

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2014 (Based on Japanese GAAP)

November 11, 2014

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: November 11, 2014
 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 nine months ended September 30, 2014 (from January 1, 2014 to September 30, 2014)

(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	%
Nine months ended September 30, 2014	5,476	53.9	185	84.6	214	140.5	153	(3.6)
Nine months ended September 30, 2013	3,557	(26.1)	100	–	89	–	159	–

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended September 30, 2014	13.13		–	
Nine months ended September 30, 2013	15.09		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2014	6,397	2,210	34.3	187.34
As of December 31, 2013	4,698	2,151	45.7	183.17

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, 2013	–	0.00	–	1,000.00	1,000.00
Year ending December 31, 2014	–	5.00	–	–	–
Year ending December 31, 2014 (Forecast)	–	–	–	5.00	10.00

3. Forecast of consolidated financial results for the year ending December 31, 2014 (from January 1, 2014 to December 31, 2014)

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	8,800	38.1	430	168.2	450	215.0	355	76.5	30.32

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2014
 (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 September 30, 2014	11,709,600 shares	As of December 31, 2013	11,709,600 shares
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Number of treasury shares at the end of the period

As of September 30, 2014	– shares	As of December 31, 2013	– shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2014	11,709,600 shares	Nine months ended September 30, 2013	10,570,500 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2013	As of September 30, 2014
Assets		
Current assets		
Cash and deposits	2,588,371	2,142,789
Accounts receivable - trade	214,755	166,420
Real estate for sale	14,900	2,241,805
Other inventories	11,407	11,721
Other	147,583	101,980
Allowance for doubtful accounts	(10,031)	(7,772)
Total current assets	2,966,986	4,656,945
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	57,359	50,796
Land	1,406	1,406
Other, net	30,371	24,916
Total property, plant and equipment	89,136	77,119
Intangible assets		
Software	42,796	44,574
Goodwill	385,232	324,406
Other	3,266	3,132
Total intangible assets	431,295	372,112
Investments and other assets		
Investment securities	1,024,181	1,062,093
Shares of subsidiaries and associates	9,956	15,056
Other	176,716	214,057
Total investments and other assets	1,210,853	1,291,207
Total non-current assets	1,731,285	1,740,438
Total assets	4,698,271	6,397,384

(Thousands of yen)

	As of December 31, 2013	As of September 30, 2014
Liabilities		
Current liabilities		
Accounts payable - trade	51,492	36,588
Short-term loans payable	–	1,573,000
Current portion of long-term loans payable	248,400	309,600
Current portion of bonds	60,000	60,000
Income taxes payable	–	19,459
Provision for bonuses	4,595	132,659
Other provision	19,738	10,815
Other	470,031	298,660
Total current liabilities	854,258	2,440,783
Non-current liabilities		
Bonds payable	210,000	150,000
Long-term loans payable	670,000	688,600
Long-term deposits received	20,703	–
Long-term lease and guarantee deposited	722,356	798,398
Long-term accounts payable - other	–	51,933
Provision for retirement benefits	63,436	12,996
Deferred tax liabilities	3,588	43,188
Other	2,167	771
Total non-current liabilities	1,692,253	1,745,887
Total liabilities	2,546,511	4,186,671
Net assets		
Shareholders' equity		
Capital stock	1,030,817	1,030,817
Capital surplus	736,896	736,896
Retained earnings	372,062	350,175
Total shareholders' equity	2,139,775	2,117,888
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,479	77,990
Foreign currency translation adjustment	(1,428)	(2,161)
Total accumulated other comprehensive income	5,050	75,828
Subscription rights to shares	6,933	16,995
Total net assets	2,151,760	2,210,712
Total liabilities and net assets	4,698,271	6,397,384

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2013	Nine months ended September 30, 2014
Operating revenue		
Operating revenue	2,240,523	2,519,798
Real estate sales	1,317,179	2,957,113
Total operating revenue	3,557,703	5,476,912
Operating cost		
Cost For Sales	1,444,985	1,616,671
Cost of sales - real estate	1,253,742	2,679,371
Total operating cost	2,698,727	4,296,043
Operating gross profit	858,975	1,180,869
Selling, general and administrative expenses	758,368	995,183
Operating income	100,607	185,686
Non-operating income		
Interest income	232	567
Dividend income	12,874	47,689
Other	3,153	18,036
Total non-operating income	16,259	66,293
Non-operating expenses		
Interest expenses	18,152	21,862
Bond issuance cost	6,287	-
Loss on liquidation of subsidiaries silent partnership	-	6,363
Other	3,398	9,633
Total non-operating expenses	27,838	37,860
Ordinary income	89,027	214,119
Extraordinary income		
Gain on sales of non-current assets	71,279	-
Gain on sales of investment securities	-	17,502
Gain on step acquisitions	31,060	-
Total extraordinary income	102,339	17,502
Extraordinary losses		
Loss on sales of investment securities	239	-
Loss on valuation of investment securities	11,249	1,099
Total extraordinary losses	11,489	1,099
Income before dividends distribution from silent partnership, income taxes	179,877	230,521
Dividends distribution from silent partnership	2,373	28,796
Income before income taxes and minority interests	177,503	201,724
Income taxes - current	4,900	47,968
Total income taxes	4,900	47,968
Income before minority interests	172,603	153,756
Minority interests in income	13,046	-
Net income	159,557	153,756

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2013	Nine months ended September 30, 2014
Income before minority interests	172,603	153,756
Other comprehensive income		
Valuation difference on available-for-sale securities	279,933	71,510
Foreign currency translation adjustment	(1,164)	(733)
Total other comprehensive income	278,768	70,777
Comprehensive income	451,371	224,534
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	438,325	224,534
Comprehensive income attributable to minority interests	13,046	—