

**Consolidated financial results (Japanese accounting standards)
For the 2nd quarter of the fiscal year ending September 30, 2018 (Q2 FY2018)**

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 filing of securities report: November 12, 2018

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, 2018
(April 1, 2018 – September 30, 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	%
September 30, 2018	20,964	(2.9)	258	(54.9)	683	0.4	215	(64.9)
September 30, 2017	21,600	29.5	573	-	680	-	612	-

(Note) Comprehensive income: 55 million yen ((92.2)%) for the six months ending September 30, 2018
702 million yen (-%) for the six months ended September 30, 2017

	Net income	Diluted net income
	Per share	Per share
	Yen	Yen
September 30, 2018	25.69	-
September 30, 2017	73.16	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2018	37,801	12,420	32.9
March 31, 2018	40,640	12,616	31.0

(Reference) Equity: six months ending September 30, 2018: 12,420 million yen
Fiscal year ended March 31, 2018: 12,616 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, 2018	-	0.00	-	30.00	30.00
Year ending March 31, 2019	-	0.00	-	30.00	30.00
Year ending March 31, 2019 (forecasts)			-	30.00	30.00

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

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	
	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

	Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Yen
Year ending March 31,2019	600	(45.5)	71.62

(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 30,2018	9,250,099 shares	As of March 31,2018	9,250,099 shares
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(ii) Number of treasury stock at end of period

As of September 30,2018	873,515 shares	As of March 31,2018	873,115 shares
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(iii) Average number of shares outstanding during the term

As of September 30,2018	8,376,767 shares	As of September 30,2017	8,378,642 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.

Consolidated financial statements
 Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	8,937	5,876
Notes and accounts receivable - trade	9,769	11,219
Merchandise and finished goods	1,158	1,207
Work in process	2,601	2,634
Raw materials and supplies	2,755	2,317
Other	1,963	1,002
Allowance for doubtful accounts	(15)	(17)
Total current assets	27,169	24,241
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,722	2,670
Machinery, equipment and vehicles, net	3,449	3,454
Land	2,864	2,863
Other, net	342	356
Total property, plant and equipment	9,378	9,346
Intangible assets	199	230
Investments and other assets		
Investment securities	1,350	1,408
Deferred tax assets	1,511	1,493
Other	1,152	1,207
Allowance for doubtful accounts	(122)	(126)
Total investments and other assets	3,892	3,983
Total non-current assets	13,470	13,560
Total assets	40,640	37,801

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,317	7,052
Short-term loans payable	7,505	6,066
Income taxes payable	132	153
Provision for bonuses	406	415
Other	1,184	1,331
Total current liabilities	16,545	15,018
Non-current liabilities		
Long-term loans payable	5,812	4,616
Deferred tax liabilities	6	5
Deferred tax liabilities for land revaluation	327	327
Net defined benefit liability	4,876	4,827
Other	453	587
Total non-current liabilities	11,477	10,363
Total liabilities	28,023	25,381
Net assets		
Shareholders' equity		
Capital stock	5,200	5,200
Capital surplus	5,039	5,039
Retained earnings	2,682	2,645
Treasury shares	(1,150)	(1,151)
Total shareholders' equity	11,770	11,733
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	173	226
Revaluation reserve for land	684	684
Foreign currency translation adjustment	292	50
Remeasurements of defined benefit plans	(303)	(275)
Total accumulated other comprehensive income	846	686
Total net assets	12,616	12,420
Total liabilities and net assets	40,640	37,801

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	21,600	20,964
Cost of sales	18,553	18,189
Gross profit	3,047	2,775
Selling, general and administrative expenses	2,474	2,516
Operating profit	573	258
Non-operating income		
Interest income	29	35
Dividend income	38	42
Foreign exchange gains	69	397
Other	50	69
Total non-operating income	187	545
Non-operating expenses		
Interest expenses	41	47
Compensation for damage	—	36
Other	39	37
Total non-operating expenses	80	120
Ordinary profit	680	683
Extraordinary income		
Gain on adjustment of account payable	76	—
Gain on sales of non-current assets	13	0
Gain on reorganization of subsidiaries and associates	79	—
Surrender value of insurance	25	2
Other	1	—
Total extraordinary income	196	3
Extraordinary losses		
Loss on sales of non-current assets	0	4
Loss on retirement of non-current assets	5	8
Extra retirement payments	45	2
Litigation settlement	—	320
Other	0	0
Total extraordinary losses	52	337
Profit before income taxes	824	349
Income taxes	211	134
Profit	612	215
Profit attributable to owners of parent	612	215

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	612	215
Other comprehensive income		
Valuation difference on available-for-sale securities	55	53
Foreign currency translation adjustment	18	(241)
Remeasurements of defined benefit plans, net of tax	14	28
Total other comprehensive income	89	(160)
Comprehensive income	702	55
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	702	55

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	824	349
Depreciation	577	503
Increase (decrease) in allowance for doubtful accounts	1	6
Increase (decrease) in provision for bonuses	2	8
Increase (decrease) in net defined benefit liability	(4)	(49)
Interest and dividend income	(67)	(78)
Interest expenses	41	47
Foreign exchange losses (gains)	183	(122)
Loss (gain) on sales of non-current assets	(12)	4
Loss on retirement of non-current assets	5	8
Surrender value of insurance	—	(2)
Premium severance pay	45	2
Litigation settlement	—	320
Compensation for damage	—	36
Decrease (increase) in notes and accounts receivable - trade	(2,576)	(1,634)
Decrease (increase) in inventories	(831)	229
Increase (decrease) in notes and accounts payable - trade	1,669	(225)
Decrease (increase) in consumption taxes refund receivable	334	459
Other, net	(113)	722
Subtotal	77	585
Interest and dividend income received	67	78
Interest expenses paid	(41)	(46)
Income taxes paid	(174)	(114)
Proceeds from surrender value of insurance	—	2
Payment of premium severance pay	(45)	(2)
Litigation settlement paid	—	(210)
Net cash provided by (used in) operating activities	(117)	293
Cash flows from investing activities		
Purchase of non-current assets	(252)	(411)
Proceeds from sales of non-current assets	344	10
Purchase of investment securities	(9)	(0)
Payments of loans receivable	—	(28)
Collection of loans receivable	3	9
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(66)	—
Net decrease (increase) in time deposits	80	(54)
Other, net	(55)	(32)
Net cash provided by (used in) investing activities	42	(509)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,156	(1,226)
Repayments of long-term loans payable	(1,395)	(1,408)
Repayments of lease obligations	(56)	(65)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(251)	(251)
Net cash provided by (used in) financing activities	451	(2,952)
Effect of exchange rate change on cash and cash equivalents	(201)	57
Net increase (decrease) in cash and cash equivalents	175	(3,110)
Cash and cash equivalents at beginning of period	4,610	7,836
Cash and cash equivalents at end of period	4,786	4,725