

**Summary of Consolidated Financial Results**  
**for the Second Quarter of the Fiscal Year Ending May 31, 2019**  
**(From June 1, 2018 to November 30, 2018)**  
**[Japanese GAAP]**

December 28, 2018

Company Name: ERI Holdings Co., Ltd. Listing Exchanges: First section of the Tokyo Stock Exchange  
 Securities Code: 6083 URL: <http://www.h-eri.co.jp/>  
 Representative: Akiyo Masuda, President and COO  
 For Inquiries, Contact: Shigeru Kato, Executive Officer, Head of Finance and Accounting Group  
 TEL:(03)5770-1520  
 Planned Date for Submission of Quarterly Securities Report: December 28, 2018  
 Planned Starting Date for Dividend Payments: January 31, 2019  
 Supplementary documents for financial results: Yes  
 Financial Results briefing: Yes (for institutional investors and securities analysts)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results for the Second Quarter of the Fiscal Year Ending May 31, 2019 (June 1, 2018 – November 30, 2018)

(1) Consolidated Financial Results (Cumulative)

(% indicates year-on-year change)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	million yen	%	million yen	%	million yen	%	million yen	%
FY 5/2019 Q2	7,241	24.5	348	68.2	364	69.6	232	92.2
FY 5/2018 Q2	5,818	3.8	206	53.2	214	52.7	120	49.4

(Note) Comprehensive Income FY 5/2019 Q2: 234 million yen (95.6%) FY 5/2018 Q2: 120 million yen (48.9%)

	Profit per Share		Diluted Profit per Share	
	yen		yen	
FY 5/2019 Q2	30.53		–	
FY 5/2018 Q2	15.42		–	

(2) Consolidated Financial Position

	Total Assets		Net Assets		Shareholders' Equity Ratio	
	million yen		million yen		%	
FY 5/2019 Q2	6,459		2,314		35.4	
FY 5/2018	6,346		2,296		35.7	

(Reference) Shareholders' Equity FY 5/2019 Q2: 2,287 million yen FY 5/2018: 2,267 million yen

2. Dividends

	Dividends per Share				
	End of Q1	End of Q2	End of Q3	Fiscal Year End	Annual
FY 5/2018	–	15.00	–	15.00	30.00
FY 5/2019	–	15.00			
FY 5/2019 (Forecast)			–	15.00	30.00

(Note) Revisions to dividend forecasts published most recently: None

3. Consolidated Results Forecasts for the Fiscal Year Ending May 31, 2019 (June 1, 2018– May 31, 2019)

(% indicates year-on-year change)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Profit per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
FY 5/2019	14,916	13.9	757	9.7	765	9.0	488	13.6	64.01

(Note) Revisions to performance forecasts published most recently: None

\* Notes

(1) Changes in significant subsidiaries during the term under review (changes in subsidiaries via share exchange causing a change in the scope of consolidation): None

(2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies and changes or restatement of accounting estimates

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|--|------|
| (i) Changes in accounting policies associated with the revision of accounting standards, etc.: | None |
| (ii) Changes in accounting policies other than (i):  | None |
| (iii) Changes in accounting estimates:   | None |
| (iv) Restatement:  | None |

(4) Number of shares issued (common stock)

(i) Shares Outstanding (incl. treasury stock):	FY 5/2019 Q2	7,832,400 shares
	FY 5/2018	7,832,400 shares
(ii) Treasury Stock:	FY 5/2019 Q2	292,783 shares
	FY 5/2018	200,083 shares
(iii) Average Number of Shares Outstanding	FY 5/2019 Q2	7,605,243 shares
	FY 5/2018 Q2	7,832,317 shares

\* This report is not subject to audit by certified public accountant or audit firm.

\* Cautionary statement with respect to forward-looking statements, and other information.

The performance projections in this report are the forecast based on currently available information and significantly includes uncertainty. Actual result may differ materially from these projections due to various reasons.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Unit: thousand yen)

	Previous fiscal year (As of May 31, 2018)	The second quarter of the reporting fiscal year (As of November 30, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	2,804,155	2,684,120
Accounts receivable-trade	713,282	756,486
Work in process	446,244	492,445
Other	176,366	246,635
Allowance for doubtful accounts	(92)	(242)
Total current assets	4,139,957	4,179,444
Non-current assets		
Property, plant and equipment	397,030	443,175
Intangible assets		
Goodwill	648,996	611,267
Other	295,251	308,285
Total intangible assets	944,248	919,553
Investments and other assets		
Investment securities	1,647	1,588
Guarantee deposits	441,929	518,980
Deferred tax assets	367,613	304,802
Other	54,525	92,257
Total investments and other assets	865,716	917,628
Total non-current assets	2,206,994	2,280,357
Total assets	6,346,951	6,459,801

Summary of Financial Results for Second Quarter of the Fiscal Year Ending May 31, 2019  
ERI Holdings Co., Ltd. (Securities Code 6083)

(Unit: thousand yen)

	Previous fiscal year (As of May 31, 2018)	The second quarter of the reporting fiscal year (As of November 30, 2018)
<b>Liabilities</b>		
Current liabilities		
Current portion of long-term loans payable	137,100	137,100
Accounts payable - other	459,133	299,395
Accrued expenses	819,406	789,235
Income taxes payable	155,580	86,158
Advances received	827,219	934,639
Other	223,703	178,476
Total current liabilities	2,622,143	2,425,004
Non-current liabilities		
Long-term loans payable	1,199,625	1,474,075
Net defined benefit liability	100,077	82,632
Long-term accounts payable - other	90,323	90,323
Other	37,921	73,376
Total non-current liabilities	1,427,946	1,720,407
Total liabilities	4,050,090	4,145,411
<b>Net assets</b>		
Shareholders' equity		
Capital stock	992,784	992,784
Capital surplus	7,677	42,236
Retained earnings	1,469,004	1,586,734
Treasury shares	(201,870)	(334,641)
Total shareholders' equity	2,267,596	2,287,113
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(35)	(73)
Total accumulated other comprehensive income	(35)	(73)
Non-controlling interests	29,300	27,349
Total net assets	2,296,861	2,314,389
Total liabilities and net assets	6,346,951	6,459,801

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income

(Unit: thousand yen)

	The second quarter of the previous fiscal year (From June 1, 2017 to November 30, 2017)	The second quarter of the reporting fiscal year (From June 1, 2018 to November 30, 2018)
Net sales	5,818,401	7,241,192
Cost of sales	4,146,204	5,149,055
Gross profit	1,672,197	2,092,137
Selling, general and administrative expenses	1,465,230	1,743,930
Operating profit	206,966	348,206
Non-operating income		
Interest income	41	14
Dividend income of insurance	6,491	9,001
Commission fee	829	1,125
Rent revenue	-	3,359
Compensation income	-	3,844
Miscellaneous income	1,480	2,942
Total non-operating income	8,842	20,288
Non-operating expenses		
Interest expenses	987	4,330
Miscellaneous loss	70	25
Total non-operating expenses	1,058	4,356
Ordinary profit	214,751	364,138
Extraordinary income		
Compensation for transfer	-	40,080
Total extraordinary income	-	40,080
Extraordinary losses		
Branch office transfer expenses	-	11,453
Total extraordinary losses	-	11,453
Profit before income taxes	214,751	392,765
Income taxes - current	93,069	95,067
Income taxes - deferred	1,615	62,831
Total income taxes	94,684	157,898
Profit	120,066	234,866
Profit (loss) attributable to non-controlling interests	(736)	2,652
Profit attributable to owners of parent	120,803	232,214

Quarterly Consolidated Statements of Comprehensive Income

(Unit: thousand yen)

	The second quarter of the previous fiscal year (From June 1, 2017 to November 30, 2017)	The second quarter of the reporting fiscal year (From June 1, 2018 to November 30, 2018)
Profit	120,066	234,866
Other comprehensive income		
Valuation difference on available-for-sale securities	-	(38)
Total other comprehensive income	-	(38)
Comprehensive income	120,066	234,827
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	120,803	232,176
Comprehensive income attributable to non-controlling interests	(736)	2,651

(3) Consolidated Statements of Cash Flows

(Unit: thousand yen)

	The second quarter of the previous fiscal year (From June 1, 2017 to November 30, 2017)	The second quarter of the reporting fiscal year (From June 1, 2018 to November 30, 2018)
<b>Cash flows from operating activities</b>		
Profit before income taxes	214,751	392,765
Depreciation	45,631	63,893
Amortization of goodwill	6,037	37,728
Interest income	(41)	(14)
Interest expenses	987	4,330
Compensation for removal	-	(40,080)
Branch office transfer expenses	-	11,453
Decrease (increase) in notes and accounts receivable - trade	(66,761)	(43,203)
Decrease (increase) in inventories	(34,681)	(46,200)
Increase (decrease) in accounts payable - other	3,016	(188,929)
Increase (decrease) in accrued expenses	490	(30,924)
Increase (decrease) in advances received	82,528	107,419
Other, net	7,493	(72,346)
<b>Subtotal</b>	<b>259,451</b>	<b>195,892</b>
Interest and dividend income received	43	39
Interest expenses paid	(1,099)	(4,646)
Income taxes paid	(63,835)	(170,877)
<b>Net cash provided by (used in) operating activities</b>	<b>194,559</b>	<b>20,407</b>
<b>Cash flows from investing activities</b>		
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(120,690)	-
Purchase of non-current assets	(46,713)	(105,716)
Payments for guarantee deposits	(841)	(87,923)
Proceeds from collection of guarantee deposits	-	209
Other, net	(1,557)	(2,030)
<b>Net cash provided by (used in) investing activities</b>	<b>(169,802)</b>	<b>(195,461)</b>
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term loans payable	684,000	-
Proceeds from long-term loans payable	-	343,000
Repayments of long-term loans payable	-	(68,550)
Cash dividends paid	(117,293)	(113,997)
Dividends paid to non-controlling interests	-	(1,500)
Purchase of treasury shares	-	(342,686)
Proceeds from disposal of treasury shares	-	242,719
Other, net	-	(3,966)
<b>Net cash provided by (used in) financing activities</b>	<b>566,706</b>	<b>55,018</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>591,464</b>	<b>(120,035)</b>
Cash and cash equivalents at beginning of period	2,103,670	2,803,553
<b>Cash and cash equivalents at end of period</b>	<b>2,695,135</b>	<b>2,683,518</b>