2014

Financial Statements

Consolidated Balance Sheets

As of March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 2)
ASSETS	2013	2014	2014
Property, plant and equipment	¥1,642,364	**¥1,771,161**	**$17,209,112**
Power plants (Notes 2, 3 ,7, 13 and 23)	1,058,849	**1,023,751**	**9,947,058**
Overseas power plants (Notes 2, 3, 7 and 23)	14,311	**125,018**	**1,214,714**
Other property, plant and equipment (Notes 2, 3, 13 and 23)	104,529	**109,787**	**1,066,727**
Construction in progress (Notes 2, 7 and 23)	464,674	**512,604**	**4,980,611**
Nuclear fuel (Note 23)	59,769	**69,216**	**672,523**
Investments and other assets	273,067	**309,201**	**3,004,291**
Long-term investments (Notes 2, 4, 7, 17, 18, 19, 23 and 24)	202,464	**244,181**	**2,372,532**
Deferred tax assets (Notes 2 and 21)	47,234	**40,734**	**395,789**
Others, less allowance for doubtful accounts (Note 2)	23,369	**24,285**	**235,968**
Current assets	194,707	**235,636**	**2,289,516**
Cash and bank deposits (Notes 7, 16 and 17)	49,283	**50,333**	**489,054**
Notes and accounts receivable, less allowance for doubtful accounts (Notes 2 and 17)	61,590	**70,134**	**681,444**
Inventories (Notes 2 and 5)	38,160	**34,053**	**330,875**
Others (Notes 2, 7, 16, 17, 19 and 21)	45,673	**81,115**	**788,141**
Total assets	¥2,169,909	**¥2,385,216**	**$23,175,444**

Refer to notes to consolidated financial statements

	Millions of yen		Thousands of U.S. dollars (Note 2)
LIABILITIES	2013	2014	2014
Long-term liabilities	¥1,402,287	**¥1,522,905**	**$14,796,986**
Long-term debt and lease obligations, less current portion (Notes 7, 17 and 19)	1,304,889	**1,433,836**	**13,931,564**
Accrued employee retirement benefits (Notes 2, 9 and 20)	59,012	**—**	**—**
Net defined benefit liability (Notes 2 and 20)	—	**49,071**	**476,796**
Others (Notes 2, 6, 19 and 21)	38,384	**39,997**	**388,626**
Current liabilities	313,311	**342,714**	**3,329,906**
Current portion of long-term debt and other (Notes 7, 17 and 19)	196,999	**207,968**	**2,020,685**
Short-term loans (Notes 7 and 17)	18,475	**20,318**	**197,419**
Commercial paper (Note 17)	3,999	**—**	**—**
Income and other taxes payable	10,811	**8,791**	**85,424**
Others (Notes 2, 6, 17, 19 and 21)	83,024	**105,634**	**1,026,377**
Reserve for fluctuation in water levels (Note 2)	425	**119**	**1,162**
Contingent liabilities (Note 8)			
Total liabilities	1,716,024	**1,865,739**	**18,128,056**
NET ASSETS			
Shareholders' equity (Note 22)	460,673	**478,860**	**4,652,746**
Common stock	152,449	**152,449**	**1,481,243**
Capital surplus	81,849	**81,849**	**795,273**
Retained earnings	289,639	**307,829**	**2,990,961**
Treasury stock	(63,265)	**(63,268)**	**(614,733)**
Accumulated other comprehensive income	(6,768)	**37,350**	**362,908**
Unrealized gain on available-for-sale securities, net (Note 2)	4,855	**9,030**	**87,745**
Deferred hedging gain and loss (Notes 2, 17 and 19)	(6,929)	**1,772**	**17,217**
Foreign currency translation adjustments (Note 2)	(4,693)	**22,955**	**223,038**
Remeasurements of defined benefit plans (Notes 2 and 20)	—	**3,592**	**34,906**
Minority interests	(19)	**3,265**	**31,733**
Total net assets	453,885	**519,477**	**5,047,387**
Total liabilities and net assets	¥2,169,909	**¥2,385,216**	**$23,175,444**

	Yen		U.S. dollars (Note 2)
Shareholders' equity per share	¥3,024.98	**¥3,440.23**	**$33.42**

Consolidated Statements of Income

For the years ended March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2013	2014	2014
Operating revenues (Notes 2 and 23)	¥656,056	¥706,835	$6,867,811
Electric power	605,338	609,080	5,918,003
Overseas business	1,647	42,834	416,187
Other	49,070	54,920	533,619
Operating expenses (Notes 2, 9, 10, 11, 12, 20 and 23)	601,490	647,663	6,292,883
Electric power	540,134	545,430	5,299,554
Overseas business	8,346	43,899	426,541
Other	53,009	58,333	566,787
Operating income	54,566	59,171	574,927
Non-operating income (expenses) (Notes 13, 18 and 23)	(9,740)	(19,094)	(185,527)
Interest expenses	(22,362)	(25,305)	(245,875)
Other, net	12,621	6,210	60,347
Ordinary income (Note 23)	44,825	40,077	389,400
Special gains (losses) (Note 2)	351	2,693	26,167
Provision or reversal of reserve for fluctuation in water levels	351	306	2,975
Insurance income	—	2,386	23,192
Income before income taxes and minority interests	45,176	42,770	415,567
Income taxes (Notes 2, 11 and 21)	15,562	14,952	145,280
Current	11,940	8,372	81,349
Deferred	3,622	6,579	63,931
Income before minority interests	29,613	27,817	270,287
Minority interests	(194)	(876)	(8,513)
Net income	¥29,808	¥28,694	$278,801

	Yen		U.S. dollars (Note 2)
Amounts per share:			
Net income (Note 2)	¥198.65	¥191.23	$1.85
Cash dividends applicable to the year (Note 15)	¥70.00	¥70.00	$0.68

Refer to notes to consolidated financial statements

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2013	2014	2014
Income before minority interests	¥29,613	¥27,817	$270,287
Other comprehensive income (Note 14)			
Unrealized gain on available-for-sale securities, net	5,607	4,162	40,444
Deferred hedging gain and loss	(2,997)	8,696	84,498
Foreign currency translation adjustments	14,835	12,822	124,586
Share of other comprehensive income of associates accounted for using equity method	9,873	15,946	154,941
Total other comprehensive income	27,319	41,628	404,471
Comprehensive income	56,932	69,446	674,758
(Comprehensive income attributable to-abstract)			
Comprehensive income attributable to owners of Electric Power Development Co., Ltd.	57,025	69,220	672,564
Comprehensive income attributable to minority interests	¥(92)	¥225	$2,194

Refer to notes to consolidated financial statements

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2013 and 2014

Shareholders' equity

	Number of shares issued of common stock (thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock*1	Total shareholders' equity
		Millions of yen				
Balance at March 31, 2012	166,569	¥152,449	¥81,849	¥270,334	¥(63,264)	¥441,369
Dividends from surplus (Note 15)				(10,503)		(10,503)
Net income				29,808		29,808
Acquisition of treasury stock					(1)	(1)
Net changes of items other than shareholders' equity						
Balance at March 31, 2013	166,569	152,449	81,849	289,639	(63,265)	460,673
Dividends from surplus (Note 15)				**(10,503)**		**(10,503)**
Net income				**28,694**		**28,694**
Acquisition of treasury stock					**(3)**	**(3)**
Net changes of items other than shareholders' equity						
Balance at March 31, 2014	**166,569**	**¥152,449**	**¥81,849**	**¥307,829**	**¥(63,268)**	**¥478,860**

	Number of shares issued of common stock (thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock*1	Total shareholders' equity
		Thousands of U.S. dollars (Note 2)				
Balance at March 31, 2013	166,569	$1,481,243	$795,273	$2,814,216	$(614,702)	$4,476,032
Dividends from surplus (Note 15)				**(102,056)**		**(102,056)**
Net income				**278,801**		**278,801**
Acquisition of treasury stock					**(31)**	**(31)**
Net changes of items other than shareholders' equity						
Balance at March 31, 2014	**166,569**	**$1,481,243**	**$795,273**	**$2,990,961**	**$(614,733)**	**$4,652,746**

Accumulated other comprehensive income

	Unrealized gain (loss) on available-for-sale securities, net	Deferred hedging gain and loss	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
							Millions of yen
Balance at March 31, 2012	¥(772)	¥(4,209)	¥(29,003)	—	¥(33,985)	¥(1,191)	¥406,192
Dividends from surplus (Note 15)							(10,503)
Net income							29,808
Acquisition of treasury stock							(1)
Net changes of items other than shareholders' equity	5,627	(2,720)	24,310	—	27,217	1,171	28,388
Balance at March 31, 2013	4,855	(6,929)	(4,693)	—	(6,768)	(19)	453,885
Dividends from surplus (Note 15)							**(10,503)**
Net income							**28,694**
Acquisition of treasury stock							**(3)**
Net changes of items other than shareholders' equity	**4,175**	**8,702**	**27,648**	**¥3,592**	**44,118**	**3,285**	**47,404**
Balance at March 31, 2014	**¥9,030**	**¥1,772**	**¥22,955**	**¥3,592**	**¥37,350**	**¥3,265**	**¥519,477**

	Unrealized gain (loss) on available-for-sale securities, net	Deferred hedging gain and loss	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
							Thousands of U.S. dollars (Note 2)
Balance at March 31, 2013	$47,175	$(67,333)	$(45,602)	—	$(65,760)	$(194)	$4,410,077
Dividends from surplus (Note 15)							**(102,056)**
Net income							**278,801**
Acquisition of treasury stock							**(31)**
Net changes of items other than shareholders' equity	**40,570**	**84,551**	**268,641**	**$34,906**	**428,669**	**31,927**	**460,596**
Balance at March 31, 2014	**$87,745**	**$17,217**	**$223,038**	**$34,906**	**$362,908**	**$31,733**	**$5,047,387**

*1 Number of treasury stock as of March 31, 2014: 16,518,311 shares

Refer to notes to consolidated financial statements

Consolidated Statements of Cash Flows

For the years ended March 31, 2013 and 2014

	Millions of yen 2013	Millions of yen 2014	Thousands of U.S. dollars (Note 2) 2014
Cash flows from operating activities:			
Income before income taxes and minority interests	¥45,176	**¥42,770**	**$415,567**
Depreciation	95,254	**91,408**	**888,155**
Loss on disposal of property, plant and equipment	2,418	**2,241**	**21,781**
Increase (decrease) in accrued employee retirement benefits	987	**—**	**—**
Increase (decrease) in net defined benefit liability	—	**(4,800)**	**(46,643)**
Increase (decrease) in reserve for fluctuation in water levels	(351)	**(306)**	**(2,975)**
Interest and dividends income	(2,517)	**(2,508)**	**(24,375)**
Interest expenses	22,362	**25,305**	**245,875**
(Increase) decrease in notes and accounts receivable	(2,133)	**(7,753)**	**(75,331)**
(Increase) decrease in inventories	(3,133)	**4,223**	**41,032**
Increase (decrease) in notes and accounts payable	5,642	**9,244**	**89,823**
Loss (gain) on sales of securities	(620)	**(280)**	**(2,728)**
Unrealized loss (gain) on valuation of securities	242	**—**	**—**
Investment income on equity method	(11,728)	**(16,380)**	**(159,155)**
Loss (gain) on sales of property, plant and equipment	526	**530**	**5,158**
Others (Note 2)	(8,742)	**1,607**	**15,618**
Subtotal	143,385	**145,302**	**1,411,801**
Interest and dividends received	7,926	**12,626**	**122,685**
Interest paid	(21,974)	**(25,131)**	**(244,181)**
Income taxes paid	(9,552)	**(10,687)**	**(103,841)**
Net cash provided by operating activities	119,786	**122,110**	**1,186,463**
Cash flows from investing activities:			
Payments for purchase of property, plant and equipment	(165,201)	**(176,982)**	**(1,719,615)**
Proceeds from contributions grants	6,343	**2,739**	**26,619**
Payments for investments and loans	(1,347)	**(1,149)**	**(11,164)**
Proceeds from collections of investments and loans	7,938	**6,460**	**62,773**
Others (Note 2)	(18,101)	**(8,443)**	**(82,042)**
Net cash used in investing activities	(170,369)	**(177,375)**	**(1,723,430)**
Cash flows from financing activities:			
Proceeds from issuance of bonds	39,877	**79,740**	**774,782**
Redemption of bonds	(20,000)	**(63,599)**	**(617,947)**
Proceeds from long-term loans	207,887	**241,625**	**2,347,698**
Repayment of long-term loans	(146,048)	**(158,518)**	**(1,540,210)**
Proceeds from short-term loans	108,500	**97,221**	**944,627**
Repayment of short-term loans	(110,038)	**(95,374)**	**(926,689)**
Proceeds from issuance of commercial paper	326,969	**83,996**	**816,133**
Redemption of commercial paper	(336,000)	**(88,000)**	**(855,033)**
Dividends paid	(10,501)	**(10,504)**	**(102,068)**
Others	856	**1,709**	**16,611**
Net cash provided by financing activities	61,502	**88,295**	**857,904**
Foreign currency translation adjustments on cash and cash equivalents	2,615	**3,297**	**32,040**
Net increase (decrease) in cash and cash equivalents	13,535	**36,328**	**352,978**
Cash and cash equivalents at beginning of the year	35,359	**48,894**	**475,077**
Cash and cash equivalents at end of the year (Notes 2 and 16)	¥48,894	**¥85,223**	**$828,055**

Refer to notes to consolidated financial statements

For the years ended March 31, 2013 and 2014

1. Basis of preparation of consolidated financial statements

The accompanying consolidated financial statements of Electric Power Development Co., Ltd. (the Company), and its consolidated subsidiaries have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan, the Electricity Utilities Industry Law and their related accounting regulations, and are prepared on the basis of accounting principles and practices generally accepted and applied in Japan, which are different in certain respects regarding application and disclosure requirements of accounting principles and practices generally accepted in the United States of America and International Financial Reporting Standards.

In addition, the notes to the consolidated financial statements include information that is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts of less than one million yen or one thousand U.S. dollars have been rounded down. Consequently, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sum of the individual amounts.

2. Summary of significant accounting policies

(1) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its 72 subsidiaries controlled directly or indirectly by the Company.

In this fiscal year, Mihama Seaside Power Co., Ltd, which had been accouted for by the equity method, became a subsidiary due to additional acquisition of shares in September 2013 and is newly included within the scope of consolidation.

All of the consolidated subsidiaries, except for J-POWER AUSTRALIA PTY. LTD. and 29 other overseas subsidiaries, have the same reporting date as that of the Company. The fiscal year-end of each of J-POWER AUSTRALIA PTY. LTD. and 29 other overseas subsidiaries is the end of December. The financial statements of these subsidiaries as of the date are used for consolidation after necessary adjustments with regard to significant transactions incurred during the periods between their fiscal year-ends and that of the Company.

(2) Equity method (Accounting for investment in affiliates)

80 affiliates, which have significant influence on the Company's operations, are accounted for by the equity method.

In this fiscal year, PT. PENDOPO Power was no longer an equity method applied affiliate as all of the shares were sold in June 2013.

In this fiscal year, Mihama Seaside Power Co., Ltd was excluded from the applicable scope of accounting by the equity method because its shares were additionally acquired and became a consolidated subsidiary in September 2013.

In this fiscal year, Kashima Power Co, Ltd, which was established in December 2013, was included in the applicable scope of accounting by the equity method as an important company for the midium and long-term management strategies.

Affiliated companies that are not accounted for by the equity method (Nishikyushu Kyodo Kowan Co., Ltd. and others) have little influence on net profit and loss and retained earnings for these terms and their influences are generally insignificant, so they have been excluded from the applicable scope of accounting by the equity method.

Of the companies accounted for by the equity method, 75 companies exclusive of Tosa Power Inc., Setouchi Power Corporation, Osaki CoolGen Corporation, Kashima Power Co., Ltd. and Yuzawa Geothermal Power Generation Corporation have the reporting dates that differ from that of the consolidated financial statements and the Company uses the financial statements that pertain to their respective reporting dates.

(3) Accounting policies

a. Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost. Construction grants received from the Government of Japan and others are deducted from the cost of the related assets. Depreciation of major tangible assets is computed based on the estimated useful lives of the respective assets as prescribed in the Corporation Tax Law of Japan. The declining-balance method has been mainly applied to buildings, structures and machinery and the straight-line method has been applied to other equipment. The straight-line method has been mainly applied in overseas subsidiaries. Major intangible assets are amortized based on the respective estimated useful lives of those assets using the straight-line method. Software costs for internal use are amortized based on the internally available period (normally, five years) using the straight-line method.

b. Investments

Available-for-sale securities with market value are stated at market value on the balance sheet date. Cost of sold securities is stated using the moving average method. The differences between the acquisition costs and the carrying values of securities are recognized in unrealized gain on available-for-sale securities, net. Unrealized gain (loss) on available-for-sale securities, net of applicable income taxes, is charged to net assets. Available-for-sale securities without market value are stated at cost determined by the moving average method.

Money in trust for cash management purposes is also stated at market value.

c. Derivatives

Derivative instruments are stated at fair value, and hedge accounting is applied to those instruments which fulfill hedge conditions.

d. Inventories

Coal and general inventories are stated at cost determined by the monthly average method (book values on the balance sheet are written down on the basis of decline in profitability) and specialty goods are stated at cost determined by the identified cost method.

e. Allowance for doubtful account

To provide for doubtful accounts in accounts receivable and other claimed receivables, we consider general receivables on the basis of past bad debt results and specific receivables in danger of falling into default on the basis of their individual recoverability, and we post the anticipated irrecoverable amounts accordingly.

f. Reserve for fluctuations in water levels

To offset fluctuations in income in connection with hydroelectric power generation caused by higher or lower than average water levels, the Company records a reserve for fluctuations in water levels under "Ministerial Ordinance Concerning Reserve for Fluctuations in Water Levels" (the Ministerial Ordinance No. 56 of June 15, 1965 of the Ministry of Economy, Trade and Industry) stipulated by Article 36 of the Electricity Utilities Industry Law.

g. Accounting for employee retirement benefits

In calculating retirement benefit obligations, estimated retirement benefit is attributed each period by the straight-line method.

Actuarial differences are primarily recognized under the declining balance method over two years from the fiscal year following the fiscal year in which they were incurred, and past service cost are mainly recognized under the straight-line method over two years from the year in which the expense was incurred.

h. Revenue for construction contracts

Revenue from construction for which the degree of completion can be confirmed at the fiscal year-end is accounted for according to the percentage of completion method (estimated degree of completion for construction is calculated by the cost-to-cost method); revenue from other construction contracts has been recognized based on the completed contract method.

i. Foreign currency translation

Foreign-currency-denominated monetary receivables and payables are translated into yen at the exchange rate prevailing as of each fiscal year-end, and the conversion differences are processed as gains or losses. The balance sheet accounts, revenue and expenses accounts of overseas consolidated subsidiaries are translated into yen at the exchange rate in effect at each fiscal year-end and the resulting translation differences are presented as the foreign currency translation adjustments account under net assets.

The components of shareholders' equity are translated at historical exchange rates.

j. Derivative financial instruments and hedge accounting

Deferred hedge accounting is adopted. For the hedge for foreign exchange fluctuation risk, allocation treatment is applied in case the hedge satisfies the requirments. For the interest rate swaps, special treatment is applied in case the swaps satisfy the requirements.

The Company uses foreign exchange forward contracts and foreign currency swaps to hedge payment of principal and interest with respect to foreign-currency-denominated bonds and loans, and some foreign-currency-denominated debts and receivables, and uses interest rate swaps and interest rate collar to hedge payments of principal and interest with respect to bonds and loans, and uses commodity-price-related swaps to hedge some transactions affected by fluctuations in commodity prices.

Based on its internal regulations relating to derivative transactions, derivatives are executed for the purpose of avoiding the risks caused by fluctuating exchange rates, interest rates, and commodity purchase prices, and the Company's policy is not to perform speculative transactions.

The Company evaluates hedge effectiveness on a quarterly basis or a per transaction basis by comparing cumulative changes in cash flow of hedging instruments with cumulative changes in hedged cash flow. Evaluation of the effectiveness of certain foreign exchange forward contracts, foreign currency swaps, and special interest rate swaps has been omitted if the substantial terms and conditions of the hedge instruments and the hedged forecasted transactions are the same.

k. Capitalization of interest expenses

Interest expenses related to debts incurred for the construction of power plants have been capitalized and included in the cost of the related assets pursuant to the accounting regulations (the Ministerial Ordinance No. 57 of June 15, 1965 of the Ministry of Economy, Trade and Industry) under the Electricity Utilities Industry Law.

l. Accounting for consumption taxes

Consumption taxes with respect to the Company and its domestic subsidiaries are accounted for by using the tax-excluded method.

The consumption taxes imposed on sales made to customers by the Company and its domestic subsidiaries are withheld by the Company and its subsidiaries at the time of sale and are subsequently paid to the national and local governments. The consumption taxes withheld upon sale are not included in the amount of operating revenue in the accompanying consolidated statements of income. Consumption taxes paid on purchases of goods and national services by the Company and its domestic subsidiaries are excluded from each account in the consolidated statements of income.

m. Income taxes

Income taxes comprise corporate income tax, inhabitant tax and enterprise tax imposed on income. However, most of the enterprise tax imposed on the Company is computed based on sales and such enterprise tax is included in operating expenses (electric power) in the Company's consolidated statements of income. The provision for corporate income taxes is computed based on pretax income included in the Company's consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

n. Cash equivalents

Cash and cash equivalents presented in the accompanying consolidated statements of cash flows represent cash on hand, bank deposits, which are payable on demand, and short-term investments with maturity periods of three months or less which are easily convertible into cash and present insignificant risk of changes in value.

(Changes in Accounting Policy)

"Accounting Standard for Retirement Benefits" (ASBJ Statement No.26 of May 17, 2012, hereafter referred to as "Retirement Benefit Accounting Standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25 of May 17, 2012, hereafter referred to as "Retirement Benefit Accounting Guidance") is applied from the end of this fiscal year (except for certain provisions set forth in the main article of Paragraph 35 of Retirement Benefit Accounting Standard and the main article of Paragraph 67 of Retirement Benefit Accounting Guidance). These accounting standards require entities to apply a revised method for recording the retirement benefit obligation, after deducting plan assets, as net defined benefit liability. In addition, unrecognized actuarial differences and unrecognized prior service cost are recorded as net defined benefit liability.

Application of Retirement Benefit Accounting Standard and others are handled transitionally as specified in Paragraph 37 of Retirement Benefit Accounting Standard and at the end of this fiscal year, impacted amounts due to relevant changes are incorporated into remeasurements of defined benefit plans in the accumulated other comprehensive income.

As a result, at the end of this fiscal year, net defined benefit liability of ¥49,071 million (US$476,796 thousand) were recorded. Also, accumulated other comprehensive income increased by ¥3,592 million (US$34,906 thousand).

Further, impact on per share information is listed under "(4) Per share information."

(Accounting Standards that are yet to be Applied, Etc.)

"Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7), "Revised Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2), "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10) and "Revised Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4) were issued by the ASBJ on September 13, 2013. Under these revised accounting standards, the accounting treatment for any changes in a parent's ownership interest in a subsidiary when the parent retains control over the subsidiary and the corresponding accounting for acquisition-related costs were revised. In addition, the presentation method of net income was amended, the reference to "minority interests" was changed to "non-controlling interests," and transitional provisions for these accounting standards were also defined.

These accounting standards and guidances will be effective from the beginning of the year ending March 2016. Further, handling of provisional accounting processes is planned to be adopted for business combinations conducted on and after the beginning of the year ending March 2016 onwards.

The amount of influence is being assessed during drafting of the consolidated financial statement.

"Accounting Standard for Retirement Benefits" (ASBJ Statement No.26 of May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25 of May 17, 2012) were reforms based on a perspective of improving financial reporting and international trends. The reforms are centered on processing methods for unrecognized actuarial gain or loss and unrecognized prior service cost, calculation methods for retirement benefit obligation and service cost, and expanding and enhancing disclosure.

Reforms on the calculation method of retirement benefit obligation and service cost in these standards and guidances are scheduled to take effect from the beginning of the year ending March 2015 onwards.

The amount of influence is being assessed during drafting of the consolidated financial statement.

(Changes in Representation Methods)

In previous fiscal year, overseas power plants were included in other property, plant and equipment but they have been listed separately from this fiscal year as monetary importance has increased with progress of projects in Thailand. To reflect this change in representation method, the consolidated financial statements of the previous fiscal year has been rearranged to conform to the new format.

As a result, ¥118,840 million that was shown as other property, plant and equipment has been rearranged as ¥14,311 million in overseas power plants and ¥104,529 million in other property, plant and equipment on the consolidated balance sheets as of the end of previous fiscal year.

In previous fiscal year, overseas business operating revenue was included in other business operating revenue but it has been listed separately from this fiscal year as monetary importance has increased with progress of projects in Thailand. To reflect this change in representation method, the consolidated financial statements of the previous fiscal year has been rearranged to conform to the new format.

As a result, ¥50,717 million that was shown as other business operating revenue has been rearranged as ¥1,647 million in overseas business operating revenue and ¥49,070 million in other business operating revenue on the consolidated statements of income for previous fiscal year.

In previous fiscal year, overseas business operating expenses were included in electric power operating expenses and other business operating expenses but they have been listed separately from this fiscal year as monetary importance has increased with progress of projects in Thailand. To reflect this change in representation method, the consolidated financial statements of the previous fiscal year has been rearranged to conform to the new format.

As a result, ¥542,195 million that was presented as electric power operating expenses and ¥59,295 million that was presented as other business operating expenses has been rearranged as ¥540,134 million in electric power operating expenses, ¥8,346 million in overseas business operating expenses and ¥53,009 million in other business operating expenses on the consolidated statements of income for previous fiscal year.

In previous fiscal year, impairment loss was listed separately under cash flows from operating activities but it has been included in others from this fiscal year due to diminished importance. To reflect this change in representation method, the consolidated financial statements of the previous fiscal year has been rearranged to conform to the new format.

As a result, ¥180 million that was shown as impairment loss and ¥(8,922) million in others have been rearranged as ¥(8,742) million in others listed under cash flows from operating activities on the consolidated statements of cash flows for previous fiscal year.

In previous fiscal year, proceeds from sales of property, plant and equipment were listed separately under cash flows from investing activities but they have been included in others from this fiscal year due to diminished importance. To reflect this change in representation method, the consolidated financial statements of the previous fiscal year has been rearranged to conform to the new format.

As a result, ¥1,140 million that was shown as proceeds from sales of property, plant and equipment and ¥(19,242) million in others have been rearranged as ¥(18,101) million in others listed under cash flows from investing activities on the consolidated statements of cash flows for previous fiscal year.

(Additional Information)

Regarding restoration from the incident in which a low-pressure turbine rotor fell at the Matsuura Thermal Power Plant No.2 Unit

On March 28, 2014 during a periodic inspection at the Matsuura Thermal Power Plant No.2 Unit (Output: 1,000MW) an accident occurred in which a low-pressure turbine rotor fell.

Regarding the timing for restoration from this incident, the Company has concluded that it would be difficult to repair the damaged current turbine rotor for restoration and therefore fabricates a new turbine rotor and expects to resume operation around the end of June 2015.

To secure power supply in the interim, the Company also expects to resume operation with provisional restoration without the use of the damaged turbine rotor, at a partial loading (output of approximately 400MW.) around mid-August 2014.

(4) Per share information

Net income per share (excluding the value not attributable to ordinary shareholders) is calculated based on the weighted average number of shares of common stock excluding treasury stock during the fiscal year. Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share is not disclosed as there are no outstanding securities, such as convertible bonds or warrants, which are convertible into shares of common stock.

Transitional handling stipulated in Paragraph 37 of the Accounting Standards for Retirement Benefits was followed, and as a result, net asset per share for this fiscal year has increased by ¥23.94 (US$ 0.23).

(5) U.S. dollar amounts

The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of the reader, using the telegraphic transfer middle rate of exchange prevailing at the Tokyo Foreign Exchange Market on March 31, 2014, which was ¥102.92 = US$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted, realized or settled in U.S. dollars at this or any other rate of exchange.

3. Property, plant and equipment

Book value of "power plants", less construction grants and accumulated depreciation, as of March 31, 2013 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	**2014**	**2014**
Hydroelectric power plants	¥363,437	**¥355,616**	**$3,455,270**
Thermal power plants	387,957	**362,307**	**3,520,280**
Internal combustion power generation facilities	3,956	**5,414**	**52,609**
Renewable power production facilities	31,358	**36,698**	**356,574**
Transmission facilities	185,754	**176,102**	**1,711,061**
Conversion facilities	30,608	**30,482**	**296,174**
Communication facilities	8,638	**8,596**	**83,529**
General facilities	47,137	**48,532**	**471,558**
Total	¥1,058,849	**¥1,023,751**	**$9,947,058**

Construction grants, which were deducted from the cost of property, plant and equipment as of March 31, 2013 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Construction grants	¥112,065	¥112,001	$1,088,242

Accumulated depreciation of property, plant and equipment as of March 31, 2013 and 2014 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Accumulated depreciation	¥2,776,328	¥2,849,993	$27,691,350

4. Long-term investments in non-consolidated subsidiaries and affiliated companies

Equity investments in non-consolidated subsidiaries and affiliated companies included in "Long-term investments" as of March 31, 2013 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Shares	¥118,673	¥144,946	$1,408,346

5. Inventories

Inventories as of March 31, 2013 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Merchandise and finished goods	¥1,627	¥1,328	$12,904
Work in process	1,128	1,484	14,422
Raw materials and supplies	35,404	31,241	303,549
Total	¥38,160	¥34,053	$330,875

6. Provisions

Provisions for directors' bonuses stated by subsidiaries are included in Others of Long-term and current liabilities (¥310 million as of March 31, 2013 and ¥345 million (US$3,356 thousand) as of March 31, 2014).

7. Short-term loans, long-term debts and lease obligations

Short-term loans, long-term debts and lease obligations as of March 31, 2013 and 2014 consisted of the following:

		Millions of yen		Thousands of U.S. dollars
		2013	2014	2014
Loans from banks and Japanese government agencies, due on varying dates through 2036		¥766,606	¥877,083	$8,521,989
Interest rates:				
Long-term loans, excluding current portion	2.473% (average)			
Current portion of long-term loans	1.317% (average)			
Short-term loans	0.561% (average)			
Domestic straight bonds, due on varying dates through 2028, 0.59% to 2.24%		754,929	771,346	7,494,617
Lease obligations		1,523	1,564	15,200
Subtotal		1,523,059	1,649,993	16,031,808
Less current portion		(218,169)	(216,157)	(2,100,243)
Total		¥1,304,889	¥1,433,836	$13,931,564

The annual maturities of bonds, long-term debts and lease obligations subsequent to March 31, 2014 are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2015	¥216,157	$2,100,243
2016	162,926	1,583,035
2017	124,713	1,211,749
2018	190,505	1,851,005
2019	79,972	777,040
2020 and thereafter	875,718	8,508,733
Total	¥1,649,993	$16,031,808

As of March 31, 2013, all of the Company's assets were subject to certain statutory liens as security for bonds amounting to ¥20,000 million, but there were no such bonds as of March 31, 2014. Some long-term investments amounted to ¥2,399 million and ¥2,389 million (US$23,214 thousand) as of March 31, 2013 and 2014, respectively, were used as collateral for loans of other companies.

Some long-term investments of consolidated subsidiaries amounted to ¥2,836 million and ¥2,680 million (US$26,043 thousand) as of March 31, 2013 and 2014, respectively, were used as collateral for loans of other companies.

The book value of consolidated subsidiaries' assets pledged as collateral to the financial institutions for the debt of certain consolidated subsidiaries, which totaled ¥166,502 million and ¥262,047 million (US$2,546,125 thousand) as of March 31, 2013 and 2014, respectively, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Construction in progress	¥132,224	¥146,242	$1,420,931
Overseas power plants	8,264	119,342	1,159,564
Long-term investments	26,704	34,208	332,383
Cash and deposits	582	12,183	118,378
Power plants	¥11,481	¥10,254	$99,637

8. Contingent liabilities

Contingent liabilities as of March 31, 2013 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Guarantees given to certain financial institutions for loans of companies below:			
PT. BHIMASENA POWER INDONESIA	¥3,997	¥6,298	$61,200
Zajaczkowo Windfarm Sp. z o. o.	2,663	3,126	30,374
TOSA POWER Inc.	1,854	1,390	13,514
SAHARA COOLING Ltd.	131	154	1,498
Okutadami Kanko Co., Ltd.	75	55	534
Kanda Eco Plant Co., Ltd.	14	—	—
Guarantees given in connection with housing loans to Company employees	2,736	2,062	20,040
Subtotal	11,473	13,087	127,162
Guarantees given to certain banks of the companies below for performance bonds under power purchase agreements			
PT. BHIMASENA POWER INDONESIA	959	1,049	10,200
Subtotal	959	1,049	10,200
Guarantees to EPC contractors on EPC contracts of companies below:			
PT. BHIMASENA POWER INDONESIA*	4,972	5,253	51,042
Gulf JP NS Co., Ltd.	4,796	4,164	40,467
Subtotal	9,768	9,418	91,509
Guarantees given for joint liability for performance guarantee insurance agreements of companies below			
Biocoal Kumamoto-South Co., Ltd.	—	19	187
Subtotal	—	19	187
Total	¥22,201	¥23,574	$229,058

* Guarantee with joint guarantors other than the Company. Based on the agreement between guarantors, the amount listed here is the Company's portion of the liability which is equivalent to 34% of the total.

9. Provision of reserves

Provisions included in operating expenses for the year ended March 31, 2013 was accrued employee retirement benefits amounted to ¥6,439 million.

10. Operating expenses

Operating expenses (electric power) for the years ended March 31, 2013 and 2014, were summarized as follows:

Total

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Personnel expense	¥32,991	¥28,771	$279,553
Fuel cost	250,887	265,867	2,583,245
Repair expense	53,661	56,659	550,524
Consignment cost	31,555	30,968	300,898
Taxes and duties	26,978	26,390	256,421
Depreciation and amortization cost	90,251	82,393	800,553
Others	53,808	54,378	528,355
Total	¥540,134	¥545,430	$5,299,554

Selling, general and administrative expenses included in operating expenses (electric power) for the years ended March 31, 2013 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Personnel expense	¥21,342	¥17,062	$165,787
Fuel cost	—	—	—
Repair expense	1,181	1,244	12,089
Consignment cost	6,349	5,953	57,843
Taxes and duties	760	775	7,535
Depreciation and amortization cost	1,968	2,371	23,037
Others	13,003	12,165	118,199
Total	¥44,605	¥39,571	$384,491

11. Enterprise taxes

Most of the enterprise taxes of the Company and 10 consolidated subsidiaries that operate electric power business are imposed on operating revenues, except for certain enterprise taxes imposed on taxable income. Enterprise tax on operating revenues was included in operating expenses (electric power) in the amount of ¥7,747 million and ¥7,786 million (US$75,659 thousand) for the years ended March 31, 2013 and 2014, respectively. Regarding the enterprise tax for consolidated subsidiaries excluding the 10 consolidated subsidiaries that operate electric power business, portion imposed on value added and capital stock is included in operating expenses – other, portion imposed on income is included in income taxes.

12. Research and development costs

Research and development costs are presented in a total amount pursuant to the Accounting Standard for Research and Development Costs, etc ("Opinion Concerning Establishment of Accounting Standard for Research and Development Costs, etc." issued by the Business Accounting Deliberation Council on March 13, 1998).

Research and development costs included in operating expenses for the years ended March 31, 2013 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Research and development costs	¥5,488	¥6,308	$61,293

13. Loss on impairment of fixed assets

The Company and subsidiaries base the grouping of their assets on the categories used in their management accounting, which maintains a continuous grasp of the balance of payments. (Power plants are grouped by business department and other property, plant and equipment are grouped by control management department or site.)

Due to the deterioration in the business environment and other factors, the Company examined the potential for future collection, consequently determined that it would be difficult to collect on investments relating to special asset groups and therefore wrote the book value down to the level it would be possible to collect. Moreover, idle assets for which no immediate use was foreseen and others were grouped individually, depreciated to their recoverable value. The appropriate value reduction was booked as an impairment loss within the category of non-operating expenses – other,net.

For the year ended March 31, 2013, loss on impairment of fixed assets (¥180 million) consisting of land (¥121 million), machinery (¥48 million), buildings and structures (¥10 million), etc.

For the year ended March 31, 2014, there were no relevant items.

(Calculation of the recoverable amount)

For the year ended March 31, 2013, the recoverable value of the idle assets concerned was measured according to their net sale value; assets slated for sale are recorded by their expected sale value, while other assets were appraised at value reflecting their appropriate market pricing on fixed assets.

14. Consolidated statements of comprehensive income

Reclassification adjustments and tax effects relating to other comprehensive income for the years ended March 31, 2013 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Unrealized gain on available-for-sale securities, net			
Amount accrued for the current year	¥7,169	¥6,024	$58,538
Reclassification adjustment	327	(111)	(1,080)
Amount before tax effect	7,497	5,913	57,457
Tax effect	(1,890)	(1,750)	(17,012)
Unrealized gain on available-for-sale securities, net	5,607	4,162	40,444
Deferred hedging gain and loss			
Amount accrued for the current year	(12,276)	10,231	99,414
Reclassification adjustment	8,916	70	681
Amount before tax effect	(3,359)	10,301	100,095
Tax effect	362	(1,605)	(15,596)
Deferred hedging gain and loss	(2,997)	8,696	84,498
Foreign currency translation adjustments			
Amount accrued for the current year	15,313	12,822	124,586
Reclassification adjustment	(477)	—	—
Amount before tax effect	14,835	12,822	124,586
Foreign currency translation adjustments	14,835	12,822	124,586
Share of other comprehensive income of associates accounted for using equity method			
Amount accrued for the current year	9,524	15,413	149,759
Reclassification adjustment	348	533	5,182
Share of other comprehensive income of associates accounted for using equity method	9,873	15,946	154,941
Other comprehensive income	¥27,319	¥41,628	$404,471

15. Dividends from the surplus

The following dividend from the surplus of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2014, was approved at the general meeting of the shareholders held on June 26, 2014:

	Millions of yen	Thousands of U.S. dollars
Cash dividend (¥35 ($0.34) per share)	¥5,251	$51,027

16. Cash and cash equivalents

The reconciliation between cash and bank deposits in the accompanying consolidated balance sheets and cash and cash equivalents in the accompanying consolidated statements of cash flows for the years ended March 31, 2013 and 2014 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Cash and bank deposits on the consolidated balance sheets	¥49,283	¥50,333	$489,054
Time deposits with a maturity of more than three months	(788)	(110)	(1,068)
Marketable securities with a redemption period of three months or less from the date of acquisition, included in the short-term investments account	400	35,000	340,069
Cash and cash equivalents on the consolidated statements of cash flows	¥48,894	¥85,223	$828,055

17. Financial instruments

(1) Status of financial instruments

a. Policy for financial instruments

The Company formulates funds procurement plans based on demand for funding of capital expenditures related to the wholesale electricity business, investment in the overseas power generation business, and other business. The requisite funds are then procured (mainly from the issue of bonds and loans from financial institutions). Funds temporarily in excess are invested in financial assets with a high degree of safety. The Company also procures funds for short-term working capital through borrowings and the issue of commercial paper. Derivatives are used to avoid the risks noted below and it is corporate policy not to engage in speculative transactions.

b. Types of financial instruments and related risk

Notes and accounts receivable are operating receivables exposed to client credit risk. Marketable securities held as long-term investments are shares, etc. related to business or capital ties with the partner companies to the transactions and are exposed to the risk of fluctuation in market prices. Short-term investments consist primarily of domestic CDs (transferable deposits) and are exposed to bank credit risk.

Notes and accounts payable are operating liabilities and nearly all have a payment term of one year or less. Also included among operating liabilities are foreign currency transactions for fuel and other imports and these are exposed to currency fluctuation risk; however, part of this is hedged through the use of foreign exchange forward contracts. Loans and bonds are used mainly for the procurement of funds required for capital investment. Redemption term is 17 years at the longest after the fiscal year settlement date. Some of these have variable interest rates and are thus exposed to interest rate fluctuation risk; however, this is hedged through the use of derivatives transactions (interest rate swaps).

Derivatives transactions consist mainly of transactions involving foreign exchange forward contracts to hedge the risk of currency fluctuation accompanying operating receivables and payables denominated in foreign currencies, interest rate swaps designed to hedge the risk of interest rate fluctuations for loans and bonds, and commodity swaps designed to hedge the risk of fluctuation in commodity prices. Please see section "j. Derivative financial instruments and hedge accounting" under "2. (3) Accounting policies" mentioned above for the hedging methods, hedging targets, hedging policies and methods for appraising hedging effectiveness, etc.

c. Risk management for financial instruments

Monitoring of credit risk (the risk that customers or counterparties may default)

In accordance with the Rules on Management of Sales, etc., each division of the Company monitors the due dates and balances of operating receivables for each transacting partner and also maintains a perpetual grasp of changes in the state of management, etc. for these companies. Consolidated subsidiaries also follow the Rules on Management of Sales, etc. and manage business affairs in the same manner. Please note that credit risk is minimal for the domestic wholesale electric power business since transactions are conducted mainly with the 10 electric power companies, which have high credit ratings. The same applies to overseas business since transactions are conducted mainly with the Electricity Generating Authority of Thailand (EGAT).

When derivative transactions are used, they are conducted only with financial and other institutions with bearing high credit ratings to mitigate counter party risk.

The largest amount of credit risk as of the fiscal year-end is shown in the value of financial assets exposed to credit risk on the consolidated balance sheet.

Monitoring of market risks (the risks arising from fluctuations in foreign exchange rates, interest rates and others)

The Company and some of its consolidated subsidiaries generally employ foreign exchange forward contracts to hedge the risk of currency fluctuations for foreign-denominated operating receivables and payables, as determined on a monthly basis, by currency. The Company and some of its consolidated subsidiaries also employ interest rate swaps to avoid the risk of fluctuation in interest rates on loans and bonds. The Company engages in commodity swaps to obviate the risk of fluctuation in commodity prices as well.

Regarding securities, fair values and financial conditions of issuers (partner companies) and other components are periodically monitored.

The board of directors sets the maximum limits for derivatives transactions by purpose, based on the Guidelines for Handling Derivatives Transactions. These transactions are handled within those confines and the Accounting & Finance Department verifies the balances with the contracting parties. Transaction results are reported to the board of directors every six months as a general rule (quarterly for new transactions). Consolidated subsidiaries also adhere to the corporate Guidelines for Handling Derivatives Transactions in managing derivatives.

Monitoring of liquidity risk (the risk that the Company may not be able to meet obligations on scheduled due dates)

The Accounting & Finance Department formulates and updates financing plans in a timely manner based on reports from the various departments and manages liquidity risk through issuance of commercial paper and other means.

d. Supplemental explanation of the estimated fair value of financial instruments

Market valuation of financial instruments includes not only values based on market prices, but also values calculated in a reasonable manner for instruments that do not have a market price. Calculation of such values incorporates factors that fluctuate so values may fluctuate with the employment of different underlying assumptions and other factors. Moreover, contract amounts of derivatives transactions in "(2) Estimated fair value of financial instruments" do not indicate the market risk related to the derivatives transactions, in and of themselves.

e. Concentration of credit risk

As of March 31, 2014, 79% of the operating receivables were from the 10 electric power companies and the EGAT.

(2) Estimated fair value of financial instruments

The carrying values recorded on the consolidated balance sheets, estimated fair value and differences between them as of March 31, 2013 and 2014 are as follows. Please note that instruments for which it is extremely difficult to ascertain a fair value are not included in the following table (see "b. Financial instruments for which it is extremely difficult to determine the fair value").

As of March 31, 2013

			Millions of yen
	Carrying value	Estimated fair value	Difference
Cash and bank deposits	¥49,283	¥49,283	—
Notes and accounts receivable	61,644	61,644	—
Short-term investments	402	402	—
Marketable securities and investment securities	29,343	29,343	—
Available-for-sale securities*1	29,343	29,343	—
Total assets	140,673	140,673	—
Notes and accounts payable	25,049	25,049	—
Short-term loans	18,475	18,475	—
Commercial paper	3,999	3,999	—
Bonds*2	754,929	788,935	¥(34,005)
Long-term loans*2	744,130	770,146	(26,016)
Total liabilities	1,546,586	1,606,607	¥(60,021)
Derivatives transactions*3			
Transactions not subject to hedge accounting	(1,687)	(1,687)	—
Transactions subject to hedge accounting	(5,655)	(5,655)	—
Total derivatives transactions	¥(7,342)	¥(7,342)	—

*1 Included in long-term investments on the consolidated balance sheet.
*2 Includes bonds and long-term loans due within one year.
*3 Indicates the net amount of receivables and payables incurred for derivatives transactions.

As of March 31, 2014

			Millions of yen			Thousands of U.S. dollars
	Carrying value	Estimated fair value	Difference	Carrying value	Estimated fair value	Difference
Cash and bank deposits	¥50,333	¥50,333	—	$489,054	$489,054	—
Notes and accounts receivable	70,135	70,135	—	681,451	681,451	—
Short-term investments	35,000	35,000	—	340,069	340,069	—
Marketable securities and investment securities	32,815	32,815	—	318,844	318,844	—
Available-for-sale securities*1	32,815	32,815	—	318,844	318,844	—
Total assets	188,284	188,284	—	1,829,421	1,829,421	—
Notes and accounts payable	33,197	33,197	—	322,555	322,555	—
Short-term loans	20,318	20,318	—	197,419	197,419	—
Commercial paper	—	—	—	—	—	—
Bonds*2	771,346	804,371	¥(33,025)	7,494,617	7,815,502	$(320,884)
Long-term loans*2	856,764	868,102	(11,338)	8,324,570	8,434,734	(110,164)
Total liabilities	1,681,626	1,725,990	¥(44,363)	16,339,162	16,770,211	$(431,048)
Derivatives transactions*3						
Transactions not subject to hedge accounting	(1,911)	(1,911)	—	(18,571)	(18,571)	—
Transactions subject to hedge accounting	4,076	4,076	—	39,605	39,605	—
Total derivatives transactions	¥2,164	¥2,164	—	$21,034	$21,034	—

*1 Included in long-term investments on the consolidated balance sheet.
*2 Includes bonds and long-term loans due within one year.
*3 Indicates the net amount of receivables and payables incurred for derivatives transactions.

a. Methods to determine the estimated fair value of financial instruments and other maters related to securities and derivative transactions

Assets:

① Cash and bank deposits, notes and accounts receivable, and short-term investments (transferable deposits, etc.)
Since these are settled within a short period of time, the fair value is nearly equivalent to the carrying value so the carrying value is used.

② Investment securities
The fair value of shares is based on quoted market prices. For information of securities, please refer to "Note 18. Securities."

Liabilities:

③ Notes and accounts payable, short-term loans, and commercial paper
Since these are settled within a short period of time, the fair value is nearly equivalent to the book value so the company uses the book value.

④ Bonds
The fair value of bonds issued by the Company is calculated by taking the current value of the sum of the principal and interest discounted by an interest rate which takes the time remaining on the bonds and the credit risk into consideration.

⑤ Long-term loans
The fair value of long-term loans is calculated by taking the current value of sum of the principal and interest or, in cases subject to special handling with interest rate swaps, the total principal and interest with the interest rate swaps combined, discounted by the assumed interest rate for an equivalent level of new borrowing.

Derivatives transactions:

Refer to "Note 19. Derivative transactions."

b. Financial instruments for which it is extremely difficult to determine the fair value

Amounts booked on the consolidated balance sheet

		Millions of yen	Thousands of U.S. dollars
	2013	2014	2014
Unlisted shares (excluding shares sold on the OTC market)	¥12,038	¥12,036	$116,948
Unlisted foreign shares	11,415	11,541	112,140
Capital contribution	1,664	1,552	15,086
Foreign capital contribution	¥10,691	¥11,581	$112,533

The above do not have a market value and estimation of future cash flows from them or taking other measures to estimate their fair value would be impossible. Therefore, they are not included in the table which compares the carrying value and estimated fair value. Please note that the shares of non-consolidated subsidiaries and affiliates have been omitted from the table above because they are listed under "4. Long-term investments in non-consolidated subsidiaries and affiliated companies."

c. Redemption schedule for receivables and marketable with maturities

		Millions of yen	Thousands of U.S. dollars
	2013	2014	2014
	Due in one year or less	Due in one year or less	Due in one year or less
Cash and bank deposits*	¥49,283	¥50,333	$489,054
Notes and accounts receivable	61,644	70,135	681,451
Short-term investments	402	35,000	340,069
Marketable securities and investment securities			
Available-for-sale securities with maturities	—	—	—
Total	¥111,330	¥155,468	$1,510,576

* Amounts in cash and bank deposits to be redeemed within one year include cash.

d. Bonds, long-term loans, and other interest-bearing debt scheduled for repayment after fiscal year-end

As of March 31, 2013

	Short-term loans	Commercial paper	Bonds	Long-term loans
	Millions of yen			
Due in one year or less	¥18,475	¥3,999	¥60,000	¥135,153
Due after one year through two years	—	—	80,000	119,284
Due after two years through three years	—	—	60,000	88,968
Due after three years through four years	—	—	90,000	34,935
Due after four years through five years	—	—	170,000	32,803
Due after five years	—	—	¥295,000	¥332,984

As of March 31, 2014

	Millions of yen				Thousands of U.S. dollars			
	Short-term loans	Commercial paper	Bonds	Long-term loans	Short-term loans	Commercial paper	Bonds	Long-term loans
Due in one year or less	¥20,318	—	¥80,000	¥115,255	$197,419	—	$777,302	$1,119,852
Due after one year through two years	—	—	60,000	102,488	—	—	582,977	995,806
Due after two years through three years	—	—	90,000	34,394	—	—	874,465	334,182
Due after three years through four years	—	—	166,400	23,955	—	—	1,616,789	232,758
Due after four years through five years	—	—	40,000	39,922	—	—	388,651	387,895
Due after five years	—	—	¥335,000	¥540,749	—	—	$3,254,955	$5,254,074

18. Securities

a. Available-for-sale securities

Instruments for which the amount booked on the consolidated balance sheet exceeds the acquisition cost

	Type	Millions of yen 2013	Millions of yen 2014	Thousands of U.S. dollars 2014
Acquisition cost	Stocks	¥9,883	¥22,150	$215,224
Amount booked on the consolidated balance sheet	Stocks	16,050	31,878	309,743
Unrealized gain		¥6,167	¥9,727	$94,519

Instruments for which the amount booked on the consolidated balance sheet does not exceed the acquisition cost

	Type	Millions of yen 2013	Millions of yen 2014	Thousands of U.S. dollars 2014
Acquisition cost	Stocks	¥14,711	¥1,107	$10,758
Amount booked on the consolidated balance sheet	Stocks	13,292	936	9,100
Unrealized gain		¥(1,418)	¥(170)	$(1,657)

b. Available-for-sale securities sold in the fiscal year

For the year ended March 31, 2014

	Millions of yen			Thousands of U.S. dollars		
	Proceeds from sales	Gain on sales	Loss on sales	Proceeds from sales	Gain on sales	Loss on sales
Stocks	¥1,450	¥116	¥5	$14,096	$1,130	$49

c. Available-for-sale securities recognized as impairment loss

For the year ended March 31, 2013, an impairment loss of ¥240 million was recognized for stocks in available-for-sale securities.

19. Derivatives transactions

Derivatives transactions for the years ended March 31, 2013 and 2014 are as follows:

(1) Derivatives transactions not subject to hedge accounting

a. Currencies

As of March 31, 2013

	Millions of yen			
	Contract value, etc.		Fair value	Valuation gain/loss
	Total value	Portion over one year		
Transactions other than market transactions*1				
Foreign exchange forward contracts, short positions	¥31,082	¥5,652	¥(1,687)	¥(1,687)
Total	¥31,082	¥5,652	¥(1,687)	¥(1,687)

*1 The market price is calculated according to the forward exchange rate.

As of March 31, 2014

	Millions of yen				Thousands of U.S. dollars			
	Contract value, etc.		Fair value	Valuation gain/loss	Contract value, etc.		Fair value	Valuation gain/loss
	Total value	Portion over one year			Total value	Portion over one year		
Transactions other than market transactions*1								
Foreign exchange forward contracts, short positions	¥35,222	¥9,460	¥(1,911)	¥(1,911)	$342,232	$91,925	$(18,571)	$(18,571)
Total	¥35,222	¥9,460	¥(1,911)	¥(1,911)	$342,232	$91,925	$(18,571)	$(18,571)

*1 The market price is calculated according to the forward exchange rate.

(2) Derivatives transactions subject to hedge accounting

As of March 31, 2013

	Millions of yen		
	Contract value, etc.		
	Total value	Portion over one year	Fair value
(General settlement method)			
Foreign-currency-denominated debts and receivables			
Foreign exchange forward contracts transactions*2	¥165	—	¥(50)
Bonds and loans			
Interest rate swaps pay/fixed, receive/floating*3	105,391	¥104,954	(4,962)
Interest rate collar transactions*3	17,912	17,912	(273)
Commodity			
Commodity swaps, pay/fixed, receive/floating*3	24,194	—	(368)
(Special interest rate swaps)			
Bonds and loans			
Interest rate swaps, pay/fixed, receive/floating	263,335	254,785	*4
Interest rate swaps, pay/floating, receive/fixed	20,000	20,000	*4
Total	¥430,999	¥397,652	¥(5,655)

*2 The fair value is calculated according to the forward exchange rate.
*3 The fair value is calculated according to the price, etc. specified by the transacting financial institution.
*4 Transactions subject to special interest rate swaps are settled as a combined sum with the long-term loan or bonds being hedged so the fair value is included in the fair value of the long-term loan or bonds in question.

As of March 31, 2014	Millions of yen			Thousands of U.S. dollars		
	Contract value, etc.			Contract value, etc.		
	Total value	Portion over one year	Fair value	Total value	Portion over one year	Fair value
(General settlement method)						
Loans						
Interest rate swaps pay/fixed, receive/floating *3	¥202,293	¥200,403	¥4,866	$1,965,539	$1,947,179	$47,284
Interest rate collar transactions *3	21,235	20,744	(804)	206,334	201,555	(7,816)
Commodity						
Commodity swaps, pay/fixed, receive/floating *3	6,809	—	14	66,158	—	137
(Special interest rate swaps)						
Loans						
Interest rate swaps, pay/fixed, receive/floating	299,369	276,744	*4	2,908,754	2,688,923	*4
Interest rate swaps, pay/floating,receive/fixed	20,000	—	*4	194,325	—	*4
Total	¥549,707	¥497,891	¥4,076	$5,341,112	$4,837,657	$39,605

*3 The fair value is calculated according to the price, etc. specified by the transacting financial institution.
*4 Transactions subject to special interest rate swaps are settled as a combined sum with the long-term loan being hedged so the fair value is included in the fair value of the long-term loan in question.

20. Employee retirement benefit plans

For the year ended March 31, 2013

The Company and some of its domestic consolidated subsidiaries have defined benefit plans, including defined benefit corporate pension plans and lump sum retirement benefit plans. Also, when an employee retires, there are cases when premium severance payments are made that are not in the scope of retirement benefit obligations calculated following retirement benefit accounting.

Retirement benefit obligations were as follows:

	Millions of yen
Retirement benefit obligation	¥(136,732)
Plan assets at fair value	79,844
Unfunded retirement benefit obligation	(56,887)
Unrecognized actuarial gain or loss	(2,036)
Unrecognized prior service cost*1	(88)
Accrued employee retirement benefits	¥(59,012)

*1 Prior service cost (reduction in liabilities) occurred for the fiscal year ended March 31, 2005 due to a change in the method of calculation attendant to the change in the system for some consolidated subsidiaries.
*2 Some consolidated subsidiaries use the simplified method for calculating retirement benefit obligations.

Retirement benefit expenses were as follows:

	Millions of yen
Service cost*4	¥4,987
Interest cost	2,532
Expected return on pension assets	(1,376)
Amortization of prior service cost*3	(69)
Amortization of actuarial gain or loss	801
Additional severance payments, etc.	955
Total	¥7,830

*3 The amount of the amortization of the prior service cost is related to the prior service cost of *1 above.
*4 The retirement benefit expenses for consolidated subsidiaries using the simplified method are included in Service cost.

The principal assumptions used in determining the retirement benefit obligations and other components of the retirement benefit plans of the Company and its subsidiaries were as follows:

Method of allocation of estimated retirement benefits	Straight-line method
Discount rate	Mainly 2.0 %
Expected rate of return on plan assets	Mainly 2.0 %
Amortization of actuarial gain or loss	Mainly amortized by the declining-balance method over a period of two years from the fiscal year following the fiscal year incurred
Amortization of prior service cost	Mainly amortized by the straight-line method over a period of two years from the fiscal year incurred

For the year ended March 31, 2014

The Company and some of its domestic consolidated subsidiaries have adopted a funded type defined benefit corporate pension plans and unfunded lump-sum retirement benefit plans and both use a point system where retirement allowance points, which become the basis for calculating payment amounts, are accumulated.

Defined benefit corporate pension plans (which are all funded type) provide annuities and lump sums based on calculations using accumulated points and the number of years served, etc. The Company has adopted a quasi-cash balance plan for its defined benefit corporate pension plan and annuity amounts fluctuate depending on the market interest rate.

Lump-sum retirement benefit plans (which is unfunded, but some have become a funded type plan as a result of setting a retirement benefit trust) supplies lump sums based on accumulated points and length of employment. Also, when an employee retires, there are cases when premium severance payments are made that are not in the scope of retirement benefit obligations calculated following retirement benefit accounting.

Defined benefit plans (excluding plans using a simplified method) are as follows:

The changes in the retirement benefit obligations during the year ended March 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
Retirement benefit obligations as of March 31, 2013	¥136,732	$1,328,529
Service cost	4,674	45,419
Interest cost	2,416	23,476
Incurred actuarial gain or loss	(10)	(103)
Retirement benefit payments	(9,050)	(87,938)
Other	16	158
Retirement benefit obligations as of March 31, 2014	¥134,778	$1,309,542

The changes in the plan assets during the year ended March 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
Plan assets as of March 31, 2013	¥79,844	$775,789
Expected return on plan assets	1,565	15,212
Incurred actuarial gain or loss	5,386	52,338
Funding by the Company and its subsidiaries	4,179	40,610
Retirement benefit payments	(5,270)	(51,205)
Plan assets as of March 31, 2014	¥85,706	$832,745

Retirement benefit obligations and plan assets as of March 31, 2014 and net defined benefit liability/asset on the consolidated balance sheets were as follows:

	Millions of yen	Thousands of U.S. dollars
Retirement benefit obligations of funded type plans	¥125,642	$1,220,781
Plan assets	(85,706)	(832,745)
	39,936	388,036
Retirement benefit obligations of unfunded type plans	9,135	88,760
Net amount of obligations and assets on the consolidated balance sheets	49,071	476,796
Net defined benefit liability	49,071	476,796
Net amount of obligations and assets on the consolidated balance sheets	¥49,071	$476,796

Retirement benefit expenses were as follows:

	Millions of yen	Thousands of U.S. dollars
Service cost	¥4,587	$44,573
Interest cost	2,296	22,312
Expected return on plan assets	(1,512)	(14,693)
Amortization of actuarial gain or loss	(2,293)	(22,288)
Amortization of prior service cost	(69)	(674)
Other	233	2,266
Retirement benefit expenses regarding defined benefit plans	¥3,241	$31,495

Remeasurements of defined benefit plans (before tax effect) were as follows:

	Millions of yen	Thousands of U.S. dollars
Unrecognized prior service cost	¥(19)	$(188)
Unrecognized actuarial gain or loss	(5,100)	(49,556)
Total	¥(5,119)	$(49,745)

A breakdown of plan assets was as follows:

Bonds	23%
Stocks	30%
General accounts	39%
Other	8%
Total	100%

In order to set long-term expected rate of return for plan assets, the current and expected asset allocation of plan assets and the current and future expected long-term return ratios for the various assets that compose the plan assets are taken into consideration.

The actuarial assumptions were as follows:

Discount rate	1.8%
Long-term expected rate of return on plan assets	2.1%

21. Income tax

Income taxes applicable to the Company and its consolidated subsidiaries comprise corporate income tax, inhabitant tax and enterprise tax (portion imposed on income), which, in the aggregate, resulted in statutory tax rates of approximately 33% and 37-39%, respectively, for the Company and its consolidated subsidiaries engaged in the electric power business, and other consolidated subsidiaries for the years ended March 31, 2013 and 2014.

The significant components of deferred tax assets and liabilities as of March 31, 2013 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	**2014**	**2014**
Deferred tax assets			
Accrued employee retirement benefits	¥20,312	**—**	**—**
Net defined benefit liability	—	**¥17,313**	**$168,221**
Unrealized gain on fixed assets	13,015	**12,780**	**124,177**
Excess of depreciation of fixed assets	5,709	**5,187**	**50,402**
Amount assigned for bonuses, etc. but not yet paid	2,638	**2,494**	**24,235**
Excess of amortization of deferred assets for tax purposes	1,403	**1,204**	**11,698**
Excess of reserve for fluctuation in water levels	141	**36**	**357**
Other	37,842	**37,163**	**361,093**
Subtotal of deferred tax assets	81,063	**76,180**	**740,187**
Valuation allowance	(15,915)	**(14,063)**	**(136,643)**
Total deferred tax assets	65,148	**62,116**	**603,543**
Deferred tax liabilities:			
Other	(18,294)	**(27,484)**	**(267,043)**
Total deferred tax liabilities	(18,294)	**(27,484)**	**(267,043)**
Net deferred tax assets	¥46,853	**¥34,632**	**$336,499**

The difference between the statutory tax rates and resulted rates of corporate income tax, etc. after tax effect is less than or equal to 5% of the statutory tax rates, so a note on the difference is omitted.

Amendment of the amount of deferred tax assets and deferred tax liabilities with the change of tax rates of corporate income tax etc.

The Act for Partial Revision of the Income Tax Act, etc. (Act No. 10 of 2014) was promulgated on March 31, 2014. With this revision, the special corporate tax for reconstruction has not been levied from the fiscal year commencing on or after April 1, 2014. In conjunction with this, deferred tax assets and deferred tax liabilities of the current fiscal year were calculated according to the statutory effective tax rate based on the tax rate after amendment for the fiscal year in which temporary differences are expected to be reversed.

This change will have minor impact on profit and loss.

22. Shareholders' equity

The corporate law provides that an amount equal to at least 10% of the amount to be disbursed as dividends, or an amount in which the total of the additional paid-in capital and the legal reserves are deducted from 25% of the common stock, whichever is less, be appropriated into the additional paid-in capital or legal reserve.

The legal reserves are included in retained earnings in the accompanying consolidated financial statements.

The limit allowed for dividends (potential dividend amount) is calculated as set forth in the Company's individual financial statements in accordance with the corporate law.

The additional paid-in capital and the legal reserves are not included with the potential dividend amount, but under the corporate law, they can be switched to the potential dividend amount by a resolution at the general meeting of shareholders.

The basic guideline is that the Company's surplus funds are distributed twice per year as an interim dividend by a resolution of the board of directors and a term-end dividend by resolution of the general meeting of shareholders.

23. Segment information

a. Overview of reportable segments

The reportable segments of the J-POWER Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Executive Committee to make decisions about resource allocation and to assess performance.

The Group is composed of J-Power, 72 subsidiaries and 99 affiliates (as of March 31, 2014) and is separated into 4 report segments of Electric Power Business, centered on the wholesale electric power business, and composed of wind power generation businesses, the wholesale electricity supply to the electric power companies by IPPs, and the wholesale electricity supply to PPSs; Electric Power Related Business which augments the Electric Power Business and facilitates the smooth and efficient execution of electric power businesses; Overseas Business which operates power generation businesses and related businesses overseas and Other Businesses which utilizes the group's management resources and know-how in coal sales businesses and other businesses.

b. Method of calculating amount of sales, income or loss, assets and other items in reportable segments

The method of accounting for reportable segments is the same as stated in "2. (3) Accounting policies." The income of reportable segments is based on ordinary income. Intersegment sales are based on transaction prices between third parties.

c. Information concerning amounts in sales, income or loss, assets and others for each reportable segment

Millions of yen

2013	Electric power	Electric power-related	Overseas	Other	Total	Adjustments and eliminations *1	Consolidated *2
Sales to external customers	¥605,338	¥26,599	¥1,647	¥22,471	¥656,056	—	¥656,056
Inter-segment sales and transfer	2,694	319,228	—	2,279	324,202	¥(324,202)	—
Total sales	608,033	345,828	1,647	24,750	980,259	(324,202)	656,056
Segment income	31,088	9,099	3,907	986	45,082	(256)	44,825
Segment assets	1,759,602	196,476	319,736	12,841	2,288,657	(118,748)	2,169,909
Other items							
Depreciation and amortization	93,163	4,498	84	492	98,239	(2,984)	95,254
Amortization of goodwill	44	—	—	—	44	—	44
Interest income	671	98	533	6	1,309	(114)	1,195
Interest expenses	20,857	91	1,479	49	22,476	(114)	22,362
Equity income of affiliates	642	—	11,085	—	11,728	—	11,728
Investment in affiliates	6,966	—	110,905	—	117,872	—	117,872
Increase in the tangible and intangible fixed assets	¥69,390	¥46,713	¥60,175	¥494	¥176,774	¥(1,667)	¥175,106

Millions of yen

2014	Electric power	Electric power-related	Overseas	Other	Total	Adjustments and eliminations *1	Consolidated *2
Sales to external customers	¥609,080	¥29,944	¥42,834	¥24,975	¥706,835	—	¥706,835
Inter-segment sales and transfer	1,648	331,405	—	1,382	334,436	¥(334,436)	—
Total sales	610,729	361,350	42,834	26,357	1,041,271	(334,436)	706,835
Segment income	29,088	9,626	52	956	39,723	353	40,077
Segment assets	1,783,251	239,736	491,592	17,341	2,531,921	(146,705)	2,385,216
Other items							
Depreciation and amortization	85,173	5,308	3,299	512	94,293	(2,884)	91,408
Amortization of goodwill	232	—	—	—	232	—	232
Interest income	360	163	710	6	1,240	(186)	1,054
Interest expenses	20,301	196	4,932	60	25,491	(186)	25,305
Equity income of affiliates	503	—	15,877	—	16,380	—	16,380
Investment in affiliates	6,905	—	137,249	—	144,154	—	144,154
Increase in the tangible and intangible fixed assets	¥94,307	¥4,889	¥95,815	¥546	¥195,558	¥(532)	¥195,026

Thousands of U.S. dollars

2014	Electric power	Electric power-related	Overseas	Other	Total	Adjustments and eliminations *1	Consolidated *2
Sales to external customers	$5,918,003	$290,952	$416,187	$242,666	$6,867,811	—	$6,867,811
Inter-segment sales and transfer	16,018	3,220,028	—	13,432	3,249,479	$(3,249,479)	—
Total sales	5,934,022	3,510,980	416,187	256,099	10,117,290	(3,249,479)	6,867,811
Segment income	282,627	93,534	509	9,297	385,968	3,431	389,400
Segment assets	17,326,577	2,329,352	4,776,450	168,491	24,600,872	(1,425,428)	23,175,444
Other items							
Depreciation and amortization	827,569	51,575	32,058	4,981	916,185	(28,030)	888,155
Amortization of goodwill	2,257	—	—	—	2,257	—	2,257
Interest income	3,498	1,592	6,900	61	12,053	(1,807)	10,245
Interest expenses	197,258	1,904	47,928	590	247,682	(1,807)	245,875
Equity income of affiliates	4,888	—	154,267	—	159,155	—	159,155
Investment in affiliates	67,092	—	1,333,551	—	1,400,643	—	1,400,643
Increase in the tangible and intangible fixed assets	$916,318	$47,505	$930,970	$5,310	$1,900,104	$(5,174)	$1,894,929

*1 The breakdown of adjustments and eliminations is as follows.

(1) The amount of adjustments to segment income (¥(256) million and ¥353 million (US$3,431 thousand) for the years ended March 31, 2013 and 2014, respectively) includes elimination of intersegment transactions (¥868 million and ¥482 million (US$4,692 thousand) for the years ended March 31, 2013 and 2014, respectively).

(2) The amount of adjustments for segment assets (¥(118,748) million and ¥(146,705) million (US$(1,425,428) thousand) for the years ended March 31, 2013 and 2014, respectively) includes the offset of receivables (¥(114,939) million and ¥(143,911) million (US$(1,398,286) thousand) for the years ended March 31, 2013 and 2014, respectively).

(3) Adjustments to depreciation and amortization expenses (¥(2,984) million and ¥(2,884) million (US$(28,030) thousand) for the years ended March 31, 2013 and 2014, respectively) include elimination of intersegment transactions (¥(2,963) million and ¥(2,861) million (US$(27,805) thousand) for the years ended March 31, 2013 and 2014, respectively).

(4) Adjustments for interest income, interest expenses, increase in the tangible and intangible fixed assets are elimination of intersegment transactions.

*2 Segment income is reconciled to ordinary income in the consolidated statements of income.

d. Regional information

Operating revenue

Since sales to external customers in Japan during the fiscal years ended 31 March, 2013 and 2014 account for more than 90% of operating revenue in the consolidated statements of income, geographic segment information is not presented.

Tangible fixed assets

As of March 31, 2013	Millions of yen
Japan	¥1,382,213
Others	171,716
Total	¥1,553,930

As of March 31, 2014	Millions of yen	Thousands of U.S. dollars
Japan	¥1,385,737	$13,464,221
Thailand	262,773	2,553,179
Others	31,506	306,126
Total	¥1,680,017	$16,323,527

Sales to main customers

For the year ended March 31, 2013	Related segment	Millions of yen
The Chugoku Electric Power Company, Incorporated	Electric power business	¥129,880
The Tokyo Electric Power Company, Incorporated	Electric power business	124,877
The Kansai Electric Power Company, Incorporated	Electric power business	107,828
Kyushu Electric Power Company, Incorporated	Electric power business	¥68,907

For the year ended March 31, 2014	Related segment	Millions of yen	Thousands of U.S. dollars
The Chugoku Electric Power Company, Incorporated	Electric power business	¥125,912	$1,223,405
The Tokyo Electric Power Company, Incorporated	Electric power business	122,968	1,194,795
The Kansai Electric Power Company, Incorporated	Electric power business	¥107,502	$1,044,522

e. Impairment losses on fixed assets in reportable segments

For the year ended March 31, 2013	Millions of yen
Loss on impairment of fixed assets	
Electric power business	¥10
Electric power-related business	0
Overseas business	—
Other business	169
Total	¥180

24. Related party information

For this fiscal year, important affiliates are Gulf Power Generation Co., Ltd. and China Resources Power (Hezhou) Co., Ltd. The summary of financial information created by combining figures from financial statements of both companies is shown below.

China Resources Power (Hezhou) Co., Ltd. has been added to the summary of financial information from this fiscal year as its importance has increased. Whereas, this company was not included in the previous fiscal year.

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Total current assets	¥31,815	¥55,671	$540,918
Total fixed assets	63,327	160,192	1,556,478
Total current liabilities	12,723	53,244	517,336
Total long-term liabilities	29,706	63,021	612,338
Total net assets	52,713	99,597	967,720
Revenues	83,608	167,312	1,625,658
Net income before taxes	11,120	32,786	318,564
Net income	¥11,120	¥32,786	$318,564

25. Significant subsequent event

There was no significant subsequent event for the year ended March 31, 2014.

Independent Auditor's Report

The Board of Directors
Electric Power Development Co., Ltd.

We have audited the accompanying consolidated financial statements of Electric Power Development Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Electric Power Development Co., Ltd. and its consolidated subsidiaries as at March 31, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Notes 1 and 2.

June 27, 2014
Tokyo, Japan

Ernst & Young ShinNihon LLC

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Printed in Japan
2014.09