



Summary of Accounts for First Quarter of Term Ending December 2016 (Japanese GAAP) (Consolidated)

May 9, 2016

Name of listed company: ES-CON JAPAN Ltd. Listing exchange: Tokyo Stock Exchange
 Code: 8892 URL: <http://www.es-conjapan.co.jp>
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 Scheduled date for submission of periodic securities report: May 9, 2016
 Scheduled date for start of dividend payment: -
 Supplementary explanatory materials created for accounts? Yes/No: No
 Accounts briefing meeting held? Yes/No: No

(Amounts are rounded down to the nearest million yen)

1. Consolidated results for first quarter of term ending December 2016 (from January 1, 2016 to March 31, 2016)

(1) Consolidated operating results [cumulative]

(% figures show the rate of increase (decrease) compared with the same period of the previous term)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|--|-------------|-------|------------------|-------|-----------------|-------|---|-------|
| | million yen | % | million yen | % | million yen | % | million yen | % |
| First quarter of term ending Dec. 2016 | 6,780 | 13.0 | 1,457 | 69.2 | 1,236 | 95.3 | 1,236 | 117.7 |
| First quarter of term ended Dec. 2015 | 6,000 | 181.4 | 861 | 249.8 | 633 | 602.2 | 568 | 458.8 |

Note: Comprehensive income
 First quarter of term ending December 2016: 1,236 million yen [117.7%] First quarter of term ended December 2015: 568 million yen [458.8%]

| | Basic earnings per share | Diluted earnings per share |
|--|--------------------------|----------------------------|
| | yen | yen |
| First quarter of term ending Dec. 2016 | 18.44 | 18.40 |
| First quarter of term ended Dec. 2015 | 8.24 | 8.22 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Book value per share |
|--|--------------|-------------|--------------|----------------------|
| | million yen | million yen | % | yen |
| First quarter of term ending Dec. 2016 | 65,739 | 14,632 | 22.3 | 218.53 |
| Term ended Dec. 2015 | 58,088 | 13,994 | 24.1 | 208.28 |

Reference: Equity
 First quarter of term ending December 2016: 14,629 million yen Term ended Dec. 2015: 13,989 million yen

2. Dividends

| | Annual dividend | | | | |
|----------------------------------|----------------------|-----------------------|----------------------|----------|-------|
| | End of first quarter | End of second quarter | End of third quarter | Year-end | Total |
| | yen | yen | yen | yen | yen |
| Term ended Dec. 2015 | — | 0.00 | — | 8.00 | 8.00 |
| Term ending Dec. 2016 | — | | | | |
| Term ending Dec. 2016 (Forecast) | | 0.00 | — | 12.00 | 12.00 |

(Note) Revision of dividends forecast during the quarterly period: None

3. Consolidated earnings forecast for term ending December 2016 (from January 1, 2016 to December 31, 2016)

(% figures for the full term show the rate of increase (decrease) compared with the previous term, and

% figures for the first two quarters show the rate of increase (decrease) compared with the same period of the previous term)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Basic earnings per share |
|------------------|-------------|------|------------------|------|-----------------|------|---|------|--------------------------|
| | million yen | % | million yen | % | million yen | % | million yen | % | yen |
| First 2 quarters | 13,000 | 39.9 | 1,700 | 26.3 | 1,200 | 36.6 | 1,300 | 12.4 | 19.41 |
| Full term | 32,700 | 18.0 | 4,200 | 4.7 | 3,300 | 5.5 | 3,200 | 5.3 | 47.78 |

(Note) Revisions to latest earnings forecast: None

* Explanatory notes

(1) Changes in significant subsidiaries during the first quarter

(Changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly included: — companies (Company name) —

Excluded: — companies (Company name) —

(2) Adoption of unique accounting conduct in the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- | | |
|---|------|
| 1) Changes in accounting policies due to amendment of accounting standards, etc.: | Yes |
| 2) Changes in accounting policies other than 1): | None |
| 3) Changes in accounting estimates: | None |
| 4) Restatement: | None |

(4) Number of shares issued and outstanding (common shares)

| | | | | |
|---|--|-------------------|---------------------------------------|-------------------|
| 1) Number of shares issued and outstanding (including treasury shares) at end of term | First quarter of term ending Dec. 2016 | 70,526,887 shares | Term ended Dec. 2015 | 70,511,887 shares |
| 2) Number of treasury shares at end of term | First quarter of term ending Dec. 2016 | 3,583,700 shares | Term ended Dec. 2015 | 3,342,000 shares |
| 3) Average number of shares during term [cumulative] | First quarter of term ending Dec. 2016 | 67,061,575 shares | First quarter of term ended Dec. 2015 | 68,904,387 shares |

Note: The number of treasury shares at end of term includes ES-CON JAPAN shares held in a share-based payment benefits trust for directors and a share-based payment benefits type ESOP trust (first quarter of term ending Dec. 2016: 554,200 shares in the share-based payment benefits trust for directors and 235,400 shares in the share-based payment benefits type ESOP trust). In the calculation of the average number of shares during the term, the treasury shares to be subtracted in that calculation includes ES-CON JAPAN shares held in the share-based payment benefits trust for directors and the share-based payment benefits type ESOP trust (first quarter of term ending Dec. 2016: 789,600 shares).

* Presentation regarding implementation of quarterly review procedures

This quarterly consolidated summary of accounts is not subject to quarterly review procedures pursuant to the Financial Instruments and Exchange Act, and the quarterly review procedures for quarterly consolidated financial statements had been completed when this report was disclosed.

* Explanation regarding appropriate use of earnings forecasts, and other notes

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by ES-CON JAPAN. Accordingly, actual business performance and other results may differ materially due to various reasons. For the conditions forming the assumptions on which earnings forecasts are based and explanatory notes for use of earnings forecasts, etc., please see "1. Qualitative Information on Quarterly Results: (3) Information on Future Prospects such as Consolidated Earnings Forecasts" on page 3.

1. Qualitative Information on Quarterly Results

(1) Analysis of operating results

In the first quarter, the Japanese economy saw a gradual recovery trend with the continued improvement of the employment and income environments due to the government's economic measures and the Bank of Japan's monetary easing, but the future continues to be uncertain with fears of the deceleration of emerging economies such as that of China, low crude oil prices and the appreciation of the yen.

The real estate industry in which the ES-CON JAPAN Group operates held resilient and firm with briskness in the real estate investment market with J-REITs and low interest rates due to monetary easing measures. However, rise in land prices, intensification of competition over land acquisitions and the increasingly apparent rise in sale prices lead to a situation that warrants no optimism.

With the business environment described above, the ES-CON JAPAN Group conducted revenue-generating real estate sales, implemented land planning and sales, etc. in its real estate sales business, which is the Group's core business, and steady progress was made also in the sale of condominiums

Also, sales for "Le JADE Toyota" (Hino City, Tokyo), which is scheduled for completion in this term, as well as for "Le JADE Yokohama Tsurumi" (Tsurumi Ward, Yokohama), "Le JADE Setagaya Kinuta" (Setagaya Ward, Tokyo), "Le JADE Takatsuki" (Takatsuki City, Osaka), "Le JADE Nishitanabe Abeno Hannancho" (Abeno Ward, Osaka) and other properties have been progressing steadily. In the commercial development business, several lands of commercial facilities were acquired and operations leveraging the commercial development know-how possessed by ES-CON JAPAN are steadily being promoted as the company is being selected as a partner in urban development projects (Uehara/Takamuko District, Kawachinagano City, Osaka) following the study of commercialization for land readjustment project in Ibaraki City, Osaka.

Furthermore, hotel development projects incorporating inbound needs have been launched and lots for the projects are being acquired in Hokkaido, the Hokuriku area, Kanto area, Kansai area and other areas across Japan.

As such, acquisitions of new project lots for the development of condominiums, commercial facilities, hotels and other scheduled projects were made in the first quarter, specifically three acquisitions in the Tokyo metropolitan area, three acquisitions in the Kinki area and five acquisitions in other areas, and projects are being advanced steadily and actively. In the real estate leasing business, efforts are being made to secure stable rental income from and enhance asset value of commercial facilities held by ES-CON JAPAN, retail tenant in Kasuga City, Fukuoka Prefecture and such.

In the real estate planning agency and consulting business, focus is being placed on operating as a business achieving high profit margins through subcontracting, planning agency and consulting and other non-assets by leveraging the planning and other strengths of ES-CON JAPAN.

As a result, business performance for first quarter was a net sales figure of 6,780 million yen (up 13.0% compared with the same quarter last year), operating income of 1,457 million yen (up 69.2% compared with the same quarter last year), ordinary income of 1,236 million yen (up 95.3% compared with the same quarter last year) and profit attributable to owners of parent of 1,236 million yen (up 117.7% compared with the same quarter last year).

The following is the business performance by segment.

1) Real estate sales business

In the real estate sales business, activities included promoting condominium sales and selling one project of real estate for sale, resulting in net sales of 5,946 million yen (up 11.8% compared with the previous first quarter) and segment income of 1,403 million yen (up 83.6% compared with the previous first quarter).

2) Real estate leasing business

In the real estate leasing business, focus was placed on leasing activities and the property management business in view of enhancement of asset value, including increase in rental income of owned revenue-generating real estate, resulting in net sales of 808 million yen (up 28.0% compared with the previous first quarter) and segment income of 469 million yen (up 20.2% compared with the previous first quarter).

3) Real estate planning agency and consulting business

In the real estate planning agency and consulting business, proactive efforts were made in such aspects as entrustment with planning, consulting and other services by making best use of planning and multifaceted business building abilities, resulting in net sales of 25 million yen (down 49.3% compared with the previous first quarter) and segment income of 25 million yen (down 49.3% compared with the previous first quarter).

(2) Explanation of financial position

Financial position

Assets at the end of the first quarter increased by 7,650 million yen compared with the end of the previous term to 65,739 million yen. This was mainly attributable to inventories increasing by 7,185 million yen.

Liabilities increased by 7,011 million yen compared with the end of the previous term to 51,106 million yen. This was mainly attributable to long-term loans payable, short-term loans payable and bonds payable increasing by 7,073 million yen.

Net assets increased by 638 million yen compared with the end of the previous term to 14,632 million yen. This is due to the recording of 1,236 million yen to profit attributable to owners of parent even though there was 543 million yen for cash dividends paid and 54 million yen for the purchase of treasury shares.

(3) Information on Future Prospects such as Consolidated Earnings Forecasts

There are no changes to the consolidated earnings forecasts from those announced on February 12, 2016.

2. Matters Regarding Summary Information (Explanatory Notes)

(1) Changes in Significant Subsidiaries during the First Quarter

Not applicable.

(2) Application of Special Accounting Methods in Preparation for the Quarterly Consolidated Financial Statement

Not applicable.

(3) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements

(Application of accounting standards for business combination, etc.)

“Accounting standards for business combination” (corporate accounting standards No. 21, September 13, 2013), “accounting standards for consolidated financial statements” (corporate accounting standards No. 22, September 13, 2013) and “accounting standards for business separation” (corporate accounting standards No. 7, September 13, 2013) are applied from the first quarter of the term ending December 2016 and changes are made to profit, etc. The quarterly consolidated financial statement and quarterly consolidated financial statement for the first quarter of the previous term and the previous consolidated fiscal year were rearranged in order to reflect the change in display.

3. Quarterly Consolidated Financial Statement
(1) Quarterly Consolidated Balance Sheet

(Unit: million yen)

| | Term ended Dec. 2015 (as of Dec. 31, 2015) | First quarter (as of Mar. 31, 2016) |
|---------------------------------------|---|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 4,516 | 4,736 |
| Notes and accounts receivable - trade | 85 | 73 |
| Operational investment securities | 547 | — |
| Real estate for sale | 4,744 | 7,274 |
| Real estate for sale in process | 22,676 | 27,869 |
| Stored items | 17 | 29 |
| Other | 2,989 | 3,243 |
| Total current assets | 35,578 | 43,226 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 5,391 | 5,380 |
| Accumulated depreciation | (1,445) | (1,482) |
| Buildings and structures, net | 3,946 | 3,898 |
| Land | 17,864 | 17,864 |
| Other | 107 | 111 |
| Accumulated depreciation | (69) | (71) |
| Other, net | 37 | 40 |
| Total property, plant and equipment | 21,848 | 21,803 |
| Intangible assets | | |
| Other | 11 | 12 |
| Total intangible assets | 11 | 12 |
| Investments and other assets | | |
| Other | 626 | 686 |
| Allowance for doubtful accounts | (2) | (2) |
| Total investments and other assets | 623 | 683 |
| Total non-current assets | 22,483 | 22,499 |
| Deferred assets | | |
| Share issuance cost | 26 | 13 |
| Total deferred assets | 26 | 13 |
| Total assets | 58,088 | 65,739 |

(Unit: million yen)

| | Term ended Dec. 2015 (as of Dec. 31, 2015) | First quarter (as of Mar. 31, 2016) |
|---|---|--|
| Liabilities | | |
| Current liabilities | | |
| Short-term loans payable | 1,267 | 2,917 |
| Current portion of long-term loans payable | 8,317 | 10,403 |
| Current portion of bonds | 557 | 577 |
| Income taxes payable | 84 | 3 |
| Asset retirement obligations | 3 | — |
| Other | 3,259 | 3,288 |
| Total current liabilities | 13,490 | 17,189 |
| Non-current liabilities | | |
| Bonds payable | — | 80 |
| Long-term loans payable | 29,588 | 32,826 |
| Provision for directors' share-based benefits | 29 | 29 |
| Provision for share-based benefits | 5 | 6 |
| Asset retirement obligations | 82 | 82 |
| Other | 897 | 891 |
| Total non-current liabilities | 30,603 | 33,916 |
| Total liabilities | 44,094 | 51,106 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 6,029 | 6,029 |
| Capital surplus | 1,758 | 1,758 |
| Retained earnings | 7,024 | 7,717 |
| Treasury shares | (821) | (876) |
| Total shareholders' equity | 13,989 | 14,629 |
| Subscription rights to shares | 4 | 3 |
| Total net assets | 13,994 | 14,632 |
| Total liabilities and net assets | 58,088 | 65,739 |

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income) [Cumulative]

(Unit: million yen)

| | Previous first quarter (from Jan. 1, 2015 to Mar. 31, 2015) | First quarter (from Jan. 1, 2016 to Mar. 31, 2016) |
|---|---|--|
| Net sales | 6,000 | 6,780 |
| Cost of sales | 4,659 | 4,451 |
| Gross profit | 1,341 | 2,329 |
| Selling, general and administrative expenses | 479 | 871 |
| Operating income | 861 | 1,457 |
| Non-operating income | | |
| Interest income | 0 | 0 |
| Income from penalty | 1 | — |
| Other | 0 | 0 |
| Total non-operating income | 2 | 0 |
| Non-operating expenses | | |
| Interest expenses | 207 | 205 |
| Share issuance cost | 13 | 13 |
| Other | 9 | 3 |
| Total non-operating expenses | 230 | 221 |
| Ordinary income | 633 | 1,236 |
| Extraordinary income | | |
| Gain on reversal of subscription rights to shares | 0 | 0 |
| Total extraordinary income | 0 | 0 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 0 | — |
| Loss on revaluation of investments in securities | — | 42 |
| Total extraordinary losses | 0 | 42 |
| Income before income taxes | 633 | 1,194 |
| Income taxes - current | 12 | 117 |
| Income taxes - deferred | 52 | (158) |
| Total income taxes | 65 | (41) |
| Net income | 568 | 1,236 |
| Profit attributable to owners of parent | 568 | 1,236 |

(Quarterly Consolidated Statement of Comprehensive Income) [Cumulative]

(Unit: million yen)

| | Previous first quarter (from Jan. 1, 2015 to Mar. 31, 2015) | First quarter (from Jan. 1, 2016 to Mar. 31, 2016) |
|--|---|--|
| Profit | 568 | 1,236 |
| Comprehensive income | 568 | 1,236 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 568 | 1,236 |
| Comprehensive income attributable to non-controlling interests | — | — |

(3) Explanatory Notes on the Quarterly Consolidated Financial Statement

(Explanatory Notes on Going Concern Assumption)

Not applicable.

(Notes for when there is Notable Change in Shareholders' Equity)

Not applicable.

(Segment Information, etc.)

【Segment Information,】

I. Previous Term's First Quarter (From Jan. 1, 2015 to Mar. 31, 2015)

1. Information on Sales and Income or Loss Amounts by Reporting Segment

(unit: million yen)

| | Reporting segment | | | Total | Adjustment (Note 1) | Amount recorded to quarterly consolidated Statement of Income (Note 2) |
|---|-------------------------------|---------------------------------|--|-------|------------------------|--|
| | Real estate sales business | Real estate leasing business | Real estate planning agency and consulting business | | | |
| Sales | | | | | | |
| Sales to outside clients | 5,318 | 631 | 49 | 6,000 | — | 6,000 |
| Internal sales or transfer volume between segments | — | — | — | — | — | — |
| Total | 5,318 | 631 | 49 | 6,000 | — | 6,000 |
| Segment income | 764 | 390 | 49 | 1,204 | -343 | 861 |

(Note 1) The -343 million yen of segment income is a cost for the entire company that is not attributable to each reporting segment. The cost for the entire company is general and administrative expenses which are not attributable to reporting segments.

(Note 2) Segment income is adjusted with the operating income in the quarterly consolidated statement of income.

2. Information on Impairment Loss or Goodwill, etc. of Non-Current Assets by Reporting Segment

Not applicable

II. First Quarter (From Jan. 1, 2016 to Mar. 31, 2016)

1. Information on Sales and Income or Loss Amounts by Reporting Segment

(unit: million yen)

| | Reporting segment | | | Total | Adjustment (Note 1) | Amount recorded to quarterly consolidated Statement of Income (Note 2) |
|---|-------------------------------|---------------------------------|--|-------|------------------------|--|
| | Real estate sales business | Real estate leasing business | Real estate planning agency and consulting business | | | |
| Sales | | | | | | |
| Sales to outside clients | 5,946 | 808 | 25 | 6,780 | — | 6,780 |
| Internal sales or transfer volume between segments | — | — | — | — | — | — |
| Total | 5,946 | 808 | 25 | 6,780 | — | 6,780 |
| Segment income | 1,403 | 469 | 25 | 1,898 | -440 | 1,457 |

(Note 1) The -440 million yen of segment income is a cost for the entire company that is not attributable to each reporting segment. The cost for the entire company is general and administrative expenses which are not attributable to reporting segments.

(Note 2) Segment income is adjusted with the operating income in the quarterly consolidated statement of income.

2. Information on Impairment Loss or Goodwill, etc. of Non-Current Assets by Reporting Segment

Not applicable

4. Other

Status of Contracts and Sales

The performance for contracts in the real estate sales business for the first quarter is as follows.

| Classification | First quarter (from Jan. 1, 2016 to Mar. 31, 2016) | | | |
|------------------------------------|--|----------------------|--|----------------------|
| | Contract amount during the period | | Balance of contracts at the end of the period | |
| | Number of units (units) | Amount (million yen) | Number of units (units) | Amount (million yen) |
| Mid- to high-rise housing, etc. | 114 | 4,790 | 272 | 10,989 |
| Other | — | 176 | — | 3,053 |
| Total | 114 | 4,966 | 272 | 14,043 |

(Note) The above amounts do not include consumption tax, etc.

The main performance of sales by segment for the first quarter is as follows.

| Name of segment | First quarter (from Jan. 1, 2016 to Mar. 31, 2016) | | |
|--|--|----------------------------|-------------------------|
| | Property name | Number of units (units) | Amount (million yen) |
| Real estate sales business | Condominiums | 67 | 3,087 |
| | Shimamachi, Chuo-ku, Osaka | — | 2,223 |
| | Sunadabashi, Nagoya | — | 480 |
| | Misumi-cho, Chigasaki-shi, Kanagawa | — | 81 |
| | Detached housing | 1 | 45 |
| | Josaicho, Takatsuki-shi, Osaka | — | 28 |
| | Subtotal | 68 | 5,946 |
| Real estate leasing business | | | 808 |
| Real estate planning agency and consulting business | | | 25 |
| | Total | | 6,780 |

(Note 1) There are no transactions between segments.

(Note 2) The above amounts do not include consumption tax, etc.