

Consolidated Financial Results for the Six Months Ended July 31, 2018



[Japanese GAAP]

August 31, 2018

Company name: Tri Chemical Laboratories Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 4369
 URL: <http://www.trichemical.com>
 Representative: Kiyoshi Tazuke, President
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 Scheduled date of filing quarterly securities report: September 14, 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: 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, 2018 (February 1, 2018 to July 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	%
Six months ended								
July 31, 2018	3,800	-	1,042	-	1,155	-	836	-
July 31, 2017	-	-	-	-	-	-	-	-

(Note) Comprehensive income: Six months ended July 31, 2018: ¥781 million (- %)
 Six months ended July 31, 2017: ¥ - million (- %)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
July 31, 2018	107.11	-
July 31, 2017	-	-

(Note) Since the Company began preparing quarterly consolidated financial statements from the three months ended April 30, 2018, figures for the six months ended July 31, 2017, and 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, 2018	9,941	5,634	56.7
As of January 31, 2018	-	-	-

(Reference) Equity: As of July 31, 2018: ¥5,634 million
 As of January 31, 2018: ¥ - million

(Note) Since the Company began preparing quarterly consolidated financial statements from the three months ended April 30, 2018, figures as of January 31, 2018 are not shown above.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended January 31, 2018	Yen -	Yen 0.00	Yen -	Yen 21.00	Yen 21.00
Fiscal year ending January 31, 2019	-	0.00			
Fiscal year ending January 31, 2019 (Forecast)			-	26.00	26.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending January 31, 2019 (February 1, 2018 to January 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
	7,490	-	1,910	-	1,940	-	1,330	-	170.25

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

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.

*** 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, 2018: 7,812,160 shares

As of January 31, 2018: 7,812,160 shares

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

As of July 31, 2018: 200 shares

As of January 31, 2018: 200 shares

3) Average number of shares during the period:

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

Six months ended July 31, 2017: 7,812,063 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 6, 2018. Financial results materials to be used at the briefing will be available on the Company's website immediately after the session.

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

As of July 31, 2018

Assets	
Current assets	
Cash and deposits	1,273,255
Notes and accounts receivable - trade	1,792,940
Electronically recorded monetary claims - operating	901,366
Merchandise and finished goods	37,327
Work in process	461,112
Raw materials and supplies	469,930
Other	107,135
Total current assets	5,043,067
Non-current assets	
Property, plant and equipment	
Buildings and structures	2,570,747
Accumulated depreciation	(858,185)
Buildings and structures, net	1,712,561
Machinery, equipment and vehicles	1,845,843
Accumulated depreciation	(945,532)
Machinery, equipment and vehicles, net	900,311
Tools, furniture and fixtures	1,656,069
Accumulated depreciation	(1,141,741)
Tools, furniture and fixtures, net	514,327
Land	608,641
Other	180,168
Accumulated depreciation	(5,705)
Other, net	174,462
Total property, plant and equipment	3,910,304
Intangible assets	62,307
Investments and other assets	925,432
Total non-current assets	4,898,044
Total assets	9,941,112
Liabilities	
Current liabilities	
Accounts payable - trade	437,392
Short-term loans payable	580,000
Current portion of long-term loans payable	722,998
Income taxes payable	341,416
Provision for bonuses	79,262
Other	441,482
Total current liabilities	2,602,552
Non-current liabilities	
Long-term loans payable	1,630,781
Net defined benefit liability	68,641
Other	4,481
Total non-current liabilities	1,703,904
Total liabilities	4,306,457

(Thousand yen)

As of July 31, 2018

Net assets	
Shareholders' equity	
Capital stock	808,912
Capital surplus	709,912
Retained earnings	4,119,825
Treasury shares	(421)
Total shareholders' equity	5,638,230
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	1,736
Foreign currency translation adjustments	9,515
Remeasurements of defined benefit plans	(14,826)
Total accumulated other comprehensive income	(3,574)
Total net assets	5,634,655
Total liabilities and net assets	9,941,112

(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
Net sales	3,800,432
Cost of sales	2,092,504
Gross profit	1,707,928
Selling, general and administrative expenses	665,308
Operating profit	1,042,620
Non-operating income	
Interest income	26
Dividend income	140
Share of profit of entities accounted for using equity method	122,648
Other	7,257
Total non-operating income	130,073
Non-operating expenses	
Interest expenses	5,715
Foreign exchange losses	10,818
Other	803
Total non-operating expenses	17,337
Ordinary profit	1,155,355
Profit before income taxes	1,155,355
Income taxes - current	320,445
Income taxes - deferred	(1,856)
Total income taxes	318,589
Profit	836,766
Profit attributable to owners of parent	836,766

Quarterly Consolidated Statements of Comprehensive Income
Six Months Ended July 31

(Thousand yen)

	For the six months ended July 31, 2018
Profit	836,766
Other comprehensive income	
Valuation difference on available-for-sale securities	(1,587)
Foreign currency translation adjustments	(1,008)
Remeasurements of defined benefit plans, net of tax	1,764
Share of other comprehensive income of entities accounted for using equity method	(54,374)
Total other comprehensive income	(55,206)
Comprehensive income	781,560
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	781,560
Comprehensive income attributable to non-controlling interests	-

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended July 31, 2018
Cash flows from operating activities	
Profit before income taxes	1,155,355
Depreciation	233,071
Increase (decrease) in provision for bonuses	17,843
Interest and dividend income	(167)
Interest expenses	5,715
Share of loss (profit) of entities accounted for using equity method	(122,648)
Decrease (increase) in notes and accounts receivable - trade	(329,351)
Decrease (increase) in inventories	(132,515)
Increase (decrease) in notes and accounts payable - trade	52,534
Decrease/increase in consumption taxes receivable/payable	(11,478)
Increase (decrease) in accounts payable - other	(22,321)
Decrease (increase) in other current assets	37,650
Increase (decrease) in other current liabilities	13,549
Increase (decrease) in other non-current liabilities	(1,444)
Other, net	(4,640)
Subtotal	891,153
Interest and dividend income received	167
Interest expenses paid	(5,712)
Income taxes paid	(330,989)
Net cash provided by (used in) operating activities	554,618
Cash flows from investing activities	
Purchase of investment securities	(600)
Purchase of property, plant and equipment	(972,940)
Purchase of intangible assets	(13,986)
Net cash provided by (used in) investing activities	(987,526)
Cash flows from financing activities	
Proceeds from long-term loans payable	1,020,000
Repayments of long-term loans payable	(318,878)
Repayments of lease obligations	(930)
Cash dividends paid	(163,883)
Net cash provided by (used in) financing activities	536,308
Effect of exchange rate change on cash and cash equivalents	(1,738)
Net increase (decrease) in cash and cash equivalents	101,662
Cash and cash equivalents at beginning of period	1,171,593
Cash and cash equivalents at end of period	1,273,255