



## Sunair Services Corporation Reports First Fiscal Quarter 2009 Financial Results

### --Second Consecutive Quarter of Improving Performance

BOCA RATON, Fla., Feb 18, 2009 /PRNewswire-FirstCall via COMTEX News Network/ -- Sunair Services Corporation (Amex: SNR) announced its financial results for the first fiscal quarter ended December 31, 2008.

Revenues from continuing operations for the first fiscal quarter ended December 31, 2008 were \$12.7 million, compared to revenues of \$13.5 million for the first quarter of the prior year. The Company incurred a loss from continuing operations of \$(548,019) for the first fiscal quarter ended December 31, 2008, or \$(0.06) per basic and diluted share, compared to a loss of \$(1,917,136) for the same quarter last year, or \$(0.17) per basic and diluted share.

Sunair Services incurred a tax affected loss from discontinued operations of \$(63,306) for the first fiscal quarter ended December 31, 2008, or \$(0.01) per basic and diluted share, compared to tax affected income of \$132,243 from discontinued operations for the comparable period last year, or \$0.01 per basic and diluted share.

The Company reported a net loss of \$(859,473) for the first fiscal quarter ended December 31, 2008, or \$(0.07) per basic and diluted share, compared to a net loss of \$(2,113,813) for the same quarter last year, or \$(0.16) per basic and diluted share.

#### Comments from Management

Jack Ruff, Chief Executive Officer and President of Sunair Services stated, "Once again I am pleased with the changes we are making at Middleton and the positive impact those changes are having on our financial condition. As a result of our expectations to continue to produce positive operating cash flow higher than the previous year, we plan to reduce the company's leverage in the months ahead. Like many companies today, economic conditions are causing downward pressure on revenue; however we are able to produce higher earnings from a more efficient operation."

#### 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, including but not limited to the Company's annual report on Form 10-K for the fiscal year ended September 30, 2009. 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.

(UNAUDITED)

	December 31, 2008 ----	September 30, 2008 ----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$1,693,138	\$2,974,382
Accounts receivable, net	1,968,529	2,597,447
Inventories, net	1,053,738	1,403,832
Prepaid and other current assets	596,360	2,829,535
	-----	-----
Total Current Assets	5,311,765	9,805,196
	-----	-----
PROPERTY, PLANT, AND EQUIPMENT, net	1,723,417	1,907,213
OTHER ASSETS:		
Software costs, net	340,634	246,979
Customer list, net	6,525,603	7,456,704
Goodwill	62,112,528	62,112,528
Other assets	406,573	254,790
	-----	-----
Total Other Assets	69,385,338	70,071,001
	-----	-----
TOTAL ASSETS	\$76,420,520	\$81,783,410
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$1,465,781	\$1,787,406
Accrued expenses	2,910,865	3,256,342
Unearned revenues	687,791	863,770
Customer deposits	2,538,729	3,149,715
Revolving line of credit, current portion	1,300,000	4,100,000
Notes payable and capital leases, current portion	3,781,424	2,306,189
	-----	-----
Total Current Liabilities	12,684,590	15,463,422
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LONG TERM LIABILITIES:		
Notes payable and capital leases, net of current portion	1,918,150	3,682,184
Note payable -related party	5,000,000	5,000,000
Revolving line of credit, net of current portion	5,500,000	5,500,000
	-----	-----
Total Long Term Liabilities	12,418,150	14,182,184
	-----	-----
TOTAL LIABILITIES	25,102,740	29,645,606
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STOCKHOLDERS' EQUITY:

Preferred stock, no par value	-	-
Common stock, \$.10 par value	1,309,110	1,309,110
Additional paid-in capital	52,795,760	52,756,311
Accumulated deficit	(2,787,090)	(1,927,617)
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Total Stockholders' Equity	51,317,780	52,137,804
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$76,420,520	\$81,783,410
	=====	=====

SUNAIR SERVICES CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE THREE MONTHS ENDED DECEMBER 31, 2008 AND 2007  
(UNAUDITED)

	2008	2007
	----	----
SALES	\$12,719,866	\$13,477,631
COST OF SALES	5,051,693	5,240,267
	-----	-----
GROSS PROFIT	7,668,173	8,237,364
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	8,216,192	10,154,500
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LOSS FROM OPERATIONS	(548,019)	(1,917,136)
OTHER INCOME (EXPENSES):		
Interest income	1,701	46,037
Interest expense	(263,025)	(379,627)
(Loss) gain on disposal of assets	(11,824)	4,670
Gain on extinguishment of debt	25,000	-
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Total Other Income (Expenses)	(248,148)	(328,920)
	-----	-----
LOSS FROM OPERATIONS BEFORE INCOME TAXES	(796,167)	(2,246,056)
INCOME TAX PROVISION	-	-
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LOSS FROM CONTINUING OPERATIONS	(796,167)	(2,246,056)
(LOSS) INCOME FROM DISCONTINUED OPERATIONS, NET	(63,306)	132,243
	-----	-----
NET LOSS	\$(859,473)	\$(2,113,813)
	=====	=====
BASIC AND DILUTED (LOSS) INCOME PER SHARE:		
CONTINUING OPERATIONS	\$(0.06)	\$(0.17)
	=====	=====
DISCONTINUED OPERATIONS	\$(0.01)	\$0.01
	=====	=====

NET LOSS	\$ (0.07)	\$ (0.16)
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WEIGHTED AVERAGE SHARES OUTSTANDING:

BASIC and DILUTED	13,091,088	13,091,088
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SUNAIR SERVICES CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED DECEMBER 31, 2008 AND 2007  
(UNAUDITED)

	2008	2007
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CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$(859,473)	\$(2,113,813)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	206,609	227,383
Amortization	931,101	978,299
Bad debt reserve	60,854	28,734
Inventory reserve	-	374
Loss (gain) on sale of assets	11,824	(4,670)
Gain on extinguishment of debt	(25,000)	-
Stock-based compensation expense	39,449	142,012
(Increase) decrease in assets:		
Accounts receivable	568,064	(1,914,551)
Inventories	350,094	238,282
Prepaid and other current assets	2,233,175	478,493
Other assets	(151,783)	(28,852)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(667,102)	(837,518)
Unearned revenue	(175,979)	(162,683)
Customer deposits	(610,986)	(273,142)
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Net Cash Provided By (Used In) Operating Activities	1,910,847	(3,241,652)
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CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant, and equipment	(65,395)	(193,991)
Software development costs	(93,655)	-
Cash paid for business acquisitions	-	(1,000,000)
Net proceeds from sale of assets	30,758	8,047
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Net Cash (Used In) Investing Activities	(128,292)	(1,185,944)
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CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of line of credit (net)	(2,800,000)	-
Proceeds from line of credit	-	3,100,000
Repayment of notes payable and capital leases	(263,799)	(32,316)
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Net Cash (Used In) Provided By Financing Activities	(3,063,799)	3,067,684
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Effect of exchange rate fluctuations on cash	-	(55,169)
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NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,281,244)	(1,415,081)

CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	2,974,382 -----	2,781,838 -----
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$1,693,138 =====	\$1,366,757 =====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	\$341,543 =====	\$397,159 =====
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Debt incurred in acquisitions	\$- ===	\$600,000 =====

SOURCE Sunair Services Corporation

<http://www.sunairservices.com>

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