



**J-POWER Group
Financial Statements**

2015



Consolidated Balance Sheets

As of March 31	Millions of yen	
	2014	2015
ASSETS		
Noncurrent assets	¥2,149,579 ^{1) 2) 6)}	¥2,275,453 ^{1) 2) 6)}
Electric utility plant and equipment	1,023,751	986,552
Hydroelectric power production facilities	355,616	348,911
Thermal power production facilities	362,307	334,252
Internal combustion engine power production facilities	5,414	5,105
Renewable power production facilities	36,698	40,877
Transmission facilities	176,102	168,680
Transformation facilities	30,482	30,206
Communication facilities	8,596	8,469
General facilities	48,532	50,049
Overseas business facilities	125,018 ^{2) 6)}	264,800 ^{2) 6)}
Other noncurrent assets	109,787 ^{1) 2)}	115,111 ^{1) 2)}
Construction in progress	512,604 ⁶⁾	506,967 ⁶⁾
Construction and retirement in progress	512,604	506,967
Nuclear fuel	69,216	71,467
Nuclear fuel in processing	69,216	71,467
Investments and other assets	309,201	330,555
Long-term investments	244,181 ^{3) 6)}	269,891 ^{3) 6)}
Net defined benefit asset	—	278
Deferred tax assets	40,734	38,705
Other	24,331	21,725 ⁶⁾
Allowance for doubtful accounts	(45)	(45)
Current assets	235,636	383,695
Cash and deposits	50,333 ⁶⁾	69,151 ⁶⁾
Notes and accounts receivable-trade	70,135	71,288 ⁶⁾
Short-term investments	35,000	167,433
Inventories	34,053 ⁴⁾	37,781 ⁴⁾
Deferred tax assets	8,637	5,736
Other	37,477	32,337 ⁶⁾
Allowance for doubtful accounts	(0)	(32)
Total assets	¥2,385,216	¥2,659,149

As of March 31	Millions of yen	
	2014	2015
LIABILITIES		
Noncurrent liabilities	¥1,522,905	¥1,633,825
Bonds payable	691,346	666,061
Long-term loans payable	741,509 ⁶⁾	857,846 ⁶⁾
Lease obligations	981	697
Other provision	43 ⁵⁾	84 ⁵⁾
Net defined benefit liability	49,071	48,901
Asset retirement obligations	6,644	7,510
Deferred tax liabilities	14,730	20,394
Other	18,579	32,327
Current liabilities	342,714	329,025
Current portion of noncurrent liabilities	207,968 ⁶⁾	169,754 ⁶⁾
Short-term loans payable	20,318	30,044
Notes and accounts payable-trade	33,197	44,035
Accrued taxes	8,791	13,516
Other provision	302 ⁵⁾	270 ⁵⁾
Asset retirement obligations	245	372
Deferred tax liabilities	9	5
Other	71,880	71,027
Reserves under the special laws	119	—
Reserve for fluctuation in water levels	119	—
Total liabilities	1,865,739	1,962,851
NET ASSETS		
Shareholders' equity	478,860	629,463
Capital stock	152,449	180,502
Capital surplus	81,849	109,902
Retained earnings	307,829	339,061
Treasury stock	(63,268)	(2)
Accumulated other comprehensive income	37,350	59,268
Valuation difference on available-for-sale securities	9,030	19,860
Deferred gains or losses on hedges	1,772	(15,821)
Foreign currency translation adjustment	22,955	53,205
Remeasurements of defined benefit plans	3,592	2,023
Minority interests	3,265	7,566
Total net assets	519,477	696,298
Total liabilities and net assets	¥2,385,216	¥2,659,149

Consolidated Statements of Income

	Millions of yen	
Year ended March 31	2014	2015
Operating revenue	¥706,835	¥750,627
Electric utility operating revenue	609,080	588,184
Overseas business operating revenue	42,834	108,916
Other business operating revenue	54,920	53,526
Operating expenses	647,663 ^{1) 2)}	677,767 ^{1) 2)}
Electric utility operating expenses	545,430	521,351
Overseas business operating expenses	43,899	98,979
Other business operating expenses	58,333	57,436
Operating income	59,171	72,859
Non-operating income	22,357	22,714
Dividend income	1,454	1,869
Interest income	1,054	1,155
Equity in earnings of affiliates	16,380	15,659
Other	3,468	4,030
Non-operating expenses	41,451	36,223
Interest expenses	25,305	28,224
Other	16,146	7,999 ³⁾
Total ordinary revenue	729,192	773,341
Total ordinary expenses	689,115	713,991
Ordinary income	40,077	59,350
Provision or reversal of reserve for fluctuation in water levels	(306)	(119)
Reversal of reserve for fluctuation in water levels	(306)	(119)
Extraordinary income	2,386	2,127
Gain on sales of shares of subsidiaries	—	2,127
Insurance income	2,386	—
Income before income taxes and minority interests	42,770	61,598
Income taxes-current	8,372	7,468
Income taxes-deferred	6,579	9,917
Total income taxes	14,952	17,386
Income before minority interests	27,817	44,212
Minority interests in income (loss)	(876)	1,005
Net income	¥28,694	¥43,206

Consolidated Statements of Comprehensive Income

	Millions of yen	
Year ended March 31	2014	2015
Income before minority interests	¥27,817	¥44,212
Other comprehensive income		
Valuation difference on available-for-sale securities	4,162	10,809
Deferred gains or losses on hedges	8,696	(19,529)
Foreign currency translation adjustment	12,822	17,057
Remeasurements of defined benefit plans, net of tax	—	(1,569)
Share of other comprehensive income of associates accounted for using equity method	15,946	14,145
Total other comprehensive income	41,628 ¹⁾	20,913 ¹⁾
Comprehensive income	69,446	65,125
(Comprehensive income attributable to abstract)		
Comprehensive income attributable to owners of Electric Power Development Co., Ltd.	69,220	65,124
Comprehensive income attributable to minority interests	¥225	¥1

Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2014

Millions of yen

	Total shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at the beginning of current period	¥152,449	¥81,849	¥289,639	¥(63,265)	¥460,673
Cumulative effects of changes in accounting policies					—
Restated balance	152,449	81,849	289,639	(63,265)	460,673
Changes of items during the period					
Issuance of new shares	—	—			—
Dividends from surplus			(10,503)		(10,503)
Net income			28,694		28,694
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares				—	—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	18,190	(3)	18,187
Balance at the end of current period	¥152,449	¥81,849	¥307,829	¥(63,268)	¥478,860

Millions of yen

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	¥4,855	¥(6,929)	¥(4,693)	—	¥(6,768)	¥(19)	¥453,885
Cumulative effects of changes in accounting policies							—
Restated balance	4,855	(6,929)	(4,693)	—	(6,768)	(19)	453,885
Changes of items during the period							
Issuance of new shares							—
Dividends from surplus							(10,503)
Net income							28,694
Purchase of treasury shares							(3)
Disposal of treasury shares							—
Net changes of items other than shareholders' equity	4,175	8,702	27,648	¥3,592	44,118	3,285	47,404
Total changes of items during the period	4,175	8,702	27,648	3,592	44,118	3,285	65,591
Balance at the end of current period	¥9,030	¥1,772	¥22,955	¥3,592	¥37,350	¥3,265	¥519,477

For the year ended March 31, 2015

Millions of yen

	Total shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at the beginning of current period	¥152,449	¥81,849	¥307,829	¥(63,268)	¥478,860
Cumulative effects of changes in accounting policies			(1,471)		(1,471)
Restated balance	152,449	81,849	306,358	(63,268)	477,389
Changes of items during the period					
Issuance of new shares	28,052	28,052			56,105
Dividends from surplus			(10,503)		(10,503)
Net income			43,206		43,206
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares				63,269	63,269
Net changes of items other than shareholders' equity					
Total changes of items during the period	28,052	28,052	32,703	63,265	152,074
Balance at the end of current period	¥180,502	¥109,902	¥339,061	¥(2)	¥629,463

Millions of yen

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	¥9,030	¥1,772	¥22,955	¥3,592	¥37,350	¥3,265	¥519,477
Cumulative effects of changes in accounting policies							(1,471)
Restated balance	9,030	1,772	22,955	3,592	37,350	3,265	518,005
Changes of items during the period							
Issuance of new shares							56,105
Dividends from surplus							(10,503)
Net income							43,206
Purchase of treasury shares							(3)
Disposal of treasury shares							63,269
Net changes of items other than shareholders' equity	10,829	(17,593)	30,250	(1,569)	21,917	4,300	26,218
Total changes of items during the period	10,829	(17,593)	30,250	(1,569)	21,917	4,300	178,292
Balance at the end of current period	¥19,860	¥(15,821)	¥53,205	¥2,023	¥59,268	¥7,566	¥696,298

Consolidated Statements of Cash Flows

Year ended March 31	2014	2015
	Millions of yen	
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	¥42,770	¥61,598
Depreciation and amortization	91,408	93,309
Impairment loss	14	2,489
Loss on retirement of noncurrent assets	2,241	2,359
Increase (decrease) in net defined benefit liability	(4,800)	(4,611)
Increase (decrease) in reserve for fluctuation in water levels	(306)	(119)
Interest and dividend income	(2,508)	(3,024)
Interest expenses	25,305	28,224
Decrease (increase) in notes and accounts receivable-trade	(7,753)	23
Decrease (increase) in inventories	4,223	(3,593)
Increase (decrease) in notes and accounts payable-trade	9,244	6,639
Loss (gain) on sales of securities	(280)	(252)
Equity in (earnings) losses of affiliates	(16,380)	(15,659)
Loss (gain) on sales of shares of subsidiaries	—	(2,127)
Other, net	2,123	6,841
Subtotal	145,302	172,097
Interest and dividends income received	12,626	10,735
Interest expenses paid	(25,131)	(28,211)
Income taxes paid	(10,687)	(6,807)
Net cash provided by (used in) operating activities	122,110	147,813
Net cash provided by (used in) investing activities		
Purchase of noncurrent assets	(176,982)	(148,404)
Payments of investment and loans receivable	(1,149)	(4,429)
Collection of investment and loans receivable	6,460	4,053
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	1,665
Other, net	(5,704)	4,150
Net cash provided by (used in) investing activities	(177,375)	(142,964)
Net cash provided by (used in) financing activities		
Proceeds from issuance of bonds	79,740	39,858
Redemption of bonds	(63,599)	(85,298)
Proceeds from long-term loans payable	241,625	189,320
Repayment of long-term loans payable	(158,518)	(120,062)
Proceeds from short-term loans payable	97,221	104,942
Repayment of short-term loans payable	(95,374)	(95,582)
Proceeds from issuance of commercial papers	83,996	—
Redemption of commercial papers	(88,000)	—
Proceeds from issuance of common shares	—	59,359
Proceeds from sales of treasury shares	—	59,740
Cash dividends paid	(10,504)	(10,505)
Other, net	1,709	2,148
Net cash provided by (used in) financing activities	88,295	143,920
Effect of exchange rate change on cash and cash equivalents	3,297	2,446
Net increase (decrease) in cash and cash equivalents	36,328	151,216
Cash and cash equivalents at beginning of the period	48,894	85,223
Cash and cash equivalents at end of the period	¥85,223 ¹⁾	¥236,439 ¹⁾

Summary of Significant Accounting Policies

1. Scope of consolidation

Number of consolidated subsidiaries: 69

The accompanying consolidated financial statements include the accounts of the Company and its 72 subsidiaries controlled directly or indirectly by Electric Power Development Co., Ltd. (the Company)

In this fiscal year, J-Wind OOMA Co., Ltd., which was established in August 2014, became a consolidated subsidiary.

J-Wind Co., Ltd., a consolidated subsidiary, merged Sarakitomanai Wind Power Co., Ltd. and Green Power Aso Co., Ltd., both of which had been consolidated subsidiaries, in April 2014.

As Ecogenomics Inc. was liquidated in September 2014 and all of the shares of Ichihara Power Co., Ltd. were sold in March 2015, both companies have no longer been consolidated subsidiaries.

2. Application of equity method

Number of companies accounted for by the equity method: 81

In this fiscal year, Yamaguchi-Ube Power Generation Co., Ltd., which was established in March 2015, was newly included in the scope of accounting by the equity method.

Affiliated companies that are not accounted for by the equity method (Nishikyushu Kyodo Kowan Co., Ltd. and others) are not material in terms of consolidated net income and loss and retained earnings, and their overall impact is immaterial, so they have been excluded from the scope of equity method accounting.

Of the companies accounted for by the equity method, 75 companies exclusive of Kashima Power Co., Ltd., Yuzawa Geothermal Power Generation Corporation, Osaki CoolGen Corporation, Setouchi Power Corporation, Tosa Power Inc., and Yamaguchi-Ube Power Generation Co., Ltd. have reporting dates that differ from that of the Company. So financial statements as of their respective reporting dates are used.

3. Reporting dates of consolidated subsidiaries, etc.

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 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.

4. Accounting policies

(1) Valuation policies for assets

a. Long-term investments (available-for-sale securities)

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. Unrealized gain (loss) on available-for-sale securities is included in net assets. Available-for-sale securities without market value are stated at cost determined by the moving average method.

b. Money in trust for cash management purposes

Stated at market value.

c. Derivatives

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

d. Inventories

- Valuation standard: cost method (book values on the balance sheet are written down on the basis of decline in profitability).
- Valuation method: specialty goods are stated at cost determined by the identified cost method, other inventories are stated at cost determined by the monthly average method.

(2) Depreciation and amortization of noncurrent assets

a. Depreciation and amortization method

(Tangible assets)

The declining-balance method has been applied to most of buildings, structures and machinery and the straight-line method has been applied to the others.

Overseas consolidated subsidiaries have mainly applied the straight-line method.

(Intangible assets)

Straight-line method has been applied.

Software costs for internal use are amortized based on the internally available period (normally, five years) using the straight-line method.

b. Estimated useful lives

The same as prescribed in the Corporation Tax Law of Japan has been applied.

(3) Allowance and reserve policies

a. Allowance for doubtful accounts

To provide for doubtful accounts of accounts receivable and others through consideration of their recoverability based on the historical experience with bad debt for general receivables and based on the individual recoverability for specific receivables from companies in financial difficulty, the estimated irrecoverable amounts are posted.

b. Reserve for fluctuations in water levels

To provide for losses caused by low 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, 1965 of the Ministry of International Trade and Industry) stipulated by Article 36 of the Electricity Utilities Industry Law.

(4) Accounting for employee retirement benefits

a. Attribution of estimated retirement benefit

In calculating retirement benefit obligations, estimated retirement benefit is attributed to each period to the end of current fiscal year by the benefit formula method.

b. Recognition of actuarial differences and past service cost

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.

(5) Accounting for revenue and cost

a. Revenue and cost for construction contracts

(Constructions for which the degree of completion can be confirmed at the end of fiscal year)

Based on the percentage of completion method (estimated degree of completion for construction is calculated by the cost-to-cost method).

(Other constructions)

Based on the completed contract method.

(6) Hedge accounting

a. Method of hedge accounting

Deferred hedge accounting is applied. For hedges of foreign exchange fluctuation risk, the allocation method is applied when the hedge satisfies the requirements. For interest rate swaps, the special method is applied when the swaps satisfy the requirements.

b. Hedging instruments and targets

Hedging instruments	Hedged item
Foreign exchange forward contracts, foreign currency swaps	Payments of principal and interest with respect to foreign-currency-denominated bonds and loans, some foreign-currency-denominated receivables and payables
Interest rate swaps, Interest rate collar transactions	Payments of principal and interest with respect to bonds and loans
Commodity-price-related swaps	Some transactions affected by fluctuations in commodity prices

c. Hedging policies

Based on the Company's 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.

d. Evaluation of hedge effectiveness

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 foreign exchange forward contracts and foreign currency swaps to which allocation method is applied and interest rate swaps to which special method is applied has been omitted.

(7) Cash and cash equivalents presented in the consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, bank deposits which can be withdrawn on demand, and short-term investments with a maturity of three months or less when purchased which can easily be converted into cash and are subject to little risk of change in value.

(8) Others

a. Capitalization of interest expenses

Interest expenses related to debts incurred for the construction of electric utility plant and equipment have been capitalized and included in the cost of the related assets pursuant to the accounting regulations (the Ministerial Ordinance No. 57, 1965 of the Ministry of International Trade and Industry).

b. Accounting for consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

Changes in Accounting Policies

Regarding the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 of May 17, 2012, hereafter referred to as "Retirement Benefit Accounting Standard") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of March 26, 2015, hereafter referred to as "Retirement Benefit Accounting Guidance"), the 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 are applied from April 1, 2014. Calculation methods for retirement benefit obligations and service cost have been revised in the following respect: the method of allocation of estimated retirement benefit to each period has been changed from the straight-line method to the benefit formula method, and the method for determining the discount rate has been changed from the method in which

discount rate is determined on the basis of bonds that have similar remaining period as the average remaining employment period to the method using a single weight-average discount rate reflecting the expected time and amount of benefit payment.

The cumulative effect of changing the method for calculating the retirement benefit obligation and service cost was recognized by adjusting retained earnings at April 1, 2014, in accordance with the transitional treatment provided in Paragraph 37 of Retirement Benefit Accounting Standard.

As a result, at the beginning of the current fiscal year, net defined benefit liability increased by 1,945 million yen and retained earnings decreased by 1,471 million yen. This change has a minimal effect on profit and loss.

Further, impact on per share information is listed under relevant sections.

Accounting Standards Issued but not yet Effective

- “Revised Accounting Standard for Business Combinations” (ASBJ Statement No. 21 of September 13, 2013)
- “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 of September 13, 2013)
- “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 of September 13, 2013)
- “Revised Accounting Standard for Earnings Per Share” (ASBJ Statement No. 2 of September 13, 2013)
- “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10 of September 13, 2013)
- “Revised Guidance on Accounting Standard for Earnings Per Share” (ASBJ Guidance No. 4 of September 13, 2013)

(1) Overview

Under these revised accounting standards, (a) the accounting treatment for any changes in a parent’s ownership interest in a subsidiary when the parent retains control over the subsidiary, (b)

the corresponding accounting for acquisition-related costs, (c) the presentation method of net income and the replacement of “minority interests” by “non-controlling interests,” and (d) transitional provisions for these accounting standards were main issues to be revised.

(2) Effective date

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

(3) Impact of applying these accounting standards and guidances

The Company is currently evaluating the effect of adopting these accounting standards.

Changes in Presentation Methods

(Consolidated Statements of Income)

In the previous fiscal year, “Foreign exchange losses” were presented separately under “Non-operating expenses” but they have been included in “Other” from the current fiscal year as the amount of foreign exchange losses fell below 10% of non-operating expenses. To reflect this change in presentation, the consolidated financial statements of the previous fiscal year have been reclassified.

As a result, “Foreign exchange losses” of 11,190 million yen and “Other” of 4,955 million yen under “Non-operating expenses” on the consolidated statement of income for the previous fiscal year have been reclassified as 16,146 million yen in “Other”.

(Consolidated Statements of Cash Flows)

In the previous fiscal year, “Impairment loss” was included in “Other” under “Net cash provided by (used in) operating activities” but it has been presented separately from the current fiscal year due to increased importance. Furthermore, “Loss (gain) on sales of noncurrent assets” was presented separately under “Net cash provided by (used in) operating activities” but it has been included in “Other” from the current fiscal year due to diminished importance. To reflect these changes in presentation,

the consolidated financial statements of the previous fiscal year have been reclassified.

As a result, “Loss (gain) on sales of noncurrent assets” of 530 million yen and “Other” of 1,607 million yen under “Net cash provided by (used in) operating activities” on the consolidated statement of cash flows for the previous fiscal year have been reclassified as “Impairment loss” of 14 million yen and “Other” of 2,123 million yen.

In the previous fiscal year, “Proceeds from contributions received for construction” were presented separately under “Net cash provided by (used in) investing activities” but they have been included in “Other” from the current fiscal year due to diminished importance. To reflect this change in presentation, the consolidated financial statements of the previous fiscal year have been reclassified.

As a result, “Proceeds from contributions received for construction” of 2,739 million yen and “Other” of (8,443) million yen under “Net cash provided by (used in) investing activities” on the consolidated statement of cash flows for the previous fiscal year have been reclassified as (5,704) million yen in “Other”.

Additional Information

Restoration regarding the No. 2 Unit at the Matsuura Thermal Power Station

The No. 2 Unit at the Matsuura Thermal Power Station (Matsuura City, Nagasaki Prefecture; 1,000MW), which experienced an incident where a low-pressure turbine rotor fell during

a periodic inspection, had been operating at a partial load (425MW) since August 2014 after temporary restoration measures. After completion of total restoration work, which commenced in March 2015, it resumed operations at full load (1,000MW) on June 11, 2015.

Consolidated Balance Sheets

1) Construction grants, which were deducted from the cost of noncurrent assets (accumulated)

As of March 31	Millions of yen	
	2014	2015
	¥112,001	¥118,427

2) Accumulated depreciation of tangible assets

As of March 31	Millions of yen	
	2014	2015
	¥2,849,993	¥2,916,688

3) Long-term investments in non-consolidated subsidiaries and affiliated companies

As of March 31	Millions of yen	
	2014	2015
Stocks	¥144,946	¥172,776

4) Inventories

As of March 31	Millions of yen	
	2014	2015
Merchandise and finished goods	¥1,328	¥1,319
Work in process	1,484	1,228
Raw materials and supplies	31,241	35,233
Total	¥34,053	¥37,781

5) Provisions

As of March 31	2014	2015
	Provisions for directors' bonuses stated by subsidiaries are included in other provision	Provisions for directors' bonuses stated by subsidiaries are included in other provision

6) Pledged assets and secured liabilities

(1) Assets of the Company pledged for loans of other companies

As of March 31	Millions of yen	
	2014	2015
Long-term investments	¥2,389	¥2,378

(2) Assets of the consolidated subsidiaries pledged for loans of other companies

As of March 31	Millions of yen	
	2014	2015
Long-term investments	¥2,680	¥2,775

(3) Consolidated subsidiaries' assets pledged to financial institutions for debt

As of March 31	Millions of yen	
	2014	2015
Overseas business facilities	¥119,342	¥247,431
Construction in progress	146,242	125,611
Cash and deposits	12,183	29,521
Long-term investments	34,208	26,457
Electric utility plant and equipment	¥10,254	7,840
Other (Investments and other assets)	—	2,262
Notes and accounts receivable-trade	—	170
Other (Current assets)	—	¥105

Liabilities related to pledged assets mentioned above

As of March 31	Millions of yen	
	2014	2015
Long-term loans (including current portion)	¥262,047	¥342,121

7) Contingent liabilities

(1) Guarantees

As of March 31	Millions of yen	
	2014	2015
Guarantees given to certain financial institutions for loans of companies below;		
PT. BHIMASENA POWER INDONESIA	¥6,298	¥8,866
Zajaczkowo Windfarm Sp. z o. o.	3,126	2,932
TOSA POWER Inc.	1,390	926
SAHARA COOLING Ltd.	154	174
Okutadami Kanko Co., Ltd.	55	—
Guarantees given in connection with housing loans to employees	2,062	1,702
Total	¥13,087	¥14,602

(2) Guarantees given to certain banks for performance bonds under power purchase agreements of the company below;

As of March 31	Millions of yen	
	2014	2015
PT. BHIMASENA POWER INDONESIA	¥1,049	¥1,225

(3) Guarantees to EPC contractors on EPC contracts of companies below:

As of March 31	Millions of yen	
	2014	2015
PT. BHIMASENA POWER INDONESIA*	¥5,253	¥5,774
Gulf JP NS Co., Ltd.	4,164	—
Total	¥9,418	¥5,774

* 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.

(4) Guarantees given for joint liability for performance guarantee insurance agreements of the company below;

As of March 31	Millions of yen	
	2014	2015
Biocoal Kumamoto-South Co., Ltd.	¥19	¥19

Consolidated Statements of Income
1) A breakdown of electric utility operating expenses

Year ended March 31	Millions of yen			
	2014		2015	
	Electric utility operating expenses	Selling, general and administrative expenses*	Electric utility operating expenses	Selling, general and administrative expenses*
Personnel expense	¥28,771	¥17,062	¥27,609	¥15,629
Fuel cost	265,867	—	244,937	—
Repair expense	56,659	1,244	61,123	1,214
Consignment cost	30,968	5,953	31,534	6,802
Taxes and duties	26,390	775	25,662	701
Depreciation and amortization cost	82,393	2,371	79,294	2,630
Other	54,378	12,165	51,189	8,571
Total	¥545,430	¥39,571	¥521,351	¥35,549

* Included in electric utility operating expenses

2) Research and development costs included in operating expenses

Year ended March 31	Millions of yen	
	2014	2015
	¥6,308	¥4,766

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)

3) Impairment loss

For the year ended March 31, 2014

Not applicable.

For the year ended March 31, 2015

The Company and its subsidiaries group their assets based on the categories used in their management accounting, which maintains continuous oversight of the balance of payments. (Electric utility plants and equipment are grouped by business department, and overseas business facilities and other noncurrent assets are grouped by control management department or site.)

Due to a deterioration in the business environment and other factors, the Company examined the potential for future collectibility, consequently determined that it would be difficult to collect on certain investments relating to special asset groups. Therefore, the book value was written down to the recoverable amount. Moreover, idle assets for which no immediate use was foreseen and others were grouped individually, and written down to their recoverable amount. The corresponding impairment loss of 2,489 million yen was recognized under non-operating expenses – other.

The main components of impairment loss are as follows:

Use and location	Classification	Millions of yen
		Amount
Thermal power production facilities	Machinery	¥1,162
(ITOIGAWA POWER Inc.;	Buildings and structures	889
Itoigawa City, Niigata Prefecture)	Other	7
	Total	¥2,059

(Calculation of the recoverable amount)

The recoverable amount of power production facilities was recorded at residual value as future cash flows evaluated by utility value were negative. The recoverable amount of idle assets was measured according to their net selling value; assets slated for sale are recorded using their expected selling value, while other assets were appraised at a value reflecting their appropriate market prices.

Consolidated Statements of Comprehensive Income

1) Reclassification adjustments and tax effects relating to other comprehensive income

Year ended March 31	Millions of yen	
	2014	2015
Valuation difference on available-for-sale securities		
Amount accrued for the current year	¥6,024	¥13,625
Reclassification adjustment	(111)	(105)
Amount before tax effect	5,913	13,520
Tax effect	(1,750)	(2,710)
Valuation difference on available-for-sale securities	4,162	10,809
Deferred gains or losses on hedges		
Amount accrued for the current year	10,231	(17,594)
Reclassification adjustment	70	(3,758)
Amount before tax effect	10,301	(21,353)
Tax effect	(1,605)	1,823
Deferred gains or losses on hedges	8,696	(19,529)
Foreign currency translation adjustment		
Amount accrued for the current year	12,822	17,057
Amount before tax effect	12,822	17,057
Foreign currency translation adjustment	12,822	17,057
Remeasurements of defined benefit plans, net of tax		
Amount accrued for the current year	—	1,805
Reclassification adjustment	—	(4,090)
Amount before tax effect	—	(2,285)
Tax effect	—	716
Remeasurements of defined benefit plans, net of tax	—	(1,569)
Share of other comprehensive income of associates accounted for using equity method		
Amount accrued for the current year	15,413	13,454
Reclassification adjustment	533	691
Share of other comprehensive income of associates accounted for using equity method	15,946	14,145
Other comprehensive income	¥41,628	¥20,913

Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2014

1. Shares issued

Type	Shares			As of March 31, 2014
	As of April 1, 2013	Increase	Decrease	
Common stock	166,569,600	—	—	166,569,600

2. Treasury stock

Type	Shares			As of March 31, 2014
	As of April 1, 2013	Increase	Decrease	
Treasury stock	16,517,290	1,021	—	16,518,311

(Summary of reason of the change)

- A breakdown of the increase is as follows:

Increase due to purchasing shares that are less than one voting unit: 1,021 shares

3. Dividends

(1) Dividends paid

Resolution	Type of share	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general shareholders' meeting (June 25, 2013)	Common stock	5,251	35	March 31, 2013	June 26, 2013
Board of directors (October 31, 2013)	Common stock	5,251	35	September 30, 2013	November 29, 2013

(2) Dividends with the cut-off date in the year ended March 31, 2014 and the effective date in the year ended March 31, 2015

Resolution	Type of share	Source of dividends	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general shareholders' meeting (June 26, 2014)	Common stock	Retained earnings	5,251	35	March 31, 2014	June 27, 2014

For the year ended March 31, 2015

1. Shares issued

Type	As of April 1, 2014	Increase	Decrease	Shares As of March 31, 2015
Common stock	166,569,600	16,481,500	—	183,051,100

(Summary of reason of the change)

- A breakdown of the increase is as follows:

Increase due to issuance of new shares by public offering and third-party allotment: 16,481,500 shares

2. Treasury stock

Type	As of April 1, 2014	Increase	Decrease	Shares As of March 31, 2015
Treasury stock	16,518,311	840	16,518,500	651

(Summary of reason of the change)

- A breakdown of the increase is as follows:

Increase due to purchasing shares that are less than one voting unit: 840 shares

- A breakdown of the decrease is as follows:

Decrease due to disposition of treasury stocks by public offering: 16,518,500 shares

3. Dividends

(1) Dividends paid

Resolution	Type of share	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
General shareholders' meeting (June 26, 2014)	Common stock	5,251	35	March 31, 2014	June 27, 2014
Board of directors (October 31, 2014)	Common stock	5,251	35	September 30, 2014	November 28, 2014

(2) Dividends with the cut-off date in the year ended March 31, 2015 and the effective date in the year ending March 31, 2016

Resolution	Type of share	Dividends paid from	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
General shareholders' meeting (June 25, 2015)	Common stock	Retained earnings	6,406	35	March 31, 2015	June 26, 2015

Consolidated Statements of Cash Flows

1) The reconciliation between the balance of cash and cash equivalents at the end of year and accounts on the consolidated balance sheets

Year ended March 31	Millions of yen	
	2014	2015
Cash and deposits account	¥50,333	¥69,151
Time deposits with a maturity of more than three months	(110)	(110)
Marketable securities with a redemption period of three months or less from the date of acquisition, included in the short-term investments account	35,000	167,398
Cash and cash equivalents	¥85,223	¥236,439

Financial Instruments

1. Status of financial instruments

(1) 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.

(2) Types of financial instruments and related risk

Notes and accounts receivable-trade are operating receivables exposed to client credit risk. 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-trade are operating liabilities and nearly all have a payment term of one year or less. Some of these 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 19 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 "4. Accounting policies – (6) Hedge accounting" under "Principles of Consolidated Financial Statements" mentioned above for the hedging methods, hedging targets, hedging policies and methods for appraising hedging effectiveness, etc.

(3) Risk management for financial instruments

a. Monitoring of credit risk (the risk that customers or counterparties may default, etc.)

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 derivatives 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 sheets.

b. 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 Company's Guidelines for Handling Derivatives Transactions in managing derivatives.

c. 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.

(4) Supplemental explanation of the fair value of financial instruments

Fair value 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 "Derivatives Transactions" do not indicate the market risk related to the derivatives transactions, in and of themselves.

(5) Concentration of credit risk

As of March 31, 2015, 81% of the operating receivables are from the 10 electric power companies and the EGAT.

2. Fair value of financial instruments

The carrying values recorded on the consolidated balance sheets, fair value and differences between them 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 (Note 2)).

As of March 31, 2014	Millions of yen		
	Carrying value	Fair value	Difference
(1) Cash and deposits	¥50,333	¥50,333	—
(2) Notes and accounts receivable-trade	70,135	70,135	—
(3) Short-term investments	35,000	35,000	—
(4) Investment securities	32,815	32,815	—
1) Available-for-sale securities* ¹	32,815	32,815	—
Total assets	188,284	188,284	—
(5) Notes and accounts payable-trade	33,197	33,197	—
(6) Short-term loans payable	20,318	20,318	—
(7) Bonds* ²	771,346	804,371	¥(33,025)
(8) Long-term loans payable* ²	856,764	868,102	(11,338)
Total liabilities	1,681,626	1,725,990	¥(44,363)
(9) Derivatives transactions* ³			
Transactions not subject to hedge accounting	(1,911)	(1,911)	—
Transactions subject to hedge accounting	4,076	4,076	—
Total derivatives transactions	¥2,164	¥2,164	—

*1 Included in long-term investments on the consolidated balance sheet.

*2 Includes current portion of bonds and long-term loans payable.

*3 Indicates the net amount of receivables and payables derived from derivatives transactions.

As of March 31, 2015	Millions of yen		
	Carrying value	Fair value	Difference
(1) Cash and deposits	¥69,151	¥69,151	—
(2) Notes and accounts receivable-trade	71,288	71,288	—
(3) Short-term investments	167,433	167,433	—
(4) Investment securities	48,314	48,314	—
1) Available-for-sale securities* ¹	48,314	48,314	—
Total assets	356,188	356,188	—
(5) Notes and accounts payable-trade	44,035	44,035	—
(6) Short-term loans payable	30,044	30,044	—
(7) Bonds* ²	726,061	760,765	¥(34,703)
(8) Long-term loans payable* ²	966,362	985,660	(19,297)
Total liabilities	1,766,504	1,820,506	¥(54,001)
(9) Derivatives transactions* ³			
Transactions not subject to hedge accounting	(722)	(722)	—
Transactions subject to hedge accounting	(17,287)	(17,287)	—
Total derivatives transactions	¥(18,010)	¥(18,010)	—

*1 Included in long-term investments on the consolidated balance sheet.

*2 Includes current portion of bonds and long-term loans payable.

*3 Indicates the net amount of receivables and payables derived from derivatives transactions.

(Note 1) Methods to determine the fair value of financial instruments and other matters related to securities and derivatives transactions

(1) Cash and deposits, (2) notes and accounts receivable-trade, (3) short-term investments (transferable deposits, etc.)

Since these are settled within a short period of time, their carrying value approximates fair value.

(4) Investment securities

The fair value of shares is based on quoted market prices. For information of securities by purpose of holding, please refer to "Securities."

(5) Notes and accounts payable-trade, (6) short-term loans payable

Since these are settled within a short period of time, their carrying value approximates fair value.

(7) 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.

(8) Long-term loans payable

The fair value of long-term loans payable is calculated by taking the current value of the 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.

(9) Derivatives transactions

Refer to "Derivatives transactions."

(Note 2) Amounts of financial instruments recorded on the consolidated balance sheets for which it is extremely difficult to determine the fair value

As of March 31	Millions of yen	
	2014	2015
Unlisted share (excluding share sold on the OTC market)	¥12,036	¥7,172
Unlisted foreign share	11,541	11,778
Capital contribution	1,552	1,550
Foreign capital contribution	¥11,581	¥13,470

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 "Available-for-sale securities." Please note that the shares of non-consolidated subsidiaries and affiliates have been omitted from the table above because they are listed under "Consolidated Balance Sheets, 3) Long-term investments in non-consolidated subsidiaries and affiliated companies."

(Note 3) Redemption schedule for receivables and securities with maturities after the end of the fiscal year

As of March 31, 2014	Millions of yen
	Due in one year or less
Cash and bank deposits*1	¥50,333
Notes and accounts receivable-trade	70,135
Short-term investments	35,000
Investment securities	—
Available-for-sale securities with maturities	—
Total	¥155,468

*1 Amounts in cash and deposits to be redeemed within one year or less include cash.

As of March 31, 2015	Millions of yen
	Due in one year or less
Cash and bank deposits*1	¥69,151
Notes and accounts receivable-trade	71,288
Short-term investments	167,433
Investment securities	—
Available-for-sale securities with maturities	—
Total	¥307,873

*1 Amounts in cash and deposits to be redeemed within one year or less include cash.

(Note 4) Bonds, long-term loans payable, and other interest-bearing debt scheduled for repayment after the end of fiscal year

As of March 31, 2014	Millions of yen			
	Short-term loans payable	Bonds	Long-term loans payable	Total
Due in one year or less	¥20,318	¥80,000	¥115,255	¥215,573
Due after one year through two years	—	60,000	102,488	162,488
Due after two years through three years	—	90,000	34,394	124,394
Due after three years through four years	—	166,400	23,955	190,355
Due after four years through five years	—	40,000	39,922	79,922
Due after five years	—	¥335,000	¥540,749	¥875,749

As of March 31, 2015	Millions of yen			Total
	Short-term loans payable	Bonds	Long-term loans payable	
Due in one year or less	¥30,044	¥60,000	¥108,516	¥198,560
Due after one year through two years	—	90,000	66,781	156,781
Due after two years through three years	—	161,100	38,259	199,359
Due after three years through four years	—	40,000	59,879	99,879
Due after four years through five years	—	60,000	78,034	138,034
Due after five years	—	¥315,000	¥614,890	¥929,890

Securities

1. Available-for-sale securities

As of March 31, 2014	Items	Millions of yen		
		Amount recorded on the consolidated balance sheets	Acquisition cost	Difference
Instruments for which the amount recorded on the consolidated balance sheets exceeds the acquisition cost	Stocks	¥31,878	¥22,150	¥9,727
Instruments for which the amount recorded on the consolidated balance sheets does not exceed the acquisition cost	Stocks	936	1,107	(170)
Total		¥32,815	¥23,258	¥9,557

As of March 31, 2015	Items	Millions of yen		
		Amount recorded on the consolidated balance sheets	Acquisition cost	Difference
Instruments for which the amount recorded on the consolidated balance sheets exceeds the acquisition cost	Stocks	¥47,597	¥26,550	¥21,047
Instruments for which the amount recorded on the consolidated balance sheets does not exceed the acquisition cost	Stocks	716	821	(105)
Total		¥48,314	¥27,372	¥20,941

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

Year ended March 31, 2014	Millions of yen		
	Proceeds from sales	Gain on sales	Loss on sales
Stocks	¥1,450	¥116	¥5

Year ended March 31, 2015	Millions of yen		
	Proceeds from sales	Gain on sales	Loss on sales
Stocks	¥906	¥162	—

Derivatives Transactions

1. Derivatives transactions not subject to hedge accounting

(1) Currencies

As of March 31, 2014	Instrument	Millions of yen				Calculation of fair value
		Contract value, etc.	Fair value	Valuation gain/loss	Portion over one year	
Transactions other than market transactions	Foreign exchange forward contracts, short positions	¥35,222	¥9,460	¥(1,911)	¥(1,911)	According to the forward exchange rate
Total		¥35,222	¥9,460	¥(1,911)	¥(1,911)	

As of March 31, 2015	Instrument	Millions of yen				Calculation of fair value
		Contract value, etc.	Fair value	Valuation gain/loss	Portion over one year	
Transactions other than market transactions	Foreign exchange forward contracts, short positions	¥16,813	¥5,376	¥(722)	¥(722)	According to the forward exchange rate
Total		¥16,813	¥5,376	¥(722)	¥(722)	

2. Derivatives transactions subject to hedge accounting

As of March 31, 2014

Hedging method	Instrument	Target	Contract value, etc.		Fair value	Millions of yen
			Total value	Portion over one year		Calculation of
						fair value
General settlement method	Interest rate swaps, pay/fixed, receive/floating	Loans	¥202,293	¥200,403	¥4,866	According to the price, etc. specified by the transacting financial institution
	Interest rate collar transactions		21,235	20,744	(804)	
	Commodity swaps, pay/fixed, receive/floating	Commodity	6,809	—	14	
Special interest rate swaps	Interest rate swaps, pay/fixed, receive/floating	Loans	299,369	276,744	*1	—
	Interest rate swaps, pay/floating, receive/fixed		20,000	—		
Total			¥549,707	¥497,891	¥4,076	

*1 Transactions subject to special interest rate swaps are settled as a combined sum with the long-term loans being hedged so the fair value is included in the fair value of the long-term loans in question.

As of March 31, 2015

Hedging method	Instrument	Target	Contract value, etc.		Fair value	Millions of yen
			Total value	Portion over one year		Calculation of
						fair value
General settlement method	Foreign exchange forward contracts	Foreign-currency-denominated receivables and payables	¥1,756	—	¥(113)	According to the forward exchange rate
	Interest rate swaps, pay/fixed, receive/floating	Loans	346,299	¥346,080	(13,927)	According to the price, etc. specified by the transacting financial institution
	Interest rate collar transactions		23,826	23,826	(1,699)	
	Commodity swaps, pay/fixed, receive/floating	Commodity	8,346	—	(1,547)	
Special interest rate swaps	Interest rate swaps, pay/fixed, receive/floating	Loans	307,653	256,989	*1	—
	Interest rate swaps, pay/floating, receive/fixed		—	—		
Total			¥687,881	¥626,895	¥(17,287)	

*1 Transactions subject to special interest rate swaps are settled as a combined sum with the long-term loans being hedged so the fair value is included in the fair value of the long-term loans in question.

Employee Retirement Benefit Plans

1. Summary of employee retirement benefit plans adopted

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.

2. Defined benefit plans (excluding plans using a simplified method)
(1) The changes in the retirement benefit obligations during the year

Year ended March 31	Millions of yen	
	2014	2015
Balance at the beginning of the year	¥136,732	¥134,778
Cumulative effect of change in accounting principle	—	1,945
Restated balance at the beginning of the year	136,732	136,723
Service cost	4,674	5,706
Interest cost	2,416	1,813
Incurred actuarial gain or loss	(10)	4,375
Retirement benefit payments	(9,050)	(6,026)
Other	16	9
Balance at the end of the year	¥134,778	¥142,602

(2) The changes in the plan assets during the year

Year ended March 31	Millions of yen	
	2014	2015
Balance at the beginning of the year	¥79,844	¥85,706
Expected return on plan assets	1,565	2,494
Incurred actuarial gain or loss	5,386	6,180
Funding by the Company and its subsidiaries	4,179	4,206
Retirement benefit payments	(5,270)	(4,607)
Balance at the end of the year	¥85,706	¥93,979

(3) The table set forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2014 and 2015 for the Company's and the consolidated subsidiaries' defined benefit plans

As of March 31	Millions of yen	
	2014	2015
Retirement benefit obligations of funded type plans	¥125,642	¥134,165
Plan assets	(85,706)	(93,979)
	39,936	40,185
Retirement benefit obligations of unfunded type plans	9,135	8,437
Net amount of liabilities and assets on the consolidated balance sheets	49,071	48,623
Net defined benefit liability	49,071	48,901
Net defined benefit asset	—	(278)
Net amount of liabilities and assets on the consolidated balance sheets	¥49,071	¥48,623

(4) Retirement benefit expenses

Year ended March 31	Millions of yen	
	2014	2015
Service cost	¥4,587	¥5,274
Interest cost	2,296	1,724
Expected return on plan assets	(1,512)	(2,324)
Amortization of actuarial gain or loss	(2,293)	(4,071)
Amortization of prior service cost	(69)	(19)
Other	233	133
Retirement benefit expenses regarding defined benefit plans	¥3,241	¥718

(5) Remeasurements of defined benefit plans, net of tax

A breakdown of remeasurements of defined benefit plans (before tax effect) in other comprehensive income is as follows;

	Millions of yen	
Year ended March 31	2014	2015
Prior service cost	—	¥(19)
Actuarial gain or loss	—	(2,266)
Total	—	¥(2,285)

(6) Remeasurements of defined benefit plans (before tax effect)

A breakdown of remeasurements of defined benefit plans in accumulated other comprehensive income (before tax effect) is as follows;

	Millions of yen	
As of March 31	2014	2015
Unrecognized prior service cost	¥(19)	—
Unrecognized actuarial gain or loss	(5,100)	¥(2,834)
Total	¥(5,119)	¥(2,834)

(7) Plan assets**a. A breakdown of plan assets**

Proportion of each type of asset is as follows;

As of March 31	2014	2015
Bonds	23%	23%
Stocks	30%	34%
General accounts	39%	38%
Other	8%	5%
Total	100%	100%

b. Long-term expected rate of return

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.

(8) The actuarial assumptions

Main actuarial assumptions at the end of the fiscal year (presented in weighted average)

Year ended March 31	2014	2015
Discount rate	1.8%	1.1%
Long-term expected rate of return on plan assets	2.1%	3.0%
Expected rate of increase in salary	3.6%	3.6%

Stock Options**For the year ended March 31, 2014**

Not applicable.

For the year ended March 31, 2015

Not applicable.

Income taxes

1. The significant components of deferred tax assets and liabilities

As of March 31	Millions of yen	
	2014	2015
Deferred tax assets		
Net defined benefit liability	¥17,313	¥15,846
Unrealized gain on fixed assets	12,780	12,453
Excess of depreciation of fixed assets	5,187	4,733
Amount assigned for bonuses, etc. but not yet paid	2,494	2,282
Excess of amortization of deferred assets for tax purposes	1,204	981
Excess of reserve for fluctuation in water levels	36	—
Other	37,163	34,585
Subtotal of deferred tax assets	76,180	70,883
Valuation allowance	(14,063)	(11,686)
Total deferred tax assets	62,116	59,197
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(3,141)	(5,852)
Other	(24,342)	(29,302)
Total deferred tax liabilities	(27,484)	(35,155)
Net deferred tax assets	¥34,632	¥24,042

(Note) Net amount of deferred tax asset is included in the accounts below on the consolidated balance sheets.

As of March 31	Millions of yen	
	2014	2015
Noncurrent assets – Deferred tax assets	¥40,734	¥38,705
Current assets – Deferred tax assets	8,637	5,736
Noncurrent liabilities – Deferred tax liabilities	(14,730)	(20,394)
Current liabilities – Deferred tax liabilities	¥(9)	¥(5)

2. The reconciliation between the effective tax rates reflected in the consolidated statement of income and the statutory tax rate

As of March 31	2014	2015
Statutory tax rate	—	30.78%
(adjusted)		
Investment profit/loss based on the equity method	—	(7.82)%
Non-taxable profit such as dividends income	—	(4.61)%
Downward adjustment of deferred tax assets due to change in tax rate	—	3.57%
Non-deductible expenses	—	3.32%
Difference of statutory tax rates between the Company and consolidated subsidiaries	—	2.79%
Other	—	0.20%
Effective tax rates	—	28.23%

(Note) Because the difference between the statutory tax rate and effective tax rates is less than or equal to 5% of the statutory tax rate in the year ended March 31, 2014, the note for reconciliation is omitted.

3. Amendment of the amount of deferred tax assets and liabilities with the change of statutory tax rate

The “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 9 of 2015) and the “Act for Partial Amendment of the Local Tax Act, etc.” (Act No. 2 of 2015) were promulgated on March 31, 2015. As a result, the statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 30.78% to 28.85% for the temporary differences expected to be realized or settled from April 1, 2015.

The effect of the announced reduction of the statutory tax rate was to decrease deferred tax assets, after offsetting deferred tax liabilities, by 1,767 million yen and increase income taxes-deferred by 2,196 million yen for the year ended March 31, 2015.

Segment Information, etc.

(Segment Information)

1. Overview of Reportable Segment

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, 69 subsidiaries and 98 affiliates (as of March 31, 2015) and is separated into 4 reportable segments of Electric Power Business, centered on the wholesale electric power business and also includes 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.

2. 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 "Principles of Consolidated Financial Statements." The income of reportable segments is based on ordinary income. Intersegment sales are based on transaction prices between third parties.

3. Information concerning amounts in sales, income or loss, assets and other items for each reportable segment

For the year ended March 31, 2014	Reportable segments					Adjustments* ¹	Consolidated* ²
	Electric power	Electric power related	Overseas	Other	Total		
Sales							
Sales to external customers	¥609,080	¥29,944	¥42,834	¥24,975	¥706,835	—	¥706,835
Intersegment 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 noncurrent assets	¥94,307	¥4,889	¥95,815	¥546	¥195,558	¥(532)	¥195,026

(Notes) 1. The breakdown of adjustments is as follows;

- (1) The adjustment amount of 353 million yen in segment income includes elimination of transaction amounts between segments of 482 million yen.
- (2) The adjustment amount of (146,705) million yen in segment assets includes elimination of (143,911) million yen for the offsetting of receivables.
- (3) The adjustment amount of (2,884) million yen in depreciation and amortization includes elimination of transaction amounts between segments of (2,861) million yen.
- (4) Adjustment amounts for interest income, interest expenses and increase in tangible and intangible noncurrent assets are amounts eliminated as transactions between segments.

2. Segment income is adjusted with ordinary income on the consolidated financial statements.

Millions of yen

For the year ended March 31, 2015	Reportable segments					Adjustments* ¹	Consolidated* ²
	Electric power	Electric power related	Overseas	Other	Total		
Sales							
Sales to external customers	¥588,184	¥30,467	¥108,916	¥23,059	¥750,627	—	¥750,627
Intersegment sales and transfer	1,680	320,768	—	1,912	324,361	¥(324,361)	—
Total sales	589,865	351,235	108,916	24,971	1,074,989	(324,361)	750,627
Segment income	33,386	8,970	15,990	611	58,958	392	59,350
Segment assets	1,906,828	256,528	639,630	15,065	2,818,051	(158,902)	2,659,149
Other items							
Depreciation and amortization	81,924	5,776	7,820	468	95,989	(2,680)	93,309
Amortization of goodwill	—	—	—	—	—	—	—
Interest income	331	239	747	54	1,373	(217)	1,155
Interest expenses	19,272	242	8,835	90	28,442	(217)	28,224
Equity income of affiliates	336	—	15,323	—	15,659	—	15,659
Investment in affiliates	11,231	—	160,791	—	172,023	—	172,023
Increase in the tangible and intangible noncurrent assets	¥67,038	¥7,071	¥75,158	¥317	¥149,586	¥(2,692)	¥146,894

(Notes) 1. The breakdown of adjustments is as follows;

- (1) The adjustment amount of 392 million yen in segment income includes elimination of transaction amounts between segments of 438 million yen.
- (2) The adjustment amount of (158,902) million yen in segment assets includes elimination of (152,022) million yen for the offsetting of receivables.
- (3) The adjustment amount of (2,680) million yen in depreciation and amortization includes elimination of transaction amounts between segments of (2,631) million yen.
- (4) Adjustment amounts for interest income, interest expenses, and increase in tangible and intangible noncurrent assets are amounts eliminated as transactions between segments.

2. Segment income is adjusted with ordinary income on the consolidated financial statements.

(Related information)**For the year ended March 31, 2014****1. Information by products and services**

The information is omitted as similar information is disclosed in segment information.

2. Regional information**(1) Operating revenue**

Since sales to external customers in Japan for the year ended March 31, 2014 account for more than 90% of operating revenue on the consolidated statements of income, regional information is not presented.

(2) Tangible noncurrent assets

				Millions of yen
	Japan	Thailand	Other	Total
	¥1,385,737	¥262,773	¥31,506	¥1,680,017

3. Sales to main customers

			Millions of yen
	Amount of sales		Related segment
The Chugoku Electric Power Company, Incorporated	¥125,912		Electric power business
The Tokyo Electric Power Company, Incorporated	122,968		Electric power business
The Kansai Electric Power Company, Incorporated	¥107,502		Electric power business

For the year ended March 31, 2015**1. Information by products and services**

The information is omitted as similar information is disclosed in segment information.

2. Regional information**(1) Operating revenue**

				Millions of yen
	Japan	Thailand	Other	Total
	¥619,718	¥107,155	¥23,753	¥750,627

(Note) Sales are classified by countries or regions based on locations of customers.

(2) Tangible noncurrent assets

	Millions of yen			
	Japan	Thailand	Other	Total
	¥1,363,979	¥374,724	¥31,398	¥1,770,102

3. Sales to main customers

	Millions of yen	
	Amount of sales	Related segment
The Tokyo Electric Power Company, Incorporated	¥121,915	Electric power business
The Chugoku Electric Power Company, Incorporated	116,207	Electric power business
The Kansai Electric Power Company, Incorporated	106,530	Electric power business
Electricity Generating Authority of Thailand (EGAT)	¥96,240	Overseas business

(Impairment loss on noncurrent assets by reportable segments)**For the year ended March 31, 2014**

Not applicable.

For the year ended March 31, 2015

	Millions of yen				
	Electric power	Electric power related	Overseas	Other	Total
Impairment loss	¥2,482	¥2	—	¥5	¥2,489

(Information about unamortized balance of goodwill by reportable segments)**For the year ended March 31, 2014**

Not applicable.

For the year ended March 31, 2015

Not applicable.

(Information about gain on negative goodwill by reportable segments)**For the year ended March 31, 2014**

Not applicable.

For the year ended March 31, 2015

Not applicable.

(Related party information)**1. Summary of financial information of important affiliates**

Year ended March 31	Millions of yen	
	2014	2015
Total current assets	¥55,671	—
Total noncurrent assets	160,192	—
Total current liabilities	53,244	—
Total noncurrent liabilities	63,021	—
Total net assets	99,597	—
Revenues	167,312	—
Net income before taxes	32,786	—
Net income	¥32,786	—

As the importance of Gulf Power Generation Co., Ltd. and China Resources Power (Hezhou) Co., Ltd., both of which were important affiliates in the previous fiscal year, has diminished, the summary of financial information for the current fiscal year is omitted.

Per share information

Year ended March 31	Yen	
	2014	2015
Net assets per share	¥3,440.23	¥3,762.52
Net income per share	¥191.23	¥284.43

(Notes) 1. Since there were no potential shares such as bonds with subscription right to shares, diluted net income per share is not indicated.

2. The basis of calculation of net income per share is shown as below.

Year ended March 31		2014	2015
Net income	Millions of yen	¥28,694	¥43,206
Amount not attributable to ordinary shareholders	Millions of yen	—	—
Net income related to common stock	Millions of yen	¥28,694	¥43,206
Weighted average number of common stock outstanding during the year	Thousands of shares	150,051	151,907

3. The basis of calculation of net assets per share is shown below.

As of March 31		2014	2015
Total net assets	Millions of yen	¥519,477	¥696,298
Amount deducted from total net assets	Millions of yen	¥3,265	¥7,566
(Minority interests included in the above)		¥3,265	¥7,566
Year-end net assets related to common stock	Millions of yen	¥516,211	¥688,731
The number of common stock used in the calculation of net assets per share	Thousands of shares	150,051	183,050

4. As stated in "Changes in Accounting Policies," the Company and the consolidated subsidiaries have adopted the Retirement Benefit Accounting Standard, etc., subject to the transitional treatment stipulated by Article 37 of the said standard.

This treatment will have a minimal effect on net assets per share and net income per share in the current fiscal year.

Significant Subsequent Events

Not applicable.

Schedule of Consolidated Financial Statements

Schedule of Bonds Payable

Electric Power Development Co., Ltd. straight bond

No.	Issued date	Balance as of Apr. 1, 2014	Balance as of Mar. 31, 2015	Interest rate		Secured /Unsecured	Term of redemption (lump-sum)
		Millions of yen	Millions of yen	%			
3	Mar. 2, 2004	¥10,000	¥10,000	2.01		Unsecured	Dec. 20, 2023
5	Nov. 2, 2004	10,000	10,000	2.24		Unsecured	Sep. 20, 2024
6	Nov. 5, 2004	20,000	—	1.55		Unsecured	Sep. 18, 2014
7	Feb. 24, 2005	30,000	—	1.45		Unsecured	Dec. 18, 2014
8	Feb. 24, 2005	20,000	20,000	2.11		Unsecured	Dec. 20, 2024
10	Jun. 7, 2005	30,000	—	1.33		Unsecured	Mar. 19, 2015
11	Jun. 7, 2005	20,000	20,000	2.05		Unsecured	Mar. 19, 2025
12	Jul. 22, 2005	30,000	*1 30,000	1.32		Unsecured	Jun. 19, 2015
13	Jul. 22, 2005	20,000	20,000	2.04		Unsecured	Jun. 20, 2025
14	Oct. 20, 2005	30,000	*1 30,000	1.56		Unsecured	Sep. 18, 2015
15	Oct. 20, 2005	20,000	20,000	2.11		Unsecured	Sep. 19, 2025
16	Jun. 9, 2006	29,993	29,996	1.99		Unsecured	Jun. 20, 2016
17	Aug. 4, 2006	29,993	29,996	2.07		Unsecured	Jun. 20, 2016
18	Feb. 2, 2007	29,994	29,996	1.79		Unsecured	Dec. 20, 2016
19	Aug. 20, 2007	29,898	29,798	1.94		Unsecured	Jun. 20, 2017
20	Sep. 27, 2007	28,691	27,393	1.74		Unsecured	Sep. 20, 2017
21	Nov. 20, 2007	29,598	28,699	1.69		Unsecured	Sep. 20, 2017
22	Apr. 24, 2008	29,292	26,795	1.60		Unsecured	Mar. 20, 2018
23	May 30, 2008	28,894	28,395	1.82		Unsecured	Mar. 20, 2018
25	Mar. 12, 2009	20,000	20,000	1.61		Unsecured	Mar. 20, 2019
26	Mar. 12, 2009	14,988	14,989	2.22		Unsecured	Dec. 20, 2028
27	May 21, 2009	20,000	20,000	1.608		Unsecured	May 20, 2019
28	Aug. 28, 2009	20,000	20,000	1.474		Unsecured	Aug. 20, 2019
29	Nov. 30, 2009	20,000	20,000	1.405		Unsecured	Nov. 20, 2019
30	May 20, 2010	20,000	20,000	1.394		Unsecured	May 20, 2020
31	Sep. 9, 2010	20,000	20,000	1.155		Unsecured	Sep. 18, 2020
32	Dec. 9, 2010	20,000	20,000	1.285		Unsecured	Dec. 18, 2020
33	Feb. 24, 2011	20,000	20,000	1.422		Unsecured	Feb. 19, 2021
34	Sep. 14, 2012	20,000	20,000	0.592		Unsecured	Sep. 20, 2017
35	Oct. 22, 2012	20,000	20,000	1.126		Unsecured	Oct. 20, 2022
36	May 30, 2013	20,000	20,000	0.717		Unsecured	May 18, 2018
37	Jul. 25, 2013	20,000	20,000	1.035		Unsecured	Jul. 20, 2021
38	Dec. 16, 2013	20,000	20,000	0.978		Unsecured	Dec. 20, 2023
39	Feb. 24, 2014	20,000	20,000	0.929		Unsecured	Feb. 20, 2024
40	Jun. 11, 2014	—	20,000	0.889		Unsecured	Jun. 20, 2024
41	Sep. 2, 2014	—	20,000	0.782		Unsecured	Aug. 20, 2024
Total		¥771,346	¥726,061	—	—	—	—

(Notes) 1. The balances as of March 31, 2015 regarding bonds No. 12 and 14 are redeemable within one year.

2. Bonds No. 19, 20, 21, 22, 23 have been partially paid back.

3. The amounts redeemable within five years after March 31, 2015 are as follows;

	Millions of yen
Due in one year or less	¥60,000
Due after one year through two years	90,000
Due after two years through three years	161,100
Due after three years through four years	40,000
Due after four years through five years	¥60,000

Schedule of Loans, etc.

Issued date	Balance as of Apr. 1, 2014	Balance as of Mar. 31, 2015	Average rate of interest		Repayment date
	Millions of yen	Millions of yen	%		
Long-term loans					
(excluding current portion)	¥741,509	¥857,846	2.061		From Apr. 1, 2016 To Jun. 22, 2036
Lease obligations					
(excluding current portion)	981	697	—		From Apr. 1, 2016 To Nov. 30, 2021
Current portion of long-term loans	115,255	108,516	1.858		—
Current portion of lease obligations	583	492	—		—
Short-term loans	20,318	30,044	2.271		—
Total	¥878,647	¥997,597	—	—	—

(Notes) 1. Average rate of interest is the weighted average rate of interest for loans as of March 31, 2015.

2. Average rate of interest for "Lease obligations (excluding current portion)" and "Current portion of lease obligations" is not presented as the amounts of lease obligations on the consolidated balance sheets include the interest portion.

3. Scheduled redemption amount of "Long-term loans (excluding current portion)" and "Lease obligations (excluding current portion)" within five years after March 31, 2015 are as follows;

	Millions of yen	
	Long-term loans	Lease obligations
Due after one year through two years	¥66,781	¥369
Due after two years through three years	38,259	198
Due after three years through four years	59,879	92
Due after four years through five years	¥78,034	¥29

Schedule of Asset Retirement Obligations

Schedule of asset retirement obligations is omitted as the amount of asset retirement obligations as of April 1, 2014 and March 31, 2015 account for less than or equal to 1% of the total amount of the liabilities and net assets on the consolidated balance sheets as of April 1, 2014 and March 31, 2015.

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, 2015, 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, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

*Ernst & Young ShinNihon
LLC.*

June 26, 2015
Tokyo, Japan



Electric Power Development Co., Ltd.

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