

Financial Release for the Three Months Ended June 30, 2016

[Japanese Standards] (Consolidated)

July 29, 2016

Hokkaido Electric Power Co., Inc.

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

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The prearranged date of quarterly financial statement report publication: August 10, 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 Three Months (April 1, 2016 – June 30, 2016)

(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, 2016–June 30, 2016	169,685	(1.0)	18,608	45.6	15,779	70.5	14,977	85.4
April 1, 2015–June 30, 2015	171,326	6.1	12,782	-	9,252	-	8,079	(46.2)

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

Reference: Comprehensive income: April 1, 2016 – June 30, 2016 14,317 million yen [50.6 %]
 April 1, 2015 – June 30, 2015 9,504 million yen [(31.4)%]

	Basic Earnings per Share (primary)		Basic Earnings per Share (fully diluted)	
	Yen	Yen	Yen	Yen
April 1, 2016–June 30, 2016	70.70	-	-	-
April 1, 2015–June 30, 2015	39.31	-	-	-

(2) Consolidated Financial Position

	Total Assets		Net Assets		Shareholders' Equity Ratio	
	Million yen	Million yen	Million yen	Million yen	%	%
As of June 30, 2016	1,807,199	203,455	1,807,199	203,455	10.7	10.7
As of March 31, 2016	1,826,141	197,222	1,826,141	197,222	10.2	10.2

Reference: Shareholders' Equity: As of June 30, 2016 192,817 million yen As of March 31, 2016 186,374 million yen

II. Dividends

Cash dividend

	Cash dividends per share				
	June 30	September 30	December 31	Year-ended	Annual total
	Yen	Yen	Yen	Yen	Yen
April 1, 2015 – March 31, 2016	-	0.00	-	5.00	5.00
April 1, 2016 – March 31, 2017	-	-	-	-	-
April 1, 2016 – March 31, 2017 (Forecast)	-	-	-	-	-

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

Note2: Interim dividends and Year-end dividends for the year ending March 31, 2017 have yet to be determined. 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, 2017 (April 1, 2016 – March 31, 2017)

	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, 2016 – March 31, 2017	713,000	(1.5)	-	-	-	-	-	-	-	-

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: None

* 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: None
 - 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 June 30, 2016: 215,291,912	As of March 31, 2016: 215,291,912
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 - Number of treasury stock:

As of June 30, 2016: 9,756,389	As of March 31, 2016: 9,755,611
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 - Average number of shares over period:

April 1, 2016 – June 30, 2016: 205,535,824	April 1, 2015 – June 30, 2015: 205,548,511
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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, 2015 – March 31, 2016	-	0.00	-	7,781,358.00	7,781,358.00
April 1, 2016 – March 31, 2017	-				
April 1, 2016 – March 31, 2017 (Forecast)		-	-	-	-

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

Note2: Interim dividends and Year-end dividends for the year ending March 31, 2017 have yet to be determined.

(Reference)**Forecasts of Non-consolidated Results for the Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)**

	Operating Revenue		Operating Income		Ordinary Income		Profit		Basic Earnings per Share (primary)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
April 1, 2016 – March 31, 2017	685,000	(1.5)	-	-	-	-	-	-	-

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: None

Results of Production and Sales [Electric Utility Business]

1. Sales

Electricity Sales

(GWh)

	April 1, 2016– June 30, 2016 (A)	April 1, 2015– June 30, 2015 (B)	Increase/decrease (A) - (B)	Comparison (%) (A) / (B)	April 1, 2015 – March 31, 2016
Low-voltage customers	3,032	3,017	15	100.5	13,444
High-voltage and Extra High-voltage customers	3,393	3,748	(355)	90.5	15,148
Total	6,425	6,765	(340)	95.0	28,592

2. Production

Power Supply

(GWh)

	April 1, 2016– June 30, 2016 (A)	April 1, 2015– June 30, 2015 (B)	Increase/decrease (A) - (B)	Comparison (%) (A) / (B)	April 1, 2015 – March 31, 2016
Hokkaido Electric Power Co., Inc.					
[Water flow rate %]	[109.9]	[104.2]	[5.7]		[99.8]
Hydroelectric	1,413	1,276	137	110.7	3,502
Fossil fuel	3,612	4,402	(790)	82.0	22,158
[Nuclear capacity ratio %]	[-]	[-]	[-]		[-]
Nuclear	-	-	-	-	-
Renewable	34	35	(1)	98.4	131
Subtotal	5,059	5,713	(654)	88.5	25,791
Interchange and Purchased power	1,755	1,481	274	118.5	6,229
Power used for pumped storage	(59)	(30)	(29)	193.9	(120)
Total	6,755	7,164	(409)	94.3	31,900

Forecasts for the Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

The electricity sales will be approximately 27.5 TWh.

Operating revenue for Consolidated results will be approx.713,000 million yen decreased by approx. 11,000 million yen compared to the previous fiscal year.(While revisions of the exchange rate and fuel prices were made, the forecast of Operating revenue remained the same level compared to the last forecast.)

The forecasts of Operating income (loss), Ordinary income (loss), and Profit (loss) are yet to be determined at this point. This is because expenses such as fuel costs cannot be assessed appropriately as we must monitor the situation regarding generating capacity from this point on.

These forecasts will be promptly released as soon as they are determined.

We make sure we will maintain stable power supply by operating supply facilities appropriately.

The forecasts of cash dividends for the first half and full year ending March 31, 2017, have yet to be determined as regards common stock as well as preferred stock as we cannot forecast the financial results for the fiscal year at this point.

Forecasts of Consolidated Results for the Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)
(Million yen)

	April 1,2016 – March 31,2017	
		Increase/decrease compared to the year ended in March 31, 2016
Operating Revenue	713,000	(11,000)
[Comparison to last fiscal year]	[Approx. (3.8)%]	
Electricity sales	Approx. 27.5 TWh	Approx. (1.1) TWh

(Reference) Forecasts of Non-consolidated Results for the Year Ending March 31, 2017
(April 1, 2016 – March 31, 2017)
(Million yen)

	April 1,2016 – March 31,2017	
		Increase/decrease compared to the year ended in March 31, 2016
Operating Revenue	685,000	(11,000)

Note: We assume the foreign exchange rate and CIF crude oil price in the full year ending March 31, 2017 will be 106 yen/\$ (105 yen/\$ after July) and 48 \$/barrel (50 \$/barrel after July) in these forecasts.

Consolidated Balance Sheets

(Million yen)

Item	As of March 31, 2016	As of June 30, 2016
Assets		
Noncurrent assets	1,609,817	1,594,902
Electric utility plant and equipment	1,111,661	1,087,858
Hydroelectric power production facilities	235,226	232,327
Thermal power production facilities	78,564	76,943
Nuclear power production facilities	218,645	215,249
Transmission facilities	163,444	163,007
Transformation facilities	92,516	79,162
Distribution facilities	276,816	275,668
General facilities	40,945	40,180
Other electric utility plant and equipment	5,501	5,320
Other noncurrent assets	55,829	54,770
Construction in progress	148,022	159,525
Construction in progress	147,882	159,254
Retirement in progress	139	271
Nuclear fuel	158,583	159,273
Nuclear fuel in processing	158,583	159,273
Investments and other assets	135,720	133,474
Long-term investments	40,636	42,591
Net defined benefit asset	10,984	11,192
Deferred tax assets	32,363	32,435
Other	51,820	49,603
Allowance for doubtful accounts	(84)	(2,349)
Current assets	216,324	212,296
Cash and deposits	108,805	99,863
Notes and accounts receivable-trade	61,055	56,125
Inventories	35,361	36,235
Deferred tax assets	4,942	5,120
Other	8,905	15,370
Allowance for doubtful accounts	(2,746)	(417)
Total	1,826,141	1,807,199
Liabilities and Net Assets		
Liabilities		
Noncurrent liabilities	1,272,404	1,320,179
Bonds payable	579,136	639,137
Long-term loans payable	502,728	492,828
Provision for reprocessing of irradiated nuclear fuel	49,333	47,654
Provision for reprocessing of irradiated nuclear fuel without specific plans	9,205	9,297
Net defined benefit liability	39,845	39,325
Asset retirement obligations	75,926	76,405
Other	16,228	15,529
Current liabilities	355,491	282,002
Current portion of long-term debt	155,621	132,479
Short-term loans payable	52,300	52,650
Notes and accounts payable-trade	41,569	26,887
Accrued taxes	13,336	19,178
Other	92,663	50,807
Reserves under the special laws	1,022	1,562
Reserve for fluctuation in water levels	1,022	1,562
Total Liabilities	1,628,918	1,603,743
Net assets		
Shareholders' equity	186,872	193,918
Common stock	114,291	114,291
Capital surplus	49,998	46,751
Retained earnings	40,766	51,059
Treasury stock	(18,184)	(18,185)
Accumulated other comprehensive income	(497)	(1,100)
Net unrealized gains on available-for-sale securities	1,570	1,271
Remeasurements of defined benefit plans	(2,067)	(2,372)
Non controlling interests	10,847	10,637
Total Net Assets	197,222	203,455
Total	1,826,141	1,807,199

Consolidated Statements of Operations

(Million yen)

Item	April 1, 2015– June 30, 2015	April 1, 2016– June 30, 2016
Operating Revenues	171,326	169,685
Electric utility operating revenue	164,673	163,909
Other business operating revenue	6,652	5,776
Operating Expenses	158,543	151,077
Electric utility operating expenses	152,881	146,212
Other business operating expenses	5,661	4,865
Operating Income	12,782	18,608
Non-operating Income	854	1,563
Dividends income	231	414
Interest income	264	289
Other	358	859
Non-operating Expenses	4,385	4,392
Interest expenses	4,090	3,869
Equity in losses of affiliates	110	83
Other	184	439
Ordinary revenue	172,180	171,249
Ordinary expenses	162,928	155,469
Ordinary Income	9,252	15,779
Provision or reversal of reserve for fluctuation in water levels	923	540
Provision of reserve for fluctuation in water levels	923	540
Income before income taxes	8,328	15,239
Income taxes-current	285	170
Income taxes-deferred	69	154
Total income taxes	355	325
Profit	7,973	14,914
Loss attributable to non-controlling interests	(105)	(63)
Profit attributable to owners of parent	8,079	14,977

Consolidated Statements of Comprehensive Income

(Million yen)

Item	April 1, 2015– June 30, 2015	April 1, 2016– June 30, 2016
Profit	7,973	14,914
Other Comprehensive Income		
Net unrealized holding gain (loss) on available-for-sale securities	2,162	(286)
Remeasurements of defined benefit plans	(631)	(310)
Total other comprehensive income	1,531	(596)
Comprehensive Income	9,504	14,317
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,579	14,374
Comprehensive income attributable to non-controlling interests	(74)	(57)

Segment Information

Three Months Ended June 30, 2015 (April 1, 2015 – June 30, 2015)

(Million yen)

	Reportable segment	Other	Total	Adjustments	Consolidated
	Electric utility				
Sales to customers	164,673	6,652	171,326	-	171,326
Intersegment sales	488	16,382	16,870	(16,870)	-
Total operating revenue	165,162	23,034	188,196	(16,870)	171,326
Operating income	12,305	179	12,484	297	12,782

Note1: The segment income adjustment of ¥297 million is due to the elimination of intersegment transactions.

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

Three Months Ended June 30, 2016 (April 1, 2016 – June 30, 2016)

(Million yen)

	Reportable segment	Other	Total	Adjustments	Consolidated
	Electric utility				
Sales to customers	163,909	5,776	169,685	-	169,685
Intersegment sales	501	17,342	17,844	(17,844)	-
Total operating revenue	164,411	23,118	187,530	(17,844)	169,685
Operating income (loss)	18,450	(7)	18,443	165	18,608

Note1: The segment income (loss) adjustment of ¥165 million is due to the elimination of intersegment transactions.

Note2: Segment income (loss) 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 Three Months Ended June 30, 2016" 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.