

# FY 2008 2<sup>nd</sup> Quarter Financial Results (April 1,2008-September 30,2008) Detailed Description

November 10, 2008



Hokuriku Electric Power Company

### ***Regarding Forward-Looking Statements (Performance Projections)***

*Certain statements in the following presentation regarding Hokuriku Electric Power Company's business operations may constitute "forward-looking statements". As such, these statements are not historical facts but rather predictions about the future, which inherently involve risks and uncertainties, and these risks and uncertainties could cause the Company's actual results to differ materially from the forward-looking statements (performance projections) herein.*

# Total Sales of Electricity Power

- Exceeding the previous year due to the increase of fully electrified houses and usage of large scale user  
(1.1% increase compared with the same period last year)

(Billion kWh,%)

		FY08/2Q (A)	FY07/2Q (B)	Comparison	
				(A)-(B)	(A)/(B)
Regulated	Lighting	3.54	3.51	0.03	100.9
	Low-voltage	0.73	0.75	Δ0.02	97.4
	Subtotal	4.27	4.26	0.01	100.3
Liberarized	Commercial	2.70	2.67	0.02	100.9
	Industrial	7.40	7.28	0.12	101.6
	Subtotal	10.09	9.95	0.14	101.4
Total		14.36	14.21	0.16	101.1
Sales to large-scale user in total sales		5.97	5.81	0.17	102.8

# Total Power Generated, Purchased and Sold

- Increase in nuclear due to the restart of Unit 2 of Shika Nuclear Power Station
- Decrease in thermal due to the periodic inspection of coal thermal power station
- Decrease in purchased power from other utility due to the periodic inspection of its nuclear power station
- Increase in sold power to other utilities

(Billion kWh,%)

	FY08/2Q (A)	FY07/2Q (B)	Comparison	
			(A)-(B)	(A)/(B)
[Flow ratio]	[87.5]	[89.0]	[Δ 1.5]	
Hydroelectric	3.15	3.25	Δ0.10	97.0
Thermal	9.97	11.13	Δ1.16	89.6
[Utilization ratio]	[50.5]	[ - ]	[ 50.5]	
Nuclear	3.99	-	3.99	-
Subtotal	17.12	14.38	2.74	119.0
Purchased from other utilities	2.01	2.72	Δ0.71	73.8
Sold to other utilities	Δ3.33	Δ 1.47	Δ1.86	226.5
Total	15.77	15.60	0.17	101.1

# Overview of FY 2008 2Q Financial Results

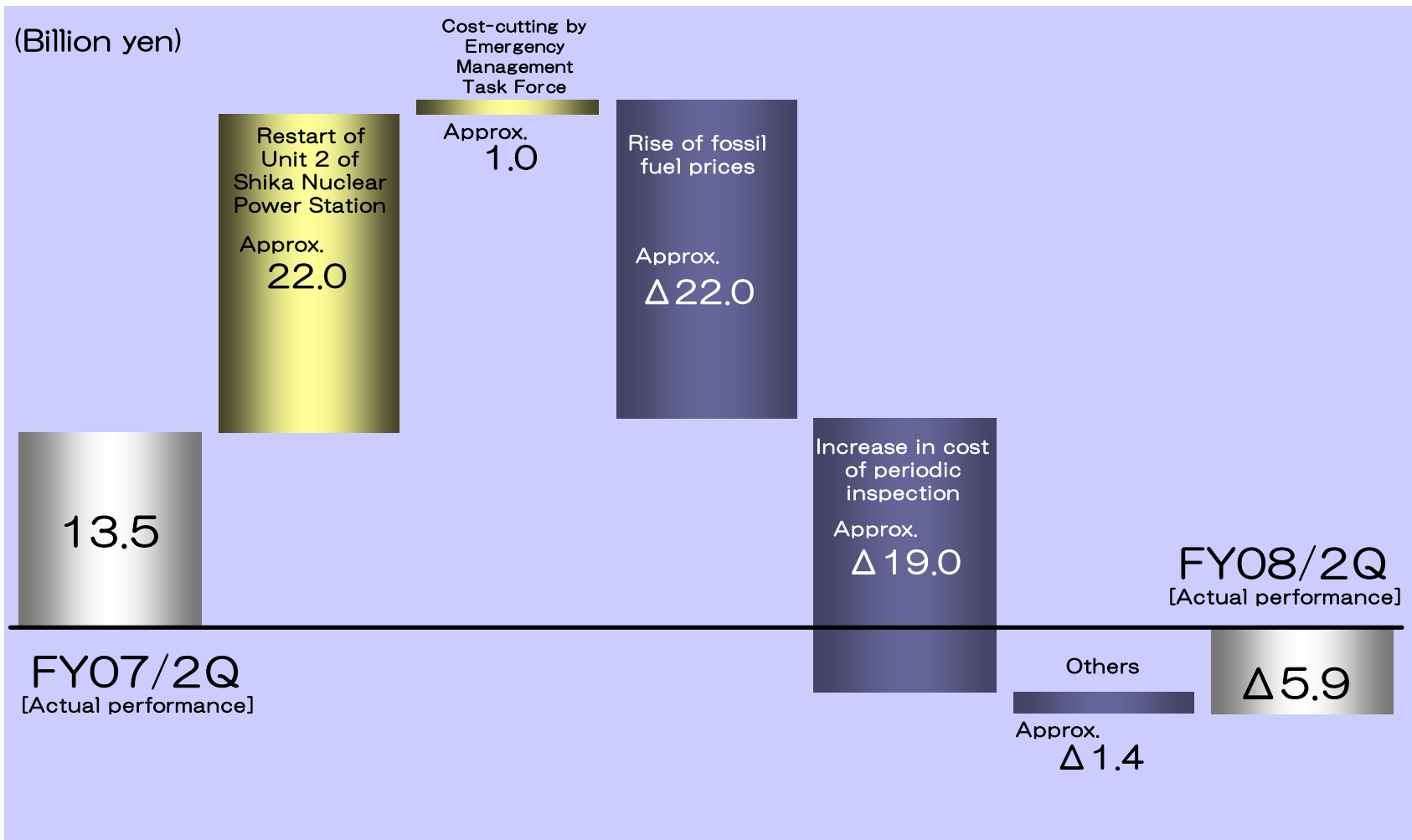
- Posting losses due to the large increase of fossil fuel cost with the runup of fossil fuel prices despite the restart of Unit 2 of Shika Nuclear Power Station

(Billion yen, %)

		FY08/2Q (A)	FY07/2Q (B)	Comparison		Projection as of 7/31
				(A)-(B)	(A)/(B)	
Consolidated	Operating revenue	254.0	231.3	22.7	109.8	250
	(Operating income)	(2.5)	(20.9)	(Δ 18.4)	(12.1)	(5)
	Ordinary income	Δ 5.9	13.5	Δ 19.4	—	Δ 2
	Net income	Δ 3.2	9.1	Δ 12.4	—	Δ 1
Non-consolidated	Operating revenue	248.5	225.4	23.0	110.2	245
	(Operating income)	(0.6)	(19.0)	(Δ 18.3)	(3.4)	(4)
	Ordinary income	Δ 6.0	11.6	Δ 17.6	—	Δ 3
	Net income	Δ 2.6	8.0	Δ 10.7	—	Δ 2

<The number of consolidated subsidiaries  
: 11 affiliates and 3 equity method affiliates>

# Changing Factor of Consolidated Ordinary Income (Comparison with FY 2007)

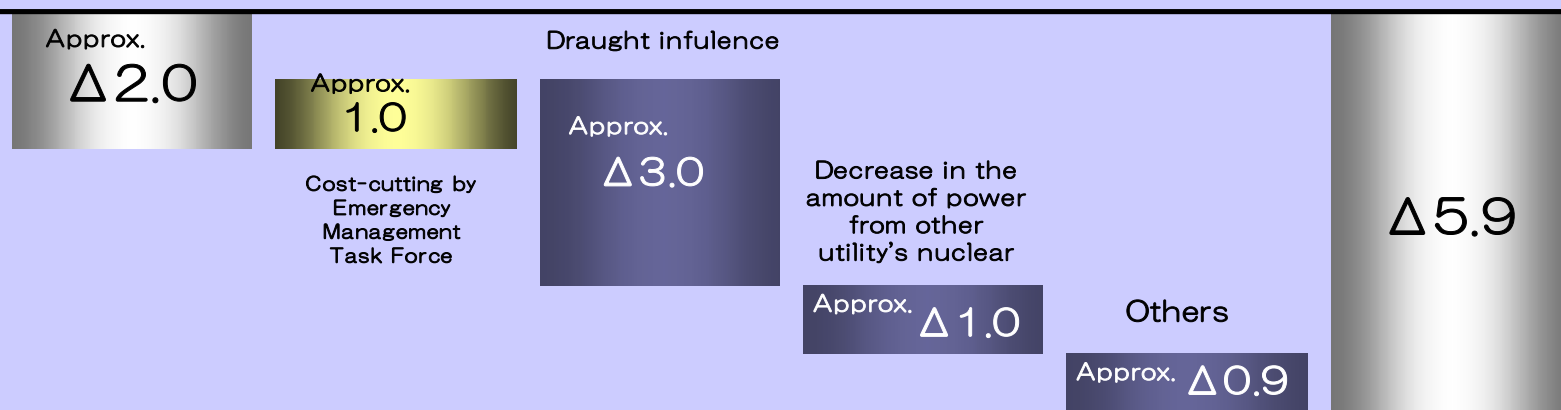


# Changing Factor of Consolidated Ordinary Income (Comparison with projection as of 7/31,2008)

(Billion yen)

FY08/2Q  
[Projection  
as of 7/31]

FY08/2Q  
[Actual performance]



# FY 2008 Projection (Key Factor)

## 【Electricity Sales Volume】

- Sales volume in whole FY 2008 is expected to be the same as FY 2007

	FY08 Projection		Comparison (A)-(B)	(Reference) FY07 Actual performance
	As of 10/31 (A)	As of 7/31 (B)		
Electricity sales volume	Approx. 29.2 (Approx. 100%)	Approx. 29.2 (Approx. 100%)	—	29.3

\*Figures in parentheses denote percentage from the previous year.

## 【Key Factor】

	FY08				(Reference) FY07 Actual performance
	Actual performance	Projection			
		As of 10/31		As of 7/31	
	1-2Q	3-4Q	Annual	Annual	
Currency Rate	106	Approx. 100	Approx. 103	Approx. 105	114
C I F oil prices (All Japan)	120	Approx. 90	Approx. 105	Approx. 125	79
Flow ratio	87.5	Approx. 93	Approx. 90	Approx. 95	90.5
Nuclear utilization ratio	51	Approx. 65	Approx. 58	Approx. 56	—

# FY 2008 Revenue and Income Projection

## ➤ Premise

- The shutdown of Unit 1 of Shika Nuclear Power Station at least until the end of FY 2008
- The shutdown of nuclear power station owned by other utility at least until the end of FY 2008

## ➤ Projection

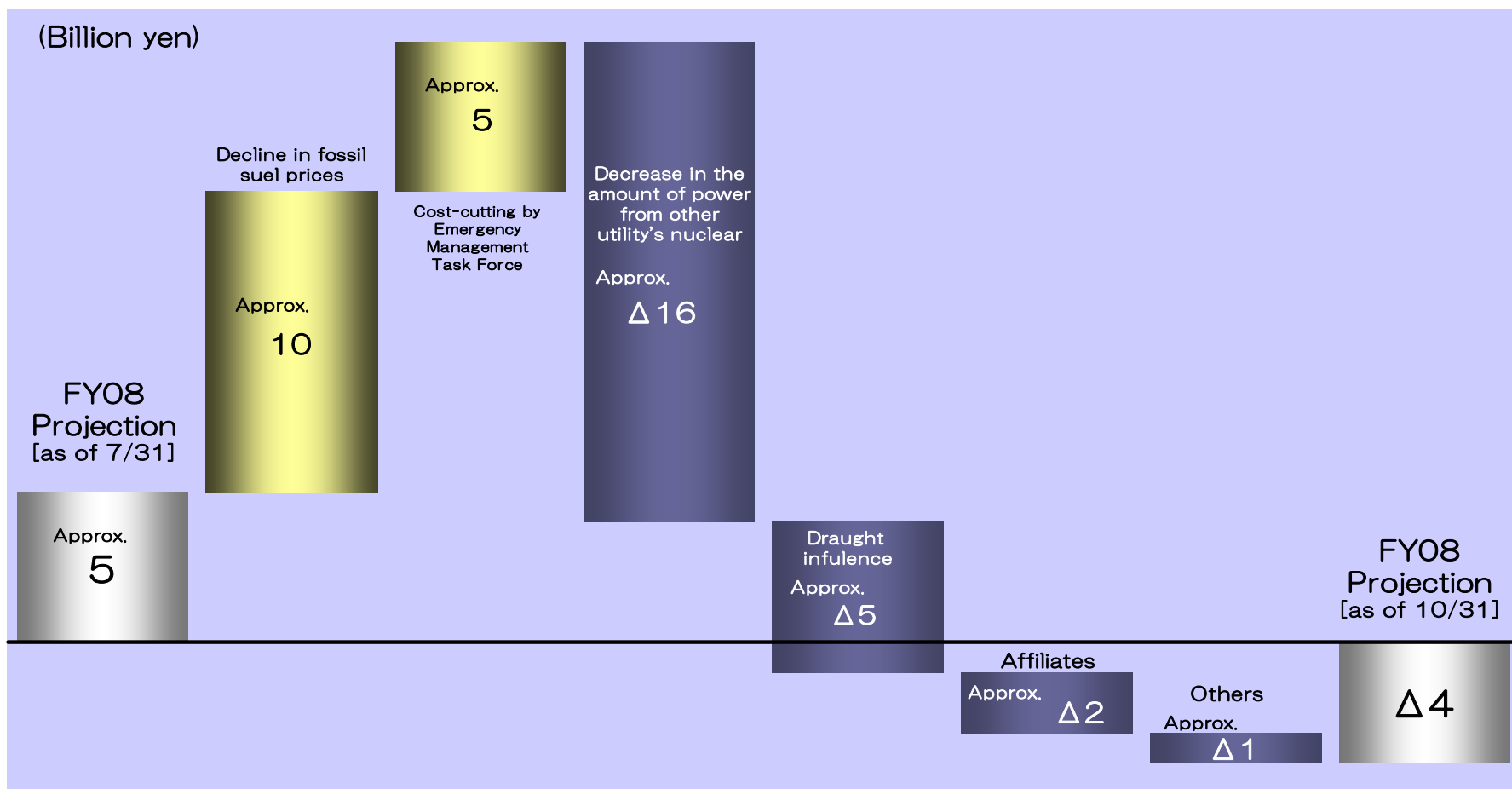
- Posting losses due to the increase of fossil fuel cost as a result of the rise of the amount of power generated by fossil fuel power stations with the decrease in power purchased from nuclear power plant owned by other utility and decline in flow ratio despite cost-cutting formulated by Emergency Management Task Force and likely drop of fossil fuel prices

(Billion yen)

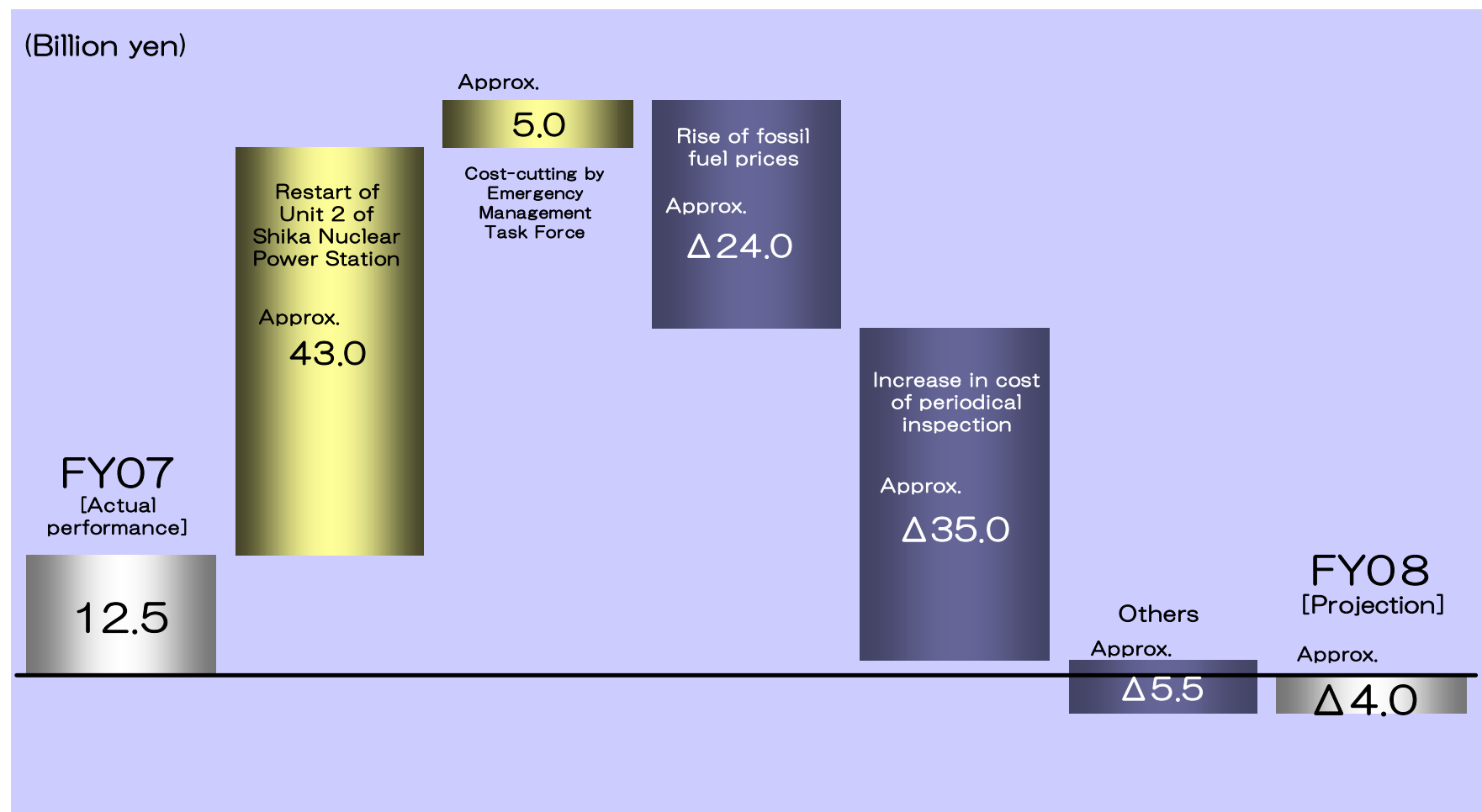
		FY08 Projection		Comparison (A)-(B)	FY07 Actual performance
		As of 10/31 (A)	As of 7/31 (B)		
Consolidated	Operating revenue	Approx. <b>535</b> ( Approx. 112%)	Approx. <b>535</b> ( Approx. 112%)	Approx. —	Approx. <b>477.9</b> (98.4%)
	(Operating income)	( Approx. <b>12</b> ) ( Approx. 43%)	( Approx. <b>19</b> ) ( Approx. 69%)	Approx. <b>Δ7</b>	( Approx. <b>27.6</b> ) (50.0%)
	Ordinary income	Approx. <b>Δ4</b> ( — )	Approx. <b>5</b> ( Approx. 40%)	Approx. <b>Δ9</b>	Approx. <b>12.5</b> (37.9%)
	Net profit	Approx. <b>Δ3</b> ( — )	Approx. <b>3</b> ( Approx. 41%)	Approx. <b>Δ6</b>	Approx. <b>7.3</b> (42.6%)
Non-Consolidated	Operating revenue	Approx. <b>525</b> ( Approx. 113%)	Approx. <b>525</b> ( Approx. 113%)	Approx. —	Approx. <b>466.0</b> (98.4%)
	(Operating income)	( Approx. <b>10</b> ) ( Approx. 41%)	( Approx. <b>17</b> ) ( Approx. 70%)	Approx. <b>Δ7</b>	Approx. <b>24.3</b> (48.3%)
	Ordinary income	Approx. <b>Δ4</b> ( — )	Approx. <b>3</b> ( Approx. 32%)	Approx. <b>Δ7</b>	Approx. <b>9.3</b> (30.9%)
	Net profit	Approx. <b>Δ2</b> ( — )	Approx. <b>2</b> ( Approx. 39%)	Approx. <b>Δ4</b>	Approx. <b>5.1</b> (32.9%)

\*Figures in parentheses denote percentage from the previous year.

# Changing Factor of FY 2008 Consolidated Ordinary Income (Comparison with projection as of 7/31,2008)



# Changing Factor of FY 2008 Consolidated Ordinary Income (Comparison with FY 2007)



# Consolidated Balance Sheet (Summary)

- Total assets 1,482.1 billion yen  
(Δ34.5 billion yen compared with the end of FY 2007)

(Billion yen)

	End of FY08 2Q (A)	End of FY07 (B)	Cmparison (A)-(B)	Note
Fixed assets	1,293.0	1,327.3	Δ34.3	
Electricity business	1,024.2	1,053.6	Δ29.3	Depreciation Δ46.5, Completion of construction 17.7
Others	268.7	273.7	Δ4.9	
Current assets	189.1	189.3	Δ0.1	
<b>Total assets</b>	<b>1,482.1</b>	<b>1,516.7</b>	<b>Δ34.5</b>	
Debt with interest	972.8	979.5	Δ6.6	Debt loan Δ26.8, Straight bond 20.0
Other debt	152.7	168.1	Δ15.3	Accured liability Δ55, Accounts payable-trade Δ5.2
Revenue for fluctuat	6.5	8.9	Δ2.4	
<b>Total liabilities</b>	<b>1,132.1</b>	<b>1,156.7</b>	<b>Δ24.5</b>	
<b>Total net assets</b>	<b>349.9</b>	<b>359.9</b>	<b>Δ9.9</b>	
[Equity ratio]	[23.6%]	[23.7%]	[Δ0.1%]	
<b>Total of liabilities and net assets</b>	<b>1,482.1</b>	<b>1,516.7</b>	<b>Δ34.5</b>	

# Consolidated Statement of Cash Flows

(Billion yen)

	FY08/2Q (A)	FY07/2Q (B)	Comparison (A)-(B)
<b>I. Operating activities<sup>①</sup></b>	<b>36.9</b>	41.7	<b>△ 4.8</b>
Income before income taxes and minority interests	△ 3.4	15.0	△ 18.5
Depreciation and amortization	48.9	52.2	△ 3.3
Others	△ 8.5	△ 25.5	17.0
<b>II. Investing activities<sup>②</sup></b>	<b>△ 29.5</b>	△ 21.8	<b>△ 7.6</b>
Capital expenditure	△ 30.2	△ 21.9	△ 8.2
Long-term investment and others	0.6	0.1	0.5
<b>III. Financing activities</b>	<b>△ 12.2</b>	30.1	<b>△ 42.3</b>
Loan, bond, etc	△ 6.7	35.5	△ 42.2
Purchases and sales of own stock	△ 0.1	△ 0.0	△ 0.0
Cash dividends paid <sup>③</sup>	△ 5.3	△ 5.3	0.0
<b>IV. Net increase in cash and cash equivalents ( I + II + III)</b>	<b>△ 4.8</b>	49.9	<b>△ 54.8</b>
<b>○ Free cash flow(①+②+③)</b>	<b>2.0</b>	14.5	<b>△ 12.5</b>
(reference : non-consolidated free cash flow)	△ 1.2	12.7	△ 13.9

# Non-Consolidated Statement of Income

(Billion yen,%)

		FY08/2Q (A)	FY07/2Q (B)	Comparison	
				(A)-(B)	(A)/(B)
Ordinary income	Lighting	70.4	68.5	1.8	102.8
	Commercial and industrial ( Subtotal )	140.2 (210.6)	132.9 (201.4)	7.3 (9.2)	105.5 (104.6)
	Sales to other companies (Operating revenue)	34.9 (248.5)	21.0 (225.4)	13.8 (23.0)	165.9 (110.2)
	Total	250.3	226.7	23.5	110.4
Ordinary expenses	Personnel expenses	25.0	22.2	2.7	112.6
	Fuel expenses	78.4	48.0	30.3	163.2
	Maintenance expenses	25.5	17.8	7.7	143.3
	Depreciation expenses	46.5	49.7	Δ 3.1	93.7
	Purchased power expenses	28.8	27.5	1.2	104.5
	Interest paid	8.1	8.4	Δ 0.2	96.9
	Taxes other than income taxes	16.7	16.8	Δ 0.1	99.3
	Nuclear power back-end expenses	4.3	0.9	3.3	452.9
Other expenses	22.7	23.5	Δ 0.8	96.5	
Total	256.3	215.1	41.1	119.2	
(Operating income)		(0.6)	(19.0)	(Δ 18.3)	(3.4)
Ordinary income		Δ 6.0	11.6	Δ 17.6	—
Net income		Δ 2.6	8.0	Δ 10.7	—
[E P S]		[Δ 12yen per share]	[38yen per share]	[Δ 50yen per share]	[—]
ROA		0.03	0.8	Δ 0.77	—
ROE		Δ 0.8	2.3	Δ 3.1	—
Equity ratio		23.2	24.0	Δ 0.8	—

## Revenue statement

- Increase in revenue due to growth in the sales of electricity power to customers and other utilities

(Billion yen, %)

		FY08/2Q	FY07/2Q	Comparison	
		(A)	(B)	(A)-(B)	(A)/(B)
Ordinary revenue	Lighting	70.4	68.5	1.8	102.8
	Commercial and industrial	140.2	132.9	7.3	105.5
	( Subtotal )	(210.6)	(201.4)	(9.2)	(104.6)
	Sales to other utilities	34.9	21.0	13.8	165.9
	(Operating revenue)	(248.5)	(225.4)	(23.0)	(110.2)
	Total	250.3	226.7	23.5	110.4

# Revenue from Lighting, Commercial and Industrial

- Increase due to growth in the sales of electricity power and rise of revenue unit price

(Billion kWh, Billion yen)

	FY08/2Q (A)	FY07/2Q (B)	Comparison (A)-(B)
Electricity sales volume	14.36	14.21	0.16
Revenue from lighting, commercial and industrial	210.6	201.4	9.2
(Lighting )	70.4	68.5	1.8
(Commercial and industrial)	140.2	132.9	7.3

## Revenue from sales to other utilities

- Increase due to growth in the supply volume to other utilities with the restart of Unit 2 of Shika Nuclear Power Station

(Billion yen)

	FY08/2Q (A)	FY07/2Q (B)	Comparison (A)-(B)
Revenue from sales to other utilities	34.9	21.0	13.8

(Key factor)

Revenue from sales to other electric utilities	34.7	20.8	13.8
Revenue from sales to other utilities	0.2	0.1	0.0

(Supply volume)

(Billion kWh)

To other electric utilities	3.49	1.69	1.80
To other utilities	0.02	0.03	Δ 0.01

# Expenses Statement

- Large increase due to the runup of fossil fuel prices and the rise of the amount of power generated by fossil fuel stations with periodic inspection

(Billion yen, %)

		FY08/2Q (A)	FY07/2Q (B)	Comparison	
				(A)-(B)	(A)/(B)
Ordinary expenses	Personnel expenses	25.0	22.2	2.7	112.6
	Fuel expenses	78.4	48.0	30.3	163.2
	Maintenance expenses	25.5	17.8	7.7	143.3
	Depreciation expenses	46.5	49.7	Δ 3.1	93.7
	Purchased power expenses	28.8	27.5	1.2	104.5
	Interest paid	8.1	8.4	Δ 0.2	96.9
	Taxes other than income taxes	16.7	16.8	Δ 0.1	99.3
	Nuclear power back-end expenses	4.3	0.9	3.3	452.9
	Other expenses	22.7	23.5	Δ 0.8	96.5
	<b>Total</b>	<b>256.3</b>	<b>215.1</b>	<b>41.1</b>	<b>119.2</b>

# Personnel Expenses

- Increase due to the increment in amortization as a result of the shortage of retirement allowance payment

(Billion yen)

	FY08/2Q (A)	FY07/2Q (B)	Comparison (A)-(B)
Personnel expenses	25.0	22.2	2.7

(Key factor)

Retirement benefit	1.9	Δ0.7	2.6
(Amortization of actuarial difference in retirement benefit)	(0.4)	(Δ 2.0)	(2.5)
Salary,etc	23.0	22.9	0.1

(Reference)

(People)

Number of employees at the end of 2Q	4,691	4,688	3
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# Fuel Expenses

- Large increase due to the runup of fossil fuel prices and the rise of the amount of power generated by oil fuel stations with periodic inspection of coal fuel stations

(Billion yen)

	FY08/2Q (A)	FY07/2Q (B)	Comparison (A)-(B)
Fuel expenses	78.4	48.0	30.3

Fossil fuel	75.7	48.0	27.6
(Oil)	(28.0)	(15.6)	(12.3)
(Coal)	(47.6)	(32.4)	(15.2)
Nuclear fuel	2.7	-	2.7

(Key factor)

Currenct rate(yen/\$)	106.1	119.4	Δ 13.3
C I F oil prices[All Japan] (\$/b)	119.7	67.9	51.8
C I F coal prices [ // ] (\$/t)	128.1	69.7	58.4

# Maintenance Expenses

- Increase due to periodic inspection cost of Unit 2 of Shika Nuclear Power Station and thermal power stations

(Billion yen)

	FY08/2Q (A)	FY07/2Q (B)	Comparison (A) - (B)
Maintenance expenses	25.5	17.8	7.7

(Key factor)

Thermal	7.8	6.0	1.7
Nuclear	5.9	0.8	5.0

# Depreciation Expenses

- Decrease due to progress in depreciation of large scale generation stations

(Billion yen)

	FY08/2Q (A)	FY07/2Q (B)	Comparison (A)-(B)
Depreciation expenses	46.5	49.7	Δ 3.1

(Key factor)

Thermal facilities	8.0	8.9	Δ 0.9
Nuclear facilities	19.2	21.6	Δ 2.3
Other facilities	19.2	19.0	0.1

# Purchased Power Expenses

- Increase due to utilizing electric power market

(Billion yen)

	FY08/2Q (A)	FY07/2Q (B)	Comparison (A)-(B)
Purchased power expenses	28.8	27.5	1.2

(Factor)

Expenses to other electric utilities	1.6	2.9	Δ 1.2
Expenses to public and wholesale utilities	27.1	24.6	2.5

(Supplied volume)

(Billion kWh)

From other electric utilities	0.16	0.22	Δ 0.06
From public and wholesale utilities	2.04	2.76	Δ 0.72

## Interest Paid

- Decrease due to lower interest rates

(Billion yen)

	FY08/2Q (A)	FY07/2Q (B)	Comparison (A)-(B)
Interest paid	8.1	8.4	Δ 0.2
(Interest rate at the end of 2Q)	(1.66%)	(1.73%)	(Δ0.07%)

# Nuclear Power Back-End Expenses

- Increase due to the rise of the amount of power generated by nuclear power station with the restart of Unit 2 of Shika Nuclear Power Station

(Billion yen)

	FY08/2Q (A)	FY07/2Q (B)	Comparison (A)-(B)
Nuclear power back-end expenses	4.3	0.9	3.3

(Factor)

Indicated nuclear fuel reprocessing expenses	2.5	0.7	1.8
Expenses for future reprocessing of irradiated nuclear fuel	0.4	0.0	0.4
Expenses for disposal of specified radio active wastes	0.3	0.2	0.0
Decommissioning costs of nuclear power units	0.9	—	0.9

## Other Expenses

- Decrease due to across-the-board cost-cutting

(Billion yen)

	FY08/2Q (A)	FY07/2Q (B)	Comparison (A)-(B)
Other expenses	22.7	23.5	Δ 0.8

# (Reference) Business Management Plan Targets

## <Income and Financial Targets>

	FY05	FY06	FY07	FY08	Targets
Consolidated ordinary income (Billion yen)	31.5	33.1	12.5	Approx. Δ4	More than 40 billion yen (FY10)
Consolidated ROA (%)	2.2	2.3	1.2	Approx. 0.5	More than 3% (FY10)
Consolidated equity ratio (%)	23.6	24.4	23.7	Lower 24 range	30% (FY10)
(Reference) Amount of consolidated debt with interest (Billion yen)	987.1	946.8	979.5	Approx. 955	—

## <Sales targets [Non-consolidated]>

	FY05	FY06	FY07	FY08	Targets
Number of Eco Cute Sales (Single year) (Thousand)	7.5	18.2 (10.7)	32.5 (14.3)	Approx. 52 (Approx. 20)	1 hundred thousand (Cumulative total in FY10)
Development of demand for heat pump type air conditioner (Ten thousand kW)	4.8	6.5	7.2	Approx. 6.5	More than 2 hundred thousand kW (Cumulative total from FY08 to FY10)

## <Environmental targets [Non-consolidated]>

	FY05	FY06	FY07	FY08	Targets
CO <sub>2</sub> emissions (FY90 0.395kg-CO <sub>2</sub> /kWh) (kg-CO <sub>2</sub> /kWh)	0.407	0.457	0.632	Approx. 0.57	20% reduction compared with FY90 results <Approx. 0.32kg-CO <sub>2</sub> /kWh> (Average in FY 08-12)

## (Reference) Key Factor and Volatility

### <Key Factor>

	FY03	FY04	FY05	FY06	FY07	FY08
Electricity sales volume (Billion kWh)	25.62	26.87	27.97	28.20	29.30	Approx. 29.2
Currency rate (Yen/\$)	113.1	107.6	113.3	117.0	114.4	Approx. 103
CIF oil prices [All Japan] (\$/b)	29.4	38.8	55.8	63.5	78.7	Approx. 105
Flow rate (%)	106.5	107.7	95.9	102.9	90.5	Approx. 90
Nuclear utilization ratio (%)	35.3	79.8	88.7	38.3	—	Approx. 58

### <Volatility>

(Billion yen/year)

	FY03	FY04	FY05	FY06	FY07	FY08
Currency rate (1yen/\$)	Approx. 0.2	Approx. 0.4	Approx. 0.4	Approx. 0.5	Approx. 0.9	Approx. 1.2
CIF oil prices [All Japan] (1\$/b)	Approx. 0.4	Approx. 0.5	Approx. 0.3	Approx. 0.3	Approx. 0.6	Approx. 0.6
Flow rate (1%)	Approx. 0.2	Approx. 0.3	Approx. 0.3	Approx. 0.3	Approx. 0.4	Approx. 0.7
Nuclear utilization ratio (1%)	Approx. 0.05	Approx. 0.1	Approx. 0.1	Approx. 0.2	Approx. 0.4	Approx. 0.6

# (Reference) Data related to financial results

<Profit and loss>

(Billion yen)

		FY03	FY04	FY05	FY06	FY07	FY08
Operating revenue	[Consolidated]	451.4	470.9	480.8	485.6	477.9	Approx. 535
	[Non-consolidated]	440.5	458.3	467.2	473.4	466.0	Approx. 525
Operating income	[Consolidated]	58.4	70.5	55.1	55.3	27.6	Approx. 12
	[Non-consolidated]	54.6	67.3	52.2	50.4	24.3	Approx. 10
Ordinary income	[Consolidated]	33.9	39.1	31.5	33.1	12.5	Approx. Δ4
	[Non-consolidated]	30.3	37.3	29.1	30.1	9.3	Approx. Δ4
Net profit	[Consolidated]	16.3	25.1	19.9	17.2	7.3	Approx. Δ3
	[Non-consolidated]	17.6	24.1	18.5	15.7	5.1	Approx. Δ2

<Balance sheet>

(Billion yen)

		FY03	FY04	FY05	FY06	FY07	FY08
Total assets	[Consolidated]	1,591.1	1,603.7	1,578.7	1,516.3	1,516.7	—
	[Non-consolidated]	1,532.5	1,557.9	1,535.3	1,478.8	1,481.1	—
Net assets	[Consolidated]	348.4	363.9	373.0	369.9	359.9	—
	[Non-consolidated]	336.9	355.3	362.9	358.2	346.2	—

<Capital expenditure>

(Billion yen)

		FY03	FY04	FY05	FY06	FY07	FY08
Capital expenditure	[Consolidated]	95.4	75.3	77.2	39.4	45.2	Approx. 58
	[Non-consolidated]	90.2	71.6	74.1	36.5	41.7	Approx. 53.5

### Contact Information for Inquiries

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