



J-POWER Group Financial Statements 2017





Consolidated Balance Sheets

Millions of yen

As of March 31

	2016	2017
ASSETS		
Noncurrent assets	¥2,232,286	¥2,271,046
Electric utility plant and equipment	948,252 ^{1) 2) 6)}	958,754 ^{1) 2) 6)}
Hydroelectric power production facilities	343,193	346,037
Thermal power production facilities	313,744	313,198
Internal combustion engine power production facilities	3,754	3,301
Renewable power production facilities	35,960	46,170
Transmission facilities	161,491	157,790
Transformation facilities	29,884	29,598
Communication facilities	8,449	8,186
General facilities	51,772	54,470
Overseas business facilities	357,448 ^{2) 6)}	332,010 ^{2) 6)}
Other noncurrent assets	101,827 ^{1) 2)}	92,501 ^{1) 2)}
Construction in progress	441,080 ⁶⁾	476,171 ⁶⁾
Construction and retirement in progress	441,080	476,171
Nuclear fuel	73,447	73,682
Nuclear fuel in processing	73,447	73,682
Investments and other assets	310,231	337,926
Long-term investments	234,506 ^{3) 6)}	253,660 ^{3) 6)}
Net defined benefit asset	—	2
Deferred tax assets	43,818	40,514
Other	31,950 ⁶⁾	43,794 ⁶⁾
Allowance for doubtful accounts	(45)	(45)
Current assets	308,436	335,239
Cash and deposits	87,659 ⁶⁾	117,240 ⁶⁾
Notes and accounts receivable-trade	66,312 ⁶⁾	78,805 ⁶⁾
Short-term investments	72,410	51,344
Inventories	41,199 ⁴⁾	47,172 ⁴⁾
Deferred tax assets	5,268	4,564
Other	35,601 ⁶⁾	36,129 ⁶⁾
Allowance for doubtful accounts	(14)	(18)
Total assets	¥2,540,723	¥2,606,285

As of March 31	Millions of yen	
	2016	2017
LIABILITIES		
Noncurrent liabilities	¥1,561,072	¥1,497,888
Bonds payable	575,079	494,991
Long-term loans payable	867,276 ⁶⁾	891,200 ⁶⁾
Lease obligations	479	353
Other provision	89 ⁵⁾	120 ⁵⁾
Net defined benefit liability	65,912	58,079
Asset retirement obligations	11,685	11,971
Deferred tax liabilities	18,294	23,387
Other	22,254	17,783
Current liabilities	304,100	344,377
Current portion of noncurrent liabilities	158,131 ⁶⁾	208,760 ⁶⁾
Short-term loans payable	28,009 ⁶⁾	24,957
Notes and accounts payable-trade	37,033	24,616
Accrued taxes	23,344	19,843
Other provision	265 ⁵⁾	267 ⁵⁾
Asset retirement obligations	635	592
Deferred tax liabilities	22	5
Other	56,656	65,333
Reserves under the special laws	116	—
Reserve for fluctuation in water levels	116	—
Total liabilities	1,865,289	1,842,266
NET ASSETS		
Shareholders' equity	650,817	689,542
Capital stock	180,502	180,502
Capital surplus	109,902	119,927
Retained earnings	360,418	389,117
Treasury stock	(4)	(5)
Accumulated other comprehensive income	15,775	34,276
Valuation difference on available-for-sale securities	12,516	15,594
Deferred gains or losses on hedges	(14,395)	(2,183)
Foreign currency translation adjustment	30,464	21,295
Remeasurements of defined benefit plans	(12,809)	(430)
Non-controlling interests	8,839	40,200
Total net assets	675,433	764,019
Total liabilities and net assets	¥2,540,723	¥2,606,285



Consolidated Statements of Income

	Millions of yen	
Year ended March 31	2016	2017
Operating revenue	¥780,072	¥744,402
Electric utility operating revenue	570,837	538,558
Overseas business operating revenue	155,952	149,888
Other business operating revenue	53,282	55,955
Operating expenses	692,157 ¹⁾²⁾	662,675 ¹⁾²⁾
Electric utility operating expenses	506,234	487,766
Overseas business operating expenses	131,605	119,535
Other business operating expenses	54,317	55,374
Operating income	87,915	81,726
Non-operating income	17,871	20,526
Dividend income	2,409	1,689
Interest income	905	1,024
Share of profit of entities accounted for using equity method	10,889	13,258
Other	3,667	4,554
Non-operating expenses	47,248	35,103
Interest expenses	30,495	29,798
Foreign exchange losses	12,888	—
Other	3,865 ³⁾	5,304 ³⁾
Total ordinary revenue	797,944	764,929
Total ordinary expenses	739,405	697,779
Ordinary income	58,538	67,150
Provision or reversal of reserve for fluctuation in water levels	116	—
Provision for reserve for fluctuation in water levels	116	—
Profit before income taxes	58,421	67,150
Income taxes-current	12,821	18,634
Income taxes-deferred	5,059	2,847
Total income taxes	17,880	21,482
Profit	40,540	45,667
Profit attributable to non-controlling interests	459	4,238
Profit attributable to owners of parent	¥40,081	¥41,429



Consolidated Statements of Comprehensive Income

	Millions of yen	
Year ended March 31	2016	2017
Profit	¥40,540	¥45,667
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,349)	3,071
Deferred gains or losses on hedges	1,481	6,104
Foreign currency translation adjustment	(17,882)	(3,960)
Remeasurements of defined benefit plans, net of tax	(14,844)	12,379
Share of other comprehensive income of entities accounted for using equity method	(5,693)	(1,257)
Total other comprehensive income	(44,288) ¹⁾	16,336¹⁾
Comprehensive income	(3,748)	62,004
(Comprehensive income attributable to abstract)		
Comprehensive income attributable to owners of parent	(3,410)	53,069
Comprehensive income attributable to non-controlling interests	¥(337)	¥8,934

Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2016

	Millions of yen				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity Total shareholders' equity
Balance at the beginning of current period	¥180,502	¥109,902	¥339,061	¥(2)	¥629,463
Cumulative effects of changes in accounting policies			(5,911)		(5,911)
Restated balance	180,502	109,902	333,150	(2)	623,552
Changes of items during period					
Dividends of surplus			(12,813)		(12,813)
Profit attributable to owners of parent			40,081		40,081
Purchase of treasury shares				(2)	(2)
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes of items other than shareholders' equity					
Total changes of items during period			27,268	(2)	27,265
Balance at the end of current period	¥180,502	¥109,902	¥360,418	¥(4)	¥650,817

	Millions of yen						
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the beginning of current period	¥19,860	¥(15,821)	¥53,205	¥2,023	¥59,268	¥7,566	¥696,298
Cumulative effects of changes in accounting policies							(5,911)
Restated balance	19,860	(15,821)	53,205	2,023	59,268	7,566	690,387
Changes of items during period							
Dividends of surplus							(12,813)
Profit attributable to owners of parent							40,081
Purchase of treasury shares							(2)
Change in ownership interest of parent due to transactions with non-controlling interests							
Net changes of items other than shareholders' equity	(7,344)	1,426	(22,741)	(14,832)	(43,492)	1,272	(42,219)
Total changes of items during period	(7,344)	1,426	(22,741)	(14,832)	(43,492)	1,272	(14,953)
Balance at the end of current period	¥12,516	¥(14,395)	¥30,464	¥(12,809)	¥15,775	¥8,839	¥675,433

For the year ended March 31, 2017

	Millions of yen				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity Total shareholders' equity
Balance at the beginning of current period	¥180,502	¥109,902	¥360,418	¥(4)	¥650,817
Cumulative effects of changes in accounting policies			83		83
Restated balance	180,502	109,902	360,502	(4)	650,901
Changes of items during period					
Dividends of surplus			(12,813)		(12,813)
Profit attributable to owners of parent			41,429		41,429
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes of items other than shareholders' equity			10,025		10,025
Total changes of items during period		10,025	28,615	(0)	38,640
Balance at the end of current period	¥180,502	¥119,927	¥389,117	¥(5)	¥689,542

	Millions of yen						
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the beginning of current period	¥12,516	¥(14,395)	¥30,464	¥(12,809)	¥15,775	¥8,839	¥675,433
Cumulative effects of changes in accounting policies							83
Restated balance	12,516	(14,395)	30,464	(12,809)	15,775	8,839	675,517
Changes of items during period							
Dividends of surplus							(12,813)
Profit attributable to owners of parent							41,429
Purchase of treasury shares							(0)
Change in ownership interest of parent due to transactions with non-controlling interests							
Net changes of items other than shareholders' equity	3,077	12,212	(9,168)	12,379	18,500	31,360	49,861
Total changes of items during period	3,077	12,212	(9,168)	12,379	18,500	31,360	88,502
Balance at the end of current period	¥15,594	¥(2,183)	¥21,295	¥(430)	¥34,276	¥40,200	¥764,019

Consolidated Statements of Cash Flows

Millions of yen

Year ended March 31	2016	2017
Cash flows from operating activities		
Profit before income taxes	¥58,421	¥67,150
Depreciation and amortization	94,582	75,660
Impairment loss	1,392	2,624
Loss on retirement of noncurrent assets	3,656	2,842
Increase (decrease) in net defined benefit liability	(3,351)	9,276
Increase (decrease) in reserve for fluctuation in water levels	116	—
Interest and dividend income	(3,314)	(2,713)
Interest expenses	30,495	29,798
Decrease (increase) in notes and accounts receivable-trade	2,445	(13,433)
Decrease (increase) in inventories	(3,259)	(5,503)
Increase (decrease) in notes and accounts payable-trade	(3,085)	(6,477)
Share of (profit) loss of entities accounted for using equity method	(10,889)	(13,258)
Other, net	3,134	6,786
Subtotal	170,342	152,753
Interest and dividend income received	13,573	13,229
Interest expenses paid	(30,554)	(30,224)
Income taxes paid	(7,232)	(20,317)
Net cash provided by (used in) operating activities	146,130	115,440
Cash flows from investing activities		
Purchase of noncurrent assets	(140,840)	(108,149)
Payments of investment and loans receivable	(2,537)	(18,005)
Collection of investment and loans receivable	15,960	2,577
Other, net	(4,123)	(14,086)
Net cash provided by (used in) investing activities	(131,541)	(137,663)
Cash flows from financing activities		
Proceeds from issuance of bonds	—	79,702
Redemption of bonds	(60,999)	(90,000)
Proceeds from long-term loans payable	96,697	83,762
Repayment of long-term loans payable	(110,783)	(69,108)
Proceeds from short-term loans payable	100,944	87,663
Repayment of short-term loans payable	(102,994)	(90,194)
Proceeds from issuance of commercial papers	2,999	15,000
Redemption of commercial papers	(3,000)	(15,000)
Proceeds from sales of subsidiaries' shares that do not result in changes in scope of consolidation	—	42,363
Cash dividends paid	(12,811)	(12,811)
Other, net	1,315	(916)
Net cash provided by (used in) financing activities	(88,632)	30,461
Effect of exchange rate change on cash and cash equivalents	(2,446)	267
Net increase (decrease) in cash and cash equivalents	(76,490)	8,505
Cash and cash equivalents at beginning of the period	236,439	159,949
Cash and cash equivalents at end of the period	¥159,949 ¹⁾	¥168,454 ¹⁾



Summary of Significant Accounting Policies

1. Scope of consolidation

Number of consolidated subsidiaries: 71

The accompanying consolidated financial statements include the accounts of the Company and its 71 subsidiaries controlled directly or indirectly by Electric Power Development Co., Ltd. (the Company)

In this fiscal year, Elwood Services Co., LLC, which was acquired in November 2016, became a consolidated subsidiary.

2. Application of equity method

Number of companies accounted for by the equity method: 83

In this fiscal year, Elwood II Holdings, LLC and another company are 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 (proportional amount of equity) and loss and retained earnings (proportional amount of equity), 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, 77 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 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.

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, and 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)

Mainly straight-line method has been applied.

(Intangible assets)

Straight-line method has been applied.

Software costs for internal use are amortized based on the internally available period (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.

(4) Accounting for employee retirement benefits

a. Attribution of estimated retirement benefits

In calculating retirement benefit obligations, estimated retirement benefits are 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 costs 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

(Construction contracts 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 construction contracts)

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 items
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 the allocation method is applied and interest rate swaps to which the 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. Accounting for consumption taxes

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

Changes in Accounting Policies

(Recording of reserve for fluctuation in water levels)

The Company had recorded a reserve for fluctuation in water levels to provide for losses caused by low water levels. However, its balance at the end of the previous fiscal year was reversed and added to retained earnings at the beginning of the current fiscal year in conjunction with the enactment of the "Act on the Partial Revision of the Electricity Business Act" (Act No. 72, 2014) effective from April 1, 2016, pursuant to Article 5 of the Supplementary Provisions to the "Ministerial Ordinance Concerning Reserve for Fluctuation in Water Levels" (Ordinance of the Japanese Ministry of Economy, Trade and Industry No. 53, 2016).

The reserve for fluctuation in water levels amounted to 116 million yen at the beginning of the current fiscal year was consequently reversed and retained earnings increased by 83 million yen.

(Inclusion of loan interest in asset acquisition cost)

The Company had capitalised the interest on funds allocated to building electric utility plants and equipment as part of construction cost of the assets concerned, pursuant to the "Electric Utility Accounting Regulations" (Ordinance of the Japanese Ministry of International Trade and Industry No. 57 of 1965), but has changed its accounting method not to capitalise interest as the construction cost of the assets concerned since the beginning of this fiscal year.

The Company previously calculated rates for the wholesale electric power business on a cost basis which consist of relevant costs projected to incur and appropriate profits.

However, the regulations for rates that stipulate the cost basis were repealed with the abolishment of wholesale regulations in April 2016.

In light of this, the Company has changed its accounting policies to properly reflect the impact of the fact that there is no longer regulatory basis to charge the future beneficiaries for the interest which had been capitalised in the construction cost on electric utility plants and equipment and on construction in progress.

This change in accounting policy was applied retroactively, and the consolidated financial statements for the previous fiscal year reflect the retroactive application.

The consolidated balance sheet for the previous fiscal year therefore shows a decrease of 3,978 million yen in electric utility plants and equipment and a decrease of 3,734 million yen in construction in progress, compared to the figures before retroactively applying this change. The consolidated statement of income for the previous fiscal year shows an increase of 538 million yen in operating income due to a decrease in depreciation and amortization cost, which resulted in a 504 million yen increase in both ordinary income and profit before income taxes when combined with an increase in interest expenses.

The consolidated statement of cash flows for the previous fiscal year shows a 504 million yen increase in profit before income taxes and a 538 million yen decrease in depreciation and amortization.

The consolidated statement of changes in equity after retroactively applying the change shows a 5,911 million yen decrease in the balance of retained earnings as of April 1, 2015 due to the reflection of the cumulative impact on net assets at the beginning of the previous fiscal year.

Regarding the impact per share, please refer to Per Share Information.

**(Application of the Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)**

Some consolidated subsidiaries in Japan applied the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (ASBJ PITF No. 32, June 17, 2016) from the current fiscal year in accordance with the revision of the Corporation Tax Act

of Japan, and changed the method of depreciation for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

This change had no material impact on the consolidated financial statements for the current fiscal year.

Changes in Accounting Policies Difficult to Differentiate from Changes in Accounting Estimates**(Method of depreciation for tangible non-current assets)**

The Company had previously used the declining-balance method of depreciation for buildings, structures, and machinery and equipment, but has applied the straight-line method since the beginning of this fiscal year.

In the “Basic Energy Plan” (Cabinet resolution, April 2014) and the “Long-term Energy Supply-demand Outlook” (developed by the Japanese Ministry of Economy, Trade and Industry, July 2015), coal-fired thermal power generation and hydroelectric power generation, which the Company regards as its core business, are positioned as important baseload power sources over the long term.

The business environment for the Company changed significantly with the full liberalization of the retail power business and the abolishment of wholesale regulations in April 2016. With the end of the obligation to supply electricity to electric power companies (EPCOs) in accordance with the abolishment of wholesale regulations, the Company is expected to contribute to activate the power market through supplying electricity to the wholesale

power market. Given these conditions, the Company aims for achieving further growth and also fulfilling the expected role of activating the wholesale power market, which is essential to realize a competitive market, through stable operation of its price-competitive power generation facilities in the domestic market as the liberalization proceeds. In order to achieve these targets, the Company has designated the stable operation of its coal-fired thermal power plants, hydroelectric power plants and transmission or transformation facilities as a key initiative in its medium-term management plan.

The Company has therefore changed the method of depreciation for domestic business facilities to the straight-line method to better reflect the independent stable operation of domestic facilities in light of this environment.

This change resulted in a decrease in depreciation and amortization cost for the current fiscal year, which increased operating income by 18,299 million yen and increased ordinary income and profit before income taxes by 18,301 million yen, respectively.

Changes in Presentation Methods**(Consolidated Statement of Cash Flows)**

In the previous fiscal year, “Loss (gain) on sales of securities” were presented separately under “Cash flows from operating activities” but it was included in “Other” from the current fiscal year due to diminished importance. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year were reclassified.

As a result, (145) million yen of “Loss (gain) on sales of securities” and 3,280 million yen of “Other” under “Cash flows from operating activities” in the consolidated statement of cash flows for the previous fiscal year were reclassified as 3,134 million yen of “Other”.

Additional Information**(Application of Guidance on Recoverability of Deferred Tax Assets)**

“Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26 of March 28, 2016) has been applied since the beginning of this fiscal year.

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

	Millions of yen	
As of March 31	2016	2017
	¥123,551	¥127,538

2) Accumulated depreciation of tangible assets

	Millions of yen	
As of March 31	2016	2017
	¥2,960,557	¥3,000,217

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

As of March 31	Millions of yen	
	2016	2017
Stocks	¥166,350	¥180,026

4) Inventories

As of March 31	Millions of yen	
	2016	2017
Merchandise and finished goods	¥1,084	¥1,321
Work in process	605	847
Raw materials and supplies	39,509	45,004
Total	¥41,199	¥47,172

5) Provisions

As of March 31	2016	2017
	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	
	2016	2017
Long-term investments	¥2,999	¥3,182

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

As of March 31	Millions of yen	
	2016	2017
Long-term investments	¥194	¥222

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

As of March 31	Millions of yen	
	2016	2017
Overseas business facilities	¥336,248	¥311,615
Cash and deposits	38,274	59,000
Long-term investments	20,162	19,805
Electric utility plant and equipment	6,907	5,982
Other (Investments and other assets)	2,155	4,228
Other (Current assets)	107	212
Construction in progress	159	180
Notes and accounts receivable-trade	¥106	¥180

Liabilities related to pledged assets mentioned above

As of March 31	Millions of yen	
	2016	2017
Long-term loans (including current portion)	¥316,248	¥302,397
Short-term loans payable	¥11,509	—

**7) Contingent liabilities****(1) Guarantees**

	Millions of yen	
As of March 31	2016	2017
Guarantees given to certain financial institutions for loans of companies below:		
PT. BHIMASENA POWER INDONESIA	¥8,811	¥31,165
Zajackowo Windfarm Sp. z o. o.	2,748	2,615
Yuzawa Geothermal Power Generation Corporation	312	482
SAHARA COOLING Ltd.	176	188
TOSA POWER Inc.	463	—
Guarantees given in connection with housing loans to employees	1,437	1,032
Total	¥13,948	¥35,483

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

	Millions of yen	
As of March 31	2016	2017
PT. BHIMASENA POWER INDONESIA	¥1,149	¥2,670

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

	Millions of yen	
As of March 31	2016	2017
PT. BHIMASENA POWER INDONESIA*	¥5,532	—

* 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 payment obligations on wind power generator purchase agreements of the company below:

	Millions of yen	
As of March 31	2016	2017
J-Wind Setana Co., Ltd.	¥7,804	¥7,804

(5) Guarantees given for joint liability for performance guarantee insurance agreements of the company below:

	Millions of yen	
As of March 31	2016	2017
Biocoal Kumamoto-South Co., Ltd.	¥19	¥19

Consolidated Statement of Income**1) A breakdown of electric utility operating expenses**

	Millions of yen			
Year ended March 31	2016		2017	
	Electric utility operating expenses	Selling, general and administrative expenses*	Electric utility operating expenses	Selling, general and administrative expenses*
Personnel expenses	¥30,823	¥18,138	¥44,079	¥30,355
Retirement benefit expenses included above	1,022	1,022	13,863	13,863
Fuel cost	224,729	—	203,553	—
Repair expenses	57,225	1,358	65,849	1,336
Consignment cost	40,028	14,632	37,903	12,083
Taxes and duties	25,228	746	24,519	703
Depreciation and amortization cost	75,119	3,693	52,973	1,952
Other	53,079	8,381	58,886	10,915
Total	¥506,234	¥46,950	¥487,766	¥57,346

* Included in electric utility operating expenses (Changes in Presentation Methods)

In the previous fiscal year, retirement benefit expenses were included in "Personnel expense" but it is presented as "Retirement benefit expenses included above" from the current fiscal year due to increased importance. To reflect this change in presentation, the breakdown for the previous fiscal year is presented.

2) Research and development costs included in operating expenses

Year ended March 31	Millions of yen	
	2016	2017
	¥4,035	¥5,867

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, 2016

The Company and its subsidiaries group assets based on their management accounting categories under which continuous oversight of the balance of payments is maintained. (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 colle-

ctability, and 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 1,392 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	Land	¥623
(Bay Side Energy Co., Ltd.;	Machinery	437
Ichihara City, Chiba Prefecture)	Others	69
	Total	¥1,130

(Calculation of the recoverable amount)

The recoverable amount of power production facilities was recorded at the value in use applying a discount rate of mainly 1.96% to future cash flows. The recoverable amount of idle

assets was measured according to their net selling value; assets slated for sale were recorded based on their expected selling value, while other assets were appraised at a value that reflects market prices.

For the year ended March 31, 2017

The Company and its subsidiaries group assets based on their management accounting categories under which continuous oversight of the balance of payments is maintained. (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 colle-

ctability, and 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 2,624 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
Machinery in a coal mine	Machinery	¥2,607
(J-POWER AUSTRALIA PTY. LTD.;		
Queensland state, Australia)		

(Calculation of the recoverable amount)

Machinery in a coal mine was recorded at the value in use due to retirement and the total amount of the book value was posted as an impairment loss. The recoverable amount of idle assets was

measured according to their net selling value; assets slated for sale were recorded based on their expected selling value, while other assets were appraised at a value that reflects market prices.

**Consolidated Statement of Comprehensive Income****1) Reclassification adjustments and tax effects relating to other comprehensive income**

Year ended March 31	Millions of yen	
	2016	2017
Valuation difference on available-for-sale securities		
Amount accrued for the current year	¥(9,434)	¥3,536
Reclassification adjustment	45	140
Amount before tax effect	(9,388)	3,677
Tax effect	2,039	(606)
Valuation difference on available-for-sale securities	(7,349)	3,071
Deferred gains or losses on hedges		
Amount accrued for the current year	3,374	3,420
Reclassification adjustment	(2,960)	4,158
Amount before tax effect	413	7,578
Tax effect	1,068	(1,474)
Deferred gains or losses on hedges	1,481	6,104
Foreign currency translation adjustment		
Amount accrued for the current year	(17,882)	(3,960)
Amount before tax effect	(17,882)	(3,960)
Foreign currency translation adjustment	(17,882)	(3,960)
Remeasurements of defined benefit plans, net of tax		
Amount accrued for the current year	(18,533)	5,721
Reclassification adjustment	(2,172)	11,522
Amount before tax effect	(20,705)	17,244
Tax effect	5,861	(4,865)
Remeasurements of defined benefit plans, net of tax	(14,844)	12,379
Share of other comprehensive income of associates accounted for using equity method		
Amount accrued for the current year	(5,808)	(1,405)
Reclassification adjustment	115	148
Share of other comprehensive income of associates accounted for using equity method	(5,693)	(1,257)
Other comprehensive income	¥(44,288)	¥16,336

Consolidated Statement of Changes in Net Assets**For the year ended March 31, 2016****1. Shares issued**

Type	Shares			As of March 31, 2016
	As of April 1, 2015	Increase	Decrease	
Common stock	183,051,100	—	—	183,051,100

2. Treasury stock

Type	Shares			As of March 31, 2016
	As of April 1, 2015	Increase	Decrease	
Treasury stock	651	540	—	1,191

(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: 540 shares

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general shareholders' meeting (June 25, 2015)	Common stock	¥6,406	¥35	March 31, 2015	June 26, 2015
Board of Directors (October 30, 2015)	Common stock	6,406	35	September 30, 2015	November 27, 2015

(2) Dividends with the cut-off date in the year ended March 31, 2016 and the effective date in the year ended March 31, 2017

Resolution	Type of shares	Dividends paid from	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general shareholders' meeting (June 22, 2016)	Common stock	Retained earnings	¥6,406	¥35	March 31, 2016	June 23, 2016

(Note) The Corporation Law of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, except neither the capital reserve nor the legal reserve is available for distributions.

For the year ended March 31, 2017

1. Shares issued

Type	As of April 1, 2016	Increase	Decrease	Shares As of March 31, 2017
Common stock	183,051,100	—	—	183,051,100

2. Treasury stock

Type	As of April 1, 2016	Increase	Decrease	Shares As of March 31, 2017
Treasury stock	1,191	140	—	1,331

(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: 140 shares

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general shareholders' meeting (June 22, 2016)	Common stock	¥6,406	¥35	March 31, 2016	June 23, 2016
Board of Directors (October 31, 2016)	Common stock	6,406	35	September 30, 2016	November 30, 2016

(2) Dividends with the cut-off date in the year ended March 31, 2017 and the effective date in the year ending March 31, 2018

Resolution	Type of shares	Dividends paid from	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general shareholders' meeting (June 28, 2017)	Common stock	Retained earnings	¥6,406	¥35	March 31, 2017	June 29, 2017

(Note) The Corporation Law of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, except neither the capital reserve nor the legal reserve is available for distributions.

**Consolidated Statement 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	
	2016	2017
Cash and deposits account	¥87,659	¥117,240
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	72,399	51,324
Cash and cash equivalents	¥159,949	¥168,454

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 domestic electric power 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 papers. 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. The 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 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 electric power business since transactions are conducted mainly with former 10 EPCOs, 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 bearing high credit ratings to mitigate counterparty 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. 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 papers and other means.

(4) Supplemental explanation of the estimated 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 man-

ner 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, 2017, 86% of the operating receivables are from former 10 EPCOs 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, 2016	Millions of yen		
	Carrying value	Fair value	Difference
(1) Cash and deposits	¥87,659	¥87,659	—
(2) Notes and accounts receivable-trade	66,312	66,312	—
(3) Short-term investments	72,410	72,410	—
(4) Investment securities	40,095	40,095	—
Available-for-sale securities* ¹	40,095	40,095	—
Total assets	266,477	266,477	—
(5) Notes and accounts payable-trade	37,033	37,033	—
(6) Short-term loans payable	28,009	28,009	—
(7) Bonds payable* ²	665,076	702,004	¥(36,927)
(8) Long-term loans payable* ²	934,798	964,440	(29,641)
Total liabilities	1,664,918	1,731,487	¥(66,569)
(9) Derivatives transactions* ³			
Transactions not subject to hedge accounting	164	164	—
Transactions subject to hedge accounting	(16,810)	(16,810)	—
Total derivatives transactions	¥(16,646)	¥(16,646)	—

*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, 2017	Millions of yen		
	Carrying value	Fair value	Difference
(1) Cash and deposits	¥117,240	¥117,240	—
(2) Notes and accounts receivable-trade	78,805	78,805	—
(3) Short-term investments	51,344	51,344	—
(4) Investment securities	42,949	42,949	—
Available-for-sale securities* ¹	42,949	42,949	—
Total assets	290,340	290,340	—
(5) Notes and accounts payable-trade	24,616	24,616	—
(6) Short-term loans payable	24,957	24,957	—
(7) Bonds payable* ²	655,086	684,536	¥(29,449)
(8) Long-term loans payable* ²	939,394	966,110	(26,716)
Total liabilities	1,644,055	1,700,221	¥(56,166)
(9) Derivatives transactions* ³			
Transactions not subject to hedge accounting	—	—	—
Transactions subject to hedge accounting	(8,511)	(8,511)	—
Total derivatives transactions	¥(8,511)	¥(8,511)	—

*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 estimated 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 payable

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	
	2016	2017
Unlisted shares (excluding share sold on the OTC market)	¥7,169	¥7,137
Unlisted foreign shares	173	165
Capital contribution	1,545	1,537
Foreign capital contribution	¥11,983	¥11,226

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, 2016	Millions of yen
	Due in one year or less
Cash and deposits*	¥87,659
Notes and accounts receivable-trade	66,312
Short-term investments	72,410
Investment securities	—
Available-for-sale securities with maturities	—
Total	¥226,381

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

As of March 31, 2017	Millions of yen
	Due in one year or less
Cash and deposits*	¥117,240
Notes and accounts receivable-trade	78,805
Short-term investments	51,344
Investment securities	—
Available-for-sale securities with maturities	—
Total	¥247,390

* 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, 2016	Millions of yen			
	Short-term loans payable	Bonds payable	Long-term loans payable	Total
Due in one year or less	¥28,009	¥90,000	¥67,522	¥185,532
Due after one year through two years	—	160,100	40,742	200,842
Due after two years through three years	—	40,000	56,224	96,224
Due after three years through four years	—	60,000	74,843	134,843
Due after four years through five years	—	80,000	68,344	148,344
Due after five years	—	¥235,000	¥627,120	¥862,120

As of March 31, 2017				Millions of yen
	Short-term loans payable	Bonds payable	Long-term loans payable	Total
Due in one year or less	¥24,957	¥160,100	¥48,194	¥233,252
Due after one year through two years	—	40,000	71,653	111,653
Due after two years through three years	—	60,000	96,922	156,922
Due after three years through four years	—	80,000	65,057	145,057
Due after four years through five years	—	20,000	43,171	63,171
Due after five years	—	¥295,000	¥614,396	¥909,396

Securities

1. Available-for-sale securities

As of March 31, 2016	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	Stock	¥32,062	¥17,386	¥14,675
Instruments for which the amount recorded on the consolidated balance sheets does not exceed the acquisition cost	Stock	8,033	9,527	(1,493)
Total		¥40,095	¥26,913	¥13,182

As of March 31, 2017	Items	Millions of yen		
		Amount recorded on the consolidated balance sheets	Acquisition cost	Difference
Instruments for which the amount recorded on the consolidated balance sheet exceeds the acquisition cost	Stock	¥39,709	¥21,852	¥17,857
Instruments for which the amount recorded on the consolidated balance sheet does not exceed the acquisition cost	Stock	3,240	3,477	(237)
Total		¥42,949	¥25,329	¥17,619

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

Year ended March 31, 2016	Millions of yen		
	Proceeds from sales	Gain on sales	Loss on sales
Stock	¥413	¥146	—

Year ended March 31, 2017	Millions of yen		
	Proceeds from sales	Gain on sales	Loss on sales
Stock	¥1,442	¥114	¥87

3. Impairment of available-for-sale securities

Year ended March 31, 2016	Millions of yen
	Stock

Year ended March 31, 2017	Millions of yen
	Stock

**Derivatives Transactions****1. Derivatives transactions not subject to hedge accounting****(1) Currencies**

As of March 31, 2016		Contract value, etc.			Valuation gain/loss	Millions of yen Calculation of fair value
		Total value	Portion over one year			
Transactions other than market transactions	Instrument Foreign exchange forward contracts, short positions	¥5,270	—	¥164	¥164	According to the forward exchange rate

As of March 31, 2017

Not applicable.

2. Derivatives transactions subject to hedge accounting

As of March 31, 2016		Contract value, etc.			Fair value	Millions of yen Calculation of fair value
		Total value	Portion over one year			
General settlement method	Instrument Foreign exchange forward contracts	Target Foreign-currency-denominated receivables and payables	¥1,410	—	¥121	According to the forward exchange rate
	Interest rate swaps pay/fixed receive/floating	Loans	320,563	¥320,563	(15,209)	According to the price, etc. specified by the transacting financial institution
	Interest rate collar transactions		20,719	20,719	(1,557)	
	Commodity swaps pay/fixed receive/floating	Commodity	5,632	—	(165)	
Special interest rate swaps	Interest rate swaps pay/fixed receive/floating	Loans	275,198	264,698	*	—
Total			¥623,524	¥605,980	¥(16,810)	

* 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, 2017

As of March 31, 2017		Contract value, etc.			Fair value	Millions of yen Calculation of fair value
		Total value	Portion over one year			
General settlement method	Instrument Foreign exchange forward contracts	Target Foreign-currency-denominated receivables and payables	¥3,798	¥2,351	¥614	According to the forward exchange rate
	Interest rate swaps pay/fixed receive/floating	Loans	355,022	338,197	(11,118)	According to the price, etc. specified by the transacting financial institution
	Interest rate collar transactions		19,036	18,018	(1,193)	
	Commodity swaps pay/fixed receive/floating	Commodity	12,428	—	3,186	
Special interest rate swaps	Interest rate swaps pay/fixed receive/floating	Loans	267,037	261,897	*	—
Total			¥657,323	¥620,464	¥(8,511)	

* 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 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 types) 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	
	2016	2017
Balance at the beginning of the year	¥142,602	¥156,719
Service cost	5,968	6,542
Interest cost	1,481	590
Incurred actuarial gain or loss	13,162	(4,248)
Retirement benefit payments	(6,488)	(7,695)
Other	(7)	(2)
Balance at the end of the year	¥156,719	¥151,906

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

Year ended March 31	Millions of yen	
	2016	2017
Balance at the beginning of the year	¥93,979	¥90,806
Expected return on plan assets	2,589	2,621
Incurred actuarial gain or loss	(5,371)	1,472
Funding by the Company and its subsidiaries	4,021	3,337
Retirement benefit payments	(4,413)	(4,410)
Balance at the end of the year	¥90,806	¥93,828

(3) The table set forth the funded status of the plans and the amounts recognized in the consolidated balance sheet for the Company's and the consolidated subsidiaries' defined benefit plans

As of March 31	Millions of yen	
	2016	2017
Retirement benefit obligations of funded type plans	¥148,304	¥143,425
Plan assets	(90,806)	(93,828)
	57,497	49,596
Retirement benefit obligations of unfunded type plans	8,414	8,480
Net amount of liabilities and assets on the consolidated balance sheet	65,912	58,077
Net defined benefit liability	65,912	58,079
Net defined benefit asset	—	(2)
Net amount of liabilities and assets on the consolidated balance sheet	¥65,912	¥58,077

**(4) Retirement benefit expenses**

Year ended March 31	Millions of yen	
	2016	2017
Service cost	¥5,899	¥6,477
Interest cost	1,433	574
Expected return on plan assets	(2,618)	(2,542)
Amortization of actuarial gain or loss	(2,172)	11,522
Other	12	92
Retirement benefit expenses regarding defined benefit plans	¥2,554	¥16,124

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

A breakdown of remeasurements of defined benefit plans (before tax effect) is as follows:

Year ended March 31	Millions of yen	
	2016	2017
Actuarial gain or loss	¥(20,705)	¥17,244
Total	¥(20,705)	¥17,244

(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:

As of March 31	Millions of yen	
	2016	2017
Unrecognized actuarial gain or loss	¥17,859	¥614
Total	¥17,859	¥614

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

Proportion of each type of asset is as follows:

As of March 31	2016	2017
Bonds	25%	25%
Stocks	31%	32%
General accounts	39%	38%
Other	5%	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 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	2016	2017
Discount rate	0.4%	0.6%
Long-term expected rate of return on plan assets	2.9%	2.9%
Expected rate of increase in salary	3.6%	3.6%

Stock Options**For the year ended March 31, 2016**

Not applicable.

For the year ended March 31, 2017

Not applicable.

Income taxes

1. The significant components of deferred tax assets and liabilities

As of March 31	Millions of yen	
	2016	2017
Deferred tax assets		
Net defined benefit liability	¥20,219	¥18,023
Unrealized gain on fixed assets	12,437	12,835
Excess of depreciation of fixed assets	4,308	4,097
Amount assigned for bonuses, etc. but not yet paid	2,239	2,296
Excess of amortization of deferred assets for tax purposes	818	760
Excess of reserve for fluctuation in water levels	32	—
Other	38,041	38,403
Subtotal of deferred tax assets	78,097	76,416
Valuation allowance	(12,193)	(11,986)
Total deferred tax assets	65,904	64,430
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(3,813)	(4,419)
Other	(31,321)	(38,325)
Total deferred tax liabilities	(35,134)	(42,744)
Net deferred tax assets	¥30,770	¥21,686

(Note) The net amount of deferred tax assets is included in the accounts below on the consolidated balance sheets.

As of March 31	Millions of yen	
	2016	2017
Noncurrent assets – Deferred tax assets	¥43,818	¥40,514
Current assets – Deferred tax assets	5,268	4,564
Noncurrent liabilities – Deferred tax liabilities	(18,294)	(23,387)
Current liabilities – Deferred tax liabilities	¥(22)	¥(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	2016	2017
Statutory tax rate	28.85%	28.24%
(adjusted)		
Retained earnings of overseas subsidiaries, etc.	1.17%	5.86%
Withholding taxes in foreign countries	0.49%	5.81%
Difference of statutory tax rates between the Company and consolidated subsidiaries	3.81%	2.50%
Non-taxable profit such as dividends income	(4.19)%	(8.80)%
Investment profit/loss based on the equity method	(5.38)%	(5.58)%
Downward adjustment of deferred tax assets due to change in tax rate	1.59%	—
Other	4.27%	3.96%
Effective tax rates	30.61%	31.99%

Business Combination, etc.

1. Transaction under common control

(1) Overview of transaction

a. Name of company and business description

Name of company: Gulf JP Co., Ltd.

Business description: Investment management

b. Date of business combination

August 15, 2016

c. Legal form of business combination

Transfer of shares to non-controlling stockholder

d. Other information of transaction

The Company carried out this transaction based on the board of directors' resolution for the purpose of ensuring smooth business operation in Thailand and reinforcing the relationship with the non-controlling stockholder of Gulf JP Co., Ltd.

Number of shares transferred: 986,700,000 (Percentage of shares issued: 30.0%)

Transfer price: 42,043 million yen

Percentage of shares held after transfer: 60.0%

**(2) Accounting overview**

It is accounted for as a transaction with non-controlling stockholder as part of transactions under common control based on "Accounting Standard for Business Combinations" and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures".

Segment Information, etc.**(Segment Information)****1. Overview of Reportable Segment**

The Company's reportable segments are those for which separate financial information for each structural unit is available and are subject to regularly reviewed by the Board of Directors to determine the distribution of management resources and evaluate performance.

The J-POWER Group is comprised of J-POWER (parent company), 73 subsidiaries and 103 affiliates (as of March 31, 2017), of which the core business is generating business utilizing power plants owned by J-POWER group companies including hydroelectric, thermal and wind. Through the Group's power transmission and transforming facilities the Group also engages in transmission business, providing transmission services to nine transmission and distribution companies, excluding The Okinawa Electric Power Company. The J-POWER Group's business is separated into 4 reportable segments of "Electric Power Business"

(3) Change in shares due to transaction with non-controlling stockholder**a. Main factor for change in capital surplus**

Partial transfer of subsidiary's shares

b. Increase in capital surplus due to transaction with non-controlling stockholder

10,055 million yen

conducted by the parent company, subsidiaries and affiliates; "Electric Power Related Business" that complements and contributes to the smooth and efficient implementation of the electric power business; "Overseas Business" that engages in overseas power generation business and businesses related to this; and "Other Business" which consists of various business activities including the sale of coal that fully utilizes the Group's management resources and know-how.

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

The method of accounting for the reportable segments is the same as that stated in "Summary of Significant Accounting Policies." The income of reportable segments is calculated on the basis of ordinary income. Intersegment internal revenues and transferred amounts are based on current market prices.

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

Millions of yen

For the year ended March 31, 2016	Reportable segments					Adjustments* ¹	Consolidated* ²
	Electric power	Electric power related	Overseas	Other	Total		
Sales							
Sales to external customers	¥570,837	¥31,973	¥155,952	¥21,309	¥780,072	—	¥780,072
Intersegment sales and transfer	1,657	327,213	—	1,758	330,629	¥(330,629)	—
Total sales	572,494	359,186	155,952	23,068	1,110,701	(330,629)	780,072
Segment income	32,239	14,462	11,483	810	58,995	(456)	58,538
Segment assets	1,825,341	256,147	601,176	17,830	2,700,495	(159,772)	2,540,723
Other items							
Depreciation and amortization	77,628	6,252	12,833	422	97,136	(2,553)	94,582
Interest income	278	250	503	52	1,084	(178)	905
Interest expenses	17,936	195	12,470	86	30,688	(193)	30,495
Equity income of affiliates	391	—	10,497	—	10,889	—	10,889
Investment in affiliates	12,915	—	152,684	—	165,599	—	165,599
Increase in tangible and intangible noncurrent assets	¥119,176	¥2,820	¥11,472	¥301	¥133,770	¥(7,450)	¥126,320

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

- (1) The adjustment amount of (456) million yen in segment income includes elimination of transaction amounts between segments of (493) million yen.
- (2) The adjustment amount of (159,772) million yen in segment assets includes elimination of (157,670) million yen for the offsetting of receivables.
- (3) The adjustment amount of (2,553) million yen in depreciation and amortization includes elimination of transaction amounts between segments of (2,510) million yen.
- (4) The 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 consolidated financial statements.

Millions of yen

For the year ended March 31, 2017	Reportable segments					Adjustments* ¹	Consolidated* ²
	Electric power	Electric power related	Overseas	Other	Total		
Sales							
Sales to external customers	¥538,558	¥34,004	¥149,888	¥21,950	¥744,402	—	¥744,402
Intersegment sales and transfer	1,683	323,357	—	2,038	327,079	¥(327,079)	—
Total sales	540,241	357,362	149,888	23,989	1,071,482	(327,079)	744,402
Segment income	22,212	14,244	31,229	1,376	69,063	(1,912)	67,150
Segment assets	1,885,892	248,751	617,442	18,559	2,770,646	(164,360)	2,606,285
Other items							
Depreciation and amortization	54,650	5,975	16,448	314	77,389	(1,728)	75,660
Interest income	124	299	634	72	1,131	(107)	1,024
Interest expenses	15,470	139	14,201	94	29,905	(107)	29,798
Equity income of affiliates	110	—	13,148	—	13,258	—	13,258
Investment in affiliates	16,192	—	163,074	—	179,266	—	179,266
Increase in tangible and intangible noncurrent assets	¥107,841	¥2,153	¥1,358	¥553	¥111,907	¥(6,070)	¥105,837

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

- (1) The adjustment amount of (1,912) million yen in segment income includes elimination of transaction amounts between segments of (1,951) million yen.
 - (2) The adjustment amount of (164,360) million yen in segment assets includes elimination of (153,714) million yen for the offsetting of receivables.
 - (3) The adjustment amount of (1,728) million yen in depreciation and amortization includes elimination of transaction amounts between segments of (1,676) million yen.
 - (4) The 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 consolidated financial statements.

4. Changes in reportable segments and others

(Inclusion of loan interest in asset acquisition cost)

As stated in "Changes in Accounting Policies", the Company had capitalised the interest on funds allocated to building electric utility plant and equipment as part of the construction cost of the assets concerned, pursuant to the "Electric Utility Accounting Regulations" (Ordinance of the Japanese Ministry of International Trade and Industry No. 57 of 1965), but has changed its accounting method not to capitalise interest as the construction cost of the assets concerned since the beginning of this fiscal year.

This change of the accounting policies was applied retroactively, and the segment information for the previous fiscal year reflects the retroactive application. The "Electric Power Business" segment for the previous fiscal year therefore shows an increase of 504 million yen in segment income, a decrease of 5,549 mil-

lion yen in segment assets and a decrease of 538 million yen in depreciation and amortization cost, compared to the figures before retroactively applying this policy.

(Method of depreciation for tangible non-current assets)

As stated in "Changes in Accounting Policies Difficult to Differentiate from Changes in Accounting Estimates", the Company had previously used the declining-balance method of depreciation for buildings, structures, and machinery and equipment, but has applied the straight-line method since the beginning of this fiscal year.

This change resulted in increases in segment income in the "Electric Power Business" and "Other Business" segments of 18,205 million yen and 95 million yen, respectively, while depreciation and amortization cost in those segments decreased by 18,205 million yen and 95 million yen, respectively.

(Related information)

For the year ended March 31, 2016

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
	¥599,337	¥157,977	¥25,757	¥780,072

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

(2) Tangible noncurrent assets

				Millions of yen
	Japan	Thailand	Other	Total
	¥1,384,523	¥337,905	¥33,739	¥1,756,168

**3. Sales to main customers**

	Millions of yen	
	Amount of sales	Related segment
Electricity Generating Authority of Thailand (EGAT)	¥144,722	Overseas business
The Tokyo Electric Power Company, Incorporated	116,845	Electric power business
The Chugoku Electric Power Company, Incorporated	109,221	Electric power business
The Kansai Electric Power Company, Incorporated	¥101,796	Electric power business

For the year ended March 31, 2017**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
	¥566,029	¥148,822	¥29,551	¥744,402

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

(2) Tangible noncurrent assets

	Millions of yen			
	Japan	Thailand	Other	Total
	¥1,428,838	¥313,547	¥28,335	¥1,770,720

3. Sales to main customers

	Millions of yen	
	Amount of sales	Related segment
Electricity Generating Authority of Thailand (EGAT)	¥138,830	Overseas business
The Chugoku Electric Power Company, Incorporated	111,599	Electric power business
TEPCO Energy Partner, Incorporated	93,701	Electric power business
The Kansai Electric Power Company, Incorporated	¥88,888	Electric power business

(Impairment loss on noncurrent assets by reportable segments)**For the year ended March 31, 2016**

	Millions of yen				
	Electric power	Electric power related	Overseas	Other	Total
Impairment loss	¥1,255	¥136	—	—	¥1,392

For the year ended March 31, 2017

	Millions of yen				
	Electric power	Electric power related	Overseas	Other	Total
Impairment loss	¥17	¥2,607	—	—	¥2,624

(Information about unamortized balance of goodwill by reportable segments)**For the year ended March 31, 2016**

Not applicable.

For the year ended March 31, 2017

Not applicable.

(Information about gain on negative goodwill by reportable segments)**For the year ended March 31, 2016**

Not applicable.

For the year ended March 31, 2017

Not applicable.

(Related party information)

1. Summary of financial information of important affiliates

For the year ended March 31, 2016

Not applicable.

For the year ended March 31, 2017

Type	Affiliate
Company name	PT. BHIMASENA POWER INDONESIA
Location	Jakarta, Indonesia
Capital or contribution (Millions of U.S. dollars)	10
Business description	Thermal power business
Ownership of voting rights (%)	Direct 34.0
Relationship with related party	Guarantee of loan / Interlocking directors
Transaction	Guarantee of loan *1. *2
Amount of transaction (Millions of yen)	33,835
Account name	—
Balance at the end of current period (Millions of yen)	—

*1 The consumption taxes are not included in the amount stated above.

*2 Terms and conditions, and policy for determining terms and conditions

The Company executes guarantees of loans from financial institutions.

The Company executes guarantees of loans for the letters of guarantee of power sales agreements of financial institutions.

Per share information

Year ended March 31	Yen	
	2016	2017
Net assets per share	¥3,641.59	¥3,954.22
Earnings per share	¥218.97	¥226.33

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

2. The basis of calculation of earnings per share is shown below.

Year ended March 31		2016	2017
Profit attributable to owners of parent	Millions of yen	¥40,081	¥41,429
Amount not attributable to ordinary shareholders	Millions of yen	—	—
Profit attributable to owners of parent related to common stock	Millions of yen	¥40,081	¥41,429
Weighted average number of common stock outstanding during the year	Thousands of shares	183,050	183,049

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

As of March 31		2016	2017
Total net assets	Millions of yen	¥675,433	¥764,019
Amount deducted from total net assets (non-controlling interests included in the above)	Millions of yen	¥8,839 (¥8,839)	¥40,200 (¥40,200)
Year-end net assets related to common stock	Millions of yen	¥666,593	¥723,819
The number of common stock used in the calculation of net assets per share	Thousands of shares	183,049	183,049

4. As stated in "Changes in Accounting Policies (Inclusion of loan interest in asset acquisition cost)," the change in the accounting policies was applied retroactively, and the consolidated financial statements for the previous fiscal year reflect the retroactive application. As the result, net assets per share in the previous fiscal year decreased by 30.32 yen and earnings per share in the previous fiscal year increased by 1.98 yen, compared to the figures before retroactively applying this change.

Significant Subsequent Events

Not applicable.

Schedule of Bonds Payable

Electric Power Development Co., Ltd. straight bond

No.	Issued date	Balance as of Apr. 1, 2016	Balance as of Mar. 31, 2017	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
8	Feb. 24, 2005	20,000	20,000	2.11	Unsecured	Dec. 20, 2024
11	Jun. 7, 2005	20,000	20,000	2.05	Unsecured	Mar. 19, 2025
13	Jul. 22, 2005	20,000	20,000	2.04	Unsecured	Jun. 20, 2025
15	Oct. 20, 2005	20,000	20,000	2.11	Unsecured	Sep. 19, 2025
16	Jun. 9, 2006	29,999	—	1.99	Unsecured	Jun. 20, 2016
17	Aug. 4, 2006	29,999	—	2.07	Unsecured	Jun. 20, 2016
18	Feb. 2, 2007	29,998	—	1.79	Unsecured	Dec. 20, 2016
19	Aug. 20, 2007	29,299	*1 29,299	1.94	Unsecured	Jun. 20, 2017
20	Sep. 27, 2007	27,196	*1 27,198	1.74	Unsecured	Sep. 20, 2017
21	Nov. 20, 2007	28,699	*1 28,699	1.69	Unsecured	Sep. 20, 2017
22	Apr. 24, 2008	26,596	*1 26,598	1.60	Unsecured	Mar. 20, 2018
23	May 30, 2008	28,297	*1 28,298	1.82	Unsecured	Mar. 20, 2018
25	Mar. 12, 2009	20,000	20,000	1.61	Unsecured	Mar. 20, 2019
26	Mar. 12, 2009	14,990	14,991	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	*1 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	20,000	0.889	Unsecured	Jun. 20, 2024
41	Sep. 2, 2014	20,000	20,000	0.782	Unsecured	Aug. 20, 2024
42	Apr. 18, 2016	—	10,000	0.31	Unsecured	Apr. 20, 2026
43	Jun. 7, 2016	—	20,000	0.29	Unsecured	Jun. 19, 2026
44	Oct. 20, 2016	—	10,000	0.688	Unsecured	Oct. 20, 2036
45	Nov. 29, 2016	—	10,000	0.26	Unsecured	Nov. 20, 2026
46	Jan. 19, 2017	—	20,000	0.22	Unsecured	Jan. 19, 2024
47	Feb. 22, 2017	—	10,000	0.919	Unsecured	Feb. 20, 2037
Total		¥665,076	¥655,086	—	—	—

- (Notes) 1. The balances as of March 31, 2017 regarding bonds No. 19, 20, 21, 22, 23 and 34 are redeemable within one year.
 2. Bonds No. 19, 20, 21, 22, and 23 have been partially paid back.
 3. The amounts redeemable within five years after March 31, 2017 are as follows;

	Millions of yen
Due in one year or less	¥160,100
Due after one year through two years	40,000
Due after two years through three years	60,000
Due after three years through four years	80,000
Due after four years through five years	¥20,000

Schedule of Loans, etc.

	Balance as of April 1, 2016	Balance as of March 31, 2017	Average rate of interest	Repayment date
	Millions of yen	Millions of yen	%	
Long-term loans				
(excluding current portion)	¥867,276	¥891,200	1.495	From Apr. 1, 2018 To Mar. 31, 2037
Lease obligations				
(excluding current portion)	479	353	—	From Apr. 2, 2018 To Nov. 30, 2022
Current portion of long-term loans	67,522	48,194	1.442	—
Current portion of lease obligations	419	290	—	—
Short-term loans	28,009	24,957	1.738	—
Total	¥963,707	¥964,996	—	—

- (Notes) 1. Average rate of interest is the weighted average rate of interest for loans as of March 31, 2017.
 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 repayment of "Long-term loans (excluding current portion)" and "Lease obligations (excluding current portion)" within five years after March 31, 2017 are as follows;

	Millions of yen	
	Long-term loans	Lease obligations
Due after one year through two years	¥71,653	¥175
Due after two years through three years	96,922	102
Due after three years through four years	65,057	57
Due after four years through five years	¥43,171	¥ 16

Schedule of Asset Retirement Obligations

Schedule of asset retirement obligations is omitted as the amount of asset retirement obligations as of April 1, 2016 and March 31, 2017 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, 2016 and March 31, 2017.

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, 2017, 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, 2017, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

We draw attention to Note "Changes in Accounting Policies Difficult to Differentiate from Changes in Accounting Estimates" of the consolidated financial statements, which describes the Company had previously used the declining-balance method of depreciation for buildings, structures, and machinery and equipment, but has applied the straight-line method since the beginning of this fiscal year. Our opinion is not qualified in respect of this matter.

*Ernst & Young Shin Nihon
LLC.*

June 29, 2017
Tokyo, Japan



Electric Power Development Co., Ltd.

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