

Consolidated financial results (Japanese accounting standards) For the fiscal year ended March 31, 2018

Company name: Hokuriku Electric Industry Co., Ltd.
 Stock code: 6989
 URL: <http://www.hdk.co.jp/>
 Stock exchange listing: Tokyo Stock Exchange
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Scheduled date for ordinary general meeting of shareholders: June 28, 2018
 Scheduled date of commencement of dividend payment: June 29, 2018
 Scheduled date for filing of securities report: June 28, 2018
 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, 2018 (April 1, 2017 – March 31, 2018)

(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, 2018	43,805	20.1	1,278	330.2	933	418.3	1,101	890.3
Year ended March 31, 2017	36,470	(10.9)	297	(66.4)	180	(71.2)	111	(39.2)

(Note) Comprehensive income: 1,380 million yen (–%) for the fiscal year ended March 31, 2018
 (482) million yen (–%) for the fiscal year ended March 31, 2017

	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, 2018	131.46	–	9.1	2.4	2.9
Year ended March 31, 2017	13.27	–	0.9	0.5	0.8

(Note) The company conducted a share consolidation at a ratio of 10 shares of common shares to 1 share, effective on October 1, 2017. Accordingly, Net income per share is calculated based on the assumption that the share consolidation had been conducted at the beginning of the previous fiscal year.

(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, 2018	40,633	12,616	31.1	1,506.15
As of March 31, 2017	35,640	11,491	32.2	1,371.46

(Reference) Equity: fiscal year ended March 31, 2018: 12,616 millions of yen
 fiscal year ended March 31, 2017: 11,491 millions of yen

(Note) The company conducted a share consolidation at a ratio of 10 shares of common shares to 1 share, effective on October 1, 2017. Accordingly, Net assets per share is calculated based on the assumption that the share consolidation had been conducted at the beginning of the previous fiscal year.

(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, 2018	1,095	(332)	2,808	7,836
Year ended March 31, 2017	(182)	(855)	187	4,610

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, 2017	–	0.00	–	3.00	3.00
Year ended March 31, 2018	–	0.00	–	30.00	30.00
Year ending March 31, 2019 (forecasts)	–	0.00	–	30.00	30.00

	Aggregate amount (Total)	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	Millions of yen	%	%
Year ended March 31, 2017	251	225.6	2.1
Year ended March 31, 2018	251	22.8	2.1
Year ending March 31, 2019 (forecasts)		41.9	

(Note) The company conducted a share consolidation at a ratio of 10 shares of common shares to 1 share, effective on October 1, 2017. Dividend per share for Fiscal year end, total of Year ended March 31, 2017 converted on the basis after the consolidation of shares would be 30 yen.

3. Consolidated forecasts for the fiscal year ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen
Year ending March 31, 2019	40,000	(8.7)	1,000	(21.8)	1,000	7.1	600 (45.5)

	Net income per share
	Yen
Year ending March 31, 2019	71.62

* 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, 2018	9,250,099 shares	As of March 31, 2017	9,250,099 shares
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② Number of treasury stock at end of period

As of March 31, 2018	873,115 shares	As of March 31, 2017	871,153 shares
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③ Average number of shares outstanding during the term

As of March 31, 2018	8,378,070 shares	As of March 31, 2017	8,380,738 shares
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(Note) The company conducted a share consolidation at a ratio of 10 shares of common shares to 1 share, effective on October 1, 2017. Accordingly, Number of shares outstanding at end of period, Number of treasury stock at end of period, Average number of shares outstanding during the term are calculated based on the assumption that the share consolidation had been conducted at the beginning of the previous fiscal year.

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2018

(April 1, 2017 – March 31, 2018)

(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, 2018	34,004	15.9	517	–	533	–	648	449.1
Year ended March 31, 2017	29,342	(8.5)	(207)	–	0	(99.8)	118	44.6

	Net income per share	Diluted net income Per share
	Yen	Yen
Year ended March 31, 2018	77.38	–
Year ended March 31, 2017	14.09	–

(Note) The company conducted a share consolidation at a ratio of 10 shares of common shares to 1 share, effective on October 1, 2017. Accordingly, Net income per share is calculated based on the assumption that the share consolidation had been conducted at the beginning of the previous fiscal year.

(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, 2018	33,942	11,720	34.5	1,399.16
Year ended March 31, 2017	31,830	11,421	35.9	1,363.12

(Reference) Equity: fiscal year ended March 31, 2018: 11,720 millions of yen

fiscal year ended March 31, 2017: 11,421 millions of yen

(Note) The company conducted a share consolidation at a ratio of 10 shares of common shares to 1 share, effective on October 1, 2017. Accordingly, Net assets per share is calculated based on the assumption that the share consolidation had been conducted at the beginning of the previous fiscal year.

* 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, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	5,752	8,937
Notes and accounts receivable - trade	9,081	9,769
Merchandise and finished goods	1,249	1,158
Work in process	2,610	2,601
Raw materials and supplies	1,807	2,755
Deferred tax assets	331	355
Other	1,452	1,963
Allowance for doubtful accounts	(16)	(15)
Total current assets	22,268	27,525
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,882	12,509
Accumulated depreciation and impairment loss	(9,686)	(9,787)
Buildings and structures, net	3,196	2,722
Machinery, equipment and vehicles	26,707	26,831
Accumulated depreciation and impairment loss	(23,437)	(23,381)
Machinery, equipment and vehicles, net	3,269	3,449
Land	2,871	2,864
Other	326	342
Total property, plant and equipment	9,663	9,378
Intangible assets	225	199
Investments and other assets		
Investment securities	1,435	1,350
Deferred tax assets	1,159	1,148
Other	943	1,152
Allowance for doubtful accounts	(56)	(122)
Total investments and other assets	3,482	3,529
Total non-current assets	13,371	13,108
Total assets	35,640	40,633

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,061	7,317
Short-term loans payable	4,572	7,505
Income taxes payable	154	132
Provision for bonuses	314	406
Other	1,022	1,184
Total current liabilities	13,125	16,545
Non-current liabilities		
Long-term loans payable	5,573	5,812
Deferred tax liabilities for land revaluation	327	327
Net defined benefit liability	4,882	4,876
Other	239	453
Total non-current liabilities	11,023	11,470
Total liabilities	24,149	28,016
Net assets		
Shareholders' equity		
Capital stock	5,200	5,200
Capital surplus	5,039	5,039
Retained earnings	1,831	2,682
Treasury shares	(1,147)	(1,150)
Total shareholders' equity	10,923	11,770
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	259	173
Revaluation reserve for land	684	684
Foreign currency translation adjustment	(62)	292
Remeasurements of defined benefit plans	(313)	(303)
Total accumulated other comprehensive income	568	846
Total net assets	11,491	12,616
Total liabilities and net assets	35,640	40,633

Consolidated statements of income (cumulative)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	36,470	43,805
Cost of sales	31,128	37,531
Gross profit	5,341	6,273
Selling, general and administrative expenses	5,044	4,994
Operating profit	297	1,278
Non-operating income		
Interest income	56	59
Dividend income	26	45
Rent income on facilities	28	38
Technical advisory fee	25	20
Insurance income	26	—
Other	62	40
Total non-operating income	226	205
Non-operating expenses		
Interest expenses	80	89
Foreign exchange losses	149	384
Other	112	76
Total non-operating expenses	343	550
Ordinary profit	180	933
Extraordinary income		
Gain on adjustment of account payable	—	120
Gain on sales of non-current assets	16	149
Gain on sales of investment securities	119	31
Gain on reorganization of subsidiaries and associates	—	79
Surrender value of insurance	47	40
Subsidy income	70	0
Other	14	39
Total extraordinary income	268	461
Extraordinary losses		
Loss on disaster	12	—
Impairment loss	3	13
Loss on sales of non-current assets	6	0
Loss on retirement of non-current assets	65	38
Extra retirement payments	22	45
Other	3	4
Total extraordinary losses	113	103
Profit before income taxes	335	1,291
Income taxes - current	145	206
Income taxes - deferred	78	(16)
Total income taxes	223	189
Profit	111	1,101
Profit attributable to owners of parent	111	1,101

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	111	1,101
Other comprehensive income		
Valuation difference on available-for-sale securities	160	(85)
Foreign currency translation adjustment	(845)	354
Remeasurements of defined benefit plans, net of tax	91	9
Total other comprehensive income	(593)	278
Comprehensive income	(482)	1,380
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(482)	1,380

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					Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Accumulated other comprehensive income	
Balance at beginning of current period	98	684	782	(404)	1,161	12,312
Changes of items during period						
Dividends of surplus						(335)
Profit attributable to owners of parent						111
Purchase of treasury shares						(3)
Change in ownership interest of parent due to transactions with non-controlling interests						(0)
Net changes of items other than shareholders' equity	160		(845)	91	(593)	(593)
Total changes of items during period	160	—	(845)	91	(593)	(821)
Balance at end of current period	259	684	(62)	(313)	568	11,491

Consolidated statements of changes in equity

Fiscal year ended March 31, 2018 (April 1, 2017 - March 31, 2018)

(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	1,831	(1,147)	10,923
Changes of items during period					
Dividends of surplus			(251)		(251)
Profit attributable to owners of parent			1,101		1,101
Purchase of treasury shares				(3)	(3)
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	850	(3)	846
Balance at end of current period	5,200	5,039	2,682	(1,150)	11,770

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Accumulated other comprehensive income	
Balance at beginning of current period	259	684	(62)	(313)	568	11,491
Changes of items during period						
Dividends of surplus						(251)
Profit attributable to owners of parent						1,101
Purchase of treasury shares						(3)
Change in ownership interest of parent due to transactions with non-controlling interests						—
Net changes of items other than shareholders' equity	(85)		354	9	278	278
Total changes of items during period	(85)	—	354	9	278	1,125
Balance at end of current period	173	684	292	(303)	846	12,616

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	335	1,291
Depreciation	1,380	1,067
Impairment loss	3	13
Increase (decrease) in allowance for doubtful accounts	16	(3)
Increase (decrease) in provision for bonuses	(6)	92
Increase (decrease) in net defined benefit liability	(48)	36
Interest and dividend income	(82)	(105)
Interest expenses	80	89
Foreign exchange losses (gains)	(0)	417
Loss (gain) on sales of non-current assets	(10)	(149)
Loss on retirement of non-current assets	51	38
Loss (gain) on sales of investment securities	(119)	(31)
Loss (gain) on valuation of investment securities	—	4
Premium severance pay	22	45
Subsidy income	(70)	—
Decrease (increase) in notes and accounts receivable – trade	(2,303)	(600)
Decrease (increase) in inventories	(413)	(841)
Increase (decrease) in notes and accounts payable – trade	485	205
Decrease (increase) in consumption taxes refund receivable	27	(130)
Other, net	630	(86)
Subtotal	(21)	1,353
Interest and dividend income received	82	105
Interest expenses paid	(80)	(89)
Income taxes paid	(139)	(228)
Payment of premium severance pay	(22)	(45)
Proceeds from compensation	0	—
Net cash provided by (used in) operating activities	(182)	1,095

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from investing activities		
Purchase of non-current assets	(1,125)	(772)
Proceeds from sales of non-current assets	31	485
Purchase of investment securities	(1)	(19)
Proceeds from sales and redemption of investment securities	268	38
Payments of loans receivable	(12)	—
Collection of loans receivable	12	6
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(66)
Net decrease (increase) in time deposits	50	137
Other, net	(78)	(141)
Net cash provided by (used in) investing activities	(855)	(332)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	486	2,787
Proceeds from long-term loans payable	2,900	3,200
Repayments of long-term loans payable	(2,708)	(2,742)
Repayments of lease obligations	(151)	(182)
Purchase of treasury shares	(3)	(3)
Cash dividends paid	(335)	(251)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(0)	—
Net cash provided by (used in) financing activities	187	2,808
Effect of exchange rate change on cash and cash equivalents	(240)	(345)
Net increase (decrease) in cash and cash equivalents	(1,090)	3,225
Cash and cash equivalents at beginning of period	5,701	4,610
Cash and cash equivalents at end of period	4,610	7,836