



Financial Results for the First Quarter

From June 1, 2016 to August 31, 2016

ERI Holdings Co., Ltd.

September 30, 2016

Listed on Tokyo Stock Exchange (Code 6083)

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



Summary

Both sales and income decreased year-on-year.

- Major factors causing decrease in sales were the expiration of Point System for Energy-saving Homes and 5-months sales inclusion due to the change of fiscal year end by one of subsidiary companies, TBTC, in the previous year.
- Final Inspection and Housing Construction Performance Evaluation struggled due to a decrease of construction starts in the previous year.
- Along with steady new orders, Building Confirmation and Housing Performance Evaluation increased on year-on-year comparison.
- Structural Evaluations of High-rise Buildings recovered from the slump a year ago.
- New services such as Assessment of Compliance with the Building Standard Law, Route-2 Structural Examination and Pre-completion Tentative Approval, etc. are in strong demand.
- Among energy conservation related business, number of BELS certification robustly increased encouraged by the introduction of energy saving related subsidies that requires BELS certification and an expansion of BELS certifiable buildings to housing in April.

Consolidated results



(Millions of yen)

	FY2015 1Q (Jun. 2015 – Aug. 2015)	FY2016 1Q (Jun. 2016 – Aug. 2016)	Change	
			Amounts	Ratio
Gross Sales (Net Sales *)	2,912 (2,806)	2,701 (2,701)	▲210 (▲104)	▲7.2% (▲3.7%)
Operating Income	95	26	▲68	▲71.9%
Operating Income Ratio	3.3%	1.0%	-	-
Ordinary Income	111	32	▲79	▲71.3%
Ordinary Income Ratio	3.8%	1.2%	-	-
Profit Attributable to Owners of Parent	74	13	▲60	▲81.7%
Net Income per Share (Yen)	9.50	1.73	▲7.77	-

* Net sales is gross sales minus peer check fee, which was paid to a structural calculation review body through ERI group. After the revision of Building Standard Law in June 2015, the procedure of confirmation was changed and applicants directly apply to a structural calculation review body separately from Building Confirmation procedure. Both gross and net sales are described in FY 2015 disclosure, from FY 2016, however, these two sales results in one same sales, which has been previously described as net sales.

Consolidated results by segment



(Millions of yen)

	FY2015 1Q	FY2016 1Q	Change		Operating Income	Change
			Amounts	Ratio		
Building Confirmation and Inspection (Net Sales)	1,627 (1,520) [54.2%]	1,481 (1,481) [54.8%]	▲145 (▲38)	▲8.9% (▲2.6%)	44	10
Housing Performance Evaluation and its related services	751 [26.8%]	679 [25.1%]	▲72	▲9.7%	▲17	▲73
Solution Services* ¹	195 [6.9%]	182 [6.8%]	▲12	▲6.4%	▲2	▲14
Others	338 [12.1%]	358 [13.3%]	19	5.8%	2	8
Gross Sales Total	2,912 [100.0%]* ²	2,701 [100.0%]* ²	▲210	▲7.2%	26	▲68

*1 "Solution Services" split off from "Others" as an independent segment due to its growing importance in 1Q FY2016. In addition, TBTC's services, solely included in "Others" previously, divided into each segment. 1Q FY2015 data in this table are also revised based on new segment recognition.

*2 Structural ratio [] is calculated using Net sales. (FY2015 2,806 million yen, FY2016 2,701 million yen)

Main operating figures | Consolidated



(Cases)

	FY2015 1Q (Jun. 2015 – Aug. 2015)	FY2016 1Q (Jun. 2016 – Aug. 2016)	Change	
			Amounts	Ratio
Building confirmations	15,224	15,650	426	2.8%
Final inspections	10,674	10,660	▲14	▲0.1%
Housing design performance evaluations of detached house	5,239	5,582	343	6.5%
Housing design performance evaluations of collective house	5,601	7,444	1,843	32.9%

New services operating figures | Consolidated



(Cases)

	FY2015 1Q	FY2016 1Q	Change	
			Amounts	Ratio
Route-2 Structural Examination ^{*1}	117	232	115	98%
Pre-completion Tentative Approval ^{*1}	1	37	36	3,600%
Assessment of Compliance with the Building Standard Law services ^{*2}	24	28	4	17%
BELS certification ^{*3} (Assessment of Compliance with the Building Energy-efficiency Labeling System)	9	232	223	2,478%
Energy Pass certification ^{*4}	23	159	136	591%

*1 The service started responding to the revision of Building Standard Law in June 2015.

*2 The service started responding to the release of "Guideline for conformity inspection of Building Standard Law on existing buildings with no Inspection Certificate by utilizing Designated Confirmation and Inspection Bodies" (MLIT) in July 2014.

*3 The service started responding to the release of "Guideline for the Building Energy-efficiency Labeling (2013)" (MLIT) in October 2013. Coverage of BELS system expanded to housings in April 2016.

*4 The service, evaluation on insulating performance and HVAC efficiency of housings promoted by Japan Energy Pass Association, started to add third-party certification system in January 2014.

Key service figures | Consolidated



	FY2016 1Q		Change	
	Cases	Amounts (Millions of Yen)	Cases	Amounts (Millions of Yen)
Building confirmations for medium to large size buildings (over 500 sqm)	1,471	362	5	3
Housing performance evaluations of detached houses* ¹	5,582	198	343	▲5
Technical assessments for Long-Life Quality Housings* ²	6,424	96	374	2
Inspections for housing defect liability insurance* ³	6,329	75	150	▲1
Evaluations of seismic capacity and seismic retrofitting plans	31	12	▲16	▲5
Structural evaluations of high-rise buildings (Skyscraper and/or Base isolation)	48	59	29	36

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 revised from Financial Results for the Second Quarter (released January 14, 2016).

*1 Cases and amounts by housing design performance evaluation.

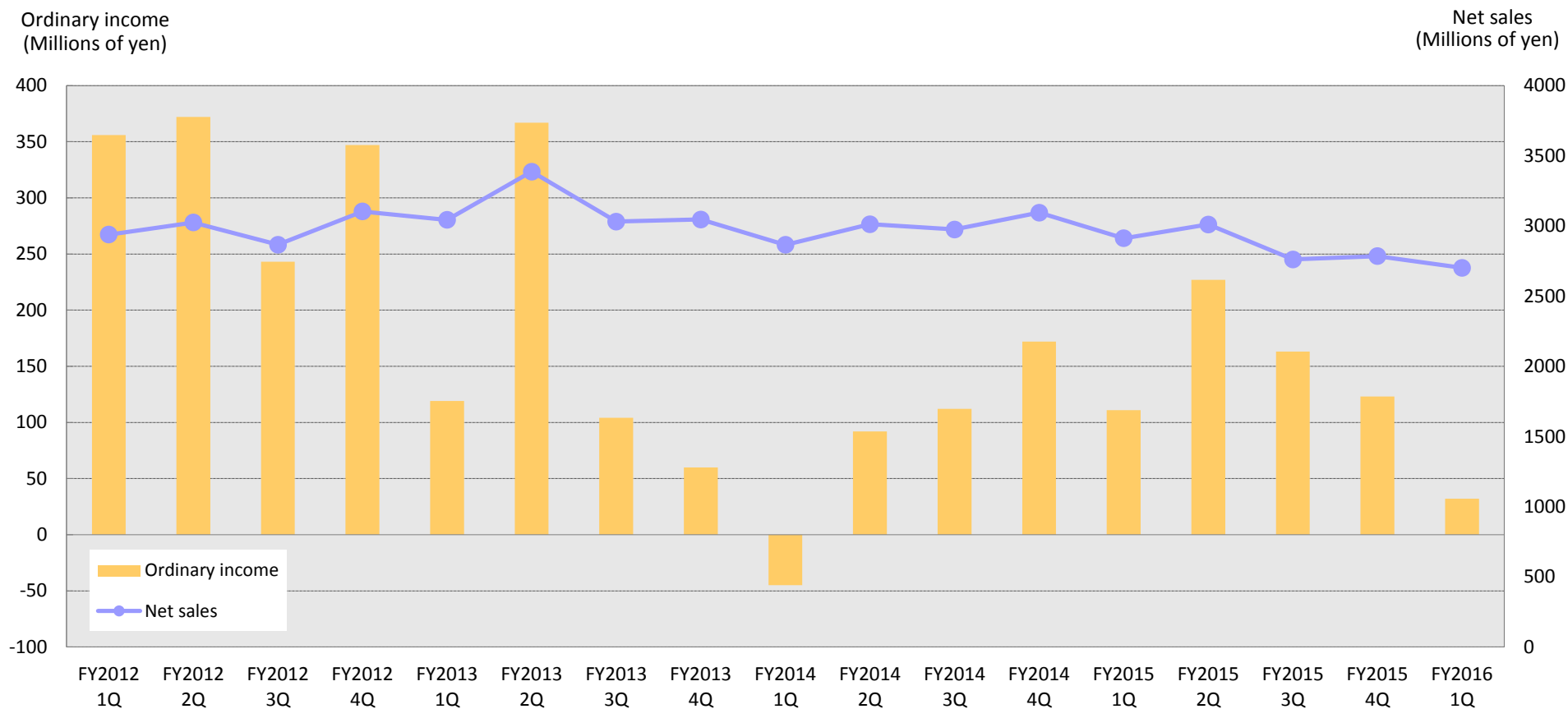
*2 The number of cases which the certification of Long-Life Quality Housing were issued.

*3 Jutaku Anshin Hosyo’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.

Forecasts for FY2016



(Millions of yen)

	FY2015	FY2016	Change
Gross Sales	11,470	11,879	408
(Net Sales)	(11,356)	(11,879)	(522)
Operating Income	569	632	62
Vs. Gross Sales	5.0%	5.3%	—
Ordinary Income	625	628	2
Vs. Gross Sales	5.5%	5.3%	—
Profit Attributable to Owners of Parent	414	400	▲13
Net Income per Share (Yen)	52.96	51.15	▲1.81
Dividend per Share (Yen)	30	30	0

* Net sales is gross sales minus peer check fee, which was paid to a structural calculation review body through ERI group. After the revision of Building Standard Law in June 2015, the procedure of confirmation was changed and applicants directly apply to a structural calculation review body separately from Building Confirmation procedure. Both gross and net sales are described in FY 2015 disclosure, from FY 2016, however, these two sales results in one same sales, which has been previously described as net sales.