

November 10, 2017

**Consolidated financial results (Japanese accounting standards)
For the 2nd quarter of the fiscal year ending September 30, 2017 (Q2 FY2017)**

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 filing of securities report: November 13, 2017
 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, 2017
 (April 1, 2017 – September 30, 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	%
September 30, 2017	21,600	29.5	573	-	680	-	612	-
September 30, 2016	16,683	(23.2)	(113)	-	(511)	-	(459)	-

(Note) Comprehensive income: 702 million yen (-%) for the six months ending September 30, 2017
 (1,891) million yen (-%) for the six months ended September 30, 2016

	Net income	Diluted net income
	Per share	Per share
	Yen	Yen
September 30, 2017	73.16	-
September 30, 2016	(54.85)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2017	38,799	11,941	30.8
March 31, 2017	35,640	11,491	32.2

(Reference) Equity: six months ending September 30, 2017: 11,941 million yen
 Fiscal year ended March 31, 2017: 11,491 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, 2017	-	0.00	-	3.00	3.00
Year ending March 31, 2018	-	0.00	-	-	-
Year ending March 31, 2018 (forecasts)	-	-	-	30.00	30.00

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

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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ending March 31,2018	40,000	9.7	1,300	337.4	1,200	566.4

	Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Yen
Year ending March 31,2018	1,000	799.1	119.35

(Note) Revisions to financial forecasts published most recently: Yes

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 30,2017	9,250,099 shares	As of March 31,2017	9,250,099 shares
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(ii) Number of treasury stock at end of period

As of September 30,2017	871,753 shares	As of March 31,2017	871,153 shares
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(iii) Average number of shares outstanding during the term

As of September 30,2017	8,378,642 shares	As of September 30,2016	8,381,811 shares
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* This document is not subject to audit procedures.

* Explanation for appropriate use of forecasts and other special 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.

At the 83rd ordinary general meeting of shareholders, held on June 29, 2017, a change of share unit, a resolution for a consolidation of shares was approved, and the company therefore carried out the share consolidation at the ratio 10 shares to 1 share effective October 1, 2017.

The dividend forecast and forecast for net income per share are based on a amount after a resolution for a consolidation of shares.

Consolidated financial statements
 Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	5,752	5,906
Notes and accounts receivable - trade	9,081	11,606
Merchandise and finished goods	1,249	1,168
Work in process	2,610	2,886
Raw materials and supplies	1,807	2,329
Deferred tax assets	331	338
Other	1,452	1,440
Allowance for doubtful accounts	(16)	(16)
Total current assets	22,268	25,660
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,196	3,045
Machinery, equipment and vehicles, net	3,269	3,098
Land	2,871	2,873
Other, net	326	307
Total property, plant and equipment	9,663	9,324
Intangible assets	225	236
Investments and other assets		
Investment securities	1,435	1,504
Deferred tax assets	1,159	1,140
Other	943	1,061
Allowance for doubtful accounts	(56)	(129)
Total investments and other assets	3,482	3,577
Total non-current assets	13,371	13,138
Total assets	35,640	38,799

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,061	8,736
Short-term loans payable	4,572	6,478
Income taxes payable	154	192
Provision for bonuses	314	317
Other	1,022	1,398
Total current liabilities	13,125	17,122
Non-current liabilities		
Long-term loans payable	5,573	4,355
Deferred tax liabilities for land revaluation	327	327
Net defined benefit liability	4,882	4,835
Other	239	217
Total non-current liabilities	11,023	9,735
Total liabilities	24,149	26,858
Net assets		
Shareholders' equity		
Capital stock	5,200	5,200
Capital surplus	5,039	5,039
Retained earnings	1,831	2,193
Treasury shares	(1,147)	(1,148)
Total shareholders' equity	10,923	11,283
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	259	314
Revaluation reserve for land	684	684
Foreign currency translation adjustment	(62)	(43)
Remeasurements of defined benefit plans	(313)	(298)
Total accumulated other comprehensive income	568	657
Total net assets	11,491	11,941
Total liabilities and net assets	35,640	38,799

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	16,683	21,600
Cost of sales	14,365	18,553
Gross profit	2,318	3,047
Selling, general and administrative expenses	2,432	2,474
Operating profit (loss)	(113)	573
Non-operating income		
Interest income	27	29
Dividend income	17	38
Foreign exchange gains	—	69
Other	87	50
Total non-operating income	132	187
Non-operating expenses		
Interest expenses	39	41
Foreign exchange losses	424	—
Other	66	39
Total non-operating expenses	530	80
Ordinary profit (loss)	(511)	680
Extraordinary income		
Gain on adjustment of account payable	—	76
Gain on sales of non-current assets	8	13
Gain on reorganization of subsidiaries and associates	—	79
Subsidy income	15	—
Other	16	27
Total extraordinary income	40	196
Extraordinary losses		
Loss on disaster	12	—
Impairment loss	3	—
Loss on sales of non-current assets	—	0
Loss on retirement of non-current assets	1	5
Extra retirement payments	8	45
Other	0	0
Total extraordinary losses	25	52
Profit (loss) before income taxes	(496)	824
Income taxes	(36)	211
Profit (loss)	(459)	612
Profit (loss) attributable to owners of parent	(459)	612

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit (loss)	(459)	612
Other comprehensive income		
Valuation difference on available-for-sale securities	23	55
Foreign currency translation adjustment	(1,475)	18
Remeasurements of defined benefit plans, net of tax	19	14
Total other comprehensive income	(1,431)	89
Comprehensive income	(1,891)	702
Comprehensive income attributable to owners of parent	(1,891)	702

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit (loss) before income taxes	(496)	824
Depreciation	659	577
Impairment loss	3	—
Increase (decrease) in allowance for doubtful accounts	11	1
Increase (decrease) in provision for bonuses	(0)	2
Increase (decrease) in net defined benefit liability	(37)	(4)
Interest and dividend income	(45)	(67)
Interest expenses	39	41
Foreign exchange losses (gains)	61	183
Loss (gain) on sales of non-current assets	(8)	(12)
Loss on retirement of non-current assets	1	5
Premium severance pay	8	45
Subsidy income	(15)	—
Decrease (increase) in notes and accounts receivable - trade	(732)	(2,576)
Decrease (increase) in inventories	(7)	(831)
Increase (decrease) in notes and accounts payable - trade	(12)	1,669
Decrease (increase) in consumption taxes refund receivable	458	334
Other, net	719	(113)
Subtotal	604	77
Interest and dividend income received	45	67
Interest expenses paid	(39)	(41)
Income taxes paid	(98)	(174)
Payment of premium severance pay	(8)	(45)
Proceeds from compensation	1	—
Net cash provided by (used in) operating activities	504	(117)
Cash flows from investing activities		
Purchase of non-current assets	(535)	(252)
Proceeds from sales of non-current assets	10	344
Purchase of investment securities	(0)	(9)
Payments of loans receivable	(12)	—
Collection of loans receivable	9	3
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(66)
Net decrease (increase) in time deposits	200	80
Other, net	8	(55)
Net cash provided by (used in) investing activities	(318)	42

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	847	2,156
Repayments of long-term loans payable	(1,349)	(1,395)
Repayments of lease obligations	(70)	(56)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(335)	(251)
Other, net	(0)	—
Net cash provided by (used in) financing activities	(907)	451
Effect of exchange rate change on cash and cash equivalents	(553)	(201)
Net increase (decrease) in cash and cash equivalents	(1,276)	175
Cash and cash equivalents at beginning of period	5,701	4,610
Cash and cash equivalents at end of period	4,424	4,786