

**Consolidated Financial Results
for the Six Months Ended September 30, 2019
[Japanese GAAP]**



November 13, 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: November 13, 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 Six Months Ended September 30, 2019 (April 1, 2019 to September 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	%
Six months ended September 30, 2019	108,703	10.8	7,737	38.8	8,099	35.3	11,705	202.6
Six months ended September 30, 2018	98,138	(6.1)	5,576	(38.5)	5,987	(35.9)	3,868	(38.5)

(Note) Comprehensive income: Six months ended September 30, 2019: ¥ 10,723 million [81.3%]

Six months ended September 30, 2018: ¥ 5,915 million [(41.5)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	136.70	-
Six months ended September 30, 2018	44.82	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2019	266,904	206,452	76.8
As of March 31, 2019	290,007	207,749	71.1

(Reference) Equity: As of September 30, 2019: ¥204,926 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
Full year	228,000	1.9	18,000	5.1	18,300	3.8	18,200	58.5	214.51

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

* Notes:

- (1) Changes in significant subsidiaries during the six months ended September 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):
 September 30, 2019: 89,159,453 shares
 March 31, 2019: 94,159,453 shares
 - 2) Total number of treasury shares at the end of the period:
 September 30, 2019: 5,227,306 shares
 March 31, 2019: 7,738,809 shares
 - 3) Average number of shares during the period (cumulative):
 Six months ended September 30, 2019: 85,629,062 shares
 Six months ended September 30, 2018: 86,295,050 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 Six Months Ended September 30, 2019

(1) Explanation of Operating Results

During the six months ended September 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 continuing moderate upward trend in corporate capital investment, backed by robust corporate earnings and investments in growing segments, and increasingly 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.

For the six months ended September 30, 2019, net sales amounted to ¥108,703 million, up 10.8% year on year, and operating profit amounted to ¥7,737 million, up 38.8% year on year. Ordinary profit came to ¥8,099 million, up 35.3% year on year, and profit attributable to owners of parent was ¥11,705 million, up 202.6% 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 six months ended September 30, 2019 was ¥81,406 million, up 17.8% year on year, the amount of completed construction contracts was ¥75,120 million, up 14.5% year on year, and operating profit was ¥5,764 million, up 63.1% year on year.

Manufacturing and sales business

In the manufacturing and sales business, net sales of asphalt mixture and other products for the six months ended September 30, 2019 amounted to ¥33,272 million, up 3.1% year on year, while operating profit amounted to ¥4,583 million, up 10.0% year on year.

Others

Net sales of other businesses for the six months ended September 30, 2019 amounted to ¥309 million, up 19.5% year on year, while operating profit amounted to ¥44 million, up 146.1% year on year.

(2) Explanation of Financial Position

(Assets)

Current assets decreased by ¥21,591 million compared to the end of the previous fiscal year to ¥144,880 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 ¥1,511 million compared to the end of the previous fiscal year to ¥122,024 million, mainly due to a decrease in investment securities resulting from a decline in stock prices.

As a result, total assets decreased by ¥23,103 million compared to the end of the previous fiscal year to ¥266,904 million.

(Liabilities)

Current liabilities decreased by ¥3,210 million compared to the end of the previous fiscal year to ¥52,062 million, mainly due to a decrease in notes payable, accounts payable for construction contracts and other resulting from payments.

Non-current liabilities decreased by ¥18,595 million compared to the end of the previous fiscal year to ¥8,389 million, mainly due to a decrease in provision for loss on Anti-Monopoly Act.

As a result, total liabilities decreased by ¥21,806 million compared to the end of the previous fiscal year to ¥60,452 million.

(Net assets)

Total net assets decreased by ¥1,297 million compared to the end of the previous fiscal year to ¥206,452 million, mainly due to an increase in treasury shares and 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 fiscal year ending March 31, 2020 remains unchanged from that announced on 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 September 30, 2019
Assets		
Current assets		
Cash and deposits	60,736	66,832
Notes receivable, accounts receivable from completed construction contracts and other	46,931	36,482
Securities	38,724	22,025
Costs on construction contracts in progress	8,239	8,857
Other	11,922	10,741
Allowance for doubtful accounts	(82)	(60)
Total current assets	166,472	144,880
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,700	17,405
Machinery and vehicles, net	14,559	13,950
Land	52,768	55,263
Other, net	1,251	1,162
Total property, plant and equipment	86,280	87,782
Intangible assets	820	1,342
Investments and other assets		
Investment securities	27,977	24,421
Retirement benefit asset	6,299	6,654
Other	2,156	1,823
Total investments and other assets	36,433	32,899
Total non-current assets	123,535	122,024
Total assets	290,007	266,904

(Million yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	35,777	22,413
Income taxes payable	4,346	2,620
Advances received on construction contracts in progress	3,791	5,248
Provision for bonuses	3,191	3,306
Provisions	436	273
Other	7,730	18,200
Total current liabilities	55,273	52,062
Non-current liabilities		
Retirement benefit liability	4,366	4,423
Provision for loss on Anti-Monopoly Act	19,163	64
Other	3,455	3,901
Total non-current liabilities	26,985	8,389
Total liabilities	82,258	60,452
Net assets		
Shareholders' equity		
Share capital	19,350	19,350
Capital surplus	23,354	23,273
Retained earnings	162,557	163,766
Treasury shares	(4,542)	(5,961)
Total shareholders' equity	200,720	200,429
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,204	6,993
Foreign currency translation adjustment	(150)	(123)
Remeasurements of defined benefit plans	(2,527)	(2,372)
Total accumulated other comprehensive income	5,526	4,496
Non-controlling interests	1,502	1,526
Total net assets	207,749	206,452
Total liabilities and net assets	290,007	266,904

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Six months ended September 30, 2019

(Million yen)

	For the six months ended September 30, 2018	For the six months ended September 30, 2019
Net sales	98,138	108,703
Cost of sales	87,359	95,126
Gross profit	10,779	13,576
Selling, general and administrative expenses	5,202	5,839
Operating profit	5,576	7,737
Non-operating income		
Interest income	10	10
Dividend income	309	376
Other	160	108
Total non-operating income	480	495
Non-operating expenses		
Other	68	133
Total non-operating expenses	68	133
Ordinary profit	5,987	8,099
Extraordinary income		
Gain on sales of non-current assets	49	57
Reversal of provision for loss on Anti-Monopoly Act	—	6,301
Gain on sales of investment securities	—	173
Other	0	2
Total extraordinary income	49	6,534
Extraordinary losses		
Loss on retirement of non-current assets	140	280
Other	82	4
Total extraordinary losses	223	284
Profit before income taxes	5,813	14,350
Income taxes	1,905	2,596
Profit	3,907	11,753
Profit attributable to non-controlling interests	39	47
Profit attributable to owners of parent	3,868	11,705

Quarterly Consolidated Statements of Comprehensive Income
Six months ended September 30, 2019

(Million yen)

	For the six months ended September 30, 2018	For the six months ended September 30, 2019
Profit	3,907	11,753
Other comprehensive income		
Valuation difference on available-for-sale securities	1,974	(1,211)
Foreign currency translation adjustment	(96)	27
Remeasurements of defined benefit plans, net of tax	130	154
Total other comprehensive income	2,007	(1,030)
Comprehensive income	5,915	10,723
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,873	10,675
Comprehensive income attributable to non-controlling interests	41	47

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2018	For the six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	5,813	14,350
Depreciation	3,658	3,938
Increase (decrease) in allowance for doubtful accounts	96	(23)
Increase (decrease) in provision for bonuses	25	99
Increase (decrease) in retirement benefit liability	(44)	(43)
Decrease (increase) in retirement benefit asset	(125)	(90)
Increase (decrease) in provision for loss from Anti-Monopoly Act	(50)	(19,099)
Interest and dividend income	(320)	(386)
Foreign exchange losses (gains)	(92)	32
Loss (gain) on sales of non-current assets	(49)	(57)
Loss on retirement of non-current assets	140	280
Decrease (increase) in trade receivables	15,823	10,828
Decrease (increase) in costs on construction contracts in progress	(2,354)	(587)
Increase (decrease) in trade payables	(10,147)	(13,472)
Increase (decrease) in advances received on construction contracts in progress	845	1,456
Other, net	(1,085)	12,322
Subtotal	12,133	9,546
Interest and dividends received	318	385
Income taxes paid	(4,612)	(4,083)
Net cash provided by (used in) operating activities	7,840	5,848
Cash flows from investing activities		
Purchase of securities	(39,997)	(19,997)
Proceeds from sales and redemption of securities	39,998	21,998
Purchase of beneficial interests in trust	(22,698)	(22,598)
Redemption of beneficial interests in trust	22,699	22,599
Purchase of property, plant and equipment	(5,332)	(4,021)
Proceeds from sales of property, plant and equipment	64	261
Payments into time deposits	(22,850)	(16,953)
Proceeds from withdrawal of time deposits	28,729	22,974
Other, net	(2,810)	(993)
Net cash provided by (used in) investing activities	(2,199)	3,267
Cash flows from financing activities		
Purchase of treasury shares	(0)	(5,800)
Dividends paid	(4,753)	(6,049)
Dividends paid to non-controlling interests	(59)	(58)
Net cash provided by (used in) financing activities	(4,813)	(11,908)
Effect of exchange rate change on cash and cash equivalents	(53)	5
Net increase (decrease) in cash and cash equivalents	773	(2,787)
Cash and cash equivalents at beginning of period	63,584	72,243
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	204
Cash and cash equivalents at end of period	64,357	69,660

(4) Notes to the Quarterly Consolidated Financial Statements

(Additional Information)

(Share repurchase)

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: 2,488,200 shares
 - (3) Total cost of the repurchase: 5,799,720,300 yen
 - (4) Repurchase period: From June 1, 2019 to October 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 six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)

There is no relevant information.

(Segment Information)
[Segment Information]

For the six months ended September 30, 2018 (From April 1, 2018 to September 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	65,613	32,265	97,878	259	98,138	—	98,138
Inter-segment net sales or transfers	31	14,545	14,577	332	14,910	(14,910)	—
Total	65,645	46,811	112,456	592	113,048	(14,910)	98,138
Segment income	3,534	4,164	7,699	18	7,717	(2,141)	5,576

(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 ¥(2,141) million includes elimination of inter-segment transactions of ¥20 million and corporate expenses not allocated to each reportable segment of ¥(2,161) 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 six months ended September 30, 2019 (From April 1, 2019 to September 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	75,120	33,272	108,393	309	108,703	—	108,703
Inter-segment net sales or transfers	26	14,637	14,664	375	15,039	(15,039)	—
Total	75,147	47,910	123,057	685	123,742	(15,039)	108,703
Segment income	5,764	4,583	10,347	44	10,392	(2,655)	7,737

(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 ¥(2,655) million includes elimination of inter-segment transactions of ¥30 million and corporate expenses not allocated to each reportable segment of ¥(2,685) 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 (Consolidated)

(Million Yen; %)

			For the six months ended September 30, 2018		For the six months ended September 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	Pavement works	55,541	54.6	66,517	57.8	10,976	19.8	128,986	55.7
		Civil engineering works	13,589	13.4	14,888	13.0	1,299	9.6	28,199	12.2
		Subtotal	69,130	68.0	81,406	70.8	12,275	17.8	157,186	67.9
	Manufacturing and sales business	32,265	31.7	33,272	28.9	1,007	3.1	73,677	31.8	
	Other	259	0.3	309	0.3	50	19.5	618	0.3	
	Total	101,654	100.0	114,989	100.0	13,334	13.1	231,482	100.0	
Net sales	Construction business	Pavement works	53,398	54.4	60,285	55.5	6,886	12.9	121,712	54.4
		Civil engineering works	12,215	12.5	14,835	13.6	2,619	21.4	27,748	12.4
		Subtotal	65,613	66.9	75,120	69.1	9,506	14.5	149,461	66.8
	Manufacturing and sales business	32,265	32.8	33,272	30.6	1,007	3.1	73,677	32.9	
	Other	259	0.3	309	0.3	50	19.5	618	0.3	
	Total	98,138	100.0	108,703	100.0	10,565	10.8	223,757	100.0	
Amount carried forward to next period	Construction business	Pavement works	36,508	75.8	47,872	81.6	11,363	31.1	41,639	79.5
		Civil engineering works	11,652	24.2	10,783	18.4	(869)	(7.5)	10,729	20.5
		Subtotal	48,161	100.0	58,655	100.0	10,493	21.8	52,369	100.0
	Manufacturing and sales business	—	—	—	—	—	—	—	—	
	Other	—	—	—	—	—	—	—	—	
	Total	48,161	100.0	58,655	100.0	10,493	21.8	52,369	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.

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 (currently the Compliance Monitoring 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.