

May 10, 2016

Consolidated financial results (Japanese accounting standards) For the fiscal year ended March 31, 2016

Company name: Hokuriku Electric Industry Co., Ltd.
 Stock code: 6989
 URL: <http://www.hdk.co.jp/>
 Stock exchange listing: Tokyo Stock Exchange
 Representative: Shinji Tsuda, President
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Scheduled date for ordinary general meeting of shareholders: June 29, 2016
 Scheduled date for filing annual securities report: June 29, 2016
 Scheduled date of commencement of dividend payment: June 30, 2016
 Supplementary documents for quarterly results: None
 Quarterly results briefing: None

(Millions of yen, rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(1) Consolidated results of operations (Cumulative)

(Percentage figures represent the change from the same period in the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	40,917	(14.4)	883	(12.0)	624	(70.1)	182	(88.0)
Year ended March 31, 2015	47,796	11.6	1,003	260.4	2,093	353.5	1,521	788.2

(Note) Comprehensive income: (1,033) millions of yen (-%) for the fiscal year ended March 31, 2016
 2,681 millions of yen (72.8%) for the fiscal year ended March 31, 2015

	Net income Per share	Diluted net income Per share	Return on equity	Raito of ordinary income to total assets	Raito of operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	2.18	-	1.4	1.6	2.2
Year ended March 31, 2015	18.13	-	12.0	5.5	2.1

(Reference) Equity in earnings (loss) of affiliates

Fiscal year ended March 31, 2016 ***** ¥ - millions of yen
 Fiscal year ended March 31, 2015 ***** ¥ - millions of yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	35,806	12,312	34.4	146.89
As of March 31, 2015	40,808	14,654	33.7	163.87

(Reference) Equity: fiscal year ended March 31, 2016: 12,312 millions of yen
 fiscal year ended March 31, 2015: 13,741 millions of yen

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2016	4,835	(1,660)	(604)	5,701
Year ended March 31, 2015	687	(1,057)	(80)	3,460

2. Dividends

	Dividend per share					Aggregate amount (Total)	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	First quarter end	Second quarter end	Third quarter end	Fiscal year end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2015	-	0.00	-	4.00	4.00	335	22.1	2.7
Year ended March 31, 2016	-	0.00	-	4.00	4.00	335	183.5	2.6
Year ending March 31, 2017 (forecasts)	-	0.00	-	4.00	4.00		83.9	

3. Consolidated forecasts for the fiscal year ending March 31, 2017 (April 1, 2016 – March 31, 2017) (Percentage figures for the fiscal year represent the changes from the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
Year ending March 31, 2017	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	38,000	(7.1)	800	(9.4)	600	(4.0)	400	118.8	4.77

4. Others

(1) Changes of important subsidiaries during the period
(changes of specific subsidiaries that change the scope of consolidation): None

(2) Changes in accounting policies and changes or restatement of accounting estimates
 (i) Changes in accounting policies caused by revision of accounting standards: Yes
 (ii) Changes in accounting policies other than (i): None
 (iii) Changes in accounting estimates: None
 (iv) Restatement: None

(3) Number of shares outstanding (common stock):

(i) Number of shares outstanding at end of period (including treasury stock)

As of March 31, 2016	92,500,996 shares	As of March 31, 2015	92,500,996 shares
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(ii) Number of treasury stock at end of period

As of March 31, 2016	8,680,333 shares	As of March 31, 2015	8,645,631 shares
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(iii) Average number of shares outstanding during the term

As of March 31, 2016	83,838,760 shares	As of March 31, 2015	83,881,750 shares
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(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2016
(April 1, 2015 – March 31, 2016)

(1) Non-consolidated results of operations (Cumulative)

(Percentage figures represent the change from the same period in the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	32,082	(15.7)	339	(29.3)	290	(84.4)	81	(94.9)
Year ended March 31, 2015	38,075	12.9	480	(2.5)	1,858	86.2	1,601	120.1

	Net income Per share	Diluted net income Per share
	Yen	Yen
Year ended March 31, 2016	0.97	-
Year ended March 31, 2015	19.09	-

(2) Non-Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31 , 2016	30,167	11,484	38.1	137.01
Year ended March 31 , 2015	33,401	12,047	36.1	143.67

(Reference) Equity:fiscal year ended March 31, 2016: 11,484 millions of yen
fiscal year ended March 31, 2015: 12,047 millions of yen

* Regarding the enforcement of a quarterly review

- This financial summary is not subject to a quarterly review under the Financial instruments and exchange act.

Therefore at this time ,the review of quarterly financial results in accordance with the requirements of the financial instruments and exchange act has not been completed.

* Explanation on the appropriate use of performance forecasts and other special notes

- The forward-looking statements such as result forecasts included in this document are based on the information available to the company at the time of the announcement and on certain assumptions considered reasonable.

Actual results may differ materially from the forecast depending on a range of factors.

Consolidated financial statements
 Consolidated balance sheets

(Millions of yen)

	Fiscal year ended March 2015 (As of March 31, 2015)	Fiscal year ended March 2016 (As of March 31, 2016)
Assets		
Current assets		
Cash and deposits	4,796	7,047
Notes and accounts receivable - trade	12,659	7,015
Merchandise and finished goods	1,470	1,184
Work in process	2,283	2,201
Raw materials and supplies	2,728	2,131
Deferred tax assets	438	406
Other	1,720	1,769
Allowance for doubtful accounts	(2)	(0)
Total current assets	26,094	21,754
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,886	12,651
Accumulated depreciation and impairment loss	(9,746)	(9,606)
Buildings and structures, net	3,139	3,045
Machinery, equipment and vehicles	28,945	28,326
Accumulated depreciation and impairment loss	(24,720)	(24,387)
Machinery, equipment and vehicles, net	4,224	3,938
Land	2,918	2,877
Other	339	459
Total property, plant and equipment	10,622	10,320
Intangible assets	283	291
Investments and other assets		
Investment securities	1,714	1,403
Deferred tax assets	1,321	1,228
Net defined benefit asset	7	0
Other	818	863
Allowance for doubtful accounts	(55)	(55)
Total investments and other assets	3,807	3,439
Total non-current assets	14,713	14,052
Total assets	40,808	35,806

Consolidated balance sheets

(Millions of yen)

	Fiscal year ended March 2015 (As of March 31, 2015)	Fiscal year ended March 2016 (As of March 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,930	6,673
Short-term loans payable	4,617	4,181
Income taxes payable	133	116
Provision for bonuses	311	321
Other	1,492	1,190
Total current liabilities	16,485	12,483
Non-current liabilities		
Long-term loans payable	4,007	5,285
Deferred tax liabilities for land revaluation	344	327
Net defined benefit liability	4,631	4,931
Other	685	467
Total non-current liabilities	9,668	11,010
Total liabilities	26,153	23,494
Net assets		
Shareholders' equity		
Capital stock	5,200	5,200
Capital surplus	5,108	5,039
Retained earnings	2,208	2,056
Treasury shares	(1,138)	(1,143)
Total shareholders' equity	11,378	11,151
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	427	98
Deferred gains or losses on hedges	(0)	-
Revaluation reserve for land	667	684
Foreign currency translation adjustment	1,481	782
Remeasurements of defined benefit plans	(214)	(404)
Total accumulated other comprehensive income	2,362	1,161
Non-controlling interests	913	-
Total net assets	14,654	12,312
Total liabilities and net assets	40,808	35,806

Consolidated statements of income (cumulative)

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 - March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 - March 31, 2016)
Net sales	47,796	40,917
Cost of sales	41,483	34,806
Gross profit	6,313	6,111
Selling, general and administrative expenses	5,310	5,228
Operating income	1,003	883
Non-operating income		
Interest income	60	64
Dividend income	24	61
Rent income on facilities	30	30
Foreign exchange gains	1,110	—
Other	122	95
Total non-operating income	1,348	250
Non-operating expenses		
Interest expenses	109	90
Loss on transfer of receivables	26	21
Expenses for persons of temporary transfer	33	47
Foreign exchange losses	—	310
Foreign withholding tax	26	26
Other	62	12
Total non-operating expenses	258	509
Ordinary income	2,093	624
Extraordinary income		
Gain on sales of non-current assets	4	0
Gain on sales of investment securities	1	9
Subsidy income	283	49
Other	11	3
Total extraordinary income	300	62
Extraordinary losses		
Impairment loss	11	—
Loss on sales of non-current assets	11	33
Loss on retirement of non-current assets	77	88
Loss on reduction of non-current assets	283	—
Loss related taxation of foreign subsidiary	58	10
Other	68	14
Total extraordinary losses	509	147
Profit before income taxes	1,884	540
Income taxes - current	154	132
Income taxes - deferred	174	195
Total income taxes	329	328
Profit	1,555	211
Profit attributable to non-controlling interests	34	29
Profit attributable to owners of parent	1,521	182

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 - March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 - March 31, 2016)
Profit	1,555	211
Other comprehensive income		
Valuation difference on available-for-sale securities	286	(329)
Deferred gains or losses on hedges	1	0
Revaluation reserve for land	35	17
Foreign currency translation adjustment	870	(743)
Remeasurements of defined benefit plans, net of tax	(67)	(190)
Total other comprehensive income	1,126	(1,245)
Comprehensive income	2,681	(1,033)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,552	(1,018)
Comprehensive income attributable to non-controlling interests	129	(14)

Consolidated statements of changes in equity
 Fiscal year ended March 31, 2015 (April 1, 2014 - March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,200	5,108	1,006	(1,128)	10,185
Cumulative effects of changes in accounting policies			(73)		(73)
Restated balance	5,200	5,108	932	(1,128)	10,111
Changes of items during period					
Dividends of surplus			(251)		(251)
Profit attributable to owners of parent			1,521		1,521
Purchase of treasury shares				(9)	(9)
Reversal of revaluation reserve for land			7		7
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,276	(9)	1,267
Balance at end of current period	5,200	5,108	2,208	(1,138)	11,378

	Accumulated other comprehensive income					Non-controlling interests
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	
Balance at beginning of current period	141	(1)	639	705	(146)	788
Cumulative effects of changes in accounting policies						
Restated balance	141	(1)	639	705	(146)	788
Changes of items during period						
Dividends of surplus						
Profit attributable to owners of parent						
Purchase of treasury shares						
Reversal of revaluation reserve for land						
Net changes of items other than shareholders' equity	286	1	28	775	(67)	124
Total changes of items during period	286	1	28	775	(67)	124
Balance at end of current period	427	(0)	667	1,481	(214)	913

Consolidated statements of changes in equity
Fiscal year ended March 31, 2016 (April 1, 2015 - March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,200	5,108	2,208	(1,138)	11,378
Changes of items during period					
Dividends of surplus			(335)		(335)
Profit attributable to owners of parent			182		182
Purchase of treasury shares				(5)	(5)
Reversal of revaluation reserve for land					
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(69)			(69)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(69)	(152)	(5)	(227)
Balance at end of current period	5,200	5,039	2,056	(1,143)	11,151

	Accumulated other comprehensive income					Non-controlling interests
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	
Balance at beginning of current period	427	(0)	667	1,481	(214)	913
Changes of items during period						
Dividends of surplus						
Profit attributable to owners of parent						
Purchase of treasury shares						
Reversal of revaluation reserve for land						
Change in treasury shares of parent arising from transactions with non-controlling shareholders						
Net changes of items other than shareholders' equity	(329)	0	17	(699)	(190)	(913)
Total changes of items during period	(329)	0	17	(699)	(190)	(913)
Balance at end of current period	98	—	684	782	(404)	—

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 - March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 - March 31, 2016)
Cash flows from operating activities		
Profit before income taxes	1,884	540
Depreciation	1,701	1,501
Impairment loss	11	—
Increase (decrease) in allowance for doubtful accounts	57	(1)
Increase (decrease) in provision for bonuses	(1)	9
Increase (decrease) in net defined benefit liability	208	299
Interest and dividend income	(60)	(125)
Interest expenses	109	90
Foreign exchange losses (gains)	(198)	65
Loss (gain) on sales of non-current assets	7	33
Loss on retirement of non-current assets	77	88
Loss (gain) on sales of investment securities	(1)	(9)
Loss (gain) on valuation of investment securities	—	4
Employment Adjustment Subsidy	(19)	—
Premium severance pay	38	8
Expenses for suspension of business	2	—
Subsidy income	—	(49)
Expenses for persons of temporary transfer	33	—
Compensation for damage	34	—
Loss on transfer of receivables	26	—
Foreign withholding tax	26	—
Loss related taxation of foreign subsidiary	58	—
Loss (gain) on valuation of derivatives	(0)	—
Decrease (increase) in notes and accounts receivable - trade	(3,622)	5,375
Decrease (increase) in inventories	(861)	735
Increase (decrease) in notes and accounts payable - trade	2,161	(3,124)
Other, net	(818)	(501)
Subtotal	854	4,942
Interest and dividend income received	60	125
Interest expenses paid	(110)	(91)
Income taxes paid	(130)	(135)
Compensation for damage paid	(34)	—
Payment of premium severance pay	(38)	(8)
Employment adjustment subsidy receipts	19	—
Expenses paid for suspension of business	(2)	—
Proceeds from compensation	69	3
Net cash provided by (used in) operating activities	687	4,835

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 - March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 - March 31, 2016)
Cash flows from investing activities		
Purchase of non-current assets	(1,040)	(1,450)
Proceeds from sales of non-current assets	27	18
Purchase of investment securities	(3)	(38)
Proceeds from sales and redemption of investment securities	20	22
Payments of loans receivable	(8)	(10)
Collection of loans receivable	5	17
Net decrease (increase) in time deposits	(70)	(167)
Other, net	9	(53)
Net cash provided by (used in) investing activities	(1,057)	(1,660)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	782	(593)
Proceeds from long-term loans payable	2,100	4,070
Repayments of long-term loans payable	(2,557)	(2,624)
Repayments of lease obligations	(144)	(150)
Purchase of treasury shares	(9)	(5)
Cash dividends paid	(251)	(335)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(964)
Net cash provided by (used in) financing activities	(80)	(604)
Effect of exchange rate change on cash and cash equivalents	525	(331)
Net increase (decrease) in cash and cash equivalents	75	2,240
Cash and cash equivalents at beginning of period	3,385	3,460
Cash and cash equivalents at end of period	3,460	5,701