

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2016 (Based on Japanese GAAP)

May 12, 2016

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: May 12, 2016
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended March 31, 2016 (from January 1, 2016 to March 31, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2016	3,644	26.8	246	144.6	179	66.0	158	85.6
Three months ended March 31, 2015	2,872	110.8	100	80.5	108	18.3	85	96.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2016	13.50		13.42	
Three months ended March 31, 2015	7.31		7.25	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	10,043	2,935	29.0	247.50
As of December 31, 2015	7,220	2,909	40.0	245.43

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2015	–	5.00	–	13.00	18.00
Year ending December 31, 2016	–	–	–	–	–
Year ending December 31, 2016 (Forecast)	–	8.00	–	12.00	20.00

3. Forecast of consolidated financial results for the year ending December 31, 2016 (from January 1, 2016 to December 31, 2016)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending June 30, 2016	5,920	12.5	321	70.2	233	15.6	197	18.5	16.73
Full year	14,800	3.7	570	17.3	540	14.6	450	(13.2)	38.23

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2016
(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: Yes
- 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 March 31, 2016	11,776,400 shares	As of December 31, 2015	11,771,200 shares
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Number of treasury shares at the end of the period

As of March 31, 2016	– shares	As of December 31, 2015	– shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2016	11,773,046 shares	Three months ended March 31, 2015	11,709,600 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	4,093,019	2,979,371
Accounts receivable - trade	231,826	361,344
Real estate for sale	765,359	3,963,860
Other inventories	11,540	2,521
Deferred tax assets	120,913	142,439
Other	102,702	130,669
Allowance for doubtful accounts	(26,263)	(42,047)
Total current assets	5,299,098	7,538,158
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	88,475	85,633
Land	1,406	1,406
Other, net	48,050	45,274
Total property, plant and equipment	137,931	132,314
Intangible assets		
Goodwill	223,029	202,753
Software	96,647	193,760
Other	2,921	2,390
Total intangible assets	322,598	398,905
Investments and other assets		
Investment securities	1,226,949	1,734,519
Shares of subsidiaries and associates	1	3,000
Other	233,866	236,925
Total investments and other assets	1,460,816	1,974,445
Total non-current assets	1,921,346	2,505,664
Total assets	7,220,445	10,043,823

(Thousands of yen)

	As of December 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Accounts payable - trade	67,372	37,120
Short-term loans payable	780,175	3,689,938
Current portion of long-term loans payable	541,600	476,400
Current portion of bonds	120,000	160,000
Income taxes payable	27,973	10,786
Provision for bonuses	–	103,718
Other provision	3,610	230
Other	913,041	706,985
Total current liabilities	2,453,773	5,185,180
Non-current liabilities		
Bonds payable	300,000	430,000
Long-term loans payable	469,600	458,600
Long-term lease and guarantee deposited	931,104	879,000
Long-term accounts payable - other	50,330	47,974
Net defined benefit liability	16,492	17,179
Deferred tax liabilities	89,391	90,430
Total non-current liabilities	1,856,918	1,923,183
Total liabilities	4,310,692	7,108,363
Net assets		
Shareholders' equity		
Capital stock	1,044,800	1,045,980
Capital surplus	750,879	752,059
Retained earnings	898,994	905,426
Total shareholders' equity	2,694,674	2,703,466
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	194,435	211,680
Foreign currency translation adjustment	(52)	(502)
Total accumulated other comprehensive income	194,383	211,177
Subscription rights to shares	20,696	20,814
Total net assets	2,909,753	2,935,459
Total liabilities and net assets	7,220,445	10,043,823

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended March 31, 2015	Three months ended March 31, 2016
Operating revenue		
Operating revenue	932,266	1,024,638
Real estate sales	1,940,709	2,619,662
Total operating revenue	2,872,975	3,644,301
Operating cost		
Cost For Sales	618,546	598,333
Cost of sales - real estate	1,777,418	2,384,991
Total operating cost	2,395,964	2,983,325
Operating gross profit	477,010	660,975
Selling, general and administrative expenses	376,319	414,669
Operating income	100,691	246,306
Non-operating income		
Interest income	506	329
Dividend income	577	954
Insurance premiums refunded cancellation	4,035	-
Compensation income	4,670	-
Other	6,910	1,965
Total non-operating income	16,699	3,248
Non-operating expenses		
Interest expenses	6,835	14,924
Commission fee	-	29,454
Bond issuance cost	-	5,592
Foreign exchange losses	1,371	17,872
Other	842	1,913
Total non-operating expenses	9,049	69,758
Ordinary income	108,341	179,796
Extraordinary income		
Gain on sales of investment securities	218	-
Total extraordinary income	218	-
Extraordinary losses		
Loss on retirement of property, plant and equipment	-	1,639
Total extraordinary losses	-	1,639
Income before income taxes and minority interests	108,559	178,156
Income taxes - current	22,923	40,528
Income taxes - deferred	-	(21,312)
Total income taxes	22,923	19,216
Profit	85,636	158,939
Profit attributable to owners of parent	85,636	158,939

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended March 31, 2015	Three months ended March 31, 2016
Profit	85,636	158,939
Other comprehensive income		
Valuation difference on available-for-sale securities	14,700	17,244
Foreign currency translation adjustment	2,643	(450)
Total other comprehensive income	17,343	16,794
Comprehensive income	102,980	175,734
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	102,980	175,734
Comprehensive income attributable to non-controlling interests	—	—