

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended March 31, 2018 (Based on Japanese GAAP)

May 8, 2018

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: Officer, Administration Division Shintaro Hashiba TEL 03-6439-5800  
 Scheduled date to file Quarterly Securities Report: May 8, 2018  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 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, 2018 (from January 1, 2018 to March 31, 2018)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2018	4,347	47.5	202	(47.1)	146	(56.7)	119	(54.0)
Three months ended March 31, 2017	2,947	(19.1)	382	55.3	338	88.2	259	63.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2018	10.46		10.30	
Three months ended March 31, 2017	21.88		21.81	

(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, 2018	12,230	3,810	31.1	333.14
As of December 31, 2017	12,587	3,624	28.7	316.81

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, 2017	–	11.00	–	19.00	30.00
Year ending December 31, 2018	–				
Year ending December 31, 2018 (Forecast)		14.00	–	21.00	35.00

3. Forecast of consolidated financial results for the year ending December 31, 2018 (from January 1, 2018 to December 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		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, 2018	8,600	22.8	590	(15.9)	560	(13.3)	450	(16.5)	39.43
Full year	17,500	20.2	1,210	10.6	1,100	16.6	880	14.5	77.10

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2018  
 (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, 2018	11,963,500 shares	As of December 31, 2017	11,963,500 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	550,078 shares	As of December 31, 2017	550,042 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, 2018	11,413,456 shares	Three months ended March 31, 2017	11,863,483 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	5,386,770	5,564,272
Accounts receivable - trade	331,094	331,588
Real estate for sale	2,771,485	1,227,706
Other inventories	4,863	3,374
Deferred tax assets	291,782	283,095
Other	724,943	729,885
Allowance for doubtful accounts	(79,270)	(79,195)
Total current assets	9,431,668	8,060,728
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	137,310	133,611
Land	1,406	1,406
Other, net	64,605	65,210
Total property, plant and equipment	203,321	200,228
Intangible assets		
Goodwill	60,826	40,550
Software	152,757	146,016
Other	2,249	2,228
Total intangible assets	215,832	188,796
Investments and other assets		
Investment securities	2,303,508	3,350,322
Shares of subsidiaries and associates	108,028	108,029
Deferred tax assets	1,197	1,188
Other	324,066	321,387
Total investments and other assets	2,736,800	3,780,927
Total non-current assets	3,155,955	4,169,952
Total assets	12,587,623	12,230,681

(Thousands of yen)

	As of December 31, 2017	As of March 31, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	82,938	51,856
Short-term loans payable	2,120,000	1,409,651
Current portion of long-term loans payable	888,200	909,600
Current portion of bonds	494,000	524,000
Income taxes payable	65,600	28,630
Accounts payable - other	705,565	328,161
Provision for bonuses	–	199,345
Other	418,377	385,780
<b>Total current liabilities</b>	<b>4,774,683</b>	<b>3,837,024</b>
<b>Non-current liabilities</b>		
Bonds payable	1,384,000	1,572,000
Long-term loans payable	1,467,460	1,501,510
Long-term lease and guarantee deposited	1,105,243	1,141,796
Long-term accounts payable - other	61,472	58,408
Deferred tax liabilities	170,745	309,614
<b>Total non-current liabilities</b>	<b>4,188,921</b>	<b>4,583,329</b>
<b>Total liabilities</b>	<b>8,963,605</b>	<b>8,420,354</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,088,937	1,088,937
Capital surplus	795,016	795,016
Retained earnings	1,703,941	1,606,476
Treasury shares	(346,548)	(346,621)
<b>Total shareholders' equity</b>	<b>3,241,347</b>	<b>3,143,809</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	397,190	711,675
Foreign currency translation adjustment	(22,616)	(53,256)
<b>Total accumulated other comprehensive income</b>	<b>374,573</b>	<b>658,419</b>
Subscription rights to shares	8,097	8,097
<b>Total net assets</b>	<b>3,624,018</b>	<b>3,810,326</b>
<b>Total liabilities and net assets</b>	<b>12,587,623</b>	<b>12,230,681</b>

**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, 2017	Three months ended March 31, 2018
Operating revenue		
Operating revenue	1,599,056	1,107,384
Real estate sales	1,348,940	3,239,619
Total operating revenue	2,947,997	4,347,004
Operating cost		
Cost For Sales	779,625	667,477
Cost of sales - real estate	1,294,626	2,948,992
Total operating cost	2,074,251	3,616,469
Operating gross profit	873,746	730,534
Selling, general and administrative expenses	491,161	528,088
Operating profit	382,585	202,446
Non-operating income		
Interest income	742	4,038
Dividend income	954	1,009
Other	2,917	1,863
Total non-operating income	4,614	6,911
Non-operating expenses		
Interest expenses	14,709	17,655
Commission fee	396	15,153
Bond issuance cost	4,110	6,287
Foreign exchange losses	26,655	19,110
Other	2,885	4,629
Total non-operating expenses	48,757	62,834
Ordinary profit	338,441	146,522
Extraordinary losses		
Loss on valuation of golf club membership	3,120	–
Total extraordinary losses	3,120	–
Profit before income taxes	335,321	146,522
Income taxes - current	49,256	18,362
Income taxes - deferred	26,465	8,769
Total income taxes	75,722	27,131
Profit	259,599	119,390
Profit attributable to owners of parent	259,599	119,390

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Three months ended March 31, 2017	Three months ended March 31, 2018
Profit	259,599	119,390
Other comprehensive income		
Valuation difference on available-for-sale securities	23,834	314,484
Foreign currency translation adjustment	(19,893)	(30,639)
Total other comprehensive income	3,941	283,845
Comprehensive income	263,540	403,236
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	263,540	403,236
Comprehensive income attributable to non-controlling interests	—	—