Kyoritsu Maintenance Co., Ltd.

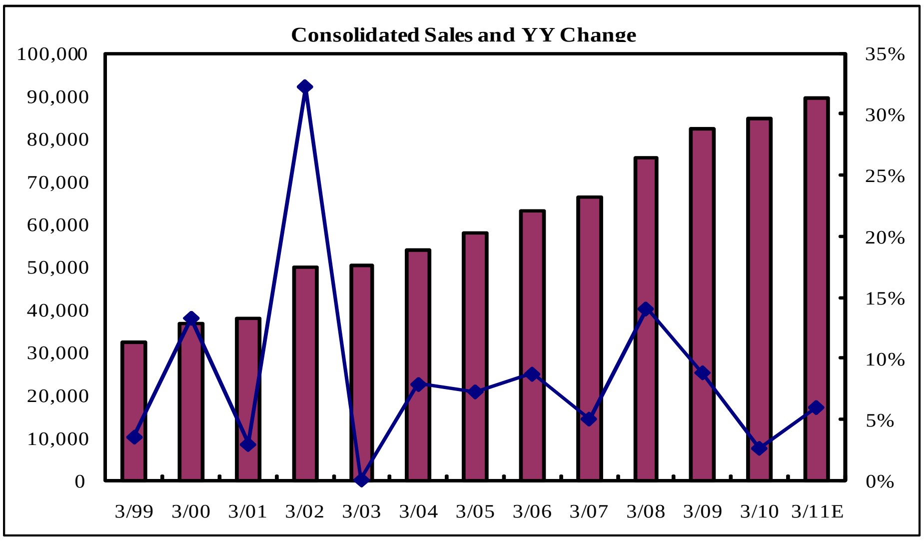
(Securities Code:　9616)

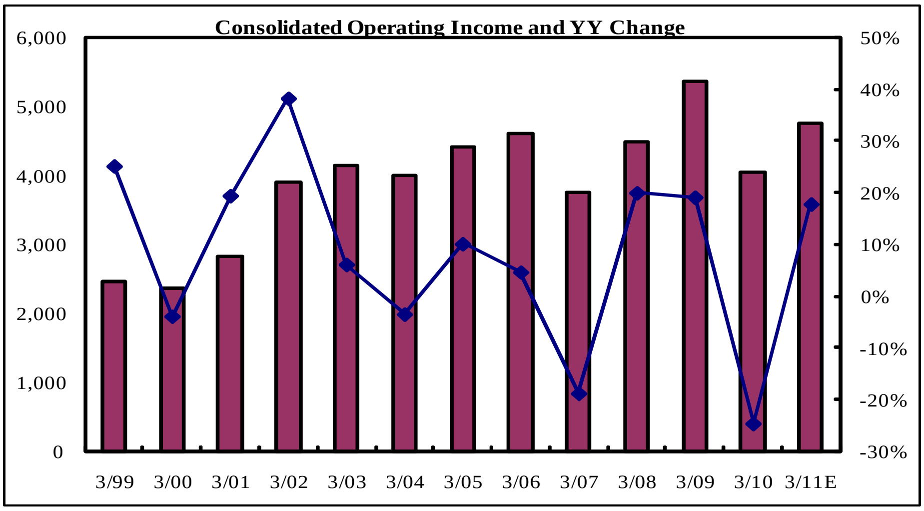
Fiscal Year March 2010

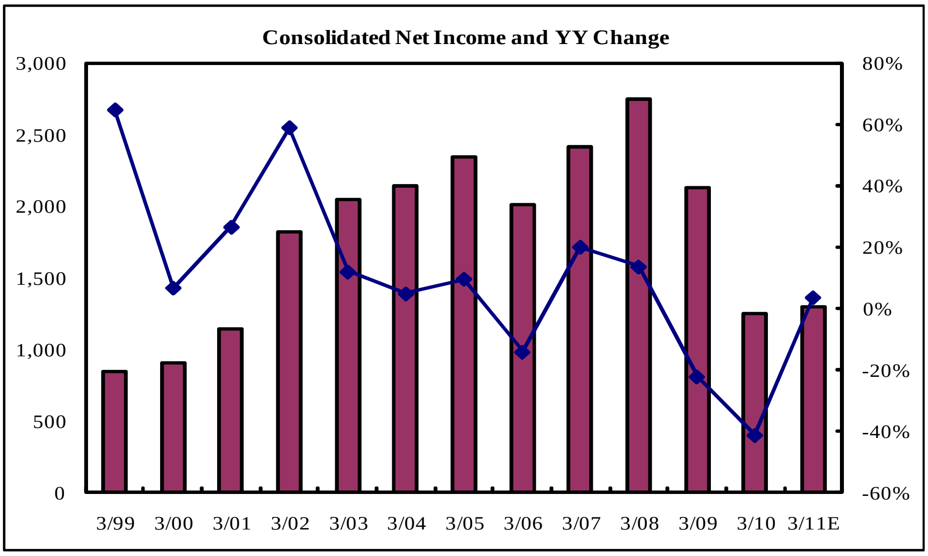
Consolidated Earnings Results Update

May 2010

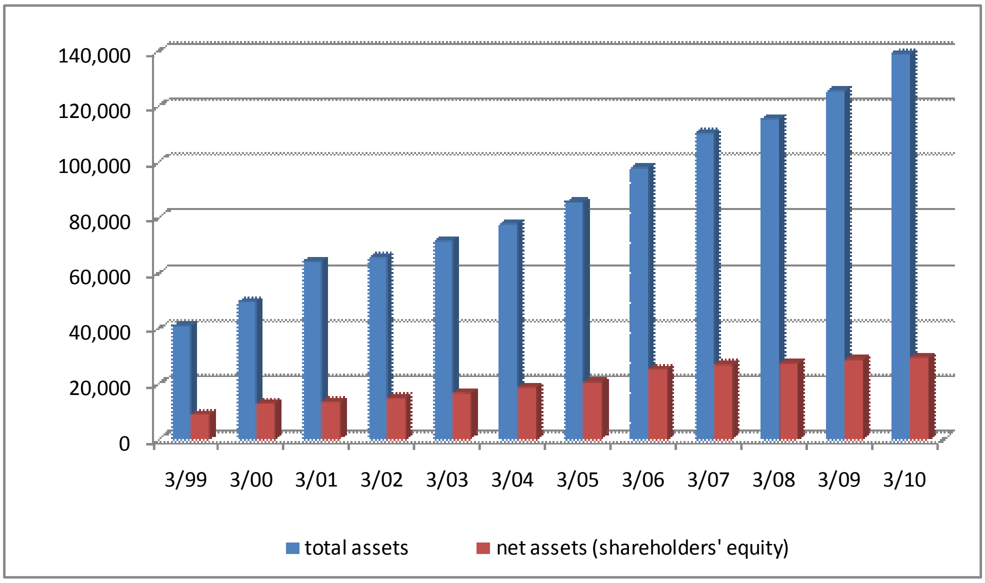
Kyoritsu Maintenance Consolidated Financial Data at a Glance







(Units: Million Yen)



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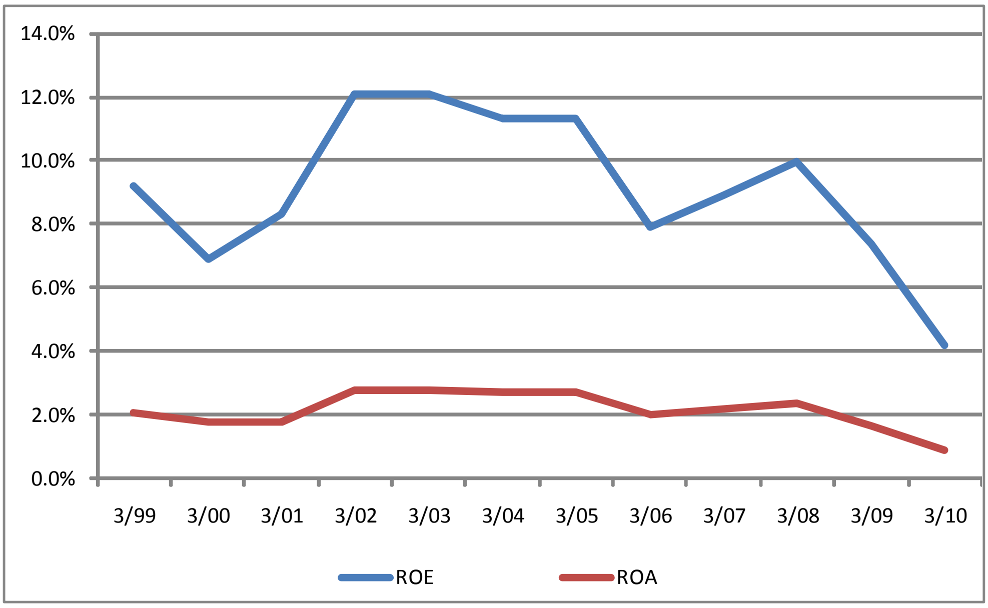
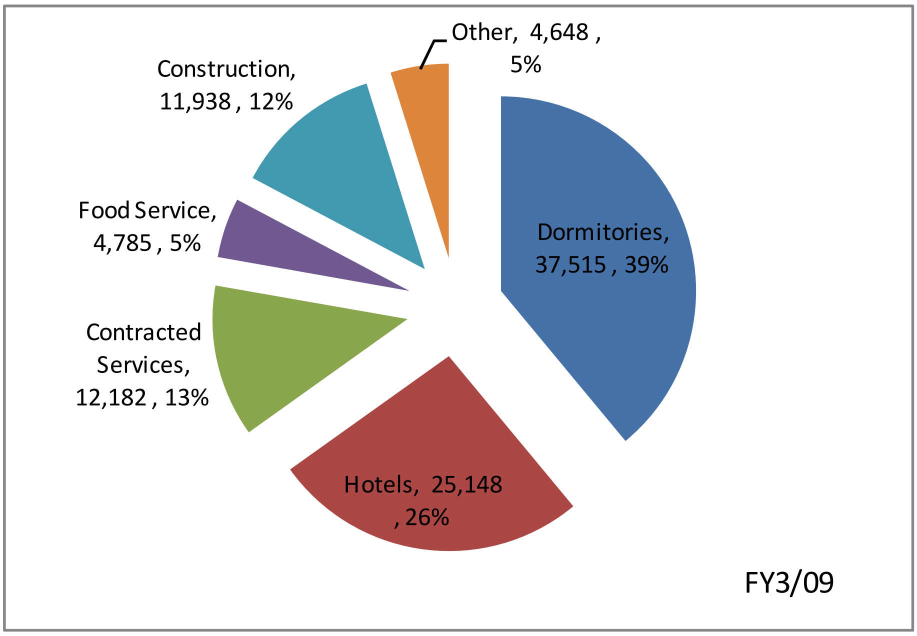
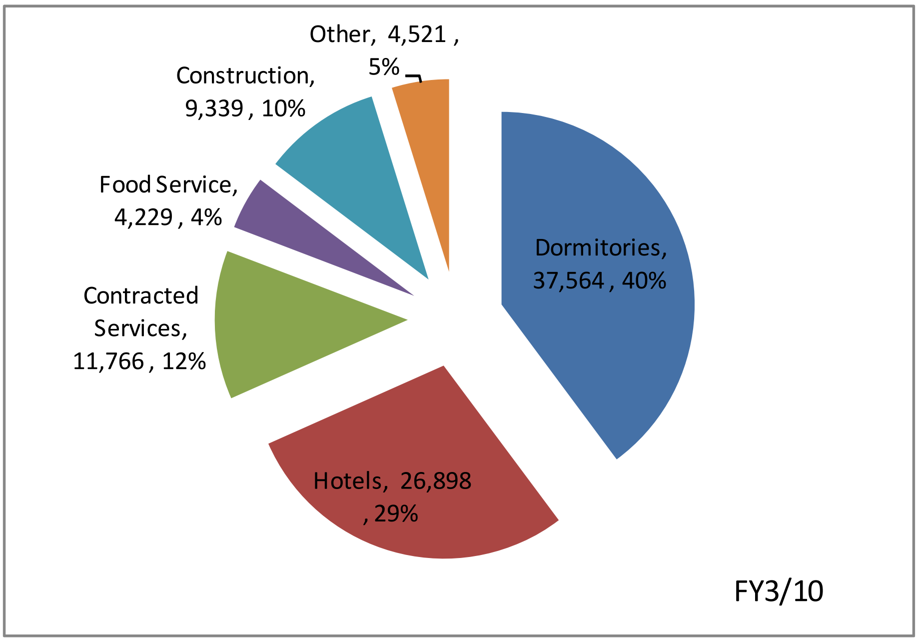






(Units: Million Yen)

Consolidated Income Statement	3/99	3/00	3/01	3/02	3/03	3/04	3/05	3/06	3/07	3/08	3/09	3/10	3/11E
net sales	32,458	36,788	37,884	50,065	50,109	54,081	58,014	63,085	66,287	75,606	82,303	84,513	89,600
gross income	6,578	7,173	7,834	10,221	10,785	10,541	10,894	11,783	12,242	14,183	15,507	13,957	na
operating income	2,465	2,369	2,828	3,908	4,149	4,004	4,407	4,611	3,745	4,492	5,349	4,033	4,750
ordinary income	2,203	2,281	2,643	3,580	3,885	4,060	4,411	4,824	3,787	4,167	4,510	3,012	3,600
net income	850	907	1,147	1,822	2,039	2,138	2,343	2,011	2,413	2,740	2,133	1,254	1,300
Consolidated Balance Sheet													
current assets	15,336	19,900	23,793	18,100	22,138	22,122	23,254	23,350	24,901	19,967	21,852	23,104	na
fixed assets	25,695	29,867	40,478	47,768	49,497	55,715	62,336	74,681	85,562	95,728	103,891	115,980	na
total assets	41,144	49,880	64,327	65,867	71,647	77,865	85,620	98,047	110,507	115,738	125,793	139,209	na
current liabilities	20,921	19,731	28,513	27,031	31,610	29,374	31,585	44,039	37,342	44,119	41,615	41,499	na
fixed liabilities	10,946	16,977	22,064	23,761	23,146	29,433	33,077	28,316	46,068	44,079	55,266	67,956	na
total liabilities	31,866	36,707	50,577	50,792	54,755	58,806	64,663	72,355	83,411	88,199	96,882	109,455	na
net assets (shareholders' equity)	9,278	13,169	13,747	15,073	16,824	18,935	20,788	25,512	27,096	27,538	28,911	29,753	na
yy change													
net sales	3.6%	13.3%	3.0%	32.2%	0.1%	7.9%	7.3%	8.7%	5.1%	14.1%	8.9%	2.7%	6.0%
gross income	6.3%	9.0%	9.2%	30.5%	5.5%	-2.3%	3.3%	8.2%	3.9%	15.9%	9.3%	-10.0%	na
operating income	25.1%	-3.9%	19.4%	38.2%	6.1%	-3.5%	10.1%	4.6%	-18.8%	19.9%	19.1%	-24.6%	17.8%
ordinary income	18.2%	3.5%	15.9%	35.4%	8.5%	4.5%	8.6%	9.4%	-21.5%	10.0%	8.2%	-33.2%	19.5%
net income	64.6%	6.7%	26.5%	58.8%	11.9%	4.8%	9.6%	-14.2%	20.0%	13.6%	-22.2%	-41.2%	3.6%
margins													
gross margins	20.3%	19.5%	20.7%	20.4%	21.5%	19.5%	18.8%	18.7%	18.5%	18.8%	18.8%	16.5%	na
operating margins	7.6%	6.4%	7.5%	7.8%	8.3%	7.4%	7.6%	7.3%	5.6%	5.9%	6.5%	4.8%	5.3%
ordinary margins	6.8%	6.2%	7.0%	7.2%	7.8%	7.5%	7.6%	7.6%	5.7%	5.5%	5.5%	3.6%	4.0%
net margins	2.6%	2.5%	3.0%	3.6%	4.1%	4.0%	4.0%	3.2%	3.6%	3.6%	2.6%	1.5%	1.5%
other benchmarks													
ROE	9.2%	6.9%	8.3%	12.1%	12.1%	11.3%	11.3%	7.9%	8.9%	9.9%	7.4%	4.2%	na
ROA	2.1%	1.8%	1.8%	2.8%	2.8%	2.7%	2.7%	2.1%	2.2%	2.4%	1.7%	0.9%	na
equity ratio	22.6%	26.4%	21.4%	22.9%	23.5%	24.3%	24.3%	26.0%	24.5%	23.8%	23.0%	21.4%	na
Units: million yen													

Fiscal Year March 2010 Earnings Announcement

May 14, 2010

Company Name:	Kyoritsu Maintenance Co., Ltd.	Tokyo Stock Exchange
Stock Code:	9616 URL: http://www.kyoritsugroup.co.jp/	
Director:	Mitsutaka Sato, President	
Contact:	Takumi Ueda, Vice President	Tel: +81-3-5295-7778
General Shareholders Meeting (Anticipated):		June 25, 2010
Financial Accounts Filing Date (Anticipated):		June 25, 2010
Dividend Payment Date (anticipated):		June 28, 2010

(All figures of less than one million yen are rounded down to the nearest digit)

1. Fiscal Year March 2010 Consolidated Earnings (From April 1, 2009 to March 31, 2009)

(1) Consolidated Earnings (Aggregated)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	% yy	Million yen	% yy	Million yen	% yy	Million yen	% yy
FY3/10	84,513	2.7	4,033	-24.6	3,012	-33.2	1,254	-41.2
FY3/09	82,303	8.9	5,349	19.1	4,510	8.2	2,133	-22.2

	EPS	Fully Diluted EPS	ROE	Ordinary Income to Net Asset Ratio	Operating Margin
	Yen	Yen	%	%	%
FY3/10	87.33	71.32	4.3	2.3	4.8
FY3/09	148.49	118.53	7.6	3.7	6.5

(Reference) Equity accounting method profit: 0 yen in FY3/10, 0 yen in FY3/09

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Asset Ratio	Book Value per Share
	Million yen	Million yen	%	Yen
FY3/10	139,209	29,753	21.2	2,054.83
FY3/09	125,793	28,911	22.8	1,995.59

- Capital: 29,518 million yen in FY3/10, 28,669 million yen in FY3/09

(3) Consolidated Cash Flow Conditions

	Operating Cash Flow	Investing Cash Flow	Financing Cash Flow	Cash and Equivalents at Term End
	Million yen	Million yen	Million yen	Million yen
FY3/10	5,083	-16,236	11,682	11,460
FY3/09	7,661	-13,738	8,948	10,931

2. Dividend Conditions

	Dividends per Share					Total Dividend Payment (Annual)	Dividend Payout Ratio (Consolidated)	Dividend to Net Asset Ratio (Consolidated)
Registry Date	End 1Q	End 2Q	End 3Q	End Year	Full Year			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
FY3/09		19.00		19.00	38.00	545	25.6	1.9
FY3/10		19.00		19.00	38.00	545	43.5	1.9
FY3/11 (Projected)		19.00		19.00	38.00	—	42.0	—

3. Fiscal Year March 2010 Consolidated Earnings Projection (April 1, 2010 to March 31, 2011)

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	Million Yen	%yy	Million Yen	%yy	Million Yen	%yy	Million Yen	%yy	Yen
First Half	43,850	1.2	2,250	-28.7	1,560	-39.6	390	-67.4	27.15
Full Year	89,600	6.0	4,750	17.8	3,600	19.5	1,300	3.6	90.50

- 4. Others
  - (1) Important changes in our subsidiaries, including changes to the scope of our consolidation: Yes
    Added: 0, Removed: 1, MB Mouton Property, Ltd.
  - (2) Changes in the accounting methods, procedures, display methods used in the creation of our consolidated financial statements during the most recent quarter:
    - ① Changes accompanying revisions in accounting standards: Yes
    - ② Other changes: None
  - (3) Shares issued (Common stock)
    - ① Shares issued as of term end (including treasury stock): 15,125,582 at end FY3/10, 15,125,582 at end FY3/09
    - ② Treasury stock as of term end: 760,215 at end FY3/10, 758,951 at end FY3/09

(Reference) Parent Earnings Results

1. Fiscal Year March 2009 Parent Earnings (From April 1, 2009 to March 31, 2010)

(1) Parent Earnings

	Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%yy	Million yen	%yy	Million yen	%yy	Million yen	%yy
FY3/10	65,498	2.8	3,181	-21.8	2,421	-32.8	1,162	-33.1
FY3/09	63,704	11.5	4,069	25.6	3,605	9.1	1,738	-28.4

	EPS	Fully Diluted EPS
	Yen	Yen
FY3/10	80.93	66.09
FY3/09	120.99	96.58

(2) Parent Financial Position

	Total Assets	Net Assets	Net Asset Ratio	Book Value per Share
	Million yen	Million yen	%	Yen
FY3/10	121,790	27,664	22.7	1,925.75
FY3/09	112,028	26,909	24.0	1,873.06

(Reference) Capital: ¥27,664 million in FY3/10,¥ 26,909 million in FY3/09

2. Fiscal Year March 2011 Parent Earnings Projection (April 1, 2010 to March 31, 2011)

	Sales		Operating Income		Ordinary Income		Net Income		EPS
	Million Yen	%yy	Million Yen	%yy	Million Yen	%yy	Million Yen	%yy	Yen
First Half	35, 800	4.6	2,100	-22.4	1,500	-35.7	380	-68.5	26.45
Full Year	70,400	7.5	3,900	22.6	2,900	19.7	1,080	-7.1	75.18

- Notes and explanations regarding the appropriate uses of our earnings projections
  All projections provided within 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.

1. Earnings Results

(1) Analysis of Our Earnings Performance

1. Overall Earnings During Current Term

(Units: Million Yen)	FY3/09	FY3/10	% YY Change
Sales	82,303	84,513	2.7
Operating Income	5,349	4,033	-24.6
Ordinary Income	4,510	3,012	-33.2
Net Income	2,133	1,254	-41.2

During the current fiscal year, we saw a continuation of uncertainties surrounding the future of the Japanese economy due to the trend for weak consumer prices, high levels of unemployment, and other negative factors.

Against this backdrop and despite our ability to expand our relations with new four year universities and other new clients in our main business of dormitories, weaker than expected new residents entering our dormitories during March and weaker demand for corporate dormitories and management of various corporate fringe benefit facilities such as training facilities caused our earnings to suffer.

In our hotel business, our resort hotels trended strongly on the back of strong support of customers and our successful efforts at cost management. However in our business hotels, Dormy Inns incurred a decline in its occupancy rates due to increased competition and the spread of influenza, and subsequent reduced pricing from our competition negatively impacted our earnings.

As a result of these developments, our sales, grew by ¥2.21 billion or 2.7% year-over-year to ¥84.513 billion. At the same time the lower occupancy rates and openings costs from newly opened facilities caused our operating income to fall by 24.6% year-over-year to ¥4.033 billion. Increased interest payments and commissions caused ordinary and net incomes to decline by 33.2% and 41.2% year-over-year to ¥3.012 and ¥1.254 billion respectively.

2. Our Earnings by Business Segment

Dormitory Business (Student, Corporate, Dormy Inn, Facilities Management Outsourcing)

(Units: Million Yen)	FY3/09	FY3/10	% YoY Change
Contracted Residents	28,035	28,646	2.2
Sales	37,515	37,564	0.1
Operating Income	5,716	5,002	-12.5

The operating environment in our dormitory business remained difficult with a decline in the number of college age Japanese (18 years old) declining by 2.2% year-over-year to 1.2 million. However at the same time the weak economy and subsequent difficulties in finding good jobs after graduation from secondary educational institutions made the choice of universities and colleges all the more important and we noted continued popularity of major universities and secondary educational institutions located in Tokyo and other major metropolitan areas.

Against this backdrop, we strengthened our ties with universities, vocational schools and preparatory schools, and formed new relationships with Nihon University, Toyo University, Edogawa University, Kogakuin University and other major four year universities by leveraging our unique "sanitary and healthy menus" prepared at our commissary facilities within our dormitories, our "highly secure and safe 24 hour supervised facilities" and our other various dormitory services. However in March of the current fiscal year we saw the number of new dormitory residents fall below expectations and consequently our earnings suffered. Therefore in our student dormitory business the number of schools to which we provide services to stood at 1,583, the number of contracted residents rose 3.7% year-over-year and sales rose by 1.2% year-over-year to ¥22.414 billion.

The operating environment for our corporate dormitory business remained difficult with a 1.6% year-over-year decline in the total work force to 62.82 million and the number of new graduate hires rising by 1.7% year-over-year to 948,000. Due to these difficult conditions and the subsequent worsening of corporate earnings demand for management of various corporate facilities including training centers and others remained weak and the number of contracted residents in our corporate dormitory business grew by only 1.3% from the previous term to 7,511. Consequently the number of corporate clients using our dormitory services stood at 1,210 and our sales fell by 1.9% year-over-year to ¥9.33 billion.

In our Dormier business we leveraged our expertise acquired in our student and corporate dormitory businesses to capture demand from the diversifying needs of single students and workers by providing studio-type dormitory facilities and facilities with commissaries. However weaker corporate earnings environment contributed to weak demand from corporate users and the number of contracted residents and sales declined by 2.9% and 2.0% from the previous term to 3,775 and ¥3.389 billion respectively.

Furthermore in our outsourced dormitory management business where we provide management services for dormitory facilities owned by schools and corporations we leveraged our strong reputation as "Japan's leading boarding house service provider" to differentiate our company from our competition and expand orders. Consequently our sales rose by 0.9% year-over-year to ¥2.429 billion.

As a result of these efforts the number of facilities we operated in our overall dormitory business rose by 7 facilities (excluding outsourced dormitories) to 408, contracted residents grew by 683 to 30,849, and sales increased by 0.1% year-over-year to ¥37.564 billion. With regards to costs, the deterioration in occupancy rates and taxes and other costs arising from acquisition of new facilities offset our efforts to strictly manage costs on a per-facility basis and our operating income declined by 12.5% from the previous year to ¥5.002 billion.

Hotel Business

(Units: Million Yen)	FY3/09	FY3/10	% YoY Change
Sales	25,148	26,898	7.0
Operating Income	103	-346	―

In our Dormy Inn (business hotel) business, we sought to differentiate our Company by reflecting the needs of each of our customers in Kyoritsu's unique hospitality and services amidst the backdrop of reduced service levels within the overall industry. In particular we focused upon the main themes of providing customers with "large hot spring type bathing facilities" and "good tasting breakfast menus," in addition to our late night check in services and reasonable pricing for extended stays as means of broadening the appeal of our business hotels to include family travelers.

Against this backdrop, we were able to see a positive contribution to sales from six newly opened facilities including "Haruna no Yu Dormy Inn Takasaki," "Natural Hot Springs Mikasa no Yu Dormy Inn Hakata Gion Hakata," "Bandai no Yu Dormy Inn EXPRESS Koriyama," "Natural Hot Springs To no Yu Dormy Inn PREMIUM Otaru," "Natural Hot Springs Keyaki no Yu Dormy Inn Tsu," and "Natural Hot Springs Sanshu no Yu Dormy Inn EXPRESS Mikawa Anjo." Despite this positive contribution the lower occupancy rates arising from reduced business travel and downward pressure upon pricing due to increased competition led to weaker than expected sales of ¥12.092 billion, or a 12.0% growth from the last term.

In our resort hotel business, we sought to satisfy our customers by providing them with "high quality resort style accommodations at reasonable prices" and "comforting accommodations" and opened Hidahanasato no Yu Takayama ouan . Furthermore at our existing facilities we sought to raise the weekday occupancy rates at our facilities by ofeering new services and products and by leveraging the capabilities of our low-cost operations to provide high cost performance to customers. Moreover we received a continued high level of attention by the mass media which increased the awareness of our facilities. Consequently sales rose by 3.2% year-over-year to ¥14.806 billion in our resort hotel business.

As a result of these efforts we were able to increase the total number of our hotel facilities by 7 to 53 and the number of rooms by 1,234 to 7,812, and sales rose by 7.0% year-over-year to ¥26.898 billion. During the current term costs associated with the opening of new facilities, the widespread outbreak of influenza and weaker corporate travel due to the stagnant economy offset our efforts to expand our sales channels and strictly manage costs and we incurred an operating loss of ¥346 million.

Contracted Services Business

(Units: Million Yen)	FY3/09	FY3/10	% YoY Change
Sales	12,182	11,766	-3.4
Operating Income	629	211	-66.4

The contracted services business includes maintenance and management services for both offices and residences, rental of consigned buildings, and parking lot management. In particular the building maintenance business suffered from severe operating conditions in particular, with conditions in the greater Tokyo metropolitan area worsening due to demands for price cuts, reductions in service levels, and cancelation of contracts. Against the backdrop of this operating environment we endeavored to reduce our cost structure and acquire new clients but we also suffered from cancellations of some larger contracts. Consequently our overall contracted services sales and operating income declined by 3.4% and 66.4% year-over-year to ¥11.766 billion and ¥211 million respectively.

Food Service Business

(Units: Million Yen)	FY3/09	FY3/10	% YoY Change
Sales	4,785	4,229	-11.6
Operating Income	-80	-8	—

The operating environment for our food service business remained severe with intensifying pricing competition from large restaurant chains and weak personal consumption trends. Against this backdrop we were able achieve success in some of our efforts to control and reduce variable costs, and to restructure our earnings structure. But despite these successes, store renewal costs and other negative factors caused our food service business to see a decline in sales of 11.6% year-over-year to ¥4.229 billion, and led us to see an operating loss of ¥8 million.

Construction Business

(Units: Million Yen)	FY3/09	FY3/10	% YoY Change
Sales	11,938	9,339	-21.8
Operating Income	419	365	-12.9

As the operating environment in our construction business remained extremely difficult during the current term, we promoted the strict management of costs. Moreover a decision within our Group to temporarily stop development of properties negatively impacted this division and contributed to 21.8% and 12.9% year-over-year declines in both sales and operating income of ¥9.339 billion and ¥365 million.

Other Business

(Units: Million Yen)	FY3/09	FY3/10	% YoY Change
Sales	4,648	4,521	-2.7

Operating Income	209	151	-27.6

The other business segment is comprised of the wellness life (management of senior citizen housing), single life style support service, insurance agency, advertising agency, rental property brokerage and management, comprehensive human resources, and financing services. In this business we saw declines in both sales and operating income of 2.7% and 27.6% year-over-year to ¥4.521 billion and ¥151 million respectively.

3. Earnings Projections for the Coming Term

(Consolidated Earnings)

(Units: Million Yen)	FY3/10	FY3/11 Estimates	% YoY Change
Sales	84,513	89,600	6.0
Operating Income	4,033	4,750	17.8
Ordinary Income	3,012	3,600	19.5
Net Income	1,254	1,300	3.6

(Non-Consolidated Earnings)

(Units: Million Yen)	FY3/10	FY3/11 Estimates	% YoY Change
Sales	65,498	70,400	7.5
Operating Income	3,181	3,900	22.6
Ordinary Income	2,421	2,900	19.7
Net Income	1,162	1,080	-7.1

The Japanese economy is anticipated to continue to suffer from difficult conditions arising from instability in the global financial markets. Furthermore personal consumption trends are expected to stagnate against the backdrop of weaker share prices and negligible growth in personal incomes. Given these conditions, the Kyoritsu Group will exert its utmost efforts to leverage synergies within its group to respond to create a solid management and earnings structure that can respond quickly and accurately to the current difficult operating environment.

With regards to our earnings estimates for the coming fiscal year, in our dormitory business we saw a relatively strong 92.9% occupancy rates in April, which is a leading indicator for our earnings performance in the coming year. In the coming fiscal year March 2011, we open a total of 13 new facilities nationwide, which will add 1,256 rooms, bringing the total number of facilities and rooms which we operate to 409 and 31,513 respectively. Therefore we are continuing to respond to the diversifying needs of our residents by providing facilities for which costs are strictly managed and controlled. Furthermore with regard to our marketing function we have newly established a comprehensive marketing division to effectively gather information regarding the needs of our customers on a Group wide basis and to provide even more flexible and wider range of responses to these needs.

In our hotel business, we plan to open new facilities in major metropolitan areas throughout Japan given the favorable reception from our customers of our existing Dormy Inn hotel facilities. While business travel continues to be negatively impacted by weak corporate earnings, we will endeavor to capture tourist traveler demand and expand our customer base by continuing to focus upon our offerings of "large hot spring type public baths" and "good tasting breakfasts." In our resort hotel business we will continue to provide "high quality resort style facilities at reasonable prices" and offering "comfortable accommodations" in order to capture customer demand resulting from the growing segment of the Japanese population who are retiring and are likely to travel more. Also we will focus upon fortifying the services and cost management at each of our facilities, while at the same time reviewing the development and opening plans of new facilities to ensure we continue to offer "comforting accommodations" at all of our facilities that exceed the expectations of our customers. Furthermore as part of our efforts to fortify our marketing function, we will start a special hotel division to expand our operations in the Hokkaido area for both business and resort hotels.

Our contracted services business encountered a further worsening of pricing competition, along with revisions in the service contracts from our customers, demands for price reductions, and cancellation of contracts due to the consolidation of the number of consigned service providers. Amidst these conditions, we will increase the trust of our customers by aggressively promoting our expertise and know-how as a specialist service provider and offer our customers improved services to raise our competitive standing within the industry.

With regards to our food service business, we will continue to focus our attention upon improving our profitability through strict management of variable costs and developing products and services that meet high levels of customer satisfaction.

In our construction business, we will continue to support the Kyoritsu Group development and new facility opening plans, in addition to developing external clients and strictly managing costs.

In our other business we will focus upon fortifying our earnings foundation in each area of this business, while at the same time promoting a growth strategy to expand this segment.

Consequently at the consolidated level for the Kyoritsu Group, we project sales to grow by 6.0% year-over-year to ¥89.6 billion, and operating, ordinary and net incomes to rise by 17.8%, 19.5% and 3.6% year-over-year to ¥4.75, ¥3.6, and ¥1.3 billion respectively. And at the parent level we project sales to rise by 7.5% year-over-year to ¥70.4 billion, and our operating and ordinary incomes to grow by 22.6% and 19.7% year-over-year to ¥3.9 and ¥2.9 billion respectively. At the same time parent level net income is expected to decline by 7.1% year-over-year to ¥1.08 billion. In addition we have reduced our operating and ordinary incomes by ¥50 million each, and our net income estimate reflects the realization of an extraordinary loss of ¥800 million which contributed to a reduction of ¥442 million due to the implementation of the "new accounting standard for liabilities resulting from the elimination of assets" from the coming fiscal year.

(2) Analysis of Financial Conditions

1. Conditions of Our Assets, Liabilities, and Net Assets

Our total assets increased by ¥13.415 billion from the end of the previous fiscal year to ¥139.209 billion. The main reasons for this growth were the increased acquisition of tangible fixed assets, and security deposits.

Liabilities grew by ¥109.455 billion year-over-year to ¥109.455 billion during the term under review. The main factor for this increase was the rise in commitment type syndicated loan form of long term debt.

Our net assets also rose by ¥841 million from the end of the last fiscal year to ¥29.753 billion. The main reason for this increase was growth in retained earnings. Consequently our net asset ratio declined by 1.6% points from the end of the previous fiscal year to 21.2% at the end of the current term.

2. Cash Flow Conditions

During the term under review our consolidated cash and equivalents grew by ¥528 million to ¥11.46 billion.

(Cash Flow from Our Operating Activities)

During the current fiscal year, we saw a 4,306 million yen increase in our operating cash flow to a net inflow of 7,661 million yen, due primarily to the declines in real estate held as inventories.

(Cash Flow from Our Investing Activities)

During the period under review, we recorded a ¥2.578 billion decline in net inflow in our investing cash flow to ¥5.083 billion. This inflow is attributed to a decline in net income before taxes and increases in depreciation and accounts receivables.

(Cash Flow from Our Financing Activities)

In the current term, we saw an increase of ¥2.734 billion in the net inflow of our investing cash flow to an inflow of ¥11.682 billion. The issuance of a corporate bond and increases in long-term debt were the main factors behind this increase in our cash inflow.

(Reference) Trends in Our Cash Flow Indicators

	FY3/06	FY3/07	FY3/08	FY3/09	FY3/10
Net Asset Ratio (%)	26.0	24.4	23.6	22.8	21.2
Capital Adequacy Ratio, Market Capitalization Based (%)	61.1	36.9	22.1	17.6	14.2
Cash Flow to Interest Bearing Debt Ratio (%)	7.7	14.7	17.5	8.9	15.8
Interest Rate Coverage Ratio	10.6	4.9	3.6	7.7	4.5

Net Asset Ratio: Net Assets / Total Assets

Capital Adequacy Ratio: Market Capitalization / Total Assets

Cash Flow to Interest Bearing Debt Ratio: Interest Bearing Debt / Operating Cash Flow

Interest Coverage Ratio: Operating Cash Flow / Interest Payments

1.Each indicator is based on consolidated financial data.

2.Market capitalization excludes treasury stock.

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

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 in the Current and Next Terms

We consider the capital sourced from the capital markets and 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 over 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. With regards to distribution of profits to shareholders during the current term, we expect to maintain the same full year dividend as the previous term of 38 yen per share. In the future, we will endeavor to maintain a stable level of dividends while also responding flexibly to reflect changes in our earnings and with a view to the conversion of our convertible bond type stock options issued in September 2006. At the same time we also seek to retain a level of earnings that will give our management the flexibility to make necessary capital investments in response to changes in the market and to develop new businesses whenever appropriate.

(4) Business Risks

Below we note the important risk factors that maybe considerations when making an investment in our Company. We consider these factors to be the main risks existing during the course of our operations during the term under review.

1. Our Sales Conditions

In our core dormitory business, we operate and manage various facilities with the goal of providing a highly relaxing environment and experience to our residents, making them feel as if they were in their own home. In addition to our efforts to strengthen our relationships with various schools to provide their students with room and board, we provide flexible housing solutions to Japanese corporations, whose employee numbers change dramatically, by supplying them with only the number of rooms they need to match the number of employees needing housing. But because our dormitories are primarily leased from the owners of the facilities, we are able to provide flexible solutions as mentioned above. At the same time we are at risk of being negatively impacted by the cancellation of resident contracts by schools, and by corporations due to restructuring of their work force.

With regards to our hotel business, we have been able to insulate ourselves from large fluctuations in occupancy rates at our Dormy Inn Hotels by providing various unique services and amenities such as extended-stay programs which help to differentiate our facilities from our competitors. However we remain vulnerable to fluctuations and volatility in corporate demand caused by changes in the economy. In our resort hotel business, we are also subject to the volatility in occupancy rates arising from weather related calamities such as typhoons, as well as from fluctuations in the economy. Therefore our sales may fall below our expectations during peak seasonal periods and our Group earnings may also be impacted by these events.

Regarding our food services business, we are vulnerable to changes in consumer demand which could result in a loss of business resulting from cancellations of outsourcing contracts for management of restaurants and cafeterias at golf courses and corporate facilities. Therefore our Group earnings could be negatively impacted by these changes.

2. Financial Conditions

The Kyoritsu Maintenance Group endeavors to maintain consistent long-term growth as outlined in our intermediate-term management strategy, but the attainment of this growth is premised upon our ability to secure assets which can be used dormitories and hotels. In the development of these assets, we take our financial standing into consideration and seek to make the most efficient use of all our resources by utilizing various financial methods to yield the biggest returns. However our earnings and financial position are at risk of being negatively impacted by potential stagnation in the real estate market, volatility in asset prices, extreme declines in cash flows from our existing assets, and inability to proceed as expected with development of assets due to volatility in the financial markets.

3. Legal Regulations and Quality Control

Our Group provides both services and goods and we are subject to various rules and regulations relating to food safety and sanitation, personal information privacy security, hotel and fire laws, and a host of other safety related regulations and laws. Therefore our Group maintains compliance structures, risk committees and internal control structures to perform routinely scheduled checks to ensure that we are in strict compliance with the various laws and regulations which are part of our business. But despite our best efforts to prevent accidents, we still are at risk of losing our customers’ trust in the highly unlikely event that an incident such as food poisoning and leakage of personal information were to occur and our earnings may also be profoundly impacted.

4. Regarding the Implementation of "Asset Impairment Accounting"

On August 9, 2002 the Business Accounting Council announced a report entitled "White Paper on the Accounting Standards for Fixed Asset Impairment Accounting" and the policy paper entitled "Policy Statement for the Implementation of Accounting Standards for Fixed Asset Impairment Accounting" was released on October 31, 2003. In response to these moves by the accounting industry, we are now required to implement asset impairment accounting with regards to our Group's tangible and intangible fixed assets, including investments, other assets and leases. And we recognize the risk of an extreme contraction in our cash flow by the implementation of asset impairment accounting at times when there are dramatic fluctuations in the economy and financial markets.

5. Important Contracts

The dormitories and hotels we operate are leased by our company from the owners of the assets under long-term lease agreements ranging from 10 to 20 years. Some of these facilities have stipulations in their lease contracts that prohibit the cancellation of the lease agreement prior the end of the lease term. Therefore weak trends in occupancy rates of these managed assets could negatively affect their profitability, which in turn could negatively impact our overall earnings and financial position.

6. Our Dependence upon Interest Bearing Debt and the Influence of Interest Rate Trends

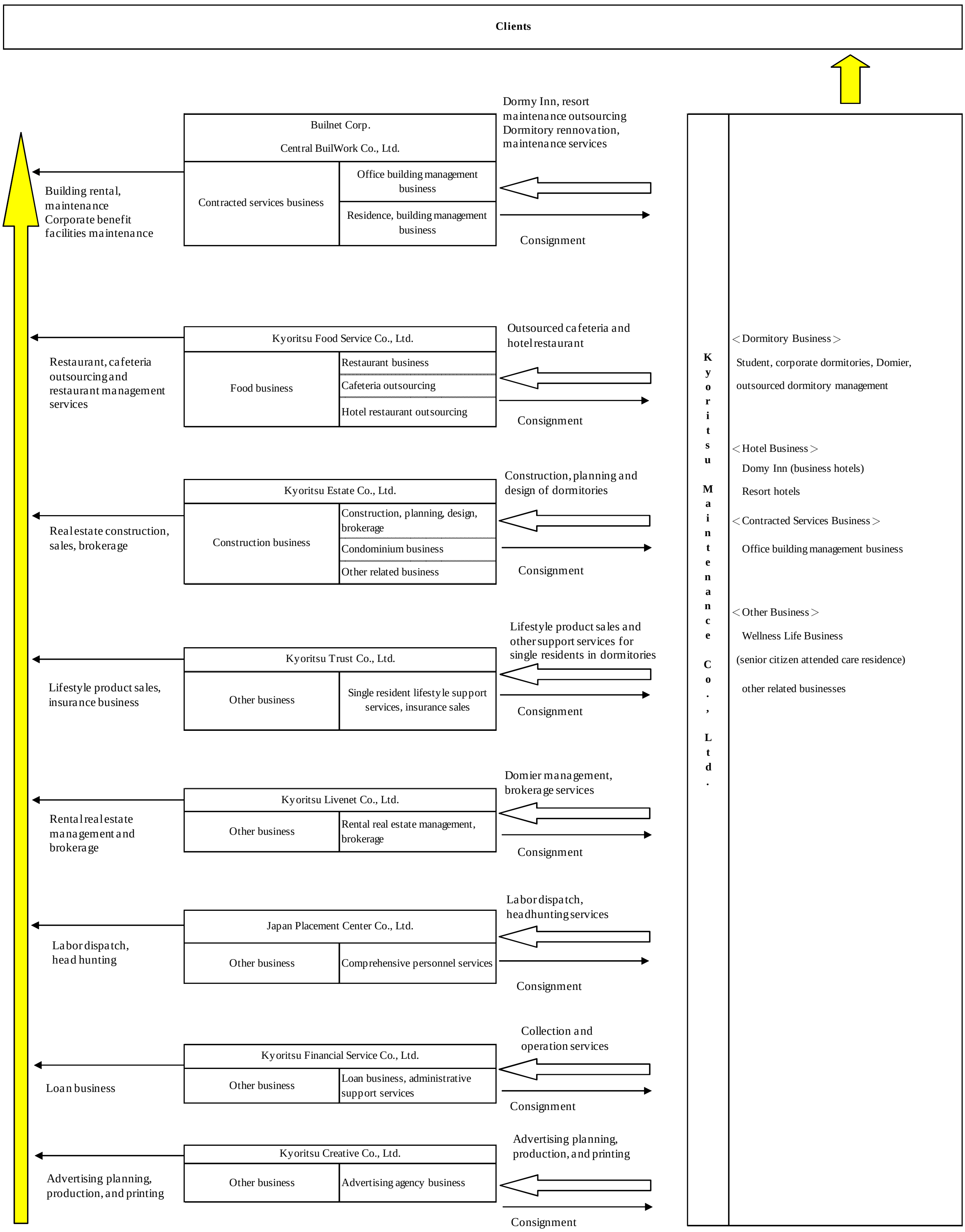
In our business, we use bank debt in addition to our own capital, and our interest bearing debt ratio as a percentage of our total assets stood at 57.8% at end fiscal year March 2010. As for our Group, we are pursuing a strategy of reducing our dependence upon interest bearing liabilities, which includes the sale of some of our self-owned facilities to investors while retaining the management and operational contracts for these facilities. At the end of fiscal year March 2010, 87.8% of our interest bearing debt was fixed interest rate debt and we therefore are insulated from near term increases in interest rates. However, our earnings still remain at risk of higher funding costs arising from increases in interest rates over the longer term.

2. Corporate Structure

The Kyoritsu Maintenance Group consists of the parent company, 13 subsidiaries, and four affiliated companies. Our main businesses consist of dormitories, hotels, contracted services, food service, real estate development 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, and outsourced dormitory management	Kyoritsu Maintenance Co., Ltd. One other company
Hotels	Dormy Inn (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. One other company
Food Service Business	Restaurant business Outsourced catering business Hotel restaurant outsourcing business	Kyoritsu Food Services Co., Ltd.
Construction Business	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 Financing 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. Two other companies

Schematic Diagram of Our Operations



3. Management Policy

(1) Our Basic Management Policy

(2) Benchmarks of Our Intermediate to Long-Term Management Strategy

(3) Key Management Issues

With regards to the above three issues, we have chosen to eliminate any explanation of them because there have been no substantive changes made to them since our previous announcement of them in our fiscal year March 2009 earnings announcement released on May 15, 2009.

4. Consolidated Financial Statement

(1) Consolidated Balance Sheet

(Units: Million Yen)

	Previous Term FY3/09	Current Term FY3/10
Assets		
Current assets		
Cash and deposits	12,065	12,594
Notes, accounts receivable	2,896	3,882
Marketable securities	32	3
Real estate for sale	424	268
Uncompleted construction payment	982	※5 999
Deferred tax assets	665	516
Others	4,831	4,885
Doubtful account reserves	-44	-44
Total current assets	21,852	23,104
Fixed assets		
Tangible fixed assets		
Buildings, structures	※2 38,984	※2 46,485
Depreciation, aggregated	-11,115	-13,311
Buildings, structures (net)	27,869	33,174
Land	※2 25,896	※2 28,626
Buildings, structures in trust	※2 9,844	※2 10,767
Depreciation, aggregated	-816	-1,361
Buildings, structures in trust (net)	9,027	9,406
Land in trust	※2 2,558	※2 2,558

Construction in progress	6,756	※2 6,396
Others	5,220	6,520
Depreciation, aggregated	-3,537	-4,523
Others (net)	1,682	1,997
Total tangible fixed assets	73,790	82,159
Intangible fixed assets		
Others	※2 2,921	※2 3,848
Total intangible fixed assets	2,921	3,848
Investments, other assets		
Investment securities	※1, ※2 6,440	※1, ※2 6,646
Long term loans	778	1,417
Security deposits	7,370	8,582
Deposits	6,986	7,512
Deferred tax assets	2,670	2,698
Others	3,086	3,315
Doubtful account reserves	-154	-198
Total investments, other assets	27,179	29,972
Total fixed assets	103,891	115,980
Deferred assets		
Bond issuance fees	49	124
Total deferred assets	49	124
Total assets	125,793	139,209

(Units: Million Yen)

	Previous Term FY3/09	Current Term FY3/10
Liabilities		
Current liabilities		
Notes, accounts payabale	3,028	3,846
Short term debt	※2 17,497	※2, ※4 17,937
Bond portion redeemable within 1 year	3,181	1,890
Unpaid taxes	530	581
Deposits	11,675	11,932
Bonus reserves	910	623
Director bonus reserves	199	147
Completed construction guarantee reserves	12	11
Construction work loss reserves	4	※5 4
Others	4,577	4,524
Total current liabilities	41,615	41,499
Fixed liabilities		
Bonds	14,400	19,385
Long term debt	※2 33,055	※2, ※4 41,264
Long term security deposits	4,509	4,155
Deferred tax liabilities	840	848
Retirement benefit reserves	1,168	1,199
Director retirement benefits reserves	370	339
Others	922	762

Total fixed liabilities	55,266	67,956
Total liabilities	96,882	109,455
Net assets		
Shareholders’ equity		
Capital	5,136	5,136
Capital reserves	5,943	5,943
Retained earnings	19,995	20,704
Treasury stock	-1,468	-1,470
Total shareholders’ equity	29,607	30,313
Valuation, translation gains		
Other marketable security valuation gains	-937	-795
Total valuation, translation gains	-937	-795
Minority holdings	241	235
Total net assets	28,911	29,753
Total liabilities, net assets	125,793	139,209

(2) Quarterly Consolidated Income Statement

(Units: Million Yen)

	Previous Term FY3/09 (From April 1, 2008 to March 31, 2009)	Current Term FY3/10 (From April 1, 2009 to March 31, 2010)
Sales	82,303	84,513
CGS	66,795	70,556
Gross income	15,507	13,957
SG&A		
Payroll, bonuses	2,939	2,712
Corporate fringe benefits	488	485
Employee bonus reserve provisions	239	152
Director bonus reserve provisions	199	147
Retirement reserve provisions	102	98
Director retirement reserve provisions	13	3
Sales promotion expense	1,337	1,431
Commissions	2,059	2,162
Doubtful account reserve provisions	81	68
Outsourcing expenses	820	867
Rent	270	281
Depreciation, amortization	175	188
Goodwill amortization	17	18
Others	1,412	1,305
Total SG&A	※1 10,157	※1 9,923
Operating income	5,349	4,033
Non-operating income		
Interest income	87	73
Dividend income	35	26
Deposit redemption income	167	170
Others	128	170
Total non-operating income	419	441
Non-operating expense		

Interest payment	1,025	1,153
Bond issuance fee amortization	12	20
Commissions	—	163
Others	220	125
Total non-operating expense	1,258	1,462
Ordinary income	4,510	3,012
Extraordinary income		
Marketable securities liquidation profit	—	17
Government subsidies	—	84
Breach of contract penalties	128	—
Insurance policy redemption refunds	76	33
Others	35	12
Total extraordinary income	239	147

(Units: Million Yen)

	Previous Term FY3/09 (From April 1, 2008 to March 31, 2009)	Current Term FY3/10 (From April 1, 2009 to March 31, 2010)
Extraordinary loss		
Impairment loss	※2 115	※2 75
Marketable securities evaluation loss	342	330
Marketable securities liquidation loss	101	—
Others	113	37
Total extraordinary loss	672	443
Net income before taxes	4,077	2,716
Corporate, residence, enterprise taxes	1,775	1,381
Corporate tax adjustment	151	45

Total taxes	1,927	1,427
Minority shareholding income	17	34
Net income	2,133	1,254

(3) Consolidated Cash Flow Statement

(Units: Million Yen)

	Previous Term FY3/09 (From April 1, 2008 to March 31, 2009)	Current Term FY3/10 (From April 1, 2009 to March 31, 2010)
Cash flows from operating activities		
Net income before taxes	4,077	2,716
Depreciation, amortization	3,695	4,068
Amortization of long term prepayments	221	243
Impairment loss	115	—
Change in bonus reserves	-162	-286
Change in retirement reserves	109	—
Interest, dividends received	-122	-100
Interest paid	1,025	1,153
Marketable securities liquidation loss	90	—
Marketable securities evaluation loss	342	330
Change in receivables	83	-986
Change in accounts due	-48	—
Change in inventories	1,339	158
Change in payables	-387	651
Change in prepayments	-328	241
Change in unpaid consumption, other taxes	—	-184
Change in security deposits	342	-710
Change in deposits	-145	-143
Others	595	347
Subtotal	10,845	7,499
Interest, dividends received	118	71
Interest payment	-995	-1,130
Corporate, other tax returns	5	43
Corporate, other tax payments	-2,313	-1,401
Cash flow from operating activities	7,661	5,083

Cash flow from investing activities		
Acquisition of marketable securities	-476	-428
Sales of marketable securities	250	261
Acquisition of tangible fixed assets	-11,118	-12,418
Acquisition of intangible fixed assets	—	-785
Acquisition of long term prepayments	-609	-486
Loans extended	-1,197	-1,648
Loans recovered	1,255	732
Deposit, security deposit payments	-1,933	-2,277
Return of deposits, security deposits	190	676
Others	-98	136
Cash flow from investing activities	-13,738	-16,236

(Units: Million Yen)

	Previous Term FY3/09 (From April 1, 2008 to March 31, 2009)	Current Term FY3/10 (From April 1, 2009 to March 31, 2010)
Cash flow from financing activities		
Short term debt	-7,300	1,169
Long term debt	24,950	18,810
Repayment of long term debt	-8,105	-11,329
Repayment of lease liabilities	-1,085	—
Bond issuance	2,980	6,905
Bond redemption payment	-1,910	-3,306
Treasury stock acquisition	-3	-1
Dividend payment	-559	-544
Dividend payment to minority shareholders	-24	-19

Cancellation of dividend payment to minority shareholders	-16	—
Others	21	—
Cash flow from financing activities	8,948	11,682
Translation gains for cash and equivalents	—	—
Net change in cash and equivalents	2,870	528
Cash and equivalents at term start	8,061	10,931
Cash and equivalents at term end	※1 10,931	※1 11,460

(4) Assumptions Regarding Going Concern

Not applicable

(5) Business Segment Information
(Information for Our Various Business Segments)

Consolidated Figures for FY March 2009 (From April 1, 2008 to March 31, 2009)

	Dormitories	Hotels	Contracted Services	Food Service	Construction	Other	Total	Company Wide	Consolidated
Sales									
(1) External sales	37,422	24,977	8,369	2,233	6,277	3,022	82,303	—	82,303
(2) Internal sales	93	171	3,813	2,551	5,660	1,625	13,915	(13,915)	—
Total	37,515	25,148	12,182	4,785	11,938	4,648	96,218	(13,915)	82,303
Operating expense	31,798	25,044	11,553	4,865	11,518	4,438	89,219	(12,266)	76,953
Operating income	5,716	103	629	-80	419	209	6,998	(1,649)	5,349
Assets	40,056	56,226	13,298	1,492	4,683	5,776	121,534	4,259	125,793
Depreciation, amortization	928	2,577	128	21	40	32	3,729	(34)	3,695
Impairment	35	76	—	6	—	—	118	(2)	115
Capital	4,389	6,502	18	81	42	20	11,054	(240)	10,813

Consolidated Figures for FY March 2010 (From April 1, 2009 to March 31, 2010)

	Dormitories	Hotels	Contracted Services	Food Service	Construction	Other	Total	Company Wide	Consolidated
Sales									
(1)External sales	37,447	26,805	8,043	1,916	7,418	2,882	84,513	—	84,513
(2)Internal sales	116	93	3,723	2,313	1,921	1,638	9,806	(9,806)	—
Total	37,564	26,898	11,766	4,229	9,339	4,521	94,320	(9,806)	84,513
Operating expense	32,561	27,245	11,555	4,238	8,974	4,369	88,944	(8,464)	80,479
Operating income	5,002	-346	211	-8	365	151	5,376	(1,342)	4,033
Assets	47,194	56,740	10,062	1,521	5,825	6,099	127,444	11,764	139,209
Depreciation, amortization	1,000	2,881	118	39	41	29	4,111	(42)	4,068
Impairment	10	63	—	3	—	—	77	(1)	75
Capital	9,180	4,439	24	89	19	23	13,776	(102)	13,673

(Reference) Changes in accounting principles

(Change in accounting principle for construction projects-in-progress and cost of construction)

For construction contracts entered into from the first quarter of the current fiscal year, we have commenced application of Accounting Standards Board of Japan’s Statement No. 15, “Accounting Standard for Construction Contracts” and Guidance No. 18, “Guidance on Accounting Standard for Construction Contracts” issued on December 27, 2007. These changes during led to increases of ¥809, ¥10 and ¥5 million in consolidated sales of contracted services, construction and building management businesses respectively.

(Regional Sales Information)

During the previous fiscal year (From April 1, 2008 to March 31, 2009) and the current fiscal year (From April 1, 2009 to March 31, 2010)

We did not have any overseas subsidiaries or offices and therefore we do not report any regional sales information.

(Overseas Sales)

During the previous fiscal year (From April 1, 2008 to March 31, 2009) and the current fiscal year (From April 1, 2009 to March 31, 2010)

We did not have any overseas sales.