



Financial Results for the Second Quarter

From June 1, 2015 to November 30, 2015

ERI Holdings Co., Ltd.

January 14, 2016

Listed on Tokyo Stock Exchange (Code 6083)

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

Summary

Increase in first half net-sales and profit in 3-years Revised up full-year earnings forecasts

- New Housing starts mildly recovered. Sales progressed in housing related business such as Eco-Point System for Energy-Saving Housings, Long-Life Quality Housings, Housing Energy-Saving Labels, etc.
- Revision of Building Standard Law created new services of Route-2 Structural Examination and Pre-completion Tentative Approval
- Medium to large size buildings related business remains steady
- Existing building related business grows steadily
- Expansion of subsidy program promotes BELS* certification
- Structural evaluations service for high-rise buildings struggles with market shrink

* Building Energy-efficiency Labeling System

Consolidated results



(Millions of yen)

	FY2014 1H (Jun. 2014 – Nov. 2014)	FY2015 1H (Jun. 2015 – Nov. 2015)	Change	
			Amounts	Ratio
Gross Sales (Net Sales *)	5,877 (5,321)	5,923 (5,809)	45 (488)	0.8% (9.2%)
Operating Income	14	327	313	-
Operating Income Ratio	0.2%	5.5%	-	-
Ordinary Income	46	338	292	626.3%
Ordinary Income Ratio	0.8%	5.7%	-	-
Profit attributable to Owners of Parent	6	205	199	-
Net Income per Share (Yen)	0.90	26.36	25.46	-

* 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 8-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 1H	FY2015 1H	Change		Operating Income	Change
			Amounts	Ratio		
Building Confirmation and Inspection (Net Sales* ¹)	3,536 (3,000) [56.4%]	3,120 (3,012) [51.8%]	▲415 (11)	▲11.8% (0.4%)	150	208
Housing Performance Evaluation and its related services	1,315 [24.7%]	1,550 [26.7%]	234	17.8%	81	75
Others (Net Sales* ¹)	1,025 (1,005) [18.9%]	1,252 (1,247) [21.5%]	226 (242)	22.1% (24.1%)	95	29
Gross Sales Total	5,877 [100.0%]* ²	5,923 [100.0%]* ²	45	0.8%	327	313

*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 8-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 ¥5,321million, FY2015 ¥5,809million)

Main operating figures | Consolidated

(Cases)

	FY2014 1H (Jun. 2014 – Nov. 2014)	FY2015 1H (Jun. 2015 – Nov. 2015)	Change	
			Amounts	Ratio
Building confirmations	29,753	30,043	290	1.0%
Final inspections	23,996	22,986	▲1,010	▲4.2%
Housing design performance evaluations of detached house	9,304	10,132	828	8.9%
Housing design performance evaluations of collective house	11,544	10,421	▲1,123	▲9.7%

Key service figures | Consolidated



	FY2015 1H		Change	
	Cases	Amounts (Millions of Yen)	Cases	Amounts (Millions of Yen)
Building confirmations for medium to large size buildings (over 500 sqm)	2,781	697	165	14
Housing performance evaluations of detached houses* ¹	10,132	392	828	28
Technical assessments for Long-Life Quality Housings* ²	11,949	191	892	10
Inspections for housing defect liability insurance* ³	12,479	149	965	1
Evaluations of seismic capacity and seismic retrofitting plans	157	55	5	7
Structural evaluations of high-rise buildings (Skyscraper and/or Base isolation)	51	65	▲18	▲27

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.

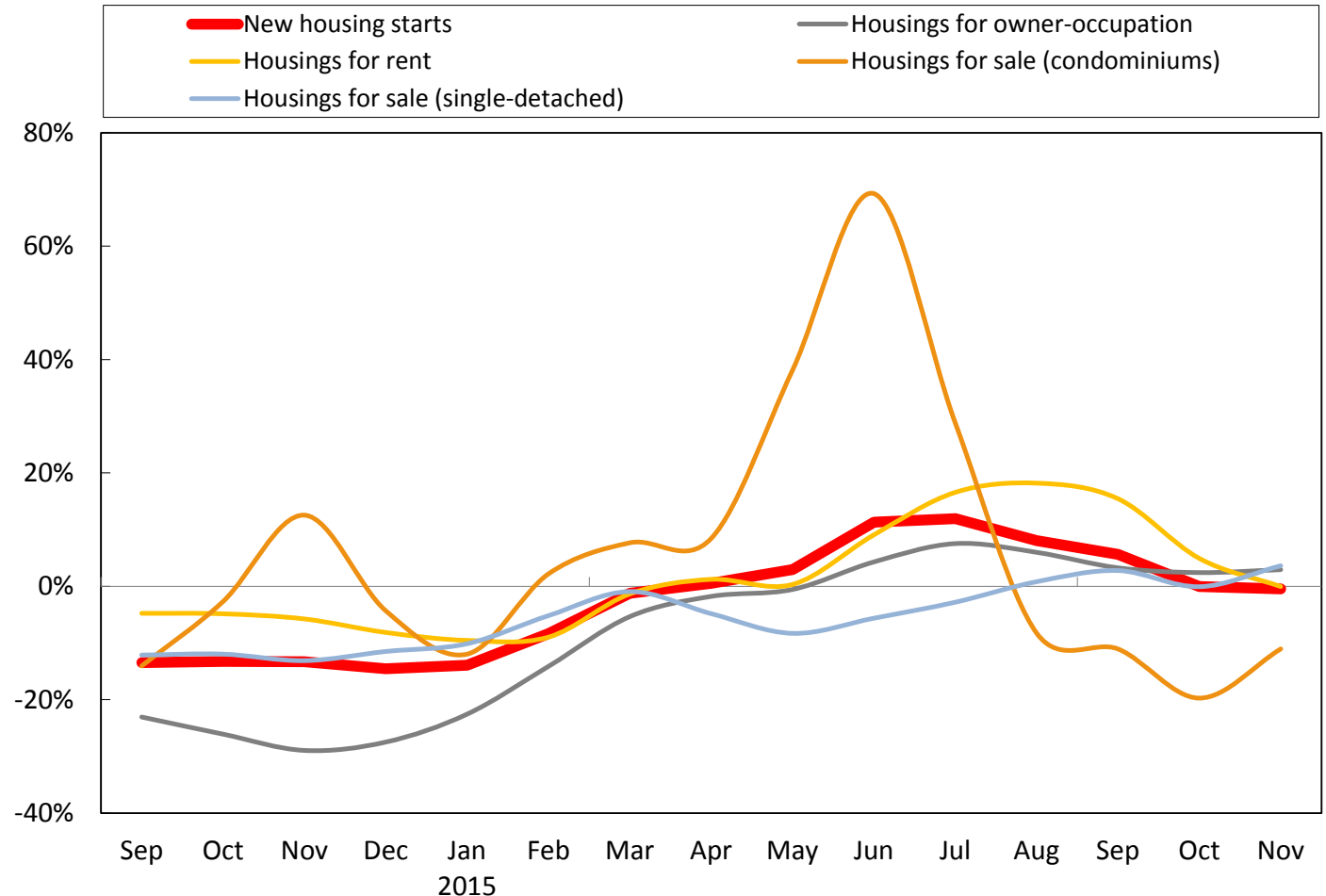
*3 Jutaku Anshin Hosyo's cases and amounts.

Trends in housing market



- The total number of new housing starts firmed up gradually until summer and then lost its momentum.
- Housings for owner-occupation and Housings for rent were generally steady.
- Housings for sale (condominiums) went up and down sharply.
- Housings for sales (single-detached) remained roughly flat.

Changes in new housing starts by category of housings
(an average of the past two months, including present month)



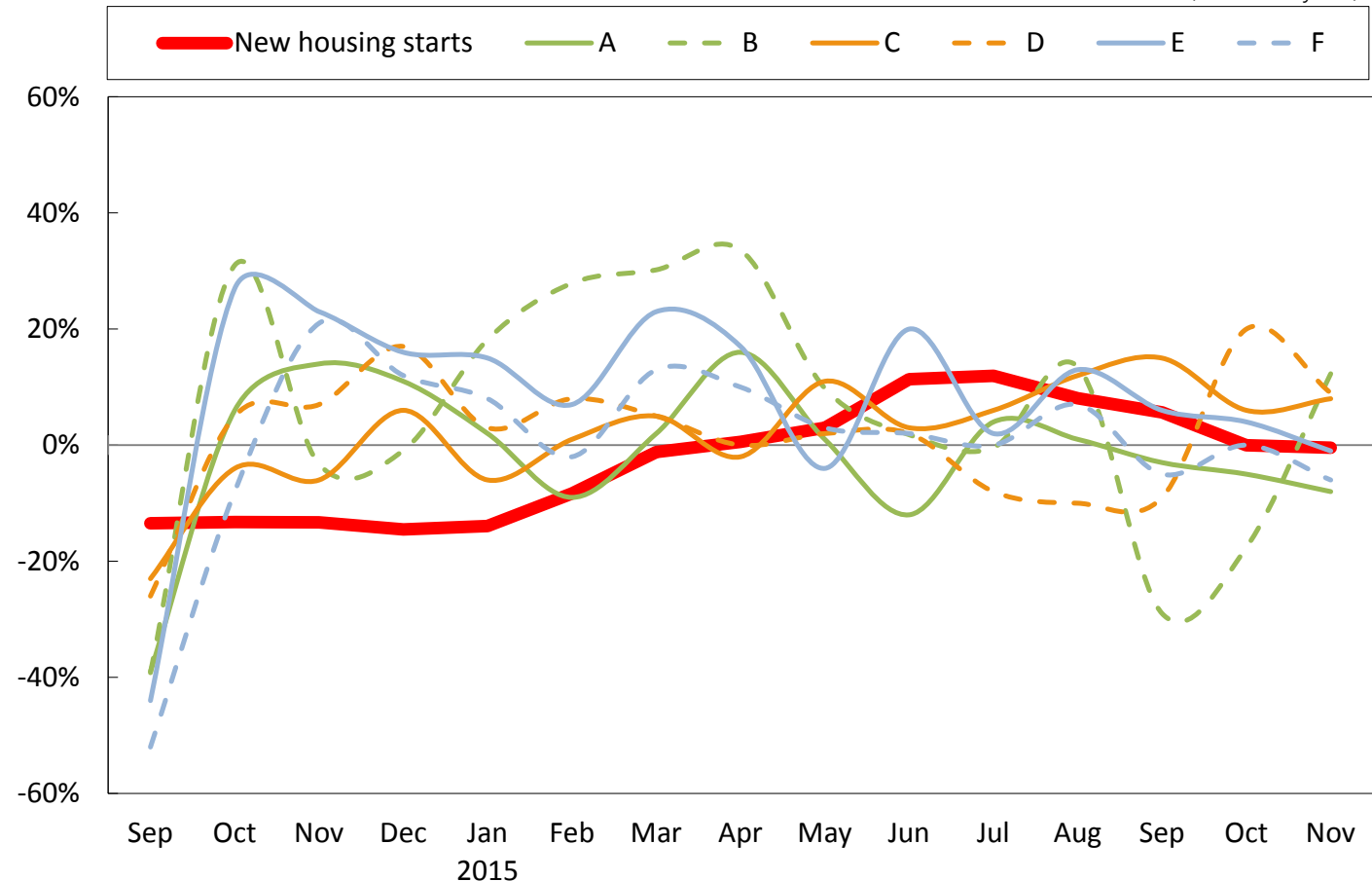
Trends in housing market (continued)



➤ New orders of detached houses by major house builders showed volatile swings in monthly basis and also showed considerable difference company by company.

Changes in new orders of detached houses by Major house builders

(Year-on-year)

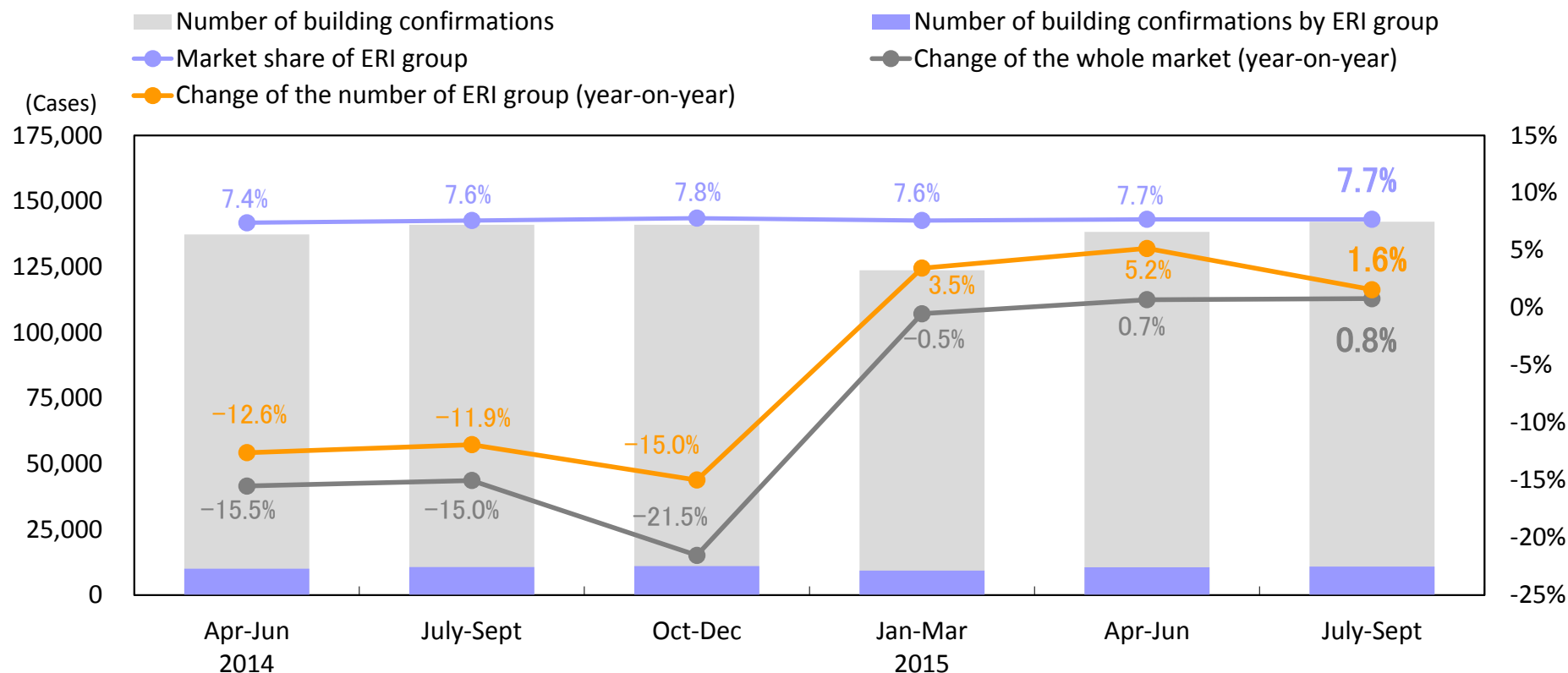


New housing starts : An averages of the past two months, including present month

Trends in housing market (continued)

- The housing market, which had shrunk from January 2014 after the reaction of the consumption tax increase, started to recover gradually from early last year.
- ERI group's year-on-year change numbers exceed market result throughout all periods in the chart.
- ERI group's market share had been steady and expanded to 7.7% at the moment.

Number of building confirmation and market share by ERI group



Breakdown of building confirmation



FY2015 1H Japan ERI's results of building confirmation by category of buildings.
(exc. plan change cases)

(Cases, Millions of yen)

	Detached Houses	Collective Houses	Offices, Stores	Factories, Warehouses	Hospitals, Welfares	Others (Educations, Lodgings and more)	Total
Number of Building Confirmation	14,957	3,474	1,766	1,100	602	627	22,526
Year-on-Year	7.4%	-1.7%	-6.4%	12.9%	-16.0%	8.7%	4.2%
Proportion	66.4%	15.4%	7.8%	4.9%	2.7%	2.8%	100.0%
Net Sales	334.8	300.9	229.3	235.3	95.2	107.9	1,303.3
Year-on-Year	4.5%	4.7%	-4.1%	22.6%	-28.1%	14.5%	3.0%
Proportion	25.7%	23.1%	17.6%	18.1%	7.3%	8.3%	100.0%

(June 2015 - November 2015)

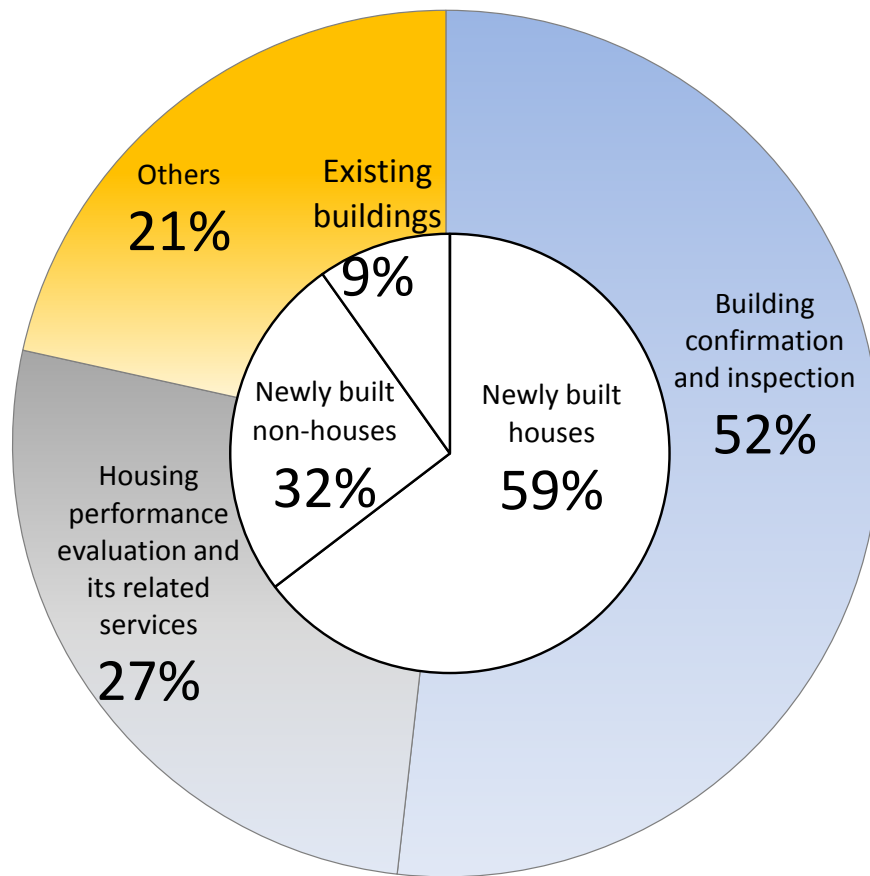
Growth rate of national newly built floor space (construction starts)	3.2%	-3.6%	3.1%	-27.1%	-2.4%	-0.1%
Proportion	63.9%	9.9%	13.3%	5.1%	7.8%	100.0%

Sales breakdown | Consolidated

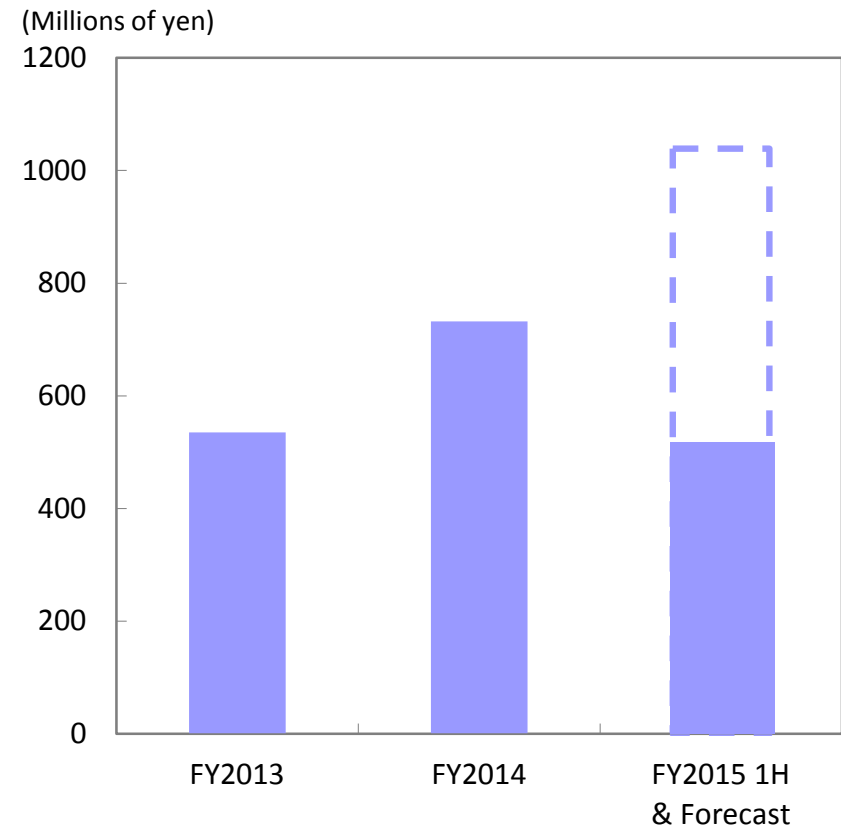


The composition of existing building related sales made a great progress to 9%, which was 4% and 6% at the end of FY 2014 and FY 2015 respectively.

FY2015 1H



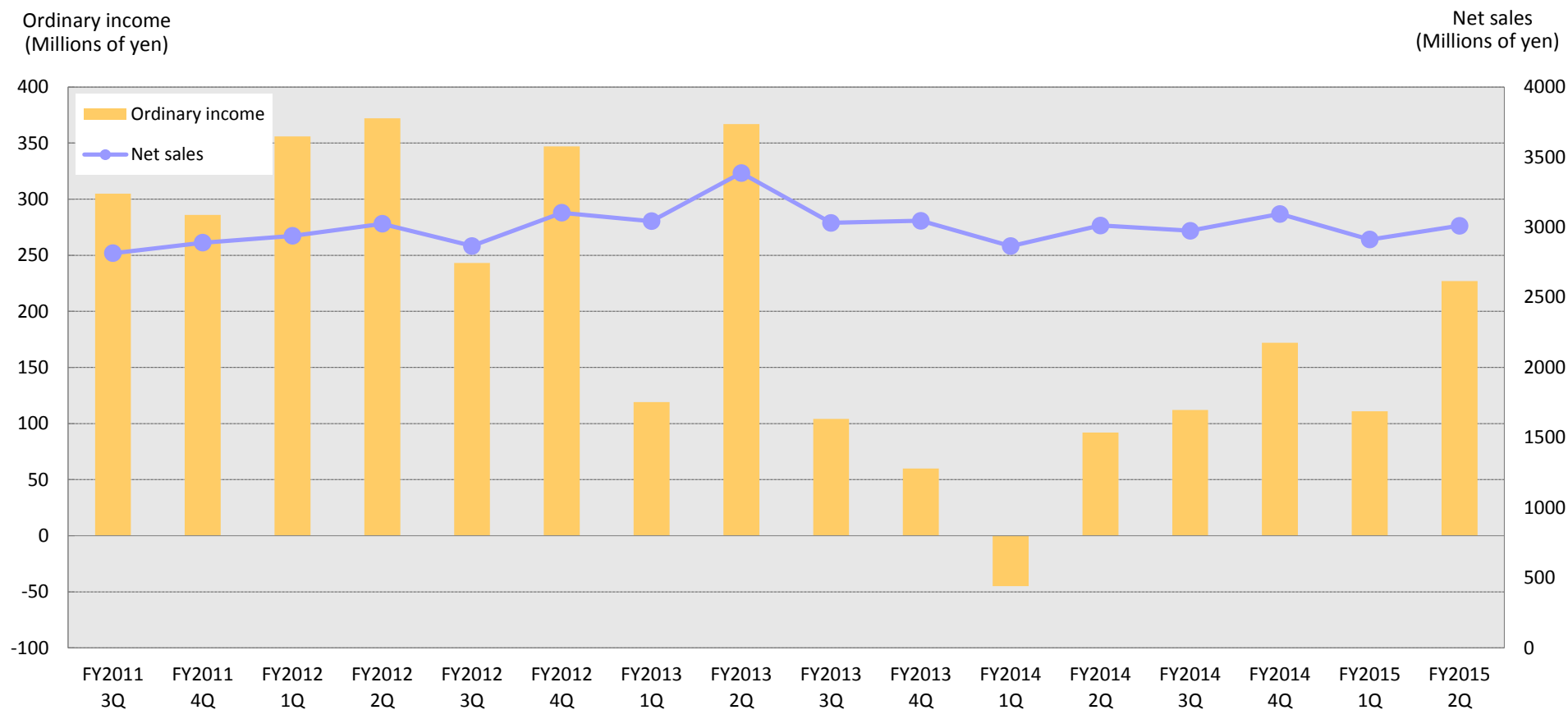
Sales of Existing Buildings



Changes of quarterly results | Consolidated



Quarterly net sales and ordinary income



Until third quarter 2013, data is financial results announced by JAPAN ERI CO.,LTD.

Forecasts for FY2015



(Millions of yen)

	FY2014	FY2015 Previous Forecast (B)	FY2015 New Forecast (A)	Change (A-B)
Gross Sales	11,949	11,741	11,866	124
Operating Income	292	649	741	92
Vs. Gross Sales	2.4%	5.5%	6.2%	—
Ordinary Income	331	643	754	110
Vs. Gross Sales	2.8%	5.5%	6.4%	—
Profit attributable to Owners of Parent	18	378	507	129
Net Income per Share (Yen)	2.37	48.39	64.93	16.54
Dividend per Share (Yen)	30	30	30	0

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

Medium to long-term vision

From reactive to proactive business transformation

- Aging and scarcity of industry workforce
 - ⇒ Seizing M&A opportunity in inevitable industry reorganization
- Market development by leveraging independence and expertise advantage
 - ⇒ Stimulating actions by new business project team
- Improvement of operational efficiency by digitization of application data, review of inspection procedure, etc.

Next medium-term management plan (June 2016 – May 2019) will be released in June.

Topics



Social roles of third-party certification bodies should enlarge

- After the revelation of using forged data for piling works, there was a flood of offers to ERI group asking documentary-based inspections on piling records.

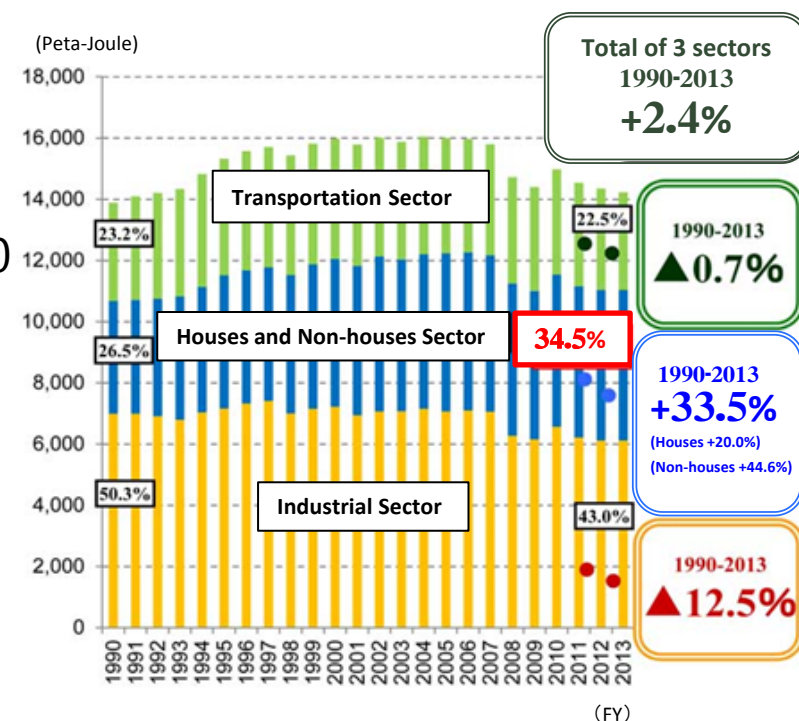
We reaffirmed there are strong demands for utilizing third-party certification bodies to secure transparency.

- Adoption of the Paris Agreement at the Paris Climate Change Conference(COP21).

Japan targets 26% Co₂ emission reduction by 2030 (compare to 2013).

In Houses and Non-houses sector, there is much room for Co₂ emission reduction.

ERI group will accelerate to develop energy conservation related business.



Topics – Mandatory energy saving standards

Summary of Energy Conservation Act

Effective date	Rules to be introduced	Our services	Objective buildings	Types of buildings	Related organization
April 2016	Best-effort obligations to indicate energy saving performance (third-party certification or self-evaluation)	BELS (Third-party certification)	Newly built Existing	Non-houses Houses	Registered Building Energy-Efficiency Labeling System evaluation organization
	Approving of plan for energy saving performance improvement	Technical assessment for approval from administrative agencies	Newly built *Energy saving renovation	Non-houses	Registered building survey agency (until March 2017) (from April 2017, Registered building energy saving performance evaluation organization)
				Houses	Registered housing performance evaluation organization / Registered building survey agency (until March 2017)
	Approving or Indication of compliance with energy saving standard	Technical assessment for approval from administrative agencies	Existing	Non-Houses	Registered building survey agency (until March 2017) (from April 2017, Registered building energy saving performance evaluation organization)
				Houses	Registered housing performance evaluation organization / Registered building survey agency (until March 2017)
	Obligation to conform energy saving standard Obligation to conform energy saving standard review	Conformity review for energy saving standard	Newly built Renovation	Non-houses	Registered building energy saving performance evaluation organization
April 2017	Approving of building with special structure or equipment	Performance evaluation for ministerial certification	Newly built Renovation	Non-houses Houses	Registered building energy saving performance evaluation organization

*Energy saving renovation : expansions•renovations, repairs•remodeling, install or modify air conditioning systems