) Note regarding 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

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

| a. Segment Information by Type of Business                         |            |           |             |            |                         |              | (Thousands of Yen) |
|--|------------|-----------|-------------|------------|-------------------------|--------------|--------------------|
| Segments   | HS         | ES        | ERD         | Total      | Elimination<br>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<br>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)

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, Home reinforcement system and Solar photovoltaic 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

#### b. Segment Information by Location

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

There is no foreign sales.

Current nine-month period (From April 1, 2010 to December 31, 2010)

(Thousands of Yen)

| Segments   | HS         | ES        | ERD       | Total      | Elimination<br>or Group | Consolidated |
|--|------------|-----------|-----------|------------|-------------------------|--------------|
| Net Sales:   |            |           |           |            |                         |              |
| (1)Sales to customers . . . . .                                    | 12,775,211 | 1,996,331 | 7,202,483 | 21,974,026 | -                       | 21,974,026   |
| (2)Internal sales among segments<br>and transfer accounts. . . . . | -          | -         | -         | -          | -                       | -            |
| Total . . . . .  | 12,775,211 | 1,996,331 | 7,202,483 | 21,974,026 | -                       | 21,974,026   |
| Operating income (loss) . . . . .                                  | 2,675,081  | 146,444   | (135,180) | 2,686,345  | (1,548,320)             | 1,138,024    |

(Additional Information)

Effective from the first quarter of the current fiscal year, the Company adopted new accounting standards, the "Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ statement No.17, March 27, 2009) and the "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ Guidance No.20, March 21, 2008).

#### (6) Note regarding significant changes in the amount of shareholders' equity

There is no significant change.

## 4. Supplement Information

### Net Sales by Division

(Thousands of Yen)

|  | Third quarter (9 month)     |                   | Changes   |
|--|-----------------------------|-------------------|-----------|
|  | from April 1 to December 31 |                   |           |
|  | FY2009                      | FY2010            |           |
| Termite Eradication Service                                | 3,714,528                   | <b>3,399,764</b>  | (314,763) |
| Under-Roof/Floor Ventilation System                        | 2,281,071                   | <b>2,397,589</b>  | 116,518   |
| Foundation Repairing Treatment                             | 1,981,613                   | <b>1,606,322</b>  | (375,291) |
| Home Reinforcement System                                  | 272,440                     | <b>309,729</b>    | 37,289    |
| Solar photovoltaic power generation system                 | 489,153                     | <b>2,797,201</b>  | 2,308,048 |
| Other  | 1,671,322                   | <b>2,264,603</b>  | 593,281   |
| <b>Home Sanitation Division Total:</b>                     | 10,410,129                  | <b>12,775,211</b> | 2,365,082 |
| Anti-rust equipment installation                           | 495,651                     | <b>515,438</b>    | 19,786    |
| Repair of building water-works                             | 650,940                     | <b>582,152</b>    | (68,787)  |
| Waterproofing of building                                  | 142,404                     | <b>357,037</b>    | 214,632   |
| Other  | 602,739                     | <b>541,703</b>    | (61,036)  |
| <b>Establishment Sanitation Division Total:</b>            | 1,891,735                   | <b>1,996,331</b>  | 104,595   |
| Industrial Waste (Waste plastic processing)                | 3,150,375                   | <b>3,820,647</b>  | 670,272   |
| Industrial waste (Organic Waste Water Recycle)             | 1,135,648                   | <b>1,070,125</b>  | (65,523)  |
| Generation of electricity                                  | 862,714                     | <b>1,143,050</b>  | 280,336   |
| Final disposal   | 216,894                     | <b>710,902</b>    | 494,007   |
| Other  | 364,347                     | <b>457,757</b>    | 93,409    |
| <b>Environmental Resources Development Division Total:</b> | 5,729,980                   | <b>7,202,483</b>  | 1,472,502 |
| <b>Total Net Sales:</b>                                    | 18,031,845                  | <b>21,974,026</b> | 3,942,180 |