

Financial Release for the Nine Months Ended December 31, 2015

[Japanese Standards] (Consolidated)

January 29, 2016

Hokkaido Electric Power Co., Inc.

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

Code no: 9509 Tokyo Stock Exchange (1st section)
 Representative: Akihiko MAYUMI, President and Director
 For inquiry: Katsuhiko YAMADA, Manager, Accounting & Finance Dept.
 Telephone: +81-11-251-1111

The prearranged date of quarterly financial statement report publication: February 12, 2016

Commencement of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results to be held: None

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

I. Consolidated Results for the Nine Months (April 1, 2015 – December 31, 2015)

(1) Consolidated Business Results

	Operating Revenue		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
April 1, 2015–December 31, 2015	520,804	6.4	33,173	-	22,463	-	19,500	-
April 1, 2014–December 31, 2014	489,283	10.0	(9,496)	-	(20,596)	-	(1,832)	-

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

Reference: Comprehensive income: April 1, 2015 – December 31, 2015 17,497 million yen [- %]
 April 1, 2014 – December 31, 2014 (5,007) million yen [- %]

	Basic Earnings per Share (primary)		Basic Earnings per Share (fully diluted)	
	Yen		Yen	
April 1, 2015–December 31, 2015	94.87		-	
April 1, 2014–December 31, 2014	(8.91)		-	

(2) Consolidated Financial Position

	Total Assets		Net Assets		Shareholders' Equity Ratio	
	Million yen		Million yen		%	
As of December 31, 2015	1,820,694		205,729		10.7	
As of March 31, 2015	1,815,675		188,392		9.8	

Reference: Shareholders' Equity: As of December 31, 2015 195,254 million yen As of March 31, 2015 178,047 million yen

II. Dividends

	Cash dividends per share				
	June 30	September 30	December 31	Year-ended	Annual total
	Yen	Yen	Yen	Yen	Yen
April 1, 2014 – March 31, 2015	-	0.00	-	0.00	0.00
April 1, 2015 – March 31, 2016	-	0.00	-		
April 1, 2015 – March 31, 2016 (Forecast)				-	-

Note1: Changes of the forecasts of the cash dividends per share from the latest release: None

Note2: Although the year-end dividend for the year ending March 31, 2016 have yet to be decided, we are going to consider the resumption of dividend based on the confirmation of the progress of the financial results for the current fiscal year, etc. Dividends mentioned the above is regarding common stock. Regarding preferred stock which differs in shareholders' rights from common stock, see "Dividends for preferred stock".

III. Forecasts of Consolidated Results for the Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

	Operating Revenue		Operating Income		Ordinary Income		Profit attributable to owners of parent		Basic Earnings per Share (primary)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
April 1, 2015 – March 31, 2016	726,000	4.8	40,000	742.1	25,000	-	22,000	648.8	107.03	

Note 1: Percentage figures represent changes as compared to the same period of the previous year.

Note 2: Changes of the forecasts of consolidated results in this period: Yes

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

(Notes)

- (1) Changes among major consolidated subsidiaries in this period: None
- (2) Application of special accounting methods in preparation of quarterly financial statements: Yes
- (3) Changes in accounting policies; changes in accounting estimates; restatements
- Changes of accounting policies due to amendment of accounting standards: Yes
 - Other changes in accounting policies: None
 - Changes in accounting estimates: None
 - Restatements: None
- (4) Outstanding shares (Common stock)
- Number of outstanding shares (Treasury stock included):
As of December 31, 2015: 215,291,912 As of March 31, 2015: 215,291,912
 - Number of treasury stock:
As of December 31, 2015: 9,753,305 As of March 31, 2015: 9,741,779
 - Average number of shares over period:
April 1, 2015 – December 31, 2015: 205,544,172 April 1, 2014 – December 31, 2014: 205,556,998

Dividends for preferred stock

The breakdown of dividend per preferred stock which differs in shareholders' rights from common stock is as follows.

Class A preferred stock	Cash dividends per share				
	June 30	September 30	December 31	Year-ended	Annual total
	Yen	Yen	Yen	Yen	Yen
April 1, 2014 – March 31, 2015	-	0.00	-	0.00	0.00
April 1, 2015 – March 31, 2016	-	0.00	-		
April 1, 2015 – March 31, 2016 (Forecast)				-	-

Note1: Changes of the forecasts of the cash dividends per share from the latest release: None

Note2: Although the year-end dividend ending March 31, 2016 have yet to be decided, we are going to consider the dividend based on the confirmation of the progress of the financial results for the current fiscal year, etc.

(Reference)**Forecasts of Non-consolidated Results for the Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)**

	Operating Revenue		Operating Income		Ordinary Income		Profit		Basic Earnings per Share (primary)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
April 1, 2015 – March 31, 2016	697,000	5.0	35,000	674.9	20,000	-	19,000	349.2	Yen 92.44

Note 1: Percentage figures represent changes as compared to the same period of the previous year.

Note 2: Changes of the forecasts of non-consolidated results in this period: Yes

Results of Production and Sales [Electric Utility Business]

1. Sales

Electricity Sales

(GWh)

	April 1, 2015– December 31, 2015 (A)	April 1, 2014– December 31, 2014 (B)	Increase/decrease (A) - (B)	Comparison (%) (A) / (B)	April 1, 2014 – March 31, 2015
Non-eligible customers					
Residential	7,639	7,849	(210)	97.3	11,236
Commercial and industrial	1,280	1,365	(85)	93.7	2,429
Subtotal	8,919	9,214	(295)	96.8	13,665
Eligible customers	11,271	11,975	(704)	94.1	16,145
Total	20,190	21,189	(999)	95.3	29,810

2. Production

Power Supply

(GWh)

	April 1, 2015– December 31, 2015 (A)	April 1, 2014– December 31, 2014 (B)	Increase/decrease (A) - (B)	Comparison (%) (A) / (B)	April 1, 2014 – March 31, 2015
Hokkaido Electric Power Co., Inc.					
[Water flow rate %]	[97.2]	[95.9]	[1.3]		[97.9]
Hydroelectric	2,834	2,765	69	102.5	3,394
Fossil fuel	15,730	16,073	(343)	97.9	22,804
[Nuclear capacity ratio %]	[-]	[-]	[-]		[-]
Nuclear	-	-	-	-	-
Renewable	93	119	(26)	77.9	162
Subtotal	18,657	18,957	(300)	98.4	26,360
Purchased power	4,240	4,980	(740)	85.2	6,809
Interchange power	5	9	(4)	44.8	12
Power used for pumped storage	(104)	(45)	(59)	233.6	(47)
Total	22,798	23,901	(1,103)	95.4	33,134

Forecasts for the Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

The forecasts for the Year Ending March 31, 2016 published on October 30, 2015 have been revised.

The electricity sales and the operating revenue have been revised from the previous forecasts by reflecting the current situation such as decrease in contract electricity demand from commercial customers.

The forecasts for consolidated and non-consolidated results of operating income, ordinary income, and profit were yet to be decided to date. This is because unplanned suspensions and so forth have sometimes occurred at thermal power plants which operate at a high utilization rate, and thus, we had to monitor the operational situation. We have now estimated the forecasts of financial results for the full year by reflecting the recent operational situation at thermal power plants, based on an assumption that the Tomari nuclear power plant will have been shut down until the end of this fiscal year.

As regards the forecasts for the Year Ending March 31, 2016 for consolidated results, the operating revenue will be increased compared to the previous fiscal year because of rise in electricity rates since November of 2014 and influence of the feed-in-tariff scheme for renewable energy, etc. in spite of decrease in electricity sales and decrease in fuel cost adjustments by lower fuel prices.

The ordinary income will be secured under the continuous efforts to enhance the efficiency of overall operating activities, improved from loss in the previous fiscal year because of decrease in fuel costs by decrease in electricity sales and lower fuel prices, etc. in spite of increase in repair costs for measures against aging facilities, etc.

As a result, the operating revenue will be approximately 726,000 million yen, the operating income will be approximately 40,000 million yen, the ordinary income will be approximately 25,000 million yen, and the profit attributable to owners of parent will be approximately 22,000 million yen.

Although the year-end dividends for the year ending March 31, 2016 still have yet to be decided regarding common stock as well as preferred stock, we are going to consider the resumption of dividends based on the confirmation of the progress of the financial results for the current fiscal year, etc.

Forecasts of Consolidated Results for the Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(Million yen)

	April 1, 2015 – March 31, 2016		
		Increase/decrease compared to the previous forecasts	Increase/decrease compared to the previous fiscal year
Operating Revenue	726,000	(6,000)	33,000
Operating Income	40,000	-	36,000
Ordinary Income	25,000	-	34,000
Profit attributable to owners of parent	22,000	-	19,000
[Comparison to the previous fiscal year]	[Approx. (3.5)%]		
Electricity sales	Approx. 28.8 TWh	Approx. (0.1) TWh	Approx. (1.0) TWh

Note: "Increase/decrease compared to the previous forecasts" means the difference between these forecasts and those published in October 30, 2015.

Key Factors

	April 1, 2015 – March 31, 2016
Foreign Exchange Rate	Approx. 121 yen/\$
CIF Crude Oil Price	Approx. 50 \$/barrel
Nuclear Capacity Ratio	- %
Sensitivity Factors	
Foreign Exchange Rate (1 yen/\$)	Approx. 1.0 billion yen
CIF Crude Oil Price (1 \$/barrel)	Approx. 1.5 billion yen
Interest (1 %)	Approx. 3.6 billion yen

Note: We assume the foreign exchange rate and CIF crude oil price in the 4th quarter will be 120 yen/\$ and 35 \$/barrel in these forecasts.

(Reference)

Forecasts of Non-consolidated Results for the Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(Million yen)

	April 1, 2015 – March 31, 2016		
		Increase/decrease compared to the previous forecasts	Increase/decrease compared to the previous fiscal year
Operating Revenue	697,000	(6,000)	33,000
Operating Income	35,000	-	31,000
Ordinary Income	20,000	-	29,000
Profit	19,000	-	15,000

Note: "Increase/decrease compared to the previous forecasts" means the difference between these forecasts and those published in October 30, 2015.

Consolidated Balance Sheets

(Million yen)

Item	As of March 31, 2015	As of December 31, 2015
Assets		
Noncurrent assets	1,563,720	1,594,893
Electric utility plant and equipment	1,117,227	1,116,329
Hydroelectric power production facilities	226,268	232,643
Thermal power production facilities	81,392	80,374
Nuclear power production facilities	238,118	222,975
Transmission facilities	168,925	165,354
Transformation facilities	79,057	94,125
Distribution facilities	274,927	273,443
General facilities	42,896	41,764
Other electric utility plant and equipment	5,641	5,647
Other noncurrent assets	58,081	55,470
Construction in progress	95,750	121,950
Construction in progress	95,623	121,629
Retirement in progress	126	320
Nuclear fuel	145,492	158,283
Nuclear fuel in processing	145,492	158,283
Investments and other assets	147,168	142,859
Long-term investments	46,182	45,354
Net defined benefit asset	14,008	14,989
Deferred tax assets	29,803	30,433
Other	57,242	52,158
Allowance for doubtful accounts	(68)	(76)
Current assets	251,955	225,801
Cash and deposits	152,016	105,027
Notes and accounts receivable-trade	50,042	59,905
Inventories	37,414	44,405
Deferred tax assets	5,925	6,076
Other	7,027	10,882
Allowance for doubtful accounts	(472)	(496)
Total	1,815,675	1,820,694
Liabilities and Net Assets		
Liabilities		
Noncurrent liabilities	1,268,783	1,225,519
Bonds payable	529,133	539,135
Long-term loans payable	545,123	498,487
Provision for reprocessing of irradiated nuclear fuel	55,399	50,843
Provision for reprocessing of irradiated nuclear fuel without specific plans	8,851	9,117
Net defined benefit liability	40,456	37,736
Asset retirement obligations	73,578	74,935
Deferred tax liabilities	-	2
Other	16,241	15,260
Current liabilities	358,500	389,445
Current portion of long-term debt	182,146	214,903
Short-term loans payable	42,000	46,090
Notes and accounts payable-trade	40,363	39,113
Accrued taxes	13,840	15,638
Other	80,149	73,700
Total Liabilities	1,627,283	1,614,965
Net assets		
Shareholders' equity	165,612	185,097
Common stock	114,291	114,291
Capital surplus	49,998	49,997
Retained earnings	19,490	38,990
Treasury stock	(18,167)	(18,182)
Accumulated other comprehensive income	12,434	10,156
Net unrealized gains on available-for-sale securities	5,263	4,872
Remeasurements of defined benefit plans	7,170	5,283
Minority interests	10,345	10,475
Total Net Assets	188,392	205,729
Total	1,815,675	1,820,694

Consolidated Statements of Operations

(Million yen)

Item	April 1, 2014– December 31, 2014	April 1, 2015– December 31, 2015
Operating Revenues	489,283	520,804
Electric utility operating revenue	467,103	498,804
Other business operating revenue	22,179	22,000
Operating Expenses	498,779	487,631
Electric utility operating expenses	479,131	468,742
Other business operating expenses	19,648	18,889
Operating Income (Loss)	(9,496)	33,173
Non-operating Income	2,921	2,305
Dividends income	504	436
Interest income	860	813
Other	1,556	1,055
Non-operating Expenses	14,021	13,014
Interest expenses	12,592	12,277
Equity in losses of affiliates	428	166
Other	1,000	570
Ordinary revenue	492,205	523,109
Ordinary expenses	512,801	500,645
Ordinary Income (Loss)	(20,596)	22,463
Provision or reversal of reserve for fluctuation in water levels	(19,391)	-
Reversal of reserve for fluctuation in water levels	(19,391)	-
Income (Loss) before income taxes	(1,204)	22,463
Income taxes-current	846	2,601
Income taxes-deferred	689	125
Total income taxes	1,536	2,726
Profit (Loss)	(2,741)	19,737
Profit (Loss) attributable to non-controlling interests	(909)	236
Profit (Loss) attributable to owners of parent	(1,832)	19,500

Consolidated Statements of Comprehensive Income

(Million yen)

Item	April 1, 2014– December 31, 2014	April 1, 2015– December 31, 2015
Profit (Loss)	(2,741)	19,737
Other Comprehensive Income		
Net unrealized holding gain (loss) on available-for-sale securities	1,131	(344)
Remeasurements of defined benefit plans	(3,398)	(1,895)
Total other comprehensive income	(2,266)	(2,239)
Comprehensive Income	(5,007)	17,497
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(4,147)	17,222
Comprehensive income attributable to non-controlling interests	(860)	274

Segment Information

Nine Months Ended December 31, 2014 (April 1, 2014 – December 31, 2014)

(Million yen)

	Reportable segment	Other	Total	Adjustments	Consolidated
	Electric utility				
Sales to customers	467,103	22,179	489,283	-	489,283
Intersegment sales	880	59,871	60,752	(60,752)	-
Total operating revenue	467,984	82,051	550,035	(60,752)	489,283
Operating loss	(9,549)	(448)	(9,997)	501	(9,496)

Note1: The segment loss adjustment of ¥501 million is due to the elimination of intersegment transactions.

Note2: Segment loss is adjusted with operating loss in the consolidated financial statements.

Nine Months Ended December 31, 2015 (April 1, 2015 – December 31, 2015)

(Million yen)

	Reportable segment	Other	Total	Adjustments	Consolidated
	Electric utility				
Sales to customers	498,804	22,000	520,804	-	520,804
Intersegment sales	876	66,696	67,573	(67,573)	-
Total operating revenue	499,681	88,696	588,377	(67,573)	520,804
Operating income	28,375	4,262	32,638	535	33,173

Note1: The segment income adjustment of ¥535 million is due to the elimination of intersegment transactions.

Note2: Segment income is adjusted with operating income in the consolidated financial statements.

Note: The information shown above is an English translation of the "Financial Release for the Nine Months Ended December 31, 2015" which was filed with stock exchanges (Tokyo, and Sapporo) on the date shown above. Be advised that the Japanese version (the original) shall prevail if in any case a discrepancy arises between the original and the English translation.