

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended June 30, 2015
(Based on Japanese GAAP)**

August 7, 2015

Company name: Aoyama Zaisan Networks Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 8929 URL <http://www.azn.co.jp/>
 Representative: President Masazumi Hasumi
 Inquiries: Director, Administration Division Yoshikazu Mizushima TEL 03-6439-5800
 Scheduled date to file Quarterly Securities Report: August 7, 2015
 Scheduled date to commence dividend payments: August 31, 2015
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2015 (from January 1, 2015 to June 30, 2015)

(1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2015	5,263	25.0	188	30.9	201	11.2	166	38.8
Six months ended June 30, 2014	4,212	164.7	144	-	181	-	119	287.0

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended June 30, 2015	14.20	14.05
Six months ended June 30, 2014	10.23	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2015	5,595	2,632	46.6	222.47
As of December 31, 2014	5,930	2,447	40.9	207.26

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2014	-	5.00	-	10.00	15.00
Year ending December 31, 2015	-	5.00			
Year ending December 31, 2015 (Forecast)			-	10.00	15.00

3. Forecast of consolidated financial results for the year ending December 31, 2015 (from January 1, 2015 to December 31, 2015)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	9,850	5.9	460	3.3	470	0.5	400	10.3	34.16

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2015
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2015	11,732,100 shares	As of December 31, 2014	11,709,600 shares
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Number of treasury shares at the end of the period

As of June 30, 2015	– shares	As of December 31, 2014	– shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2015	11,710,909 shares	Six months ended June 30, 2014	11,709,600 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2014	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	3,069,579	3,201,548
Accounts receivable - trade	200,316	200,211
Real estate for sale	772,590	208,268
Other inventories	11,540	12,809
Other	158,610	118,696
Allowance for doubtful accounts	(32,278)	(27,221)
Total current assets	4,180,358	3,714,311
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	48,632	53,935
Land	1,406	1,406
Other, net	27,307	27,839
Total property, plant and equipment	77,346	83,180
Intangible assets		
Goodwill	304,130	263,580
Software	48,708	63,505
Other	3,087	3,004
Total intangible assets	355,926	330,090
Investments and other assets		
Investment securities	1,101,620	1,274,454
Shares of subsidiaries and associates	9,956	–
Other	205,754	193,421
Total investments and other assets	1,317,330	1,467,875
Total non-current assets	1,750,603	1,881,146
Total assets	5,930,962	5,595,457

(Thousands of yen)

	As of December 31, 2014	As of June 30, 2015
Liabilities		
Current liabilities		
Accounts payable - trade	96,870	54,901
Short-term loans payable	546,000	41,669
Current portion of long-term loans payable	309,600	309,600
Current portion of bonds	60,000	120,000
Income taxes payable	41,282	22,884
Provision for bonuses	–	107,326
Other provision	17,252	13,123
Other	733,624	427,428
Total current liabilities	1,804,629	1,096,934
Non-current liabilities		
Bonds payable	150,000	360,000
Long-term loans payable	611,200	456,400
Long-term lease and guarantee deposited	796,092	875,592
Long-term accounts payable - other	50,537	50,330
Net defined benefit liability	13,599	14,237
Deferred tax liabilities	57,275	109,084
Other	514	–
Total non-current liabilities	1,679,218	1,865,645
Total liabilities	3,483,848	2,962,579
Net assets		
Shareholders' equity		
Capital stock	1,030,817	1,035,924
Capital surplus	736,896	742,003
Retained earnings	559,220	605,359
Total shareholders' equity	2,326,933	2,383,287
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	103,430	228,637
Foreign currency translation adjustment	(3,472)	(1,827)
Total accumulated other comprehensive income	99,957	226,810
Subscription rights to shares	20,223	22,780
Total net assets	2,447,113	2,632,878
Total liabilities and net assets	5,930,962	5,595,457

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2014	Six months ended June 30, 2015
Operating revenue		
Operating revenue	1,670,809	1,859,909
Real estate sales	2,541,482	3,403,980
Total operating revenue	4,212,291	5,263,889
Operating cost		
Cost For Sales	1,074,505	1,226,869
Cost of sales - real estate	2,322,760	3,100,354
Total operating cost	3,397,265	4,327,224
Operating gross profit	815,025	936,665
Selling, general and administrative expenses	670,928	748,040
Operating income	144,096	188,625
Non-operating income		
Interest income	283	534
Dividend income	47,689	7,197
Insurance premiums refunded cancellation	–	4,035
Compensation income	–	6,677
Other	13,258	15,224
Total non-operating income	61,230	33,668
Non-operating expenses		
Interest expenses	15,528	12,928
Bond issuance cost	–	6,287
Loss on liquidation of subsidiaries silent partnership	6,363	–
Other	2,301	1,605
Total non-operating expenses	24,194	20,820
Ordinary income	181,133	201,472
Extraordinary income		
Gain on sales of investment securities	10,997	218
Total extraordinary income	10,997	218
Extraordinary losses		
Loss on valuation of investment securities	1,099	–
Total extraordinary losses	1,099	–
Income before dividends distribution from silent partnership, income taxes	191,031	201,691
Dividends distribution from silent partnership	28,796	–
Income before income taxes and minority interests	162,234	201,691
Income taxes - current	42,445	35,382
Total income taxes	42,445	35,382
Income before minority interests	119,789	166,308
Net income	119,789	166,308

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2014	Six months ended June 30, 2015
Income before minority interests	119,789	166,308
Other comprehensive income		
Valuation difference on available-for-sale securities	84,490	125,207
Foreign currency translation adjustment	85	1,645
Total other comprehensive income	84,576	126,853
Comprehensive income	204,365	293,162
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	204,365	293,162
Comprehensive income attributable to minority interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2014	Six months ended June 30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	162,234	201,691
Depreciation	16,267	16,501
Amortization of goodwill	40,550	40,550
Share-based compensation expenses	6,764	4,987
Increase (decrease) in allowance for doubtful accounts	1,481	(5,057)
Increase (decrease) in provision for bonuses	83,174	107,326
Increase (decrease) in provision for retirement benefits	(50,851)	–
Increase (decrease) in provision for retirement benefits	–	638
Increase (decrease) in other provision	(5,003)	(4,128)
Interest and dividend income	(47,972)	(7,731)
Interest expenses	15,528	12,928
Bond issuance cost	–	6,287
Surrender value of insurance	–	(4,035)
Compensation income	–	(6,677)
Loss on liquidation of subsidiaries silent partnership	6,363	–
Loss (gain) on valuation of investment securities	1,099	–
Loss (gain) on sales of investment securities	(10,997)	(218)
Decrease (increase) in notes and accounts receivable - trade	(53,207)	(264)
Decrease (increase) in inventories	(11,721)	626,153
Decrease (increase) in advance payments	65,000	(9,998)
Decrease (increase) in advances paid	(5,394)	(15,270)
Increase (decrease) in notes and accounts payable - trade	4,242	(41,968)
Increase (decrease) in accounts payable - other	(108,637)	(195,703)
Increase (decrease) in deposits received	(23,491)	(95,413)
Increase (decrease) in long-term accounts payable - other	51,933	(207)
Increase (decrease) in lease and guarantee deposits received	52,765	79,491
Increase (decrease) in long-term deposits received	(3,919)	–
Other, net	1,602	(22,218)
Subtotal	187,812	687,662
Interest and dividend income received	6,424	7,731
Interest expenses paid	(14,467)	(13,200)
Proceeds from compensation	–	6,677
Refunded consumption taxes for prior periods	345	–
Income taxes (paid) refund	14,932	(46,066)
Net cash provided by (used in) operating activities	195,047	642,804
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	11,000	–
Purchase of property, plant and equipment	(3,263)	(17,327)
Purchase of intangible assets	(8,832)	(23,733)
Purchase of investment securities	(47,582)	–
Proceeds from sales of investment securities	84,797	6,009
Proceeds from distribution of investment in silent partnership	105,549	–
Purchase of shares of subsidiaries and associates	(5,100)	–
Payments of loans receivable from subsidiaries and associates	(18,244)	–
Purchase of golf club memberships	(31,949)	–
Proceeds from cancellation of insurance funds	–	17,940
Other, net	(1,271)	(2,271)
Net cash provided by (used in) investing activities	85,102	(19,383)

(Thousands of yen)

	Six months ended June 30, 2014	Six months ended June 30, 2015
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	100,000	(504,331)
Proceeds from long-term loans payable	400,000	–
Repayments of long-term loans payable	(235,200)	(154,800)
Proceeds from issuance of bonds	–	293,712
Redemption of bonds	(30,034)	(30,033)
Proceeds from exercise of share options	–	7,785
Payments for share profits on deposits received from investments in silent partnership	(60,896)	–
Cash dividends paid	(115,574)	(116,790)
Net cash provided by (used in) financing activities	58,294	(504,457)
Effect of exchange rate change on cash and cash equivalents	85	(146)
Net increase (decrease) in cash and cash equivalents	338,529	118,817
Cash and cash equivalents at beginning of period	2,577,371	3,069,579
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	–	13,151
Cash and cash equivalents at end of period	2,915,901	3,201,548