

Consolidated Financial Results for the Six Months Ended July 31, 2019



[Japanese GAAP]

August 30, 2019

Company name: Tri Chemical Laboratories Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 4369
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 Scheduled date of filing quarterly securities report: September 13, 2019
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: Not available
 Scheduled date of quarterly results briefing session: Scheduled (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Six Months Ended July 31, 2019 (February 1, 2019 to July 31, 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								
July 31, 2019	4,152	9.3	1,153	10.7	1,777	53.9	1,378	64.8
July 31, 2018	3,800	-	1,042	-	1,155	-	836	-

(Note) Comprehensive income: Six months ended July 31, 2019: ¥1,286 million (64.7 %)
 Six months ended July 31, 2018: ¥781 million (- %)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
July 31, 2019	176.49	-
July 31, 2018	107.11	-

(Note) Since the Company began preparing quarterly consolidated financial statements from the three months ended April 30, 2018, year-on-year changes are not shown above.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of July 31, 2019	13,110	7,961	60.7
As of January 31, 2019	11,094	7,025	63.3

(Reference) Equity: As of July 31, 2019: ¥7,961 million
 As of January 31, 2019: ¥7,025 million

(Note) Since the beginning of the first quarter of this fiscal year, the Company has been applying the Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (ASBJ Statement No. 28 issued on February 16, 2018). Major business indicators, etc. for the fiscal year ended January 31, 2019 have been retrospectively restated based on the amended standard.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended January 31, 2019	Yen -	Yen 0.00	Yen -	Yen 45.00	Yen 45.00
Fiscal year ending January 31, 2020	-	0.00			
Fiscal year ending January 31, 2020 (Forecast)			-	48.00	48.00

(Note) Revision of dividend forecasts from recently announced figures: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending January 31, 2020 (February 1, 2019 to January 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	8,830	13.3	2,290	6.4	3,260	11.2	2,470	8.9	316.19

(Note) Revision of financial results forecast from recently announced figures: None

*** Notes:**

(1) Changes in significant subsidiaries during the period under review: No

(Changes in specific subsidiaries due to changes in the scope of consolidation)

New: - companies (company name) , excluded: - companies (company name)

(2) Application of accounting treatment specific to preparation of 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):

As of July 31, 2019: 7,812,160 shares

As of January 31, 2019: 7,812,160 shares

2) Total number of treasury shares at the end of the period:

As of July 31, 2019: 311 shares

As of January 31, 2019: 306 shares

3) Average number of shares during the period:

Six months ended July 31, 2019: 7,811,850 shares

Six months ended July 31, 2018: 7,811,960 shares

* These quarterly financial results are outside 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

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable, and do not represent a commitment by the Company that they will be achieved. Actual results may differ significantly from these forecasts due to a wide range of factors.

The Company plans to hold a financial results briefing for institutional investors and analysts on September 5, 2019. Financial results materials to be used at the briefing will be available on the Company's website immediately after the session.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of January 31, 2019	As of July 31, 2019
Assets		
Current assets		
Cash and deposits	1,595,747	1,644,831
Notes and accounts receivable - trade	1,808,824	2,018,747
Electronically recorded monetary claims - operating	1,042,313	1,034,456
Merchandise and finished goods	53,020	36,067
Work in process	395,790	470,608
Raw materials and supplies	484,061	573,352
Other	57,599	105,593
Total current assets	5,437,356	5,883,657
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,569,990	2,587,058
Accumulated depreciation	(916,646)	(978,363)
Buildings and structures, net	1,653,343	1,608,694
Machinery, equipment and vehicles	1,876,986	1,980,417
Accumulated depreciation	(1,018,965)	(1,109,656)
Machinery, equipment and vehicles, net	858,020	870,760
Tools, furniture and fixtures	1,738,753	1,854,013
Accumulated depreciation	(1,186,029)	(1,283,832)
Tools, furniture and fixtures, net	552,724	570,181
Land	608,641	714,933
Other	279,630	1,182,462
Accumulated depreciation	(8,336)	(41,083)
Other, net	271,293	1,141,378
Total property, plant and equipment	3,944,024	4,905,949
Intangible assets	70,211	192,347
Investments and other assets		
Investment securities	1,595,054	2,104,532
Other	48,287	23,886
Total investments and other assets	1,643,341	2,128,418
Total non-current assets	5,657,577	7,226,716
Total assets	11,094,934	13,110,373

(Thousand yen)

	As of January 31, 2019	As of July 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	353,684	377,540
Short-term loans payable	580,000	1,030,000
Current portion of long-term loans payable	712,880	659,606
Income taxes payable	401,650	400,400
Provision for bonuses	63,857	96,821
Other	456,628	534,705
Total current liabilities	2,568,700	3,099,075
Non-current liabilities		
Long-term loans payable	1,377,839	1,280,340
Net defined benefit liability	94,188	98,453
Other	28,421	671,330
Total non-current liabilities	1,500,448	2,050,123
Total liabilities	4,069,149	5,149,198
Net assets		
Shareholders' equity		
Capital stock	808,912	808,912
Capital surplus	709,912	709,912
Retained earnings	5,550,282	6,577,431
Treasury shares	(897)	(920)
Total shareholders' equity	7,068,210	8,095,336
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(4,399)	(6,605)
Foreign currency translation adjustments	(9,382)	(101,455)
Remeasurements of defined benefit plans	(28,642)	(26,099)
Total accumulated other comprehensive income	(42,424)	(134,160)
Total net assets	7,025,785	7,961,175
Total liabilities and net assets	11,094,934	13,110,373

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Six Months Ended July 31

(Thousand yen)

	For the six months ended July 31, 2018	For the six months ended July 31, 2019
Net sales	3,800,432	4,152,522
Cost of sales	2,092,504	2,198,305
Gross profit	1,707,928	1,954,217
Selling, general and administrative expenses	665,308	800,381
Operating profit	1,042,620	1,153,835
Non-operating income		
Interest income	26	94
Dividend income	140	152
Share of profit of entities accounted for using equity method	122,648	604,948
Other	7,257	37,705
Total non-operating income	130,073	642,901
Non-operating expenses		
Interest expenses	5,715	15,834
Other	11,622	3,190
Total non-operating expenses	17,337	19,024
Ordinary profit	1,155,355	1,777,711
Profit before income taxes	1,155,355	1,777,711
Income taxes - current	320,445	376,149
Income taxes - deferred	(1,856)	22,879
Total income taxes	318,589	399,029
Profit	836,766	1,378,682
Profit attributable to owners of parent	836,766	1,378,682

Quarterly Consolidated Statements of Comprehensive Income
Six Months Ended July 31

	(Thousand yen)	
	For the six months ended July 31, 2018	For the six months ended July 31, 2019
Profit	836,766	1,378,682
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,587)	(2,206)
Foreign currency translation adjustments	(1,008)	(5,250)
Remeasurements of defined benefit plans, net of tax	1,764	2,543
Share of other comprehensive income of entities accounted for using equity method	(54,374)	(86,821)
Total other comprehensive income	(55,206)	(91,735)
Comprehensive income	781,560	1,286,946
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	781,560	1,286,946
Comprehensive income attributable to non-controlling Interests	-	-

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended July 31, 2018	For the six months ended July 31, 2019
Cash flows from operating activities		
Profit before income taxes	1,155,355	1,777,711
Depreciation	233,071	312,765
Increase (decrease) in provision for bonuses	17,843	33,031
Interest and dividend income	(167)	(246)
Interest expenses	5,715	15,834
Share of loss (profit) of entities accounted for using equity method	(122,648)	(604,948)
Decrease (increase) in notes and accounts receivable - trade	(329,351)	(202,249)
Decrease (increase) in inventories	(132,515)	(146,051)
Increase (decrease) in notes and accounts payable - trade	52,534	23,856
Decrease/increase in consumption taxes receivable/payable	(11,478)	15,795
Increase (decrease) in accounts payable - other	(22,321)	28,068
Decrease (increase) in other current assets	37,650	(19,546)
Increase (decrease) in other current liabilities	13,549	26,280
Increase (decrease) in other non-current liabilities	(1,444)	4,264
Other, net	(4,640)	12,570
Subtotal	891,153	1,277,135
Interest and dividend income received	167	246
Interest expenses paid	(5,712)	(15,853)
Income taxes paid	(330,989)	(378,427)
Income taxes refund	-	180
Net cash provided by (used in) operating activities	554,618	883,281
Cash flows from investing activities		
Purchase of investment securities	(600)	(599)
Purchase of property, plant and equipment	(972,940)	(617,022)
Purchase of intangible assets	(13,986)	(129,946)
Net cash provided by (used in) investing activities	(987,526)	(747,568)
Cash flows from financing activities		
Net increase (decrease) of short-term loans payable	-	450,000
Proceeds from long-term loans payable	1,020,000	230,000
Repayments of long-term loans payable	(318,878)	(380,773)
Repayments of lease obligations	(930)	(35,084)
Purchase of treasury shares	-	(23)
Cash dividends paid	(163,883)	(349,167)
Net cash provided by (used in) financing activities	536,308	(85,048)
Effect of exchange rate change on cash and cash equivalents	(1,738)	(1,578)
Net increase (decrease) in cash and cash equivalents	101,662	49,084
Cash and cash equivalents at beginning of period	1,171,593	1,595,747
Cash and cash equivalents at end of period	1,273,255	1,644,831