

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2016 (Based on Japanese GAAP)

November 8, 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: November 8, 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 nine months ended September 30, 2016 (from January 1, 2016 to September 30, 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	%
Nine months ended September 30, 2016	8,535	9.9	608	145.6	452	84.9	437	110.9
Nine months ended September 30, 2015	7,769	41.9	247	33.3	244	14.4	207	35.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2016	37.11		36.89	
Nine months ended September 30, 2015	17.71		17.53	

(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, 2016	12,091	3,153	26.0	265.25
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	–	8.00	–		
Year ending December 31, 2016 (Forecast)				14.00	22.00

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
Full year	14,800	3.7	700	44.0	570	20.9	550	6.1	46.70

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 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 September 30, 2016	11,833,600 shares	As of December 31, 2015	11,771,200 shares
--------------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2016	– shares	As of December 31, 2015	– shares
--------------------------	----------	-------------------------	----------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2016	11,795,237 shares	Nine months ended September 30, 2015	11,721,385 shares
--------------------------------------	-------------------	--------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2015	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	4,093,019	4,745,665
Accounts receivable - trade	231,826	177,806
Real estate for sale	765,359	4,039,480
Other inventories	11,540	2,539
Deferred tax assets	120,913	228,662
Other	102,702	367,405
Allowance for doubtful accounts	(26,263)	(37,785)
Total current assets	5,299,098	9,523,773
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	88,475	85,259
Land	1,406	1,406
Other, net	48,050	46,706
Total property, plant and equipment	137,931	133,371
Intangible assets		
Goodwill	223,029	162,203
Software	96,647	173,080
Other	2,921	2,350
Total intangible assets	322,598	337,633
Investments and other assets		
Investment securities	1,226,949	1,813,892
Shares of subsidiaries and associates	1	29,671
Other	233,866	253,243
Total investments and other assets	1,460,816	2,096,807
Total non-current assets	1,921,346	2,567,813
Total assets	7,220,445	12,091,587

(Thousands of yen)

	As of December 31, 2015	As of September 30, 2016
Liabilities		
Current liabilities		
Accounts payable - trade	67,372	69,805
Short-term loans payable	780,175	3,803,659
Current portion of long-term loans payable	541,600	817,154
Current portion of bonds	120,000	220,000
Income taxes payable	27,973	93,869
Provision for bonuses	–	330,826
Other provision	3,610	–
Other	913,041	377,530
Total current liabilities	2,453,773	5,712,844
Non-current liabilities		
Bonds payable	300,000	560,000
Long-term loans payable	469,600	1,548,810
Long-term lease and guarantee deposited	931,104	957,788
Long-term accounts payable - other	50,330	43,597
Net defined benefit liability	16,492	18,171
Deferred tax liabilities	89,391	96,849
Total non-current liabilities	1,856,918	3,225,216
Total liabilities	4,310,692	8,938,061
Net assets		
Shareholders' equity		
Capital stock	1,044,800	1,059,159
Capital surplus	750,879	765,238
Retained earnings	898,994	1,089,094
Total shareholders' equity	2,694,674	2,913,491
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	194,435	226,224
Foreign currency translation adjustment	(52)	(802)
Total accumulated other comprehensive income	194,383	225,421
Subscription rights to shares	20,696	14,612
Total net assets	2,909,753	3,153,526
Total liabilities and net assets	7,220,445	12,091,587

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, 2015	Nine months ended September 30, 2016
Operating revenue		
Operating revenue	2,757,330	3,218,992
Real estate sales	5,012,161	5,316,742
Total operating revenue	7,769,491	8,535,734
Operating cost		
Cost For Sales	1,800,898	1,731,391
Cost of sales - real estate	4,606,073	4,899,084
Total operating cost	6,406,972	6,630,475
Operating gross profit	1,362,519	1,905,258
Selling, general and administrative expenses	1,114,948	1,297,231
Operating income	247,570	608,026
Non-operating income		
Interest income	779	1,181
Dividend income	7,197	9,238
Insurance premiums refunded cancellation	4,035	-
Compensation income	6,677	-
Other	12,094	3,383
Total non-operating income	30,783	13,803
Non-operating expenses		
Interest expenses	17,957	60,914
Commission fee	-	32,747
Bond issuance cost	6,287	11,879
Foreign exchange losses	-	54,926
Other	9,200	8,412
Total non-operating expenses	33,446	168,880
Ordinary income	244,908	452,949
Extraordinary income		
Gain on sales of investment securities	2,418	-
Total extraordinary income	2,418	-
Extraordinary losses		
Loss on retirement of non-current assets	-	1,639
Total extraordinary losses	-	1,639
Income before income taxes and minority interests	247,326	451,309
Income taxes - current	39,778	121,116
Income taxes - deferred	-	(107,536)
Total income taxes	39,778	13,580
Profit	207,547	437,728
Profit attributable to owners of parent	207,547	437,728

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2015	Nine months ended September 30, 2016
Profit	207,547	437,728
Other comprehensive income		
Valuation difference on available-for-sale securities	105,908	31,789
Foreign currency translation adjustment	4,422	(750)
Total other comprehensive income	110,331	31,038
Comprehensive income	317,879	468,767
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	317,879	468,767