# Summary of the Settlement of Accounts for FY2007 Interim

November 14, 2007



The Okinawa Electric Power Company, Inc.



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### FY2007 Interim Financial Results Summary (Year on Year)

(Unit: million yen, X)

	Co	onsolidated (	A)	Non-	Consolidate	d (B)	(A)∕ (B)		
	FY2006 interim (Results)	FY2007 interim (Results)	Rate of change	FY2006 interim (Results)	FY2007 interim (Results)	Rate of change	FY2006 interim (Results)	FY2007 interim (Results)	
Sales	84,834	83,025	-2.1%	79,456	78,188	-1.6%	1.07	1.06	
Operating Income	12,717	9,662	-24.0%	12,476	9,351	-25.1%	1.02	1.03	
Ordinary Income	10,632	7,701	-27.6%	10,646	7,643	-28.2%	1.00	1.01	
Net Income	6,878	4,832	-29.7%	6,806	4,879	-28.3%	1.01	0.99	

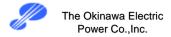
#### **Decrease in Sales, Decrease in Income**

(Consolidated)

- Sales declined due to the non-consolidated factors and decreased sales in reaction to previous year's large-scale construction order from private sector in Other Businesses.
- Profit declined due to the non-consolidated factors.

#### (Non-consolidated)

- Sales declined due to decreased income from the Fuel Cost Adjustment System, while there were increase in electricity sales volume.
- Profit declined due to increase in fuel cost, maintenance costs and power purchase cost, while there were decrease in personnel cost and depreciation cost.



### **FY2007** Interim Financial Results Summary

#### (Comparison with Forecast)

r									(Unit:r	nillion yen)	
		С	onsolidate	Non-Consolidated							
	FY2007 interim Forecast			FY2007 Change		FY200 <sup>-</sup>	7 Interim Fo	orecast	FY2007	Change from	
	Apr,2007	Jul,2007	Oct,2007 ※	interim (Results)	Forecast		Jul,2007	007 Oct,2007 (Resul		Forecast Jul 07	
Sales	84,800 84,600 83,00		83,000	83,025	-1.9%	78,900	78,500	78,100	78,188	-0.4%	
Operating Income	13,300	12,100	9,600	9,662	-20.1%	13,000	11,700	9,300	9,351	-20.1%	
Ordinary Income	11,400	10,200	7,700	7,701	-24.5%	11,300	10,000	7,600	7,643	-23.6%	
Net Income	7,300 6,600 4,800		4,832	-26.8%	7,300	6,500	4,800	4,879	-24.9%		

X The forecast was announced on Oct 23, 2007.

#### Comparison between results and forecast (July ,2007)

#### (Consolidated)

- Sales fell below projection due to decreased sales in Non-Consolidated and decreased construction orders from public and private sector in Construction Business.
- Profit fell below projection due to the non-consolidated factors.

#### (Non-consolidated)

- Sales fell below projection due to the electricity sales volume of 1<sup>st</sup> half of FY2007 was lower than the planed amount.
- Profit fell below projection due to decrease sales and increase fuel cost ,maintenance costs and power purchase cost.

·Fuel cost increased due to fuel price surges

·Maintenance costs increased due to restoration of damages caused by typhoon



### **Trends in Electricity Sales Volume**

Ele	ctricity Sales	Volume		(Unit:m	illion kWh)
		FY2006 interim (Results)	FY2007 interim (Results)	Change	Rate of change
Lig	ghting	1,555	1,555	+0	+0.0%
Po	ower <sup>*</sup>	2,429	2,449	+20	+0.8%
То	tal	3,984	4,004	+20	+0.5%
Refe	Consumer Use	3,308	3,325	+17	+0.5%
Reference	Commercial Use	676	679	+3	+0.5%

#### ※Figures for Power include demand in the de-regulated segment

#### Power Generation Infrastructure and Power Generated and Received (Unit:thousand kW, million kWh)

		FY2006	interim	FY2007 interim						
		Electricity Generated	Com- position Ratio	Maximum Output	Com- position Ratio	Electricity Generated	Com- position Ratio			
	Coal	2,613	56.4%	752	33.6%	2,599	55.7%			
OEPC	Oil	1,034	22.3%	1,172	52.4%	1,097	23.5%			
0	Total	3,647	78.7%	1,924	86.0%	3,696	79.2%			
Oth	er Company (coal)	966	20.9%	312	14.0%	943	20.2%			
Ot	ner	19	0.4%	-	-	25	0.6%			
	Total	4,632	100.0%	2,236	100.0%	4,664	100.0%			

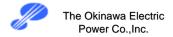
#### <Lighting>

•While the number of customers increased, the demand for the electric light remained unchanged from the same period of the previous year due to lower temperature than last year.

#### <Power>

• The demand for Power was up year-on-year due to the increased number of customers in Commercial power and High-voltage power A (small-sized plants with contract demands less than 500kW)

- Maximum Output : No change
- Power generated and received was Up 0.7% year-onyear.
- Ratio of coal-fired thermal power generated by ourselves was down 0.7% year-on-year.
- Ratio of coal-fired thermal power generation including those purchased from other company was 75.9%.



### Non-Consolidated

### - Factors in Income and Expenditure Changes

						(Unit: Million yen)
		FY2006 interim	FY2007 interim	Change	Ratio of change	Main Factors in Changes
		results	results			
í	Lighting	36,892	36,363	-529	-1.4%	[Total sales of Electricity]
Revenues	Power	42,119	41,261	-858	-2.0%	Electricity sales volume 248
Ře	Electricity Sales	79,012	77,625	-1,387	-1.8%	Fuel cost adjustment system  -1,633
Operating	Other Income	814	833	+18	+2.3%	Miscellaneous revenues from Electric Business 106 Dividend income 16 Non-operating income -119
Dper	(Sales)	(79,456)	(78,188)	(-1,267)	(-1.6%)	
Ŭ	Total	79,827	78,458	-1,368	-1.7%	
	Personnel	8,524	8,150	-374	-4.4%	Retirement benefit cost -529
	Fuel	21,642	22,875	+1,232	+5.7%	Volume differences 403 Unit cost differences 889(Exchange rates 695 CIF 651 Fuel conversion in remote island -810 Other 353)
ses	Repair and Maintainance	6,384	7,105	+721	+11.3%	Distribution 277 (Increased due to restoration of damages caused by typhoon.etc) Internal Combustion 267 (Increased maintenance costs for machinery), Thermal power 67 Transformation 56 Transmission 53 General -2
Operating Expenses	Depreciation	11,621	11,465	-156	-1.4%	Thermal power −238(Kin power station −494) General −61 Transmission 65 Internal Combustion 63 《Effect amount of tax reform 495》
rating	Expenditure for Power Purchases	6,929	7,153	+224	+3.2%	Thermal power 153 Solar power 24 Wind power 20
Ope	Interest	1,958	1,907	-51	-2.6%	Average balance differences -40 Average rate differences for the period $(1.71\% \rightarrow 1.70\%)$ -10
	Tax and Other Public Charges	3,601	3,622	+21	+0.6%	Business tax 121 Promotion of power resources development tax -92
	Other Expenses	8,516	8,534	+18	+0.2%	Waste disposal cost 200 Fixed assets removal cost 124 Non-operating cost -155 Supplies expenses -106
	Total	69,180	70,815	+1,634	+2.4%	
(	Ordinary income	10,646	7,643	-3,003	-28.2%	
Incor	ne before income taxes	10,646	7,643	-3,003	-28.2%	
]	Income taxes	3,840	2,763	-1,076	-28.0%	
	Net income	6,806	4,879	-1,926	-28.3%	

(Unit: Million ven)



### **Non-Consolidated**

### - Trends in Data and Effects of Changes (FY2007 Interim)

#### Main Data

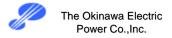
		FY2006	FY2007
			interim
		(Results)	(Results)
Crude Oil CIF Price	\$/bbl	67.8	67.8
Coal CIF Price	\$/t	55.3	60.9
Exchange Rate	Yen/\$	115.4	119.4

#### ■ Effects of Changes

(Unit: 100 million yen)

0			(one: roo minor jon)
		FY2006	FY2007
		interim	interim
		(Results)	(Results)
Crude Oil CIF Price ※	1\$/bbl	1.9	2.0
Coal CIF Price ※	1\$/t	1.2	1.2
Exchange Rate 🛛 💥	1Yen/\$	1.6	1.7
Electric Energy Demand	1%	3.7	3.4
Interest Rate	1%	0.5	0.5

X Figures for effects of Changes do not include data of Expenditure for Power Purchase



### **Consolidated** - Factors in Income and Expenditure Changes

	FY2006 interim (Results)	FY2007 interim (Results)	Change	Rate of Change
Sales	84,834	83,025	-1,808	-2.1%
Operating Income	12,717	9,662	-3,054	-24.0%
Ordinary Income	10,632	7,701	-2,931	-27.6%
Net Income	6,878	4,832	-2,046	-29.7%

(Unit : million yen)

#### Sales declined approx. 1.8 billion yen

[Factor for decrease]

·Decreased sales in Electric Business

·Decreased construction orders from private-sector in Other Businesses

#### Operating income declined approx. 3.1 billion yen

[Factor for increase ]

•Decreased personnel cost and depreciation cost in Electric Business [Factor for decrease]

Decrease in sales

Increased fuel cost and maintenance costs in Electric Business

Ordinary income declined approx. 2.9 billion yen [Factor for decrease]

·Decreased operating income mentioned above

#### Net income declined approx. 2.0 billion yen

By Segment (FY2007 interim results ,before eliminating internal transactions )

	Electric Business	Construction Business	Other Businesses
Sales	78,041	7,272	16,757
(YoY Change)	(-1,281)	(846)	(825)
Sales to outside Customers out of total	77,957	1,132	3,935
(YoY Change )	(-1,285)	(99)	(-623)
Operating Income	9,322	-240	443
(YoY Change )	(-3,182)	(61)	(39)

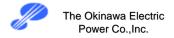
- (Unit : million yen)
- In Construction Business sector, operating income increased by 60 million yen due to increased order from private sector and sales from Electric Business.
- In Other businesses sector, although sales decreased in reaction to previous year's larger-scale construction order from private sector, operating income grew 40 million yen thanks to increased sales from Electric Business.



### **FY2007** Interim Financial Results of each Company

												(Unit: Mil	iion ycn/
			Sales			erating Inco	ome		dinary Inco	me		Net Income	;
		FY2006 Interim (results)	FY2007 Interim (results)	Change									
The (	Okinawa Electric Power Co.,Inc.	79,456	78,188	-1,267	12,476	9,351	-3,125	10,646	7,643	-3,003	6,806	4,879	-1,926
L	Okidenko Co., Ltd.	5,468	6,143	+674	-239	-146	+92	-232	-129	+102	-146	-103	+43
u c tio e s s	Okiden Sekkei Co., Ltd.	266	365	+98	-47	10	+57	-46	10	+56	-45	-0	+45
onstruction Business	Okinaw a New Energy Development Co., Inc.	335	265	-69	-13	-45	-32	-16	-51	-35	-36	-66	-30
υ	Okisetsubi Company, Ltd.	267	693	+425	-30	-16	+14	-30	-16	+14	-17	-11	+5
	Okiden Kigyo Co., Ltd.	4,430	5,020	+589	25	-33	-59	53	-9	-63	25	-29	-55
	Okinaw a Plant Kogyo Co., Inc.	4,581	4,771	+190	31	218	+186	37	232	+195	21	128	+107
ses	Okinaw a Denki Kogyo Co., Ltd.	906	956	+50	62	26	-36	60	25	-35	38	3	-34
s S	The Okiden Global Systems Company, Inc.	1,001	1,038	+36	15	-20	-35	15	-18	-34	4	-38	-42
Busin	Okinaw a Telecommunication Netw ork Co., Inc.	1,445	1,449	+3	9	119	+109	-36	77	+114	-59	26	+86
er	First Riding Technology Co., Inc.	783	925	+142	-31	91	+122	-36	82	+118	-36	82	+118
0 th	Okiden Kaihatsu Co., Inc.	2,185	1,599	-585	363	131	-231	310	96	-214	200	72	-128
	Progressive Energy Corp.	850	882	+31	0	44	+44	1	45	+44	-130	21	+151
	Kanucha Community Co., Inc.	-	-	-	-30	-33	-2	-58	-86	-27	-59	-86	-27
	Elimination	-17,146	-19,275	-2,128	124	-34	-158	-35	-200	-164	314	-45	-359
	Consolidated	84,834	83,025	-1,808	12,717	9,662	-3,054	10,632	7,701	-2,931	6,878	4,832	-2,046

(Unit: Million ven)



(Unit: million ven)

### **Balance Sheet Comparison**

		FY2006 Results	FY2007 interim (Results)	Change	Major factors for change (Non-consolidated factors)			
	Consolidated	376,071	378,875	+2,803	Changes in fixed assets in the Electricity Bus		Business	
Assets					Capital expenditure	Removal	Depreciation	Other
	Non- Consolidated	354,113	356,051	051 +1,937	14,995	-606	-11,465	-10
	Consolidated	273,410	272,961	-448	short-term debts of affiliate companies -2,830			
Liabilities	Non- Consolidated	254,721	253,174	-1,546	Interest-bearing debt +483			
Net	Consolidated	102,661	105,913	+3,251	1 Net Income 4,879 Dividend -477			
assets	Non- Consolidated	99,392	102,877	+3,484	Dividend $-477$ Net unrealized gains on available-for-sale securities $-867$			curities —868

#### Reference: Interest-bearing debt and Capital adequacy ratio

		FY2006 Results	FY2007 interim (Results)	Change
Interest-bearing debt	Consolidated	232,649	233,377	+728
(million yen)	Non- consolidated	221,771	222,255	+483
	Consolidated	27.1	27.8	+0.7
Capital adequacy ratio (%)	Non- consolidated	28.1	28.9	+0.8



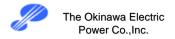
(Unit: 100 million ven)

### State of Capex, Cash Flow, and Interest-bearing Debt

			Consolidated		Ν	lon-consolidate	d
		FY2006 interim (Results)	FY2007 interim (Results)	Change	FY2006 interim (Results)	FY2007 interim (Results)	Change
Capi	tal Expenditure	80	81	+1	71	66	-5
	Operating Activities	119	112	-7	116	100	-15
с	Investment Activities	-98	-106	-7	-91	-98	-7
F	(FCF)	(20)	(5)	(—15)	(24)	(1)	(-22)
	Financial Activities	-37	1	+39	-40	-0	+39
	st-bearing Debt anding	2,360	2,333	-26	2,250	2,222	-28

Cash in-flow from operating activities declined due to decrease of net income before income taxes and depreciation.

- Reacting against same period of the previous year's capital spending in the establishment of No.3 Ohira power supply line, the capital investment has decreased on an nonconsolidated basis, but net cash flow from investment activities grew because of increased expenses for investment and financing as well as increased capital expenditures by consolidated subsidiaries.
- Accordingly, free cash-flow decreased year-on-year.



### **Annual Outlook Summary**

(Unit: million yen)

	Consolidated				Non-consolidated			
	FY2006	FY2007 Forecast		Change	EX/2020	FY2007 Forecast		Change
	(Results)	Announced in Jul ,2007 (A)	Announced in Oct ,2007(B)	(A) - (B)	FY2006 (Results)	Announced in Jul ,2007 (A)	Announced in Oct ,2007(B)	Change (A) – (B)
Sales	159,395	162,800	162,000	-800	147,201	148,600	149,000	+400
Operating Income	15,482	16,600	14,400	-2,200	13,690	15,500	13,500	-2,000
Ordinary Income	11,739	12,800	10,600	-2,200	10,096	12,000	10,000	-2,000
Net Income	6,418	8,000	6,500	-1,500	6,398	7,700	6,300	-1,400

#### (Consolidated)

- Increase in Sales, Decrease in Income
- Sales were revised down by 0.8 bn yen, Ordinary income was revised down by 2.2 bn yen from the previous forecast (July ,2007)
  - ·Sales were revised down due to decrease construction orders from public and private sector in Construction business.
  - Income was revised down due to the effects of Non-consolidated factors.

#### (Non-consolidated)

- Increase in Sales, Decrease in Income
- Sales were revised up by 0.4bn yen, Ordinary income was revised down by 2.0 bn yen from the previous forecast (July,2007)
  - ·Sales were revised up due to increase income from the Fuel Cost Adjustment System resulting from soaring fuel prices.
  - ·Incomes was revised down due to increase fuel cost and maintenance costs.



## Non-consolidated – Income and Expenditure Forecast, Factors in Changes

				(Unit:100r	nillion yen)
		2006 Results	2007 Forecast	change	Rate of change
nues	Total sales of Electricity	1,460	1,480	+20	+1.3%
Reve	Other income	19	14	-5	-28.0%
Operating Revenues	(Sales)	(1,472)	(1,490)	(+18)	(+1.2%)
Ope	Total	1,480	1,494	+14	+0.9%
	Personnel	164	162	-2	-1.7%
	Fuel	406	406	0	+0.0%
s	Repair and Maintainance	151	163	+12	+7.9%
pense	Depreciation	233	238	+5	+2.1%
Operating Expenses	Expenditure for Power Purchases	127	133	+6	+4.2%
perat	Interest	38	37	-1	-4.1%
0	Tax and Other Public Charges	68	70	+2	+1.9%
	Other Expenses	188	185	-3	-2.1%
	Total	1,379	1,394	+15	+1.1%
	(Operating income)	(136)	(135)	(-1)	(-1.4%)
	Ordinary income	100	100	0	-1.0%
	Net income	63	63	0	-1.5%

#### Electricity Sales Volume

			(Unit : n	nillion kwn)
Lighting	2,881	2,950	+69	+2.4%
Power	4,495	4,490	-5	-0.1%
Total	7,376	7,440	+64	+0.9%

%Figures for Power include demand in the de-regulated segment

Comparison with FY2006

Sales are forecast to be approx. 149.0 billion yen (+1.8 bn yen)
 [Factor for increase] • Increased electricity sales volume

- Operating income is forecast to be approx.13.5 billion yen (-0.1 bn yen) [Factor for decrease ]
- [Repair and Maintenance]

Increase of 1.2 billion yen due to increase of planned regular checkups of generating facilities ,and maintenance and strengthened distribution facilities. [Depreciation cost]

Increase of 0.5 billion yen due to the change of accounting system

[Expenditure for Power Purchase]

Increase of 0.6 billion yen due to rising coal price.

(Reference) Fuel cost Expected to remain unchanged from the last year

[Factor for increase] · Fuel price hikes

[Factor for decrease] •The conversion of FCC-C heavy oil in remote islands •Change of composition of thermal fuels (decreased power generated by oil-fired thermal power plant)

Ordinary income is forecast to be approx.10.0 billion yen(same level as FY2006)

Comparison with previous forecast (July,2007)

Sales were revised up by 0.4 billion yen

·Increase income from the Fuel Cost Adjustment system

- Ordinary income were revised down 2.0 billion yen
  - Increase in fuel cost due to fuel price surges

· Increase in maintenance costs (caused by typhoon, strengthened distribution facilities, additional cost in regular checkups of power plant)



### **Non-Consolidated**

Main Data

### - Trends in Data and Effects of Changes (FY2007 Forecast)

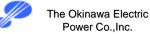
■ Main Data				
		<b>FY2006</b> (Results)	FY2007 Forecast ( Jul ,2007 )	FY2007 Forecast (Oct ,2007 )
Crude Oil CIF Price	\$/bbl	63.5	65.0	70.0
Coal CIF Price	\$/t	57.2	62.0	64.8
Exchange Rate	Yen/\$	117.0	120.0	118.0

#### Effects of Changes

(Unit: 100 million yen)

		<b>FY2006</b> (Results)	FY2007 Forecast ( Jul ,2007 )	FY2007 Forecast (Oct,2007)
Crude Oil CIF Price ※	1\$/bbl	3.7	3.3	3.3
Coal CIF Price X	1\$/t	2.1	2.2	2.2
Exchange Rate X	1Yen/\$	3.0	2.9	3.1
Electric Energy Demand	1%	6.6	7.0	6.8
Interest Rate	1%	1.0	0.9	0.9

※ Figures for effects of Changes do not include data of Expenditure for Power Purchase



# Consolidated – Income and Expenditure Forecast, Factors in Changes

				(Unit :	million yen)	[Sale
	_	FY2007 Forecast		Change		[Fac
	FY2006 Results	Jul,2007	Oct,2007	From FY 2006 Results	From Forecast Jul,2007	【Fac ∙S pi
Sales	159,395	162,800	162,000	+2,604	-800	[Ope [Fa
Operating Income	15,482	16,600	14,400	-1,082	-2,200	[Ordi
Ordinary Income	11,739	12,800	10,600	-1,139	-2,200	[Fac
Net Income	6,418	8,000	6,500	+81	-1,500	

By Segment (Forecast)

(Unit:	million	ven)
(Orne.		you/

	Electric Business	Construction Business	Other Businesses
Sales	148,700	18,800	32,500
(YoY Change)	(1,769)	(664)	(-1,084)
Sales to outside Customers out of total	148,500	4,800	8,700
(YoY Change )	(1,764)	(1.497)	(-657)
Operating Income	13,400	100	1,100
(YoY Change)	(-334)	(-333)	(-370)

#### Comparison with FY2006

•								
en)	[Sales] approx.162.0 billion yen (+2.6 billion yen)							
	[Factor for increase ] • Increase electricity sales in Electric Business							
	Increase construction orders from private and public sector in Construction Business							
	[Factor for decrease]							
st 7	<ul> <li>Sales decrease in reaction to previous year's large-scale construction order from private sector in Other Businesses</li> </ul>							
	[Operating income] apporox.14.4 billion yen $(-1.1 \text{ billion yen})$							
0	[Factor for decrease] ·Increase maintenance costs, etc. in Electric Business							
	<ul> <li>Increase operating costs in Construction Business</li> </ul>							
0	<ul> <li>Decrease profit in Other Businesses</li> </ul>							
	[Ordinary income] apporox.10.6 billion yen (-1.1billion yen)							
0	[Factor for decrease] • Decrease operating income mentioned above							
0	Comparison with previous forecast (July ,2007)							
	<ul> <li>Sales were revised down by 0.8 billion yen</li> <li>Decrease construction orders from private and public sector in Construction Business</li> <li>Profits were revised down         <ul> <li>(operating income -2.2 bn yen, ordinary income -2.2 bn yen, net income -1.5bn yen)</li> <li>Effects of Electric Business, etc.</li> </ul> </li> </ul>							
	By segment (Forecast)							
	In Construction Business segment, operating income is							
	<ul> <li>forecast to decrease due to raise of sales-costs ratio resulting from intensified order competition.</li> <li>In Other Businesses segment, both sales and operating income are forecast to decrease in reaction to previous year's large-scale</li> </ul>							
	construction order from private sector.							
	1 /							



### **FY2007** Financial Outlook of each Company

		(Unit : Million yen)											
		Sales		Оре	erating Inco	ome	Or	linary Income		Net Income		;	
		FY2006	FY2007		FY2006	FY2007		FY2006	FY2007		FY2006	FY2007	
		Result	Forecast	Change	Result	Forecast	Change	Result	Forecast	Change	Result	Forecast	Change
			(Oct 07)			(Oct 07)			(Oct 07)			(Oct 07)	
	The Okinawa Electric Power Co.,Inc.	147,201	149,000	+1,798	13,690	13,500	-190	10,096	10,000	-96	6,398	6,300	-98
۲	Okidenko Co., Ltd.	15,542	15,879	+336	326	100	-226	337	141	-195	186	43	-143
u c tic	Okiden Sekkei Co., Ltd.	969	973	+3	37	20	-17	38	20	-18	28	10	-18
onstruction	Okinawa New Energy Development Co., Inc.	683	627	-55	44	8	-36	35	-6	-41	9	-19	-28
ŏ	Okisetsubi Company, Ltd.	1,010	1,710	+699	11	6	-5	11	6	-5	6	3	-3
	Okiden Kigyo Co., Ltd.	8,529	9,778	+1,248	200	85	-115	251	135	-115	90	50	-39
	Okinawa Plant Kogyo Co., Inc.	9,389	9,259	-129	252	293	+40	269	298	+28	79	100	+20
es	Okinawa Denki Kogyo Co., Ltd.	2,906	1,950	-955	117	33	-84	115	30	-85	76	9	-66
siness	The Okiden Global Systems Company, Inc.	2,712	2,413	-299	134	27	-107	140	30	-110	93	9	-83
O ther Busi	Okinawa Telecommunication Network Co., Inc.	3,067	2,884	-182	109	91	-17	17	6	-11	-644	-45	+599
	First Riding Technology Co., Inc.	1,865	1,678	-187	62	113	+50	54	92	+38	53	92	+38
	Okiden Kaihatsu Co., Inc.	4,230	3,629	-601	709	460	-248	629	387	-242	295	247	-48
	Progressive Energy Corp.	1,652	1,581	-70	31	59	+28	32	60	+27	-105	32	+138
	Kanucha Community Co., Inc.	-	-	-	-63	-69	-5	-120	-199	-78	-121	-199	-78
	Elimination	-40,365	-39,364	+1,000	-180	-328	-147	-172	-403	-231	-28	-135	-106
	Consolidated	159,395	162,000	2,604	15,482	14,400	-1,082	11,739	10,600	-1,139	6,418	6,500	+81



(Unit · 100million ven)

### **Outlook of Capex, Cash Flow, and Interest-Bearing Debt**

			Consolidated		Non-consolidated				
		FY2006	FY2007	Change	FY2006	FY2007	Change		
		(Results)	(Forecast)	-	(Results)	(Forecast)			
Capital Expenditure		247	374	+127	234	337	+102		
	Operating activities	315	334	+18	288	306	+17		
с	Investment activities	-243	-316	-72	-226	-273	-46		
F	(FCF)	(71)	(17)	(-53)	(61)	(32)	(—28)		
	Financial activities	-76	-17	+58	-78	-30	+48		
1	est-bearing t Outstanding	2,326	2,319	-7	2,217	2,197	-19		

- Cash in-flow from operating activities is forecast increase due to increase of depreciation, while net Income before income taxes remained at the same level as FY2006.
- Cash out-flow from investment activities is forecast to increase due to large scale construction work (Yoshinoura No.1&2, etc.).
- Free Cash-flow is forecast to decrease because increase of cash-flow out from investing activities is larger than increase of cash-flow from operating activities.



### [Reference]

### Trends in Financial Indicators (Non-consolidated)

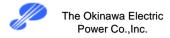
		FY2002	FY2003	FY2004	FY2005	FY2006
Sales	Million yen	134,141	134,756	137,210	143,653	147,201
Operating Income	Million yen	14,561	15,207	16,945	18,296	13,690
EBITDA	Million yen	43,358	46,567	44,658	43,359	37,009
Ordinary Income	Million yen	6,600	7,790	11,587	14,063	10,096
Net Income	Million yen	4,430	5,594	7,591	9,163	6,398
ROA(Operating Income/Assets)	%	3.7	3.9	4.5	5.1	3.9
ROA(Net Income/Assets)	%	1.1	1.4	2.0	2.5	1.8
Capital Adequacy Ratio	%	18.3	20.4	23.2	26.5	28.1
Interest-bearing Debt Outstanding	100 million yen	2,833	2,677	2,454	2,285	2,217
Total Assets	Million yen	395,260	379,692	367,861	356,659	354,113
Total Assets Turnover	Х	0.34	0.35	0.37	0.40	0.41
Shareholders' Equity	Million yen	72,327	77,591	85,247	94,339	99,392
ROE	%	6.3	7.5	9.3	10.2	6.6
Return on Sales (Operating Income/Sales)	%	10.9	11.3	12.4	12.7	9.3
Return on Sales (Net Income/Sales)	%	3.3	4.2	5.5	6.4	4.4
D/E ratio	Х	3.91	3.45	2.88	2.42	2.23



### [Reference] Trends in Financial Indicators (Consolidated)

		FY2002	FY2003	FY2004	FY2005	FY2006
Sales	Million yen	145,072	148,626	150,768	157,080	159,395
Operating Income	Million yen	17,034	16,859	17,474	19,816	15,482
EBITDA	Million yen	47,299	50,343	47,568	46,393	40,394
Ordinary Income	Million yen	8,356	8,811	11,318	15,437	11,739
Net Income	Million yen	5,121	5,496	7,614	9,975	6,418
ROA (Operating Income/Assets)	%	4.0	4.1	4.4	5.1	4.1
ROA (Net Income/Assets)	%	1.2	1.3	1.9	2.6	1.7
Capital Adequacy Ratio	%	17.7	19.7	22.2	25.6	27.1
Interest-bearing Debt Outstanding	100 million yen	2,966	2,796	2,564	2,392	2,326
Total Assets	Million yen	421,080	402,407	392,158	378,666	376,071
Total Assets Turnover	Х	0.34	0.37	0.38	0.41	0.42
Shareholders' Equity 💥	Million yen	74,325	79,447	86,959	96,899	101,914
ROE	%	7.1	7.1	9.2	10.9	6.5
Return on Sales (Operating Income/Sales)	%	11.7	11.3	11.6	12.6	9.7
Return on Sales (Net Income/Sales)	%	3.5	3.7	5.1	6.4	4.0
D/E ratio	Х	3.99	3.52	2.95	2.47	2.28

\*Shareholders' Equity : Subtract 'Shares of Minor Shareholders' from 'Net Assets'



This document includes statements concerning future results. Such statements are based on calculations and predictions and are neither definite nor guaranteed. Please be aware that future results may change in accordance with changes in assumptions related to the management environment and the like.

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