

Summary of Consolidated Financial Results for the Fiscal Year Ended May 31, 2016

(From June 1, 2015 to May 31, 2016)

[Japanese GAAP]

July 12, 2016

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 and General Manager, Finance and Accounting Dept.
 TEL: (03)5570-1520
 Planned Annual Shareholders' Meeting Date: August 30, 2016
 Planned Date for Submission of Annual Securities Report: August 30, 2016
 Planned Starting Date for Dividend Payments: July 29, 2016
 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 Fiscal Year Ended May 31, 2016 (June 1, 2015 – May 31, 2016)

(1) Consolidated Financial Results (Cumulative)

(% indicates year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	million yen	%	million yen	%	million yen	%	million yen	%
FY 5/2016	11,470	(4.0)	569	95.1	625	88.8	414	–
FY 5/2015	11,949	(4.5)	292	(54.0)	331	(49.1)	18	–

(NOTE) Comprehensive Income

Fiscal year ended May 31, 2016: 414 million yen (– %); Fiscal year ended May 31, 2015: 19 million yen (– %)

	Net Income per Share	Diluted Net Income per Share	Return on Equity (ROE)	Ordinary Income / Total Assets	Operating Income / Net Sales
	yen	yen	%	%	%
FY 5/2016	52.96	–	18.9	14.9	5.0
FY 5/2015	2.37	–	0.9	7.6	2.4

(Reference) Equity in profits(losses) of affiliates

Fiscal year ended May 31, 2016 : – million yen ; Fiscal year ended May 31, 2015: – million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	million yen	million yen	%	yen
FY 5/2016	4,110	2,320	56.3	295.60
FY 5/2015	4,296	2,072	48.1	265.32

(Reference) Shareholders' Equity

Fiscal year ended May 31, 2016 : 2,315 million yen ; Fiscal year ended May 31, 2015: 2,067 million yen

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents, End of Year
	million yen	million yen	million yen	million yen
FY 5/2016	252	13	(270)	2,336
FY 5/2015	715	36	(262)	2,341

2. Dividends

	Dividends per Share					Total Dividends (Annual)	Dividend Payout Ratio (Consolidated)	Dividend / Net Assets (Consolidated)
	End of Q1	End of Q2	End of Q3	Fiscal Year End	Annual			
	yen	yen	yen	yen	yen	million yen	%	%
FY 5/2015	—	17.00	—	13.00	30.00	234	1,263.2	10.9
FY 5/2016	—	15.00	—	15.00	30.00	234	56.6	10.7
FY 5/2017 (Forecast)		15.00	—	15.00	30.00		58.6	

3. Consolidated Results Forecasts for the Fiscal Year Ending May 31, 2017 (June 1, 2016 – May 31, 2017)

(% indicates year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
FY 5/2017 Q2	5,992	1.2	317	(3.1)	315	(6.9)	197	(4.2)	25.19
FY 5/2017	11,879	3.6	632	10.9	628	0.4	400	(3.3)	51.15

* 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) 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.: | Yes |
| (ii) Changes in accounting policies other than (i): | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Restatement: | None |

(3) Number of shares issued (common stock)

(i) Shares Outstanding (incl. treasury stock):

End of FY 5/2016	7,832,400 shares
End of FY 5/2015	7,832,400 shares
End of FY 5/2016	83 shares
End of FY 5/2015	40,783 shares
End of FY 5/2016	7,823,806 shares
End of FY 5/2015	7,744,342 shares

(ii) Treasury Stock:

(iii) Average Number of Shares Outstanding

*Presentation of the implementation status of audit procedures

This summary of Consolidated Financial Results is not subject to audit procedure under the Financial Institutions and Exchange Act. At the time of disclosure of this report, however, the audit procedures for the financial statement are still in progress.

* Notes on appropriate use of performance projection and other special remarks

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.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: thousand yen)

	Previous fiscal year (As of May 31, 2015)	Reporting fiscal year (As of May 31, 2016)
Assets		
Current assets		
Cash and deposits	2,341,919	2,337,409
Accounts receivable-trade	480,997	453,119
Securities	100,002	-
Work in process	350,933	298,917
Deferred tax assets	177,715	173,076
Other	105,767	93,272
Allowance for doubtful accounts	(413)	(271)
Total current assets	3,556,922	3,355,524
Non-current assets		
Property, plant and equipment		
Buildings	126,723	133,495
Accumulated depreciation	(60,717)	(67,847)
Buildings, net	66,005	65,647
Tools, furniture and fixtures	171,880	197,341
Accumulated depreciation	(133,153)	(150,734)
Tools, furniture and fixtures, net	38,727	46,606
Total property, plant and equipment	104,733	112,254
Intangible assets		
Software	136,769	174,248
Other	1,861	1,453
Total intangible assets	138,631	175,702
Investments and other assets		
Guarantee deposits	400,395	407,689
Deferred taxes assets	35,195	35,321
Other	60,942	23,909
Allowance for doubtful accounts	(691)	(31)
Total investments and other assets	495,841	466,888
Total non-current assets	739,206	754,845
Total assets	4,296,128	4,110,369

(Unit: thousand yen)

	Previous fiscal year (As of May 31, 2015)	Reporting fiscal year (As of May 31, 2016)
Liabilities		
Current liabilities		
Current portion of long-term loans payable	86,998	-
Accounts payable - other	247,253	171,833
Accrued expenses	609,570	578,133
Income taxes payable	113,914	164,579
Advances received	666,608	572,408
Provision for loss on guarantees	24,403	-
Other	251,081	143,035
Total current liabilities	1,999,830	1,629,989
Non-current liabilities		
Net defined benefit liability	100,937	92,475
Long-term accounts payable - other	123,060	67,780
Total non-current liabilities	223,997	160,255
Total liabilities	2,223,827	1,790,244
Net assets		
Shareholders' equity		
Capital stock	992,784	992,784
Capital surplus	26,304	26,304
Retained earnings	1,101,184	1,296,225
Treasury shares	(52,980)	(70)
Total shareholders' equity	2,067,292	2,315,243
Non-controlling interests	5,008	4,882
Total net assets	2,072,301	2,320,125
Total liabilities and net assets	4,296,128	4,110,369

(2) Consolidated Statements of Income and comprehensive income
Consolidated Statements of Income

(Unit: thousand yen)

	Previous fiscal year (From June 1, 2014 to May 31, 2015)	Reporting fiscal year (From June 1, 2015 to May 31, 2016)
Net sales	11,949,056	11,470,660
Cost of sales	8,985,204	8,212,174
Gross profit	2,963,851	3,258,486
Selling, general and administrative expenses	2,671,759	2,688,515
Operating income	292,092	569,970
Non-operating income		
Interest income	2,291	1,579
Dividend income of insurance	7,680	5,865
Commission fee	5,201	4,658
Insurance income	21,380	41,478
Insurance premiums refunded cancellation	-	20,891
Miscellaneous income	4,691	1,568
Total non-operating income	41,245	76,043
Non-operating expenses		
Interest expenses	1,582	2,608
Loss on guarantees	-	17,202
Miscellaneous loss	290	236
Total non-operating expenses	1,872	20,047
Ordinary income	331,464	625,966
Extraordinary loss		
Loss on retirement of non-current assets	45	2,771
Loss on litigation	184,374	-
Provision for loss on guarantees	24,403	-
Total extraordinary loss	208,823	2,771
Income before income taxes	122,641	623,195
Income taxes - current	105,831	204,463
Income taxes - deferred	(2,276)	4,512
Total income taxes	103,554	208,976
Net income	19,086	414,218
Profit (loss) attributable to non-controlling interests	694	(126)
Profit attributable to owners of parent	18,391	414,345

Consolidated Statements of Comprehensive income

(Unit: thousand yen)

	Previous fiscal year (From June 1, 2014 to May 31, 2015)	Reporting fiscal year (From June 1, 2015 to May 31, 2016)
Net income	19,086	414,218
Other comprehensive income		
Total other comprehensive income	-	-
Comprehensive income	19,086	414,218
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	18,391	414,345
Comprehensive income attributable to non-controlling interests	694	(126)

(3) Consolidated Statements of Cash Flows

(Unit: thousand yen)

	Previous fiscal year (From June 1, 2014 to May 31, 2015)	Reporting fiscal year (From June 1, 2015 to May 31, 2016)
Cash flows from operating activities		
Income before income taxes	122,641	623,195
Depreciation and amortization	67,154	66,472
Increase (decrease) in provision for loss on guarantees	24,403	(24,403)
Interest income	(2,291)	(1,579)
Interest expense	1,582	2,608
Insurance income	(21,380)	(41,478)
Loss on retirement of non-current assets	45	2,771
Loss on litigation	184,374	-
Decrease (increase) in notes and accounts receivable - trade	4,953	29,047
Decrease (increase) in inventories	(11,755)	52,015
Increase (decrease) in accounts payable - other	(38,822)	(68,973)
Increase (decrease) in accrued expenses	15,940	(31,436)
Increase (decrease) in advances received	(40,699)	(94,199)
Other	94,697	(155,347)
Subtotal	400,843	358,689
Interest and dividend income received	2,326	1,587
Interest expenses paid	(3,169)	(3,030)
Proceeds from withdrawal of deposit money	135,000	-
Payments for loss on litigation	(167,374)	(17,000)
Proceeds from insurance income	21,380	41,478
Income taxes (paid) refund	326,198	(129,372)
Net cash provided by operating activities	715,205	252,352
Cash flows from investing activities		
Proceeds from redemption of securities	100,000	100,000
Purchase of shares of subsidiaries	(750)	-
Purchase of non-current assets	(88,920)	(106,112)
Payments for guarantee deposits	(1,056)	(19,219)
Proceeds from collection of guarantee deposits	38,273	7,711
Other	(10,571)	30,854
Net cash provided by (used in) investing activities	36,974	13,232
Cash flows from financing activities		
Repayments of long-term loans payable	(98,809)	(86,998)
Cash dividends paid	(261,756)	(218,693)
Proceeds from disposal of treasury shares	98,413	35,596
Net cash provided by (used in) financing activities	(262,153)	(270,095)
Net increase (decrease) in cash and cash equivalents	490,026	(4,510)
Cash and cash equivalents at beginning of period	1,851,291	2,341,318
Cash and cash equivalents at end of period	2,341,318	2,336,808