

# Consolidated Financial Results for the Fiscal Year Ended June 30, 2018

## [Japanese GAAP]

August 9, 2018

Company name: URBANET CORPORATION Co., Ltd. Listing: Tokyo Stock Exchange (JASDAQ)  
 Stock code: 3242 URL: <http://www.urbanet.jp/>  
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Scheduled date of Annual General Meeting of Shareholders: September 27, 2018  
 Scheduled date of payment of dividend: September 28, 2018  
 Scheduled date of filing of Annual Securities Report: September 28, 2018  
 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, 2018 (July 1, 2017 to June 30, 2018)

(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, 2018	16,085	(9.6)	1,668	(31.0)	1,440	(33.3)	988	(32.5)
Fiscal year ended Jun. 30, 2017	17,788	0.5	2,419	20.6	2,158	25.5	1,465	28.6

Note: Comprehensive income (millions of yen) Fiscal year ended Jun. 30, 2018: 988 (down 32.5%)  
 Fiscal year ended Jun. 30, 2017: 1,465 (up 27.0%)

	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, 2018	39.36	39.34	13.8	5.5	10.4
Fiscal year ended Jun. 30, 2017	58.59	58.49	23.0	10.2	13.6

Reference: Equity in earnings of affiliates (millions of yen) Fiscal year ended Jun. 30, 2018: -  
 Fiscal year ended Jun. 30, 2017: -

#### (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, 2018	28,527	7,450	26.1	296.01
As of Jun. 30, 2017	23,560	6,921	29.3	275.54

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2018: 7,442 As of Jun. 30, 2017: 6,913

#### (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, 2018	(1,600)	(1,388)	3,106	4,221
Fiscal year ended Jun. 30, 2017	(1,747)	(399)	3,736	4,103

### 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, 2017	-	9.00	-	12.00	21.00	526	35.8	8.2
Fiscal year ended Jun. 30, 2018	-	7.00	-	9.00	16.00	402	40.7	5.6
Fiscal year ending Jun. 30, 2019 (forecasts)	-	7.00	-	8.00	15.00		36.6	

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, 2019 (July 1, 2018 to June 30, 2019)

(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
Full year	17,550	9.1	1,750	4.9	1,510	4.8	1,030	4.1	40.96

## \* 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, 2018: 25,144,100 shares As of Jun. 30, 2017: 25,091,900 shares

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

As of Jun. 30, 2018: 52 shares As of Jun. 30, 2017: 52 shares

3) Average number of outstanding shares during the period

Fiscal year ended Jun. 30, 2018: 25,129,950 shares Fiscal year ended Jun. 30, 2017: 25,016,448 shares

## Reference: Summary of Non-consolidated Financial Results

### 1. Non-consolidated Financial Results for the Fiscal Year Ended June 30, 2018 (July 1, 2017 to June 30, 2018)

(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, 2018	15,674	(10.1)	1,517	(35.7)	1,292	(38.5)	885	(37.8)
Fiscal year ended Jun. 30, 2017	17,427	0.5	2,360	18.5	2,102	22.7	1,424	26.2

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Jun. 30, 2018	35.24	35.22
Fiscal year ended Jun. 30, 2017	56.93	56.84

(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, 2018	28,309	7,312	25.8	290.51
As of Jun. 30, 2017	23,494	6,886	29.3	274.15

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2018: 7,304 As of Jun. 30, 2017: 6,878

\* 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 Urbanet Corporation'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 3 of the attachments.
- Urbanet Corporation 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 10, 2018: 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, 2018 (hereinafter “the current fiscal year”), the Urbanet Group companies (hereinafter “the Urbanet Group” or “the Group”) reported a year-on-year decrease in both sales and profits. This is mainly because the Group suffered a decrease in the number of properties sold caused by difficulties in purchasing land for development and construction progress. Nevertheless, the operating results for the current fiscal year exceeded the initial forecast in all respects, which had incorporated the above scenarios, with net sales of 16,085 million yen (down 9.6% year-on-year), operating profit of 1,668 million yen (down 31.0% year-on-year), ordinary profit of 1,440 million yen (down 33.3% year-on-year) and profit attributable to owners of parent of 988 million yen (down 32.5% year-on-year).

The performance by business category is explained below. As noted in “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Segment and Other information,” 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 15,448 million yen (down 10.2% year-on-year), with revenues from sale of 489 units in a total of 11 one-room apartments for investors and 51 units in one condominium building for consumers, six units in one apartment building, ten units in two terraced houses, and also from resale of one tract of land.

#### (Real Estate Purchase and Sales)

Total amount of sales from this category was 217 million yen (down 9.1% year-on-year), with revenues from purchase and resale of four units of properties.

#### (Others)

Total amount of sales from this category was 419 million yen (up 19.5% 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 amounted to 28,527 million yen at the end of the current fiscal year, an increase of 4,967 million yen over the end of the previous fiscal year. This was mainly due to increases of 2,522 million yen in real estate for sale and 642 million yen in real estate for sale in process, as well as an increase of 1,280 million yen in property, plant and equipment as a result of acquiring income properties to be held by the Company.

Liabilities totaled 21,077 million yen, an increase of 4,438 million yen over the end of the previous fiscal year. This was mainly due to increases of 958 million yen in current portion of long-term loans payable and 2,774 million yen in long-term loans payable primarily as a result of borrowings drawn down under the syndicated loan agreement, details of which were disclosed on April 23, 2018.

Net assets totaled 7,450 million yen, an increase of 529 million yen over the end of the previous fiscal year. This was mainly due to an increase of 511 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 4,221 million yen, a net increase of 117 million yen over the end of the previous fiscal year caused by decreases in net cash from operating and investing activities, which were more than offset by an increase in net cash from financing activities.

**Cash flows from operating activities**

Net cash used in operating activities totaled 1,600 million yen (compared with net cash used of 1,747 million yen in the previous fiscal year). This was mainly due to an increase in cash from the booking of profit before income taxes and an increase in notes and accounts payable-trade, which were more than offset by a decrease in cash due to an increase in inventories.

**Cash flows from investing activities**

Net cash used in investing activities totaled 1,388 million yen (compared with net cash used of 399 million yen in the previous fiscal year). This was mainly due to a decrease in net cash from purchase of property, plant and equipment.

**Cash flows from financing activities**

Net cash provided by financing activities totaled 3,106 million yen (compared with net cash provided of 3,736 million yen in the previous fiscal year). This was mainly due to an increase in proceeds from long-term loans payable as a result of the drawdown of new loans to use primarily for the real estate development business.

**Reference: Trends in cash flow indicators**

	FY6/16	FY6/17	FY6/18
Equity ratio (%)	30.9	29.3	26.1
Market value-based equity ratio (%)	37.2	44.9	32.1

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

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. 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, 2019, the Group is planning to sell 647 units (up 91 units year-on-year) of one-room apartments for investors, of which 599 units have already been effectively sold with contracts in place or under preparation. Given this situation, the Group expects a year-on-year increase in both sales and profits for the fiscal year ending June 30, 2019 as the number of units to be sold will exceed the number of units sold for the current fiscal year.

(Millions of yen)

	FY6/18	FY6/19	YoY Change (%)
Net sales	16,085	17,550	1,464 (9.1%)
Operating profit	1,668	1,750	81 (4.9%)
Ordinary profit	1,440	1,510	69 (4.8%)
Profit attributable to owners of parent	988	1,030	41 (4.1%)

Number of units of one-room apartments for investors sold or to be sold	556 units	647 units	91 units (16.4%)
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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.

It is our basic dividend policy that we pay dividends of 35% of the amount of profit attributable to owners of parent excluding the effect of deferred income taxes.

Along with the above policy, we have decided that the year-end dividend for the current fiscal year is 9 yen per share as announced in the “Notice of payment of dividends (year-end dividends) from surplus (Japanese version only)” dated August 9, 2018. Since 7 yen per share (including a 20th anniversary commemorative dividend of 1 yen per share) has already been paid as the dividends for the second quarter, the full-year dividend is 16 yen per share.

Comprehensively taking into account of the outlook and the above-mentioned basic dividend policy, we plan to pay a full-year dividend of 15 yen per share for the fiscal year ending June 30, 2019, consisting of a dividend for the second quarter of 7 yen per share and a year-end dividend of 8 yen per share.

**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)

	FY6/17 (As of Jun. 30, 2017)	FY6/18 (As of Jun. 30, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	4,113,410	4,231,064
Lease investment assets	-	23,313
Real estate for sale	95,995	2,618,048
Real estate for sale in process	15,363,748	16,006,346
Advance payments – trade	-	25,000
Prepaid expenses	25,292	26,722
Deferred tax assets	49,852	7,047
Other	61,200	131,270
Total current assets	19,709,498	23,068,813
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,148,066	2,373,476
Accumulated depreciation	(183,925)	(282,224)
Buildings and structures, net	1,964,141	2,091,251
Tools, furniture and fixtures	7,928	7,928
Accumulated depreciation	(5,040)	(5,908)
Tools, furniture and fixtures, net	2,887	2,020
Land	1,609,138	2,769,702
Leased assets	99,603	98,187
Accumulated depreciation	(53,926)	(58,408)
Leased assets, net	45,676	39,779
Total property, plant and equipment	3,621,843	4,902,753
Intangible assets		
Telephone subscription right	388	388
Software	1,554	2,825
Total intangible assets	1,942	3,213
Investments and other assets		
Investments in capital	960	960
Lease and guarantee deposits	62,531	58,535
Long-term prepaid expenses	2,137	6,167
Deferred tax assets	29,820	32,324
Lease investment assets	-	335,398
Other	131,372	119,654
Total investments and other assets	226,821	553,039
Total non-current assets	3,850,608	5,459,006
Total assets	23,560,107	28,527,820

	(Thousands of yen)	
	FY6/17	FY6/18
	(As of Jun. 30, 2017)	(As of Jun. 30, 2018)
Liabilities		
Current liabilities		
Accounts payable-trade	417,485	1,638,204
Short-term loans payable	255,000	195,000
Current portion of bonds	82,000	36,000
Current portion of long-term loans payable	7,172,540	8,130,739
Lease obligations	19,159	15,830
Accounts payable – other	95,179	52,304
Accrued expenses	17,182	20,710
Income taxes payable	459,992	70,864
Accrued consumption taxes	13,208	3,365
Advances received	631,005	633,590
Deposits received	25,257	34,037
Other	7,207	12,914
Total current liabilities	9,195,217	10,843,561
Non-current liabilities		
Bonds payable	36,000	-
Long-term loans payable	7,323,964	10,098,008
Lease obligations	31,185	32,893
Provision for shareholder benefit program	-	25,941
Net defined benefit liability	37,531	44,020
Other	15,152	32,779
Total non-current liabilities	7,443,832	10,233,641
Total liabilities	16,639,050	21,077,203
Net assets		
Shareholders' equity		
Capital stock	1,673,797	1,682,463
Capital surplus	1,171,925	1,180,590
Retained earnings	4,067,974	4,579,854
Treasury shares	(14)	(14)
Total shareholders' equity	6,913,683	7,442,893
Share acquisition rights	7,373	7,723
Total net assets	6,921,056	7,450,617
Total liabilities and net assets	23,560,107	28,527,820



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

	(Thousands of yen)	
	FY6/17	FY6/18
	(Jul. 1, 2016 – Jun. 30, 2017)	(Jul. 1, 2017 – Jun. 30, 2018)
Net sales	17,788,995	16,085,447
Cost of sales	13,961,963	13,222,709
Gross profit	3,827,032	2,862,738
Selling, general and administrative expenses		
Salaries and allowances	252,709	278,471
Directors' compensations	117,300	132,550
Bonuses	128,102	102,631
Retirement benefit expenses	18,888	7,436
Legal welfare expenses	57,627	56,732
Traveling and transportation expenses	27,650	21,566
Advertising expenses	24,566	17,414
Promotion expenses	62,551	50,037
Supplies expenses	7,346	7,563
Rents	54,242	62,120
Insurance expenses	23,224	23,334
Taxes and dues	166,593	108,703
Commission fee	223,385	103,939
Compensations	30,256	31,820
Business consignment expenses	40,720	30,657
Depreciation	26,581	25,309
Other	145,853	133,983
Total selling, general and administrative expenses	1,407,598	1,194,272
Operating profit	2,419,433	1,668,466
Non-operating income		
Interest income	84	55
Dividend income	10	10
Miscellaneous income	1,517	5,457
Total non-operating income	1,612	5,523
Non-operating expenses		
Interest expenses	175,196	181,859
Commission fee	87,088	39,087
Miscellaneous loss	239	12,275
Total non-operating expenses	262,524	233,221
Ordinary profit	2,158,521	1,440,768
Profit before income taxes	2,158,521	1,440,768
Income taxes-current	712,434	411,476
Income taxes-deferred	(19,632)	40,301
Total income taxes	692,802	451,777
Profit	1,465,718	988,990
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,465,718	988,990

**Consolidated Statement of Comprehensive Income**

	(Thousands of yen)	
	FY6/17	FY6/18
	(Jul. 1, 2016 – Jun. 30, 2017)	(Jul. 1, 2017 – Jun. 30, 2018)
Profit	1,465,718	988,990
Other comprehensive income	-	-
Comprehensive income	1,465,718	988,990
Comprehensive income attributable to:		
Owners of parent	1,465,718	988,990
Non-controlling interests	-	-

**(3) Consolidated Statement of Changes in Net Assets**

FY6/17 (Jul. 1, 2016 – Jun. 30, 2017)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,654,292	1,152,420	3,052,262	(14)	5,858,960
Changes of items during period					
Issuance of new shares	19,505	19,505			39,010
Dividends of surplus			(450,006)		(450,006)
Profit attributable to owners of parent			1,465,718		1,465,718
Net changes of items other than shareholders' equity					
Total changes of items during period	19,505	19,505	1,015,712	-	1,054,722
Balance at end of current period	1,673,797	1,171,925	4,067,974	(14)	6,913,683

	Share acquisition rights	Total net assets
Balance at beginning of current period	10,335	5,869,296
Changes of items during period		
Issuance of new shares		39,010
Dividends of surplus		(450,006)
Profit attributable to owners of parent		1,465,718
Net changes of items other than shareholders' equity	(2,962)	(2,962)
Total changes of items during period	(2,962)	1,051,760
Balance at end of current period	7,373	6,921,056

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
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
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

**(4) Consolidated Statement of Cash Flows**

	(Thousands of yen)	
	FY6/17	FY6/18
	(Jul. 1, 2016 – Jun. 30, 2017)	(Jul. 1, 2017 – Jun. 30, 2018)
Cash flows from operating activities		
Profit before income taxes	2,158,521	1,440,768
Depreciation	106,768	118,708
Increase (decrease) in provision for shareholder benefit program	-	25,941
Interest and dividend income	(95)	(65)
Interest expenses	175,196	181,859
Decrease (increase) in lease investment assets	-	(358,712)
Decrease (increase) in inventories	(2,640,263)	(3,164,650)
Increase (decrease) in accrued consumption taxes	(114,526)	(9,843)
Increase (decrease) in notes and accounts payable-trade	(458,188)	1,220,718
Increase (decrease) in net defined benefit liability	5,028	6,489
Other, net	(189,821)	(107,270)
Subtotal	(957,380)	(646,058)
Interest and dividend income received	93	66
Interest expenses paid	(175,066)	(177,507)
Income taxes (paid) refund	(614,731)	(777,048)
Net cash provided by (used in) operating activities	(1,747,085)	(1,600,548)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	74,000	-
Purchase of property, plant and equipment	(473,661)	(1,385,974)
Proceeds from sales of property, plant and equipment	80	-
Purchase of intangible assets	-	(1,900)
Other, net	(50)	(500)
Net cash provided by (used in) investing activities	(399,631)	(1,388,374)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	31,700	(60,000)
Proceeds from long-term loans payable	9,662,300	9,804,295
Repayments of long-term loans payable	(5,418,115)	(6,072,052)
Redemption of bonds	(100,000)	(82,000)
Proceeds from issuance of common shares	30,667	13,624
Repayments of lease obligations	(20,138)	(20,727)
Cash dividends paid	(449,841)	(476,562)
Net cash provided by (used in) financing activities	3,736,573	3,106,577
Net increase (decrease) in cash and cash equivalents	1,589,855	117,654
Cash and cash equivalents at beginning of period	2,513,554	4,103,410
Cash and cash equivalents at end of period	4,103,410	4,221,064

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

Not applicable.

**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)

	FY6/17 (Jul. 1, 2016 – Jun. 30, 2017)	FY6/18 (Jul. 1, 2017 – Jun. 30, 2018)
Net assets per share	275.54	296.01
Net income per share	58.59	39.36
Diluted net income per share	58.49	39.34

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

(Thousands of yen)

	FY6/17 (Jul. 1, 2016 – Jun. 30, 2017)	FY6/18 (Jul. 1, 2017 – Jun. 30, 2018)
Net income per share		
Profit attributable to owners of parent	1,465,718	988,990
Amount not attributable to common shareholders	-	-
Profit attributable to common shareholders of parent	1,465,718	988,990
Average number of shares of common stock during the period (shares)	25,016,448	25,129,950
Diluted net income per share		
Adjustment to profit attributable to owners of parent	-	-
Increase in the number of shares of common stock (shares)	41,758	8,349
(of which, the number of share acquisition rights)	( 41,758)	( 8,349)
Summary of potentially dilutive shares not included in the calculation of diluted net income per share due to their anti-dilutive effect	-	-

**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, 2018 have been determined at the Board of Directors' meeting held on August 9, 2018. The changes are expected to be authorized subject to approval at the 21st Annual General Meeting of Shareholders and the subsequent Board of Directors' meeting, both scheduled on September 27, 2018.

#### 1. Candidates for Director appointment

Director (Reappointment)	Shinji Hattori (Current President and Representative Director)
Director (Reappointment)	Atsushi Tanaka (Current Director, Managing Executive Officer, General Manager of Urban Development Business Division)
Director (Reappointment)	Takashi Kajikawa (Current Director, Executive Officer, General Manager of Planning Construction Department, Urban Development Business Division)
Director (Reappointment)	Yoshizumi Kimura (Current Director, Executive Officer, General Manager of Planning Development Department, Urban Development Business Division)
Director (New appointment)	Seiji Torii (Current Assistant to General Manager of Administration Division)
Director (Reappointment)	Shinichiro Nakajima (Current Outside Director, Independent Director)
Director (New appointment)	Tetsushi Shinoda
Director (New appointment)	Miki Seko

Note: Mr. Tetsushi Shinoda and Ms. Miki Seko are Outside Directors as defined in Article 2, Item 15 of the Companies Act, and are Independent Directors as defined in Rule 436-2 of the Securities Listing Regulations established by the Tokyo Stock Exchange.

#### 2. Candidates for Audit & Supervisory Board Member appointment

Audit & Supervisory Board Member (Reappointment)	Masahiro Shiikuma (Current Full-time Outside Audit & Supervisory Board Member)
Audit & Supervisory Board Member (New Appointment)	Shoichi Shindo
Audit & Supervisory Board Member (New Appointment)	Hideaki Tokuyama

Note: Mr. Shoichi Shindo and Mr. Hideaki Tokuyama are Outside Audit & Supervisory Board Members as defined in Article 2, Item 16 of the Companies Act.

#### 3. Candidate for Substitute Audit & Supervisory Board Member appointment

Substitute Audit & Supervisory Board Member (Reappointment)	Osamu Toyosaki (Current Substitute Audit & Supervisory Board Member)
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*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.*