

Consolidated Financial Results for the Fiscal Year Ended January 31, 2019



[Japanese GAAP]

March 15, 2019

Company name: Tri Chemical Laboratories Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 4369
 URL: <http://www.trichemical.com/>
 Representative: Kiyoshi Tazuke, President
 Contact: Hisakatsu Sugawara, Senior Executive Director
 Phone: +81-554-63-6600
 Scheduled date of Annual General Meeting of Shareholders: April 25, 2019
 Scheduled date of filing annual securities report: April 26, 2019
 Scheduled date of commencing dividend payments: April 26, 2019
 Availability of supplementary briefing material on annual financial results: Not available
 Schedule of annual 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 Fiscal Year Ended January 31, 2019 (February 1, 2018 to January 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	%
Fiscal year ended January 31, 2019	7,792	-	2,153	-	2,931	-	2,267	-
January 31, 2018	-	-	-	-	-	-	-	-

(Note) Comprehensive income: Fiscal year ended January 31, 2019: ¥2,173 million (- %)
 Fiscal year ended January 31, 2018: ¥ - million (- %)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended January 31, 2019	290.23	-	37.7	29.2	27.6
January 31, 2018	-	-	-	-	-

(Reference) Equity in earnings of affiliated companies: Fiscal year ended January 31, 2019: ¥826 million

Fiscal year ended January 31, 2018: ¥ - million

(Note) Since the Company began preparing consolidated financial statements from the fiscal year ended January 31, 2019, figures for the fiscal year ended January 31, 2018, and year-on-year changes are not shown above.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of January 31, 2019	11,112	7,025	63.2	899.37
As of January 31, 2018	-	-	-	-

(Reference) Equity: As of January 31, 2019: ¥7,025 million
 As of January 31, 2018: ¥ - million

(Note) Since the Company began preparing consolidated financial statements from the fiscal year ended January 31, 2019, figures as of January 31, 2018 are not shown above.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
January 31, 2019	1,411	(1,244)	269	1,595
January 31, 2018	-	-	-	-

(Note) Since the Company began preparing consolidated financial statements from the fiscal year ended January 31, 2019, figures as of January 31, 2018 are not shown above.

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
January 31, 2018	-	0.00	-	21.00	21.00	164	-	-
January 31, 2019	-	0.00	-	45.00	45.00	351	15.5	5.8
Fiscal year ending January 31, 2020 (Forecast)	-	0.00	-	48.00	48.00		15.2	

(Note) Since the Company began preparing consolidated financial statements from the fiscal year ended January 31, 2019, payout ratio and dividends to net assets for the fiscal year ended January 31, 2018 are not shown above.

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
First half	4,220	11.0	1,020	(2.2)	1,390	20.3	1,040	24.3	133.13
Full year	8,830	13.3	2,290	6.4	3,260	11.2	2,470	8.9	316.19

*** 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) 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

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

January 31, 2019: 7,812,160 shares

January 31, 2018: 7,812,160 shares

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

January 31, 2019: 306 shares

January 31, 2018: 200 shares

3) Average number of shares during the period:

Fiscal year ended January 31, 2019: 7,811,932 shares

Fiscal year ended January 31, 2018: 7,812,012 shares

* These financial results are outside the scope of audit 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 March 20, 2019. Financial results materials to be used at the briefing will be available on the Company's website immediately after the session.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

As of January 31, 2019

Assets	
Current assets	
Cash and deposits	1,595,747
Notes and accounts receivable - trade	1,808,824
Electronically recorded monetary claims - operating	1,042,313
Merchandise and finished goods	53,020
Work in process	395,790
Raw materials and supplies	484,061
Deferred tax assets	46,835
Other	57,599
Total current assets	5,484,191
Non-current assets	
Property, plant and equipment	
Buildings and structures	2,569,990
Accumulated depreciation	(916,646)
Buildings and structures, net	1,653,343
Machinery, equipment and vehicles	1,876,986
Accumulated depreciation	(1,018,965)
Machinery, equipment and vehicles, net	858,020
Tools, furniture and fixtures	1,738,753
Accumulated depreciation	(1,186,029)
Tools, furniture and fixtures, net	552,724
Land	608,641
Leased assets	39,246
Accumulated depreciation	(8,336)
Leased assets, net	30,910
Construction in progress	240,383
Total property, plant and equipment	3,944,024
Intangible assets	70,211
Investments and other assets	
Investment securities	1,595,054
Other	19,448
Total investments and other assets	1,614,502
Total non-current assets	5,628,739
Total assets	11,112,931

(Thousand yen)

As of January 31, 2019

Liabilities	
Current liabilities	
Accounts payable - trade	353,684
Short-term loans payable	580,000
Current portion of long-term loans payable	712,880
Lease obligations	5,659
Income taxes payable	401,650
Deferred tax liabilities	246
Provision for bonuses	63,857
Other	450,968
Total current liabilities	2,568,947
Non-current liabilities	
Long-term loans payable	1,377,839
Lease obligations	28,174
Deferred tax liabilities	17,996
Net defined benefit liability	94,188
Total non-current liabilities	1,518,198
Total liabilities	4,087,145
Net assets	
Shareholders' equity	
Capital stock	808,912
Capital surplus	709,912
Retained earnings	5,550,282
Treasury shares	(897)
Total shareholders' equity	7,068,210
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	(4,399)
Foreign currency translation adjustments	(9,382)
Remeasurements of defined benefit plans	(28,642)
Total accumulated other comprehensive income	(42,424)
Total net assets	7,025,785
Total liabilities and net assets	11,112,931

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

	(Thousand yen)
	For the fiscal year ended January 31, 2019
Net sales	7,792,295
Cost of sales	4,200,456
Gross profit	3,591,839
Selling, general and administrative expenses	1,438,666
Operating profit	2,153,173
Non-operating income	
Interest income	104
Dividend income	286
Share of profit of entities accounted for using equity method	826,688
Other	28,370
Total non-operating income	855,450
Non-operating expenses	
Interest expenses	11,983
Foreign exchange losses	27,149
Commission for syndicated loans	30,000
Other	7,810
Total non-operating expenses	76,942
Ordinary profit	2,931,680
Profit before income taxes	2,931,680
Income taxes - current	623,529
Income taxes - deferred	40,927
Total income taxes	664,457
Profit	2,267,222
Profit attributable to owners of parent	2,267,222

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended January 31, 2019
Profit	2,267,222
Other comprehensive income	
Valuation difference on available-for-sale securities	(7,722)
Foreign currency translation adjustments	(18,005)
Remeasurements of defined benefit plans, net of tax	(12,051)
Share of other comprehensive income of entities accounted for using equity method	(56,276)
Total other comprehensive income	(94,056)
Comprehensive income	2,173,166
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	2,173,166
Comprehensive income attributable to non-controlling interests	-

(3) Consolidated Statements of Changes in Net Assets
For the fiscal year ended January 31, 2019

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	808,912	709,912	3,447,110	(421)	4,965,514
Changes of items during period					
Dividends of surplus			(164,051)		(164,051)
Profit attributable to owners of parent			2,267,222		2,267,222
Purchase of treasury shares				(475)	(475)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,103,171	(475)	2,102,696
Balance at end of current period	808,912	709,912	5,550,282	(897)	7,068,210

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Accumulated Remeasurements of defined benefit plans, net of tax	Total accumulated other comprehensive income	
Balance at beginning of current period	3,323	64,898	(16,590)	51,631	5,017,146
Changes of items during period					
Dividends of surplus					(164,051)
Profit attributable to owners of parent					2,267,222
Purchase of treasury shares					(475)
Net changes of items other than shareholders' equity	(7,722)	(74,281)	(12,051)	(94,056)	(94,056)
Total changes of items during period	(7,722)	(74,281)	(12,051)	(94,056)	2,008,639
Balance at end of current period	(4,399)	(9,382)	(28,642)	(42,424)	7,025,785

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended January 31, 2019
Cash flows from operating activities	
Profit before income taxes	2,931,680
Depreciation	483,929
Increase (decrease) in provision for bonuses	2,464
Interest and dividend income	(391)
Interest expenses	11,983
Share of loss (profit) of entities accounted for using equity method	(826,688)
Decrease (increase) in notes and accounts receivable - trade	(486,526)
Decrease (increase) in inventories	(97,047)
Increase (decrease) in notes and accounts payable - trade	(31,157)
Decrease/increase in consumption taxes receivable/payable	11,294
Increase (decrease) in accounts payable - other	(22,111)
Decrease (increase) in other current assets	22,307
Increase (decrease) in other current liabilities	(5,079)
Increase (decrease) in other non-current liabilities	24,101
Other, net	(19,846)
Subtotal	1,998,913
Interest and dividend income received	391
Interest expenses paid	(11,948)
Income taxes paid	(576,065)
Net cash provided by (used in) operating activities	1,411,291
Cash flows from investing activities	
Purchase of investment securities	(1,201)
Purchase of property, plant and equipment	(1,199,286)
Purchase of intangible assets	(29,544)
Payments for guarantee deposits	(14,593)
Net cash provided by (used in) investing activities	(1,244,626)
Cash flows from financing activities	
Proceeds from long-term loans payable	1,120,000
Repayments of long-term loans payable	(681,938)
Repayments of lease obligations	(3,639)
Purchase of treasury shares	(475)
Cash dividends paid	(164,120)
Net cash provided by (used in) financing activities	269,826
Effect of exchange rate change on cash and cash equivalents	(12,337)
Net increase (decrease) in cash and cash equivalents	424,154
Cash and cash equivalents at beginning of period	1,171,593
Cash and cash equivalents at end of period	1,595,747