

Translation

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Summary of Consolidated Financial Results for the Year Ended December 31, 2012 (Based on Japanese GAAP)

February 13, 2013

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	General Manager, Administration Division	Yoshikazu Mizushima	TEL 03-6439-5800
Scheduled date of ordinary general meeting of shareholders	March 28, 2013		
Scheduled date to file Securities Report	March 28, 2013		
Scheduled date to commence dividend payments	March 29, 2013		
Preparation of supplementary material on earnings	yes		
Holding of earnings performance review	yes	(for analysts)	

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2012 (from January 1, 2012 to December 31, 2012)

(1) Consolidated operating results

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	%
Year ended December 31, 2012	5,839	(23.4)	98	(47.2)	91	(44.8)	92	(57.8)
Year ended December 31, 2011	7,627	45.9	186	(6.7)	166	3.7	218	164.5

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2012	871.25	-	7.4	2.2	1.7
Year ended December 31, 2011	2,063.14	-	17.8	4.1	2.4

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2012	4,769	1,941	26.5	11,947.42
As of December 31, 2011	3,698	1,224	33.1	11,584.90

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Period-end cash and cash equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of December 31, 2012	227	(1,203)	247	746
As of December 31, 2011	579	122	(602)	1,474

2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2011	-	0.00	-	650.00	650.00	68	31.5	5.6
Year ended December 31, 2012	-	0.00	-	750.00	750.00	79	86.1	6.4
Year ending December 31, 2013 (Forecast)	-	0.00	-	750.00	750.00		61.0	

3. Forecast of consolidated financial results for the year ending December 31, 2013 (from January 1, 2013 to December 31, 2013)

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
Six months ending June 30, 2013	2,850	(30.3)	10	(68.0)	10	(72.2)	10	(70.5)	94.60
Full year	6,190	6.0	140	42.1	140	52.6	130	41.2	1,229.84

4. Notes

- (1) Changes in significant subsidiaries during the year ended December 31, 2012
(changes in specified subsidiaries resulting in the change in scope of consolidation): yes
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
- 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: yes
- Restatement of prior period financial statements after error corrections: no

(3) Number of issued shares

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

As of December 31, 2012	∴	105,705 shares	As of December 31, 2011	∴	105,705 shares
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Number of shares of treasury stock at the end of the period

As of December 31, 2012	∴	- shares	As of December 31, 2011	∴	- shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Year ended December 31, 2012	∴	105,705 shares	Year ended December 31, 2011	∴	105,705 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2011	As of December 31, 2012
Assets		
Current assets		
Cash and deposits	1,474,995	746,749
Accounts receivable-trade	215,206	247,161
Real estate for sale	0	90,284
Other inventories	11,779	16,111
Purchased receivables	52,527	16,727
Other	88,341	60,669
Allowance for doubtful accounts	(51,929)	(22,829)
Total current assets	1,790,921	1,154,874
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	89,371	910,038
Accumulated depreciation	(42,317)	(54,432)
Buildings and structures, net	47,053	855,606
Vehicles	5,131	-
Accumulated depreciation	(4,220)	-
Vehicles, net	910	-
Land	1,406	1,012,806
Other	61,503	102,569
Accumulated depreciation	(47,456)	(48,287)
Other, net	14,047	54,281
Total property, plant and equipment	63,417	1,922,693
Intangible assets		
Software	34,162	30,228
Goodwill	286,447	122,755
Other	2,374	2,980
Total intangible assets	322,984	155,963
Investments and other assets		
Investment securities	1,382,765	1,395,623
Stocks of subsidiaries and affiliates	3,260	3,260
Other	134,951	136,906
Total investments and other assets	1,520,977	1,535,790
Total noncurrent assets	1,907,380	3,614,447
Total assets	3,698,302	4,769,322

(Thousands of yen)

	As of December 31, 2011	As of December 31, 2012
Liabilities		
Current liabilities		
Accounts payable-trade	63,682	67,078
Short-term loans payable	600,000	600,000
Current portion of long-term loans payable	33,600	58,703
Current portion of bonds	395,000	92,500
Income taxes payable	17,799	8,766
Other provision	22,159	24,577
Other	354,484	297,237
Total current liabilities	1,486,724	1,148,862
Noncurrent liabilities		
Bonds payable	92,500	-
Long-term loans payable	58,000	754,851
Long-term deposits received	70,216	60,539
Provision for retirement benefits	48,061	50,590
Long-term lease and guarantee deposited	718,216	812,753
Total noncurrent liabilities	986,995	1,678,735
Total liabilities	2,473,719	2,827,597
Net assets		
Shareholders' equity		
Capital stock	1,030,817	1,030,817
Capital surplus	334,224	334,224
Retained earnings	235,059	258,446
Total shareholders' equity	1,600,100	1,623,487
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(375,518)	(360,586)
Total accumulated other comprehensive income	(375,518)	(360,586)
Minority interests	-	678,822
Total net assets	1,224,582	1,941,724
Total liabilities and net assets	3,698,302	4,769,322

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended December 31, 2011	Fiscal year ended December 31, 2012
Operating revenue		
Operating revenue	3,010,725	3,216,389
Real estate sales	4,616,845	2,623,277
Total operating revenue	7,627,571	5,839,666
Operating cost		
Cost For Sales	1,914,260	2,055,453
Cost of sales-real estate	4,305,658	2,546,477
Total operating cost	6,219,918	4,601,931
Operating gross profit	1,407,652	1,237,735
Selling, general and administrative expenses	1,221,055	1,139,205
Operating income	186,596	98,529
Non-operating income		
Interest income	199	224
Dividends income	6,855	9,382
Insurance premiums refunded cancellation	-	2,914
Gain On Forfeiture Of Unclaimed Dividends	2,673	1,898
Other	1,545	3,351
Total non-operating income	11,273	17,771
Non-operating expenses		
Interest expenses	18,536	20,957
Equity in losses of affiliates	6,452	-
Guarantee commission	4,319	1,475
Other	2,505	2,136
Total non-operating expenses	31,814	24,569
Ordinary income	166,055	91,731
Extraordinary income		
Gain on sales of investment securities	-	203
Gain on sales of noncurrent assets	6,439	1,214
Reversal of allowance for doubtful accounts	21,000	-
Reversal of provision for directors' retirement benefits	90,589	-
Total extraordinary income	118,029	1,417
Extraordinary loss		
Loss on sales of investment securities	4,660	347
Loss on valuation of investment securities	1,496	-
Loss on sales of noncurrent assets	23,555	-
Loss on retirement of noncurrent assets	6	-
Loss on sales of stocks of subsidiaries and affiliates	32,927	-
Loss on disaster	12,793	-
Total extraordinary losses	75,440	347
Income before dividends distribution from silent partnership, income taxes	208,644	92,800
Dividends distribution from silent partnership	(12,934)	(3,095)
Income before income taxes and minority interests	221,579	95,895
Income taxes-current	3,495	7,861
Refund of income taxes	-	(10,119)
Total income taxes	3,495	(2,257)
Income before minority interests	218,083	98,153
Minority interests in income	-	6,057
Net income	218,083	92,095

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Fiscal year ended December 31, 2011	Fiscal year ended December 31, 2012
Income before minority interests	218,083	98,153
Other comprehensive income		
Valuation difference on available-for-sale securities	(163,148)	14,932
Total other comprehensive income	(163,148)	14,932
Comprehensive income	54,935	113,085
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	54,935	107,027
Comprehensive income attributable to minority interests	-	6,057

Consolidated statements of changes in net assets

(Thousands of yen)

	Fiscal year ended December 31, 2011	Fiscal year ended December 31, 2012
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	1,030,817	1,030,817
Balance at the end of current period	1,030,817	1,030,817
Capital surplus		
Balance at the beginning of current period	605,035	334,224
Changes of items during the period		
Dividends from surplus	(52,852)	-
Transfer to retained earnings from capital surplus	(217,958)	-
Total changes of items during the period	(270,811)	-
Balance at the end of current period	334,224	334,224
Retained earnings		
Balance at the beginning of current period	(200,983)	235,059
Changes of items during the period		
Dividends from surplus	-	(68,708)
Net income	218,083	92,095
Transfer to retained earnings from capital surplus	217,958	-
Total changes of items during the period	436,042	23,387
Balance at the end of current period	235,059	258,446
Total shareholders' equity		
Balance at the beginning of current period	1,434,868	1,600,100
Changes of items during the period		
Dividends from surplus	(52,852)	(68,708)
Net income	218,083	92,095
Transfer to retained earnings from capital surplus	-	-
Total changes of items during the period	165,231	23,387
Balance at the end of current period	1,600,100	1,623,487
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	(212,370)	(375,518)
Changes of items during the period		
Net changes of items other than shareholders' equity	(163,148)	14,932
Total changes of items during the period	(163,148)	14,932
Balance at the end of current period	(375,518)	(360,586)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(212,370)	(375,518)
Changes of items during the period		
Net changes of items other than shareholders' equity	(163,148)	14,932
Total changes of items during the period	(163,148)	14,932
Balance at the end of current period	(375,518)	(360,586)
Minority interests		
Balance at the beginning of current period	-	-
Changes of items during the period		
Net changes of items other than shareholders' equity	-	678,822
Total changes of items during the period	-	678,822
Balance at the end of current period	-	678,822

(Thousands of yen)

	Fiscal year ended December 31, 2011	Fiscal year ended December 31, 2012
Total net assets		
Balance at the beginning of current period	1,222,498	1,224,582
Changes of items during the period		
Dividends from surplus	(52,852)	(68,708)
Net income	218,083	92,095
Net changes of items other than shareholders' equity	(163,148)	693,754
Total changes of items during the period	2,083	717,142
Balance at the end of current period	1,224,582	1,941,724

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2011	Fiscal year ended December 31, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	221,579	95,895
Depreciation and amortization	31,356	50,830
Amortization of goodwill	163,692	163,692
Increase (decrease) in allowance for doubtful accounts	13,967	(29,099)
Increase (decrease) in provision for bonuses	(6,307)	-
Increase (decrease) in provision for retirement benefits	4,201	2,529
Increase (decrease) in provision for directors' retirement benefits	(90,589)	-
Increase (decrease) in other provision	10,964	2,417
Interest and dividends income	(7,054)	(9,606)
Interest expenses	18,536	20,957
Equity in (earnings) losses of affiliates	6,452	-
Loss (gain) on valuation of investment securities	1,496	-
Loss (gain) on sales of short-term and long term investment securities	4,660	144
Loss (gain) on sales of stocks of subsidiaries and affiliates	32,927	-
additional loss on an earthquake	12,793	-
Loss (gain) on sales of noncurrent assets	17,115	(1,214)
Loss on retirement of noncurrent assets	6	-
Decrease (increase) in notes and accounts receivable-trade	178,417	(20,348)
The amount of increase and decrease of purchased receivables	185,625	35,800
Decrease (increase) in inventories	(8,786)	(94,616)
Increase (decrease) in notes and accounts payable-trade	(14,360)	3,396
Increase (decrease) in accounts payable-other	(16,780)	(52,585)
Increase (decrease) in lease and guarantee deposits received	41,539	94,536
Increase (decrease) in long-term deposits received	(98,252)	(2,321)
Other, net	(88,872)	(42,170)
Subtotal	614,329	218,237
Interest and dividends income received	7,054	9,606
Interest expenses paid	(19,160)	(21,407)
Payments for loss on disaster	(12,793)	-
Refunded consumption taxes for prior periods	3,467	10,655
Income taxes (paid) refund	(13,049)	10,907
Net cash provided by (used in) operating activities	579,846	227,998

(Thousands of yen)

	Fiscal year ended December 31, 2011	Fiscal year ended December 31, 2012
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-	(752,643)
Proceeds from sales of property, plant and equipment	79,730	1,934
Purchase of intangible assets	(13,213)	(11,485)
Payments of investment securities and investments in capital	-	(10,000)
Proceeds from sales of investment securities and investments in capital	34,016	11,001
Proceeds from sales of stocks of subsidiaries and affiliates	15,000	15,000
Purchase of stocks of subsidiaries and affiliates	(3,260)	-
Stocks of investments in subsidiaries resulting in change in scope of consolidation	-	(458,190)
Other, net	10,187	959
Net cash provided by (used in) investing activities	122,459	(1,203,423)
Net cash provided by (used in) financing activities		
Decrease in short-term loans payable	(72,400)	-
Proceeds from long-term loans payable	100,000	770,000
Repayment of long-term loans payable	(8,400)	(48,045)
Redemption of bonds	(535,000)	(395,000)
Payments for share profits on deposits received from investments in silent partnership	(33,268)	(4,260)
Cash dividends paid	(52,941)	(67,903)
Cash dividends paid to minority shareholders	-	(7,611)
Net cash provided by (used in) financing activities	(602,009)	247,179
Net increase (decrease) in cash and cash equivalents	100,296	(728,245)
Cash and cash equivalents at beginning of period	1,374,698	1,474,995
Cash and cash equivalents at end of period	1,474,995	746,749