



# Financial Results

## for the Six-months Ended September 30, 2007

Hokkaido Electric Power Co., Inc.

November 6, 2007

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**Financial Results**  
**for the Six-months Ended September 30, 2007**

# Summary of Financial Results

## ■ Points of financial results; decrease in revenues / decrease in income

Consolidated / Non- consolidated	Revenues	[Increase factors] Increase in electricity sales, etc. [Decrease factors] Rate reduction, etc.
	Expenditures	[Increase factors] Implementation of periodic inspection in the nuclear power station, influence of drought, etc. [Decrease factors] Decrease of employee retirement benefits, etc.

(Billion yen)

	Consolidated			Non-consolidated		
	April 1 – Sept. 30, 2007 (A)	April 1 – Sept. 30, 2006 (B)	Comparison (A)/(B)%	April 1 – Sept. 30, 2007 (A)	April 1 – Sept. 30, 2006 (B)	Comparison (A)/(B)%
Operating Revenues	263.0	263.8	99.7	253.6	255.2	99.4
Operating Income	20.5	47.2	43.5	18.6	46.2	40.2
Ordinary Income	14.8	41.8	35.6	12.6	40.7	31.2
Net Income	7.9	25.6	31.2	6.4	25.0	25.9

# Consolidated Statements of Operation

(Billion yen)

		April 1 – Sept. 30, 2007 (A)	April 1 – Sept. 30, 2006 (B)	Increase/decrease (A)-(B)	Comparison (A)/(B)%
Ordinary revenues	Operating revenues	263.0	263.8	△0.8	99.7
	Electricity	252.9	254.6	△1.7	99.3
	Others	10.1	9.2	0.9	109.8
	Non-operating revenues	1.9	1.5	0.3	121.2
	Subtotal	264.9	265.4	△0.5	99.8
Ordinary expenses	Operating expenses	242.5	216.6	25.8	111.9
	Electricity	233.5	208.6	24.9	112.0
	Others	8.9	8.0	0.8	111.1
	Non-operating expenses	7.5	7.0	0.5	107.9
	Subtotal	250.0	223.6	26.4	111.8
[Operating income]		[ 20.5 ]	[ 47.2 ]	[ △26.7 ]	[ 43.5 ]
Ordinary income		14.8	41.8	△26.9	35.6
Provision for (reversal of) reserve for fluctuation in water level		△1.5	1.2	△2.7	—
Extraordinary loss		3.2	—	3.2	—
Income before income taxes		13.2	40.6	△27.4	32.5
Income taxes		5.1	14.8	△9.7	34.4
Minority interests in income of consolidated subsidiaries		0.0	0.0	△0.0	97.7
Net income		7.9	25.6	△17.6	31.2

# Electricity Sales

- Total electricity sales have increased by 1.8% compared to the same term last year.
  - Residential and commercial/industrial electric power demand has decreased by 0.8 % from the same term last year due to the decrease of air conditioner use because of the low temperature during the summer compared with the previous year, though the number of residential time-of-use contract has increased with the expansion of the adoption of all-electric housing.
  - Electric power demand of eligible customers has increased by 3.7% from the same term last year due to the opening of large-scale retail stores and solid growth in production activities in steel industry, as well as conversion from private power generation to purchase of electricity from our company as a result of rising fuel prices.

(GWh)

		April 1 – Sept. 30, 2007 (A)	April 1 – Sept. 30, 2006 (B)	Increase/decrease (A)-(B)	Comparison (A)/(B)%
Non-eligible customers	[Time of Use is shown separately]	[674]	[619]	[ 55]	[108.9]
	Residential	5,351	5,382	△31	99.4
	Commercial and Industrial	873	889	△16	98.2
	Subtotal	6,224	6,271	△47	99.2
Eligible Customers	Commercial	4,345	4,176	169	104.0
	Industrial	4,709	4,558	151	103.3
	Subtotal	9,054	8,734	320	103.7
Total		15,278	15,005	273	101.8

# Power Supply

- Although the utilization ratio of Date Thermal Power Station has been decreased due to the shutdown of the fuel transportation pipeline and the operation of Unit No.1 in Tomari Nuclear Power Station was ceased due to a start-up failure of an emergency diesel power generator, a stable supply was maintained by enhancing operations at other thermal power stations and so forth.

(GWh)

		April 1 – Sept. 30, 2007 (A)	April 1 – Sept. 30, 2006 (B)	Increase/decrease (A)-(B)	Comparison (A)/(B)%
Hokkaido Electric Power Co., Inc.					
[Water flow rate%]		( 88.4)	(103.4)	( $\Delta$ 15.0)	
Hydroelectric		1,864	2,211	$\Delta$ 347	84.4
Thermal power		8,236	6,903	1,333	119.3
[Nuclear capacity ratio %]		( 82.5)	(101.7)	( $\Delta$ 19.2)	
Nuclear		4,197	5,171	$\Delta$ 974	81.2
Subtotal		14,297	14,285	12	100.1
Purchased power		2,499	2,270	229	110.1
Interchanged power		30	$\Delta$ 11	41	—
Power used for pumped storage		$\Delta$ 8	$\Delta$ 56	48	13.8
Total		16,818	16,488	330	102.0
Foreign exchange rate	yen/\$	119	115	4	—
CIF crude oil price	\$/bl	67.9	67.8	0.1	—
CIF overseas coal	\$/t	68.9	62.5	6.4	—

# Statements of Income (Non-consolidated Revenues)

(Billion yen)

		April 1 – Sept. 30, 2007 (A)	April 1 – Sept. 30, 2006 (B)	Increase/decrease (A)-(B)	Major factors for increase/decrease	
Operating revenues	Electricity sales	Residential	114.5	117.5	△3.0	<ul style="list-style-type: none"> <li>• Increase in electricity sales (3.3)</li> <li>• Effect on the rate reduction (△4.4)</li> </ul>
		Commercial and industrial	136.2	135.7	0.5	
		Subtotal	250.8	253.3	△2.4	
	Others	2.7	1.9	0.8		
	Subtotal	253.6	255.2	△1.6		
Non-operating revenues		1.4	1.1	0.2		
Ordinary revenues		255.0	256.4	△1.4		

# Statements of Income (Non-consolidated Expenses)

(Billion yen)

		April 1 – Sept. 30, 2007 (A)	April 1 – Sept. 30, 2006 (B)	Increase/ decrease (A)-(B)	Major factors for increase/decrease	
Operating expenses	Personnel	32.4	38.2	△5.8	•Decrease in employee retirement benefits (△5.5)	
	Power supply related	Fuel	49.9	33.1	16.7	•Increase in electricity sales (3.2)
		Purchased Power	25.0	19.2	5.7	•Decrease in nuclear power generation (9.9)
		Subtotal	74.9	52.4	22.5	•Decrease in hydroelectric power output (6.5) •Rise in fuel prices (2.9)
	Maintenance	34.8	26.5	8.2	•Increase in nuclear power station periodic inspection costs (5.1) •Increase in thermal power station periodic inspection costs (3.2)	
	Depreciation	31.1	31.0	0.0	•Fixed percentage effect (△3.2) •Tax system revision (2.3), new acquisition (0.9), etc.	
	Other Expenses	61.5	60.6	0.9		
Total		235.0	208.9	26.0		
Non-operating Expenses		7.3	6.7	0.5		
Ordinary Expenses		242.3	215.7	26.6		
Provision for (reversal of) reserve for fluctuation in water level		△1.5	1.2	△2.7	•Water flow rate 103.4% → 88.4%	
Extraordinary loss		3.6	—	3.6	•Expenses for support for liquidation of Energy Frontier Co., Ltd.	

# Comparison with Financial Outlook (Non-consolidated)

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(Billion yen)

	April 1, 2007 – Sept.30, 2007		Increase/decrease (A)-(B)	Major factors for increase/decrease
	Actual (A)	Forecast announced in April, 2007 (B)		
[Electricity Sales: TWh] Operating Revenues	[15.3] 253.6	[Approx.15.3] Approx. 253.0	[Approx. 0.0] Approx. 0.0	
Operating Expenses	235.0	Approx. 226.0	Approx. 8.0	<ul style="list-style-type: none"> <li>• Increase in fuel costs and purchased electricity expenses due to the rise in fuel prices (5.0) and decrease in hydroelectric power output (4.0)</li> </ul>
Operating Income	18.6	Approx. 27.0	Approx. $\Delta$ 8.0	
Non-operating Income	$\Delta$ 5.9	Approx. $\Delta$ 6.0	Approx. 0.0	
Ordinary Income	12.6	Approx. 21.0	Approx. $\Delta$ 8.0	

# Balance Sheets

(Billion yen)

		As of Sept. 30, 2007 (A)	As of March 31, 2007 (B)	Increase/decrease (A)-(B)	Major factors for increase/decrease
Assets	Consolidated	1,510.5	1,503.4	7.1	<ul style="list-style-type: none"> <li>• Depreciation (△31.1)</li> <li>• Capital expenditure (26.1)</li> <li>• Cash and cash equivalent (11.5)</li> </ul>
	Non-consolidated	1,433.8	1,428.7	5.1	
Liabilities	Consolidated	1,043.9	1,035.5	8.3	<ul style="list-style-type: none"> <li>• Interest-bearing debt (27.5)</li> <li>• Decrease in notes and accounts payable such as accrued tax (△9.3)</li> </ul>
	Non-consolidated	1,003.0	995.2	7.8	
Net assets	Consolidated	457.5	458.7	△1.1	<ul style="list-style-type: none"> <li>• Interim net income (6.4)</li> <li>• Valuation adjustment (△1.7)</li> <li>• Dividends (△7.3)</li> </ul>
	Non-consolidated	430.8	433.5	△2.7	

Note: Consolidated data excluding minority shareholders' interest

					Target (As of March, 2008)
Shareholders' Equity Ratio (%)	Consolidated	30.3	30.5	△0.2	30% or more
	Non-consolidated	30.0	30.3	△0.3	
Interest-bearing Debt Outstanding (Billion yen)	Consolidated	750.3	723.0	27.3	720.0 billion yen or less
	Non-consolidated	727.4	699.8	27.5	700.0 billion yen or less

# Consolidated Cash Flow

(Billion yen)

	April 1 – Sept. 30, 2007 (A)	April 1 – Sept. 30, 2006 (B)	Increase/decrease (A)-(B)	Major factors for increase/decrease
Operating Activities	20.7	72.3	△51.6	<ul style="list-style-type: none"> <li>• Decrease in interim net income before taxes (△27.4)</li> <li>• Decrease in allowance for retirement payments (△6.9)</li> <li>• Increase in payment of income taxes (△6.9)</li> </ul>
Investing Activities	△28.6	△42.9	14.2	<ul style="list-style-type: none"> <li>• Decrease in purchase of property, plant, and equipment (13.5)</li> </ul>
Net CF	△7.9	29.3	△37.3	
Financing Activities	19.6	△24.7	44.3	
(Interest-bearing Debt Outstanding)	(27.1)	(△19.2)	(46.4)	<ul style="list-style-type: none"> <li>• Increase due to issuance of corporate bonds and differential profit from redemption (47.5)</li> </ul>
(Dividend)	(△7.3)	(△5.2)	(△2.0)	<ul style="list-style-type: none"> <li>• Increase in dividend payments due to increased dividends (△2.0)</li> </ul> [Year-end dividend per share: 25 yen → 35 yen]
(Others)	(△0.2)	(△0.2)	(△0.0)	
Increase/decrease in Cash & Cash Equivalents	11.6	4.6	6.9	



**Forecast of Financial Results  
for the Year Ending in March, 2008**

# Forecast of Financial Results for the Year Ending in March, 2008

(Approx. TWh / Billion yen)

		Current forecast (A)	Forecast announced in April, 2007 (B)	Increase/decrease (A)-(B)	April 1, 2006 – March 31, 2007 (C)	Comparison to the previous year (A)/(C) %	
Electricity sales	Non-eligible customers	Residential	11.9	11.9	0.0	11.6	101.9
		Commercial & industrial	2.2	2.2	0.0	2.2	102.4
	Eligible customers		18.3	18.3	0.0	17.7	103.5
	Total		32.4	32.4	0.0	31.5	102.8
Consolidated	Operating Revenues		567.0	559.0	8.0	559.5	101.3
	Operating Income		53.0	61.0	△8.0	73.2	72.4
	Ordinary Income		38.0	46.0	△8.0	57.2	66.3
	Net Income		22.0	28.0	△6.0	34.4	63.8
Non-consolidated	Operating Revenues		543.0	535.0	8.0	535.0	101.5
	Operating Income		49.0	57.0	△8.0	69.3	70.6
	Ordinary Income		35.0	43.0	△8.0	54.5	64.2
	Net Income		21.0	27.0	△6.0	33.6	62.4

# Key Factors Affecting Forecast of Financial Results

(compared with the forecast announced in April)

Forecast of ordinary income for the year ending March, 2008 announced in April, 2007 :  
Consolidated approx. 46.0 billion yen / Non-consolidated approx. 43.0 billion yen

## Factors for improved performance

(Approx. billion yen)

Increase in income due to fuel cost adjustments	8.0
Decrease in fuel costs due to the additional purchase of domestic coal	5.0
<b>Total</b>	<b>13.0</b>

## Factors for weakened performance

(Approx. billion yen)

Increase in fuel costs and purchased electricity expenses due to the rise in fuel prices	16.0
Increase in fuel costs due to the decrease in hydraulic power output	4.0
Other	1.0
<b>Total</b>	<b>21.0</b>

Balance: approx.  $\Delta$ 8.0 billion yen

Forecast of ordinary income for the year ending March, 2008 based on the latest revision:  
Consolidated: approx. 38.0 billion yen / Non-consolidated: approx. 35.0 billion yen

# Key Factors Affecting Forecast of Financial Results

(compared with the previous fiscal year)

Ordinary income for the year ended March, 2007 :  
Consolidated 57.2 billion yen / Non-consolidated 54.5 billion yen

## Factors for improved performance

(Approx. billion yen)

Increase in electricity sales (increase in income 13.0 - increase in fuel costs 11.0)	2.0
Decrease in retirement allowance expenses (Decrease in amortization of actuarial difference)	13.0
<b>Total</b>	<b>15.0</b>

## Factors for weakened performance

(Approx. billion yen)

Rates reduction	4.4
Increase in fuel costs and purchased electricity rates due to the rise in fuel prices	15.0
Increase in fuel costs due to the decrease in hydroelectric power output	7.0
Increase in repair costs (Number of periodically inspected thermal units: 6→8; Number of which are fully inspected units: 1→4)	7.0
Other	0.6
<b>Total</b>	<b>34.0</b>

Balance: approx.  $\Delta$ 19.0 billion yen

Forecast of ordinary income for the year ending March, 2008 based on the latest revision:  
Consolidated: approx. 38.0 billion yen / Non-consolidated: approx. 35.0 billion yen

# Forecast of Consolidated Cash Flow

(Billion yen)

	April 1, 2007 – March 31, 2008 Forecast (A)	April 1, 2006 – March 31, 2007 (B)	Increase/decrease (A)-(B)	Major factors for increase/decrease
Operating Activities	76.0	119.1	△43.0	<ul style="list-style-type: none"> <li>• Decrease in net income before taxes and minority interests</li> <li>• Decrease in allowance for retirement payment</li> </ul>
Investing Activities	△104.0	△91.1	△13.0	<ul style="list-style-type: none"> <li>• Increase in purchases of property, plant and equipment</li> </ul>
Net CF	△28.0	28.0	△56.0	
Financing Activities	28.0	△28.2	56.0	<ul style="list-style-type: none"> <li>• Increase in interest-bearing debt, etc.</li> </ul>
(Interest-bearing Debt Outstanding)	(42.0)	(△17.3)	(59.0)	
(Dividend)	(△13.0)	(△10.5)	(△2.0)	
(Others)	(△1.0)	(△0.3)	(△1.0)	
Increase/decrease in Cash & Cash Equivalents	0.0	△0.1	0.0	

# Forecast of Management Indexes

Index		Goals of the mid-term management plan	Forecast
Average of FY2006-08			
Return on Assets	Consolidated	4.5% or more	Approx. 4.3%
	Non-consolidated		Approx. 4.2%
As of March 31, 2008			
Shareholder's Equity Ratio	Consolidated	30% or more	Approx. 30%
	Non-consolidated		
As of March 31, 2008			
Interest-bearing Debt	Consolidated	720.0 billion yen or less	Approx. 765.0 billion yen
	Non-consolidated	700.0 billion yen or less	Approx. 740.0 billion yen



# **【 Appendix 】**

# Forecast of Financial Results for the Year Ending in March, 2008 (compared with the forecast announced in April and September)



(Approx. TWh / Billion yen)

			Current projection (A)	Projection announced in Sept., 2007 (B)	Projection announced in April, 2007 (C)	Increase/decrease	
						(A)-(B)	(A)-(C)
Electricity sales	Non-eligible customers	Residential	11.9	11.9	11.9	0.0	0.0
		Commercial & industrial	2.2	2.2	2.2	0.0	0.0
	Eligible customers		18.3	18.3	18.3	0.0	0.0
	Total		32.4	32.4	32.4	0.0	0.0
Consolidated	Operating Revenues		567.0	565.0	559.0	2.0	8.0
	Operating Income		53.0	58.0	61.0	△5.0	△8.0
	Ordinary Income		38.0	43.0	46.0	△5.0	△8.0
	Net Income		22.0	24.0	28.0	△2.0	△6.0
Non-consolidated	Operating Revenues		543.0	541.0	535.0	2.0	8.0
	Operating Income		49.0	54.0	57.0	△5.0	△8.0
	Ordinary Income		35.0	40.0	43.0	△5.0	△8.0
	Net Income		21.0	23.0	27.0	△2.0	△6.0

# Key Factors

## ■ Key Factors

	April 1– Sept. 30, 2007	April 1– Sept. 30, 2006	Forecast: April 1, 2007 – March 31, 2008	April 1, 2006 – March 31, 2007
Foreign Exchange Rate (yen/\$)	119	115	Approx. 120	117
CIF Crude Oil Price(\$/bl)	67.9	67.8	Approx. 70	63.5
Water Flow Rate(%)	88.4	103.4	Approx. 93	103.9
Nuclear Capacity Ratio(%)	82.5	101.7	Approx. 90	93.0

## ■ Sensitivity Factors

(Approx. billion yen)

	Forecast: April 1, 2007 – March 31, 2008	April 1, 2006 – March 31, 2007
Foreign Exchange Rate (1yen/\$)	1.0	0.8
CIF Crude Oil Price(1\$/bl)	1.1	1.0
Water Flow Rate(1%)	0.6	0.5
Nuclear Capacity Ratio(1%)	1.3	1.0
Interest(1%)	0.8	0.7

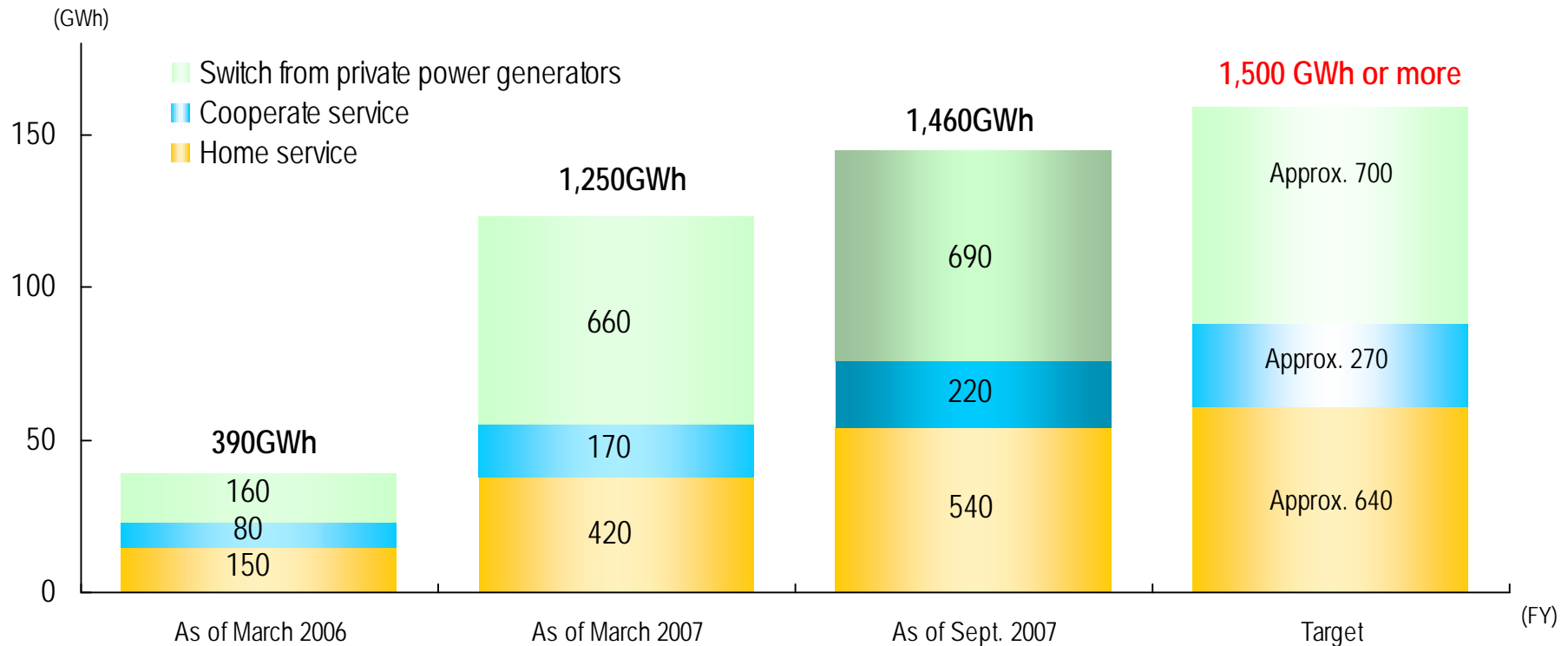
# Segment Information

(Billion yen)

		Electric	Other	Total	Eliminations	Consolidated
Operating revenues	April 1– Sept. 30, 2007	253.4	38.9	292.3	△29.2	263.0
	April 1– Sept. 30, 2006	255.1	38.4	293.5	△29.6	263.8
	Increase/decrease	△1.7	0.4	△1.2	0.3	△0.8
Operating expenses	April 1– Sept. 30, 2007	234.5	37.3	271.8	△29.3	242.5
	April 1– Sept. 30, 2006	209.1	37.1	246.3	△29.7	216.6
	Increase/decrease	25.3	0.1	25.4	0.3	25.8
Operating income	April 1– Sept. 30, 2007	18.8	1.5	20.4	0.0	20.5
	April 1– Sept. 30, 2006	45.9	1.2	47.1	0.0	47.2
	Increase/decrease	△27.0	0.3	△26.7	0.0	△26.7

# Sales Activities: Sales Goals & Results

Mid-term goal: **The increase of 1,500 GWh or more** (in a three-year period of FY 2006-2008)

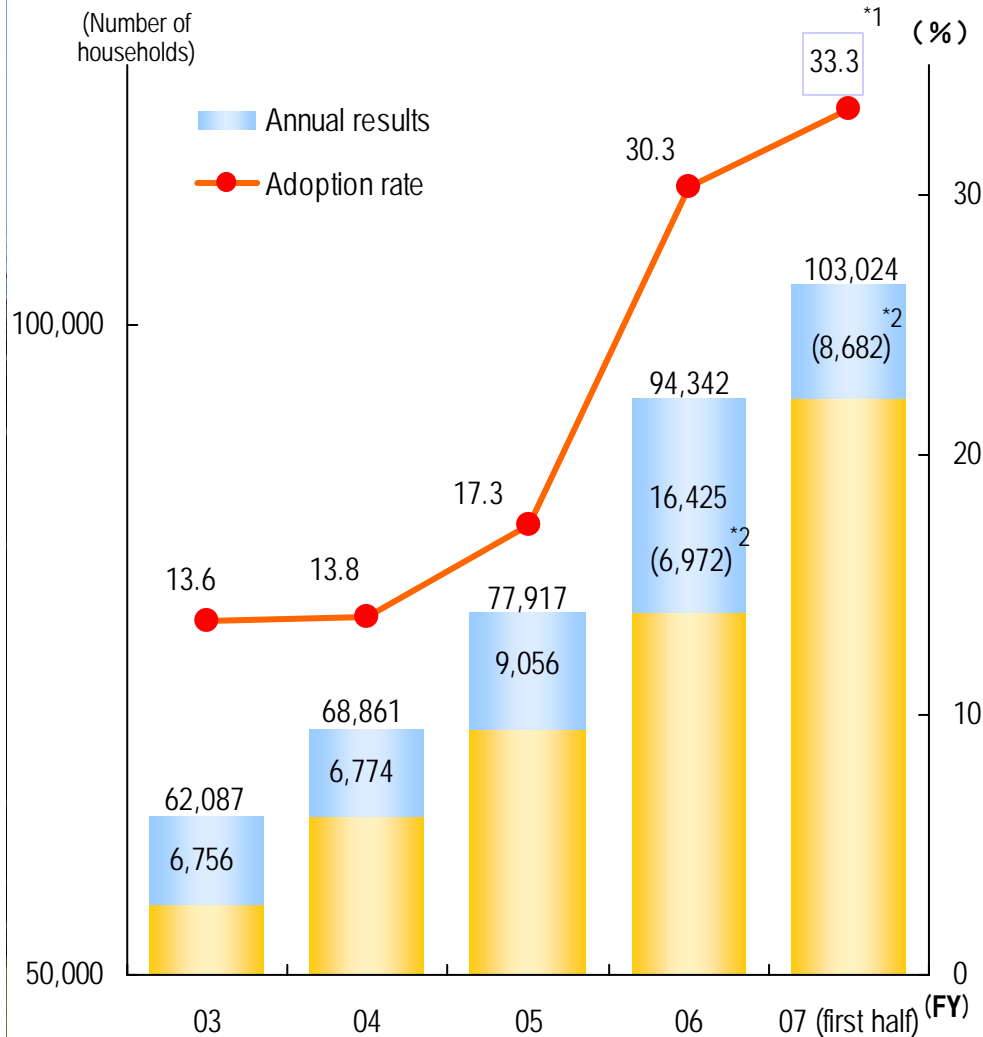


**【Comparison to the previous term】** April-Sept. 2006 vs. April-Sept. 2007

- Switch from private power generators **13%**  
(April-Sept. 2006: 44MW → April-Sept. 2007: 7MW)
- Corporate service **110%**
  - Business air conditioning 104%
  - Snow melting 137%
  - Electric kitchens 123%
  - Industrial services 103%
- Home service **120%**  
(Total electric systems houses: April-Sept. 2006: 6,972 → April-Sept. 2007: 8,682)

# Expansion of the Adoption of All-electric Housing

[Cumulative total number of households adopting all-electric housing and the adoption rate]



\*1: Adoption ratio in the last twelve month (October 2006 to September 2007)

\*2: Figures in parentheses are the results in the first half of the year.

Cumulative total number  
Exceeded 100,000 households  
(at the end of July 2007).

- It took 6 months, the shortest in the past, to increase the number of households adopting all-electric housing by 10,000.

■ Period to increase the cumulative total number of households adopting all-electric housing by 10,000

Cumulative total number of households	Period
10,000	—
20,000	28 months
30,000	23 months
40,000	20 months
50,000	18 months
60,000	17 months
70,000	18 months
80,000	10 months
90,000	8 months
100,000	6 months

# Electricity Sales

(GWh, °C)

	April 1, 2007 – Sept. 30, 2007 (A)	Supply Plan (B)	April 1, 2006 – Sept. 30, 2006 (C)	Comparison with Supply Plan		Comparison with the Previous Year's Results		Changes in Temperature		
				Increase/ decrease (A)-(B)	Rate of change (A)/(B) %	Increase/ decrease (A)-(C)	Rate of change (A)/(C) %	Average temperature	Gap with the previous year	Gap with the average
April	2,702	2,732	2,715	△ 30	98.9	△ 13	99.5	5.5	1.0	△ 0.3
May	2,577	2,525	2,499	52	102.1	78	103.1	11.6	△ 0.4	0.5
June	2,374	2,348	2,292	26	101.1	82	103.6	17.8	2.9	2.4
1Q	7,653	7,605	7,506	48	100.6	147	102.0	-	-	-
July	2,421	2,418	2,345	3	100.1	76	103.2	18.4	△ 1.2	△ 1.1
August	2,540	2,575	2,527	△ 35	98.7	13	100.5	22.5	△ 0.9	1.4
September	2,664	2,649	2,627	15	100.6	37	101.4	18.3	0.5	1.3
2Q	7,625	7,642	7,499	△ 17	99.8	126	101.7	-	-	-
First Half Year	15,278	15,247	15,005	31	100.2	273	101.8	-	-	-

This material is compiled based on data available as of November 5, 2007. The company makes no guarantee as to the reliability and integrity of such information, as this is not intended to serve as disclosure material as stipulated by the Financial Instruments and Exchange Law of Japan. Projections concerning future performance in this material make no guarantee as to the future performance and contain risk and uncertainty. Please note that future performance can change according to the change of preconditions concerning the management environment. The information herein is for the purpose of disclosure of operating information. None of the information is intended to solicit or induce investors to invest in our securities. Those wishing to use this material should do so at their own judgment and be sure to verify the information obtained from other sources. Our company assumes no responsibility for any damages resulting from the use of this material.

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