



FY2012 2nd Financial Results (April 1 through September 30, 2011)

The Chugoku Electric Power Co., Inc.

October, 2011

In this report, the term “Fiscal Year 2012” describes the period which ending March, 2012.

Contents

- I . FY2012 2nd Quarter Financial Results**
- II . Performance Outlook for FY2012**
- III . Appendix**

I . FY2012 2nd Quarter Financial Results

FY2012 -2Q Financial Results Summary

1

■ Consolidated

billion yen

	FY2012-2Q (A)	FY2011-2Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenue	564.2	540.5	23.6	4.4%
Operating income	29.1	29.5	▲0.4	▲1.5%
Ordinary income	16.1	15.7	0.3	2.3%
Net income	5.4	1.1	4.2	351.8%

Rounded down to the hundred million yen

■ Non-consolidated

billion yen

	FY2012-2Q (A)	FY2011-2Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenue	533.1	509.5	23.6	4.6%
Operating income	23.6	25.4	▲1.7	▲7.0%
Ordinary income	12.9	13.6	▲0.6	▲4.9%
Net income	4.8	0.9	3.9	413.5%

Rounded down to the hundred million yen

Major Factors - Electricity Sales

2

- ◆ Electricity sales were 29.97billion kWh for an 3.8% decrease in comparison with the same period in previous year.
- ◆ Lighting use decreased in comparison with the same period in previous year due to reasons such as the decrease in cooling demand and the influence of energy saving.
- ◆ Large-scale electricity decreased in comparison with the same period in previous year due to reasons such as the decrease in "chemical" and "machinery" demand.

■ Electricity sales results (Use distinction)

		billion kWh		
		FY2012-2Q (A)	FY2011-2Q (B)	Difference (A-B)
Total		29.97	31.15	▲ 1.18
	Other than eligible customers	10.21	10.77	▲ 0.56
	Lighting	8.91	9.37	▲ 0.46
	Low voltage	1.30	1.40	▲ 0.10
	Eligible customers ※	19.76	20.38	▲ 0.62
	Commercial	5.79	6.05	▲ 0.26
	Industrial	13.97	14.33	▲ 0.36
	Large-scale	11.72	12.04	▲ 0.32

(※) Eligible customers: Demand for special high-tension or high-tension power reception with contracted power that is, in general, 50 kW or more.

<Reference>

Average monthly temperature

(Hiroshima city)

		(°C)						
		Mar.	Apr.	May	Jun.	Jul.	Aug.	Spt.
	2011	7.2	13.4	19.5	23.6	27.6	28.2	24.9
	Difference from previous year	▲ 1.9	0.4	1.0	0.3	0.4	▲ 2.1	▲ 1.3
	Difference from average year	▲ 1.9	▲ 1.3	0.2	0.6	0.5	0.0	0.5

Major Factors - Supply Capacity

3

- ◆ Hydroelectric increased due to the increase water flow.
- ◆ Nuclear power increased due to the restart of Shimane Nuclear Power Station Unit No. 2.
- ◆ Thermal power of own facilities and other companies decreased due to the increase nuclear power and the decrease in electricity sales volume.

		Unit	FY2012-2Q (A)	FY2011-2Q (B)	Difference (A-B)	
Supply capacity	Own facilities	(Water Flow Rate)				
		Hydroelectric	billion kWh	2.46	2.16	0.30
		Thermal	billion kWh	16.56	19.79	▲3.23
		(Capacity Factor)				
		Nuclear	billion kWh	3.60	—	3.60
		Purchased power	billion kWh	10.93	12.17	▲1.24
		Interchanged power	billion kWh	▲0.57	0.41	▲0.98
	Pumping use	billion kWh	▲0.76	▲0.71	▲0.05	
	Total	billion kWh	32.22	33.82	▲1.60	
Fuel	Exchange rate (Inter Bank)	¥/\$	80	89	▲9	
	Crude oil prices (All Japan CIF) ※	\$/b	113.9	78.4	35.5	
	Foreign coal prices (All Japan CIF) ※	\$/t	139.1	109.6	29.5	

(※) Crude oil prices and foreign coal prices in FY2012 Interim are assumption value of our company.

<Reference>

Financial impact (Sensitivity)
billion yen

		FY2012-2Q
Exchange rate	(¥/\$)	2.2
Crude oil prices (All Japan CIF)	(\$/b)	1.1
Water flow rate	(%)	0.2
Nuclear capacity factor	(%)	0.8

■ Revenue

billion yen

	FY2012-2Q (A)	FY2011-2Q (B)	Difference (A-B)	Breakdown
Ordinary revenue	539.9	516.0	23.8	
Operating revenue	533.1	509.5	23.6	
Electricity sales	478.1	474.8	3.2	<ul style="list-style-type: none"> ▪ Decrease in electricity sales ▲18.0 ▪ Increase in revenue units +21.2 (Revenue from fuel cost adjustment system +21.1)
Lighting	186.0	191.4	▲5.4	
Commercial & industrial	292.0	283.3	8.7	
Sales to other companies etc.	55.0	34.7	20.3	<ul style="list-style-type: none"> ▪ Increase in sales to other companies +15.7 ▪ Increase in incidental businesses +3.3
Other revenues	6.7	6.4	0.2	

Rounded down to the hundred million yen

< Non-Consolidated > Income Statement 2/3

5

■ Expense

billion yen

	FY2012-2Q (A)	FY2011-2Q (B)	Difference (A-B)	Breakdown
Ordinary expense	526.9	502.4	24.5	
Operating expense	509.5	484.1	25.3	
Personnel	57.5	55.3	2.2	▪ Increase in retirement allowances +2.0
Material	244.2	230.9	13.2	▪ Higher CIF price Crude oil, etc. +39.1 Foreign coal +14.8
Fuel	138.7	126.5	12.2	▪ Decrease in capacity factor of coal power plant +30.0 ▪ Increase in sales to other companies +14.1
Purchased power	105.4	104.4	1.0	▪ Increase in capacity factor of nuclear power plant ▲51.2 ▪ Higher yen rate ▲19.8 ▪ Decrease in electricity sales ▲14.6
Maintenance	47.7	41.1	6.5	▪ Increase in thermal power +7.6
Depreciation	55.1	57.0	▲1.8	▪ Decrease caused by progress in the depreciation
Nuclear power back- end	6.6	3.5	3.1	▪ Increase in nuclear power operating result
Other expenses	98.1	96.0	2.0	▪ Increase in incidental businesses expense +3.7
Interests	13.0	13.3	▲0.3	
Other expenses	4.3	4.9	▲0.5	

Rounded down to the hundred million yen

< Non-Consolidated > Income Statement 3/3

6

Income, etc.

billion yen

	FY2012-2Q (A)	FY2011-2Q (B)	Difference (A-B)	Breakdown
Operating income	23.6	25.4	▲ 1.7	
Ordinary income	12.9	13.6	▲ 0.6	
Provision for drought	1.7	—	1.7	
Provision for depreciation of nuclear power plant	3.6	5.0	▲ 1.3	
Extraordinary loss	—	6.8	▲ 6.8	Effect due to application of Accounting Standards for Asset Retirement Obligations
Income taxes etc.	2.6	0.8	1.8	
Net income	4.8	0.9	3.9	

Rounded down to the hundred million yen

< Consolidated > Balance Sheet

7

billion yen

	FY2012-2Q (A)	FY2011 (B)	Difference (A-B)	Breakdown
Assets	2,867.1	2,831.1	36.0	See Appendix: Balance Sheet
Electric utility fixed assets	1,455.3	1,484.6	▲29.3	
Construction in progress	514.0	492.0	22.0	
Liabilities	2,210.6	2,169.8	40.8	
Interest-bearing debt	1,762.4	1,724.7	37.6	
Provision for depreciation of nuclear power plant	61.5	57.8	3.6	
Total net assets	656.4	661.2	▲4.7	
Shareholders' equity	652.1	656.9	▲4.7	

Rounded down to the hundred million yen

<Consolidated> Application of Free Cash Flow

8

billion yen

	FY2012-2Q (A)	FY2011-2Q (B)	Difference (A-B)	Breakdown
Cash Flow form Operating Activities	56.4	52.5	3.9	<ul style="list-style-type: none"> ▪ Increase in net income ▪ Decrease in corporation tax ▪ Increase in inventories
Cash Flow from Investing Activities	▲74.4	▲101.3	26.9	<ul style="list-style-type: none"> ▪ Decrease expenses due to investments and loans
Free Cash Flow	▲17.9	▲48.7	30.8	
Cash Flow from Financing Activities	27.9	49.8	▲21.8	<ul style="list-style-type: none"> Decrease in borrowing from corporate bonds Increase in borrowing from loans
Cash and Cash Equivalents (increase and decrease)	9.8	0.9	8.8	

Rounded down to the hundred million yen

■ Comprehensive Energy Supply Business ※

billion yen

	FY2012-2Q (A)	FY2011-2Q (B)	Difference (A-B)	Breakdown
Operating revenue	22.9	19.2	3.7	Increase in LNG and coal sales
Operating income	0.5	0.7	▲0.1	

Rounded down to the hundred million yen

(※) Comprehensive Energy Supply Business is run by The Chugoku Electric Power Company, Energia Solution and Service Company, and Power Engineering and Training Service. MIZUSHIMA LNG SALES COMPANY (equity method affiliate) excluded.

■ Telecommunication Business

billion yen

	FY2012-2Q (A)	FY2011-2Q (B)	Difference (A-B)	Breakdown
Operating revenue	17.6	16.4	1.2	Increase in the fiber-optic cable leasing business and corporate business
Telecommunication business	14.1	12.5	1.6	
Operating income	2.5	2.1	0.4	
Telecommunication business	2.6	2.0	0.6	

Rounded down to the hundred million yen

II . Performance Outlook for FY2012

- We have not revised the financial results for the year ending March 31, 2012 previously announced on July 27, 2011.
- At present we cannot provide an operating plan for Shimane Nuclear Power Station Unit No. 1※¹ and Unit No. 3※², making it difficult to formulate reasonable cost forecasts, such that operating, ordinary and net income cannot be determined at this time.
- We shall provide prompt notification as soon as it is possible to announce our earnings forecast.
 - ※¹ Undergoing the 29th scheduled inspection
 - ※² Under construction

< Non-Consolidated > Major Factors

10

billion kWh

	FY2012 Estimate (A)	Previous Estimate (July 29) (B)	Difference (A-B)	FY2011 Result
Total amount of electricity sales	61.12	61.45	▲0.33	62.40
Other than eligible customers (※)	21.89	22.00	▲0.11	22.56
Lighting	19.39	19.52	▲0.13	19.86
Low voltage	2.50	2.48	0.02	2.70
Eligible customers ※	39.23	39.45	▲0.22	39.84
Large-scale	23.45	23.54	▲0.09	23.68

(※) Eligible customers: Demand for special high-tension or high-tension power reception with contracted power that is, in general, 50 kW or more.

	FY2012 Estimate (A)	Previous Estimate (July 29) (B)	Difference (A-B)	FY2011 Result
Exchange rate (¥ / \$)	80	84	▲4	86
Crude oil prices (All Japan CIF) (\$ / b)	112	111	1	84

Performance Outlook for FY2012

11

■ Consolidated

billion yen

	FY2012 Estimate (A)	Previous Estimate (July 29) (B)	Difference (A-B)	FY2011 Result
Operating revenue	1,160.0	1,160.0	—	1,094.2
Operating income	—	—	—	48.4
Ordinary income	—	—	—	23.8
Net income	—	—	—	1.7

■ Non-consolidated

Rounded down to the hundred million yen

billion yen

	FY2012 Estimate (A)	Previous Estimate (July 29) (B)	Difference (A-B)	Breakdown	FY2011 Result
Operating revenue	1,094.0	1,094.0	—	<ul style="list-style-type: none"> ▪ Decrease in electricity sales ▲5.0 ▪ Decrease in revenue from fuel cost adjustment system ▲13.0 ▪ Increase in sales to other companies in 2nd quarter etc. 	1,028.8
Operating income	—	—	—		37.7
Ordinary income	—	—	—		14.7
Net income	—	—	—		▲3.0

Rounded down to the hundred million yen

Dividend	¥50/share	¥50/share
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III. Appendix

■ Personnel

billion yen

	FY2012-2Q (A)	FY2011-2Q (B)	Difference (A-B)	Breakdown
Total	57.5	55.3	2.2	
Retirement allowances	6.3	4.2	2.0	Increase in actuarial difference depreciation +1.8

Rounded down to the hundred million yen

■ Actuarial Difference

billion yen

	Recorded amount	FY2011 amount of amortization	FY2012 Estimate		
			Amount of amortization	Balance of non-amortization	Non-amortization years
FY2006	18.9	3.7	-	-	-
FY2007	18.5	3.7	3.7	-	-
FY2008	▲21.0	▲4.2	▲4.2	▲4.2	1
FY2009	▲25.4	▲5.0	▲5.0	▲10.1	2
FY2010	22.1	4.4	4.4	13.3	3
FY2011	0.1	—	0.0	0.1	4
Total	13.3	2.6	▲1.1	▲0.9	-

(※) Amortize for five years from next recorded year

Rounded down to the hundred million yen

■ Maintenance

billion yen

	FY2012-2Q (A)	FY2011-2Q (B)	Difference (A-B)	Breakdown
Total	47.7	41.1	6.5	
Power source	25.9	19.8	6.1	Increase in thermal power +7.6
Electric power transport	20.7	20.2	0.5	
Others	1.0	1.1	▲0.1	

Rounded down to the hundred million yen

■ Depreciation

billion yen

	FY2012-2Q (A)	FY2011-2Q (B)	Difference (A-B)	Breakdown
Total	55.1	57.0	▲1.8	Decrease caused by progress in the depreciation
Power source	22.7	23.6	▲0.9	
Electric power transport	28.7	29.0	▲0.2	
Others	3.6	4.3	▲0.6	

(※) Electric business operating expense

Rounded down to the hundred million yen

■ Procurement volume

Unit		FY2012-2Q (A)	FY2011-2Q (B)
Fuel oil	million liters	670	620
Crude oil	million liters	340	360
Coal	thousands tons	2,930	3,510
LNG	thousands tons	1,250	1,190

■ Consumption volume

Unit		FY2012-2Q (A)	FY2011-2Q (B)
Fuel oil	million liters	650	640
Crude oil	million liters	300	370
Coal	thousands tons	2,300	3,120
LNG	thousands tons	870	950

■ Assets

billion yen

	FY2012-2Q (A)	FY2011 (B)	Difference (A-B)	Breakdown
Total	2,662.3	2,635.1	27.1	
Fixed assets	2,449.7	2,465.6	▲15.8	
Electric utility fixed assets	1,493.8	1,523.9	▲30.0	<ul style="list-style-type: none"> ▪ Asset capitalization +29.1 ▪ Depreciation ▲55.1 (Accumulated depreciation rate 74.7%) ▪ Retirement, etc. ▲4.0
Incidental business fixed assets	0.9	0.9	▲0.0	
Non-business fixed assets	5.6	5.8	▲0.1	
Construction in progress	518.6	496.5	22.1	<ul style="list-style-type: none"> ▪ Shimane Nuclear Power Station Unit No.3
Nuclear fuel	163.4	165.6	▲2.1	<ul style="list-style-type: none"> ▪ Decrease in trust funds for reprocessing of irradiated nuclear fuel
Others	267.1	272.7	▲5.5	
Current assets	212.5	169.5	43.0	<ul style="list-style-type: none"> ▪ Increase in inventories

Rounded down to the hundred million yen

Liabilities and Net Assets

billion yen

	FY2012-2Q (A)	FY2011 (B)	Difference (A-B)	Breakdown																												
Total	2,662.3	2,635.1	27.1	<Breakdown of interest-bearing debt> <table border="1"> <thead> <tr> <th></th> <th>FY2012-2Q</th> <th>FY2011</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>Corporate bond</td> <td>919.9</td> <td>969.9</td> <td>▲49.9</td> </tr> <tr> <td>Long-term debt</td> <td>652.8</td> <td>571.8</td> <td>81.0</td> </tr> <tr> <td>Short-term debt</td> <td>68.5</td> <td>69.3</td> <td>▲0.7</td> </tr> <tr> <td>CP</td> <td>71.0</td> <td>65.0</td> <td>6.0</td> </tr> <tr> <td>Lease obligations</td> <td>—</td> <td>—</td> <td>—</td> </tr> <tr> <td>Total</td> <td>1712.3</td> <td>1676.1</td> <td>36.2</td> </tr> </tbody> </table>		FY2012-2Q	FY2011	Difference	Corporate bond	919.9	969.9	▲49.9	Long-term debt	652.8	571.8	81.0	Short-term debt	68.5	69.3	▲0.7	CP	71.0	65.0	6.0	Lease obligations	—	—	—	Total	1712.3	1676.1	36.2
	FY2012-2Q	FY2011	Difference																													
Corporate bond	919.9	969.9	▲49.9																													
Long-term debt	652.8	571.8	81.0																													
Short-term debt	68.5	69.3	▲0.7																													
CP	71.0	65.0	6.0																													
Lease obligations	—	—	—																													
Total	1712.3	1676.1	36.2																													
Liabilities	2,131.0	2,099.3	31.7																													
Long-term liabilities	1,681.9	1,642.6	39.2																													
Current liabilities	385.8	398.7	▲12.9																													
Provision for drought	1.7	—	1.7																													
Provision for depreciation of nuclear power plant	61.5	57.8	3.6																													
Net Assets	531.2	535.8	▲4.6																													
Common stock	185.5	185.5	—																													
Capital surplus	16.7	16.7	▲0.0																													
Retained earnings	337.2	341.4	▲4.2																													
Treasury stock	▲12.5	▲12.5	▲0.0																													
Net unrealized holding gains on securities, etc.	4.2	4.6	▲0.4																													

▪ Dividend ▲9.1
 ▪ Net income of FY2012-2Q +4.8

Rounded down to the hundred million yen

<Non-consolidated> Capital Expenditure

17

billion yen

	FY2012-2Q (A)	FY2011-2Q (B)	Difference (A-B)
Total	54.7	57.8	▲3.1
Power Source	34.3	34.7	▲0.3
Electric Power Transport	12.8	13.2	▲0.4
Transmission	3.5	3.4	0.0
Transformation	3.9	4.1	▲0.1
Distribution	5.3	5.6	▲0.3
Nuclear Fuel	2.7	4.0	▲1.2
Others	4.7	5.8	▲1.0

(※) Incidental Business Facilities Excluded

Rounded down to the hundred million yen

Financial Index

billion yen

	Consolidated		Non-consolidated	
	FY2012 -2Q	FY2011	FY2012 -2Q	FY2011
Interest-bearing debt	1,762.4	1,724.7	1,712.3	1,676.1
Exclude lease obligations	1,750.7	1,712.6	1,712.3	1,676.1
Shareholders' equity ratio	22.7%	23.2%	20.0%	20.3%

Interest Rate (Non-Consolidated)

	FY2012 -2Q	FY2011
Average	1.54%	1.62%
End of period	1.54%	1.57%

Information & Telecommunication Business

billion yen

	FY2012 Estimate (A)	Previous Estimate (B)	Difference (A-B)
Operating revenue	38.2	37.9	0.3
Telecommunication business	28.7	28.4	0.3
Operating income	5.4	4.8	0.6
Telecommunication business	4.9	4.2	0.6

Rounded down to the hundred million yen

	Unit	FY2009 Result	FY2010 Result	FY2011 Result	FY2012 Interim
Completely electrical housing introduced	Number of housing (Thousand)	61	57	55	22
Newly-constructed		20	18	19	8
Remodeled ※1		42	40	35	13
The ratio of newly constructed electrical Housing	%	42.5	49.7	52.3	50.6
Single homes	%	78.9	82.9	82.4	※2 79.8
Housing complexes	%	11.8	11.6	13.0	14.3
Household diffusion rate of completely electric homes	%	12.1	13.5	15.1	15.8
Electric water heater sales	thousand	71.3	67.6	66.8	27.9
“Ecocute”		46.5	46.6	49.4	20.7
The diffusion rate of electric water heater	%	21.9	23.3	24.7	25.3
Electric Water Heater Contract Accounts (accumulated total)	Number of accounts (Thousand)	688.8	737.8	785.3	806.0

(※1) "Remodeled" includes homes which were converted to all-electric by the replacement only of hot-water supply equipment and kitchen equipment.

(※2) Figures are in End of August, 2011.

(※3) Total amounts may not agree due to rounding off.

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