

**Consolidated Financial Results
for the Nine Months Ended December 31, 2017
[Japanese GAAP]**



February 8, 2018

Company name: MAEDA ROAD CONSTRUCTION CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 1883

URL: <http://www.maedaroad.co.jp>

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Scheduled date of filing quarterly securities report: February 8, 2018

Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on quarterly financial results: Not available

Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2017 (April 1, 2017 to December 31, 2017)

(1) Consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2017	164,658	0.7	15,508	(15.3)	15,904	(15.1)	3,786	(70.6)
Nine months ended December 31, 2016	163,572	1.4	18,309	1.3	18,726	0.7	12,867	6.3

(Note) Comprehensive income: Nine months ended December 31, 2017: ¥9,487 million [(55.5)%]

Nine months ended December 31, 2016: ¥21,301 million [81.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2017	43.88	-
Nine months ended December 31, 2016	149.09	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2017	271,342	199,082	73.0
As of March 31, 2017	258,037	194,420	74.9

(Reference) Equity: As of December 31, 2017: ¥197,948 million

As of March 31, 2017: ¥193,314 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	-	-	-	55.00	55.00
Fiscal year ending March 31, 2018	-	-	-		
Fiscal year ending March 31, 2018 (Forecast)				55.00	55.00

(Note) Revision of dividends forecast from recently announced figures: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	234,000	0.4	22,200	(16.7)	22,600	(16.4)	8,200	(54.2)	95.02

(Note) Revision of results forecast from recently announced figures: Yes

* Notes:

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2017 (Changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Application of accounting methods specific to quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (4) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
 - December 31, 2017: 94,159,453 shares
 - March 31, 2017: 94,159,453 shares
 - 2) Total number of treasury shares at the end of the period:
 - December 31, 2017: 7,863,208 shares
 - March 31, 2017: 7,857,343 shares
 - 3) Average number of shares during the period (cumulative):
 - Nine months ended December 31, 2017: 86,299,647 shares
 - Nine months ended December 31, 2016: 86,306,889 shares

* These quarterly consolidated financial results are outside of the scope of quarterly review.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on the information available to the Company and certain assumptions deemed reasonable as of the date of publication of this document, and the Company does not intend to make guarantees of achievement. Additionally, actual results may differ significantly from these forecasts due to a wide range of factors.

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1. Qualitative Information on Financial Results for the Nine Months Ended December 31, 2017

(1) Explanation of Operating Results

During the nine months ended December 31, 2017, the environment surrounding MAEDA ROAD CONSTRUCTION CO., LTD. (the “Company”) and its group companies (collectively, the “Group”) continued to be harsh as the outlook was uncertain partly due to rising raw material prices, despite a gradual increase in corporate capital investment, backed by factors such as a recovery in corporate earnings, and solid public investment.

Amid this environment, the Group, in the construction business, made efforts to secure construction orders from the private sector, while in the manufacturing and sales business, strived to retain sales volume and maintain profitability by conducting the recycling-oriented business on an ongoing basis through recycling of construction wastes, etc.

The amount of orders received during the nine months ended December 31, 2017 was ¥177,895 million, up 0.2% year on year, net sales amounted to ¥164,658 million, up 0.7% year on year, and operating profit amounted to ¥15,508 million, down 15.3% year on year. Ordinary profit came to ¥15,904 million, down 15.1% year on year, and profit attributable to owners of parent was ¥3,786 million, down 70.6% year on year.

The Group is affected by seasonal factors, and of the net sales for a fiscal year, the second half weighs larger.

The results by segment are as follows:

Construction business

In the construction business, the amount of received construction contracts for the nine months ended December 31, 2017 was ¥121,732 million, up 0.2% year on year, the amount of completed construction contracts was ¥108,125 million, up 0.8% year on year, and operating profit was ¥8,521 million, down 10.0% year on year.

Manufacturing and sales business

In the manufacturing and sales business, net sales of asphalt mixture and other products for the nine months ended December 31, 2017 amounted to ¥56,163 million, up 0.3% year on year, while operating profit amounted to ¥9,990 million, down 15.8% year on year.

Others

Net sales of other businesses for the nine months ended December 31, 2017 amounted to ¥370 million, up 15.8% year on year, while operating profit amounted to ¥50 million, down 38.6% year on year.

(2) Explanation of Financial Position

(Assets)

Current assets decreased by ¥2,106 million compared to the end of the previous fiscal year to ¥150,019 million, mainly due to a decrease in notes receivable, accounts receivable from completed construction contracts and other, due to collection.

Non-current assets increased by ¥15,412 million compared to the end of the previous fiscal year to ¥121,322 million, mainly due to an increase in investment securities on the back of a rise in market value and an increase in net defined benefit asset.

As a result, total assets increased by ¥13,305 million compared to the end of the previous fiscal year to ¥271,342 million.

(Liabilities)

Current liabilities decreased by ¥5,673 million compared to the end of the previous fiscal year to ¥41,768 million, mainly due to a decrease in income taxes payable resulting from payment of taxes.

Non-current liabilities increased by ¥14,317 million compared to the end of the previous fiscal year to ¥30,492 million, mainly due to an increase in provision for loss on Anti-Monopoly Act.

As a result, total liabilities increased by ¥8,643 million compared to the end of the previous fiscal year to ¥72,260 million.

(Net assets)

Total net assets increased by ¥4,661 million compared to the end of the previous fiscal year to ¥199,082 million, mainly due to an increase in valuation difference on available-for-sale securities.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The financial results forecast for the fiscal year ending March 31, 2018 has been revised from the financial results forecast announced on May 12, 2017. For further information, please refer to “Notice Concerning Revision of Financial Results Forecast” announced today (February 8, 2018).

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	43,407	42,819
Notes receivable, accounts receivable from completed construction contracts and other	44,187	39,255
Securities	44,375	44,420
Costs on uncompleted construction contracts and other	7,296	11,748
Other	12,956	11,863
Allowance for doubtful accounts	(97)	(88)
Total current assets	152,126	150,019
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,446	16,598
Machinery and vehicles, net	12,776	11,970
Land	49,510	51,085
Other, net	1,741	3,146
Total property, plant and equipment	80,474	82,799
Intangible assets	1,063	1,017
Investments and other assets		
Investment securities	20,341	28,907
Net defined benefit asset	—	6,662
Other	4,031	1,936
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	24,372	37,506
Total non-current assets	105,910	121,322
Total assets	258,037	271,342

(Million yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	26,655	25,916
Income taxes payable	5,627	1,649
Advances received on uncompleted construction contracts	3,929	5,872
Provision for bonuses	3,177	1,602
Provision	482	381
Other	7,569	6,345
Total current liabilities	47,441	41,768
Non-current liabilities		
Net defined benefit liability	14,289	4,383
Provision for loss on Anti-Monopoly Act	1,241	19,295
Other	644	6,813
Total non-current liabilities	16,175	30,492
Total liabilities	63,616	72,260
Net assets		
Shareholders' equity		
Capital stock	19,350	19,350
Capital surplus	23,343	23,343
Retained earnings	151,380	150,413
Treasury shares	(4,782)	(4,796)
Total shareholders' equity	189,291	188,311
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,847	11,796
Foreign currency translation adjustment	(117)	(155)
Remeasurements of defined benefit plans	(1,706)	(2,003)
Total accumulated other comprehensive income	4,022	9,637
Non-controlling interests	1,105	1,133
Total net assets	194,420	199,082
Total liabilities and net assets	258,037	271,342

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Nine months ended December 31, 2017

(Million yen)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
Net sales	163,572	164,658
Cost of sales	137,883	141,849
Gross profit	25,688	22,809
Selling, general and administrative expenses	7,379	7,301
Operating profit	18,309	15,508
Non-operating income		
Interest income	60	17
Dividend income	297	353
Other	176	118
Total non-operating income	534	489
Non-operating expenses		
Other	118	93
Total non-operating expenses	118	93
Ordinary profit	18,726	15,904
Extraordinary income		
Gain on sales of non-current assets	70	174
Reversal of provision for loss on Anti-Monopoly Act	139	415
Reversal of business structure improvement expenses	279	—
Gain on transfer of benefit obligation relating to employees' pension fund	—	16,687
Gain on revision of retirement benefit plan	—	429
Other	24	40
Total extraordinary income	514	17,747
Extraordinary losses		
Loss on retirement of non-current assets	187	124
Provision for loss on Anti-Monopoly Act	—	19,226
Other	35	42
Total extraordinary losses	222	19,392
Profit before income taxes	19,018	14,259
Income taxes	6,091	10,388
Profit	12,926	3,870
Profit attributable to non-controlling interests	58	83
Profit attributable to owners of parent	12,867	3,786

Quarterly Consolidated Statements of Comprehensive Income

Nine months ended December 31, 2017

(Million yen)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
Profit	12,926	3,870
Other comprehensive income		
Valuation difference on available-for-sale securities	1,814	5,951
Foreign currency translation adjustment	(187)	(37)
Remeasurements of defined benefit plans, net of tax	6,747	(297)
Total other comprehensive income	8,375	5,616
Comprehensive income	21,301	9,487
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,242	9,401
Comprehensive income attributable to non-controlling interests	58	86

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Notes to Significant Changes in Shareholders' Equity)

For the nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)

There is no relevant information.

(Segment Information, etc.)

[Segment information]

For the nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)

Information on net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Construction business	Manufacturing and sales business	Total				
Net sales							
Net sales to outside customers	107,274	55,977	163,251	320	163,572	—	163,572
Inter-segment net sales or transfers	42	17,822	17,864	482	18,347	(18,347)	—
Total	107,316	73,800	181,116	802	181,919	(18,347)	163,572
Segment profit	9,465	11,859	21,324	81	21,406	(3,096)	18,309

(Notes)

1. "Other" incorporates operations not included in reportable segments, including leasing, insurance agency and consultancy services, etc.
2. The adjustment for segment profit of ¥(3,096) million includes elimination of inter-segment transactions of ¥(11) million and corporate expenses not allocated to each reportable segment of ¥(3,084) million. Corporate expenses are general and administrative expenses that are not attributable to reportable segments.
3. Segment profit is adjusted to the operating profit in the quarterly consolidated statements of income.

For the nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)

Information on net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Construction business	Manufacturing and sales business	Total				
Net sales							
Net sales to outside customers	108,125	56,163	164,288	370	164,658	—	164,658
Inter-segment net sales or transfers	43	19,089	19,132	467	19,599	(19,599)	—
Total	108,168	75,252	183,420	837	184,258	(19,599)	164,658
Segment profit	8,521	9,990	18,512	50	18,562	(3,054)	15,508

(Notes)

1. “Other” incorporates operations not included in reportable segments, including leasing, insurance agency and consultancy services, etc.
2. The adjustment for segment profit of ¥(3,054) million includes elimination of inter-segment transactions of ¥(17) million and corporate expenses not allocated to each reportable segment of ¥(3,037) million. Corporate expenses are general and administrative expenses that are not attributable to reportable segments.
3. Segment profit is adjusted to the operating profit in the quarterly consolidated statements of income.

3. Others

(1) Amount of Orders Received, Net Sales and Amount Carried Forward to Next Period by Business (Non-consolidated)

Category		For the nine months ended December 31, 2016		For the nine months ended December 31, 2017		Change		(Reference) For the fiscal year ended March 31, 2017		
		Amount (million yen)	Composition rate (%)	Amount (million yen)	Composition rate (%)	Amount (million yen)	Change rate (%)	Amount (million yen)	Composition rate (%)	
Orders received	Construction business	Asphalt pavements	92,908	55.2	94,151	55.5	1,242	1.3	116,008	52.8
		Concrete pavements	1,460	0.9	2,511	1.5	1,050	71.9	1,784	0.8
		Civil engineering works	20,963	12.4	19,877	11.7	(1,085)	(5.2)	26,715	12.2
		Subtotal	115,332	68.5	116,540	68.7	1,207	1.0	144,508	65.8
	Product business	53,016	31.5	53,032	31.3	16	0.0	75,088	34.2	
	Total	168,348	100.0	169,572	100.0	1,224	0.7	219,596	100.0	
Net sales	Construction business	Asphalt pavements	82,547	53.0	82,590	53.0	43	0.1	117,385	53.1
		Concrete pavements	886	0.6	1,316	0.8	429	48.5	1,380	0.6
		Civil engineering works	19,152	12.3	18,948	12.2	(204)	(1.1)	27,180	12.3
		Subtotal	102,587	65.9	102,856	66.0	268	0.3	145,945	66.0
	Product business	53,016	34.1	53,032	34.0	16	0.0	75,088	34.0	
	Total	155,603	100.0	155,888	100.0	285	0.2	221,034	100.0	
Amount carried forward to next period	Construction business	Asphalt pavements	38,726	79.4	38,549	79.8	(177)	(0.5)	26,988	78.0
		Concrete pavements	879	1.8	1,903	4.0	1,024	116.5	709	2.1
		Civil engineering works	9,176	18.8	7,830	16.2	(1,345)	(14.7)	6,901	19.9
		Subtotal	48,781	100.0	48,283	100.0	(498)	(1.0)	34,599	100.0
	Product business	—	—	—	—	—	—	—	—	—
	Total	48,781	100.0	48,283	100.0	(498)	(1.0)	34,599	100.0	

(Note) Amounts of less than one million yen are rounded down.

(2) Others

- 1) On suspicion of violation of the Anti-Monopoly Act with regard to pavement construction ordered by the Tokyo Metropolitan Government, Tokyo Port Terminal Corporation, or NARITA INTERNATIONAL AIRPORT CORPORATION or pavement construction regarding Tokyo International Airport ordered by the Ministry of Land, Infrastructure, Transport, and Tourism, the Company received an on-site inspection by the Japan Fair Trade Commission on August 2, 2016.
- 2) On suspicion of determining the sales price hike of asphalt mixture supplied to Kobe City and its vicinity jointly with other manufacturers and distributors of asphalt mixture, the Company received an on-site inspection from the Japan Fair Trade Commission on September 28, 2016.
- 3) On suspicion of determining the sales price hike, etc. of asphalt mixture supplied nationwide jointly with other manufacturers and distributors of asphalt mixture, the Company received an on-site inspection from the Japan Fair Trade Commission on February 28, 2017.

Furthermore, in the nine months ended December 31, 2017, the Company has reported surcharges and other losses related to the above that are highly likely to occur and for which it is possible to make a reasonable estimate of the amount as a provision for loss on Anti-Monopoly Act.

The Company will work to restore trust quickly by taking further exhaustive measures for legal compliance while solemnly accepting the current state of affairs and continuing to cooperate on all fronts with inspections etc. by the authorities concerned.