

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2017 (Based on Japanese GAAP)

May 10, 2017

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 10, 2017
 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, 2017 (from January 1, 2017 to March 31, 2017)

(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, 2017	2,947	(19.1)	382	55.3	338	88.2	259	63.3
Three months ended March 31, 2016	3,644	26.8	246	144.6	179	66.0	158	85.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2017	21.88		21.81	
Three months ended March 31, 2016	13.50		13.42	

(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, 2017	9,958	3,090	30.9	270.91
As of December 31, 2016	9,258	3,329	35.8	279.72

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, 2016	–	8.00	–	15.00	23.00
Year ending December 31, 2017	–	–	–	–	–
Year ending December 31, 2017 (Forecast)	–	11.00	–	17.00	28.00

3. Forecast of consolidated financial results for the year ending December 31, 2017 (from January 1, 2017 to December 31, 2017)

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, 2017	6,723	(2.7)	600	41.4	545	77.4	452	45.5	38.10
Full year	14,800	2.6	820	9.1	730	16.2	680	15.8	57.32

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2017
(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 March 31, 2017	11,904,000 shares	As of December 31, 2016	11,864,100 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	550,000 shares	As of December 31, 2016	– 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, 2017	11,863,483 shares	Three months ended March 31, 2016	11,773,046 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	5,350,016	5,062,759
Accounts receivable - trade	145,237	426,622
Real estate for sale	234,799	1,217,243
Other inventories	3,090	4,299
Deferred tax assets	260,588	235,162
Other	729,516	697,966
Allowance for doubtful accounts	(91,246)	(79,626)
Total current assets	6,632,002	7,564,428
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	80,231	128,583
Land	1,406	1,406
Other, net	51,482	57,694
Total property, plant and equipment	133,120	187,684
Intangible assets		
Goodwill	141,927	121,652
Software	165,091	159,310
Other	2,330	2,309
Total intangible assets	309,349	283,272
Investments and other assets		
Investment securities	1,836,661	1,578,446
Shares of subsidiaries and associates	29,671	31,651
Deferred tax assets	1,329	1,127
Other	316,487	311,949
Total investments and other assets	2,184,150	1,923,174
Total non-current assets	2,626,621	2,394,130
Total assets	9,258,623	9,958,559

(Thousands of yen)

	As of December 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	78,171	83,257
Short-term loans payable	200,000	1,040,000
Current portion of long-term loans payable	761,877	817,400
Current portion of bonds	320,000	364,000
Income taxes payable	134,337	43,870
Accounts payable - other	517,329	260,585
Provision for bonuses	–	286,450
Other	509,421	339,659
Total current liabilities	2,521,137	3,235,223
Non-current liabilities		
Bonds payable	910,000	1,026,000
Long-term loans payable	1,359,460	1,410,110
Long-term lease and guarantee deposited	971,214	1,018,070
Long-term accounts payable - other	43,017	43,017
Net defined benefit liability	18,878	18,883
Deferred tax liabilities	105,174	116,530
Total non-current liabilities	3,407,744	3,632,611
Total liabilities	5,928,881	6,867,835
Net assets		
Shareholders' equity		
Capital stock	1,066,156	1,075,307
Capital surplus	772,235	781,386
Retained earnings	1,238,803	1,320,441
Treasury shares	–	(346,500)
Total shareholders' equity	3,077,196	2,830,636
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	245,578	269,412
Foreign currency translation adjustment	(4,201)	(24,095)
Total accumulated other comprehensive income	241,376	245,317
Subscription rights to shares	11,169	14,770
Total net assets	3,329,742	3,090,724
Total liabilities and net assets	9,258,623	9,958,559

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, 2016	Three months ended March 31, 2017
Operating revenue		
Operating revenue	1,024,638	1,599,056
Real estate sales	2,619,662	1,348,940
Total operating revenue	3,644,301	2,947,997
Operating cost		
Cost For Sales	598,333	779,625
Cost of sales - real estate	2,384,991	1,294,626
Total operating cost	2,983,325	2,074,251
Operating gross profit	660,975	873,746
Selling, general and administrative expenses	414,669	491,161
Operating income	246,306	382,585
Non-operating income		
Interest income	329	742
Dividend income	954	954
Other	1,965	2,917
Total non-operating income	3,248	4,614
Non-operating expenses		
Interest expenses	14,924	14,709
Commission fee	29,454	396
Bond issuance cost	5,592	4,110
Foreign exchange losses	17,872	26,655
Other	1,913	2,885
Total non-operating expenses	69,758	48,757
Ordinary income	179,796	338,441
Extraordinary losses		
Loss on retirement of property, plant and equipment	1,639	–
Loss on valuation of golf club membership	–	3,120
Total extraordinary losses	1,639	3,120
Profit before income taxes	178,156	335,321
Income taxes - current	40,528	49,256
Income taxes - deferred	(21,312)	26,465
Total income taxes	19,216	75,722
Profit	158,939	259,599
Profit attributable to owners of parent	158,939	259,599

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended March 31, 2016	Three months ended March 31, 2017
Profit	158,939	259,599
Other comprehensive income		
Valuation difference on available-for-sale securities	17,244	23,834
Foreign currency translation adjustment	(450)	(19,893)
Total other comprehensive income	16,794	3,941
Comprehensive income	175,734	263,540
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	175,734	263,540
Comprehensive income attributable to non-controlling interests	—	—