



## Sunair Services Corporation Reports Fourth Quarter and Full Year 2008 Financial Results

BOCA RATON, Fla., Jan 14, 2009 /PRNewswire-FirstCall via COMTEX News Network/ --

Sunair Services Corporation (Amex: SNR) today announced its financial results for the fourth quarter and fiscal year ended September 30, 2008.

Revenues from continuing operations for the fourth quarter ended September 30, 2008 were \$14.4 million, compared to revenues of \$13.8 million for fourth quarter 2007. The Company incurred a loss from continuing operations of \$(411,916) for the fourth quarter, or \$(0.03) per basic and diluted share, compared to a loss of \$(2,956,993) for the same quarter last year, or \$(0.22) per basic and diluted share.

Sunair Services incurred a tax affected loss from discontinued operations of \$(2,704,173) for the fourth quarter of 2008, or \$(0.21) per basic and diluted share, compared to tax affected income of \$626,857 from discontinued operations for the comparable period last year, or \$0.04 per basic and diluted share.

The Company reported a net loss of \$(3,116,089) for the fourth quarter, or \$(0.24) per basic and diluted share, compared to a net loss of \$(2,330,136) for the fourth quarter of 2007, or \$(0.18) per basic and diluted share.

### Full Year Results

Revenues from continuing operations for the fiscal year ended September 30, 2008 were \$56.6 million, compared to revenues of \$53.0 million for the fiscal year ended September 30, 2007. The Company reported a loss from continuing operations of \$(4,636,585) for fiscal year 2008, or \$(0.35) per basic and diluted share, compared to a loss of \$(4,627,882) for the fiscal year 2007, or \$(0.35) per basic and diluted share.

The tax affected loss from discontinued operations for the year was \$(1,876,039), or \$(0.14) per basic and diluted share, compared to tax affected income of \$2,012,692 from discontinued operations for the fiscal year 2007, or \$0.15 per basic and diluted share.

The Company reported a net loss of \$(6,512,624) for the fiscal year 2008, or \$(0.49) per basic and diluted share, compared to net loss of \$(2,615,190) for the same period last year, or \$(0.20) per basic and diluted share.

### Discontinued Operations

On August 1, 2007, Sunair Services sold all the outstanding shares of Percipia, Inc. for approximately \$4.0 million in cash. In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", the results of operations for Percipia, Inc. have been reclassified from continuing to discontinued operations for all periods presented in the accompanying Consolidated Statements of Operations.

On September 1, 2008, the Company sold all the outstanding shares of Telecom FM, Ltd. for approximately \$3.6 million in cash. In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", the results of operations for Telecom FM, Ltd. have been reclassified from continuing to discontinued operations for all periods presented in the accompanying Consolidated Statements of Operations.

### Comments from Management

Jack Ruff, Chief Executive Officer and President of Sunair Services stated, "As a direct result of the numerous initiatives undertaken in the fourth quarter and announced on December 2, we made significant improvements to our financial performance from continuing operations."

He added, "In light of a challenging business environment, we continue to review our operations carefully in order to improve our top line performance while simultaneously managing operational costs to increase the profitability of our Company. With the completion of our legacy businesses dispositions, we believe the performance of our primary business should further improve."

## ABOUT SUNAIR

Sunair Services Corporation, a Florida corporation, through its wholly owned subsidiary, Middleton Pest Control, Inc., with headquarters located in Orlando, Florida, provides pest control and lawn care services to both residential and commercial customers. Middleton provides essential pest control services and protection against termites and insects to homes and businesses. In addition, Middleton supplies lawn care services to homes and businesses, which includes fertilization treatments and protection against disease, weeds and insects for lawns and shrubs. For more information about Sunair, please visit <http://www.sunairservices.com>.

### Information Regarding Forward Looking Statements

Some of the statements in this press release, including those that contain the words "anticipate," "believe," "plan," "estimate," "expect," "should," "intend" and other similar expressions, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Those forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or those of our industry to be materially different from any future results, performance or achievements expressed or implied by those forward-looking statements. Among the factors that could cause actual results, performance or achievement to differ materially from those described or implied in the forward-looking statements include the success of the Company's growth initiatives, demand for the Company's lawn care and pest control services, general economic conditions, competition, potential technology changes, the risks inherent in new product and service introductions, the risks inherent in the entry into new geographic markets, and other factors included in Sunair's filings with the SEC. Copies of Sunair's SEC filings are available from the SEC or may be obtained upon request from Sunair. Sunair does not undertake any obligation to update the information contained herein, which speaks only as of this date.

SUNAIR SERVICES CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
AUDITED  
SEPTEMBER 30,

ASSETS -----	2008 ----	2007 ----
CURRENT ASSETS:		
Cash and cash equivalents	\$2,974,382	\$2,781,838
Accounts receivable, net	2,597,447	3,481,064
Inventories, net	1,403,832	1,826,636
Prepaid and other current assets	2,829,535	2,185,909
	-----	-----
Total Current Asset	9,805,196	10,275,447
	-----	-----
PROPERTY, PLANT, AND EQUIPMENT, net	1,907,213	2,118,552
OTHER ASSETS:		
Note receivable, net	-	2,000,000
Software costs, net	246,979	359,375
Customer list, net	7,456,704	10,958,234
Goodwill	62,112,528	60,675,353
Other assets	254,790	390,294
	-----	-----
Total Other Assets	70,071,001	74,383,256
	-----	-----
TOTAL ASSETS	\$81,783,410	\$86,777,255
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

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CURRENT LIABILITIES:

Accounts payable	\$1,787,406	\$2,346,395
Accrued expenses	3,256,342	4,263,674
Unearned revenues	863,770	952,417
Customer deposits	3,149,715	3,166,264
Revolving line of credit, current portion	4,100,000	-
Notes payable and capital leases, current portion	2,306,189	409,029
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Total Current Liabilities	15,463,422	11,137,779
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LONG TERM LIABILITIES:

Notes payable and capital leases, net of current portion	3,682,184	5,545,456
Note payable -- related party	5,000,000	5,000,000
Revolving line of credit, net of current portion	5,500,000	6,732,796
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Total Long Term Liabilities	14,182,184	17,278,252
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TOTAL LIABILITIES	29,645,606	28,416,031
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STOCKHOLDERS' EQUITY:

Preferred stock	-	-
Common stock	1,309,110	1,309,110
Additional paid-in capital	52,756,311	52,378,437
Retained (deficit) earnings	(1,927,617)	4,585,007
Accumulated other comprehensive gain - cumulative translation adjustment	-	88,670
	-	-----
Total Stockholders' Equity	52,137,804	58,361,224
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$81,783,410	\$86,777,255
	=====	=====

SUNAIR SERVICES CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
AUDITED

	FYE 2008	FYE 2007
	-----	-----
SALES	\$56,612,660	\$53,015,997
COST OF SALES	21,642,620	19,285,950
	-----	-----
GROSS PROFIT	34,970,040	33,730,047
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	38,473,944	37,026,206
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LOSS FROM OPERATIONS	(3,503,904)	(3,296,159)
	-----	-----
OTHER INCOME (EXPENSES):		
Interest income	142,814	202,280
Interest expense	(1,339,721)	(1,224,834)
Gain on disposal of assets	(10,774)	27,896
Other income	75,000	-
	-----	-----
Total Other Expenses	(1,132,681)	(994,658)
	-----	-----
LOSS FROM OPERATIONS BEFORE INCOME TAXES	(4,636,585)	(4,290,817)
INCOME TAX (EXPENSE) BENEFIT	-	(337,065)
	-	-----
LOSS FROM CONTINUING OPERATIONS	(4,636,585)	(4,627,882)
(LOSS) INCOME FROM DISCONTINUED OPERATIONS, NET OF INCOME TAX	(1,876,039)	2,012,692
	-----	-----
NET LOSS	\$ (6,512,624)	\$ (2,615,190)
	=====	=====
BASIC AND DILUTED INCOME (LOSS) PER SHARE:		
CONTINUING OPERATIONS	\$(0.35)	\$(0.35)
	=====	=====
DISCONTINUED OPERATIONS	\$(0.14)	\$0.15
	=====	=====
NET LOSS	\$(0.49)	\$(0.20)
	=====	=====
WEIGHTED AVERAGE SHARES OUTSTANDING:		
BASIC	13,091,088	13,066,429
	=====	=====
DILUTED	13,091,088	13,066,429
	=====	=====

SUNAIR SERVICES CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
UNAUDITED

	3 months ended 09/30/08	3 months ended 09/30/07
	-----	-----
SALES	\$14,380,859	\$13,829,320
COST OF SALES	5,679,439	4,947,372
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GROSS PROFIT	8,701,420	8,881,948
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	8,888,152	10,840,039
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LOSS FROM OPERATIONS	(186,732)	(1,958,091)

OTHER INCOME (EXPENSES):		
Interest income	15,301	45,618
Interest expense	(224,642)	(279,630)
Gain on disposal of assets	(15,843)	17,380
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Total Other Expenses	(225,184)	(216,632)
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LOSS FROM OPERATIONS BEFORE INCOME TAXES	(411,916)	(2,174,723)
INCOME TAX (EXPENSE) BENEFIT	-	(782,270)
	-	-----
LOSS FROM CONTINUING OPERATIONS	(411,916)	(2,956,993)
(LOSS) INCOME FROM DISCONTINUED OPERATIONS, NET OF INCOME TAX	(2,704,173)	626,857
	-----	-----
NET LOSS	\$ (3,116,089)	\$ (2,330,136)
	=====	=====
BASIC AND DILUTED INCOME (LOSS) PER SHARE:		
CONTINUING OPERATIONS	\$ (0.03)	\$ (0.22)
	=====	=====
DISCONTINUED OPERATIONS	\$ (0.21)	\$ 0.04
	=====	=====
NET LOSS	\$ (0.24)	\$ (0.18)
	=====	=====
WEIGHTED AVERAGE SHARES OUTSTANDING:		
BASIC	13,091,088	13,091,088
	=====	=====
DILUTED	13,091,088	13,091,088
	=====	=====

SOURCE Sunair Services Corporation

<http://www.sunairservices.com>

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