



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

November 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: November 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 three quarters of term ending December 2016 (from January 1, 2016 to September 30, 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 three quarters of term ending Dec. 2016	17,198	33.3	2,342	8.4	1,627	10.0	2,059	25.4
First three quarters of term ended Dec. 2015	12,897	33.3	2,160	29.3	1,478	30.1	1,641	45.3

Note: Comprehensive income
 Third quarter of term ending December 2016: 2,070 million yen [26.1%] Third quarter of term ended December 2015: 1,641 million yen [45.3%]

	Basic earnings per share	Diluted earnings per share
	yen	yen
First three quarters of term ending Dec. 2016	30.74	30.67
First three quarters of term ended Dec. 2015	24.00	23.93

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Book value per share
	million yen	million yen	%	yen
First three quarters of term ending Dec. 2016	77,883	15,467	19.9	230.95
Term ended Dec. 2015	58,088	13,994	24.1	208.28

Reference: Equity
 Third quarter of term ending December 2016: 15,464 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
Term ended Dec. 2015	—	0.00	—	8.00	8.00
Term ending Dec. 2016	—	0.00	—		
Term ending Dec. 2016 (Forecast)				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
Full term	32,700	18.0	4,200	4.7	3,300	5.5	3,200	5.3	47.77

(Note) Revisions to latest earnings forecast: None

* Explanatory notes

(1) Changes in significant subsidiaries during the first three quarters

(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 three quarters of term ending Dec. 2016	70,544,887 shares	Term ended Dec. 2015	70,511,887 shares
2) Number of treasury shares at end of term	First three quarters 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 three quarters of term ending Dec. 2016	66,994,177 shares	Third quarter of term ended Dec. 2015	68,397,586 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 three quarters of term ended 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 (cumulative total of first three quarters) 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 three quarters of term ended 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 4.

1. Qualitative Information on Quarterly Results

(1) Analysis of operating results

In the first three quarters, the Japanese economy remained on a moderate recovery trend with continuing improvements in the employment and income situation as well as various economic measures by the government. However, there are downward risks for the Japanese economy caused by decline of economies in China and other emerging nations, resource-rich nations, etc.

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

With the business environment described above, ES-CON JAPAN successfully changed the listing market from the second section to the first section of the Tokyo Stock Exchange in June 2016. As to its business development, ES-CON JAPAN 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.

Sales of condominiums have been progressing steadily as evidenced by "Le JADE Toyota" (Hino City, Tokyo, 53 units in total (including 10 not-for-sale units)) completed and delivered in August 2016 with all units sold out as well as by sales contract being concluded for "Le JADE Yokohama Tsurumi" (Tsurumi Ward, Yokohama, 45 units in total), "Le JADE Takatsuki" (Takatsuki City, Osaka, 136 units in total) and "Le JADE Nishitanabe Abeno Hannancho" (Abeno Ward, Osaka, 38 units in total), which are scheduled for completion in this term, etc.

At "Le JADE Setagaya Kinuta" (Setagaya Ward, Tokyo, 25 units in total), concierge services directly operated by the ES-CON JAPAN Group are available on the first floor of the condominium, and a café dining "Cafe Apartment 183," which was designed focusing on creating a comfortable space, was opened to offer residents a place to interact. In addition, ES-CON JAPAN will participate in "Reconstruction Project of Hananokita Mall Condominium (Himeji City, Hyogo)," a complex with a retail facility, residential units and a library, as one of participating companies. Including new initiatives mentioned above, ES-CON JAPAN will continue with development as a "life developer" to develop people's lives.

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) as well as fully completing large-scale comprehensive development of "Fukuoka Kasuga Project" which ES-CON JAPAN has been long involved in.

Furthermore, we have put forth efforts on hotel development projects incorporating inbound needs and have already acquired lots for 15 projects in Sapporo, Kanazawa, Tokyo and Osaka.

As such, acquisitions of new project lots for the development of condominiums, commercial facilities, hotels and other scheduled projects were made in the first three quarters, specifically ten acquisitions in the Tokyo metropolitan area, thirteen acquisitions in the Kinki area and six acquisitions in other areas, and projects are being advanced steadily and actively.

In May 2016, ES-CON JAPAN concluded a business collaboration agreement with Ichigo Inc. since mutual business development in hotel development and commercial development could be expected through information provision.

In September 2016, ES-CON JAPAN established ES-CON LIVING SERVICE Ltd., a 100% subsidiary of ES-CON JAPAN, as part of next growth strategy and will press ahead with expanding business field by creating/strengthening operation businesses including condominium management, café business, hotel operations and renovation business.

Furthermore, amid making focused efforts on hotel development business, ES-CON JAPAN has signed a business cooperation agreement with BALNIBARBI Co., Ltd. in July 2016 considering business development not only as a developer but also as a hotel operator, and invested capital in CALENDAR HOTEL (opened in October 2016), a lodging facility which the company operates at JR Otsu Station.

As the second growth strategy, ES-CON JAPAN established Es-Con Japan REIT, a diversified REIT targeting mainly leased sites of retail properties, in August 2016. ES-CON JAPAN has been working to prepare for its listing on the Tokyo Stock Exchange aiming to make it a distinctive REIT that can secure long-term stable income by mainly investing in leased sites of community-based retail properties rooted in local communities, which contribute to convenience of daily community life.

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 and consulting and other non-assets by leveraging the planning and other strengths of ES-CON JAPAN.

Through multifaceted business development as above, ES-CON JAPAN strives for further development of its business and improvement of corporate value.

As a result, business performance for the first three quarters was a net sales figure of 17,198 million yen (up 33.3% compared with the same quarters of the previous term), operating income of 2,342 million yen (up 8.4% compared with the same quarter of the previous term), ordinary income of 1,627 million yen (up 10.0% compared with the same quarters of the previous term) and profit attributable to owners of parent of 2,059 million yen (up 25.4% compared with the same quarters of the previous term).

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 two project of real estate for sale, resulting in net sales of 14,565 million yen (up 35.6% compared with the same quarters of the previous term) and segment income of 2,271 million yen (up 16.2% compared with the same quarters of the previous term).

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 2,589 million yen (up 26.9% compared with the same quarters of the previous term) and segment income of 1,499 million yen (up 26.3% compared with the same quarters of the previous term).

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 43 million yen (down 62.0% compared with the same quarters of the previous term) and segment income of 43 million yen (down 61.9% compared with the same quarters of the previous term).

(2) Explanation of financial position

Assets at the end of the first three quarters increased by 19,794 million yen compared with the end of the previous term to 77,883 million yen. This was mainly attributable to inventories increasing by 17,846 million yen.

Liabilities increased by 18,321 million yen compared with the end of the previous term to 62,415 million yen. This was mainly attributable to long-term loans payable, short-term loans payable and bonds payable increasing by 17,439 million yen.

Net assets increased by 1,473 million yen compared with the end of the previous term to 15,467 million yen. This is due to the recording of 2,059 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. As a result, equity ratio was 19.9% (24.1% at the end of the previous term).

(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 Three Quarters

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 consolidated financial statement for the first three quarters of the previous term and the previous term were rearranged in order to reflect the change in display.

(Application of practical solution on a change in depreciation method due to tax reform 2016)

In line with the revision to the corporate tax system, “practical solution on a change in depreciation method due to tax reform 2016” (Practical Issues Task Force (PITF) No.32, June 17, 2016) is applied for the first two quarters. Accordingly, depreciation method has been changed from declining-balance method to straight-line method for facilities attached to buildings and structures acquired on or after April 1, 2016.

As a result, the effect on operating income, ordinary income and income before income taxes for the first three quarters of this term is minimal.

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

(Unit: million yen)

	Term ended Dec. 2015 (as of Dec. 31, 2015)	First three quarters (as of Sept. 30, 2016)
Assets		
Current assets		
Cash and deposits	4,516	4,668
Notes and accounts receivable - trade	85	163
Operational investment securities	547	—
Real estate for sale	4,744	5,259
Real estate for sale in process	22,676	40,545
Stored items	17	28
Other	2,989	4,530
Total current assets	35,578	55,195
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,391	5,418
Accumulated depreciation	(1,445)	(1,582)
Buildings and structures, net	3,946	3,836
Land	17,864	17,864
Other	107	274
Accumulated depreciation	(69)	(78)
Other, net	37	195
Total property, plant and equipment	21,848	21,896
Intangible assets		
Other	11	19
Total intangible assets	11	19
Investments and other assets		
Other	626	775
Allowance for doubtful accounts	(2)	(4)
Total investments and other assets	623	771
Total non-current assets	22,483	22,687
Deferred assets		
Share issuance cost	26	—
Total deferred assets	26	—
Total assets	58,088	77,883

(Unit: million yen)

	Term ended Dec. 2015 (as of Dec. 31, 2015)	First three quarters (as of Sept. 30, 2016)
Liabilities		
Current liabilities		
Short-term loans payable	1,267	2,546
Current portion of long-term loans payable	8,317	13,516
Current portion of bonds	557	318
Income taxes payable	84	13
Asset retirement obligations	3	—
Other	3,259	4,201
Total current liabilities	13,490	20,597
Non-current liabilities		
Bonds payable	—	150
Long-term loans payable	29,588	40,638
Provision for directors' share-based benefits	29	41
Provision for share-based benefits	5	12
Asset retirement obligations	82	83
Other	897	892
Total non-current liabilities	30,603	41,817
Total liabilities	44,094	62,415
Net assets		
Shareholders' equity		
Capital stock	6,029	6,030
Capital surplus	1,758	1,759
Retained earnings	7,024	8,540
Treasury shares	(821)	(876)
Total shareholders' equity	13,989	15,453
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	—	11
Total accumulated other comprehensive income	—	11
Subscription rights to shares	4	3
Total net assets	13,994	15,467
Total liabilities and net assets	58,088	77,883

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

(Unit: million yen)

	Previous first three quarters (from Jan. 1, 2015 to Sept. 30, 2015)	First three quarters (from Jan. 1, 2016 to Sept. 30, 2016)
Net sales	12,897	17,198
Cost of sales	9,363	12,373
Gross profit	3,533	4,824
Selling, general and administrative expenses	1,372	2,482
Operating income	2,160	2,342
Non-operating income		
Interest income	0	0
Dividend income	0	1
Income from penalty	13	3
Other	0	0
Total non-operating income	15	5
Non-operating expenses		
Interest expenses	601	686
Share issuance cost	39	26
Other	56	7
Total non-operating expenses	697	720
Ordinary income	1,478	1,627
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	0
Loss on revaluation of investments in securities	—	42
Impairment loss	7	—
Total extraordinary losses	7	42
Income before income taxes	1,471	1,585
Income taxes - current	18	25
Income taxes - deferred	(188)	(499)
Total income taxes	(170)	(474)
Net income	1,641	2,059
Profit attributable to owners of parent	1,641	2,059

(Quarterly Consolidated Statement of Comprehensive Income) [Cumulative]

(Unit: million yen)

	Previous first three quarters (from Jan. 1, 2015 to Sept. 30, 2015)	First three quarters (from Jan. 1, 2016 to Sept. 30, 2016)
Profit	1,641	2,059
Other comprehensive income		
Valuation difference on available-for-sale securities	—	11
Total other comprehensive income	—	11
Comprehensive income	1,641	2,070
(Breakdown)		
Comprehensive income attributable to owners of parent	1,641	2,070
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 Three Quarters (From Jan. 1, 2015 to Sep. 30, 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	10,742	2,040	114	12,897	—	12,897
Internal sales or transfer volume between segments	—	—	—	—	—	—
Total	10,742	2,040	114	12,897	—	12,897
Segment income	1,954	1,187	114	3,255	(1,094)	2,160

(Note 1) The -1,094 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 Three Quarters (From Jan. 1, 2016 to Sept. 30, 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	14,565	2,589	43	17,198	—	17,198
Internal sales or transfer volume between segments	—	—	—	—	—	—
Total	14,565	2,589	43	17,198	—	17,198
Segment income	2,271	1,499	43	3,813	(1,471)	2,342

(Note 1) The -1,471 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 three quarters is as follows.

Classification	First three quarters (from Jul. 1, 2016 to Sept. 30, 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.	153	6,268	361	14,637
Other	—	6,061	—	7,859
Total	153	12,329	361	22,496

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

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

Name of segment	First three quarters (from Jan. 1, 2016 to Sept. 30, 2016)		
	Property name	Number of units (units)	Amount (million yen)
Real estate sales business	Condominiums	191	8,169
	Fukuoka Kasuga District 7	—	2,862
	Shimamachi, Chuo-ku, Osaka	—	2,223
	Detached housing	13	719
	Sunadabashi, Nagoya	—	480
	Misumi-cho, Chigasaki-shi, Kanagawa	—	81
	Josaicho, Takatsuki-shi, Osaka	—	28
	Subtotal	204	14,565
Real estate leasing business			2,589
Real estate planning agency and consulting business			43
	Total		17,198

(Note 1) There are no transactions between segments.

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