

Financial Release for the Six Months Ended September 30, 2016

[Japanese Standards] (Consolidated)

October 28, 2016

Hokkaido Electric Power Co., Inc.

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

Code no: 9509 Tokyo Stock Exchange (1st section)

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The prearranged date of quarterly financial statement report publication: November 11, 2016

Commencement of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results to be held: Yes (targeted at institutional investors and analysts)

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

I. Consolidated Results for the Six Months (April 1, 2016 – September 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–September 30, 2016	334,379	(1.9)	22,603	(7.2)	15,754	(7.6)	13,345	(16.3)
April 1, 2015–September 30, 2015	340,815	6.8	24,362	816.6	17,049	-	15,937	16.8

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

Reference: Comprehensive income: April 1, 2016 – September 30, 2016 13,959 million yen [(6.3)%]

April 1, 2015 – September 30, 2015 14,896 million yen [35.0%]

	Basic Earnings per Share (primary)		Basic Earnings per Share (fully diluted)	
	Yen	Yen	Yen	Yen
April 1, 2016–September 30, 2016	60.57	-	-	-
April 1, 2015–September 30, 2015	77.54	-	-	-

(2) Consolidated Financial Position

	Total Assets		Net Assets		Shareholders' Equity Ratio	
	Million yen	Million yen	Million yen	Million yen	%	%
As of September 30, 2016	1,799,762	203,095	1,799,762	203,095	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 September 30, 2016 192,427 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
April 1, 2015 – March 31, 2016	Yen -	Yen 0.00	Yen -	Yen 5.00	Yen 5.00
April 1, 2016 – March 31, 2017	-	0.00			
April 1, 2016 – March 31, 2017 (Forecast)			-	-	-

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

Note2: 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	707,000	(2.4)	-	-	-	-	-	-	-	-

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: 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 September 30, 2016: 215,291,912 As of March 31, 2016: 215,291,912
 - Number of treasury stock:
As of September 30, 2016: 9,759,033 As of March 31, 2016: 9,755,611
 - Average number of shares over period:
April 1, 2016 – September 30, 2016: 205,534,885 April 1, 2015 – September 30, 2015: 205,545,997

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	-	0.00			
April 1, 2016 – March 31, 2017 (Forecast)			-	-	-

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

Note2: 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	679,000	(2.4)	-	-	-	-	-	-	-

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, 2016– September 30, 2016 (A)	April 1, 2015– September 30, 2015 (B)	Increase/decrease (A) - (B)	Comparison (%) (A) / (B)	April 1, 2015 – March 31, 2016
Low-voltage customers	5,699	5,723	(24)	99.6	13,444
High-voltage and Extra High-voltage customers	6,767	7,585	(818)	89.2	15,148
Total	12,466	13,308	(842)	93.7	28,592

2. Production

Power Supply

(GWh)

	April 1, 2016– September 30, 2016 (A)	April 1, 2015– September 30, 2015 (B)	Increase/decrease (A) - (B)	Comparison (%) (A) / (B)	April 1, 2015 – March 31, 2016
Hokkaido Electric Power Co., Inc.					
[Water flow rate %]	[119.8]	[96.2]	[23.6]		[99.8]
Hydroelectric	2,572	2,109	463	122.0	3,502
Fossil fuel	7,943	9,732	(1,789)	81.6	22,158
[Nuclear capacity ratio %]	[-]	[-]	[-]		[-]
Nuclear	-	-	-	-	-
Renewable	57	53	4	106.8	131
Subtotal	10,572	11,894	(1,322)	88.9	25,791
Interchange and Purchased power	2,988	2,673	315	111.8	6,229
Power used for pumped storage	(72)	(58)	(14)	123.7	(120)
Total	13,488	14,509	(1,021)	93.0	31,900

Note: Amount of power generated from consolidated subsidiaries, Hokkaido Power Engineering and HOKUDEN ECO-ENERGY, is included in purchased power.

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

The forecasts of Consolidated results for the Year Ending March 31, 2017 published on July 29, 2016 have been revised.

The electricity sales will be approx. 27.0 TWh decreased by approx. 0.5 TWh compared to the previous forecasts because of the increase in the use of private power generation by some customers, etc.

Operating Revenue will be approx. 707,000 million yen decreased by approx. 6,000 million yen due to the decrease in electricity sales, etc, compared to the previous forecasts.

On the other hand, 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.

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

The forecasts of cash dividends for the 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.

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

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 previous forecasts	Increase/decrease compared to the year ended March 31, 2016
Operating Revenue	707,000	(6,000)	(17,000)
[Comparison to last fiscal year] Electricity sales	[Approx. (5.4)%] Approx. 27.0 TWh	Approx. (0.5) TWh	Approx. (1.6) 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 previous forecasts	Increase/decrease compared to the year ended March 31, 2016
Operating Revenue	679,000	(6,000)	(17,000)

Note1: "Increase/decrease compared to the previous forecasts" means the difference between these forecasts and the previous ones published on July 29, 2016.

Note2: We assume the foreign exchange rate and CIF crude oil price in the full year ending March 31, 2017 will be 105 yen/\$ (105 yen/\$ in the 2nd half) and 47 \$/barrel (50 \$/barrel in the 2nd half) in these forecasts.

Consolidated Balance Sheets

(Million yen)

Item	As of March 31, 2016	As of September 30, 2016
Assets		
Noncurrent assets	1,609,817	1,604,662
Electric utility plant and equipment	1,111,661	1,076,225
Hydroelectric power production facilities	235,226	229,495
Thermal power production facilities	78,564	76,271
Nuclear power production facilities	218,645	211,280
Transmission facilities	163,444	160,567
Transformation facilities	92,516	78,439
Distribution facilities	276,816	275,122
General facilities	40,945	39,577
Other electric utility plant and equipment	5,501	5,470
Other noncurrent assets	55,829	54,266
Construction in progress	148,022	180,350
Construction in progress	147,882	179,980
Retirement in progress	139	370
Nuclear fuel	158,583	159,477
Nuclear fuel in processing	158,583	159,477
Investments and other assets	135,720	134,342
Long-term investments	40,636	46,007
Net defined benefit asset	10,984	11,418
Deferred tax assets	32,363	31,868
Other	51,820	47,387
Allowance for doubtful accounts	(84)	(2,339)
Current assets	216,324	195,099
Cash and deposits	108,805	79,126
Notes and accounts receivable-trade	61,055	60,318
Inventories	35,361	37,895
Deferred tax assets	4,942	5,199
Other	8,905	12,989
Allowance for doubtful accounts	(2,746)	(430)
Total	1,826,141	1,799,762
Liabilities and Net assets		
Liabilities		
Noncurrent liabilities	1,272,404	1,262,361
Bonds payable	579,136	619,141
Long-term loans payable	502,728	456,909
Provision for reprocessing of irradiated nuclear fuel	49,333	45,975
Provision for reprocessing of irradiated nuclear fuel without specific plans	9,205	9,389
Net defined benefit liability	39,845	38,961
Asset retirement obligations	75,926	76,885
Other	16,228	15,098
Current liabilities	355,491	331,706
Current portion of long-term debt	155,621	173,232
Short-term loans payable	52,300	53,280
Notes and accounts payable-trade	41,569	33,019
Accrued taxes	13,336	14,965
Other	92,663	57,209
Reserves under the special laws	1,022	2,599
Reserve for fluctuation in water levels	1,022	2,599
Total Liabilities	1,628,918	1,596,666
Net assets		
Shareholders' equity	186,872	192,283
Capital stock	114,291	114,291
Capital surplus	49,998	46,751
Retained earnings	40,766	49,427
Treasury stock	(18,184)	(18,186)
Accumulated other comprehensive income	(497)	143
Valuation difference on available-for-sale securities	1,570	2,820
Remeasurements of defined benefit plans	(2,067)	(2,676)
Non-controlling interests	10,847	10,667
Total Net assets	197,222	203,095
Total	1,826,141	1,799,762

Consolidated Statements of Operations

(Million yen)

Item	April 1, 2015– September 30, 2015	April 1, 2016– September 30, 2016
Operating revenues	340,815	334,379
Electric utility operating revenue	327,126	321,407
Other business operating revenue	13,689	12,971
Operating expenses	316,453	311,775
Electric utility operating expenses	304,822	300,694
Other business operating expenses	11,630	11,080
Operating income	24,362	22,603
Non-operating income	1,308	1,803
Dividend income	233	420
Interest income	546	583
Other	528	799
Non-operating expenses	8,620	8,652
Interest expenses	8,188	7,691
Equity in losses of affiliates	127	41
Other	304	919
Ordinary revenue	342,124	336,183
Ordinary expenses	325,074	320,428
Ordinary income	17,049	15,754
Provision or reversal of reserve for fluctuation in water levels	-	1,576
Provision of reserve for fluctuation in water levels	-	1,576
Profit before income taxes	17,049	14,178
Income taxes-current	998	661
Income taxes-deferred	108	205
Total income taxes	1,106	866
Profit	15,943	13,311
Profit (loss) attributable to non-controlling interests	5	(34)
Profit attributable to owners of parent	15,937	13,345

Consolidated Statements of Comprehensive Income

(Million yen)

Item	April 1, 2015– September 30, 2015	April 1, 2016– September 30, 2016
Profit	15,943	13,311
Other comprehensive income		
Valuation difference on available-for-sale securities	216	1,269
Remeasurements of defined benefit plans	(1,263)	(620)
Total other comprehensive income	(1,047)	648
Comprehensive income	14,896	13,959
Comprehensive income attributable to:		
owners of parent	14,901	13,986
non-controlling interests	(5)	(26)

Consolidated Statements of Cash Flows

(Million yen)

Account	April 1, 2015 – September 30, 2015	April 1, 2016 – September 30, 2016
Cash flows from operating activities:		
Profit before income taxes	17,049	14,178
Depreciation and amortization	44,287	42,190
Decommissioning costs of nuclear power units	1,212	1,269
Loss on retirement of noncurrent assets	980	631
Increase (decrease) in net defined benefit liability	(4,333)	(2,170)
Increase (decrease) in provision for reprocessing of irradiated nuclear fuel	(3,034)	(3,357)
Increase (decrease) in reserve for fluctuation in water levels	-	1,576
Interest and dividend income	(780)	(1,004)
Interest expenses	8,188	7,691
Decrease (increase) in reserve fund for reprocessing of irradiated nuclear fuel	3,534	4,313
Decrease (increase) in notes and accounts receivable-trade	(5,518)	767
Increase (decrease) in notes and accounts payable-trade	(8,948)	(8,794)
Increase (decrease) in accrued expenses	(7,369)	(13,735)
Other, net	(1,108)	(4,336)
Subtotal	44,159	39,219
Interest and dividend income received	805	1,024
Interest expenses paid	(8,236)	(7,735)
Income taxes paid	(501)	(2,545)
Net cash provided by (used in) operating activities	36,226	29,961
Cash flows from investing activities:		
Purchase of noncurrent assets	(72,969)	(64,645)
Payments of investment and loans receivable	(284)	(1,394)
Collection of investment and loans receivable	718	507
Other, net	1,262	1,685
Net cash provided by (used in) investing activities	(71,272)	(63,847)
Cash flows from financing activities:		
Proceeds from issuance of bonds	-	89,667
Redemption of bonds	(15,000)	(20,000)
Proceeds from long-term loans payable	21,650	-
Repayments of long-term loans payable	(22,432)	(58,150)
Proceeds from short-term loans payable	125,029	84,952
Decrease in short-term loans payable	(112,709)	(83,683)
Purchase of treasury shares	(10)	(3,249)
Cash dividends paid	(18)	(4,692)
Other, net	(421)	(637)
Net cash provided by (used in) financing activities	(3,912)	4,206
Net increase (decrease) in cash and cash equivalents	(38,958)	(29,679)
Cash and cash equivalents at beginning of period	152,016	108,805
Cash and cash equivalents at end of period	113,058	79,126

Segment Information

Six Months Ended September 30, 2015 (April 1, 2015 – September 30, 2015)

(Million yen)

	Reportable segment	Other	Total	Adjustments	Consolidated
	Electric utility				
Sales to customers	327,126	13,689	340,815	-	340,815
Intersegment sales	681	39,011	39,693	(39,693)	-
Total operating revenue	327,808	52,700	380,509	(39,693)	340,815
Operating income	21,686	2,144	23,831	531	24,362

Note1: The segment income adjustment of ¥531 million is due to the elimination of intersegment transactions.

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

Six Months Ended September 30, 2016 (April 1, 2016 – September 30, 2016)

(Million yen)

	Reportable segment	Other	Total	Adjustments	Consolidated
	Electric utility				
Sales to customers	321,407	12,971	334,379	-	334,379
Intersegment sales	710	45,615	46,325	(46,325)	-
Total operating revenue	322,118	58,586	380,704	(46,325)	334,379
Operating income	19,895	2,122	22,018	585	22,603

Note1: The segment income adjustment of ¥585 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 Six Months Ended September 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.