



Summary of Accounts for First Three Quarters of Term Ending December 2017 (Japanese GAAP) (Consolidated)

November 9, 2017

Name of listed company: ES-CON JAPAN Ltd. Listing exchange: Tokyo Stock Exchange
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 Scheduled date for submission of periodic securities report: November 9, 2017
 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 2017 (from January 1, 2017 to September 30, 2017)

(1) Consolidated operating results

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

	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. 2017	19,414	12.9	3,276	39.9	2,550	56.8	2,522	22.5
First three quarters of term ended Dec. 2016	17,198	33.3	2,342	8.4	1,627	10.0	2,059	25.4

Note: Comprehensive income
 First three quarters of term ending Dec. 2017: 2,514 million yen [21.4%]
 First three quarters of term ended Dec. 2016: 2,070 million yen [26.1%]

	Basic earnings per share	Diluted earnings per share
	yen	yen
First three quarters of term ending Dec. 2017	37.93	36.96
First three quarters of term ended Dec. 2016	30.74	30.67

(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. 2017	91,502	18,595	20.3	277.17
Term ended Dec. 2016	73,703	17,363	23.6	259.07

Reference: Equity
 First three quarters of term ending Dec. 2017: 18,593 million yen
 Term ended Dec. 2016: 17,360 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. 2016	—	0.00	—	15.00	15.00
Term ending Dec. 2017	—	0.00	—		
Term ending Dec. 2017 (Forecast)				15.00	15.00

(Note) Revisions from latest dividends forecast: None

3. Consolidated earnings forecast for term ending December 2017 (from January 1, 2017 to December 31, 2017)

(% figures for the full term show the rate of increase (decrease) compared with the previous period, and % figures for the first three 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	45,500	32.5	5,700	21.8	4,800	34.2	4,400	11.8	66.02

(Note) Revisions from 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) Application of accounting treatments specific to 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.: None

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 period	First three quarters of term ending Dec. 2017	69,828,887 Shares	Term ended Dec. 2016	70,594,887 shares
2) Number of treasury shares at end of period	First three quarters of term ending Dec. 2017	2,745,300 Shares	Term ended Dec. 2016	3,583,600 shares
3) Average number of shares during period	First three quarters of term ending Dec. 2017	66,493,599 shares	First three quarters of term ended Dec. 2016	66,994,177 shares

Note: The number of treasury shares at end of period 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 ending December 2017: 543,200 shares in the share-based payment benefits trust for directors and 235,200 shares in the share-based payment benefits type ESOP trust). In the calculation of the average number of shares during period (cumulative total of first three quarters), 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 ending December 2017: 781,715 shares).

* This quarterly summary of accounts is not subject to quarterly review.

* 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 "Attachment; 1. Qualitative Information on Quarterly Results; (3) Explanation of Consolidated Earnings Forecast and Other Forward-Looking Information" on page 4.

1. Qualitative Information on Quarterly Results

(1) Explanation of Operating Results

In the first three quarters, the Japanese economy was on a moderate recovery trend with the employment and income situation continuing to trend toward improvement due in part to the government's various economic measures, but was in a state of clouded outlook due in part to political risks in Europe and the U.S. and mounting geopolitical risks.

The real estate industry in which the ES-CON JAPAN Group operates held resilient and firm due in part to low interest rates from monetary easing policies, but rise in land prices, intensification of competition over land acquisitions and other factors make it a state that warrants no optimism.

In the business environment described above, we proactively developed multifaceted businesses based on the second medium-term management plan "IDEAL to REAL 2019" which started from the term ending December 2017.

In the real estate sales business, which is the core business, revenue-generating real estate sales, etc. were conducted, and steady progress was made in condominium sales, too.

Steady progress was made in selling the projects slated for construction completion in the term ending December 2017 "Le JADE Otsu Nagisa-koen" (Otsu City, Shiga Prefecture; 44 units in total), "Le JADE Yokohama Hananoki" (Yokohama City, Kanagawa Prefecture; 69 units in total), "Le JADE Takatsuki Cross" (Takatsuki City, Osaka Prefecture; 80 units in total), "Le JADE Fushimi Chushojima" (Fushimi Ward, Kyoto Prefecture; 83 units in total), etc., while "Le JADE Sakurajosui Tiara" (Setagaya Ward, Tokyo; 42 units in total) was sold out upon completion and "Le JADE Takatsuki The Marks" (Takatsuki City, Osaka Prefecture; 95 units in total) as well as "Feel Garden Minami-Senri" (Suita City, Osaka Prefecture; 214 units in total) and "Le JADE Southern Gate Toyoda" (Hino City, Tokyo; 51 units in total) slated for construction completion in the next term are already contracted to sell out.

In the commercial development business, along with acquiring retail properties in Sakai City in Osaka Prefecture, Omihachiman City in Shiga Prefecture, Kurashiki City in Okayama Prefecture, Nagoya City in Aichi Prefecture, Muko City in Kyoto Prefecture, and others as well as *sokochi* (land with land leasehold rights) of retail properties, ES-CON JAPAN has steadily promoted diversification of the business through the acquisition of a business site for a logistics facility as a new business field, the participation in a land readjustment project and such.

In this manner, with eight projects in the Tokyo metropolitan area, nine projects in the Kinki area and two projects in other areas in acquisitions of new business sites as the site for for-sale, commercial, renovation projects, logistics development and other multifaceted development in the first three quarters, steady and proactive operations are underway.

In the real estate leasing business, efforts are being made to secure stable rental income from and enhance asset value of retail properties, etc. held by ES-CON JAPAN.

In the real estate planning agency and consulting business, focus is being placed 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 the first three quarters was net sales of 19,414 million yen (up 12.9% compared with the same period of the previous term), operating income of 3,276 million yen (up 39.9% compared with the same period of the previous term), ordinary income of 2,550 million yen (up 56.8% compared with the same period of the previous term) and profit attributable to owners of parent of 2,522 million yen (up 22.5% compared with the same period of the previous term).

The following is the business performance by each segment.

1) Real estate sales business

In the real estate sales business, activities included promoting condominium sales and selling three projects of real estate for sale, resulting in net sales of 16,754 million yen (up 15.0% compared with the same period of the previous term) and segment income of 3,875 million yen (up 70.7% compared with the same period 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 2,605 million yen (up 0.6% compared with the same period of the previous term) and segment

income of 1,270 million yen (down 15.3% compared with the same period 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 54 million yen (up 24.7% compared with the same period of the previous term) and segment income of 48 million yen (up 12.3% compared with the same period of the previous term).

(2) Explanation of Financial Position

Assets at the end of the third quarter increased by 17,799 million yen compared with the end of the previous term to 91,502 million yen. This was mainly attributable to inventories increasing by 24,972 million yen.

Liabilities increased by 16,567 million yen compared with the end of the previous term to 72,906 million yen. This was mainly attributable to long-term loans payable, short-term loans payable and bonds payable increasing by 16,102 million yen.

Net assets increased by 1,232 million yen compared with the end of the previous term to 18,595 million yen. This was attributable to cash dividends paid of 1,017 million yen and purchase of treasury shares of 429 million yen, yet recording quarterly profit attributable to owners of parent of 2,522 million yen. As a result, equity ratio was 20.3% (23.6% at the end of the previous term).

(3) Explanation of Consolidated Earnings Forecast and Other Forward-Looking Information

The consolidated earnings forecast remains unchanged from the forecast announced on February 10, 2017.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: million yen)

	Term ended Dec. 2016 (as of Dec. 31, 2016)	First three quarters of term ending Dec. 2017 (as of Sept. 30, 2017)
Assets		
Current assets		
Cash and deposits	8,204	7,089
Notes and accounts receivable - trade	285	535
Real estate for sale	6,103	2,534
Real estate for sale in process	39,319	67,892
Supplies	32	0
Other	3,782	5,692
Allowance for doubtful accounts	(73)	—
Total current assets	57,654	83,745
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,351	3,802
Accumulated depreciation	(1,614)	(1,131)
Buildings and structures, net	3,737	2,671
Land	9,320	1,966
Other	176	195
Accumulated depreciation	(86)	(106)
Other, net	90	89
Total property, plant and equipment	13,147	4,726
Intangible assets		
Other	17	25
Total intangible assets	17	25
Investments and other assets		
Other	2,887	3,009
Allowance for doubtful accounts	(4)	(4)
Total investments and other assets	2,883	3,005
Total non-current assets	16,048	7,757
Total assets	73,703	91,502

(Unit: million yen)

	Term ended Dec. 2016 (as of Dec. 31, 2016)	First three quarters of term ending Dec. 2017 (as of Sept. 30, 2017)
Liabilities		
Current liabilities		
Short-term loans payable	4,308	6,362
Current portion of long-term loans payable	16,753	29,282
Current portion of bonds	40	40
Income taxes payable	69	14
Other	4,320	5,115
Total current liabilities	25,492	40,814
Non-current liabilities		
Bonds payable	150	110
Long-term loans payable	29,784	31,343
Provision for directors' share-based benefits	54	65
Provision for share-based benefits	13	16
Asset retirement obligations	83	93
Other	761	462
Total non-current liabilities	30,847	32,092
Total liabilities	56,339	72,906
Net assets		
Shareholders' equity		
Capital stock	6,034	6,116
Capital surplus	1,763	1,845
Retained earnings	10,417	11,388
Treasury shares	(876)	(770)
Total shareholders' equity	17,338	18,579
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22	14
Total accumulated other comprehensive income	22	14
Subscription rights to shares	3	2
Total net assets	17,363	18,595
Total liabilities and net assets	73,703	91,502

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)

(Unit: million yen)

	First three quarters of term ended Dec. 2016 (from Jan. 1, 2016 to Sept. 30, 2016)	First three quarters of term ending Dec. 2017 (from Jan. 1, 2017 to Sept. 30, 2017)
Net sales	17,198	19,414
Cost of sales	12,373	13,548
Gross profit	4,824	5,865
Selling, general and administrative expenses	2,482	2,588
Operating income	2,342	3,276
Non-operating income		
Interest income	0	0
Dividend income	1	2
Penalty income	3	18
Reversal of allowance for doubtful accounts	—	29
Other	0	1
Total non-operating income	5	51
Non-operating expenses		
Interest expenses	686	770
Share issuance cost	26	—
Other	7	6
Total non-operating expenses	720	777
Ordinary income	1,627	2,550
Extraordinary income		
Gain on sales of non-current assets	—	11
Gain on reversal of subscription rights to shares	0	—
Total extraordinary income	0	11
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on valuation of investment securities	42	—
Total extraordinary losses	42	0
Profit before income taxes	1,585	2,561
Income taxes - current	25	4
Income taxes - deferred	(499)	(1)
Total income taxes	(474)	39
Profit	2,059	2,522
Profit attributable to owners of parent	2,059	2,522

(Quarterly Consolidated Statement of Comprehensive Income)

(Unit: million yen)

	First three quarters of term ended Dec. 2016 (from Jan. 1, 2016 to Sept. 30, 2016)	First three quarters of term ending Dec. 2017 (from Jan. 1, 2017 to Sept. 30, 2017)
Profit	2,059	2,522
Other comprehensive income		
Valuation difference on available-for-sale securities	11	(7)
Total other comprehensive income	11	(7)
Comprehensive income	2,070	2,514
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	2,070	2,514
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

In the first three quarters, there were share-based payments of 11,000 shares to eligible parties from the share-based payment benefits trust for directors and 100 shares to eligible parties from the share-based payment benefits type ESOP trust. In addition, purchase of treasury shares of 972,800 shares was made by resolution at the meeting of the board of directors held on December 27, 2016 and retirement of treasury shares of 1,800,000 shares was made by resolution at the meeting of the board of directors held on March 24, 2017. As a result, treasury shares decreased by 106 million yen, resulting in treasury shares at the end of the first three quarters of 770 million yen.

(Segment Information, etc.)

[Segment Information]

I. First Three Quarters of Term Ended December 2016 (from January 1, 2016 to September 30, 2016)

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

(Unit: million yen)

	Reporting segment			Total	Reconciliation (Note 1)	Amount on quarterly consolidated statement of income (Note 2)
	Real estate sales business	Real estate leasing business	Real estate planning agency and consulting business			
Net sales						
Net sales to external customers	14,565	2,589	43	17,198	—	17,198
Intersegment net sales or transfers	—	—	—	—	—	—
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 reconciliation of segment income of -1,471 million yen is corporate expenses not attributable to any reporting segment. Corporate expenses are general and administrative expenses not attributable to reporting segments.

(Note 2) Segment income is reconciled with operating income on the quarterly consolidated statement of income.

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

Not applicable.

II. First Three Quarters of Term Ending December 2017 (from January 1, 2017 to September 30, 2017)

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

(Unit: million yen)

	Reporting segment			Total	Reconciliation (Note 1)	Amount on quarterly consolidated statement of income (Note 2)
	Real estate sales business	Real estate leasing business	Real estate planning agency and consulting business			
Net sales						
Net sales to external customers	16,754	2,605	54	19,414	—	19,414
Intersegment net sales or transfers	—	—	—	—	—	—
Total	16,754	2,605	54	19,414	—	19,414
Segment income	3,875	1,270	48	5,194	(1,918)	3,276

(Note 1) The reconciliation of segment income of -1,918 million yen is corporate expenses not attributable to any reporting segment. Corporate expenses are general and administrative expenses not attributable to reporting segments.

(Note 2) Segment income is reconciled with operating income on the quarterly consolidated statement of income.

2. Information on Impairment Loss on Non-Current Assets or Goodwill, etc. by Reporting Segment
Not applicable.

3. Other

Status of Contracts and Sales

The performance of contracts in the real estate sales business for the first three quarters is as follows:

Classification	Third quarter of term ending Dec. 2017 (from Jul. 1, 2017 to September 30, 2017)			
	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.	117	4,406	552	21,497
Other	—	—	—	8,676
Total	117	4,406	552	30,174

(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 of term ending Dec. 2017 (from Jan. 1, 2017 to September 30, 2017)		
	Property name	Number of units (units)	Amount (million yen)
Real estate sales business	Condominiums	135	6,647
	Tonarie Seiwadai	—	3,290
	Nihonbashi-kayabacho	—	2,200
	Sapporo-shi, Chuo-ku, Minami 7-jo	—	2,200
	Nihonbashi-bakurocho	—	1,520
	2-chome, Kawaguchi, Nishi-ku	—	389
	Fukuoka Kasuga	—	231
	Detached housing	3	169
	Fukuoka Kasuga District 7	—	46
	Other	—	59
	Subtotal	138	16,754
Real estate leasing business			2,605
Real estate planning agency and consulting business			54
	Total		19,414

(Note 1) There are no transactions between segments.

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