

Translation

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**Summary of Consolidated Financial Results
for the Year Ended December 31, 2014
(Based on Japanese GAAP)**

February 12, 2015

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 of ordinary general meeting of shareholders: March 27, 2015
 Scheduled date to file Securities Report: March 27, 2015
 Scheduled date to commence dividend payments: March 30, 2015
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2014 (from January 1, 2014 to December 31, 2014)

(1) Consolidated financial 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, 2014	9,305	46.1	445	177.7	467	227.2	362	80.4
Year ended December 31, 2013	6,369	9.1	160	62.7	142	55.7	201	118.4

	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, 2014	30.98	30.79	15.9	8.8	4.8
Year ended December 31, 2013	18.52	-	11.8	3.0	2.5

(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, 2014	5,930	2,447	40.9	207.26
As of December 31, 2013	4,698	2,151	45.7	183.17

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2014	197	43	253	3,069
Year ended December 31, 2013	368	1,886	(425)	2,577

2. Cash dividends

	Annual dividends per share					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, 2013	-	0.00	-	1,000.00	1,000.00	117	54.0	6.6
Year ended December 31, 2014	-	5.00	-	10.00	15.00	175	48.4	7.7
Year ending December 31, 2015 (Forecast)	-	5.00	-	10.00	15.00		43.9	

3. Forecast of consolidated financial results for the year ending December 31, 2015 (from January 1, 2015 to December 31, 2015)

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, 2015	4,450	5.6	170	18.0	170	(6.1)	150	25.2	12.81
Full year	9,850	5.9	460	3.3	470	0.5	400	10.3	34.16

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2014

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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 after error corrections: No

(3) Number of issued shares (common shares)

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

As of December 31, 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 December 31, 2014	– shares	As of December 31, 2013	– shares
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Average number of shares during the period

Year ended December 31, 2014	11,709,600 shares	Year ended December 31, 2013	10,857,600 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2013	As of December 31, 2014
Assets		
Current assets		
Cash and deposits	2,588,371	3,069,579
Accounts receivable - trade	214,755	200,316
Real estate for sale	14,900	772,590
Other inventories	11,407	11,540
Other	147,583	158,610
Allowance for doubtful accounts	(10,031)	(32,278)
Total current assets	2,966,986	4,180,358
Non-current assets		
Property, plant and equipment		
Buildings and structures	123,543	123,305
Accumulated depreciation	(66,184)	(74,673)
Buildings and structures, net	57,359	48,632
Land	1,406	1,406
Other	88,346	90,289
Accumulated depreciation	(57,975)	(62,981)
Other, net	30,371	27,307
Total property, plant and equipment	89,136	77,346
Intangible assets		
Goodwill	385,232	304,130
Software	42,796	48,708
Other	3,266	3,087
Total intangible assets	431,295	355,926
Investments and other assets		
Investment securities	1,024,181	1,101,620
Shares of subsidiaries and associates	9,956	9,956
Other	176,716	205,754
Total investments and other assets	1,210,853	1,317,330
Total non-current assets	1,731,285	1,750,603
Total assets	4,698,271	5,930,962

(Thousands of yen)

	As of December 31, 2013	As of December 31, 2014
Liabilities		
Current liabilities		
Accounts payable - trade	51,492	96,870
Short-term loans payable	–	546,000
Current portion of long-term loans payable	248,400	309,600
Current portion of bonds	60,000	60,000
Income taxes payable	–	41,282
Other provision	19,738	17,252
Other	474,627	733,624
Total current liabilities	854,258	1,804,629
Non-current liabilities		
Bonds payable	210,000	150,000
Long-term loans payable	670,000	611,200
Long-term deposits received	20,703	–
Long-term lease and guarantee deposited	722,356	796,092
Long-term accounts payable - other	–	50,537
Provision for retirement benefits	63,436	–
Net defined benefit liability	–	13,599
Deferred tax liabilities	3,588	57,275
Other	2,167	514
Total non-current liabilities	1,692,253	1,679,218
Total liabilities	2,546,511	3,483,848
Net assets		
Shareholders' equity		
Capital stock	1,030,817	1,030,817
Capital surplus	736,896	736,896
Retained earnings	372,062	559,220
Total shareholders' equity	2,139,775	2,326,933
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,479	103,430
Foreign currency translation adjustment	(1,428)	(3,472)
Total accumulated other comprehensive income	5,050	99,957
Subscription rights to shares	6,933	20,223
Total net assets	2,151,760	2,447,113
Total liabilities and net assets	4,698,271	5,930,962

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

(Thousands of yen)

	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014
Operating revenue		
Operating revenue	3,117,936	3,838,083
Real estate sales	3,252,026	5,467,403
Total operating revenue	6,369,962	9,305,487
Operating cost		
Cost For Sales	1,976,891	2,369,821
Cost of sales - real estate	3,061,330	5,006,569
Total operating cost	5,038,222	7,376,390
Operating gross profit	1,331,740	1,929,096
Selling, general and administrative expenses	1,171,419	1,483,812
Operating income	160,321	445,283
Non-operating income		
Interest income	278	772
Dividend income	13,869	48,329
Foreign exchange gains	2,598	10,019
Other	5,097	20,921
Total non-operating income	21,845	80,042
Non-operating expenses		
Interest expenses	26,908	33,210
Bond issuance cost	6,287	–
Loss on liquidation of silent partnership	–	6,363
partnership expenses	–	7,249
Other	6,118	11,047
Total non-operating expenses	39,314	57,871
Ordinary income	142,851	467,454
Extraordinary income		
Gain on sales of investment securities	500	17,502
Gain on sales of non-current assets	71,279	–
Gain on step acquisitions	31,060	–
Total extraordinary income	102,839	17,502
Extraordinary losses		
Loss on sales of investment securities	239	–
Loss on valuation of investment securities	11,249	1,099
Provision of allowance for doubtful accounts	–	20,000
Loss on cancellation of leases	4,885	–
Loss on valuation of golf club membership	–	4,196
Total extraordinary losses	16,375	25,296
Income before dividends distribution from silent partnership, income taxes	229,316	459,660
Dividends distribution from silent partnership	4,429	28,796
Income before income taxes and minority interests	224,886	430,863
Income taxes - current	10,709	68,062
Total income taxes	10,709	68,062
Income before minority interests	214,177	362,801
Minority interests in income	13,046	–
Net income	201,130	362,801

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014
Income before minority interests	214,177	362,801
Other comprehensive income		
Valuation difference on available-for-sale securities	367,065	96,950
Foreign currency translation adjustment	(1,428)	(2,043)
Total other comprehensive income	365,637	94,906
Comprehensive income	579,814	457,708
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	566,767	457,708
Comprehensive income attributable to minority interests	13,046	—

Consolidated statements of changes in net assets

Fiscal year ended December 31, 2013

(Thousands of yen)

	Shareholders' equity				Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	1,030,817	334,224	258,446	1,623,487	(360,586)	–	(360,586)	–	678,822	1,941,724
Changes of items during period										
Dividends of surplus			(79,278)	(79,278)						(79,278)
Net income			201,130	201,130						201,130
Increase by share exchanges		402,671		402,671						402,671
Change of scope of consolidation			(8,235)	(8,235)						(8,235)
Net changes of items other than shareholders' equity					367,065	(1,428)	365,637	6,933	(678,822)	(306,251)
Total changes of items during period	–	402,671	113,616	516,288	367,065	(1,428)	365,637	6,933	(678,822)	210,036
Balance at end of current period	1,030,817	736,896	372,062	2,139,775	6,479	(1,428)	5,050	6,933	–	2,151,760

Fiscal year ended December 31, 2014

(Thousands of yen)

	Shareholders' equity				Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	1,030,817	736,896	372,062	2,139,775	6,479	(1,428)	5,050	6,933	–	2,151,760
Changes of items during period										
Dividends of surplus			(175,644)	(175,644)						(175,644)
Net income			362,801	362,801						362,801
Net changes of items other than shareholders' equity					96,950	(2,043)	94,906	13,289		108,196
Total changes of items during period	–	–	187,157	187,157	96,950	(2,043)	94,906	13,289	–	295,353
Balance at end of current period	1,030,817	736,896	559,220	2,326,933	103,430	(3,472)	99,957	20,223	–	2,447,113

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	224,886	430,863
Depreciation	48,849	32,967
Amortization of goodwill	143,030	81,101
Share-based compensation expenses	6,933	13,289
Increase (decrease) in allowance for doubtful accounts	(12,798)	22,247
Increase (decrease) in provision for bonuses	(5,644)	(4,595)
Increase (decrease) in provision for retirement benefits	363	(63,436)
Increase (decrease) in provision for retirement benefits	–	13,599
Increase (decrease) in other provision	(4,838)	(2,485)
Interest and dividend income	(14,148)	(49,102)
Interest expenses	26,908	33,210
Loss on liquidation of silent partnership	–	6,363
Bond issuance cost	6,287	–
Loss (gain) on valuation of investment securities	11,249	1,099
Loss (gain) on sales of short-term and long-term investment securities	(260)	(17,502)
Loss on valuation of golf club memberships	–	4,196
Loss (gain) on step acquisitions	(31,060)	–
Loss (gain) on sales of non-current assets	(71,279)	–
Loss on cancellation of leases	4,885	–
Decrease (increase) in notes and accounts receivable - trade	133,036	12,466
The amount of increase and decrease of purchased receivables	16,727	–
Decrease (increase) in inventories	80,417	(757,822)
Increase (decrease) in notes and accounts payable - trade	(15,585)	45,377
Decrease (increase) in advance payments	(65,000)	65,000
Increase (decrease) in accounts payable - other	33,936	148,331
Increase (decrease) in long-term accounts payable - other	–	50,537
Increase (decrease) in deposits received	7,451	90,009
Increase (decrease) in lease and guarantee deposits received	(92,650)	73,735
Increase (decrease) in long-term deposits received	(20,886)	(3,919)
Other, net	(18,105)	(14,741)
Subtotal	392,708	210,791
Interest and dividend income received	12,795	7,553
Interest expenses paid	(29,235)	(32,547)
Refunded consumption taxes for prior periods	6,442	345
Income taxes (paid) refund	(14,618)	11,456
Net cash provided by (used in) operating activities	368,092	197,599

(Thousands of yen)

	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014
Cash flows from investing activities		
Payments into time deposits	(11,000)	–
Proceeds from withdrawal of time deposits	–	11,000
Purchase of property, plant and equipment	(39,767)	(5,972)
Proceeds from sales of property, plant and equipment	824,324	–
Purchase of intangible assets	(15,729)	(19,982)
Payments of investment securities and investments in capital	(116,010)	(101,582)
Proceeds from sales of investment securities and investments in capital	683,908	145,705
Proceeds from distribution of silent partnerships	–	108,921
Proceeds from sales of shares of subsidiaries and associates	–	5,100
Purchase of shares of subsidiaries and associates	(9,956)	(5,100)
Payments of loans receivable from subsidiaries and associates	–	(63,913)
Purchase of golf club memberships	–	(31,949)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	437,217	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	133,911	–
Other, net	–	935
Net cash provided by (used in) investing activities	1,886,899	43,161
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(600,000)	546,000
Proceeds from long-term loans payable	1,000,000	400,000
Repayments of long-term loans payable	(895,154)	(397,600)
Proceeds from issuance of bonds	293,398	–
Redemption of bonds	(122,500)	(60,068)
Payments for share profits on deposits received from investments in silent partnership	(14,520)	(60,896)
Cash dividends paid	(78,567)	(173,943)
Cash dividends paid to minority shareholders	(7,806)	–
Net cash provided by (used in) financing activities	(425,150)	253,491
Effect of exchange rate change on cash and cash equivalents	(785)	(2,043)
Net increase (decrease) in cash and cash equivalents	1,829,055	492,207
Cash and cash equivalents at beginning of period	746,749	2,577,371
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	1,566	–
Cash and cash equivalents at end of period	2,577,371	3,069,579