

**Consolidated financial results (Japanese accounting standards)  
For the fiscal year ended March 31, 2017**

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  
 Contact: Yoshinori Hayashi, General Manager, Financial Affairs Department  
 Tel. +81-76-467-1111

Scheduled date for ordinary general meeting of shareholders: June 29, 2017  
 Scheduled date of commencement of dividend payment: June 30, 2017  
 Scheduled date for filing of securities report: June 29, 2017  
 Presentation of supplementary material on financial results: None  
 Holding of financial results presentation meeting: None

(Yen in millions , rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2017  
(April 1, 2016 – March 31, 2017)

## (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, 2017	36,470	(10.9)	297	(66.4)	180	(71.2)	111	(39.2)
Year ended March 31, 2016	40,917	(14.4)	883	(12.0)	624	(70.1)	182	(88.0)

(Note) Comprehensive income: (482) million yen (-%) for the fiscal year ended March 31, 2017  
 (1,033) million yen (-%) for the fiscal year ended March 31, 2016

	Net income	Diluted	Return	Raito of	Raito of
	Per share	net income	on equity	ordinary income	operating income
	Yen	Per share	%	to total assets	to net sales
Year ended March 31, 2017	1.33	Yen	0.9	0.5	0.8
Year ended March 31, 2016	2.18	-	1.4	1.6	2.2

## (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, 2017	35,640	11,491	32.2	137.15
As of March 31, 2016	35,806	12,312	34.4	146.89

(Reference) Equity: fiscal year ended March 31, 2017: 11,491 millions of yen  
 fiscal year ended March 31, 2016: 12,312 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, 2017	(182)	(855)	187	4,610
Year ended March 31, 2016	4,835	(1,660)	(604)	5,701

## 2. Dividends

	Dividend per share				
	First quarter end	Second quarter end	Third quarter end	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2016	-	0.00	-	4.00	4.00
Year ended March 31, 2017	-	0.00	-	3.00	3.00
Year ending March 31, 2018 (forecasts)	-	0.00	-	3.00	3.00

	Aggregate amount	Payout ratio	Dividends to net assets

	(Total)	(Consolidated)	(Consolidated)
	Millions of yen		%
Year ended March 31, 2016	335	183.5	2.6
Year ended March 31, 2017	251	225.6	2.1
Year ending March 31, 2018(forecasts)		35.9	

### 3. Consolidated forecasts for the fiscal year ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(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	
Year ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2018	36,500	0.1	1,000	236.5	800	344.2	700	529.4

	Net income per share
Year ending	Yen
March 31, 2018	8.35

#### \* Note

#### (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

- ① Changes in accounting policies caused by revision of accounting standards: None
- ② Changes in accounting policies other than ①: None
- ③ Changes in accounting estimates: None
- ④ Restatement: None

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

##### ① Number of shares outstanding at end of period (including treasury stock)

As of March 31, 2017	92,500,996 shares	As of March 31, 2016	92,500,996 shares
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##### ② Number of treasury stock at end of period

As of March 31, 2017	8,711,535 shares	As of March 31, 2016	8,680,333 shares
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##### ③ Average number of shares outstanding during the term

As of March 31, 2017	83,807,387 shares	As of March 31, 2016	83,838,760 shares
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#### (Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2017  
(April 1, 2016 – March 31, 2017)

#### (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	
Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2016	29,342	(8.5)	(207)	–	0	(99.8)	118	44.6
March 31, 2017	32,082	(15.7)	339	(29.3)	290	(84.4)	81	(94.9)

	Net income Per share	Diluted net income Per share
Year ended	Yen	Yen
March 31, 2016	1.41	–
March 31, 2017	0.97	–

#### (2) Non-Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
Year ended	Millions of yen	Millions of yen	%	Yen
March 31, 2016	31,830	11,421	35.9	136.31
March 31, 2017	30,167	11,484	38.1	137.01

(Reference) Equity: fiscal year ended March 31, 2017: 11,421 millions of yen  
fiscal year ended March 31, 2016: 11,484 millions of yen

\* This document is not subject to audit procedures.

\* Explanation for appropriate use of forecasts and other notes

The earnings forecast and other forward-looking statements presented in this document are prepared based on currently available information and certain preconditions that the company believes to be reasonable, and do not constitute any guarantee of future performance achievements.

Actual results may substantially differ from any forecasts presented herein due to various factors.

Consolidated financial statements  
 Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	7,047	5,752
Notes and accounts receivable - trade	7,015	9,081
Merchandise and finished goods	1,184	1,249
Work in process	2,201	2,610
Raw materials and supplies	2,131	1,807
Deferred tax assets	406	331
Other	1,769	1,452
Allowance for doubtful accounts	(0)	(16)
<b>Total current assets</b>	<b>21,754</b>	<b>22,268</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,651	12,882
Accumulated depreciation and impairment loss	(9,606)	(9,686)
Buildings and structures, net	3,045	3,196
Machinery, equipment and vehicles	28,326	26,707
Accumulated depreciation and impairment loss	(24,387)	(23,437)
Machinery, equipment and vehicles, net	3,938	3,269
Land	2,877	2,871
Other	459	326
<b>Total property, plant and equipment</b>	<b>10,320</b>	<b>9,663</b>
Intangible assets	291	225
Investments and other assets		
Investment securities	1,403	1,435
Deferred tax assets	1,228	1,159
Net defined benefit asset	0	—
Other	863	943
Allowance for doubtful accounts	(55)	(56)
<b>Total investments and other assets</b>	<b>3,439</b>	<b>3,482</b>
<b>Total non-current assets</b>	<b>14,052</b>	<b>13,371</b>
<b>Total assets</b>	<b>35,806</b>	<b>35,640</b>

## Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	6,673	7,061
Short-term loans payable	4,181	4,572
Income taxes payable	116	154
Provision for bonuses	321	314
Other	1,190	1,022
Total current liabilities	12,483	13,125
Non-current liabilities		
Long-term loans payable	5,285	5,573
Deferred tax liabilities for land revaluation	327	327
Net defined benefit liability	4,931	4,882
Other	467	239
Total non-current liabilities	11,010	11,023
<b>Total liabilities</b>	<b>23,494</b>	<b>24,149</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	5,200	5,200
Capital surplus	5,039	5,039
Retained earnings	2,056	1,831
Treasury shares	(1,143)	(1,147)
Total shareholders' equity	11,151	10,923
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	98	259
Revaluation reserve for land	684	684
Foreign currency translation adjustment	782	(62)
Remeasurements of defined benefit plans	(404)	(313)
Total accumulated other comprehensive income	1,161	568
Non-controlling interests	—	—
<b>Total net assets</b>	<b>12,312</b>	<b>11,491</b>
<b>Total liabilities and net assets</b>	<b>35,806</b>	<b>35,640</b>

## Consolidated statements of income (cumulative)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	40,917	36,470
Cost of sales	34,806	31,128
Gross profit	6,111	5,341
Selling, general and administrative expenses	5,228	5,044
Operating profit	883	297
Non-operating income		
Interest income	64	56
Dividend income	61	26
Rent income on facilities	30	28
Technical advisory fee	23	25
Insurance income	—	26
Other	72	62
Total non-operating income	250	226
Non-operating expenses		
Interest expenses	90	80
Foreign exchange losses	310	149
Other	108	112
Total non-operating expenses	509	343
Ordinary profit	624	180
Extraordinary income		
Gain on sales of non-current assets	0	16
Gain on sales of investment securities	9	119
Surrender value of insurance	2	47
Subsidy income	49	70
Other	1	14
Total extraordinary income	62	268
Extraordinary losses		
Loss on disaster	—	12
Impairment loss	—	3
Loss on sales of non-current assets	33	6
Loss on retirement of non-current assets	88	65
Extra retirement payments	8	22
Loss related taxation of foreign subsidiary	10	—
Other	5	3
Total extraordinary losses	147	113
Profit before income taxes	540	335
Income taxes - current	132	145
Income taxes - deferred	195	78
Total income taxes	328	223
Profit	211	111
Profit attributable to non-controlling interests	29	—
Profit attributable to owners of parent	182	111

## Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	211	111
Other comprehensive income		
Valuation difference on available-for-sale securities	(329)	160
Deferred gains or losses on hedges	0	—
Revaluation reserve for land	17	—
Foreign currency translation adjustment	(743)	(845)
Remeasurements of defined benefit plans, net of tax	(190)	91
Total other comprehensive income	(1,245)	(593)
Comprehensive income	(1,033)	(482)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,018)	(482)
Comprehensive income attributable to non-controlling interests	(14)	—

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)
Change in ownership interest of parent due to transactions with non-controlling interests		(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						
Change in ownership interest of parent due to transactions with non-controlling interests						
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 changes in equity  
Fiscal year ended March 31, 2017 (April 1, 2016 - March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,200	5,039	2,056	(1,143)	11,151
Changes of items during period					
Dividends of surplus			(335)		(335)
Profit attributable to owners of parent			111		111
Purchase of treasury shares				(3)	(3)
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(0)	(224)	(3)	(228)
Balance at end of current period	5,200	5,039	1,831	(1,147)	10,923

	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	98	—	684	782	(404)	—
Changes of items during period						
Dividends of surplus						
Profit attributable to owners of parent						
Purchase of treasury shares						
Change in ownership interest of parent due to transactions with non-controlling interests						
Net changes of items other than shareholders' equity	160			(845)	91	
Total changes of items during period	160	—	—	(845)	91	—
Balance at end of current period	259	—	684	(62)	(313)	—



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	540	335
Depreciation	1,501	1,380
Impairment loss	—	3
Increase (decrease) in allowance for doubtful accounts	(1)	16
Increase (decrease) in provision for bonuses	9	(6)
Increase (decrease) in net defined benefit liability	299	(48)
Interest and dividend income	(125)	(82)
Interest expenses	90	80
Foreign exchange losses (gains)	65	(0)
Loss (gain) on sales of non-current assets	33	(10)
Loss on retirement of non-current assets	88	51
Loss (gain) on sales of investment securities	(9)	(119)
Loss (gain) on valuation of investment securities	4	—
Premium severance pay	8	22
Subsidy income	(49)	(70)
Decrease (increase) in notes and accounts receivable - trade	5,375	(2,303)
Decrease (increase) in inventories	735	(413)
Increase (decrease) in notes and accounts payable - trade	(3,124)	485
Decrease (increase) in consumption taxes refund receivable	—	27
Other, net	(501)	630
Subtotal	4,942	(21)
Interest and dividend income received	125	82
Interest expenses paid	(91)	(80)
Income taxes paid	(135)	(139)
Payment of premium severance pay	(8)	(22)
Proceeds from compensation	3	0
Net cash provided by (used in) operating activities	4,835	(182)

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
<b>Cash flows from investing activities</b>		
Purchase of non-current assets	(1,450)	(1,125)
Proceeds from sales of non-current assets	18	31
Purchase of investment securities	(38)	(1)
Proceeds from sales and redemption of investment securities	22	268
Payments of loans receivable	(10)	(12)
Collection of loans receivable	17	12
Net decrease (increase) in time deposits	(167)	50
Other, net	(53)	(78)
Net cash provided by (used in) investing activities	(1,660)	(855)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(593)	486
Proceeds from long-term loans payable	4,070	2,900
Repayments of long-term loans payable	(2,624)	(2,708)
Repayments of lease obligations	(150)	(151)
Purchase of treasury shares	(5)	(3)
Cash dividends paid	(335)	(335)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(964)	(0)
Net cash provided by (used in) financing activities	(604)	187
Effect of exchange rate change on cash and cash equivalents	(331)	(240)
Net increase (decrease) in cash and cash equivalents	2,240	(1,090)
Cash and cash equivalents at beginning of period	3,460	5,701
Cash and cash equivalents at end of period	5,701	4,610