

# Consolidated Financial Results for the Three Months Ended June 30, 2019 [Japanese GAAP]



August 8, 2019

Company name: MAEDA ROAD CONSTRUCTION CO., LTD.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 1883  
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 Scheduled date of filing quarterly securities report: August 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 Three Months Ended June 30, 2019 (April 1, 2019 to June 30, 2019)

(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	%
Three months ended June 30, 2019	50,194	3.1	2,325	(1.5)	2,643	(1.9)	8,219	350.6
Three months ended June 30, 2018	48,680	0.3	2,361	(25.6)	2,693	(21.7)	1,824	(18.5)

(Note) Comprehensive income: Three months ended June 30, 2019: ¥6,369 million [195.6%]  
 Three months ended June 30, 2018: ¥2,154 million [(51.5)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2019	95.17	-
Three months ended June 30, 2018	21.14	-

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2019	272,794	207,444	75.5
As of March 31, 2019	290,007	207,749	71.1

(Reference) Equity: As of June 30, 2019: ¥205,954 million  
 As of March 31, 2019: ¥206,246 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2019	Yen -	Yen -	Yen -	Yen 70.00	Yen 70.00
Fiscal year ending March 31, 2020	-				
Fiscal year ending March 31, 2020 (Forecast)		-	-	100.00	100.00

- (Note) 1. Revision of dividends forecast from recently announced figures: No  
 2. Breakdown of year-end dividends for the fiscal year ending March 31, 2020 (forecast):  
 Ordinary dividends: 70.00 yen; Commemorative dividends: 30.00 yen

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% 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
First half	102,500	4.4	7,700	38.1	7,850	31.1	11,500	197.3	134.63
Full year	228,000	1.9	18,000	5.1	18,300	3.8	18,200	58.5	213.07

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

### \* Notes:

- (1) Changes in significant subsidiaries during the three months ended June 30, 2019 (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):  
 June 30, 2019: 94,159,453 shares  
 March 31, 2019: 94,159,453 shares
  - 2) Total number of treasury shares at the end of the period:  
 June 30, 2019: 7,942,482 shares  
 March 31, 2019: 7,738,809 shares
  - 3) Average number of shares during the period (cumulative):  
 Three months ended June 30, 2019: 86,369,709 shares  
 Three months ended June 30, 2018: 86,295,105 shares

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

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

(Notes on forward looking statements)

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 Three Months Ended June 30, 2019

### (1) Explanation of Operating Results

During the three months ended June 30, 2019, 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 crude oil prices, despite a moderate upward trend in corporate capital investment, backed by robust corporate earnings and investments in growing segments, 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 three months ended June 30, 2019 was ¥58,207 million, up 6.0% year on year, net sales amounted to ¥50,194 million, up 3.1% year on year, and operating profit amounted to ¥2,325 million, down 1.5% year on year. Ordinary profit came to ¥2,643 million, down 1.9% year on year, and profit attributable to owners of parent was ¥8,219 million, up 350.6% 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 three months ended June 30, 2019 was ¥42,544 million, up 9.7% year on year, the amount of completed construction contracts was ¥34,405 million, up 6.1% year on year, and operating profit was ¥2,099 million, up 18.7% year on year.

#### **Manufacturing and sales business**

In the manufacturing and sales business, net sales of asphalt mixture and other products for the three months ended June 30, 2019 amounted to ¥15,663 million, down 2.8% year on year, while operating profit amounted to ¥1,392 million, down 19.8% year on year.

#### **Others**

Net sales of other businesses for the three months ended June 30, 2019 amounted to ¥125 million, down 1.1% year on year, while operating profit amounted to ¥29 million (operating loss of ¥0 million in the same period of the previous fiscal year).

## (2) Explanation of Financial Position

### (Assets)

Current assets decreased by ¥14,291 million compared to the end of the previous fiscal year to ¥152,181 million, mainly due to a decrease in notes receivable, accounts receivable from completed construction contracts and other resulting from collection, and a decrease in securities resulting from sales.

Non-current assets decreased by ¥2,922 million compared to the end of the previous fiscal year to ¥120,613 million, mainly due to a decrease in investment securities resulting from a decline in stock prices.

As a result, total assets decreased by ¥17,213 million compared to the end of the previous fiscal year to ¥272,794 million.

### (Liabilities)

Current liabilities increased by ¥1,472 million compared to the end of the previous fiscal year to ¥56,745 million, mainly due to a transfer of provision for loss on Anti-Monopoly Act from non-current liabilities to current liabilities.

Non-current liabilities decreased by ¥18,381 million compared to the end of the previous fiscal year to ¥8,603 million, mainly due to a decrease in provision for loss on Anti-Monopoly Act.

As a result, total liabilities decreased by ¥16,908 million compared to the end of the previous fiscal year to ¥65,349 million.

### (Net assets)

Total net assets decreased by ¥304 million compared to the end of the previous fiscal year to ¥207,444 million, mainly due a decrease in valuation difference on available-for-sale securities resulting from a decline in stock prices.

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

The financial results forecast for the six months ending September 30, 2019 and the fiscal year ending March 31, 2020 has been revised from the financial results forecast announced on May 14, 2019. For further information, please refer to “Notice Concerning Revision of Financial Results Forecast” announced today (August 8, 2019).

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2019	As of June 30, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	60,736	75,237
Notes receivable, accounts receivable from completed construction contracts and other	46,931	31,408
Securities	38,724	22,025
Costs on construction contracts in progress	8,239	9,646
Other	11,922	13,925
Allowance for doubtful accounts	(82)	(61)
Total current assets	166,472	152,181
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,700	17,683
Machinery and vehicles, net	14,559	14,149
Land	52,768	55,364
Other, net	1,251	1,176
Total property, plant and equipment	86,280	88,373
Intangible assets	820	1,438
Investments and other assets		
Investment securities	27,977	22,386
Retirement benefit asset	6,299	6,469
Other	2,156	1,945
Total investments and other assets	36,433	30,801
Total non-current assets	123,535	120,613
Total assets	290,007	272,794

(Million yen)

	As of March 31, 2019	As of June 30, 2019
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	35,777	28,663
Income taxes payable	4,346	286
Advances received on construction contracts in progress	3,791	6,198
Provision for bonuses	3,191	1,665
Provision for loss on Anti-Monopoly Act	—	12,797
Provisions	436	274
Other	7,730	6,859
Total current liabilities	55,273	56,745
Non-current liabilities		
Retirement benefit liability	4,366	4,421
Provision for loss on Anti-Monopoly Act	19,163	64
Other	3,455	4,118
Total non-current liabilities	26,985	8,603
Total liabilities	82,258	65,349
<b>Net assets</b>		
Shareholders' equity		
Share capital	19,350	19,350
Capital surplus	23,354	23,354
Retained earnings	162,557	164,585
Treasury shares	(4,542)	(4,998)
Total shareholders' equity	200,720	202,291
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,204	6,225
Foreign currency translation adjustment	(150)	(112)
Remeasurements of defined benefit plans	(2,527)	(2,449)
Total accumulated other comprehensive income	5,526	3,663
Non-controlling interests	1,502	1,490
Total net assets	207,749	207,444
Total liabilities and net assets	290,007	272,794



(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Three months ended June 30, 2019

(Million yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019
Net sales	48,680	50,194
Cost of sales	43,694	44,840
Gross profit	4,986	5,353
Selling, general and administrative expenses	2,624	3,027
Operating profit	2,361	2,325
Non-operating income		
Interest income	5	5
Dividend income	273	328
Other	90	85
Total non-operating income	368	418
Non-operating expenses		
Provision of allowance for doubtful accounts	—	29
Other	36	72
Total non-operating expenses	36	101
Ordinary profit	2,693	2,643
Extraordinary income		
Gain on sales of non-current assets	26	39
Reversal of provision for loss on Anti-Monopoly Act	—	6,301
Gain on sales of investment securities	—	173
Other	—	1
Total extraordinary income	26	6,515
Extraordinary losses		
Loss on retirement of non-current assets	38	28
Other	2	1
Total extraordinary losses	40	29
Profit before income taxes	2,680	9,129
Income taxes	840	897
Profit	1,839	8,232
Profit attributable to non-controlling interests	15	12
Profit attributable to owners of parent	1,824	8,219

Quarterly Consolidated Statements of Comprehensive Income  
 Three months ended June 30, 2019

(Million yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019
Profit	1,839	8,232
Other comprehensive income		
Valuation difference on available-for-sale securities	354	(1,978)
Foreign currency translation adjustment	(105)	38
Remeasurements of defined benefit plans, net of tax	65	77
Total other comprehensive income	314	(1,862)
Comprehensive income	2,154	6,369
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,138	6,356
Comprehensive income attributable to non-controlling interests	15	13

### (3) Notes to the Quarterly Consolidated Financial Statements

#### (Additional Information)

##### (Share repurchase and cancellation of treasury shares)

At a meeting of the Board of Directors held on May 14, 2019, the Company resolved on matters pertaining to a share repurchase pursuant to Article 156 of the Companies Act as applied mutatis mutandis pursuant to Article 165, Paragraph 3 of the same Act, and a cancellation of its treasury shares pursuant to Article 178 of the same Act.

1. The reason for the share repurchase and the cancellation of its treasury shares  
The Company aims to increase corporate value through increasing return of profits to shareholders and implementing a flexible capital policy.
2. Matters regarding the repurchase
  - (1) Type of shares to be repurchased: Common shares of the Company
  - (2) Total number of shares to be repurchased: Up to 4,000,000 shares  
(Ratio to the total number of issued shares excluding treasury shares: 4.63%)
  - (3) Total cost of the share repurchase: Up to 10,000,000,000 yen
  - (4) Repurchase period: From June 1, 2019 to February 28, 2020
  - (5) Repurchase method: Open market purchase through a trust bank
3. The cumulative total of the shares repurchased based on the aforementioned resolution at the meeting of the Board of Directors
  - (1) Type of shares repurchased: Common shares of the Company
  - (2) Total number of shares repurchased: 1,424,300 shares
  - (3) Total cost of the repurchase: 3,299,788,500 yen
  - (4) Repurchase period: From June 1, 2019 to July 31, 2019
4. Matters regarding the cancellation
  - (1) Type of shares to be cancelled: Common shares of the Company
  - (2) Total number of shares to be cancelled: 5,000,000 shares  
(Ratio to the total number of issued shares before the cancellation: 5.31%)
  - (3) Total number of issued shares after the cancellation: 89,159,453 shares
  - (4) Cancellation date: July 31, 2019

#### (Notes on Going Concern Assumption)

There is no relevant information.

#### (Notes to Significant Changes in Shareholders' Equity)

For the three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)

There is no relevant information.

(Segment Information)

For the three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)

Information on net sales and income (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	32,433	16,120	48,553	127	48,680	—	48,680
Inter-segment net sales or transfers	15	7,514	7,529	167	7,697	(7,697)	—
Total	32,448	23,635	56,083	294	56,378	(7,697)	48,680
Segment income (loss)	1,769	1,736	3,505	(0)	3,505	(1,143)	2,361

(Notes)

1. “Other” incorporates operations not included in reportable segments, including leasing, insurance agency and consultancy services, etc.
2. The adjustment for segment income of ¥(1,143) million includes elimination of inter-segment transactions of ¥22 million and corporate expenses not allocated to each reportable segment of ¥(1,165) million. Corporate expenses are general and administrative expenses that are not attributable to reportable segments.
3. Segment income is adjusted to the operating profit in the quarterly consolidated statements of income.

For the three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)

Information on net sales and income (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	34,405	15,663	50,068	125	50,194	—	50,194
Inter-segment net sales or transfers	11	6,996	7,008	172	7,180	(7,180)	—
Total	34,416	22,660	57,076	298	57,374	(7,180)	50,194
Segment income	2,099	1,392	3,492	29	3,521	(1,196)	2,325

(Notes)

1. “Other” incorporates operations not included in reportable segments, including leasing, insurance agency and consultancy services, etc.
2. The adjustment for segment income of ¥(1,196) million includes elimination of inter-segment transactions of ¥16 million and corporate expenses not allocated to each reportable segment of ¥(1,212) million. Corporate expenses are general and administrative expenses that are not attributable to reportable segments.
3. Segment income 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)

(Million Yen; %)

			For the three months ended June 30, 2018		For the three months ended June 30, 2019		Year-on-year change		(Reference) For the fiscal year ended March 31, 2019	
			Amount	Composition rate	Amount	Composition rate	Amount	Change rate	Amount	Composition rate
Orders received	Construction business	Asphalt pavements	29,876	56.5	32,737	60.5	2,861	9.6	122,470	55.9
		Concrete pavements	465	0.9	338	0.6	(127)	(27.3)	2,078	0.9
		Civil engineering works	7,211	13.6	7,349	13.6	138	1.9	25,116	11.5
		Subtotal	37,553	71.0	40,426	74.7	2,872	7.6	149,666	68.3
	Product business	15,374	29.0	13,705	25.3	(1,669)	(10.9)	69,535	31.7	
	Total	52,928	100.0	54,131	100.0	1,203	2.3	219,202	100.0	
Net sales	Construction business	Asphalt pavements	25,257	54.7	25,762	55.5	504	2.0	114,839	54.3
		Concrete pavements	412	0.9	551	1.2	139	33.9	2,463	1.2
		Civil engineering works	5,095	11.1	6,416	13.8	1,321	25.9	24,508	11.6
		Subtotal	30,764	66.7	32,730	70.5	1,965	6.4	141,811	67.1
	Product business	15,374	33.3	13,705	29.5	(1,669)	(10.9)	69,535	32.9	
	Total	46,139	100.0	46,435	100.0	296	0.6	211,347	100.0	
Amount carried forward to next period	Construction business	Asphalt pavements	35,956	74.5	45,943	80.5	9,987	27.8	38,968	78.9
		Concrete pavements	1,810	3.7	1,158	2.0	(651)	(36.0)	1,371	2.8
		Civil engineering works	10,523	21.8	9,949	17.5	(574)	(5.5)	9,015	18.3
		Subtotal	48,290	100.0	57,051	100.0	8,760	18.1	49,355	100.0
	Product business	—	—	—	—	—	—	—	—	
	Total	48,290	100.0	57,051	100.0	8,760	18.1	49,355	100.0	

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

## (2) Others

On suspicion of determining the sales price hike, etc. of asphalt mixture supplied nationwide, the Company received an on-site inspection from the Japan Fair Trade Commission in February 2017, and received a cease and desist order and a surcharge payment order in July 2019 by the Commission.

Furthermore, in the current fiscal year, 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 solemnly accepts the current state of affairs. Based on the recommendations of an external committee for investigation, the Company established an Anti-Monopoly Act Violation Risk Management Committee and Tender Supervision Committee, and is continuously implementing training and lectures for all executives and staff. In this way, the Company is striving to restore confidence by further strengthening legal compliance and measures for the prevention of recurrence.