Kyoritsu Maintenance Co., Ltd.

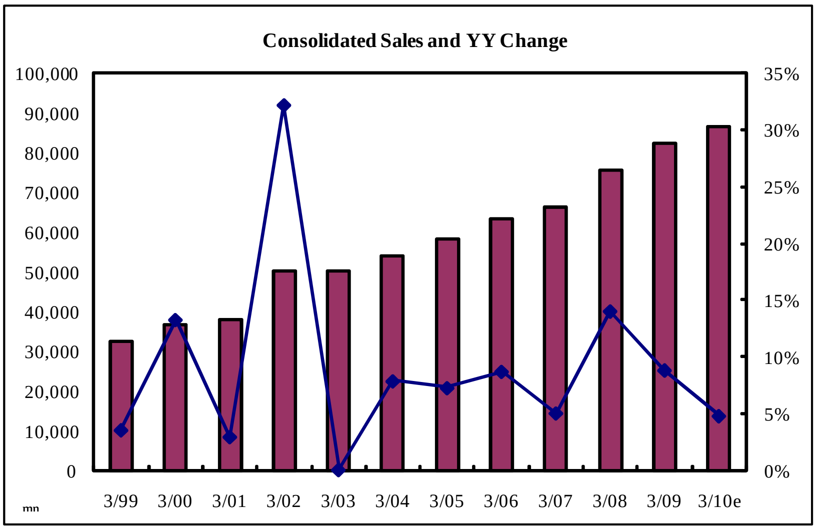
(Securities Code:　9616)

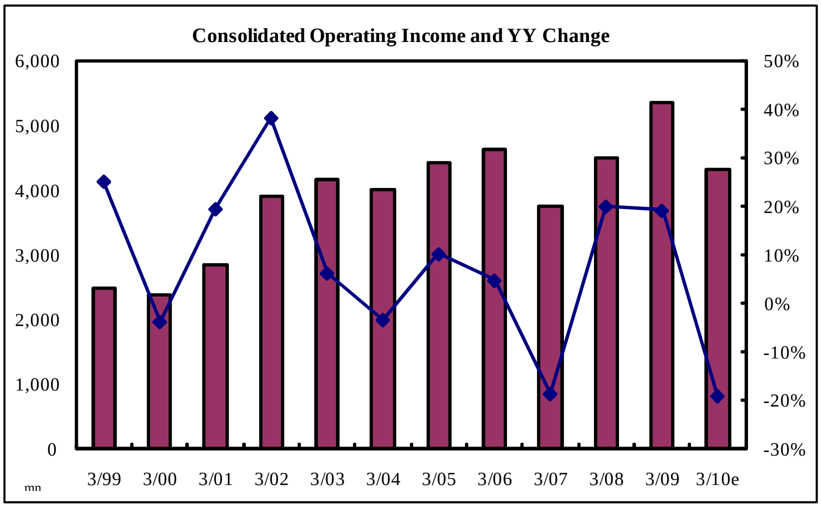
3rd Quarter of Fiscal Year March 2010

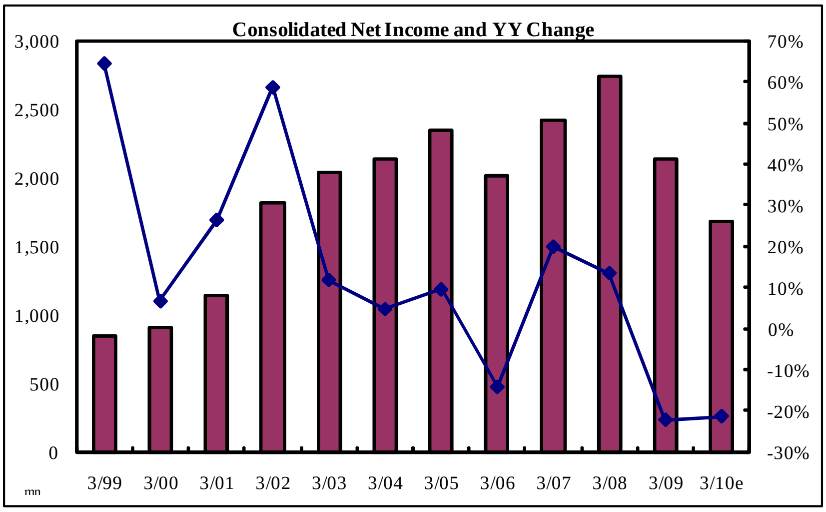
Consolidated Earnings Results Update

February 2010

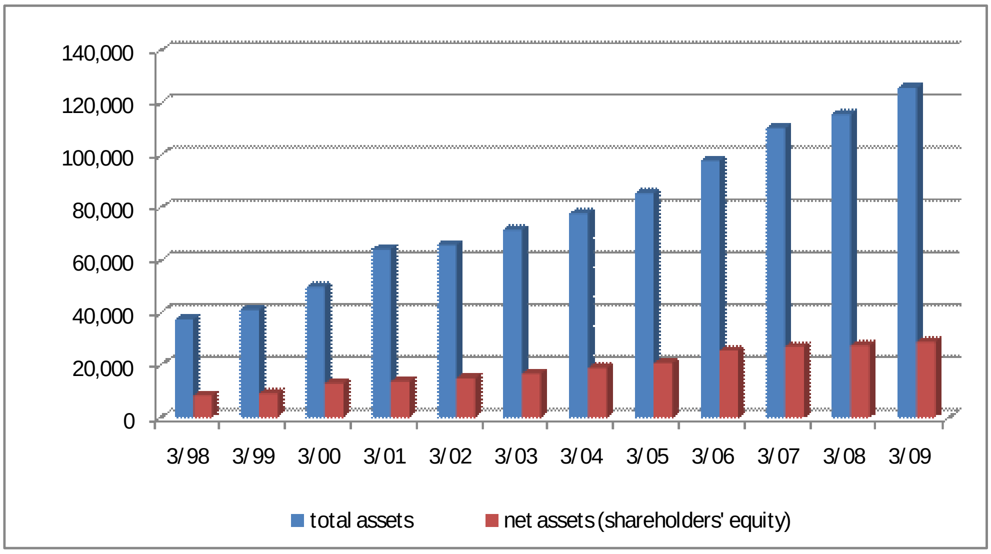
Kyoritsu Maintenance Consolidated Financial Data at a Glance







(Units: Million Yen)



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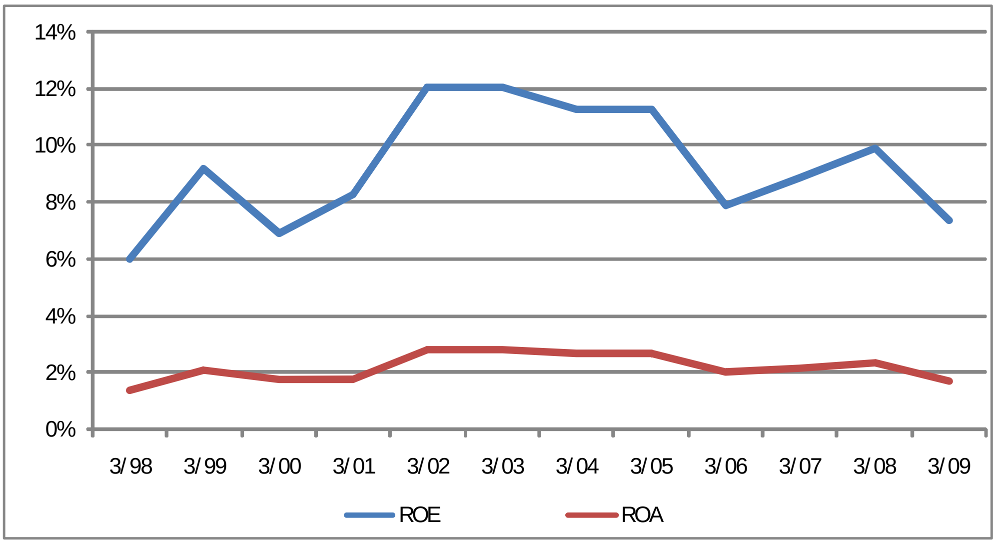

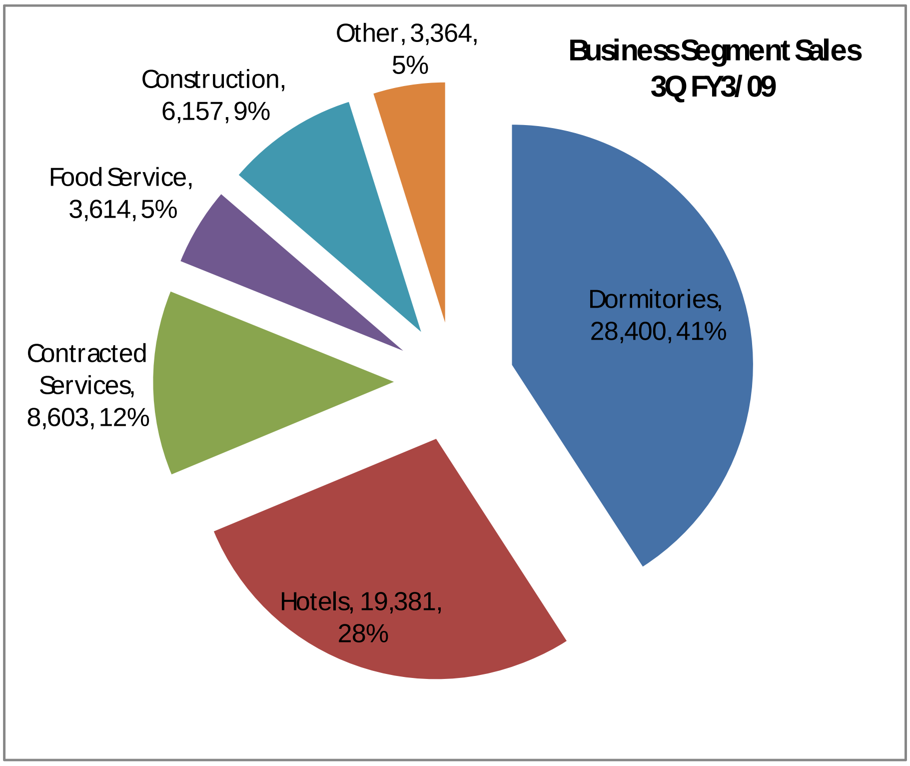

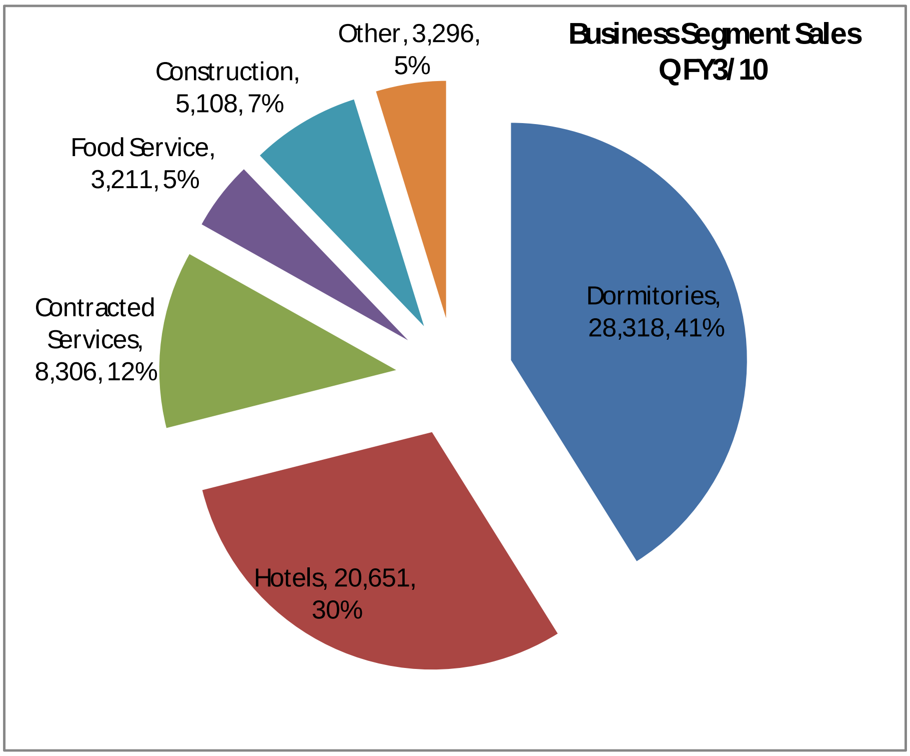

(Units: Million Yen)

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	3/10e	*	3QFY3/09	3QFY3/10
net sales	32,458	36,788	37,884	50,065	50,109	54,081	58,014	63,085	66,287	75,606	82,303	86,290	*	62,090	62,545
gross income	6,578	7,173	7,834	10,221	10,785	10,541	10,894	11,783	12,242	14,183	15,507	na	*	11,781	10,852
operating income	2,465	2,369	2,828	3,908	4,149	4,004	4,407	4,611	3,745	4,492	5,349	4,320	*	4,117	3,335
ordinary income	2,203	2,281	2,643	3,580	3,885	4,060	4,411	4,824	3,787	4,167	4,510	3,300	*	3,510	2,553
net income	850	907	1,147	1,822	2,039	2,138	2,343	2,011	2,413	2,740	2,133	1,680	*	1,513	1,028
													*		
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	na	*	21,320	24,802
fixed assets	25,695	29,867	40,478	47,768	49,497	55,715	62,336	74,681	85,562	95,728	103,891	na	*	100,026	107,941
total assets	41,144	49,880	64,327	65,867	71,647	77,865	85,620	98,047	110,507	115,738	125,793	na	*	121,399	132,873
current liabilities	20,921	19,731	28,513	27,031	31,610	29,374	31,585	44,039	37,342	44,119	41,615	na	*	37,257	48,731
fixed liabilities	10,946	16,977	22,064	23,761	23,146	29,433	33,077	28,316	46,068	44,079	55,266	na	*	55,771	54,523
total liabilities	31,866	36,707	50,577	50,792	54,755	58,806	64,663	72,355	83,411	88,199	96,882	na	*	93,028	103,255
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	na	*	28,370	29,618
													*		
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%	4.8%	*	na	0.7%
gross income	6.3%	9.0%	9.2%	30.5%	5.5%	-2.3%	3.3%	8.2%	3.9%	15.9%	9.3%	na	*	na	-7.9%
operating income	25.1%	-3.9%	19.4%	38.2%	6.1%	-3.5%	10.1%	4.6%	-18.8%	19.9%	19.1%	-19.2%	*	na	-19.0%
ordinary income	18.2%	3.5%	15.9%	35.4%	8.5%	4.5%	8.6%	9.4%	-21.5%	10.0%	8.2%	-26.8%	*	na	-27.3%
net income	64.6%	6.7%	26.5%	58.8%	11.9%	4.8%	9.6%	-14.2%	20.0%	13.6%	-22.2%	-21.3%	*	na	-32.0%
													*		
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%	na	*	20.1%	17.4%
operating margins	7.6%	6.4%	7.5%	7.8%	8.3%	7.4%	7.6%	7.3%	5.6%	5.9%	6.5%	5.0%	*	6.6%	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%	3.8%	*	5.1%	4.1%
net margins	2.6%	2.5%	3.0%	3.6%	4.1%	4.0%	4.0%	3.2%	3.6%	3.6%	2.6%	1.9%	*	1.8%	1.6%
													*		
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%	na	*	na	*
ROA	2.1%	1.8%	1.8%	2.8%	2.8%	2.7%	2.7%	2.1%	2.2%	2.4%	1.7%	na	*	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%	na	*	23.1%	22.1%
Units: million yen															

3rd Quarter of Fiscal Year March 2010 Earnings Announcement

February 9, 2010

Tokyo Stock Exchange

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
Earnings Announcement Filing Date (anticipated): February 12, 2010
Dividend Payment Date (anticipated): --

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

1. 3rd Quarter of Fiscal Year March 2010 Consolidated Earnings (From April 1, 2009 to December 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
3Q-FY3/10	62,545	0.7	3,335	-19.0	2,553	-27.3	1,028	-32.0
3Q-FY3/09	62,090	--	4,117	--	3,510	--	1,513	--

	EPS	Fully Diluted EPS
	Yen	Yen
3Q-FY3/10	71.59	58.04
3Q-FY3/09	105.35	84.08

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Asset Ratio	Book Value per Share
	Million yen	Million yen	%	Yen
3Q-FY3/10	132,873	39,618	22.1	2,045.93
FY3/09	125,793	28,911	22.8	1,995.59

- Capital: 29,390 million yen in 3Q-FY3/10, 28,669 million yen in -FY3/09

2. Dividend Conditions

	Dividends per Share				
Registry Date	End 1Q	End 2Q	End 3Q	End Year	Full Year
	Yen	Yen	Yen	Yen	Yen
FY3/09		19.00		19.00	38.00
FY3/10		19.00			
FY3/10 (Projected)				19.00	38.00

- Revisions to our quarterly dividend projections: NA

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

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	Million Yen	%yy	Million Yen	%yy	Million Yen	%yy	Million Yen	%yy	Yen
Full Year	86,290	4.8	4,320	-19.2	3,300	-26.8	1,680	-21.3	116.94

- Revisions to our earnings projections during the first quarter: Yes

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) Application of simple accounting procedures and other special accounting procedures in the creation of our quarterly consolidated financial statements: Yes

(3) 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

(4) Shares issued (Common stock)
   ① Shares issued as of term end (including treasury stock): 15,125,582 at end 3Q-FY3/10, 15,125,582 at end FY3/09
   ② Treasury stock as of term end: 760,085 at end 3Q-FY3/10, 758,951 at end FY3/09
   ③ Average shares issued during term: 14,365,958 at end 3Q-FY3/10, 14,367,368 at end 3Q-FY3/09

- <u>Notes and explanations regarding the appropriate uses of our earnings projections</u>
  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.

Information Regarding Our Financial Statements

1. Information Regarding Our Consolidated Earnings

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

Against this backdrop, we note a change in the normal cycle of income where our Group has traditionally seen high levels of revenues from new tenant contracts for dormitories formed in April as new graduates enter the work force shifted to the end of the fiscal year due to increased requests for tenants to begin residency contracts in March instead of April. Furthermore in our hotel related business, our Dormy Inn business hotel business was negatively impacted by the outbreak of influenza and restrained business travel arising from the weak economy. These factors offset our strict efforts to restrain costs and improve profitability, and the popularity in our resort hotels. In addition to these factors, the opening of new hotels and dormitories allowed our sales to grow by ¥455 million or 0.7% year-over-year to ¥62,545 million. However increases in new dormitory and hotel opening costs and temporary declines in occupancy rates caused our operating income to decline by 19.0% year-over-year to ¥3,335 million during the first three quarters of the current fiscal year. Increases in interest rate payments caused our ordinary income to decline by 27.3% year-over-year to ¥2,553 million, and net income fell by 32.0% year-over-year to ¥1,028 million due to valuation losses on marketable securities during the term under review.

Our Earnings by Business Segment

Dormitory Business

In our dormitory business, our efforts to cultivate relationships with new universities and schools helped to maintain strong occupancy rates in our student dormitories. However the front loading in March of new tenant contracts that normally occur in April led to year-over-year declines in both sales and profits. Furthermore we expect this trend of shifts in new tenant contracts from April to March to continue in the coming years. We also note a weakening in demand for corporate dormitories due in part to the weak economy. Consequently the number of resident contracts fell by 130 year-over-year to 26, 548 at the end of December, and sales and operating income declined by 0.3% and 7.8% year-over-year to ¥28,318 and ¥3,951 million respectively.

Hotel Business

In our hotel business, we opened six new Dormy Inn business hotels (Takasaki, Hakata Gion, Kooriyama, Otaru, Tsu, and Mikawa Anjo) and one new resort hotel (Takayama) for a total of seven new facilities in the current term under review. Consequently sales grew by 6.6% year-over-year to ¥20,651 million. But despite our effective efforts to restrain costs and improve profitability in our resort hotel business, our Dormy Inn business hotels suffered from reduced business travel because of the outbreak of influenza and the weak corporate travel environment brought on by the stagnant economy, and higher costs associated with the newly opened hotels. Consequently our operating income declined by 68.5% year-over-year to ¥108 million.

Contracted Services Business

Despite our efforts to promote strict cost controls, weak corporate earnings led to client demands to reduce prices and revise service agreements, which outpaced our ability to reduce costs. Furthermore we also saw cancellations of contracts. Consequently we recorded declines in both sales and operating income of 3.5% and 67.8% year-over-year to ¥8,306 million and ¥126 million respectively.

Food Service Business

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 continued our efforts to control and reduce variable costs, and to restructure our earnings structure. But despite these efforts, we saw sales decline by 11.2% year-over-year to ¥3,211 million, and recorded an operating loss of ¥15 million.

Construction Business

The operating environment in our construction business remained severe during the term under review and we maintained our efforts to reduce construction costs and promote condominium sales. Despite these efforts, our sales and operating income declined by 17.0% and 27.7% year-over-year to ¥5,108 million and ¥139 million respectively. We note that the large year-over-year declines are due in part to the sale of a large project sale recorded during the previous term.

Other Business

Our other business is comprised of the wellness life (management of senior citizen housing), life service (catalog and rental sales, insurance agency business), 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 2.0% and 23.6% year-over-year to ¥3,296 million and ¥105 million respectively.

2. Information Regarding Our Consolidated Financial Position

At the end of the third quarter of the current fiscal year our total consolidated assets rose by ¥7,079 million to ¥132,873 million. The main factor behind this increase was the increase in tangible fixed assets arising from newly developed facilities.

Total consolidated liabilities rose by ¥6,373 million at the end of the third quarter from the end of the previous fiscal year to ¥103,255 million. The main reason for this was an increase in short term debt.

Net assets rose by ¥706 million from the end of the previous fiscal year to ¥29,618 million at the end of the third quarter due primarily to increases in retained earnings.

Consequently our equity ratio declined by 0.7% from the end of the previous fiscal year to 22.1%.

Cash Flow Conditions

At the end of third quarter of current fiscal year our cash and equivalents rose by ¥3,300 million from the end of the previous fiscal year to ¥14,231 million.

In our operating activities we saw a net outflow of ¥1,844 million, which compares with a net cash inflow seen in the same period of the previous year of ¥148 million. We attribute this increase in outflows to the acquisition of inventories and declines in prepayments in our dormitory business.

In our investing activities we saw net cash outflows of ¥6,606 million, a decline of ¥1,105 million from the net outflow seen in the same period of the previous term. The main factor behind this net outflow of cash is the acquisition of tangible fixed assets for both our dormitory and hotel businesses.

In our financing activities we recorded a net cash inflow of ¥11,750 million, an increase of ¥541 million from the same period in the previous year. The main reasons behind this net inflow were increases in short term debt and the issuance of a bond.

3. Information Regarding Our Consolidated Earnings Estimate

Based on the recent trends in our earnings, we have revised our consolidated earnings estimates originally announced on May 15, 2009 for the fiscal year March 2010. For details regarding our revisions please refer to the announcement entitled “Regarding Our Earnings Revision” issued today (February 9, 2010).

4. Others

(1) Changes in material subsidiaries during the period (Changes in consolidation scope resulting from changes in consolidated subsidiaries)

We have removed MB Mouton Property Ltd. from the scope or our consolidation.

(2) Application of simplified accounting methodologies and or quarterly financial reporting standards in the preparation of quarterly financial statements:

(1) Simplified accounting methodologies

1) Inventories valuation methodology

A partial physical inventory, comprised of material items and sampling, was utilized for the valuation of inventories at the current quarter end. We have reduced the valuations for inventories where we have clear evidence that carrying value exceeds estimated net realizable value.

2) Deferred tax asset and liability calculation

Deferred tax asset recoverability assessment in the current quarter is based on the prior fiscal year’s business outlook, tax planning strategies and other factors if it is determined there has been no significant changes to the overall business environment since the end of the prior fiscal year.

(2) Quarterly financial reporting standards in the preparation of quarterly financial statements

Provision for taxes

The provision for taxes is based upon applying the estimated effective tax rate for the current fiscal year, including the current quarter, to income before income taxes. Adjustments to income taxes are included in the provision for taxes.

(3) Changes in accounting principles, policies, procedures, and classification in the preparation of quarterly consolidated financial statements

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

We previously utilized the percentage of completion method for long-term large construction projects, with an estimated construction period of more than two years and contracted amounts greater than two billion yen, and the completed contract method for all others. 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. Statement No. 15 and Guidance No. 18 requires us to utilize the percentage-of-completion method if the total contract revenue, total contract costs, and percentage of completion, at the end of the reporting period, can be reliably estimated, and the completed-contract method for all others.

These changes led to increases of ¥440 million in consolidated sales and ¥4 million yen in operating, ordinary and pretax incomes respectively during the third quarter. Furthermore we explain the impact of these changes to our various business segments in the related portions of this document.

(4) Going Concern Assumption Notice

Not applicable.

(5) Business Segment Information
(Information for Our Various Business Segments)
Aggregated Figures for the First Three Quarters of FY March 2009 (From April 1, 2008 to December 31, 2008)

	Dormitories	Hotels	Contracted Services	Food Service	Construction	Other	Total	Company Wide	Consolidated
Sales									
(1) External sales	28,320	19,250	6,114	1,780	4,343	2,281	62,090	―	62,090
(2) Internal sales	80	131	2,489	1,834	1,814	1,083	7,432	(7,432)	―
Total	28,400	19,381	8,603	3,614	6,157	3,364	69,522	(7,432)	62,090
Operating income	4,284	345	391	-46	192	138	5,306	(1,188)	4,117

Aggregated Figures for the First Three Quarters of FY March 2010 (From April 1, 2009 to December 31, 2009)

	Dormitories	Hotels	Contracted Services	Food Service	Construction	Other	Total	Company Wide	Consolidated
Sales									
(1)External sales	28,229	20,576	5,726	1,501	4,364	2,147	62,545	―	62,545
(2)Internal sales	89	75	2,579	1,709	743	1,148	6,346	(6,346)	―
Total	28,318	20,651	8,306	3,211	5,108	3,296	68,891	(6,346)	62,545
Operating income	3,951	108	126	-15	139	105	4,416	(1,080)	3,335

(Reference) Changes in accounting principles

Changes in Third Quarter of the Previous Fiscal Year

None applicable

Changes in Third Quarter of the Current Fiscal Year

(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 ¥440 million and ¥4 million in consolidated sales and operating income respectively during the third quarter.

(Regional Sales Information)

During the aggregated first three quarters of the previous fiscal year (From April 1, 2008 to December 31, 2008) and the aggregated first three quarters of the current fiscal year (From April 1, 2009 to December 31, 2009)

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

(Overseas Sales)

During the aggregated first three quarters of the previous fiscal year (From April 1, 2008 to December 31, 2008) and the aggregated first three quarters of the current fiscal year (From April 1, 2009 to December 31, 2009)

We did not have any overseas sales.

(6) Significant Changes in Our Shareholders Equity

We do not note any significant changes.