

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2019 (Based on Japanese GAAP)

August 9, 2019

Company name: Nippon Chemical Industrial CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 4092 URL <http://www.nippon-chem.co.jp/>
 Representative: President Hirota Tanahashi
 Inquiries: General Manager, Accounting Department Manabu Sato TEL 03-3636-8038
 Scheduled date to file Quarterly Securities Report: August 9, 2019
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2019	8,607	(1.5)	784	(16.9)	831	(19.3)	576	(21.7)
Three months ended June 30, 2018	8,738	(0.1)	943	46.0	1,030	45.7	736	33.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2019	65.55		–	
Three months ended June 30, 2018	83.71		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2019	65,415	35,389	54.1
As of March 31, 2019	65,497	35,497	54.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2019	–	40.00	–	30.00	70.00
Year ending March 31, 2020	–	–	–	–	–
Year ending March 31, 2020 (Forecast)	–	35.00	–	35.00	70.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	37,500	3.7	3,100	0.5	3,100	1.4	2,200	2.1	250.11

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2019
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of June 30, 2019	8,922,775 shares	As of March 31, 2019	8,922,775 shares
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Number of treasury shares at the end of the period

As of June 30, 2019	126,696 shares	As of March 31, 2019	126,667 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2019	8,796,093 shares	Three months ended June 30, 2018	8,796,218 shares
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*This financial results report is exempt from audit by certified public accountants or accounting firm.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	9,051	8,035
Notes and accounts receivable - trade	10,861	10,432
Merchandise and finished goods	4,712	5,359
Work in process	2,310	2,548
Raw materials and supplies	3,342	2,796
Consumption taxes receivable	4	68
Other	532	694
Allowance for doubtful accounts	(20)	(18)
Total current assets	30,794	29,915
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,721	33,338
Accumulated depreciation	(21,631)	(21,667)
Buildings and structures, net	11,090	11,671
Machinery, equipment and vehicles	9,307	9,398
Accumulated depreciation	(4,470)	(4,799)
Machinery, equipment and vehicles, net	4,836	4,598
Land	7,730	7,730
Construction in progress	2,567	3,563
Other	6,303	6,382
Accumulated depreciation	(5,513)	(5,556)
Other, net	789	826
Total property, plant and equipment	27,014	28,390
Intangible assets		
Goodwill	62	58
Other	257	258
Total intangible assets	319	316
Investments and other assets		
Investment securities	6,597	6,003
Long-term loans receivable	37	36
Deferred tax assets	141	141
Retirement benefit asset	165	192
Other	450	440
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	7,368	6,792
Total non-current assets	34,703	35,499
Total assets	65,497	65,415

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,617	4,337
Short-term borrowings	9,143	9,151
Income taxes payable	346	106
Accrued consumption taxes	24	17
Provision for bonuses	432	142
Accounts payable - facilities	2,361	2,875
Other	2,000	2,204
Total current liabilities	18,925	18,836
Non-current liabilities		
Long-term borrowings	5,422	5,392
Deferred tax liabilities	2,118	2,082
Retirement benefit liability	1,299	1,318
Other	2,233	2,396
Total non-current liabilities	11,073	11,189
Total liabilities	29,999	30,025
Net assets		
Shareholders' equity		
Share capital	5,757	5,757
Capital surplus	2,269	2,269
Retained earnings	24,840	25,153
Treasury shares	(353)	(353)
Total shareholders' equity	32,514	32,826
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,792	2,393
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	11	11
Remeasurements of defined benefit plans	179	158
Total accumulated other comprehensive income	2,983	2,562
Total net assets	35,497	35,389
Total liabilities and net assets	65,497	65,415

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

	(Millions of yen)	
	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	8,738	8,607
Cost of sales	6,586	6,593
Gross profit	2,152	2,014
Selling, general and administrative expenses	1,208	1,229
Operating profit	943	784
Non-operating income		
Interest and dividend income	60	63
Share of profit of entities accounted for using equity method	43	5
Other	41	25
Total non-operating income	145	93
Non-operating expenses		
Interest expenses	18	18
Environmental expenses	22	5
Other	18	22
Total non-operating expenses	58	47
Ordinary profit	1,030	831
Extraordinary income		
Gain on sales of investment securities	-	12
Total extraordinary income	-	12
Extraordinary losses		
Loss on retirement of non-current assets	3	13
Total extraordinary losses	3	13
Profit before income taxes	1,027	829
Income taxes - current	149	115
Income taxes - deferred	141	137
Total income taxes	290	253
Profit	736	576
Profit attributable to owners of parent	736	576

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	736	576
Other comprehensive income		
Valuation difference on available-for-sale securities	372	(399)
Deferred gains or losses on hedges	(1)	(0)
Remeasurements of defined benefit plans	(1)	(20)
Share of other comprehensive income of entities accounted for using equity method	(14)	(0)
Total other comprehensive income	355	(420)
Comprehensive income	1,091	155
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,091	155