

**Consolidated financial results (Japanese accounting standards)**  
**For the 2nd quarter of the fiscal year ending September 30, 2016 (Q2 FY2016)**

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 filing of securities report: November 11, 2016

Scheduled date of commencement of dividend payment: -

Supplementary documents for quarterly results: None

Quarterly results briefing: None

(Yen in millions , rounded down)

1. Consolidated financial results for the 2nd quarter of the fiscal year ending September 30, 2016  
 (April 1, 2016 – September 30, 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	%
September 30 , 2016	16,683	(23.2)	(113)	-	(511)	-	(459)	-
September 30 , 2015	21,709	(6.3)	386	42.3	442	(34.3)	246	(55.2)

(Note) Comprehensive income: (1,891) million yen (-%) for the six months ending September 30, 2016  
 (126) million yen (-%) for the six months ended September 30, 2015

	Net income	Diluted net income
	Per share	Per share
	Yen	Yen
September 30 , 2016	(5.48)	-
September 30 , 2015	2.93	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30 , 2016	32,417	10,085	31.1	120.33
March 31 , 2016	35,806	12,312	34.4	146.89

(Reference) Equity:six months ending September 30, 2016: 10,085 million yen  
 Fiscal year ended March 31, 2016: 12,312 million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2016	-	0.00	-	4.00	4.00
Year ending March 31, 2017	-	0.00	-	-	-
Year ending March 31, 2017 (forecasts)	-	-	-	3.00	3.00

(Note) Revisions to dividend forecasts published most recently: None

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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ending March 31,2017	35,000	(14.5)	300	(66.0)	100	(84.0)

	Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Yen
Year ending March 31,2017	10	(94.5)	0.12

(Note) Revisions to financial forecasts published most recently: None

4.Others

(1) Changes of important subsidiaries during the period

(changes of specific subsidiaries that change the scope of consolidation): None

(2) Application of particular accounting procedures in preparing quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and changes or restatement of accounting estimates

(i) Changes in accounting policies caused by revision of accounting standards: None

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

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

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

As of September 30,2016	92,500,996 shares	As of March 31,2016	92,500,996 shares
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(ii) Number of treasury stock at end of period

As of September 30,2016	8,684,956 shares	As of March 31,2016	8,680,333 shares
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(iii) Average number of shares outstanding during the term

As of September 30,2016	83,818,114 shares	As of September 30,2015	83,851,224 shares
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\* 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)

	As of March 31, 2016	As of September 30, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	7,047	5,372
Notes and accounts receivable - trade	7,015	7,267
Merchandise and finished goods	1,184	923
Work in process	2,201	2,434
Raw materials and supplies	2,131	1,622
Deferred tax assets	406	441
Other	1,769	1,059
Allowance for doubtful accounts	(0)	(15)
Total current assets	21,754	19,107
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,045	3,070
Machinery, equipment and vehicles, net	3,938	3,376
Land	2,877	2,870
Other, net	459	322
Total property, plant and equipment	10,320	9,639
Intangible assets	291	230
Investments and other assets		
Investment securities	1,403	1,446
Deferred tax assets	1,228	1,187
Net defined benefit asset	0	—
Other	863	858
Allowance for doubtful accounts	(55)	(52)
Total investments and other assets	3,439	3,439
Total non-current assets	14,052	13,309
Total assets	35,806	32,417

## Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	6,673	6,503
Short-term loans payable	4,181	4,786
Income taxes payable	116	17
Provision for bonuses	321	320
Other	1,190	991
Total current liabilities	12,483	12,619
Non-current liabilities		
Long-term loans payable	5,285	4,179
Deferred tax liabilities for land revaluation	327	327
Net defined benefit liability	4,931	4,893
Other	467	312
Total non-current liabilities	11,010	9,712
<b>Total liabilities</b>	<b>23,494</b>	<b>22,332</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	5,200	5,200
Capital surplus	5,039	5,039
Retained earnings	2,056	1,261
Treasury shares	(1,143)	(1,144)
Total shareholders' equity	11,151	10,355
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	98	121
Revaluation reserve for land	684	684
Foreign currency translation adjustment	782	(692)
Remeasurements of defined benefit plans	(404)	(384)
Total accumulated other comprehensive income	1,161	(270)
Non-controlling interests	—	—
<b>Total net assets</b>	<b>12,312</b>	<b>10,085</b>
<b>Total liabilities and net assets</b>	<b>35,806</b>	<b>32,417</b>

## Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	21,709	16,683
Cost of sales	18,692	14,365
Gross profit	3,016	2,318
Selling, general and administrative expenses	2,630	2,432
Operating income (loss)	386	(113)
Non-operating income		
Interest income	29	27
Dividend income	48	17
Foreign exchange gains	9	—
Other	50	87
Total non-operating income	138	132
Non-operating expenses		
Interest expenses	45	39
Expenses for persons of temporary transfer	22	12
Foreign exchange losses	—	424
Other	13	53
Total non-operating expenses	81	530
Ordinary income (loss)	442	(511)
Extraordinary income		
Gain on sales of non-current assets	0	8
Subsidy income	19	15
Other	5	16
Total extraordinary income	25	40
Extraordinary losses		
Loss on disaster	—	12
Impairment loss	—	3
Loss on sales of non-current assets	1	—
Loss on retirement of non-current assets	75	1
Extra retirement payments	2	8
Other	11	0
Total extraordinary losses	90	25
Profit (loss) before income taxes	377	(496)
Income taxes	126	(36)
Profit (loss)	251	(459)
Profit attributable to non-controlling interests	5	—
Profit (loss) attributable to owners of parent	246	(459)

## Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit (loss)	251	(459)
Other comprehensive income		
Valuation difference on available-for-sale securities	51	23
Deferred gains or losses on hedges	0	—
Remeasurements of defined benefit plans, net of tax	9	19
Foreign currency translation adjustment	(438)	(1,475)
Total other comprehensive income	(377)	(1,431)
Comprehensive income	(126)	(1,891)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(149)	(1,891)
Comprehensive income attributable to non-controlling interests	23	—

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit (loss) before income taxes	377	(496)
Depreciation	766	659
Impairment loss	—	3
Increase (decrease) in allowance for doubtful accounts	3	11
Increase (decrease) in provision for bonuses	24	(0)
Increase (decrease) in net defined benefit liability	17	(37)
Interest and dividend income	(78)	(45)
Interest expenses	45	39
Foreign exchange losses (gains)	(10)	61
Loss (gain) on sales of non-current assets	0	(8)
Loss on retirement of non-current assets	75	1
Loss (gain) on sales of investment securities	(0)	—
Premium severance pay	2	8
Subsidy income	(19)	(15)
Decrease (increase) in notes and accounts receivable - trade	1,569	(732)
Decrease (increase) in inventories	388	(7)
Increase (decrease) in notes and accounts payable - trade	(1,400)	(12)
Decrease (increase) in consumption taxes refund receivable	—	458
Other, net	261	719
Subtotal	2,022	604
Interest and dividend income received	78	45
Interest expenses paid	(41)	(39)
Income taxes paid	(115)	(98)
Payment of premium severance pay	(2)	(8)
Proceeds from compensation	2	1
Net cash provided by (used in) operating activities	1,943	504
Cash flows from investing activities		
Purchase of non-current assets	(336)	(535)
Proceeds from sales of non-current assets	2	10
Purchase of investment securities	(1)	(0)
Proceeds from sales of investment securities	0	—
Payments of loans receivable	(10)	(12)
Collection of loans receivable	11	9
Net decrease (increase) in time deposits	—	200
Other, net	(22)	8
Net cash provided by (used in) investing activities	(356)	(318)

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	478	847
Proceeds from long-term loans payable	470	—
Repayments of long-term loans payable	(1,250)	(1,349)
Repayments of lease obligations	(75)	(70)
Purchase of treasury shares	(2)	(0)
Cash dividends paid	(335)	(335)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(714)	(907)
Effect of exchange rate change on cash and cash equivalents	(228)	(553)
Net increase (decrease) in cash and cash equivalents	643	(1,276)
Cash and cash equivalents at beginning of period	3,460	5,701
Cash and cash equivalents at end of period	4,104	4,424