

# Financial Release for the Six-months Ended September 30, 2008

October 31, 2008

## Hokkaido Electric Power Co., Inc.

(URL <http://www.hepco.co.jp>)

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Commencement of payment of interim dividend: November 28, 2008

(Monetary figures are rounded down to the nearest million yen)

### I. Consolidated Results for the Six Months (April 1, 2008 – September 30, 2008)

#### (1) Consolidated Business Results

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
April 1, 2008–September 30, 2008	275,102	-	-23,310	-	-29,905	-	-17,991	-
April 1, 2007–September 30, 2007	263,049	-0.3	20,547	-56.5	14,899	-64.4	7,995	-68.8

Note: Percentage figures represent changes as compared to the same period of the previous year.

	Net Income per Share (primary)	Net Income per Share (fully diluted)
	Yen	Yen
April 1, 2008–September 30, 2008	-85.40	-
April 1, 2007–September 30, 2007	37.95	-

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of September 30, 2008	1,568,428	434,770	27.1	2,019.24
As of March 31, 2008	1,530,106	461,796	29.6	2,147.66

Reference: Shareholders' Equity: As of September 30, 2008 425,347 million yen As of March 31, 2008 452,479 million yen

### II. Dividends

#### Cash dividend

	Cash dividends per share				
	June 30, 2008	September 30, 2008	December 31, 2008	Year-ended	Annual total
	Yen	Yen	Yen	Yen	Yen
April 1, 2007 – March 31, 2008	-	30.00	-	30.00	60.00
April 1, 2008 – March 31, 2009	-	30.00	-	-	-
April 1, 2008 – March 31, 2009 (Forecast)	-	-	-	30.00	60.00

Note: Changes of the forecast of the cash dividends per share in this period: No

### III. Forecasts of Consolidated Results for the Year Ending March 31, 2009 (April 1, 2008 – March 31, 2009)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Net Income Per Share (primary)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
April 1, 2008 – March 31, 2009	610,000	7.4	-29,000	-	-44,000	-	-27,000	-	-128.17

Note: Percentage figures represent changes as compared to the same period of the previous year.

Note: Changes of the forecasts of consolidated results in this period: Yes

\* For details of forecasts, please refer to page 3.

\* Given that the forecast above was made on the basis of information available at the time of the release of this document, the actual result may vary from the forecast data due to various factors.

**Results of Production and Sales [Electric Utility Business]**

1. Sales

**Electricity Sales**

(GWh)

	April 1, 2008– September 30, 2008 (A)	April 1, 2007– September 30, 2007 (B)	Increase/decrease (A) - (B)	Comparison (%) (A) / (B)	April 1, 2007 – March 31, 2008
Non-eligible customers					
Residential	5,244	5,351	-107	98.0	11,795
Commercial and industrial	820	873	-53	94.0	2,293
Subtotal	6,064	6,224	-160	97.4	14,088
Eligible customers	9,135	9,054	81	100.9	18,357
Total	15,199	15,278	-79	99.5	32,445

2. Production

**Power Supply**

(GWh)

	April 1, 2008 – September 30, 2008 (A)	April 1, 2007 – September 30, 2007 (B)	Increase/decrease (A) - (B)	Comparison (%) (A) / (B)	April 1, 2007 – March 31, 2008
Hokkaido Electric Power Co., Inc.					
(Water flow rate %)	(79.9)	(88.4)	(-8.5)		(90.4)
Hydroelectric	1,750	1,864	-114	93.9	3,063
Fossil fuel	10,323	8,236	2,087	125.3	18,955
(Nuclear capacity ratio %)	(51.9)	(82.5)	(-30.6)		(89.7)
Nuclear	2,639	4,197	-1,558	62.9	9,122
Subtotal	14,712	14,297	415	102.9	31,140
Purchased power	2,230	2,499	-269	89.2	5,245
Interchange power	2	30	-28	6.7	-60
Power used for pumped storage	-61	-8	-53	790.5	-65
Total	16,883	16,818	65	100.4	36,260

Note: Amount of power generated from consolidated subsidiaries, Hokkaido Power Engineering and Hokkai Hydro Generation is included in purchased power.

**Forecast of consolidated results for the full year ending March 31, 2009 (April 1, 2008 – March 31, 2009)**

The forecasts of consolidated results for the fiscal year ending March 2009, which was released in July 29, 2008, have been revised as shown below.

(Million yen)

	April 1, 2008 – March 31, 2009		
		Increase/decrease compared with the previous forecasts released in July, 29	Increase/decrease compared with the previous term
Operating Revenues	610,000	-5,000	42,000
Operating Income (Loss)	-29,000	9,000	-74,000
Ordinary Income (Loss)	-44,000	9,000	-77,000
Net Income (Loss)	-27,000	7,000	-45,000

**Key Factors**

	April 1, 2008 – March 31, 2009	
		Previous forecasts released in July, 29
Electricity sales	Approx. 32.8 TWh	Approx. 32.8 TWh
Foreign Exchange Rate	Approx. 105 yen/\$	Approx. 105 yen/\$
CIF Crude Oil Price	Approx. 110 \$/bl	Approx. 125 \$/bl
Nuclear Capacity Ratio	Approx. 65 %	Approx. 65 %
<b>Sensitivity Factors</b>		
Foreign Exchange Rate (1 yen/\$)	Approx. 2.0 billion yen	Approx. 2.2 billion yen
CIF Crude Oil Price (1 \$/bl)	Approx. 1.3 billion yen	Approx. 1.3 billion yen
Nuclear Capacity Ratio (1 %)	Approx. 1.8 billion yen	Approx. 2.0 billion yen
Interest (1 %)	Approx. 1.6 billion yen	Approx. 1.6 billion yen

Note: The average price of CIF Crude Oil from October 1, 2008 through March 31, 2009 is assumed Approx. 100\$/bl.

\* For details of revisions of the forecasts, please refer to “Reference 2” on the last page.

**Consolidated Balance Sheets**

(Million yen)

Item	As of September 30, 2008 (A)	As of March 31, 2008 (B)
<b>Assets</b>		
Noncurrent assets	1,434,180	1,427,975
Electric utility plant and equipment	882,713	894,633
Hydroelectric power production facilities	125,947	128,965
Thermal power production facilities	121,364	127,042
Nuclear power production facilities	71,141	69,187
Transmission facilities	189,582	192,952
Transformation facilities	76,037	77,271
Distribution facilities	256,146	256,667
General facilities	40,794	40,749
Other electric utility plant and equipment	1,699	1,797
Other noncurrent assets	51,321	52,462
Construction in progress	300,195	280,775
Construction in progress	299,206	280,507
Retirement in progress	988	267
Nuclear fuel	72,017	67,921
Loaded nuclear fuel	7,273	6,246
Nuclear fuel in processing	64,743	61,675
Investments and other assets	127,933	132,181
Long-term investments	45,631	49,875
Deferred tax assets	55,324	54,532
Other	27,311	28,078
Allowance for doubtful accounts	-335	-304
Current assets	134,247	102,131
Cash and deposits	21,246	17,634
Notes and accounts receivable-trade	29,954	33,422
Inventories	46,402	28,610
Deferred tax assets	15,353	5,018
Other	21,666	17,905
Allowance for doubtful accounts	-375	-460
<b>Total</b>	<b>1,568,428</b>	<b>1,530,106</b>
<b>Liabilities and net assets</b>		
<b>Liabilities</b>		
Noncurrent liabilities	933,268	859,620
Bonds payable	503,787	423,785
Long-term loans payable	226,583	227,339
Provision for retirement benefits	83,266	87,986
Provision for reprocessing of irradiated nuclear fuel	70,883	72,062
Provision for preparation of the reprocessing of irradiated nuclear fuel	2,732	2,574
Provision for decommissioning of nuclear power units	40,019	39,362
Reserve for loss on liquidation of affiliates	3,082	3,121
Other	2,912	3,388
Current liabilities	196,143	201,144
Current portion of noncurrent liabilities	41,655	48,686
Short-term loans payable	53,900	48,640
Commercial papers	6,000	18,000
Notes and accounts payable-trade	38,134	33,519
Accrued taxes	9,594	13,379
Deferred tax liabilities	48	48
Other	46,810	38,870
Reserves under the special laws	4,245	7,545
Reserve for fluctuation in water levels	4,245	7,545
<b>Total liabilities</b>	<b>1,133,658</b>	<b>1,068,310</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>	421,436	445,833
Capital stock	114,291	114,291
Capital surplus	21,174	21,174
Retained earnings	294,750	319,062
Treasury stock	-8,780	-8,695
<b>Valuation and translation adjustments</b>	3,910	6,645
Valuation difference on available-for-sale securities	3,910	6,645
<b>Minority interests</b>	9,423	9,316
<b>Total net assets</b>	<b>434,770</b>	<b>461,796</b>
<b>Total</b>	<b>1,568,428</b>	<b>1,530,106</b>

**Consolidated Statements of Income**

(Million yen)

Item	April 1, 2008– September 30, 2008
<b>Operating revenue</b>	275,102
Electric utility operating revenue	265,458
Other business operating revenue	9,643
<b>Operating expenses</b>	298,412
Electric utility operating expenses	290,185
Other business operating expenses	8,226
<b>Operating loss</b>	-23,310
<b>Non-operating income</b>	1,454
Dividends income	358
Interest income	307
Equity in earnings of affiliates	164
Other	624
<b>Non-operating expenses</b>	8,049
Interest expenses	6,933
Other	1,116
Total ordinary revenue	276,556
Total ordinary expenses	306,462
<b>Ordinary loss</b>	-29,905
Provision or reversal of reserve for fluctuation in water levels	-3,299
Reversal of reserve for fluctuation in water levels	-3,299
Loss before income taxes and minority interests	-26,605
Income taxes-current	-9,669
Income taxes-deferred	785
Total income taxes	-8,883
Minority interests in income of consolidated subsidiaries	269
<b>Net loss</b>	-17,991

## Consolidated Statements of Cash Flows

(Million yen)

Account	April 1, 2008 – September 30, 2008
<b>Net cash provided by (used in) operating activities</b>	
Loss before income taxes and minority interests	-26,605
Depreciation and amortization	34,340
Amortization of nuclear fuel	1,274
Increase (decrease) in provision for retirement benefits	-4,719
Increase (decrease) in provision for reprocessing of irradiated nuclear fuel	-1,178
Increase (decrease) in provision for decommissioning of nuclear power units	657
Interest and dividends income	-665
Interest expenses	6,933
Decrease (increase) in reserve fund for reprocessing of irradiated nuclear fuel	744
Decrease (increase) in trade notes and accounts receivables	3,548
Decrease (increase) in inventories	-17,791
Increase (decrease) defined-contribution pension liability	-1,844
Increase (decrease) in trade notes and accounts payable	4,561
Other, net	351
Subtotal	-394
Interest and dividends income received	660
Interest expenses paid	-6,639
Income taxes paid	-6,391
Net cash provided by (used in) operating activities	-12,764
<b>Net cash provided by (used in) investment activities</b>	
Purchase of noncurrent assets	-45,936
Payments of investment and loans receivable	-8,922
Collection of investment and loans receivable	8,868
Other, net	206
Net cash provided by (used in) investment activities	-45,783
<b>Net cash provided by (used in) financing activities</b>	
Proceeds from issuance of bonds	79,760
Proceeds from long-term loans payable	5,000
Repayment of long-term loans payable	-10,958
Increase in short-term loans payable	130,022
Decrease in short-term loans payable	-123,122
Proceeds from issuance of commercial papers	87,000
Redemption of commercial papers	-99,000
Cash dividends paid	-6,320
Other, net	-220
Net cash provided by (used in) financing activities	62,160
<b>Net increase (decrease) in cash and cash equivalents</b>	3,611
<b>Cash and cash equivalents at beginning of period</b>	17,634
<b>Cash and cash equivalents at end of period</b>	21,246

## Business Segment Information

Six Months Ended September 30, 2008 (April 1, 2008 – September 30, 2008)

(Million yen)

	Electric utility	Other business	Total	Eliminations	Consolidated
Operating revenues					
Sales to customers	265,458	9,643	275,102	-	275,102
Intersegment sales	509	32,335	32,845	-32,845	-
Total operating revenues	265,968	41,979	307,947	-32,845	275,102
Operating income (loss)	-25,902	2,132	-23,769	459	-23,310

## Consolidated Statements of Income

(Million yen)

Item	April 1, 2007– September 30, 2007
<b>Operating revenue</b>	263,049
Electric utility operating revenue	252,921
Other business operating revenue	10,128
<b>Operating expenses</b>	242,502
Electric utility operating expenses	233,588
Other business operating expenses	8,913
<b>Operating income</b>	20,547
<b>Non-operating income</b>	1,918
Dividends income	291
Interest income	243
Gain on sales of fixed assets	317
Equity in earnings of affiliates	187
Other	878
<b>Non-operating expenses</b>	7,567
Interest expenses	6,897
Other	669
Total ordinary revenues	264,968
Total ordinary expenses	250,069
<b>Ordinary income</b>	14,899
Provision or reversal of reserve for fluctuation in water levels	-1,513
Reversal of reserve for fluctuation in water levels	-1,513
Extraordinary loss	3,211
Provision for reserve for loss on liquidation of affiliates	3,211
Income before income taxes and minority interests	13,201
Income taxes-current	1,913
Income taxes-deferred	3,207
Minority interests in income of consolidated subsidiaries	84
<b>Net income</b>	7,995



**Note:** The information shown above is an English translation of the " Financial Release for the Six-months Ended September 30, 2008" which was filed with stock exchanges (Tokyo, Osaka, Sapporo) on the date shown above and the other references.