



Financial Results for the Third Quarter

From June 1, 2015 to February 29, 2016

ERI Holdings Co., Ltd.

March 29, 2016

Listed on Tokyo Stock Exchange (Code 6083)

<http://www.h-eri.co.jp>



Summary

Both net-sales and operating income increased 6.4% and 290.6% on year-on-year comparison, respectively

- In Q3, expansion of housing starts has temporarily slowed, but our housing related business was stable.
- In Building Confirmation and Inspection services, after the revision of Building Standard Law, new services - Route-2 Structural Examination and Pre-completion Tentative Approval – have been performing well.
- In Housing Performance Evaluation and its related services, the examination service for Point System for Energy Saving Homes (expired on Oct. 2015) and Long-life Quality Housings have been performing well.
- In other segment, the existing building related services have been growing successfully, but the services of Evaluation of Seismic Capacity and Seismic Retrofitting Plans and Structural Evaluation of High-rise Buildings struggled with a shrinking market.
- Japan ERI newly set up Energy Saving Promotion Division to enhance operation for mandatory energy saving standard confirmation and other energy saving related services.

Consolidated results



(Millions of yen)

	FY2014 3Q (Jun. 2014 – Feb. 2015)	FY2015 3Q (Jun. 2015 – Feb. 2016)	Change	
			Amounts	Ratio
Gross Sales (Net Sales *)	8,853 (8,052)	8,685 (8,571)	▲168 (518)	▲1.9% (6.4%)
Operating Income	125	490	365	290.6%
Operating Income Ratio	1.4%	5.6%	-	-
Ordinary Income	159	502	342	215.0%
Ordinary Income Ratio	1.8%	5.8%	-	-
Profit Attributable to Owners of Parent	68	339	271	399.2%
Net Income per Share (Yen)	8.80	43.44	34.64	-

* Net sales is subtracted peer check fee, which is paid to the other bodies through ERI group, from gross sales. Due to the revision of Building Standard Law in June 2015, applicants directly apply to structural calculation review body and, from FY 2016, our group sales result in the same number that was previously net sales. Although in this 2Q, pre-revision orders from 1Q are still included, and both gross- and net-sales are described. Tokyo Bldg-Tech Center Co., Ltd (TBTC), consolidated subsidiary, changes account closing date from end of March to end of May and its 11-months results is consolidated. In above consolidated results, TBTC's net-sales is counted and this net-sales doesn't match with it disclosed last year.

Consolidated results by segment



(Millions of yen)

	FY2014 3Q	FY2015 3Q	Change		Operating Income	Change
			Amounts	Ratio		
Building Confirmation and Inspection (Net Sales*1)	5,231 (4,463) [55.4%]	4,569 (4,460) [52.0%]	▲662 (▲3)	▲12.7% (▲0.1%)	220	256
Housing Performance Evaluation and its related services	2,009 [25.0%]	2,261 [26.4%]	251	12.5%	93	63
Others (Net Sales*1)	1,611 (1,578) [19.6%]	1,854 (1,849) [21.6%]	243 (270)	15.1% (17.1%)	176	45
Gross Sales Total	8,853 [100.0%] ※2	8,685 [100.0%] ※2	▲168	▲1.9%	490	365

*1 Net sales is subtracted peer check fee, which is paid to the other bodies through ERI group, from gross sales. Due to the revision of Building Standard Law in June 2015, applicants directly apply to structural calculation review body and, from FY 2016, our group sales result in the same number that was previously net sales. Although in this 2Q, pre-revision orders from 1Q are still included, and both gross- and net-sales are described. Tokyo Bldg-Tech Center Co., Ltd (TBTC), consolidated subsidiary, changes account closing date from end of March to end of May and its 11-months results is consolidated. In above consolidated results, TBTC's net-sales is counted and this net-sales doesn't match with it disclosed last year.

*2 Structural ratio [] is calculated using Net sales. (FY2014 8,052 million yen, FY2015 8,571 million yen)

Main operating figures | Consolidated



(Cases)

	FY2014 3Q (Jun. 2014 – Feb. 2015)	FY2015 3Q (Jun. 2015 – Feb. 2016)	Change	
			Amounts	Ratio
Building confirmations	43,194	43,218	24	0.1%
Final inspections	36,437	35,337	▲1,100	▲3.0%
Housing design performance evaluations of detached house	13,931	14,496	565	4.1%
Housing design performance evaluations of collective house	16,811	16,351	▲460	▲2.7%

Key service figures | Consolidated



	FY2015 3Q		Change	
	Cases	Amounts (Millions of Yen)	Cases	Amounts (Millions of Yen)
Building confirmations for medium to large size buildings (over 500 sqm)	3,868	995	98	2
Housing performance evaluations of detached houses* ¹	14,496	559	565	15
Technical assessments for Long-Life Quality Housings* ²	17,092	266	974	▲2
Inspections for housing defect liability insurance* ³	17,954	217	1,840	13
Evaluations of seismic capacity and seismic retrofitting plans	257	87	▲161	▲42
Structural evaluations of high-rise buildings (Skyscraper and/or Base isolation)	72	85	▲29	▲47

Sales of "Technical assessments for Long-Life Quality Housings" in Financial Results for the First Quarter (released September 30, 2015) was incorrect number. The number is corrected from 65 to 94 million yen and recalculated number is described in this table.

*1 Cases and amounts by housing design performance evaluation.

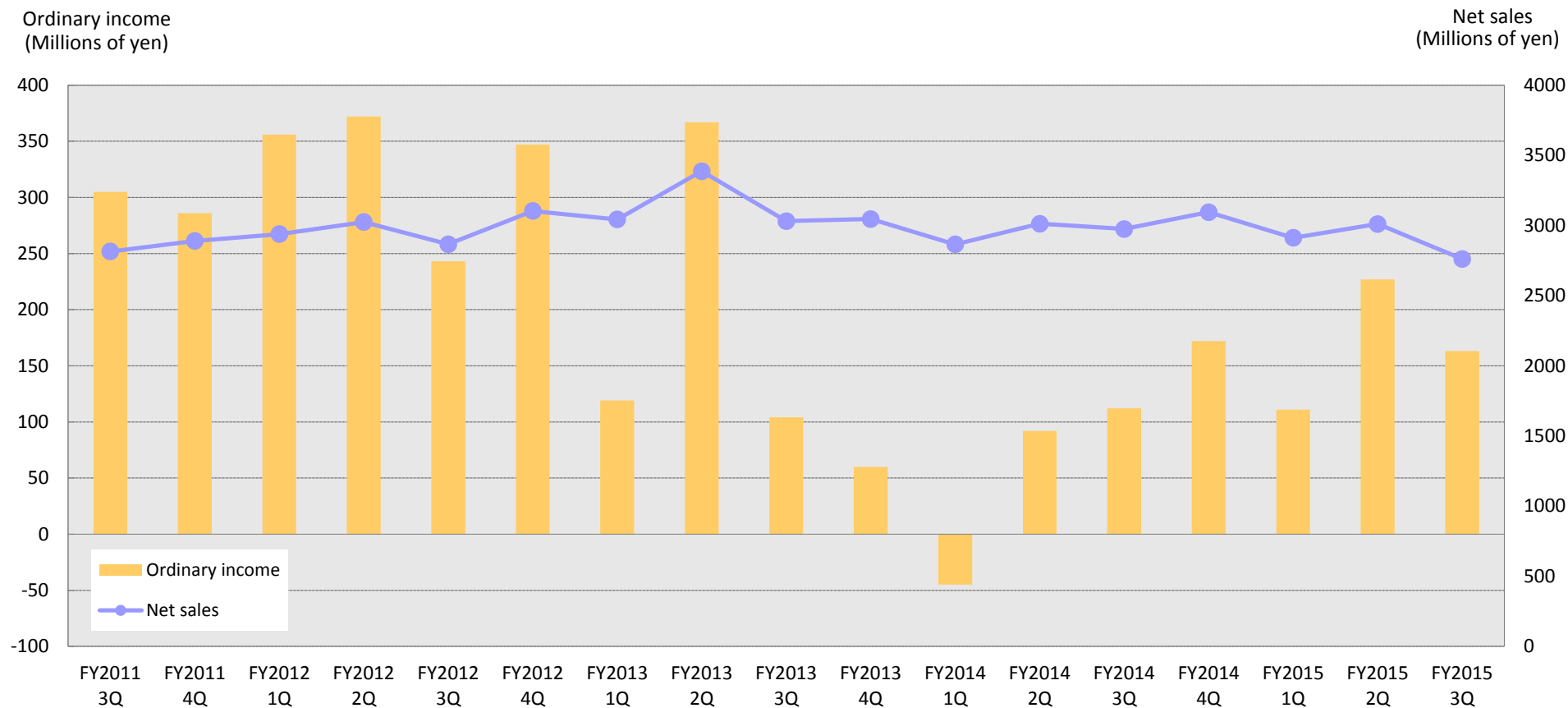
*2 The number of cases which the certification of Long-Life Quality Housing were issued.

*3 Jutaku Anshin Hoso's cases and amounts.

Changes of quarterly results | Consolidated



Quarterly net sales and ordinary income



Until third quarter of FY2013, data is financial results announced by JAPAN ERI CO.,LTD.

Forecast for FY 2015



Our previous forecast[※] of full-year earnings remains unchanged

- Both housing and non-housing newly built market will be stable.
- In existing buildings related services, Legal Compliance Inspection for Existing Buildings, Due Diligence and other inspection services will keep on growing.
- Building Energy Conservation Act is in effect on April 2016 and, for the first step, non-mandatory guideline and incentive plans start. The Best-effort obligations to indicate energy saving performance will stimulate BELS needs among property owners. In addition, other new services – Approving or Indication of Compliance with Energy Saving Standard and Approving of Plan for Energy Saving Performance Improvement (for easing of building volume regulation) - start.

[※]We announced "Notice on Revision of Earnings Forecast for the Fiscal Year Ending May 2016" on December 8, 2015.

Forecasts for FY2015



(Millions of yen)

	FY2014	FY2015	Change
Gross Sales (Net Sales *)	11,949 (10,883)	11,866 (11,752)	▲82 (868)
Operating Income	292	741	449
Vs. Gross Sales	2.4%	6.2%	—
Ordinary Income	331	754	422
Vs. Gross Sales	2.8%	6.4%	—
Profit Attributable to Owners of Parent	18	507	489
Net Income per Share (Yen)	2.37	64.93	62.56
Dividend per Share (Yen)	30	30	0

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Topics



Summary of indication-related budget subsidy systems on draft budget for FY2016

Project	Building Type and Project Summary	New Construction / Renovation
Leading Projects for Sustainable Buildings, etc. (MLIT)	【Housing and Non-housing】 Expenses need to introduce advanced technologies for the maintenance of building structures and to verify cost effectiveness. Display of CASBEE/BELS certification is mandatory. Subsidy ratio : 1/2 (Upper limit : depending on conditions)	New construction / Renovation
Regional Residence-Greening Projects (MLIT)	【Housing】 Amount equivalent to the additional cost required to construct zero-energy housing by small and medium building contractors. Display of BELS certification is mandatory. Subsidy ratio : 1/2 (Upper limit : depending on conditions)	New construction / Renovation
	【Non-housing】 Amount equivalent to the additional cost required to construct a certified low-carbon building by small and medium building contractors. Approving of low-carbon buildings or BELS/CASBEE certification is mandatory. Subsidy ratio : 1/2 (Upper limit : depending on conditions)	New construction
Energy-saving Promotion Projects for Existing Buildings (MLIT)	【Non-housing】 Expenses for building frame renovation expected more than 15% energy performance improvement and also to meet particular energy saving standard after renovation. Display of BELS certification is mandatory. Subsidy ratio : 1/3 (Upper limit : 50 million yen per project)	Renovation

Source: This summary is based on the document, "Indication-related budget subsidy system (draft budget for FY2016)" announced by MLIT on March 11, 2016.

Topics(continued)



Summary of indication-related budget subsidy systems on draft budget for FY2016

Project	Building Type and Project Summary	New Construction / Renovation
Model Project to Promote CO₂ Reductions Rental Housing (MOE, MLIT)	<p>【Housing】 Expenses of introducing CO₂-efficient equipment for projects which build/renovate low-carbon rental houses and display/inform its environmental performance widely. Display of BELS certification for every dwelling unit is mandatory. Subsidy ratio : 1/2 (Upper limit : 0.6 million yen per unit), 1/3 (Upper limit : 0.3 million yen per unit)</p>	New construction / Renovation
Promotion Project for Innovative Energy-efficiency Technologies to Housing and Building (METI)	<p>【Housing】 Partial expenses of construction of ZEH* by registered house builders. Display of BELS certification is considered as a scoring up factor in the examination. Subsidy ratio : Fixed amount (1.25 million yen per unit)</p>	New construction / Renovation
	<p>【Non-housing】 Partial expenses of introduction for high-efficiency facilities to the building proof of ZEB*. Display of BELS certification (ZEB-READY or better) is mandatory. Subsidy ratio : 2/3 (Upper limit : 1 billion yen/FY2016)</p>	New construction / Renovation
Promotion Project for CO₂ Reductions Commercial Buildings (MOE, METI)	<p>【Non-housing】 Expense to introduce high-performance facilities/systems for energy-saving and low-carbon which contribute to achieve ZEB* in small and medium size commercial buildings. Display of BELS certification (ZEB-READY or better) is mandatory. Subsidy ratio : 2/3 (Upper limit : 0.3 billion yen/FY2016)</p>	New construction / Renovation

*ZEH: Net Zero Energy House, ZEB: Net Zero Energy Building

Source: This summary is based on the document, "Indication-related budget subsidy system (draft budget for FY2016)" announced by MLIT on March 11, 2016.