

Consolidated Financial Statements for the Third Quarter Ended December 31, 2017

January 25, 2018

Registered Company Name: Hitachi Kokusai Electric Inc.

Stock Listings: Tokyo

Code No: 6756

URL: <http://www.hitachi-kokusai.co.jp/global/>

Representative: Kaichiro Sakuma, President, CEO and Director

Contact: Shoji Okuyoshi, General Manager of Legal & CSR Division

Telephone: +81 (0)3-6734-9401

Scheduled date of filing of quarterly report: February 13, 2018

Planned Start Date for Dividend Payments: —

Preparation of supplementary material for financial results: No

Holding of financial results meeting: No

(All figures are rounded off to the nearest million yen)

1. Consolidated Financial Results (For the nine months ended December 31, 2017)

(1) Consolidated Results of Operations

(Percentages indicate percentage increase or decrease year-on-year)

	Revenues		Adjusted Operating Income		Income before income taxes		Net Income		Net income attributable to owners of the parent		Comprehensive income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
3Q of FY 2017	147,362	32.6	20,015	235.5	21,058	284.5	14,613	307.7	14,685	304.3	15,738	362.7
3Q of FY 2016	111,122	(16.3)	5,966	(53.5)	5,477	(56.7)	3,584	(59.1)	3,632	(58.7)	3,401	(56.5)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
3Q of FY2017	142.99	—
3Q of FY2016	35.36	—

(2) Consolidated Financial Position

	Total Assets	Total Equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity attributable to owners of the parent per share
	Million Yen	Million Yen	Million Yen	%	Yen
3Q of FY2017	218,021	114,478	114,398	52.5	1,113.95
FY2016	204,656	100,585	100,416	49.1	977.73

2. Dividends

	Dividend per Share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
	Yen	Yen	Yen	Yen	Yen
FY2016	—	10.00	—	16.00	26.00
FY2017	—	0.00	—		
FY2017 (Forecast)				0.00	0.00

(Note) Revision of the latest dividend forecast: No

3. Consolidated Financial Forecast for FY2017 (From April 1, 2017 to March 31, 2018)

(Percentages indicate percentage increase or decrease year-on-year)

	Revenues		Adjusted Operating Income		Income before income taxes		Net Income		Net income attributable to owners of the parent		Basic earnings per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
FY2017	214,000	24.5	29,000	96.5	28,400	171.0	19,900	167.4	19,900	166.8	193.78

(Note) Revision of the latest financial forecast: No

Notes

(1) Changes to significant subsidiaries during the term (changes in specified subsidiaries due to changes in scope) : No

(2) Changes in accounting policies and accounting estimates

[1] Changes in accounting policies requested by IFRS : No

[2] Changes other than [1] above : No

[3] Changes in accounting estimates : No

(3) Number of shares issued (common stock)

[1] Number of shares at end of period (Including treasury stock)

3Q of FY2017	105,221,259 shares	FY2016	105,221,259 shares
3Q of FY2017	2,525,603 shares	FY2016	2,517,867 shares
3Q of FY2017	102,700,552 shares	3Q of FY2016	102,705,720 shares

[2] Number of treasury stock at end of period

[3] Average number of shares during the period (Quarterly Cumulative Total)

(Notes)

Information regarding the implementation of review procedure

This quarterly financial report is exempt from the review procedure based upon the Financial Instruments and Exchange Act. It is under the review procedure process at the time of disclosure of this report.

Explanation on the appropriate use of financial forecasts and other important items

The forecasts figures are based on information currently available to the Company and certain assumptions deemed to be reasonable. This material does not represent promises or guarantees regarding the forecasts and due to various factors, actual results may vary significantly from these forecasts.

HITACHI KOKUSAI ELECTRIC INC.
CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Financial Position (Unaudited)
 December 31, 2017 and March 31, 2017

	Millions of Yen	
	FY2016	3Q of FY2017
Assets		
Current assets		
Cash and cash equivalents	54,828	62,712
Trade and other receivables	55,983	47,445
Inventories	50,263	63,790
Other current assets	1,312	1,605
Total current assets	162,386	175,552
Non-current assets		
Property, plant and equipment	26,565	27,110
Intangible assets	3,203	3,137
Other financial assets	8,294	8,389
Deferred tax assets	3,326	3,628
Other non-current assets	882	205
Total non-current assets	42,270	42,469
Total assets	204,656	218,021

	Millions of Yen	
	FY2016	3Q of FY2017
Liabilities		
Current liabilities		
Short-term debt	1,598	1,907
Trade and other payables	54,368	53,769
Accrued expenses	14,822	9,549
Other financial liabilities	416	1,069
Income tax payable	1,847	4,846
Advances received	11,345	13,014
Provisions	1,479	1,732
Other current liabilities	69	71
Total current liabilities	<u>85,944</u>	<u>85,957</u>
Non-current liabilities		
Long-term debt	683	573
Other financial liabilities	849	1,027
Retirement and severance benefits	16,171	15,672
Provisions	103	104
Deferred tax liabilities	79	61
Other non-current liabilities	242	149
Total non-current liabilities	<u>18,127</u>	<u>17,586</u>
Total liabilities	<u>104,071</u>	<u>103,543</u>
Equity		
Equity attributable to owners of the parent		
Common stock	10,058	10,058
Capital surplus	16,837	16,729
Retained earnings	71,850	84,892
Other components of equity	4,415	5,487
Treasury stock, at cost	(2,744)	(2,768)
Total equity attributable to owners of the parent	<u>100,416</u>	<u>114,398</u>
Non-controlling interests	<u>169</u>	<u>80</u>
Total equity	<u>100,585</u>	<u>114,478</u>
Total liabilities and equity	<u>204,656</u>	<u>218,021</u>

HITACHI KOKUSAI ELECTRIC INC.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Profit and Loss (Unaudited)
 Nine months ended December 31, 2017 and 2016

	Millions of Yen	
	3Q of FY2016	3Q of FY2017
Revenues	111,122	147,362
Cost of sales	(80,419)	(101,550)
Gross profit	30,703	45,812
Selling, general and administrative expenses	(24,737)	(25,797)
Other income	186	481
Other expenses	(1,144)	(101)
Financial income	363	589
Financial expenses	(5)	(24)
EBIT (Earnings before interest and taxes)	5,366	20,960
Interest income	129	135
Interest expenses	(18)	(37)
Income before income taxes	5,477	21,058
Income taxes	(1,893)	(6,445)
Net income	3,584	14,613
Net income attributable to:		
Owners of the parent	3,632	14,685
Non-controlling interests	(48)	(72)

	Yen	
Earnings per share attributable to owners of the parent		
Basic	35.36	142.99
Diluted	—	—

Consolidated Statements of Comprehensive Income (Unaudited)
 Nine months ended December 31, 2017 and 2016

	Millions of Yen	
	3Q of FY2016	3Q of FY2017
Net income	3,584	14,613
Other comprehensive income (OCI)		
Items not to be reclassified into net income		
Net changes in financial assets measured at fair value through OCI	(29)	51
Remeasurements of defined benefit plans	2	14
Total items not to be reclassified into net income	(27)	65
Items that can be reclassified into net income		
Foreign currency translation adjustments	(152)	1,060
Cash flow hedges measured at fair value	(4)	—
Total items that can be reclassified into net income	(156)	1,060
Other comprehensive income (OCI)	(183)	1,125
Comprehensive income	3,401	15,738
Comprehensive income attributable to:		
Owners of the parent	3,474	15,757
Non-controlling interest	(73)	(19)