

**Consolidated Financial Results
for the Nine Months Ended December 31, 2018
[Japanese GAAP]**



February 8, 2019

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, 2019
 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, 2018 (April 1, 2018 to December 31, 2018)

(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, 2018	157,145	(4.6)	9,954	(35.8)	10,435	(34.4)	6,624	74.9
Nine months ended December 31, 2017	164,658	0.7	15,508	(15.3)	15,904	(15.1)	3,786	(70.6)

(Note) Comprehensive income: Nine months ended December 31, 2018: ¥4,598 million [(51.5)%]
 Nine months ended December 31, 2017: ¥9,487 million [(55.5)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2018	76.76	-
Nine months ended December 31, 2017	43.88	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2018	270,637	202,278	74.2
As of March 31, 2018	286,997	201,977	70.0

(Reference) Equity: As of December 31, 2018: ¥200,826 million
 As of March 31, 2018: ¥200,792 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2018	Yen -	Yen -	Yen -	Yen 55.00	Yen 55.00
Fiscal year ending March 31, 2019	-	-	-		
Fiscal year ending March 31, 2019 (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, 2019 (April 1, 2018 to March 31, 2019)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	227,500	(2.9)	17,500	(25.2)	17,800	(25.2)	11,500	25.0	133.20

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

* Notes:

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2018 (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, 2018: 94,159,453 shares
 - March 31, 2018: 94,159,453 shares
 - 2) Total number of treasury shares at the end of the period:
 - December 31, 2018: 7,738,634 shares
 - March 31, 2018: 7,864,307 shares
 - 3) Average number of shares during the period (cumulative):
 - Nine months ended December 31, 2018: 86,307,577 shares
 - Nine months ended December 31, 2017: 86,299,647 shares

* These quarterly consolidated financial results are outside of the scope of quarterly review by certified public accountants or an audit corporation.

* 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, 2018

(1) Explanation of Operating Results

During the nine months ended December 31, 2018, the environment surrounding MAEDA ROAD CONSTRUCTION CO., LTD. (the "Company") and its group companies (collectively, the "Group") continued to be harsh as the outlook for raw material prices was uncertain, such as rising crude oil prices, despite an increase in corporate capital investment, backed by 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 waste, etc.

The amount of orders received during the nine months ended December 31, 2018 was ¥168,991 million, down 5.0% year on year, net sales amounted to ¥157,145 million, down 4.6% year on year, and operating profit amounted to ¥9,954 million, down 35.8% year on year. Ordinary profit came to ¥10,435 million, down 34.4% year on year, and profit attributable to owners of parent was ¥6,624 million, up 74.9% 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, 2018 was ¥115,740 million, down 4.9% year on year, the amount of completed construction contracts was ¥103,478 million, down 4.3% year on year, and operating profit was ¥6,214 million, down 27.1% 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, 2018 amounted to ¥53,251 million, down 5.2% year on year, while operating profit amounted to ¥6,994 million, down 30.0% year on year.

Others

Net sales of other businesses for the nine months ended December 31, 2018 amounted to ¥416 million, up 12.4% year on year, while operating profit amounted to ¥51 million, up 2.5% year on year.

(2) Explanation of Financial Position

(Assets)

Current assets decreased by ¥18,520 million compared to the end of the previous fiscal year to ¥149,147 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 ¥2,160 million compared to the end of the previous fiscal year to ¥121,490 million, mainly due to an increase in land and an increase in investment securities on the back of the purchase of shares.

As a result, total assets decreased by ¥16,359 million compared to the end of the previous fiscal year to ¥270,637 million.

(Liabilities)

Current liabilities decreased by ¥16,417 million compared to the end of the previous fiscal year to ¥40,991 million, mainly due to a decrease in notes payable, accounts payable for construction contracts and other resulting from payment and a decrease in income taxes payable resulting from payment of taxes.

Non-current liabilities decreased by ¥243 million compared to the end of the previous fiscal year to ¥27,367 million, mainly due to a decrease in deferred tax liabilities.

As a result, total liabilities decreased by ¥16,661 million compared to the end of the previous fiscal year to ¥68,358 million.

(Net assets)

Total net assets increased by ¥301 million compared to the end of the previous fiscal year to ¥202,278 million, mainly due an increase in retained earnings in conjunction with the recording of profit.

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

The financial results forecast for the fiscal year ending March 31, 2019 has been revised from the financial results forecast announced on May 14, 2018. For further information, please refer to "Notice Concerning Revision of Financial Results Forecast" announced today (February 8, 2019).

2. Quarterly Consolidated Financial Statements and Primary Notes
(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	55,967	45,955
Notes receivable, accounts receivable from completed construction contracts and other	49,002	36,543
Securities	44,439	42,580
Costs on uncompleted construction contracts and other	7,338	11,600
Other	10,989	12,638
Allowance for doubtful accounts	(69)	(172)
Total current assets	167,667	149,147
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,978	17,191
Machinery and vehicles, net	13,591	13,665
Land	52,279	52,854
Other, net	1,732	1,875
Total property, plant and equipment	84,583	85,585
Intangible assets	964	872
Investments and other assets		
Investment securities	25,636	26,224
Net defined benefit asset	6,157	6,690
Other	1,988	2,116
Total investments and other assets	33,782	35,031
Total non-current assets	119,329	121,490
Total assets	286,997	270,637

(Million yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	37,209	24,888
Income taxes payable	4,962	1,249
Advances received on uncompleted construction contracts	3,948	5,908
Provision for bonuses	3,178	1,657
Provision	401	371
Other	7,708	6,917
Total current liabilities	57,408	40,991
Non-current liabilities		
Net defined benefit liability	4,338	4,336
Provision for loss on Anti-Monopoly Act	19,214	19,163
Other	4,058	3,867
Total non-current liabilities	27,611	27,367
Total liabilities	85,019	68,358
Net assets		
Shareholders' equity		
Capital stock	19,350	19,350
Capital surplus	23,343	23,354
Retained earnings	155,828	157,699
Treasury shares	(4,799)	(4,542)
Total shareholders' equity	193,723	195,862
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,535	7,278
Foreign currency translation adjustment	(84)	(127)
Remeasurements of defined benefit plans	(2,381)	(2,186)
Total accumulated other comprehensive income	7,069	4,963
Non-controlling interests	1,185	1,452
Total net assets	201,977	202,278
Total liabilities and net assets	286,997	270,637

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Nine months ended December 31, 2018

(Million yen)

	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018
Net sales	164,658	157,145
Cost of sales	141,849	139,401
Gross profit	22,809	17,743
Selling, general and administrative expenses	7,301	7,789
Operating profit	15,508	9,954
Non-operating income		
Interest income	17	15
Dividend income	353	416
Other	118	151
Total non-operating income	489	583
Non-operating expenses		
Other	93	102
Total non-operating expenses	93	102
Ordinary profit	15,904	10,435
Extraordinary income		
Gain on sales of non-current assets	174	59
Reversal of provision for loss on Anti-Monopoly Act	415	—
Gain on sales of investment securities	0	57
Gain on transfer of benefit obligation relating to employees' pension fund	16,687	—
Gain on revision of retirement benefit plan	429	—
Other	39	7
Total extraordinary income	17,747	124
Extraordinary losses		
Loss on retirement of non-current assets	124	210
Impairment loss	13	74
Provision for loss on Anti-Monopoly Act	19,226	—
Other	28	18
Total extraordinary losses	19,392	302
Profit before income taxes	14,259	10,257
Income taxes	10,388	3,554
Profit	3,870	6,703
Profit attributable to non-controlling interests	83	78
Profit attributable to owners of parent	3,786	6,624

Quarterly Consolidated Statements of Comprehensive Income
 Nine months ended December 31, 2018

(Million yen)

	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018
Profit	3,870	6,703
Other comprehensive income		
Valuation difference on available-for-sale securities	5,951	(2,257)
Foreign currency translation adjustment	(37)	(43)
Remeasurements of defined benefit plans, net of tax	(297)	195
Total other comprehensive income	5,616	(2,105)
Comprehensive income	9,487	4,598
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,401	4,519
Comprehensive income attributable to non-controlling interests	86	79

(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, 2018 (From April 1, 2018 to December 31, 2018)

There is no relevant information.

(Additional Information)

(Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc.)

Since the Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), etc., from the beginning of the three months ended June 30, 2018, deferred tax assets are presented under investments and other assets, and deferred tax liabilities are presented under non-current liabilities.

(Segment Information)

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.

For the nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)

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	103,478	53,251	156,729	416	157,145	—	157,145
Inter-segment net sales or transfers	52	23,297	23,350	494	23,845	(23,845)	—
Total	103,530	76,549	180,080	911	180,991	(23,845)	157,145
Segment profit	6,214	6,994	13,208	51	13,259	(3,305)	9,954

(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 ¥(3,305) million includes elimination of inter-segment transactions of ¥21 million and corporate expenses not allocated to each reportable segment of ¥(3,326) 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, 2017		For the nine months ended December 31, 2018		Change		(Reference) For the fiscal year ended March 31, 2018		
		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	94,151	55.5	89,538	55.8	(4,612)	(4.9)	123,932	54.1
		Concrete pavements	2,511	1.5	1,476	0.9	(1,034)	(41.2)	2,972	1.3
		Civil engineering works	19,877	11.7	19,212	12.0	(665)	(3.3)	28,213	12.3
		Subtotal	116,540	68.7	110,227	68.7	(6,312)	(5.4)	155,119	67.7
	Product business	53,032	31.3	50,333	31.3	(2,699)	(5.1)	73,948	32.3	
	Total	169,572	100.0	160,561	100.0	(9,011)	(5.3)	229,067	100.0	
Net sales	Construction business	Asphalt pavements	82,590	53.0	79,840	53.8	(2,750)	(3.3)	119,584	53.8
		Concrete pavements	1,316	0.8	1,694	1.1	377	28.7	1,925	0.9
		Civil engineering works	18,948	12.2	16,580	11.2	(2,367)	(12.5)	26,707	12.0
		Subtotal	102,856	66.0	98,115	66.1	(4,740)	(4.6)	148,217	66.7
	Product business	53,032	34.0	50,333	33.9	(2,699)	(5.1)	73,948	33.3	
	Total	155,888	100.0	148,449	100.0	(7,439)	(4.8)	222,165	100.0	
Amount carried forward to next period	Construction business	Asphalt pavements	38,549	79.8	41,034	76.5	2,485	6.4	31,337	75.5
		Concrete pavements	1,903	4.0	1,539	2.9	(364)	(19.1)	1,756	4.2
		Civil engineering works	7,830	16.2	11,039	20.6	3,208	41.0	8,407	20.3
		Subtotal	48,283	100.0	53,613	100.0	5,329	11.0	41,501	100.0
	Product business	—	—	—	—	—	—	—	—	
	Total	48,283	100.0	53,613	100.0	5,329	11.0	41,501	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 and received a cease and desist order and a surcharge payment order on March 28, 2018 by the Commission.
In addition, regarding the above, the Company was ordered by the Kanto Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism on June 7, 2018 to suspend business from June 22, 2018 to July 21, 2018 in accordance with the provision of Article 28, Paragraph 3 of the Construction Business Act.
- 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, 2018, 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.