

Consolidated Financial Results for the Fiscal Year Ended June 30, 2019

[Japanese GAAP]

August 8, 2019

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Scheduled date of Annual General Meeting of Shareholders: September 27, 2019

Scheduled date of payment of dividend: September 30, 2019

Scheduled date of filing of Annual Securities Report: September 30, 2019

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2019 (July 1, 2018 to June 30, 2019)

(1) Consolidated results of operations (Percentages represent 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	%
Fiscal year ended Jun. 30, 2019	20,084	24.9	2,148	28.7	1,913	32.8	1,310	32.5
Fiscal year ended Jun. 30, 2018	16,085	(9.6)	1,668	(31.0)	1,440	(33.3)	988	(32.5)

Note: Comprehensive income (millions of yen) Fiscal year ended Jun. 30, 2019: 1,310 (up 32.5%)

Fiscal year ended Jun. 30, 2018: 988 (down 32.5%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Jun. 30, 2019	52.09	52.09	16.6	6.5	10.7
Fiscal year ended Jun. 30, 2018	39.36	39.34	13.8	5.5	10.4

Reference: Equity in earnings of affiliates (millions of yen) Fiscal year ended Jun. 30, 2019: -

Fiscal year ended Jun. 30, 2018: -

(2) Consolidated financial condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Jun. 30, 2019	30,467	8,363	27.4	332.15
As of Jun. 30, 2018	28,527	7,450	26.1	296.01

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2019: 8,356 As of Jun. 30, 2018: 7,442

(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 the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended Jun. 30, 2019	2,043	(167)	(801)	5,295
Fiscal year ended Jun. 30, 2018	(1,600)	(1,388)	3,106	4,221

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividends on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Jun. 30, 2018	-	7.00	-	9.00	16.00	402	40.7	5.6
Fiscal year ended Jun. 30, 2019	-	7.00	-	11.00	18.00	452	34.6	5.7
Fiscal year ending Jun. 30, 2020 (forecasts)	-	10.00	-	14.00	24.00		41.6	

Note: The 2Q-end dividend per share for the fiscal year ended June 30, 2018 comprises an ordinary dividend of 6.00 yen and a commemorative dividend of 1.00 yen.

3. Consolidated Earnings Forecast for the Fiscal Year Ending June 30, 2020 (July 1, 2019 to June 30, 2020)

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	8,150	(29.0)	650	(54.0)	510	(61.0)	350	(61.4)	13.91
Full year	21,380	6.5	2,380	10.8	2,090	9.2	1,450	10.7	57.64

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

Newly added: - Excluded: -

(2) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(3) Number of shares outstanding (common shares)

1) Number of outstanding shares as of the end of the period (including treasury shares)

As of Jun. 30, 2019: 25,158,100 shares As of Jun. 30, 2018: 25,144,100 shares

2) Number of treasury shares as of the end of the period

As of Jun. 30, 2019: 62 shares As of Jun. 30, 2018: 52 shares

3) Average number of outstanding shares during the period

Fiscal year ended Jun. 30, 2019: 25,151,999 shares Fiscal year ended Jun. 30, 2018: 25,129,950 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended June 30, 2019 (July 1, 2018 to June 30, 2019)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Jun. 30, 2019	19,608	25.1	2,126	40.1	1,894	46.6	1,297	46.5
Fiscal year ended Jun. 30, 2018	15,674	(10.1)	1,517	(35.7)	1,292	(38.5)	885	(37.8)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Fiscal year ended Jun. 30, 2019	51.57		51.57	
Fiscal year ended Jun. 30, 2018	35.24		35.22	

(2) Non-consolidated financial condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Jun. 30, 2019	30,244	8,212	27.1	326.14
As of Jun. 30, 2018	28,309	7,312	25.8	290.51

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2019: 8,204 As of Jun. 30, 2018: 7,304

* The current consolidated financial results are not subject to the audit by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts, and other special items

- Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the Urbanet Group's management at the time these materials were prepared. Actual results may differ significantly from these forecasts for a number of reasons. Information that we think may be useful for forecast assumptions is shown in "1. Overview of Results of Operations, (4) Outlook" on page 4 of the attachments.
- The Urbanet Group plans to hold the financial results meeting for investors as follows. Materials distributed and video recorded at this event are to be posted promptly on its website following the meeting.
- Friday, August 9, 2019: Financial results meeting for institutional investors and analysts

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1. Overview of Results of Operations

(1) Overview of Results of Operations for the Current Fiscal Year

During the fiscal year ended June 30, 2019 (hereinafter “the current fiscal year”), the Urbanet Group companies (hereinafter “the Urbanet Group” or “the Group”) reported net sales of 20,084 million yen (up 24.9% year-on-year) with operating profit of 2,148 million yen (up 28.7% year-on-year), ordinary profit of 1,913 million yen (up 32.8% year-on-year), and profit attributable to owners of parent of 1,310 million yen (up 32.5% year-on-year). With net sales over 20 billion yen, we have also exceeded our initial targets of total assets and cash and deposits of 30 billion yen and 5 billion yen, respectively.

We believe that our achievement of the above targets has proven effectiveness of our basic business model of developing and selling whole one-room apartment buildings for investors with a strict focus on locations that must be within Tokyo’s 23 wards and in areas 10 minutes’ walk from a train station. This is so even under the current market environment where the market of one-room apartments for investors in central Tokyo, the Urbanet Group’s key business domain, is facing a downward trend in profit margin resulting from a rise in cost of sales due to soaring land prices and continuing high construction costs. Specifically, our business model has been supported by the government’s continued low-interest rate policy; satisfied appetite for property investments by young people with anxiety over their future; and captured demands for investment properties from high-net-worth individuals with concern over the inheritance tax, and for income properties that are short in supply due to strong demand from well-funded funds and REITs.

The performance by each business category is explained below.

It is noted that all activities of the Group belong to a single business segment—the real estate business—consisting primarily of the development, purchase, and sale of condominiums for investors and consumers. As such, we break down the operating results into the following categories within the real estate business segment.

(Real Estate Development and Sales)

Total amount of sales from this category was 19,392 million yen (up 25.5% year-on-year), with revenues from sale of 650 units in a total of 14 one-room apartments for investors, sale of 18 units in two apartment buildings, sale of three units in one terraced house, and resale of three tracts of land.

(Real Estate Purchase and Sales)

Total amount of sales from this category was 250 million yen (up 15.1% year-on-year), with revenues from purchase and resale of seven units of properties.

(Others)

Total amount of sales from this category was 440 million yen (up 5.0% year-on-year), with revenues from real estate brokerage and real estate leasing among others.

(2) Overview of Financial Position for the Current Fiscal Year

Assets, liabilities and net assets

Total assets on a consolidated basis amounted to 30,467 million yen at the end of the current fiscal year, an increase of 1,939 million yen over the end of the previous fiscal year.

This was mainly due to an increase of 1,073 million yen in cash and deposits and an increase of 637 million yen in inventories.

Liabilities totaled 22,103 million yen, an increase of 1,026 million yen over the end of the previous fiscal year.

This was mainly due to an increase of 2,665 million yen in current liabilities in line with increases in short-term

loans payable and current portion of long-term loans payable, primarily attributable to syndicate loans, as a result of adverse conditions to purchase land in contrast to steady growth in sales, as well as a decrease of 1,639 million yen in non-current liabilities, especially in long-term loans payable.

Net assets totaled 8,363 million yen, an increase of 913 million yen over the end of the previous fiscal year.

This was mainly due to an increase of 907 million yen in retained earnings.

(3) Overview of Cash Flows for the Current Fiscal Year

Cash and cash equivalents (hereinafter “net cash”) as of the end of the current fiscal year amounted to 5,295 million yen, an increase of 1,073 million yen over the end of the previous fiscal year. This was due to positive cash flows from operating activities, which was partially offset by negative cash flows from financial activities. The positive cash flows from operating activities reflected increasingly difficult conditions to purchase land for new development projects in contrast to steady sales, which were caused by vigorous demand for office space and land for hotels as well as by demand for small plots of land from major players in the real estate industry who have once again pursued their heavily Tokyo-centered strategy.

Cash flows from operating activities

Net cash provided by operating activities for the current fiscal year totaled 2,043 million yen (compared with net cash used of 1,600 million yen in the previous fiscal year).

Cash flows from investing activities

Net cash used in investing activities for the current fiscal year totaled 167 million yen (compared with net cash used of 1,388 million yen in the previous fiscal year). This was mainly due to purchase of property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities for the current fiscal year totaled 801 million yen (compared with net cash provided of 3,106 million yen in the previous fiscal year).

This was mainly due to repayments of long-term loans payable driven by steady growth in sales, which exceeded the drawdown of loans to purchase land for new development projects.

Reference: Trends in cash flow indicators

	FY6/15	FY6/16	FY6/17	FY6/18	FY6/19
Equity ratio (%)	32.6	30.9	29.3	26.1	27.4
Market value-based equity ratio (%)	52.2	37.2	44.9	32.1	28.7
Interest-bearing debt to cash flow ratio (year)	(Note 6)	(Note 6)	(Note 6)	(Note 6)	8.9
Interest coverage ratio (time)	(Note 6)	(Note 6)	(Note 6)	(Note 6)	11.2

Notes: 1. The above indicators are calculated based on the following formula.

Equity ratio: Shareholders' equity / Total assets

Market value-based equity ratio: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest payments

2. All the indicators are calculated using financial reporting figures on a consolidated basis.

3. Market capitalization is calculated by multiplying the closing share price at the end of the period by the total number of shares outstanding, excluding treasury shares, at the end of the period.

4. Cash flows are calculated using the figures for operating cash flows in the consolidated statement of cash flows.

5. Interest-bearing debt includes all debts on the consolidated balance sheet that incur interest. Interest payments are calculated using the figures for interests paid in the consolidated statement of cash flows.

6. Interest-bearing debt to cash flow ratio and interest coverage ratio are not presented because operating cash flows were negative.

(4) Outlook

In the Real Estate Development and Sales business for the fiscal year ending June 30, 2020, the Group is planning to sell 734 units (compared with 671 units for the previous fiscal year) of one-room apartments for investors, of which 695 units have been effectively sold with contracts already signed or under preparation. As such, gross profit margin, one of our KPIs, has improved to 18% level as the number of units to be sold has exceeded that for the previous fiscal year, and sale of properties to well-funded funds and REITS has also increased. Accordingly, the Group expects a year-on-year increase in both sales and profits for the fiscal year ending June 30, 2020.

(Millions of yen)

	FY6/19	FY6/20
Net sales	20,084	21,380
Operating profit	2,148	2,380
Ordinary profit	1,913	2,090
Profit attributable to owners of parent	1,310	1,450

Number of units of one-room apartments for investors sold or to be sold	671 units	734 units
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(5) Profit Allocation Policy and Dividend Payment Plan for the Current and Next Fiscal Years

While we are keenly aware of the need to maintain sufficient retained earnings and liquidity to ensure financial soundness, we also bear in mind that the shareholder return is an increasingly important management issue. Since our stock was listed, we have consistently placed priority on paying a dividend based on the results of operations according to our corporate policy.

In the basic dividend policy, we initially stated that we would pay dividends of 35% of the amount of profit attributable to owners of parent excluding the effect of deferred income taxes. However, at the regular Board of Directors' meeting held on June 13, 2019, the directors approved a resolution to abolish the "shareholder benefit program," which we had offered since the fiscal year ended June 30, 2018, for the purpose of directly and equitably returning profits to shareholders. Accordingly, the program was terminated at the end of the current fiscal year. The directors also resolved to raise the payout ratio under the dividend policy as defined above from 35% to 40% from the fiscal year ending June 30, 2020.

We have decided that the year-end dividend for the current fiscal year is 11 yen per share as announced in the "Notice of payment of dividends (year-end dividends) from surplus (Japanese version only)" dated August 8, 2019. Since 7 yen per share has already been paid as interim dividends at the end of the second quarter, the full-year dividend will amount to 18 yen per share.

For the dividends for the fiscal year ending June 30, 2020, we plan to pay a full-year dividend of 24 yen per share, consisting of an interim dividend at the end of the second quarter of 10 yen per share and a year-end dividend of 14 yen per share based on the outlook and the above-mentioned dividend policy as well as by taking into account the new payout ratio and operating results that tend to be biased to either the first half or the second half of the fiscal year.

2. Basic Approach to the Selection of Accounting Standards

The Urbanet Group will continue to prepare consolidated financial statements using generally accepted accounting principles in Japan for the time being. Currently, all business activities are conducted in Japan and shareholders, creditors and business partners in Japan account for most stakeholders. Furthermore, there is no plan to procure funds from overseas.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheet**

	(Thousands of yen)	
	FY6/18 (As of Jun. 30, 2018)	FY6/19 (As of Jun. 30, 2019)
Assets		
Current assets		
Cash and deposits	4,231,064	5,305,056
Lease investment assets	23,313	25,212
Real estate for sale	2,618,048	3,762,250
Real estate for sale in process	16,006,346	15,499,820
Advance payments-trade	25,000	161,129
Prepaid expenses	26,722	35,076
Other	131,270	84,043
Total current assets	23,061,766	24,872,589
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,373,476	2,373,476
Accumulated depreciation	(282,224)	(377,900)
Buildings and structures, net	2,091,251	1,995,576
Tools, furniture and fixtures	7,928	5,918
Accumulated depreciation	(5,908)	(4,421)
Tools, furniture and fixtures, net	2,020	1,497
Land	2,769,702	2,769,702
Leased assets	98,187	98,483
Accumulated depreciation	(58,408)	(50,282)
Leased assets, net	39,779	48,200
Construction in progress	-	181,042
Total property, plant and equipment	4,902,753	4,996,018
Intangible assets		
Telephone subscription right	388	-
Software	2,825	3,172
Total intangible assets	3,213	3,172
Investments and other assets		
Investments in capital	960	960
Lease and guarantee deposits	58,535	61,448
Long-term prepaid expenses	6,167	3,704
Deferred tax assets	39,371	78,578
Lease investment assets	335,398	309,658
Other	119,654	141,080
Total investments and other assets	560,086	595,429
Total non-current assets	5,466,053	5,594,620
Total assets	28,527,820	30,467,209

	(Thousands of yen)	
	FY6/18	FY6/19
	(As of Jun. 30, 2018)	(As of Jun. 30, 2019)
Liabilities		
Current liabilities		
Accounts payable-trade	1,638,204	2,046,486
Short-term loans payable	195,000	723,528
Current portion of bonds	36,000	-
Current portion of long-term loans payable	8,130,739	8,879,044
Lease obligations	15,830	20,510
Accounts payable-other	52,304	103,987
Accrued expenses	20,710	24,883
Income taxes payable	70,864	470,193
Accrued consumption taxes	3,365	-
Advances received	633,590	1,158,996
Deposits received	34,037	30,618
Provision for shareholder benefit program	-	37,893
Other	12,914	12,681
Total current liabilities	10,843,561	13,508,823
Non-current liabilities		
Long-term loans payable	10,098,008	8,473,821
Lease obligations	32,893	36,161
Provision for shareholder benefit program	25,941	-
Retirement benefit liability	44,020	48,600
Other	32,779	35,862
Total non-current liabilities	10,233,641	8,594,444
Total liabilities	21,077,203	22,103,268
Net assets		
Shareholders' equity		
Capital stock	1,682,463	1,685,249
Capital surplus	1,180,590	1,183,376
Retained earnings	4,579,854	5,487,632
Treasury shares	(14)	(17)
Total shareholders' equity	7,442,893	8,356,240
Share acquisition rights	7,723	7,700
Total net assets	7,450,617	8,363,940
Total liabilities and net assets	28,527,820	30,467,209

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Thousands of yen)

	FY6/18 (Jul. 1, 2017 – Jun. 30, 2018)	FY6/19 (Jul. 1, 2018 – Jun. 30, 2019)
Net sales	16,085,447	20,084,129
Cost of sales	13,222,709	16,595,350
Gross profit	2,862,738	3,488,778
Selling, general and administrative expenses		
Salaries and allowances	278,471	307,841
Remuneration for directors (and other officers)	132,550	163,800
Bonuses	102,631	131,658
Retirement benefit expenses	7,436	7,798
Legal welfare expenses	56,732	68,511
Traveling and transportation expenses	21,566	24,094
Advertising expenses	17,414	23,341
Promotion expenses	50,037	15,566
Supplies expenses	7,563	8,579
Rents	62,120	62,680
Insurance expenses	23,334	22,850
Taxes and dues	108,703	122,627
Commission expenses	103,939	163,637
Compensations	31,820	33,434
Business consignment expenses	30,657	28,736
Depreciation	25,309	24,556
Other	133,983	131,019
Total selling, general and administrative expenses	1,194,272	1,340,732
Operating profit	1,668,466	2,148,045
Non-operating income		
Interest income	55	35
Dividend income	10	7
Miscellaneous income	5,457	4,472
Total non-operating income	5,523	4,515
Non-operating expenses		
Interest expenses	181,859	184,284
Commission expenses	39,087	53,729
Miscellaneous loss	12,275	690
Total non-operating expenses	233,221	238,704
Ordinary profit	1,440,768	1,913,857
Profit before income taxes	1,440,768	1,913,857
Income taxes-current	411,476	642,545
Income taxes-deferred	40,301	(38,869)
Total income taxes	451,777	603,676
Profit	988,990	1,310,181
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	988,990	1,310,181

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY6/18	FY6/19
	(Jul. 1, 2017 – Jun. 30, 2018)	(Jul. 1, 2018 – Jun. 30, 2019)
Profit	988,990	1,310,181
Other comprehensive income	-	-
Comprehensive income	988,990	1,310,181
Comprehensive income attributable to:		
Owners of parent	988,990	1,310,181
Non-controlling interests	-	-

(3) Consolidated Statement of Changes in Net Assets

FY6/18 (Jul. 1, 2017 – Jun. 30, 2018)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,673,797	1,171,925	4,067,974	(14)	6,913,683
Changes of items during period					
Issuance of new shares	8,665	8,665			17,330
Dividends of surplus			(477,110)		(477,110)
Profit attributable to owners of parent			988,990		988,990
Purchase of treasury shares					-
Net changes of items other than shareholders' equity					
Total changes of items during period	8,665	8,665	511,879	-	529,210
Balance at end of current period	1,682,463	1,180,590	4,579,854	(14)	7,442,893

	Share acquisition rights	Total net assets
Balance at beginning of current period	7,373	6,921,056
Changes of items during period		
Issuance of new shares		17,330
Dividends of surplus		(477,110)
Profit attributable to owners of parent		988,990
Purchase of treasury shares		-
Net changes of items other than shareholders' equity	350	350
Total changes of items during period	350	529,560
Balance at end of current period	7,723	7,450,617

FY6/19 (Jul. 1, 2018 – Jun. 30, 2019)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,682,463	1,180,590	4,579,854	(14)	7,442,893
Changes of items during period					
Issuance of new shares	2,786	2,786			5,572
Dividends of surplus			(402,402)		(402,402)
Profit attributable to owners of parent			1,310,181		1,310,181
Purchase of treasury shares				(3)	(3)
Net changes of items other than shareholders' equity					
Total changes of items during period	2,786	2,786	907,778	(3)	913,347
Balance at end of current period	1,685,249	1,183,376	5,487,632	(17)	8,356,240

	Share acquisition rights	Total net assets
Balance at beginning of current period	7,723	7,450,617
Changes of items during period		
Issuance of new shares		5,572
Dividends of surplus		(402,402)
Profit attributable to owners of parent		1,310,181
Purchase of treasury shares		(3)
Net changes of items other than shareholders' equity	(23)	(23)
Total changes of items during period	(23)	913,323
Balance at end of current period	7,700	8,363,940

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY6/18	FY6/19
	(Jul. 1, 2017 – Jun. 30, 2018)	(Jul. 1, 2018 – Jun. 30, 2019)
Cash flows from operating activities		
Profit before income taxes	1,440,768	1,913,857
Depreciation	118,708	115,758
Increase (decrease) in provision for shareholder benefit program	25,941	11,952
Interest and dividend income	(65)	(43)
Interest expenses	181,859	184,284
Decrease (increase) in lease investment assets	(358,712)	23,841
Decrease (increase) in notes and accounts receivable-trade	-	(121)
Decrease (increase) in inventories	(3,164,650)	(637,675)
Increase (decrease) in accrued consumption taxes	(9,843)	(3,365)
Increase (decrease) in notes and accounts payable-trade	1,220,718	408,282
Increase (decrease) in advances received	-	525,406
Increase (decrease) in retirement benefit liability	6,489	4,580
Other, net	(107,270)	(59,773)
Subtotal	(646,058)	2,486,983
Interest and dividend income received	66	44
Interest expenses paid	(177,507)	(181,924)
Income taxes (paid) refund	(777,048)	(261,925)
Net cash provided by (used in) operating activities	(1,600,548)	2,043,178
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,385,974)	(160,539)
Purchase of intangible assets	(1,900)	(1,425)
Payments for leasehold and guarantee deposits	-	(5,521)
Other, net	(500)	-
Net cash provided by (used in) investing activities	(1,388,374)	(167,486)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(60,000)	528,528
Proceeds from long-term loans payable	9,804,295	9,286,229
Repayments of long-term loans payable	(6,072,052)	(10,162,111)
Redemption of bonds	(82,000)	(36,000)
Proceeds from issuance of common shares	13,624	4,956
Repayments of lease obligations	(20,727)	(21,057)
Purchase of treasury shares	-	(3)
Cash dividends paid	(476,562)	(402,241)
Net cash provided by (used in) financing activities	3,106,577	(801,700)
Net increase (decrease) in cash and cash equivalents	117,654	1,073,991
Cash and cash equivalents at beginning of period	4,103,410	4,221,064
Cash and cash equivalents at end of period	4,221,064	5,295,056

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Changes in Presentation Method

From the beginning of the current fiscal year, the Urbanet Group has applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018). Accordingly, the Group has changed its presentation method to present the figure of deferred tax assets in the investments and other assets section and that of deferred tax liabilities in the non-current liabilities section of the balance sheet.

Segment and Other Information

Omitted since the Urbanet Group has only a single business segment, the real estate business, which is engaged mainly in the development, purchase and sale of condominiums for investors and consumers.

Per-share Information

(Yen)

	FY6/18 (Jul. 1, 2017 – Jun. 30, 2018)	FY6/19 (Jul. 1, 2018 – Jun. 30, 2019)
Net assets per share	296.01	332.15
Net income per share	39.36	52.09
Diluted net income per share	39.34	52.09

Note: 1. The following is a reconciliation of net income per share and diluted net income per share.

(Thousands of yen, unless otherwise stated)

	FY6/18 (Jul. 1, 2017 – Jun. 30, 2018)	FY6/19 (Jul. 1, 2018 – Jun. 30, 2019)
Net income per share		
Profit attributable to owners of parent	988,990	1,310,181
Amount not attributable to common shareholders	-	-
Profit attributable to common shareholders of parent	988,990	1,310,181
Average number of shares of common stock during the period (share)	25,129,950	25,151,999
Diluted net income per share		
Adjustment to profit attributable to owners of parent	-	-
Increase in the number of shares of common stock (share)	8,349	35
[of which, the number of share acquisition rights (share)]	[8,349]	[35]
Summary of potentially dilutive shares not included in the calculation of diluted net income per share due to their anti-dilutive effect	-	Stock option resolved at the Board of Director’s meeting on November 15, 2016 (Share acquisition rights) Number of types of share acquisition rights: 1 Number of share acquisition rights: 1,950 units Number of shares subject to share acquisition rights: 195,000 shares

Material Subsequent Events

Not applicable.

4. Others

(1) Changes in Board Members

The following changes in the board members to be effective on September 27, 2019 have been determined at the Board of Directors' meeting held on August 8, 2019. The changes are expected to be authorized subject to approval at the 22nd Annual General Meeting of Shareholders and the subsequent Board of Directors' meeting, both scheduled on September 27, 2019.

1. Changes in directors

All eight incumbent directors are scheduled to be reappointed.

2. Changes in Audit & Supervisory Board Members

There will be no change as all three incumbent Audit & Supervisory Board Members are still serving their terms of office.

3. Changes in Substitute Audit & Supervisory Board Member

As the incumbent Substitute Audit & Supervisory Board Member, Osamu Toyosaki, will resign from his position for personal reasons at the closing of the 22nd Annual General Meeting of Shareholders to be held on September 27, 2019, Mr. Nobuhiro Tokuhara, has been elected as a candidate for the newly-appointed Substitute Outside Audit & Supervisory Board Member.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.