

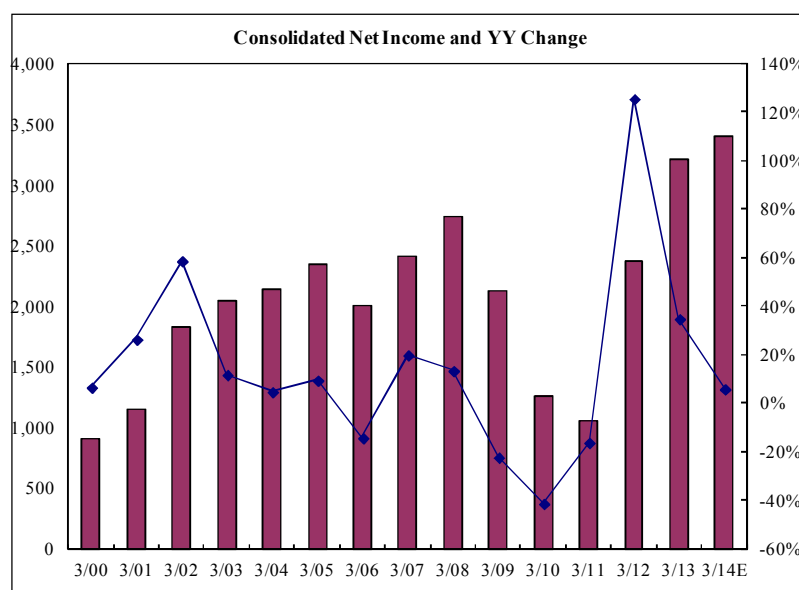
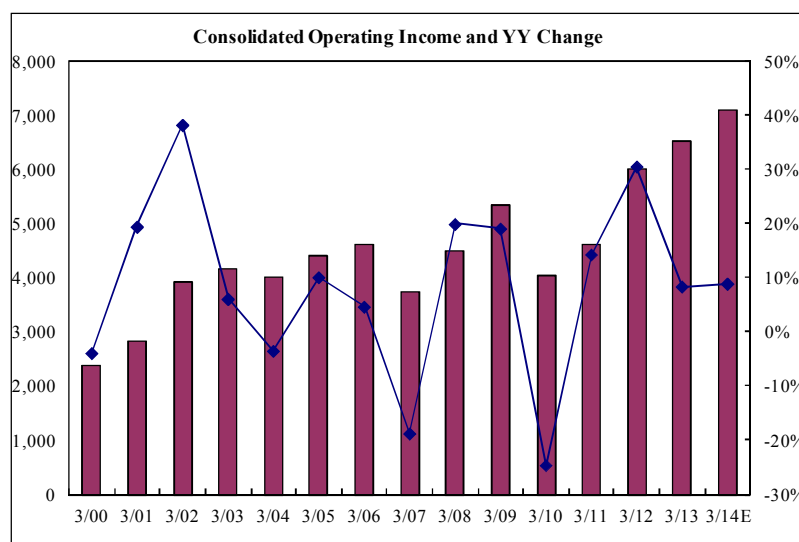
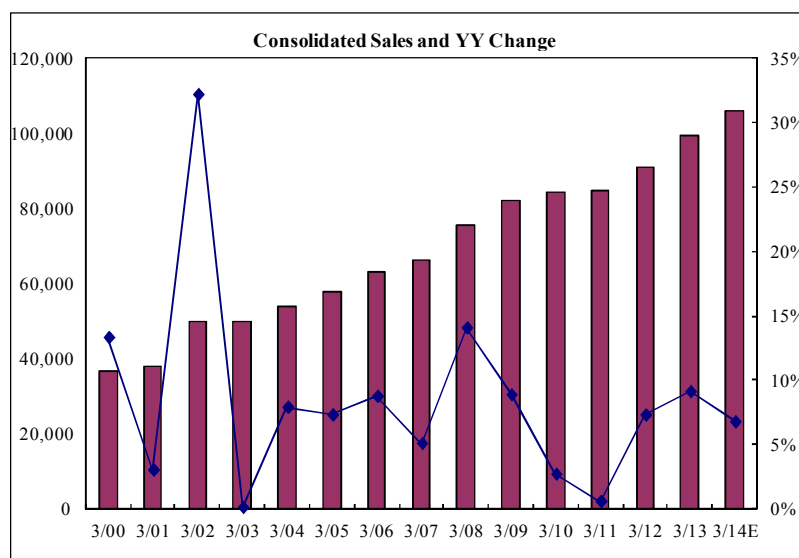


Kyoritsu Maintenance Co., Ltd.
(Securities Code: 9616)

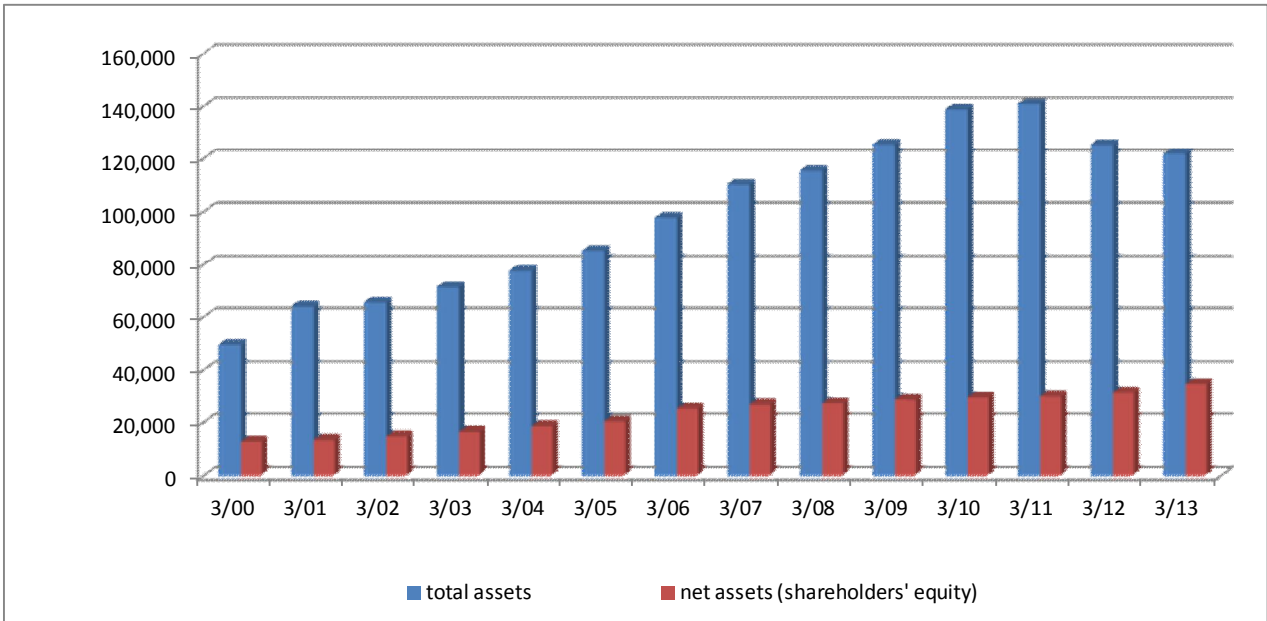
**First Quarter of Fiscal Year March 2014
Consolidated Earnings Results Update**

August 2013

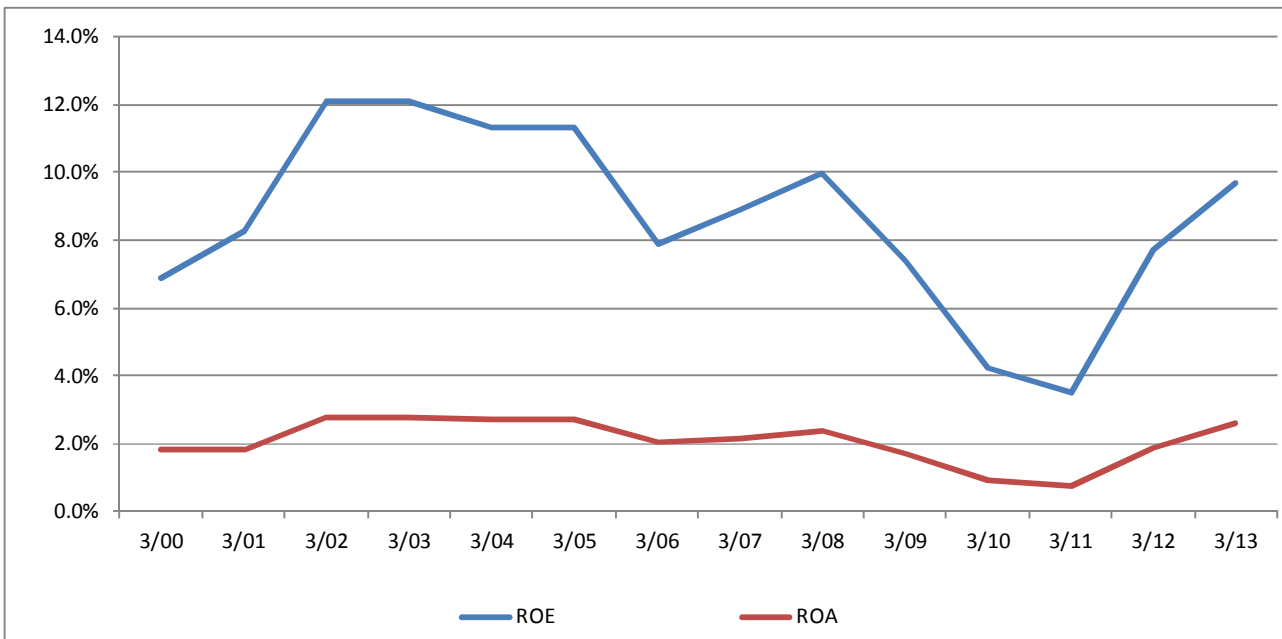
Kyoritsu Maintenance Consolidated Financial Data at a Glance

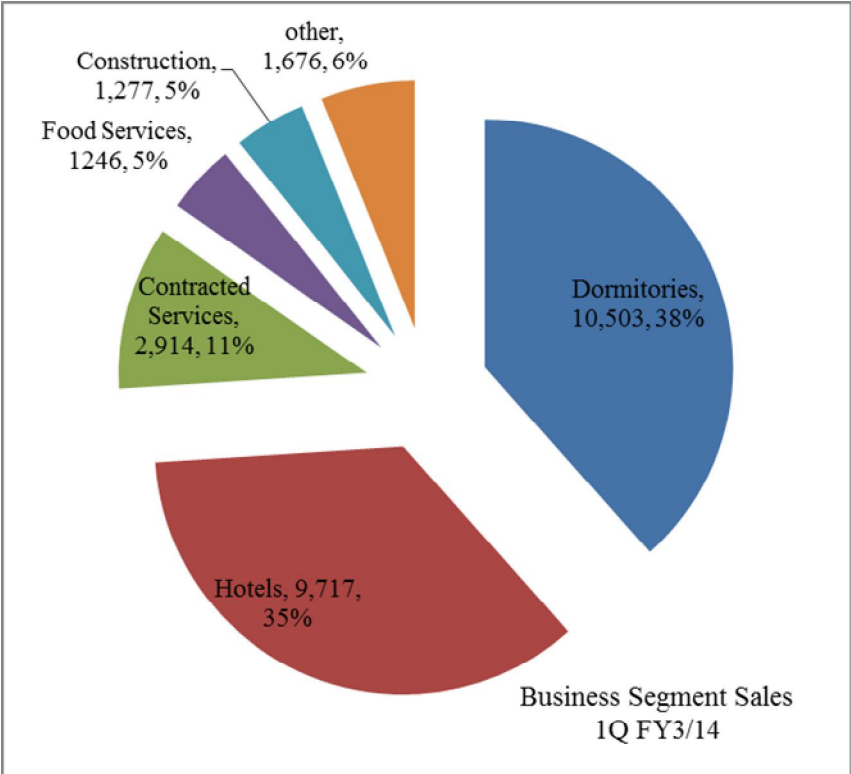
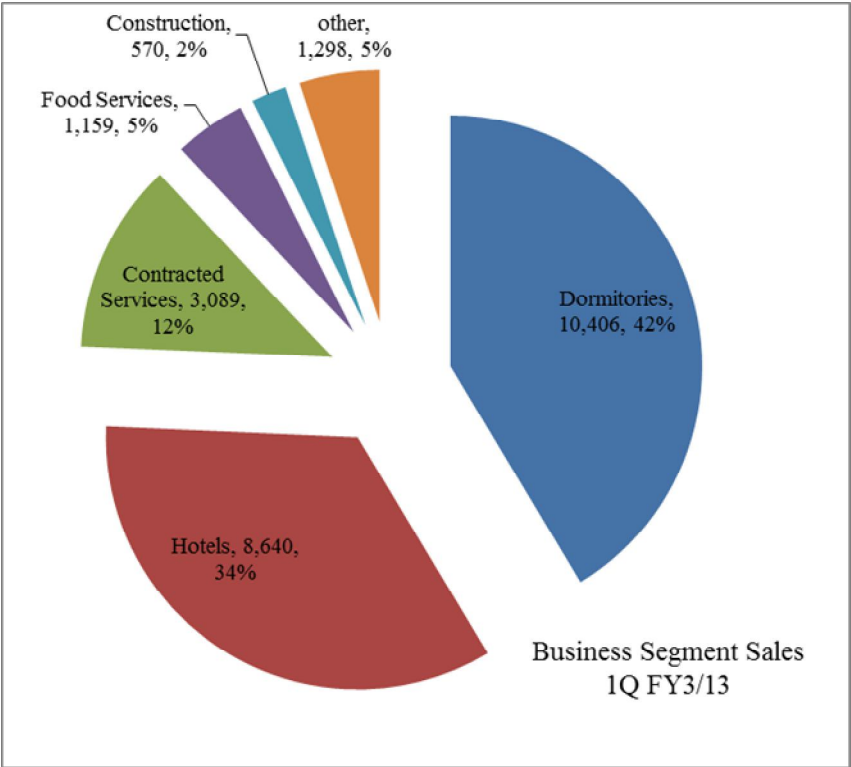


(Units: Million Yen)



(Units: Million Yen)





(Units: Million Yen)

Consolidated Income Statement															
	3/03	3/04	3/05	3/06	3/07	3/08	3/09	3/10	3/11	3/12	3/13	3/14E	*	1Q3/13	1Q3/14
net sales	50,109	54,081	58,014	63,085	66,287	75,606	82,303	84,513	84,983	91,170	99,472	106,200	*	22,957	24,742
gross income	10,785	10,541	10,894	11,783	12,242	14,183	15,507	13,957	15,408	17,863	19,910	20,900	*	4,560	4,523
operating income	4,149	4,004	4,407	4,611	3,745	4,492	5,349	4,033	4,610	6,017	6,521	7,100	*	1,304	1,079
ordinary income	3,885	4,060	4,411	4,824	3,787	4,167	4,510	3,012	3,308	4,602	5,599	6,200	*	966	820
net income	2,039	2,138	2,343	2,011	2,413	2,740	2,133	1,254	1,052	2,376	3,206	3,400	*	416	420
													*		
													*		
Consolidated Balance Sheet															
current assets	22,138	22,122	23,254	23,350	24,901	19,967	21,852	23,104	36,783	28,234	30,852	na	*	30,852	24,770
fixed assets	49,497	55,715	62,336	74,681	85,562	95,728	103,891	115,980	104,428	97,319	91,335	na	*	91,335	91,459
total assets	71,647	77,865	85,620	98,047	110,507	115,738	125,793	139,209	141,314	125,649	122,259	na	*	122,259	116,299
current liabilities	31,610	29,374	31,585	44,039	37,342	44,119	41,615	41,499	50,546	38,961	38,892	na	*	38,892	36,728
fixed liabilities	23,146	29,433	33,077	28,316	46,068	44,079	55,266	67,956	60,600	55,135	48,584	na	*	48,584	48,336
total liabilities	54,755	58,806	64,663	72,355	83,411	88,199	96,882	109,455	111,147	94,097	87,476	na	*	87,476	85,065
net assets	16,824	18,935	20,788	25,512	27,096	27,538	28,911	29,753	30,166	31,551	34,782	na	*	34,782	31,233
													*		
													*		
yy change															
net sales	0.1%	7.9%	7.3%	8.7%	5.1%	14.1%	8.9%	2.7%	0.6%	7.3%	9.1%	6.8%	*	10.1%	7.8%
gross income	5.5%	-2.3%	3.3%	8.2%	3.9%	15.9%	9.3%	-10.0%	10.4%	15.9%	11.5%	5.0%	*	15.7%	-0.8%
operating income	6.1%	-3.5%	10.1%	4.6%	-18.8%	19.9%	19.1%	-24.6%	14.3%	30.5%	8.4%	8.9%	*	21.5%	-17.3%
ordinary income	8.5%	4.5%	8.6%	9.4%	-21.5%	10.0%	8.2%	-33.2%	9.8%	39.1%	21.7%	10.7%	*	37.0%	-15.0%
net income	11.9%	4.8%	9.6%	-14.2%	20.0%	13.6%	-22.2%	-41.2%	-16.1%	125.7%	34.9%	6.0%	*	23.7%	1.0%
													*		
													*		
margins															
gross margins	21.5%	19.5%	18.8%	18.7%	18.5%	18.8%	18.8%	16.5%	18.1%	19.6%	20.0%	19.7%	*	19.9%	18.3%
operating margins	8.3%	7.4%	7.6%	7.3%	5.6%	5.9%	6.5%	4.8%	5.4%	6.6%	6.6%	6.7%	*	5.7%	4.4%
ordinary margins	7.8%	7.5%	7.6%	7.6%	5.7%	5.5%	5.5%	3.6%	3.9%	5.0%	5.6%	5.8%	*	4.2%	3.3%
net margins	4.1%	4.0%	4.0%	3.2%	3.6%	3.6%	2.6%	1.5%	1.2%	2.6%	3.2%	3.2%	*	1.8%	1.7%
													*		
													*		
other benchmarks															
ROE	12.1%	11.3%	11.3%	7.9%	8.9%	9.9%	7.4%	4.2%	3.5%	7.7%	9.7%	na	*	na	na
ROA	2.8%	2.7%	2.7%	2.1%	2.2%	2.4%	1.7%	0.9%	0.7%	1.9%	2.6%	na	*	na	na
equity ratio	23.5%	24.3%	24.3%	26.0%	24.5%	23.8%	23.0%	21.4%	21.3%	25.1%	28.4%	na	*	28.4%	26.9%
Units: million yen													*		

First Quarter of Fiscal Year March 2014 Consolidated Earnings Announcement

August 9, 2013

Company Name: Kyoritsu Maintenance Co., Ltd.
 Stock Code: 9616, URL: <http://www.kyoritsugroup.co.jp/>
 Director: Mitsutaka Sato, President
 Contact: Takumi Ueda, Vice President, Tel: +81-3-5295-7778
 Quarterly Earnings Announcement Report Filing Date (Anticipated): August 14, 2013
 Dividend Payment Date (Anticipated): --
 Quarterly Earnings Presentation Document (Anticipated): Not Available
 Quarterly Earnings Presentation Meeting (Anticipated): Not Available

Tokyo Stock Exchange

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

1. First Quarter of Fiscal Year March 2014 Consolidated Earnings (April 1, 2013 to June 30, 2013)

(1) Consolidated Earnings

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
1Q FY3/14	24,742	7.8	1,079	-17.3	820	-15.0	420	1.0
1Q FY3/13	22,957	10.1	1,304	21.5	966	37.0	416	23.7

(Note) Comprehensive income: ¥445 million (-7.5% yy) in 1Q FY3/14, ¥480 million (44.8% yy) in 1QFY3/13

	EPS	Fully Diluted EPS
	Yen	Yen
1Q FY3/14	30.74	—
1Q FY3/13	29.48	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Book Value Per Share
	Million Yen	Million Yen	%	Yen
1Q FY3/14	116,299	31,233	26.9	2,395.48
FY3/13	122,259	34,782	28.4	2,465.00

(Note) Capital: ¥31,233 million in 1Q FY3/14, ¥34,782 million in FY3/13

2. Dividend Conditions

	Dividend Per Share				
	1Q End	2Q End	3Q End	4Q End	Total
FY3/13	Yen —	Yen 19.00	Yen —	Yen 24.00	Yen 43.00
FY3/14	—				
FY3/14 Projected		21.00	—	22.00	43.00

(Note) Recent changes in dividend projections: None

3. Fiscal Year March 2014 Consolidated Earnings Estimates (April 1, 2013 to March 31, 2014)

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
First Half	51,600	9.0	3,550	-2.8	2,950	-2.9	1,600	-1.2	122.71
Full Year	106,200	6.8	7,100	8.9	6,200	10.7	3,400	6.0	260.76

(Note) Recent changes in earnings estimates: None

Notes:

(1) Important changes in our subsidiaries, including changes to the scope of our consolidation: None

(2) Application of special accounting procedures in the preparation of our quarterly consolidated financial statements: Applicable

(3) Changes in the accounting policies, procedures, and changes or revisions in the display of accounting estimates:

Changes accompanying revisions in accounting standards: None

Other changes: None

Changes in accounting estimates: None

Redisplay of revisions: None

(4) Shares Issued (Common Stocks)

Shares issued at term end (including treasury shares)

Treasury Stock as of term end

Average during the term

1Q FY3/14	15,125,582	FY3/13	15,125,582
1Q FY3/14	2,086,913	FY3/13	1,014,894
1Q FY3/14	13,662,960	1Q FY3/13	14,111,689

* Information Regarding Quarterly Review Practices:

The practices for review of quarterly consolidated earnings statements pursuant to the “Financial Instruments and Exchange Act” of Japan have not been conducted for the disclosure of this document.

* 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.

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1. Qualitative Information about Quarterly Earnings

(1) Explanation of Business Performance

During the first quarter of the current fiscal year, the Japanese economy benefitted from optimism over the economic and financial policies of the new Abe Administration, and the subsequent higher share prices and weaker yen. However uncertainties including slowing of growth in various economies around the world and other concerns remained in place.

Against this backdrop, the main dormitory business got off to a good start with occupancy rates rising above the previous year's levels by 0.5% points to 97.0% at the start of the current term. Furthermore, the hotel business also saw favorable trends in both its Dormy Inn (business hotels) and resort hotel businesses with occupancy rates trending above the previous year's levels.

As a result of these developments, sales rose by 7.8% year-over-year to ¥24,742 million. However, operating and ordinary incomes fell by 17.3% and 15.0% year-over-year to ¥1,079 and ¥820 million due to anticipatory expenses arising from the launch of new businesses and promotion of renovations in the dormitory business, and net income rose by 1.0% year-over-year to ¥420 million. Because profits during the current term were basically in line with plans, our consolidated earnings estimates for the full year remain unchanged and we expect to achieve record high profits.

We provide details of our earnings by business segment as follows.

Dormitory Business

Our dormitory business saw high occupancy rates, which rose above the previous year's levels by 0.5% points to 97.0% at the start of the current term. And at the end of June, the number of contracted dormitory residents grew by 1,070 from the same period in the previous term to 31,132. However, an increase in the number of residents moving into dormitories early in March and an unfavorable comparison with the previous year in which we accepted a large number of foreign students through a large corporate contract contributed to a decline in contract fees received. Consequently, sales grew by a marginal 0.9% year-over-year to ¥10,503 million and operating income declined by 28.6% year-over-year to ¥1,168 million due to anticipatory expenses associated with opening of new businesses and promotion of planned renovations with a view to our long-term vision.

Hotel Business

During the first quarter of the current fiscal year, the new facility "Natural Hot Spring Chagetsu no Yu Dormy Inn EXPRESS Kakegawa" was opened in the Dormy Inn business. Furthermore, occupancy rates trended favorably and exceeded the previous year's levels on the back of increased recognition of facilities newly opened in the previous term.

In the resort hotel business, occupancy rates improved by a large margin at facilities newly opened and refurbished in the previous term, and detailed marketing efforts contributed to increases in occupancy rates over the previous year's levels at existing facilities during the current first quarter.

Therefore, sales and operating income rose by large margins of 12.5% and 108.3% year-over-year to ¥9,717 and ¥524 million respectively even ahead of the arrival of the peak demand vacation season.

Contracted Services Business

In the contracted services business, declines in rental income due to the sale of properties in the previous term and decreases in orders of the construction division were recorded. Consequently, sales declined by 5.7% year-over-year to ¥2.914 billion, and operating loss improved by ¥2 million from the same period in the previous term to ¥10 million.

Food Services Business

Severe operating conditions remained in place in the food Services business due to delays in the recovery in consumer spending. In light of these conditions, sales grew by 7.5% year-over-year to ¥1.246 billion and operating loss increased by ¥9 million from the same period in the previous term to ¥45 million.

Construction Business

In the construction business, an increase in the number of hotel development projects allowed sales to increase. However construction and other expenses trended at high levels during the current first quarter. As a result, sales rose by 123.8% year-over-year to ¥1.277 billion, and an operating loss of ¥1 million was incurred (compared with an operating

income of ¥14 million in the same term of the previous fiscal year.).

Other Business

Our other business segment is comprised of the Wellness Life business (Management of senior citizen housing), the Public Kyoritsu Partnership business (PKP: Consigned services business, which regional government bodies consign to us and the services are provided to residents by us), single life support business and insurance agency business, comprehensive human resource services business, and financing and administrative outsourcing services. Sales of this business rose by 29.1% year-over-year to ¥1.676 billion, while the operating loss improved by ¥6 million from the previous term to ¥41 million.

(2) Explanation of Financial Position

(Assets)

Total consolidated assets declined by ¥5,960 million from the end of the previous fiscal year to ¥116,299 million at the end of the current first quarter. The main factors behind this decline included declines in cash and equivalents, and notes and account receivables.

(Liabilities)

Over the same period, total liabilities also fell by ¥2,411 to ¥85,065 million due primarily to declines in unpaid corporate taxes and prepayments.

(Net Assets)

Net assets declined by ¥3,549 from the end of the previous fiscal year to ¥31,233 million at the end of the current first quarter due primarily to the acquisition of treasury stocks. Consequently, equity ratio declined by 1.5% points from the end of the previous fiscal year to 26.9% at the end of the current first quarter.

(3) Consolidated Earnings Estimates and Forward Looking Forecast Information

Our first half and full year consolidated earnings estimates initially announced along with our “fiscal year March 2013 earnings announcement” on May 15, 2013 remain unchanged.

2. Summary Information (Notes)

(1) Changes in Important Consolidated Subsidiaries during the Quarter

Not applicable

(2) Implementation of Special Accounting Methods in the Creation of Quarterly Consolidated Financial Statements

(Calculation of tax expense)

With regards to taxes, a rational estimate of the effective tax rate has been used to calculate the tax effect accounting for net income before taxes during the first quarter, and this rate has been applied to net income before taxes. However, in the event that the estimate for the effective tax rate appears to lack logical rationale, then the legally determined effective tax rate will be employed.

(3) Revision in Accounting Methods, Revisions and Redisplay of Accounting Estimates

Not Applicable

3. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Units: Million Yen)

	FY3/13 (March 31, 2013)	1Q FY3/14 (June 30, 2013)
Assets		
Current Assets		
Cash and equivalents	17,622	13,476
Notes, accounts receivable	6,480	4,777
Uncompleted real estate for sale	914	1,150
Real estate for sale	302	126
Uncompleted construction payment	14	75
Others	5,551	5,190
Doubtful account reserves	-32	-27
Total current assets	30,852	24,770
Fixed assets		
Tangible fixed assets		
Building, structures	29,276	30,534
Land	24,426	24,430
Others	4,629	3,222
Total tangible fixed assets	58,332	58,188
Intangible fixed assets	1,950	1,938
Investments, other assets		
Investment securities	5,818	5,717
Security deposits	10,745	10,839
Deposits	9,063	9,071
Others	5,632	5,911
Doubtful account reserves	-207	-205
Total investments, other assets	31,052	31,333
Total fixed assets	91,335	91,459
Deferred assets	71	69
Total assets	122,259	116,299

(Units: Million Yen)

	FY3/13 (March 31, 2013)	10 FY3/14 (June 30, 2013)
Liabilities		
Current liabilities		
Notes, accounts payable	4,174	3,241
Short term debt	14,074	16,260
Bond, portion redeemable within 1 year	1,150	1,150
Unpaid corporate taxes	1,528	308
Prepayments	10,880	9,075
Bonus reserves	1,029	282
Director bonus reserves	232	62
Completed construction guarantee reserves	11	11
Others	5,811	6,336
Total current liabilities	38,892	36,728
Fixed liabilities		
Bonds	7,450	7,125
Long term debt	34,976	35,123
Retirement benefit reserves	1,201	1,224
Director retirement benefit reserves	309	309
Others	4,647	4,554
Total fixed liabilities	48,584	48,336
Total liabilities	87,476	85,065
Net assets		
Shareholders' equity		
Capital	5,136	5,136
Capital reserves	5,943	5,943
Retained earnings	25,675	25,756
Treasury stock	-1,811	-5,466
Total shareholders' equity	34,943	31,369
Other comprehensive income, aggregated		
Other marketable security valuation gains	-198	-182
Foreign exchange translation provisions	37	46
Total other comprehensive income, aggregated	-160	-135
Total net assets	34,782	31,233
Total liabilities, net assets	122,259	116,299

(2) Quarterly Consolidated Income Statement and Comprehensive Income Statement
 Quarterly Consolidated Income Statement
 Consolidated Aggregated First Quarter

(Units: Million Yen)

	1O FY3/13 (From April 1, 2012 to June 30, 2012)	1O FY3/14 (From April 1, 2013 to June 30, 2013)
Net Sales	22,957	24,742
CGS	18,396	20,218
Gross income	4,560	4,523
SG&A	3,256	3,444
Operating income	1,304	1,079
Non-operating income		
Interest income	25	23
Dividend income	16	20
Foreign exchange translation gain	0	25
Others	37	26
Total non-operating income	78	96
Non-operating expense		
Interest payment	323	273
Others	93	80
Total non-operating expense	416	354
Ordinary income	966	820
Extraordinary loss		
Investment securities valuation loss	139	—
Dismantlement cost	—	13
Total extraordinary loss	139	13
Net income before taxes	826	807
Taxes	410	387
Net income before adjustment for minority interests in income	416	420
Net income	416	420

Quarterly Consolidated Comprehensive Income Statement
 Consolidated Aggregated First Quarter

(Units: Million Yen)

	10 FY3/13 (From April 1, 2012 to June 30, 2012)	10 FY3/14 (From April 1, 2013 to June 30, 2013)
Net income before adjustment for minority interests in income	416	420
Other comprehensive income		
Other marketable securities valuation gains	64	15
Foreign exchange translation gain provision	—	9
Total Other comprehensive income	64	25
Quarterly comprehensive income of parent company shareholders	480	445
(Details)		
Quarterly comprehensive income of parent company shareholders	480	445
Quarterly comprehensive income of minority shareholdings	—	—

(3) Quarterly Consolidated Financial Statement Notes
 (Notes Regarding Going Concern Assumptions)
 Not applicable

(Significant Changes in Shareholders' Equity Notes)

Acquisition of treasury stocks during the first quarter was performed in accordance with the resolution passed during the board of directors' meeting held on May 20, 2013 regarding the acquisition of treasury stocks. The acquisition of treasury stock represented by the purchase of ¥3.655 billion in odd lots of shares brought the total value of treasury stocks owned to ¥5.466 billion as of the end of current the first quarter.

(Segment Information)

Segment Information

First Quarter of Fiscal Year March 2013 (From April 1 to June 30, 2012)

1. Information pertaining to segment sales, operating income and losses

(Units: Million Yen)

	Reported Segments						Other (Note1)	Total	Adjustments (Note2)	Consolidated (Note3)
	Dormitories	Hotels	Contracted Services	Food Services	Construction	Subtotal				
Sales										
External sales	10,375	8,618	1,883	386	499	21,764	1,193	22,957	—	22,957
Internal sales and transfers	31	22	1,205	772	71	2,102	104	2,207	-2,207	—
Total	10,406	8,640	3,089	1,159	570	23,866	1,298	25,164	-2,207	22,957
Operating income	1,637	251	-13	-36	14	1,852	-47	1,804	-500	1,304

(Note) 1. "Other" is not considered as a reported business segment and is comprised of the wellness life (management of senior citizen housing), PKP business (Consigned services business, which regional government bodies consign to us and the services are provided to residents by us), single life support services, insurance agency business, comprehensive human resources, financing and advertising agency services, and other incidental businesses.

2. Adjustment for segment profit and loss of ¥500 million includes ¥8 million for inter-segment transaction eliminations, and ¥492 million in companywide expenses which cannot be allocated to specific reported segments. Companywide expenses are primarily those expenses arising from the finance and accounting, and management divisions.

3. Segment profits, losses are derived by adjusting the operating income used in the quarterly consolidated income statements.

2. Impairment accounting losses and goodwill amortization of fixed assets by reported segments

None

First Quarter of Fiscal Year March 2014 (From April 1 to June 30, 2013)

1. Information pertaining to segment sales, operating income and losses

(Units: Million Yen)

	Reported Segments						Other (Note1)	Total	Adjustments (Note2)	Consolidated (Note3)
	Dormitories	Hotels	Contracted Services	Food Services	Construction	Subtotal				
Sales										
External sales	10,463	9,695	1,649	414	945	23,168	1,573	24,742	—	24,742
Internal sales and transfers	39	22	1,264	831	332	2,491	102	2,594	-2,594	—
Total	10,503	9,717	2,914	1,246	1,277	25,660	1,676	27,336	-2,594	24,742
Operating income	1,168	524	-10	-45	-1	1,634	-41	1,592	-513	1,079

(Notes) 1. "Other" is not considered as a reported business segment and is comprised of the wellness life (management of senior citizen housing), PKP business (Consigned services business, which regional government bodies consign to us and the services are provided to residents by us), single life support services, insurance agency business, comprehensive human resources, financing services and other related services, and other incidental businesses.

2. Adjustment for segment profit, loss of ¥513 million includes ¥4 million for inter-segment transaction eliminations, and ¥517 million in companywide expenses which cannot be allocated to specific reported segments. Companywide expenses are primarily those expenses arising from the finance and accounting, and management divisions.

3. Segment profits, losses are derived by adjusting the operating income used in the quarterly consolidated income statements.

2. Impairment accounting losses and goodwill amortization of fixed assets by reported segments

None