



# **Kyoritsu Maintenance Co., Ltd.**

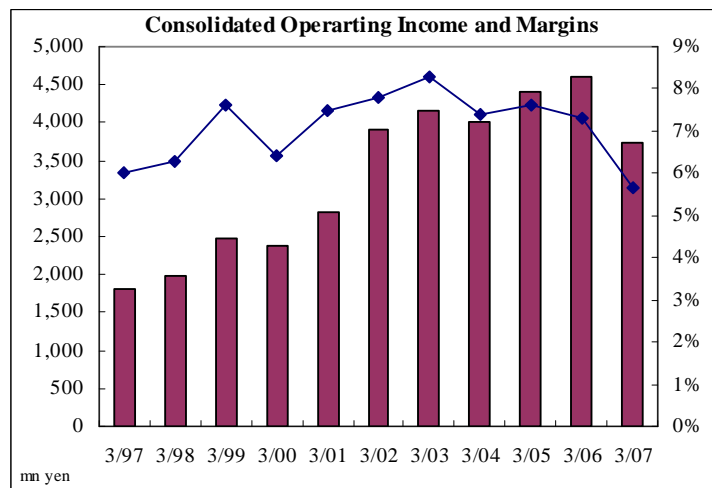
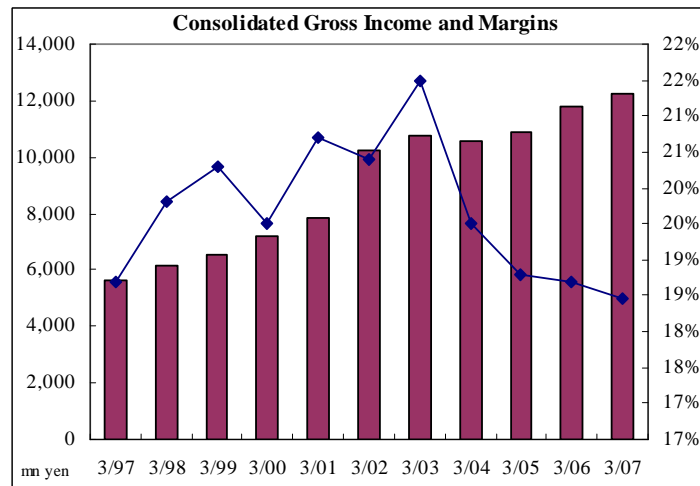
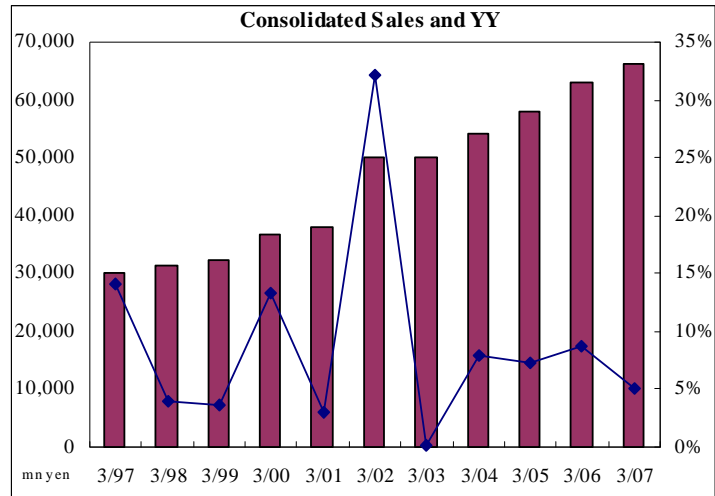
**(Securities Code: 9616)**

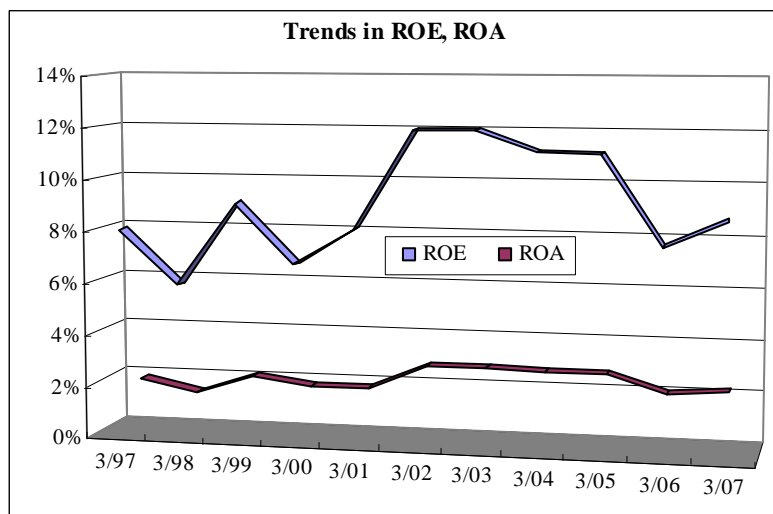
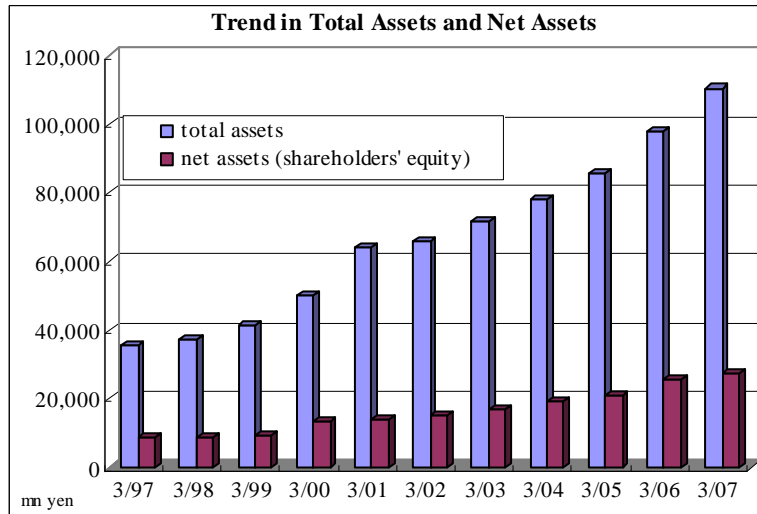
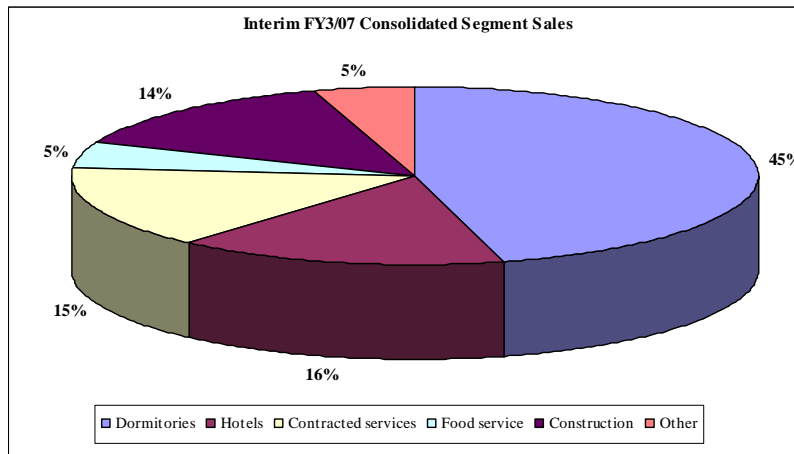
**Interim Period of Fiscal Year March 2008**

**Consolidated Earnings Results Update**

**November 2007**

## Kyoritsu Maintenance Consolidated Financial Data at a Glance





## Historical Consolidated Financial Data and Benchmarks

<b>Consolidated Income Statement</b>	<b>3/96</b>	<b>3/97</b>	<b>3/98</b>	<b>3/99</b>	<b>3/00</b>	<b>3/01</b>	<b>3/02</b>	<b>3/03</b>	<b>3/04</b>	<b>3/05</b>	<b>3/06</b>	<b>3/07</b>	*	<b>9/06</b>	<b>9/07</b>
net sales	26,399	30,126	31,332	32,458	36,788	37,884	50,065	50,109	54,081	58,014	63,085	66,287	*	30,850	39,520
gross income	5,430	5,639	6,188	6,578	7,173	7,834	10,221	10,785	10,541	10,894	11,783	12,242	*	6,845	7,873
operating income	1,628	1,814	1,971	2,465	2,369	2,828	3,908	4,149	4,004	4,407	4,611	3,745	*	2,800	3,011
ordinary income	1,537	1,705	1,864	2,203	2,281	2,643	3,580	3,885	4,060	4,411	4,824	3,787	*	2,838	2,783
net income	288	684	517	850	907	1,147	1,822	2,039	2,138	2,343	2,011	2,413	*	1,523	1,571
													*		
<b>Consolidated Balance Sheet</b>													*		
current assets	9,059	10,952	12,391	15,336	19,900	23,793	18,100	22,138	22,122	23,254	23,350	24,901	*	22,896	19,944
fixed assets	22,565	24,322	24,872	25,695	29,867	40,478	47,768	49,497	55,715	62,336	74,681	85,562	*	77,801	94,860
total assets	31,624	35,593	37,480	41,144	49,880	64,327	65,867	71,647	77,865	85,620	98,047	110,507	*	100,740	114,482
current liabilities	14,461	16,254	18,980	20,921	19,731	28,513	27,031	31,610	29,374	31,585	44,039	37,342	*	32,675	44,063
fixed liabilities	9,300	10,943	9,954	10,946	16,977	22,064	23,761	23,146	29,433	33,077	28,316	46,068	*	41,636	42,665
total liabilities	23,761	27,197	28,934	31,866	36,707	22,064	50,792	54,755	58,806	64,663	72,355	83,411	*	74,311	86,728
net assets (shareholders' equity)	7,863	8,396	8,546	9,278	13,169	13,747	15,073	16,824	18,935	20,788	25,512	27,096	*	26,428	28,112
													*		
<b>yy change</b>													*		
net sales	na	14.1%	4.0%	3.6%	13.3%	3.0%	32.2%	0.1%	7.9%	7.3%	8.7%	5.1%	*	na	28.1%
gross income	na	3.9%	9.7%	6.3%	9.0%	9.2%	30.5%	5.5%	-2.3%	3.3%	8.2%	3.9%	*	na	15.0%
operating income	na	11.4%	8.7%	25.1%	-3.9%	19.4%	38.2%	6.1%	-3.5%	10.1%	4.6%	-18.8%	*	na	7.5%
ordinary income	na	11.0%	9.3%	18.2%	3.5%	15.9%	35.4%	8.5%	4.5%	8.6%	9.4%	-21.5%	*	na	-1.9%
net income	na	137.5%	-24.5%	64.6%	6.7%	26.5%	58.8%	11.9%	4.8%	9.6%	-14.2%	20.0%	*	na	3.2%
													*		
<b>margins</b>													*		
gross margins	20.6%	18.7%	19.8%	20.3%	19.5%	20.7%	20.4%	21.5%	19.5%	18.8%	18.7%	18.5%	*	22.2%	19.9%
operating margins	6.2%	6.0%	6.3%	7.6%	6.4%	7.5%	7.8%	8.3%	7.4%	7.6%	7.3%	5.6%	*	9.1%	7.6%
ordinary margins	5.8%	5.7%	6.0%	6.8%	6.2%	7.0%	7.2%	7.8%	7.5%	7.6%	7.6%	5.7%	*	9.2%	7.0%
net margins	1.1%	2.3%	1.6%	2.6%	2.5%	3.0%	3.6%	4.1%	4.0%	4.0%	3.2%	3.6%	*	4.9%	4.0%
													*		
<b>other benchmarks</b>													*		
ROE	3.7%	8.1%	6.0%	9.2%	6.9%	8.3%	12.1%	12.1%	11.3%	11.3%	7.9%	8.9%	*	5.8%	5.6%
ROA	0.9%	1.9%	1.4%	2.1%	1.8%	1.8%	2.8%	2.8%	2.7%	2.7%	2.1%	2.2%	*	1.5%	1.4%
equity ratio	24.9%	23.6%	22.8%	22.6%	26.4%	21.4%	22.9%	23.5%	24.3%	24.3%	26.0%	24.5%	*	26.2%	24.6%
Units: million yen													*		



## Interim Period of Fiscal Year March 2008 Consolidated Earnings Results

November 15, 2007

Company Name: **Kyoritsu Maintenance Co., Ltd.**  
 Stock Exchange: Tokyo Stock Exchange, First Section  
 Stock Code: 9616 Homepage: <http://www.kyoritugroup.co.jp>  
 President: Mitsutaka Sato  
 Contact: Takumi Ueda, Vice President Telephone: +81-3-5295-7778  
 Filing Date: December 21, 2007 Dividend Payment Date: December 3, 2007

(Figures are rounded down to the nearest million yen)

### 1. Interim Period of Fiscal Year March 2008 Consolidated Earnings (from April 1 to September 30, 2007)

#### Consolidated Earnings

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%yy	Million Yen	%yy	Million Yen	%yy	Million Yen	%yy
Interim FY3/08	39,520	28.1	3,011	7.5	2,783	-1.9	1,571	3.1
Interim FY3/07	30,850	2.7	2,800	-3.4	2,838	1.7	1,523	48.0
FY3/07	66,287	—	3,745	—	3,787	—	2,413	—

	EPS	Fully Diluted EPS
	Yen	Yen
Interim FY3/08	105.52	84.82
Interim FY3/07	122.98	115.67
FY3/07	176.98	151.74

(Note) Equity accounting method income: ¥12 million in Interim FY3/08, ¥17 million in Interim FY3/07, ¥23 million in FY3/07

### (2) Consolidated Financial Position

	Total Assets		Net Assets		Net Asset Ratio	Book Value per Share
	Million Yen	Million Yen	Million Yen	Million Yen	%	Yen
Interim FY3/08	114,842	28,112	28,112	24.4	24.4	1,877.35
Interim FY3/07	100,740	26,428	26,428	26.1	26.1	2,117.51
FY3/07	110,507	27,096	27,096	24.4	24.4	1,809.86

(Note) Capitalization: ¥27,964 million in Interim FY3/08, ¥26,273 million in Interim FY3/07, ¥26,948 million in FY3/07

### (3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investment Activities	Cash Flows from Financing Activities	Cash and Equivalents at Year End
	Million Yen	Million Yen	Million Yen	Million Yen
Interim FY3/08	-2,393	-11,382	10,399	10,343
Interim FY3/07	-2,798	1,992	-1,450	10,517
FY3/07	3,568	-3,654	1,034	13,721

### 2. Dividend Conditions

Registry Date	Dividends per Share		
	End Interim	End Fiscal Year	Total
FY3/07	Yen 18.00	Yen 18.00	Yen 36.00
FY3/08	18.00		36.00
FY3/08 (Projected)		18.00	

## 3. Fiscal Year March 2008 Consolidated Earnings Projection (April 1, 2007 to March 31, 2008)

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	Million Yen	%vv	Million Yen	%vv	Million Yen	%vv	Million Yen	%vv	Yen
Full Year	74,200	11.9	4,900	30.8	4,460	17.8	2,790	15.6	187.38

## 4. Others

- (1) Important changes in our subsidiaries including changes to the scope of our consolidate: None
- (2) Changes in the accounting methodology and procedures used to create our consolidated interim financial accounts.
- ① Associated with changes in accounting standards: Yes
- ② Other changes: None
- (3) Number of shares issued (common shares)
- ① Shares outstanding as of end term (including treasury shares): 15,125,582 at end Interim FY3/08, 12,592,252 at end Interim FY3/07, 15,118,142 at end FY3/07
- ② Treasury shares as of end term: 229,871 at end Interim FY3/08, 184,697 at end Interim FY3/07, 228,295 at end FY3/07

**(Reference) Non-Consolidated Financial Figures Summary**

## 1. Interim FY March 2008 Non-Consolidated Earnings (April 1, 2007 to September 30, 2007)

## (1) Non-Consolidated Earnings

	Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%yy	Million Yen	%yy	Million Yen	%yy	Million Yen	%yy
Interim FY3/08	29,373	21.6	2,623	20.2	2,581	4.5	1,491	3.8
Interim FY3/07	24,156	8.6	2,182	-9.3	2,469	0.3	1,437	64.0
FY3/07	47,967	—	2,633	—	3,113	—	2,185	—

	EPS
	Yen
Interim FY3/08	100.14
Interim FY3/07	116.03
FY3/07	160.25

## (2) Non-Consolidated Financial Position

	Total Assets		Net Assets		Net Asset Ratio		Book Value per Share	
	Million Yen		Million Yen		%		Yen	
Interim FY3/08	94,784		26,827		28.3		1,801.00	
Interim FY3/07	81,479		25,383		31.2		2,045.85	
FY3/07	90,098		25,917		28.8		1,740.61	

(Note) Capitalization: ¥26,827 million in Interim FY3/08, ¥25,383 million in Interim FY3/07, ¥25,917 million in FY3/07

## 2. Non-Consolidated FY March 2008 Earnings Projections (April 1, 2007 to March 31, 2008)

	Sales		Operating Income		Ordinary Income		Net Income		EPS	
	Million Yen	%yy	Million Yen	%yy	Million Yen	%yy	Million Yen	%yy	Yen	
Full Year	57,200	19.2	3,990	51.5	4,000	28.5	2,280	4.3	153.12	

● **Notes and explanations regarding the appropriate uses of our earnings projections**

All projections provided in this document are based on the most accurate information available at the time of this writing. However our actual results may differ from our projections due to various unforeseen reasons. For further information regarding our earnings projections, please refer to page twelve of this document.

## 1. Earnings Performance

### (1) Earnings Performance Analysis

(Consolidated Interim Earnings Performance)

(Units: million yen)

	Last Interim FY3/07	Current Interim FY3/08	Change %yy
Net Sales	30,850	39,520	28.1
Operating Income	2,800	3,011	7.5
Ordinary Income	2,838	2,783	-1.9
Net Income	1,523	1,571	3.1

During the interim period under review, favorable corporate earnings and subsequent strong capital investments contributed to improvements in both the labor markets and wages, as well as to the continued gradual recovery in the overall economy. However the subprime loan problems in the United States and rising crude oil prices are among uncertainties clouding the economic horizon.

Against this backdrop, our main dormitory business sales grew on the back of increases in sales in our student dormitories due to stronger relationships with universities and vocational schools, in our employee dormitories as a result of improvements in the labor market with increased hiring of younger workers and strong demand for outsourcing of training facilities, and in our Dormir facilities (Studio type condominium dormitories) owing to firm occupancy rates. Furthermore high and stable occupancy rates at our existing Dormy Inn hotel facilities, the opening of six new hotel facilities including “Dojima River Hot Springs Tenzin no Yu Dormy Inn Umeda East,” “La Vista Kushiro River,” “Natural Hot Springs Hagi no Yu Dormy Inn Sendai Station,” “Natural Hot Springs Azusa no Yu Dormy Inn Matsumoto,” “Natural Hot Springs Tenpoku no Yu Dormy Inn Wakkanai,” and “Natural Hot Springs Kaiji no Yu Dormy Inn Koufu,” and the opening of another two resort hotels including “La Vista Daisetsuzan” and “Okuhida Hot Springs Hirayu Takumi no Yado Miyamonouan” all contributed to growth in sales of our hotel business. Moreover the early completion and delivery of new real estate development projects allowed sales of our construction business to grow.

Consequently during the interim period under review our net sales rose by 28.1% year-over-year to ¥39,520 million, operating income grew by 7.5% year-over-year to ¥3,011 million, ordinary income declined by 1.9% year-over-year to ¥2,783 million, and net income increased by 3.1% year-over-year to ¥1,571 million.

### Earnings by Key Business Segment

<Dormitory Business (Student, Corporate, Dormir, Outsourced)>

(Units: million yen)

	Last Interim FY3/07	Current Interim FY3/08	Change (%)
Sales	17,560	18,764	6.9
Operating Income	3,278	3,583	9.3

#### (1) Dormitory Business

Despite the continued negative impact of the declining birthrates in Japan affecting the operating environment for our dormitory business, the advancement rates of high school students entering universities and vocational schools in major metropolitan areas is on the rise. Against this backdrop, we leveraged our “healthy food menus,” the



high level of security at our “fully supervised dormitories,” and other unique services and features of our dormitories to fortify our relationships with various universities and vocational schools and to provide our services to an even greater number of residents.

As a result of these and other efforts, the number of our contracts rose 3.7% year-over-year to 15,771 residents despite a slight 0.9% year-over-year decline in the number of schools contracted, and our student dormitory sales grew by 4.9% year-over-year to ¥11,076 million. Moreover during the interim period the number of contracts with four year universities grew strongly.

## (2) Corporate Dormitory Business

Along with the strong rise in hiring of new student graduates of 18.1% year-over-year to 825,000 accompanying the improvement in corporate earnings, we also note a continuation of the trends for companies to “outsource their corporate dormitories.” At the same time we note corporations “reviewing their corporate housing strategy” and renewed interest in using corporate dormitories as means of promoting communication between younger employees. With these trends in place, we continued to provide solutions to corporate facilities management and operational issues, and we also focused upon providing management services for corporate training facilities. Our efforts allowed our corporate dormitory division to see a 1.8% year-over-year increase in the number of contracting companies to 972, a 13.2% year-over-year rise in the number of contracted residents to 6,264, and an 11.9% year-over-year increase in sales to ¥4,868 million.

## (3) Dormir Business (Studio-Type Condominiums)

In our Dormir business we applied the know-how and expertise amassed in our student and corporate dormitories to increase our supply of studio-type condominiums to residents to satisfy the quickly diversifying needs of our residents. Furthermore we leverage our network of students and corporate workers to introduce residents to various facilities which we manage as a means of increasing their occupancy rates. Consequently the number of contracted residents rose by 2.8% year-over-year to 3,543 and our sales grew by 3.7% year-over-year to ¥1,543 million.

## (4) Outsourced Dormitory Business

In our outsourced dormitory business we manage dormitories owned by corporations, universities and vocational schools. And during the term under review demand for outsourcing services continued to grow along with the recovery in corporate earnings. Furthermore we were able to capture more orders by leveraging of our strong reputation as “Japan’s leading boarding house service provider” to differentiate our company from our competition and our sales rose by 9.5% year-over-year to ¥1,276 million.

Consequently as of the end of September the overall number of facilities in our dormitory business reached 385, our capacity grew by 1,500 to 28,488 residents, the number of contracted residents rose by 1,390 to 25,578 to whom we provided housing, and our occupancy rate rose to 0.2% points to 89.8%. These results allowed our overall dormitory business to record sales growth of 6.9% year-over-year to ¥18,764 million, and operating income growth of 9.3% year-over-year to ¥3,583 million.

## &lt;Hotel Business (Dormy Inn, Resorts)&gt;

(Units: million yen)

	Last Interim FY3/07	Current Interim FY3/08	Change (%)
Sales	6,027	10,062	66.9
Operating Income	-349	5	—

## (1) Dormy Inn Business (Business Hotel Business)

We make special efforts to listen to each and every one of our customers' comments and to reflect as many of these in our hotel services in our business strategy to capture new demand for hotels, reduce labor costs by eliminating less popular services, and create a unique business model. Most recently we paid special attention to providing services such as "large hot spring type bathing facilities" and "good tasting breakfasts" in addition to implementing strategies to reflect the requirements of late-night check-in customers, as well as those of tourist travelers and customers using our hotels on weekends. Consequently our occupancy rates remained relatively at a relatively high 82.0% (Down 0.4% points). During the term under review we opened six new facilities including "Dojima River Hot Springs Tenzin no Yu Dormy Inn Umeda East," "La Vista Kushiro River," "Natural Hot Springs Hagi no Yu Dormy Inn Sendai Station," "Natural Hot Springs Azusa no Yu Dormy Inn Matsumoto," "Natural Hot Springs Tenpoku no Yu Dormy Inn Wakkanai," and "Natural Hot Springs Kaiji no Yu Dormy Inn Koufu." Consequently our sales rose by 36.7% year-over-year to ¥4,342 million.

## (2) Resort Business (Resort Hotel Business)

In our resort business, we strive to create hotels that offer "reasonable prices and high quality resort lifestyles" and "comfortable accommodations," and we have been able to achieve high occupancy rates of 69.5%, up 2.0% points year-over-year. During the term under review, we opened two new large hotels based on our principle of "comfortable accommodation" theme called "La Vista Daisetsuzan" and "Okuhida Hot Springs Hirayu Takumi no Yado Miyamonouan." Furthermore the five large hotel facilities we opened during the previous term are beginning to contribute to our earnings. Consequently sales grew by 100.7% year-over-year to ¥5,719 million.

As a result of these efforts we recorded a 66.9% year-over-year increase in our sales to ¥10,062 million, but due to opening costs associated with these eight new facilities our operating income amounted to ¥5 million.

## &lt;Contracted Services Business&gt;

(Units: million yen)

	Last Interim FY3/07	Current Interim FY3/08	Change (%)
Sales	5,711	5,506	-3.6
Operating Income	342	216	-36.9

Our contracted services business includes maintenance for offices and residences, rental of consigned buildings, and parking lot management services. Amongst these services we note increasingly severe pricing competition in the building maintenance industry which has been further compounded by difficulties in securing workers due to tightness in the labor market. Against this backdrop under the term under review, in our contracted services we seek to raise our competitive advantage by strictly controlling costs and raising our productivity.

As a result of our efforts sales of our office building management business declined by 10.6% year-over-year to ¥2,829 million. At the same time our residence management business grew by 5.2% year-over-year to ¥2,677 million. Consequent to this performance, our contracted services business sales fell by 3.6% year-over-year to ¥5,506 million and our operating income declined by 36.9% year-over-year to ¥216 million.

<Food Service Business (Restaurants, Outsourced Cafeterias, Hotels and Restaurants)>

(Units: million yen)

	Last Interim FY3/07	Current Interim FY3/08	Change (%)
Sales	1,855	2,473	33.3
Operating Income	-74	-3	—

While the gradual recovery in the economy lead to an improvement in consumer spending, the operating environment of our food services business remained difficult due in part to the diversifying tastes and needs of our customers. With these trends in mind, we implemented a strategy where we opened new restaurants in hotels, increased our variable cost controls, and reviewed our earnings structure for this business.

Consequently sales of our food service business rose by 33.3% year-over-year to ¥2,473 million and we recorded an operating loss of ¥3 million.

<Construction Business>

(Units: million yen)

	Last Interim FY3/07	Current Interim FY3/08	Change (%)
Sales	5,378	6,021	12.0
Operating Income	196	3	-98.3

In our construction business, the large inflow of foreign and domestic capital into the Japanese real estate market caused a “real estate fund bubble” in parts of central Tokyo and other major metropolitan areas, which gradually spread to other regions as well. This lead to a continuation of the severe competition with our rivals and forced us to pay extra attention to develop new branch offices in key locations and secure properties at prices that would allow us to realize profits. Against this backdrop, we continued to focus upon the development and sales of hotels, dormitories and condominiums to capture strong demand in the Tokyo region. Furthermore we were able to shorten the construction period on many of the new projects we started during the term under review which enabled us to deliver condominiums ahead of schedule.

Consequently our construction business sales rose 12.0% year-over-year to ¥6,021 million. However our operating income declined by 98.3% year-over-year to ¥3 million due in part to increases in materials costs brought on by the rise in crude oil prices and to higher sales, general and administrative costs.

<Other Business>

(Units: million yen)

	Last Interim FY3/07	Current Interim FY3/08	Change (%)
Sales	1,919	2,182	13.7
Operating Income	127	102	-19.8

Our other business is comprised of headhunting, advertising, rental property brokerage and management, and financial services, in addition to our “wellness life” business (Residential property management business). During the term under review our other business sales grew by 13.7% year-over-year to ¥2,182 million while our operating income declined by 19.8% year-over-year to ¥102 million.

## (Full Year Earnings Projections)

## (Consolidated Earnings)

(Units: million yen)

	Last Term FY3/07	Current Term Projection FY3/08	Change (%)
Net Sales	66,287	74,200	11.9
Operating Income	3,745	4,900	30.8
Ordinary Income	3,787	4,460	17.8
Net Income	2,413	2,790	15.6

## (Non-Consolidated Earnings)

(Units: million yen)

	Last Term FY3/07	Current Term Projection FY3/08	Change (%)
Net Sales	47,967	57,200	19.2
Operating Income	2,633	3,990	51.5
Ordinary Income	3,113	4,000	28.5
Net Income	2,185	2,280	4.3

While there are numerous positive factors supporting the Japanese economy including the continuation of favorable corporate earnings, aggressive capital investments, and rapid increases in hiring of new graduates which led to an improvement in the employment situation for younger workers, there are also many uncertainties lurking on the economic horizon such as the sub-prime loan problem in the United States and higher crude oil prices globally. With these trends in mind the Kyoritsu Group endeavors to strengthen our overall competitive position, to raise the effectiveness of our management, and to review and improve our earnings structure.

In our main dormitory business, we recorded high occupancy rates of 96.3% in April, which we consider to be a leading indicator for how our business will trend during the full year. And during the interim period under review, we developed 18 new dormitories in the Tokyo metropolitan area, bringing the total number of dormitories and rooms we manage to 385 and 28,488 respectively. Furthermore we have taken steps to reflect the diversifying needs of our residents in the dormitories we develop and manage. With regards to our marketing function, we continued to fortify our relationships with major universities nationwide and leveraged our cafeteria food service function as part of our marketing efforts in newer operating regions for our student dormitory business. At the same time we strengthened our relationships with vocational schools and college preparatory schools to become an integral part of their student services. In the area of corporate dormitories, we leveraged our ability to help companies convert fixed costs to variable costs by providing them with our dormitory management services to satisfy their growing need for corporate dormitory and other facility outsourcing. We will also market our outsourcing management services of corporate training facilities as part of our overall marketing strategy.

With regards to our hotel business, our provision of “large hot spring type bathing facilities” and “good tasting breakfasts” in our Dormy Inn business (Business hotels) has been received favorably and we will endeavor to achieve even higher levels of customer satisfaction through the development of new services. In our resort

business (Resort hotels) a new facility called “Nanki Shirahama Hot Springs Hama Chidori no Yu Kaishu” was opened in November and brings our total resort hotel network to 15, which provide “comfortable accommodations” through comprehensive amenities and services while maintaining our goal of achieving high profitability.

In our contracted services business, severe pricing competition within the industry continues due to contract reviews and consolidation of service providers, demands to reduce prices, and cancellation of contracts by building owners. Therefore we seek to raise our competitive position and the trust of our customers by providing them with an increased level of expertise and a more comprehensive service menu, in addition to maintaining high levels of service quality.

In our food service business we will continue our efforts to improve profitability by focusing upon strictly controlling our variable costs. In addition we will also use our expertise in restaurant operations to make our restaurants in hotels and golf courses more profitable and to develop external customers for these facilities.

With regards to our construction business we will continue to develop our Dormir (Studio-type condominium dormitories) student and corporate dormitories and hotels in the Tokyo metropolitan area where demand remains strong.

In our other business area, we will strengthen our earnings structure by promoting our comprehensive human resources business to respond to the needs of our customers.

Based on these various strategies we project our sales, and operating, ordinary and net incomes to rise by 11.9% year-over-year to ¥74,200 million, 30.8% to ¥4,900 million, 17.8% to ¥4,460 million, and 15.6% to ¥2,790 million during full fiscal year March 2008.

(2) Financial Conditions

1. Assets, Liabilities and Net Asset Conditions

As of the end of the interim period under review, our total consolidated assets increased by ¥4,334 million from the last fiscal year end to ¥114,842 million. We attribute this increase to growth in buildings and structures, land, consigned buildings and structures, and marketable securities. Furthermore our liabilities grew by ¥3,318 million to ¥86,729 million from the end of the previous fiscal year. We attribute this increase primarily to a rise in short term debt. In addition, net assets rose to ¥28,112 million on the back of higher retained earnings reserves. Subtracting minority holdings from our net assets we saw net capital of ¥27,964 million and our net asset ratio was 24.4%.

## 2. Interim Period Consolidated Cash Flow Conditions

During the interim period under review, our consolidated cash and equivalents declined by ¥173 million from the previous interim period to ¥10,343 million. We provide a summary of our various cash flows below.

### (Cash Flows from Operating Activities)

Advances received as deposits for our dormitory business tend to rise during the second half of the fiscal year and therefore we saw a large decline in these advances during the interim period. Furthermore declines in inventories of our construction business and increases payables caused our cash outflow to decline by ¥404 million year-over-year to ¥2,393 million.

### (Cash Flows from Investing Activities)

During the interim period under review, investments in dormitory and hotel facilities, acquisitions of other new facilities, and replacement of existing facilities combined with cash used to acquire marketable securities and we saw our investment cash needs grow by ¥13,375 million to a net cash outflow of ¥11,382 million.

### (Cash Flows from Our Financing Activities)

In our financing activities increases in debt needed to fund capital investments for the expansion of our business resulted in a net cash inflow of ¥10,399 million, a ¥11,849 million improvement from the net cash outflow seen in the previous interim period.

(Units: million yen)

	Last Interim FY3/07	Current Interim FY3/08	Change (%)
Cash Flows from Operating Activities	-2,798	-2,393	404
Cash Flows from Investing Activities	1,992	-11,382	-13,375
Cash Flows from Financing Activities	-1,450	10,399	11,849
Cash and Equivalents at End of Interim	10,517	10,343	-173

Trends in our cash flow indicators for our parent and group companies are listed below.

	Interim FY3/06	FY3/06	Interim FY3/07	FY3/07	Interim FY3/08
Equity Ratio (%)	25.0	26.0	26.1	24.4	24.4
Net Asset Ratio, Market Capitalization Based (%)	37.7	61.1	33.7	36.9	27.0
Debt Recovery Period (years)	—	7.7	—	14.7	—
Interest Rate Coverage Ratio	—	10.6	—	4.9	—

(note) 1. Each indicator is based on consolidated financial data.

2. Each indicator is calculated as follows:

(1) Equity Ratio:  $(\text{Net Assets} - \text{Stock Options} - \text{Minority Interests}) / \text{Total Assets}$

(2) Net Asset Ratio:  $\text{Market Capitalization} / \text{Total Assets}$

(Market capitalization = Term end share price X Term end shares outstanding, excluding treasury stock)

(3) Debt Recovery Period:  $\text{Interest Bearing Debt} / \text{Operating Cash Flow}$

(4) Interest Coverage Ratio:  $\text{Operating Cash Flow} / \text{Interest Payments}$

3. Cash flow is based on our operating cash flows.

4. Interest-bearing debt includes all of the liabilities which bear interest payments on our consolidated balance sheet.

5. We use interest payments from our consolidated cash flow statements.

(3) Our Basic Policy Regarding the Distribution of Profits

We consider the capital contributed by shareholders to be invaluable, and place a high priority on the distribution of profits to our shareholders in line with our earnings performance. One of our goals is to maintain a stable level of dividends over the long-term and we have established a target dividend payout ratio of 20%. During recent years we have been able not only to increase our dividends, but also to offer stock splits, effectively raising our overall dividend payout.

During the interim period under review, we expect to pay the same level of dividends of ¥18 per share. However because we implemented a 1.2 for 1 stock split in October 2006, the overall dividend payment is higher when compared with the previous interim period. Furthermore we expect to pay another ¥18 per share dividend at the end of the fiscal year, bringing our total dividend payment to ¥36 per share for the full year.

Furthermore we began a stock buy-back program with an upper limit of ¥1.5 billion or 750,000 shares on September 26, 2007. The main purpose of this buy-back was to return profits to our shareholders and is a reflection of our strategy of responding flexibly to changes in our operating environment.

With regards to distribution of profits to shareholders in the future, we will consider the potential for further measures to return profits to our shareholders with a view to the conversion of our existing convertible bond type stock options as part of our strategy of maintaining a stable level of dividend payments. At the same time we also seek to retain a level of earnings that will give our management the freedom to make necessary capital investments in response to changes in the market and to develop new businesses whenever appropriate.



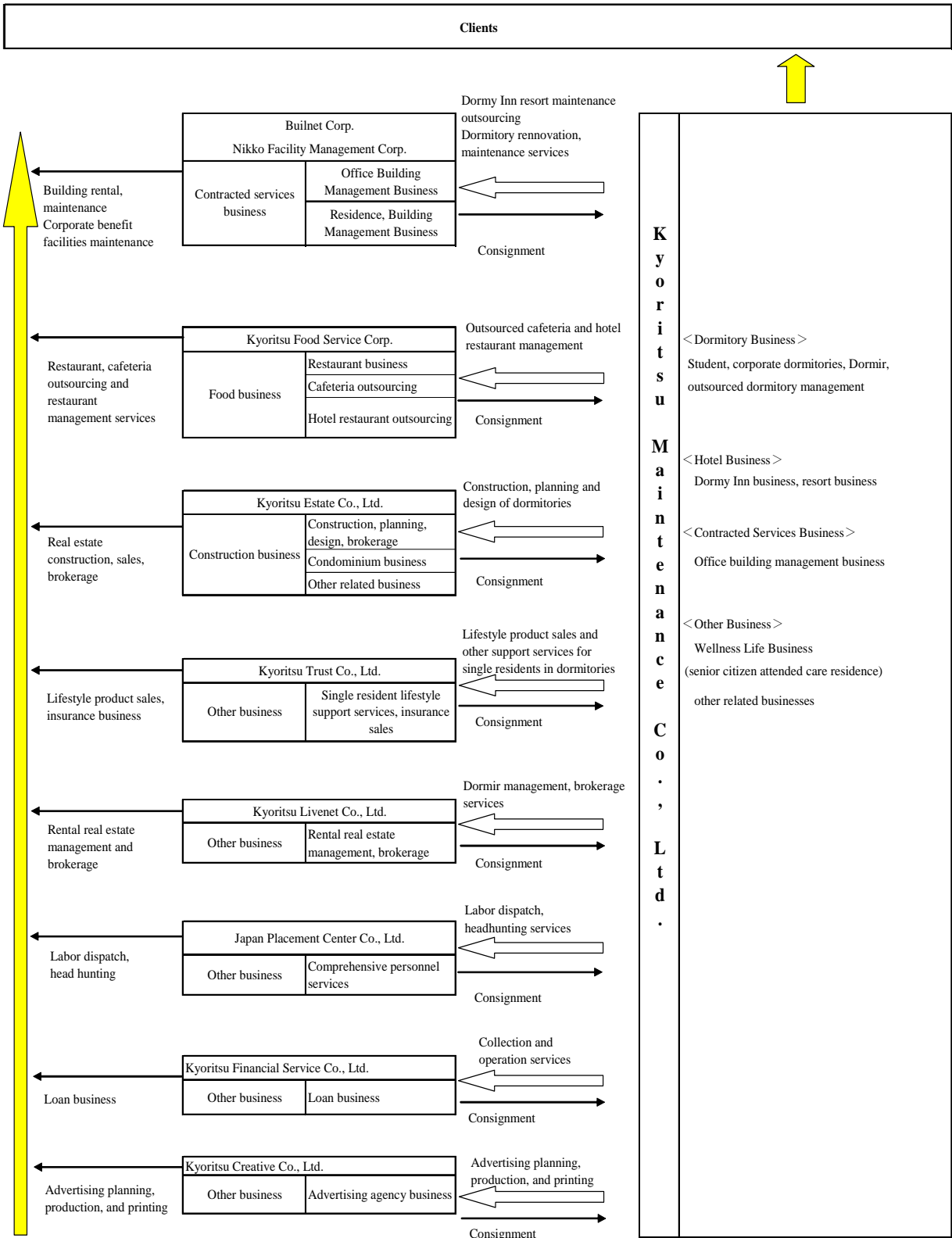
**1. Corporate Structure**

The Kyoritsu Maintenance Group consists of the parent company, 17 subsidiaries, and four affiliated companies. Our main businesses consist of student and corporate dormitories, hotels, contracted services, food service, construction business, and other business.

The details of our businesses and the services provided by our various subsidiaries and affiliates are listed below.

Business Segment	Business Description	Participating Companies
Dormitories	Student and corporate dormitories, Dormir and outsourced dormitory management	Kyoritsu Maintenance Co., Ltd. Four other companies
Hotels	Dormy Inn (Long-term stay business hotels) Resort hotels	Kyoritsu Maintenance Co., Ltd. Six other companies
Contracted Services	Office building management business Residential property management business	Builnet Corporation Kyoritsu Maintenance Co., Ltd. Two other companies
Food Services	Restaurant business Outsourced cafeteria business Hotel restaurant outsourcing business	Kyoritsu Food Services Co., Ltd.
Construction	Construction, planning, design, brokerage, condominium sales, other related real estate development business	Kyoritsu Estate Co., Ltd.
Other Businesses	Wellness Life Business (senior citizen residence management and operations) Brokerage and management of rental real estate Single resident insurance and other lifestyle support services Comprehensive human resources business Finance business Advertising business Other related businesses	Kyoritsu Maintenance Co., Ltd. Kyoritsu Livenet Co., Ltd. Kyoritsu Trust Co., Ltd. Nihon Placement Center Co., Ltd. Kyoritsu Financial Service Co., Ltd. Kyoritsu Creative Co., Ltd.

Schematic Diagram of Our Operations



**3. Management Policy**

(1) Basic Management Policy, (2) Financial Benchmarks, (3) Long Term Management Strategy, (4) Key Management Issues

Because we have not made any significant changes to the topics mentioned above from our fiscal year March 2007 earnings announcement issued on May 16, 2007, we have chosen not to repeat the information in this announcement.

To view our previous earnings announcements, please refer to the website listed below.

(Kyoritsu Maintenance Home Page)

<http://www.kyoritsugroup.co.jp/05/index.html>

(Tokyo Stock Exchange Home Page (Listed Company Search Page))

<http://www.tse.or.jp/listing/compsearch/index.html>

**4. Consolidated Financial Statements****(1) Consolidated Balance Sheet**

Units: million yen

Item	Previous Interim End (September 30, 2006)		Current Interim End (September 30, 2007)		YY Change	FY3/07 End (March 31, 2007)	
	Value	Share	Value	Share		Value	Share
(Assets)							
I Current assets							
1 Cash and deposits	11,129		11,475			14,333	
2 Notes and accounts receivables	2,482		2,813			2,899	
3 Inventories	3,878		824			1,939	
4 Others	5,458		4,882			5,772	
Doubtful account reserves	-52		-52			-43	
Total current assets	22,896	22.8	19,944	17.4	-2,952	24,901	22.6
II Fixed assets							
1 Tangible fixed assets							
(1) Buildings and structures	19,980		24,080			20,445	
(2) Land	19,114		21,162			19,787	
(3) Structures in trusts	6,121		9,940			8,068	
(4) Land in trust	5,066		4,961			4,902	
(5) Others	4,852	55,135	5,931	66,076	10,941	7,623	60,827
2 Intangible fixed assets							
(1) Goodwill	102		—			92	
(2) Others	2,486	2,588	2,970	2,970	381	2,545	2,638
3 Investments and other assets							
(1) Investment securities	4,543		8,038			5,510	
(2) Deposits	6,235		7,160			6,429	
(3) Lease deposits	4,834		5,494			5,327	
(4) Others	4,560		5,235			4,930	
Doubtful account reserves	-95	20,078	-115	25,813	5,735	-101	22,095
Total fixed assets		77,801		94,860	17,058		85,562
III Deferred assets		42		37	-4		43
Total assets		100,740		114,842	14,101		110,507

Items	Previous Interim End (September 30, 2006)		Current Interim End (September 30, 2007)		YY Change	FY3/07 End (March 31, 2007)	
	Value	Share	Value	Share		Value	Share
<b>(Liabilities)</b>							
<b>I Current liabilities</b>							
1 Notes and accounts receivable	1,637		2,398			2,989	
2 Short term debt	14,243		26,451			12,311	
3 Redeemable portion of bond within one year	1,440		1,440			1,600	
4 Accrued corporate and other tax	1,770		1,268			2,349	
5 Deposits	9,237		7,346			11,658	
6 Bonus reserves	692		812			799	
7 Bonus reserves for directors	60		59			122	
8 Compensation for completed work reserves	67		37			82	
9 Others	3,527		4,248			5,427	
Total current liabilities	32,675	32.5	44,063	38.4	11,387	37,342	33.8
<b>II Fixed liabilities</b>							
1 Bonds	14,203		14,171			14,907	
2 Long-term debt	18,505		19,809			22,364	
3 Long-term deposits	4,180		4,168			4,146	
4 Retirement benefit reserves	1,015		1,073			1,033	
5 Director retirement reserves	377		392			395	
6 Others	3,354		3,050			3,222	
Total fixed liabilities	41,636	41.3	42,665	37.1	1,029	46,068	41.7
Total liabilities	74,312	73.8	86,729	75.5	12,417	83,411	75.5
<b>(Net assets)</b>							
<b>I Shareholders' equity</b>							
1 Capital	5,120	5.1	5,136	4.5	16	5,128	4.6
2 Capital reserves	5,926	5.9	5,943	5.2	16	5,935	5.4
3 Retained earnings	15,525	15.4	17,521	15.2	1,996	16,191	14.7
4 Treasury stock	-329	-0.3	-352	-0.3	-22	-348	-0.4
Total shareholders' equity	26,243	26.1	28,248	24.6	2,005	26,907	24.3
<b>II Valuation and conversion gains</b>							
1 Valuation gains on securities	27	0.0	-284	-0.2	-312	40	0.1
2 Gains on deferred hedges	2	0.0	—	—	-2	0	0.0
Total valuation and conversion gains	29	0.0	-284	-0.2	-314	41	0.1
<b>III Minority interests</b>							
Minority interests	154	0.1	148	0.1	-6	147	0.1
Total net assets	26,428	26.2	28,112	24.5	1,684	27,096	24.5
Total liabilities and net assets	100,740	100.0	114,842	100.0	14,101	110,507	100.0

## (2) Consolidated Income Statement

Units: million yen

Item	Previous Interim (from April 1, 2006 to September 30, 2006)		Current Interim (from April 1, 2007 to September 30, 2007)		YY Change	FY3/07 (from April 1, 2006 to March 31, 2007)		
	Value	Share %	Value	Share %		Value	Share %	
I Net sales	30,850	100.0	39,520	100.0	8,670	66,287	100.0	
II CGS	24,005	77.8	31,646	80.1	7,641	54,044	81.5	
Gross income	6,845	22.2	7,873	19.9	1,028	12,242	18.5	
III SG&A	4,044	13.1	4,862	12.3	817	8,496	12.8	
Operating income	2,800	9.1	3,011	7.6	211	3,745	5.7	
IV Non-operating income								
1 Interest received	11		52			45		
2 Dividend received	205		62			246		
3 Profit on marketable securities sales	65		46			160		
4 Deposit returns	71		71			157		
5 Minority interest profit	17		12			24		
6 Others	184	556	47	293	0.7	383	1,017	1.5
V Non-operating expense								
1 Interest payment	364		406			725		
2 Sales discounts	41		—			—		
3 Others	112	518	114	521	1.3	250	975	1.5
Ordinary income	2,838	9.2	2,783	7.0	-54	3,787	5.7	
VI Extraordinary income								
1 Profit on marketable securities sales	38		—			38		
2 Profit on fixed asset sales	—		—			51		
3 Profit on disposal on investment securities	—		—			1,605		
4 Returns from completed work reserves	—		45			—		
5 Refund income	—		54			—		
6 Others	—	38	12	112	0.3	43	1,739	2.6
VII Extraordinary loss								
1 Loss on fixed asset disposal	—		—			29		
2 Impairment accounting loss	—		67			547		
3 Breach of payment penalty	48		—			48		
4 Others	—	48	0	67	0.1	47	672	1.0
Net income before taxes	2,828	9.2	2,828	7.2	0	4,854	7.3	
Corporate, resident, and enterprise taxes	1,729		1,205			3,148		
Tax adjustments	-452	1,276	49	1,255	3.2	-727	2,420	3.7
Minority interest profit	27	0.1	1	0.0	-26	21	0.0	
Net income	1,523	4.9	1,571	4.0	47	2,413	3.6	

(3) Change in Consolidated Shareholder's Equity Statement  
Previous Interim FY3/07 (From April 1 to September 30, 2006)

Units: million yen

	Shareholder's Equity				Shareholder's Equity
	Capital	Capital Reserves	Retained Earnings	Treasury Stock	
As of March 31, 2006	5,051	5,857	14,680	-326	25,263
Changes during the interim					
New shares issued as a result of CB and stock options exercise	69	68			138
Dividends from retained earnings			-222		-222
Director bonuses			-157		-157
Net income			1,523		1,523
Decline from increase in consolidated			-299		-299
Treasury stock acquisition				-3	-3
Treasury stock disposal		0		0	0
Other changes					
Total changes during the interim	69	69	844	-3	979
As of end September 30, 2006	5,120	5,926	15,525	-329	26,243

	Evaluation, Translation Gains			Minority Holdings	Total Net Assets
	Others	Deferred	Evaluation,		
As of March 31, 2006	249	—	249	179	25,691
Changes during the interim					
New shares issued as a result of CB and stock options exercise					138
Dividends from retained earnings					-222
Director bonuses					-157
Net income					1,523
Decline from increase in consolidated					-299
Treasury stock acquisition					-3
Treasury stock disposal					0
Other changes	-221	2	-219	-24	-243
Total changes during the interim	-221	2	-219	-24	736
As of end September 30, 2006	27	2	29	154	26,428

(Note) Disposal of earnings as decided upon during our annual shareholders' meeting held in June 2006

## Current Interim FY3/08 (From April 1 to September 30, 2007)

	Shareholder's Equity				Shareholder's Equity
	Capital	Capital Reserves	Retained Earnings	Treasury Stock	
As of March 31, 2007	5,128	5,935	16,191	-348	26,907
Changes during the interim period					
New shares issued as a result of CB and stock option exercise	8	7			16
Dividends from retained earnings			-268		-268
Net income			1,571		1,571
Rise from increase in consolidated subsidiary			26		26
Treasury stock acquisition				-4	-4
Treasury stock disposal		0		0	0
Other changes					
Total changes during the interim	8	8	1,329	-4	1,341
As of September 30, 2007	5,136	5,943	17,521	-352	28,248

	Evaluation, Translation Gains			Minority Holdings	Total Net Assets
	Others	Deferred	Evaluation,		
As of March 31, 2007	40	0	41	147	27,096
Changes during the interim period					
New shares issued as a result of CB and stock option exercise					16
Dividends from retained earnings					-268
Net income					1,571
Rise from increase in consolidated subsidiary					26
Treasury stock acquisition					-4
Treasury stock disposal					0
Other changes	-325	△0	-325	0	-325
Total changes during the interim	-325	△0	-325	0	1,016
As of September 30, 2007	-284	—	-284	148	28,112

Previous FY3/07 (From April 1, 2006 to March 31, 2007)

Units: million yen

	Shareholder's Equity				Shareholder's Equity
	Capital	Capital Reserves	Retained Earnings	Treasury Stock	
As of March 31, 2006	5,051	5,857	14,680	-326	25,263
Changes during the fiscal year					
New shares issued as a result of CB, stock	77	76			154
Dividends from retained earnings			-222		-222
Dividends from retained earnings			-223		-223
Director bonus			-157		-157
Net income			2,413		2,413
Decline from increase in consolidated subs			-299		-299
Acquisition of treasury stock				-22	-22
Disposal of treasury stock		0		0	1
Other changes					
Total changes during the fiscal year	77	77	1,510	-21	1,643
As of March 31, 2007	5,128	5,935	16,191	-348	26,907

	Evaluation, Translation Gains			Minority Holdings	Total Net Assets
	Others	Deferred	Evaluation,		
As of March 31, 2006	249	—	249	179	25,691
Changes during the fiscal year					
New shares issued as a result of CB, stock					154
Dividends from retained earnings					-222
Dividends from retained earnings					-223
Director bonus					-157
Net income					2,413
Decline from increase in consolidated subs					-299
Acquisition of treasury stock					-22
Disposal of treasury stock					1
Other changes	-208	0	-207	-31	-239
Total changes during the fiscal year	-208	0	-207	-31	1,404
As of March 31, 2007	40	0	41	147	27,096

(Note) Dividend and bonus determined during annual general shareholders' meeting held in June 2006.



**(4) Interim Consolidated Cash Flow Statement**

Units: million yen

	Last Interim	Current Interim	YY Change	FY3/07
Items	Value	Value	Value	Value
<b>I Cash flows from operating activities</b>				
Net income before taxes and other adjustments	2,828	2,828		4,854
Depreciation and amortization	940	1,355		2,101
Impairment loss	—	67		547
Change in bonus reserves	-298	—		-191
Interest and dividends received	-217	-115		-291
Interest payments	364	406		725
Liquidation of marketable securities	-103	—		-198
Change in receivables	936	178		654
Change in accounts due	688	372		410
Change in inventories	-2,580	1,115		-641
Change in accounts payable	-2,005	-237		-1,240
Change in prepayments received	-1,750	-4,278		544
Change in deposits	-787	-762		53
Change in deposits from customers	-117	-135		60
Bonus payments	-164	—		-164
Others	408	-662		-1,577
Subtotal	-1,858	131	1,990	5,647
Interest and dividends received	143	146		280
Interest payments	-365	-431		-724
Corporate tax returns	—	26		—
Corporate tax payments	-717	-2,266		-1,635
<b>Cash flows from operating activities</b>	<b>-2,798</b>	<b>-2,393</b>	<b>404</b>	<b>3,568</b>
<b>II Cash flows from investing activities</b>				
Marketable securities purchases	-1,615	-3,680		-4,114
Marketable securities liquidation income	4,465	620		6,620
Acquisition of tangible fixed assets	-8,062	-6,367		-15,404
Tangible fixed assets liquidation income	7,825	—		8,787
Intangible fixed asset acquisition	-376	-150		-522
Long term prepayments	-264	-207		-414
Loans extended	-292	-362		-480
Loans recovered	280	309		517
Lease deposits paid	—	-1,039		-1,016
Lease deposits recovered	169	—		287
Acquisition of securities from change in consolidated subsidiaries	—	-23		—
Others	-135	-481		2,087
<b>Cash flows from investing activities</b>	<b>1,992</b>	<b>-11,382</b>	<b>-13,375</b>	<b>-3,654</b>
<b>III Cash flows from financing activities</b>				
Net change in short-term debt	-4,866	13,634		-10,540
Net change in long-term debt	2,666	762		12,360
Repayment of long-term debt	-8,263	-2,811		-10,355
Payment from minority shareholder	—	—		—
Income from bond issuance	9,995	—		11,584
Payment for bond redemption	-720	-880		-1,440
Treasury stock acquisition	—	—		—
Dividend payment	-222	-267		-445
Dividend payment to minority shareholder	-18	-14		-27
Others	-21	-23		-102
<b>Cash flows from financing activities</b>	<b>-1,450</b>	<b>10,399</b>	<b>11,849</b>	<b>1,034</b>
<b>IV Translation gains for cash and equivalents</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>V Net change in cash and equivalents</b>	<b>-2,256</b>	<b>-3,377</b>	<b>-1,121</b>	<b>949</b>
<b>VI Cash and equivalents at term start</b>	<b>12,236</b>	<b>13,721</b>	<b>1,484</b>	<b>12,236</b>
<b>VII Change in cash and equivalents from changes in consolidation</b>	<b>537</b>	<b>—</b>	<b>-537</b>	<b>535</b>
<b>VIII Cash and equivalents at term end</b>	<b>10,517</b>	<b>10,343</b>	<b>-173</b>	<b>13,721</b>

## Segment Information

## a. Information by Business Segment

Previous Interim (from April 1 to September 30, 2006)

Units: million yen

	Dormitories	Hotels	Contracted services	Food service	Construction	Other	Total	Company wide	Consolidated
Sales									
(1) External sales to clients	17,531	5,983	4,005	990	1,108	1,232	30,850	—	30,850
(2) Internal sales Sales and transfers	29	44	1,706	864	4,270	686	7,602	7,602	—
Total Sales	17,560	6,027	5,711	1,855	5,378	1,919	38,452	7,602	30,850
Operating expenses	14,282	6,377	5,368	1,929	5,181	1,791	34,930	6,880	28,050
Operating income	3,278	-349	342	-74	196	127	3,521	721	2,800

Current Interim (from April 1 to September 30, 2007)

Units: million yen

	Dormitories	Hotels	Contracted services	Food service	Construction	Other	Total	Company wide	Consolidated
Sales									
(1) External sales to clients	18,729	9,990	4,030	1,313	4,031	1,426	39,520	—	39,520
(2) Internal sales Sales and transfers	34	71	1,476	1,159	1,990	756	5,490	5,490	—
Total Sales	18,764	10,062	5,506	2,473	6,021	2,182	45,010	5,490	39,520
Operating expenses	15,180	10,056	5,290	2,476	6,018	2,080	41,102	4,593	36,508
Operating income	3,583	5	216	-3	3	102	3,907	896	3,011

FY3/07 (from April 1 to March 31, 2007)

Units: million yen

	Dormitories	Hotels	Contracted services	Food service	Construction	Other	Total	Company wide	Consolidated
Sales									
(1) External sales to clients	33,396	13,274	8,257	2,177	6,689	2,491	66,287	—	66,287
(2) Internal sales Sales and transfers	50	153	3,423	2,153	8,562	1,527	15,870	15,870	—
Total Sales	33,447	13,428	11,680	4,330	15,251	4,018	82,157	15,870	66,287
Operating expenses	28,107	14,556	11,055	4,504	14,872	3,764	76,860	14,319	62,541
Operating income	5,340	-1,127	625	-174	379	254	5,297	1,551	3,745

**6. Consolidated Sales Overview**

The table below shows sales results in each of our business segments during the interim period. (Units: million yen)

Business segments	Previous Interim		Current Interim		YY Change	FY3/07	
	(as of September 30, 2006)		(as of September 30, 2007)			(as of March 31, 2007)	
Dormitories	17,560		18,764		6.9	33,447	
Student	10,557		11,076		4.9	19,576	
Corporate	4,350		4,868		11.9	8,451	
Dormir	1,488		1,543		3.7	3,088	
Outsourced	1,165		1,276		9.5	2,329	
Hotels	6,027		10,062		66.9	13,428	
Dormy Inn	3,177		4,342		36.7	6,398	
Resort	2,849		5,719		100.7	7,029	
Contracted services	5,711		5,506		-3.6	11,680	
Office building management	3,165		2,829		-10.6	6,379	
Residential property	2,545		2,677		5.2	5,301	
Food service	1,855		2,473		33.3	4,330	
Construction	5,378		6,021		12.0	15,251	
Other	1,919		2,182		13.7	4,018	
Consolidated eliminations	-7,602		-5,490		—	-15,870	
<b>Total</b>	<b>30,850</b>		<b>39,520</b>		<b>28.1</b>	<b>66,287</b>	

(Note) All figures above do not include consumption taxes.

**2. The table below shows our capacity, resident contracts, and occupancy rates**

Term	Previous Interim			Current Interim			FY3/07		
	(as of September 30, 2006)			(as of September 30, 2007)			(as of March 31, 2007)		
Item	Capacity	Contracts	Occupancy Rate	Capacity	Contracts	Occupancy Rate	Capacity	Contracts	Occupancy Rate
Student	residents	residents	%	residents	residents	%	residents	residents	%
Corporate	—	15,206	—	—	15,771	—	—	15,458	—
Dormir	—	5,535	—	—	6,264	—	—	6,682	—
Total	3,584	3,447	96.2	3,755	3,543	94.4	3,604	3,516	97.6
<b>Total</b>	<b>26,988</b>	<b>24,188</b>	<b>89.6</b>	<b>28,488</b>	<b>25,578</b>	<b>89.8</b>	<b>26,995</b>	<b>25,656</b>	<b>95.0</b>