

(English Translation)

## Financial Results (Unaudited) (for the Year Ended March 31, 2014)

April 30, 2014

### Electric Power Development Co., Ltd. (J-POWER)

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Scheduled date of the Ordinary General Meeting of Shareholders: June 26, 2014  
 Scheduled date of dividend payment commencement: June 27, 2014  
 Scheduled date for filing of annual securities report: June 27, 2014  
 Preparation of supplementary explanations of financial results: Yes  
 Financial results presentation held: Yes (for institutional investors and securities analysts)

(Note) All monetary values are rounded down to the nearest units as indicated in each table.

### 1. Consolidated Financial Results (From April 1, 2013 to March 31, 2014)

#### (1) Consolidated Operating Results

(Percentages (%) represent changes from the same period of the previous year)

	Operating revenues		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2014	706,835	7.7	59,171	8.4	40,077	(10.6)	28,694	(3.7)
Year ended March 31, 2013	656,056	0.2	54,566	9.6	44,825	22.4	29,808	85.0

(Note) Comprehensive income: Year ended March 31, 2014 69,446 million yen 22.0 %  
 Year ended March 31, 2013 56,932 million yen - %

	Net income per share	Fully diluted net income per share
	yen	yen
Year ended March 31, 2014	191.23	—
Year ended March 31, 2013	198.65	—

	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to operating revenues
	%	%	%
Year ended March 31, 2014	5.9	1.8	8.4
Year ended March 31, 2013	6.9	2.1	8.3

(Reference) Equity incomes of affiliates: Year ended March 31, 2014 16,380 million yen  
 Year ended March 31, 2013 11,728 million yen

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 31, 2014	2,385,216	519,477	21.6	3,440.23
Year ended March 31, 2013	2,169,909	453,885	20.9	3,024.98

(Reference) Shareholders' equity: Year ended March 31, 2014 516,211 million yen  
 Year ended March 31, 2013 453,905 million yen

### (3) Consolidated Statements of Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	million yen	million yen	million yen	million yen
Year ended March 31, 2014	122,110	(177,375)	88,295	85,223
Year ended March 31, 2013	119,786	(170,369)	61,502	48,894

### 2. Dividends

	Cash dividends per share					Total amount of dividends	Dividend pay-out ratio	Ratio of dividends to net assets
	Record date				Annual			
	Jun. 30	Sep. 30	Dec. 31	Mar. 31				
	yen	yen	yen	yen	yen	million yen	%	%
Year ended March 31, 2013	—	35.00	—	35.00	70.00	10,503	35.2	2.4
Year ended March 31, 2014	—	35.00	—	35.00	70.00	10,503	36.6	2.2
Year ending March 31, 2015 (forecasts)	—	35.00	—	35.00	70.00		25.6	

### 3. Consolidated Earnings Forecasts for the Year Ending March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Percentages (%) represent changes from the same period of the previous year)

	Operating revenues		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Six months ending Sep. 30, 2014	355,000	2.3	29,000	(18.5)	21,000	(20.7)	15,000	(20.4)	99.97
Year ending March 31, 2015	754,000	6.7	69,000	16.6	57,000	42.2	41,000	42.9	273.24

(Note) The impact of the accident at Matsuura No. 2 Unit in which the low-pressure turbine rotor fell (notification has already been given in the timely disclosures of March 28, 2014 and April 17, 2014) is not reflected in the above. For the details, please refer to page 3 of the attached document, "Consolidated Earnings Forecasts for the Year Ending March 31, 2015."

### 4. Other Information

- (1) Principal subsidiaries subject to changes: None
- (2) Changes in accounting policies, accounting estimates and restatement of corrections
  - 1) Changes in accounting policies due to revisions of accounting standards etc.: Yes
  - 2) Changes in accounting policies except 1): None
  - 3) Changes in accounting estimates: None
  - 4) Restatement of corrections: None

Note: For the details, please refer to "Changes in Accounting Policy, Changes in Accounting Quotation and Representation of Corrections" on page 23.

- (3) Number of shares issued (common stock)
  - 1) Number of shares issued at the end of the period (including treasury stock)
    - Year ended March 31, 2014: 166,569,600
    - Year ended March 31, 2013: 166,569,600
  - 2) Treasury stock at the end of the period
    - Year ended March 31, 2014: 16,518,311
    - Year ended March 31, 2013: 16,517,290
  - 3) Average number of shares outstanding during the period
    - Year ended March 31, 2014: 150,051,771
    - Year ended March 31, 2013: 150,052,643

**[Reference]**

**1. Non-consolidated Financial Results** (From April 1, 2013 to March 31, 2014)

(1) Non-consolidated Operating Results

(Percentages (%) represent changes from the same period of the previous year)

	Operating revenues		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2014	582,861	(0.7)	40,464	(6.6)	31,060	7.7	22,117	18.9
Year ended March 31, 2013	586,993	(2.2)	43,333	2.3	28,839	12.3	18,594	102.8

	Net income per share	Fully diluted net income per share
	yen	yen
Year ended March 31, 2014	147.40	—
Year ended March 31, 2013	123.92	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 31, 2014	1,926,731	374,689	19.4	2,497.08
Year ended March 31, 2013	1,870,291	358,950	19.2	2,392.17

(Reference) Shareholders' equity: Year ended March 31, 2014 374,689 million yen  
Year ended March 31, 2013 358,950 million yen

**2. Non-consolidated Earnings Forecasts for the Year Ending March 31, 2015** (From April 1, 2014 to March 31, 2015)

(Percentages (%) represent changes from the same period of the previous year)

	Operating revenues		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Six months ending Sep. 30, 2014	287,000	(4.2)	25,000	(21.6)	20,000	(24.6)	15,000	(19.8)	99.97
Year ending March 31, 2015	578,000	(0.8)	41,000	1.3	28,000	(9.9)	20,000	(9.6)	133.29

(Note) The impact of the accident at Matsuura No. 2 Unit in which the low-pressure turbine rotor fell (notification has already been given in the timely disclosures of March 28, 2014 and April 17, 2014) is not reflected in the above. For the details, please refer to page 3 of the attached document, "Consolidated Earnings Forecasts for the Year Ending March 31, 2015."

\* Presentation for quarterly review procedures

- At the time of disclosure of this report, review procedures for financial statements pursuant to the Financial Instruments and Exchange Act had not been completed.

\* Forward-looking statements and other special notes

- The earnings forecasts are forward-looking statements made on the basis of available information current at the time forecasts are made and contain uncertain elements. Therefore, actual earnings may differ from forecast figures as a result of changes in business performance and other factors. For the details of earnings forecasts for the year ending March 2015, please refer to page 3.
- The supplementary explanation material is available on our website at <http://www.jpowers.co.jp/english/> under the investor relations section.

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## 1. Operating Results and Financial Position (Consolidated)

### (1) Operating Results

#### 1) Electricity Sales Volume

In the wholesale electric power business, electricity sales volume from hydroelectric power plants for the current consolidated fiscal year decreased 3% from the previous consolidated fiscal year to 8.7 TWh. This was mainly due to a decrease in the water supply rate from 102% in the previous fiscal year to 99% and the suspended operation of some hydroelectric plants. In thermal power sales, the load factor of thermal power plants from 78% to 79% was roughly at the same level as the previous year, and electricity sales volume decreased 0.5% from the previous fiscal year at 54.3 TWh. As a result, total electricity sales volume for both hydroelectric and thermal power combined was 63.0 TWh. Electricity sales volume in the other electric power businesses increased 4.7% from the previous fiscal year to 2.3 TWh, due mainly to the inclusion of Mihama Seaside Power, which became a consolidated subsidiary from September 2013. As a result, electricity sales volume in the electric power business as a whole decreased 0.3% at 65.4 TWh.

Also, electricity sales volume in the overseas business was 3.6 TWh, due to the commencement of commercial operation of Small Power Producers (SPP) projects in Thailand from January of last year.

#### 2) Overview of Income and Expenditures

Although revenues decreased for the wholesale hydroelectric power business due to the decreased water supply rate and the suspended operation of some hydroelectric plants and for thermal power due to reduction in basic rates and other factors, sales (operating revenues) increased 7.7% from the previous fiscal year to 706.8 billion yen due to the commencement of commercial operation of projects in Thailand resulting in increased revenues. Furthermore, ordinary income including non-operating revenues increased 8.2% to 729.1 billion yen from the previous fiscal year.

At the same time, despite a decrease in depreciation expenses due to progress in depreciation, operating expenses increased 7.7% from the previous fiscal year to 647.6 billion yen due to an increase of fuel costs in relation to the commencement of commercial operation of projects in Thailand. In addition, ordinary expenses increased 9.6% to 689.1 billion yen from the previous fiscal year due to an increase in non-operating expenses of 51.7% from the previous fiscal year to 41.4 billion yen due to currency exchange losses.

As a result, ordinary income decreased 10.6% from the previous fiscal year to 40.0 billion yen and net income after corporate tax declined 3.7% from the previous fiscal year to 28.6 billion yen. Results for the reporting segments for the current fiscal year follow.

#### (Electric Power Business)

Revenues decreased for the wholesale hydroelectric power business due to the decreased water supply rate and the suspended operation of some hydroelectric plants and for thermal power due to reduction in basic rates and other factors. Revenues in the other electric power businesses increased due mainly to the inclusion of Mihama Seaside Power, which became a consolidated subsidiary from September 2013. As a result, sales (electric utility operating

revenue) increased 0.4% from the previous fiscal year to 610.7 billion yen.

Despite an increase in sales, segment income declined 6.4% from the previous fiscal year to 29.0 billion yen due mainly to an increase in fuel costs accompanying devaluation of the yen.

#### (Electric Power-Related Business)

Sales (other business operating revenue) increased 4.5% from the previous fiscal year to 361.3 billion yen due mainly to an increase in revenues resulting from an increase in orders for facility upgrade works by consolidated subsidiaries.

Segment income increased 5.8% from the previous fiscal year to 9.6 billion yen due mainly to an increase in sales.

#### (Overseas Business)

Sales (overseas business operating revenue) increased 41.1 billion yen from the previous fiscal year to 42.8 billion yen due to the commencement of commercial operation of projects in Thailand.

Segment income decreased 98.7% from the previous fiscal year to 50 million yen due mainly to the impact of foreign exchange losses, despite an increase in equity income of affiliates.

#### (Other Businesses)

Sales (other business operating revenue) increased 6.5% from the previous fiscal year to 26.3 billion yen due mainly to an increase in sales in telecommunication construction in consolidated subsidiaries.

Segment income decreased 30 million yen to 0.9 billion yen from the previous fiscal year due mainly to an increase in the sales cost.

### 3) Earnings Forecasts

Earnings forecasts for the year ending March 2015 project electric power sales volumes in the wholesale electric power business are based on assumption of normal hydroelectric water supply and for thermal power, levels similar to the previous year while considering suspension plans such as periodic inspections. Also, for overseas businesses, the Nong Saeng IPP Project in Thailand (2 units x 800MW) is scheduled to commence operation. Due to these factors, sales are expected to increase 6.7% year on year to 754 billion yen and operating income is expected to increase 16.6% year on year to 69 billion yen. Ordinary Income is expected to increase 42.2% year on year to 57 billion yen and net income to increase 42.9% to 41 billion yen.

On March 28, 2014, the low-pressure turbine fell during a periodic inspection\* at No.2 Unit of the Matsuura Thermal Power Plant. At this point, the timing for restoration is not certain, so we are making plans assuming the completion of periodic inspections on July 8, without incorporating amount associated with impact from further extension of the suspension period as well as restoration expenses. Currently, we are engaged in efforts toward early restoration and plan to solidify restoration periods, methods and other considerations by the end of May 2014. Earnings forecasts may be revised depending on the findings.

\*The following timely disclosures have been issued regarding this incident.

“Incident During Periodic Inspection of the No.2 Unit at the Matsuura Thermal Power Plant”  
(March 28, 2014)

“Incident During Periodic Inspection of the No.2 Unit at the Matsuura Thermal Power Plant  
(Second Report)” (April 17, 2014).

#### Electricity sales volume and other factors

			Year ended Mar. 31, 2014	Year ending Mar. 31, 2015
Electric Power Business	Wholesale Electric Power Business	Hydroelectric electricity sales volume (TWh)	8.7	9.1
		Thermal electricity sales volume*2 (TWh)	54.3	54.3
		Water supply rate (%)	99	100
		Thermal power load factor (%)	79	79
	Other Electric Power Businesses*1	Electricity sales volume (TWh)	2.3	2.5
Overseas Business		Electricity sales volume (TWh)	3.6	9.3

\*1 Other electric power businesses include power plants for IPPs and PPSs and wind power.

\*2 Electricity sales volume (thermal power) for the year ending March 31, 2015 is based on the assumption that the periodic inspection of Matsuura No. 2 Unit on July 8 is completed.

#### Foreign exchange rate

	Year ended Mar. 31, 2014	Year ending Mar. 31, 2015
Yen/US\$ (Average foreign exchange rate)	100	100
Yen/THB (Foreign exchange rate at term end)	3.2	3.1

## **(2) Financial Position**

### **1) Assets, Liabilities and Net Assets**

Assets increased 215.3 billion yen from the end of the previous fiscal year to 2.3852 trillion yen due to increased capital investment for projects in Thailand and other factors.

Meanwhile, total liabilities increased 149.7 billion yen from the end of the previous fiscal year to 1.8657 trillion yen. Interest-bearing debt increased 126.9 billion yen from the end of the previous fiscal year to 1.6499 trillion yen. Non-recourse loans accounted for 258.7 billion yen of interest-bearing debt (of which 256.7 billion yen was in overseas business).

Furthermore, net assets increased 65.5 billion yen from the end of the previous fiscal year to 519.4 billion yen due mainly to the posting of net income and foreign currency translation adjustments. As a result, the shareholders' equity ratio increased from 20.9% at the end of the previous fiscal year to 21.6%.

## 2) Cash Flow

(Cash flows from operating activities)

Cash inflow from operating activities increased 2.3 billion yen from the previous fiscal year to 122.1 billion yen due mainly to a decrease in inventories.

(Cash flows from investing activities)

Cash outflow from investment activities increased 7.0 billion yen from the previous fiscal year to 177.3 billion yen due mainly to an increase in investment in projects in Thailand.

(Cash flows from financing activities)

Cash inflow from financing activities increased 26.7 billion yen from the previous fiscal year to 88.2 billion yen due mainly to an increase in income from funds procurement.

As a result of these activities, cash and cash equivalents as of March 31, 2014 increased 36.3 billion yen from the end of the previous fiscal year to 85.2 billion yen.

## 3) Trends in Cash Flow Indicators

	Year ended Mar. 31, 2010	Year ended Mar. 31, 2011	Year ended Mar. 31, 2012	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014
Equity ratio	20.4%	20.7%	20.2%	20.9%	21.6%
Equity ratio based on market capitalization	22.8%	19.1%	16.7%	17.1%	18.3%
Years of debt redemption	8.6 years	9.4 years	11.4 years	12.7 years	13.5 years
Interest coverage ratio	7.4	6.6	5.8	5.5	4.9

Notes:

Equity ratio:  $(\text{Net assets} - \text{Minority interests}) / \text{Total assets}$

Equity ratio based on market capitalization:  $\text{Market capitalization} / \text{Total assets}$

Ratio of interest bearing debt to operating cash flow:  $\text{Interest-bearing debts} / \text{Operating cash flow}$

Interest coverage ratio:  $\text{Operating cash flow} / \text{Interest payments}$

(\*) All figures are based on the consolidated financial data.

Interest-bearing debt covers all debts on which interest has been paid among debts recorded on the consolidated balance sheets. In addition, the calculation of interest payments is based on the amount of interest paid in accordance with the consolidated statements of cash flow.

### (3) Basic Policy Regarding Distribution of Profits; Current and Following Period Dividends

The most prominent characteristic of our business is that we secure returns on investment in power plants and other infrastructure through the long-term operation of these facilities, utilizing our well-established enterprise management expertise, including the construction of power plants and other infrastructure. J-POWER will continue to allocate an appropriate level of internal reserves to business investments aimed at new growth and endeavor to increase equity capital with the understanding that further strengthening our financial position is necessary.

In returning profit to our shareholders, we place the utmost importance on maintaining stable dividends in line with the characteristics of our business. Through long-term initiatives we will also work to enhance returns to shareholders in step with efforts to raise corporate value and achieve further growth in a sustainable manner.

Although the business environment continues to remain uncertain since the Great East



Japan Earthquake Disaster and its aftermath in March 2011, we will continue our efforts to strengthen competitiveness in our core wholesale electric power business and to boost earning power by broadening our business. With a view to maintaining stable shareholder returns over the long term, we plan to pay a year-end dividend of 35 yen per share. Combined with the interim dividend of 35 yen per share, the total annual dividend payout will be 70 yen per share. For the year ending March 2015 we also intend to provide an annual payout of 70 yen per share (including an interim dividend of 35 yen).

#### **(4) Business Risks**

This section discusses the main potential risks related to J-POWER's financial position, business results, future business operations and other matters. From the perspective of actively disclosing information to investors, this section also provides information to help investors understand business and other risks that the company does not necessarily consider significant. References to matters relating to future operations and events reflect judgment as of the publication date of this document (April 30, 2014).

Except where a different interpretation is specified, the comments below are framed in consolidated terms, and the term "J-POWER" includes its consolidated subsidiaries and its affiliated companies accounted for by the equity method (the terminology used in the consolidated financial statement follows the definitions stipulated in the Regulation for Terminology, Forms and Preparation of Financial Statements (Ministry of Finance Ordinance Number 28 of 1976)).

#### **1) Impact of Industry Reforms in the Electric Power Business on J-POWER's Wholesale Electricity Rates and Business**

J-POWER derives most of its operating revenues from wholesale power supply to Japan's 10 electric power companies (EPCOs). Amid intensifying competition driven by industry reforms in the electric power business, the EPCOs have reduced their retail electricity rates.

However, because our contract rates are calculated on a fair cost plus fair return on capital basis, we are not directly affected by the reduction in retail electricity rates. Nevertheless, EPCOs have been calling for a reduction in our contract rates, and it is possible that declines in retail electricity rates and intensifying competition could lead to stronger calls for the Company to lower its contract rates. Accordingly, a significant reduction in our contract rates going forward could potentially have a material adverse effect on the results of our operations.

Wholesale power trading on the Japan Electric Power Exchange commenced in April 2005. J-POWER is currently trading in the wholesale power markets. Although we do not expect a large amount of electricity to be traded on the exchange in the near term, an increase in the importance of exchange-traded power prices as a price indicator could potentially have an indirect effect on our rate levels. If the rates set in contracts between J-POWER and EPCOs are higher than price indicators, this could potentially have a material adverse effect on the results of our operations.

In addition, there remains the possibility that the business environment surrounding the company will see drastic changes as a result of industry reforms in the electric power business. Based on the Cabinet decision on the Policy on Electricity System Reform in April 2013, the Electricity Business Act was amended in November 2013, leading to the establishment of the

Organization for Cross-regional Coordination of Transmission Operators (OCCTO) scheduled in 2015. In the future, incremental legal amendments and further detailed review of systems reforms such as the full liberalization of the retail market and abolition of wholesale regulation (implementation scheduled in 2016), unbundling of the transmission/distribution sector (implementation scheduled between 2018 and 2020) are set to take place. The outcomes of such reviews and deliberation could potentially have material adverse effects on our business operations and earnings.

## **2) Delay or Discontinuation of Our Current Power Plant Construction**

Changes in growth projections for electricity demand have prompted some EPCOs to postpone or cancel new power plant development and to shut down inefficient thermal power plants on a long-term or permanent basis. In some cases, we have also postponed the start of commercial operations or canceled the planned construction of power plants to supply EPCOs based on consultations with our EPCO clients. Going forward, if revisions of the nation's energy policies and major changes surrounding the electric power business, the occurrence of unforeseen circumstances or other factors result in the cancellation of construction plans could potentially have a material adverse effect on the results of our operations.

## **3) Global Warming**

J-POWER has a large number of coal-fired thermal power plants, which emit relatively high amounts of carbon dioxide with respect to power output compared to power plants that use LNG and other fossil fuels. Accordingly, we have taken various initiatives to combat global warming both in Japan and overseas.

These efforts notwithstanding, if new regulations or other rules are introduced, this could potentially have a materially adverse effect on the results of our operations.

## **4) Overseas Power Generation Business and Other Area of New Business**

J-POWER is pursuing new initiatives in the overseas power generation business and new electric power businesses in Japan, with the aim of creating new profit sources. However, these businesses may not generate the level of profits that we anticipate, due to unforeseeable circumstances including: a major change in operating conditions; weakening demand; and changes in regulations. Moreover, changes in our business plans or the suspension of operations prompted by these circumstances could result in related expenses that could potentially have a materially adverse effect on the results of our operations. Overseas businesses also entail foreign exchange risk as well as country risk based on political instability and other factors.

## **5) Capital Funds**

Over the next 10 years we anticipate the need to raise a significant amount of funds to proceed with investment plans in our main development projects of Ohma Nuclear Power Plant and Takehara New No. 1 Thermal Power Plant, to repay existing obligations, and to proceed with investment in overseas electric power plant projects. If we are unable to raise the required funds on acceptable terms and in a timely manner due to the prevailing conditions in the financial markets, the Company's credit situation, or other factors at that time, then this could

potentially have a materially adverse effect on our business development and profitability.

#### **6) Ohma Nuclear Power Plant**

In April 2008 J-POWER obtained a permit to install a nuclear reactor at the Ohma Nuclear Power Plant (Aomori Prefecture, 1,383MW) and in May commenced work after obtaining a permit to proceed with the first stage of the construction plan. Construction work, suspended immediately after the Great East Japan Earthquake that struck in March 2011, was resumed in October 2012. Currently, preparations are underway for the application process for permission to modify the nuclear reactor installation with the aim of obtaining approval in line with new regulatory requirements, including design and engineering work concerning safety enhancement measures. We are determined to do whatever we can to establish a safe electric power plant by appropriately incorporating regulatory standards and steadily implementing necessary safety measures and other activities.

However, nuclear power generation involves various risks, such as revisions of plan due to significant change in condition around nuclear power business caused by review of Japan's nuclear policy or unexpected circumstances, also those associated with the storage and handling of radioactive materials, as well as risks other electric power plants are exposed to, such as natural disasters and unforeseen accidents after operations have commenced. J-POWER intends to ensure that these risks are avoided or minimized. However, if any of these risks should eventuate, it could adversely affect the business performance of the Company.

#### **7) Coal-Fired Thermal Power Plant Fuel**

J-POWER's coal-fired thermal power plants use imported coal as their main source of fuel, and fuel costs are affected by price fluctuations for imported coal, supply and demand dynamics for transport vessels, and problems with the facilities or operations of fuel suppliers, among other factors. Fuel prices are reflected in our electricity rates for EPCOs on a cost basis. These rates are generally revised every two years, though they are subject to annual revision if costs change significantly. As a result, fluctuations in coal prices have a limited impact on earnings. However, following a revision to wholesale electricity rates, if coal prices rise sharply before the next revision, there will be a delay before the rise in fuel prices are reflected in electricity rates. This could have a temporary adverse impact on the business performance of the Company.

#### **8) Natural Disasters and Accidents**

Should a natural disaster, human error, terrorist activity, fuel supply stoppage, or other unforeseen circumstance result in a major disruption of one of J-POWER's power plants, transmission or substation facilities, or with the information systems that control operations at these facilities, this could potentially hamper our business operations and consequently have a materially adverse effect on the surrounding environment as well as the results of our operations.

#### **9) Regulatory Requirements**

J-POWER's mainstay wholesale electric power business is subject to regulations of the Electricity Utilities Industry Law. In addition to this law, our business operations are subject to a

variety of other laws. If we are unable to comply with these laws and regulations, or if these laws and regulations are revised, this could potentially have a materially adverse effect on our business operations and earnings. If the Electricity Business Act Amendments on the abolishment of regulations on wholesale become established based on the Cabinet decision on the Policy on Electricity System Reform in April 2013, then regulations for wholesale (regulation on business permits and rates) will be abolished from 2016 onwards (please refer to “1) Impact of Industry Reforms in the Electric Power Business on J-POWER’s Wholesale Electricity Rates and Business”).

Furthermore, on August 10, 2011, the Act to Establish the Nuclear Damage Compensation Facilitation Corporation was promulgated and enacted to establish a framework capable of handling payments and other matters related to compensation for nuclear power damages in the future. Based on a concept of mutual assistance among nuclear power business operators, the main organization of the framework will be the Nuclear Damage Compensation Facilitation Corporation, a support organization. Under Article 38 of this act J-POWER as a nuclear power operator is required to make contributions to the operating costs of the corporation, and these contributions could have a negative impact on our performance if the amount is substantial. If the operation of Ohma Nuclear Power Plant proceeds according to J-POWER’s Ohma Nuclear Power Plant Plan and the plant commences operation of a nuclear reactor as stipulated in the Act on Compensation for Nuclear Damage, J-POWER will be required to make contributions to the Nuclear Damage Compensation Facilitation Corporation.

#### **10) Concentration on a Limited Number of Customers**

Sales to EPCOs account for the majority of J-POWER’s operating revenues. We expect EPCOs to remain our most important customers going forward, and accordingly, our earnings could potentially be affected by EPCOs’ market share trends in the retail electricity market, as well as the fluctuations in demand for electric power in Japan after the Great East Japan Earthquake of March 2011.

#### **11) Protection of Sensitive Information**

J-POWER holds a large amount of important information that must be kept confidential, including personal information. J-POWER controls this information carefully by implementing information security measures, employee training programs and through other means. However, a leak of sensitive information outside the Company could adversely affect J-POWER’s reputation and business performance.

## **2. Corporate Group**

The J-POWER Group is comprised of J-POWER, 72 subsidiaries and 99 affiliates (as of March 31, 2014) and our core business is the wholesale electric power business where we supply electricity to Japan’s 10 electric power companies (EPCOs) through hydroelectric and thermal power plants which we own. Through our power transmission and transforming facilities we also provide transmission services to nine EPCOs (excluding Okinawa Electric Power Company).

The J-POWER Group’s business includes “Electric Power Business”, which consists of the wholesale electric power business by the parent company, and wind power generation businesses

and the wholesale supply of electricity to EPCOs by IPPs and the wholesale supply of electricity to PPSs (Power Producers and Suppliers) by our subsidiaries and affiliates; “Electric Power-Related Businesses” that complement and contribute to the smooth and efficient implementation of our electric power business; “Overseas Power Generation Business” that engages in electric power plant projects overseas and businesses related to this; and “Other Businesses” which include various business activities including the sale of coal that fully utilize the Group’s management resources and know-how.

There have been no material changes in the business contents of the J-POWER Group during the current consolidated fiscal year.

### **3. Management Policies**

#### **(1) Basic Management Policy**

Under its corporate philosophy to “ensure constant supplies of energy to contribute to the sustainable development of Japan and the rest of the world,” J-POWER engages in ongoing initiatives to solidify its position as a sound, growing corporation that is attractive to many stakeholders as it fulfills its mission as a public enterprise. These initiatives include measures to ensure the reliability of our facilities operating in Japan, to promote the transition to a low-carbon society through the development of high-efficiency coal-fired thermal technologies, to further expand our overseas businesses, particularly in Asia where growth is set to continue, and measures to strengthen our financial position to support our various businesses and projects.

Through these initiatives we strive to increase corporate value and meet the expectations of our various stakeholders as we practice fair, transparent management in conducting the affairs of J-POWER.

#### **(2) Current Operating Environment and Key Issues to Address**

In the operational climate that surrounds the J-POWER Group, further enhancement of corporate robustness being required by increased competition due to the Electricity System Reform facing many challenges to overcome such as increased risk of facility issues due to high load factors and aging of existing facilities, lack of clarity regarding the direction of nuclear policies and global environmental problems such as CO<sub>2</sub> emissions regulation

Under such a climate, the Group is enhancing technical strengths and securing facility reliability as its core efforts in enhancing its operational platform and progressing with growth through new developments to secure mid- to long-term supply power, which is driven by domestic baseload power sources that take environmental impact into consideration. To further these aims, we are progressing with the initiatives below to increase our corporate value.

##### **1) Initiatives to Enhance Operational Platforms**

###### *Securing Facility Reliability*

J-POWER’s thermal power, hydroelectric power and transmission and substation facilities will have enhanced facility maintenance and aging countermeasures in place to respond to

demands for higher load factors without any trouble. Concurrently, disaster measures and environmental measures will be implemented appropriately to secure stable operation of the facilities.

In March of this year, there was an incident where the low pressure turbine rotor fell in the No. 2 generator at Matsuura Thermal Power (Matsuura City, Nagasaki Prefecture) during routine inspection. The Company is fully aware of the gravity of this incident in the current austere electricity supply and demand environment and is making concerted efforts toward early recovery. Meanwhile we are engaged in full-scale efforts to expediently uncover the cause of the matter to set in place recurrence prevention measures for thorough facility maintenance in order to secure facility reliability.

#### *Business Operation that Meets Our Corporate Social Responsibility*

The Group will continue to reflexively establish corporate governance to changing management climates while engaging in initiatives to disseminate and establish group-wide compliance awareness to earn and maintain further trust from the society.

Also, through solid measures to ensure safety and crisis management as well as enhanced abilities to respond to disasters, we will support the stable supply of electric power while contributing to a sustainable society through the promotion of environmental management and cohabitation with the community and society.

#### *Changes in the Business Climate and Enhancing Corporate Platforms*

The Group is engaged in developing new power sources, maintaining and improving reliability of existing facilities and cost reduction to enhance competitiveness synergistically on a group-wide basis while enhancing operational platforms to respond to developments in electricity system reforms and any other changes in the future.

Further, through nurturing each individual human resources in aspects such as technical strengths, which form the trunk of our operations, we will build an organization that can flexibly respond to changes in the business climate and strengthen the foundations of our corporation.

#### *Financial Strategy*

It is essential for J-POWER to steadily invest in the formation of new facilities even when the environment for procuring funds becomes gradually more uncertain. Therefore, we believe that the steady strengthening of our financial position will continue to become an even more critical management issue in the future.

To do this, the J-POWER Group will focus its efforts on securing stable business revenues, promoting continuous ongoing improvement in shareholders' equity, and maintaining and strengthening fund-raising capacity by reinforcing initiatives to increase competitiveness and improve investment efficiency.

## 2) Initiatives for Growth based on New Development

### *Upgrade, Adding on and New Construction of Domestic Coal-fired Thermal Power and Technological Development*

The J-POWER Group is responding to the demand from society to provide a stable supply of electricity in the mid- to long-term by improving efficiency by replacing aging thermal power plants and developing baseload power sources that utilize coal-fired thermal power. To this end, we are making steady progress with the Takehara No.1 Thermal Power generator replacement plan (Takehara City, Hiroshima Prefecture. Planned commencement of operation in 2020) and the Kashima Power plan (Kashima City, Ibaraki Prefecture. Planned commencement of operation in 2020) though joint investment with Nippon Steel & Sumitomo Metals Corporation and developing a coal-fired thermal power plant meeting the world's highest efficiency levels. We will continue to maximize on business opportunities to replace or construct new facilities to follow these projects.

Further, we are engaged in initiatives to develop technologies that bring forth low-carbon and highly efficient power, such as Integrated coal Gasification Combined Cycle (IGCC) power generation and CO<sub>2</sub> Capture and Storage (CCS). As part of this technological development, the Group has established the Osaki CoolGen Corporation (Osakikamishima-cho, Toyota-gun, Hiroshima Prefecture) jointly with the Chugoku Electric Power Company. We are currently constructing a demonstration facility with the aim of commencing demonstration testing for oxygen-blown IGCC technologies in FY2016.

### *Steady Progress of Ohma Nuclear Power Construction*

Currently under construction in the town of Ohma of Shimokita-gun in Aomori Prefecture, Ohma Nuclear Power Plant (output: 1,383 MW, commencement of operation: to be determined) will utilize a mixed uranium and plutonium (MOX) fuel. Construction of the plant

The power plant is a core project for nuclear fuel recycling through plutonium use while responding to the two fold needs for global warming countermeasures and secure baseload power sources that provide a stable supply of energy. With safety as a fundamental priority, we will continue to garner the understanding of the local community to steadily progress with the project.

Currently, preparations are underway to gain approval for changes to nuclear reactor installation to pass conformity reviews to new regulatory requirements by the Nuclear Regulation Authority. After submitting the application as soon as possible, we will receive reviews by the Nuclear Regulation Authority and aim to commence operation in the near future.

### *Engagement with Renewable Energies*

The J-Power Group is committed to the development of renewable energies towards a low carbon society.

For domestic wind power, we are continuing to search for favorable wind sites and steadily advancing new developments while increasing profitability through capacity utilization rates improvement and efficient maintenance and operation. Furthermore, we will also commit to the offshore wind power generation.

For geothermal power, we are promoting the Wasabizawa Geothermal Project (Yuzawa City, Akita Prefecture. Planned operation commencement in 2019) through joint investment with Mitsubishi Materials Corporation and Mitsubishi Gas Chemicals Company while engaging in further initiatives to develop new projects. In the mid- to small-scale hydropower business, we are progressing with construction work for the Kuttari Power Plant (Shintoku-cho, Kamikawa-gun, Hokkaido Prefecture. Planned operation commencement in 2015).

In addition to the above initiatives, we are engaged in the steady introduction of biomass co-combustion at coal-fired power plants by expanding the biomass fuel generation business using sewage sludge, etc.

#### *Steady Development in the Overseas Business*

At present J-POWER has 35 projects underway in seven countries and regions and J-POWER's owned capacity stands at about 4,600MW (as of March 31, 2014).

In Thailand we are currently engaged in the development of the Nong Saeng IPP project (1,600 MW. Commencement of operation in 2014) and the U-Thai IPP project (1,600 MW. Commencement of operation in 2015). Also in Indonesia, the Central Java Thermal Power IPP project (2,000 MW) is in the process of preparing for development. This project is being delayed from its original schedule to commence construction in October 2012 due to delay of obtaining necessary land for the project. We will continue to cooperate with our project partners to actualize early commencement of construction. (Although the finance syndication term deadline on the long-term electricity sales agreement was set for October 2013, but it has been extended to October 2014.)

When all of these power plants commence operation, the owned capacity is projected to be roughly 8,000 MW. The Group is committed to pursuing these projects under construction and preparation to enhance revenues in the overseas electricity generation business including the existing projects and will continue to cultivate new projects in Asia and beyond.



## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Unit: millions yen)

	As of Mar. 31, 2013	As of Mar. 31, 2014
<b>Assets</b>		
Noncurrent assets	1,975,202	2,149,579
Electric utility plant and equipment	1,058,849	1,023,751
Hydroelectric power production facilities	363,437	355,616
Thermal power production facilities	387,957	362,307
Internal combustion engine power production facilities	3,956	5,414
Renewable power production facilities	31,358	36,698
Transmission facilities	185,754	176,102
Transformation facilities	30,608	30,482
Communication facilities	8,638	8,596
General facilities	47,137	48,532
Overseas business facilities	14,311	125,018
Other noncurrent assets	104,529	109,787
Construction in progress	464,674	512,604
Construction and retirement in progress	464,674	512,604
Nuclear fuel	59,769	69,216
Nuclear fuel in processing	59,769	69,216
Investments and other assets	273,067	309,201
Long-term investments	202,464	244,181
Deferred tax assets	47,234	40,734
Other	24,416	24,331
Allowance for doubtful accounts	(1,047)	(45)
Current assets	194,707	235,636
Cash and deposits	49,283	50,333
Notes and accounts receivable-trade	61,644	70,135
Short-term investments	402	35,000
Inventories	38,160	34,053
Deferred tax assets	7,423	8,637
Other	37,847	37,477
Allowance for doubtful accounts	(54)	(0)
<b>Total assets</b>	<b>2,169,909</b>	<b>2,385,216</b>

(Unit: millions yen)

	As of Mar. 31, 2013	As of Mar. 31, 2014
<b>Liabilities</b>		
Noncurrent liabilities	1,402,287	1,522,905
Bonds payable	694,930	691,346
Long-term loans payable	608,977	741,509
Lease obligations	982	981
Provision for retirement benefits	59,012	-
Other provision	36	43
Net defined benefit liability	-	49,071
Asset retirement obligations	3,971	6,644
Deferred tax liabilities	7,801	14,730
Other	26,574	18,579
Current liabilities	313,311	342,714
Current portion of noncurrent liabilities	196,999	207,968
Short-term loans payable	18,475	20,318
Commercial papers	3,999	-
Notes and accounts payable-trade	25,049	33,197
Accrued taxes	10,811	8,791
Other provision	273	302
Asset retirement obligations	1,495	245
Deferred tax liabilities	3	9
Other	56,202	71,880
Reserves under the special laws	425	119
Reserve for fluctuation in water levels	425	119
<b>Total liabilities</b>	<b>1,716,024</b>	<b>1,865,739</b>
<b>Net assets</b>		
Shareholders' equity	460,673	478,860
Capital stock	152,449	152,449
Capital surplus	81,849	81,849
Retained earnings	289,639	307,829
Treasury stock	(63,265)	(63,268)
Accumulated other comprehensive income	(6,768)	37,350
Valuation difference on available-for-sale securities	4,855	9,030
Deferred gains or losses on hedges	(6,929)	1,772
Foreign currency translation adjustment	(4,693)	22,955
Remeasurements of defined benefit plans	-	3,592
Minority interests	(19)	3,265
<b>Total net assets</b>	<b>453,885</b>	<b>519,477</b>
<b>Total liabilities and net assets</b>	<b>2,169,909</b>	<b>2,385,216</b>

## (2) Consolidated Statements of Income and Comprehensive Income

Consolidated statements of income

(Unit: millions yen)

	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014
Operating revenue	656,056	706,835
Electric utility operating revenue	605,338	609,080
Overseas business operating revenue	1,647	42,834
Other business operating revenue	49,070	54,920
Operating expenses	601,490	647,663
Electric utility operating expenses	540,134	545,430
Overseas business operating expenses	8,346	43,899
Other business operating expenses	53,009	58,333
Operating income	54,566	59,171
Non-operating income	17,577	22,357
Dividends income	1,321	1,454
Interest income	1,195	1,054
Equity in earnings of affiliates	11,728	16,380
Other	3,331	3,468
Non-operating expenses	27,318	41,451
Interest expenses	22,362	25,305
Foreign exchange losses	991	11,190
Other	3,964	4,955
Total ordinary revenue	673,634	729,192
Total ordinary expenses	628,808	689,115
Ordinary income	44,825	40,077
Provision or reversal of reserve for fluctuation in water levels	(351)	(306)
Reversal of reserve for fluctuation in water levels	(351)	(306)
Extraordinary income	-	2,386
Insurance income	-	2,386
Income before income taxes and minority interests	45,176	42,770
Income taxes-current	11,940	8,372
Income taxes-deferred	3,622	6,579
Total income taxes	15,562	14,952
Income before minority interests	29,613	27,817
Minority interests in loss	(194)	(876)
Net income	29,808	28,694

Consolidated statements of comprehensive income

(Unit: millions yen)

	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014
Income before minority interests	29,613	27,817
Other comprehensive income		
Valuation difference on available-for-sale securities	5,607	4,162
Deferred gains or losses on hedges	(2,997)	8,696
Foreign currency translation adjustment	14,835	12,822
Share of other comprehensive income of associates accounted for using equity method	9,873	15,946
Total other comprehensive income	27,319	41,628
Comprehensive income	56,932	69,446
(Comprehensive income attributable to abstract)		
Comprehensive income attributable to owners of the parent	57,025	69,220
Comprehensive income attributable to minority interests	(92)	225

### (3) Consolidated Statements of Changes in Net Assets

	(Unit: millions yen)	
	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014
<b>Shareholders' equity</b>		
<b>Capital stock</b>		
Balance at the beginning of current period	152,449	152,449
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	152,449	152,449
<b>Capital surplus</b>		
Balance at the beginning of current period	81,849	81,849
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	81,849	81,849
<b>Retained earnings</b>		
Balance at the beginning of current period	270,334	289,639
Changes of items during the period		
Dividends from surplus	(10,503)	(10,503)
Net income	29,808	28,694
Total changes of items during the period	19,304	18,190
Balance at the end of current period	289,639	307,829
<b>Treasury stock</b>		
Balance at the beginning of current period	(63,264)	(63,265)
Changes of items during the period		
Purchase of treasury stock	(1)	(3)
Total changes of items during the period	(1)	(3)
Balance at the end of current period	(63,265)	(63,268)
<b>Total shareholders' equity</b>		
Balance at the beginning of current period	441,369	460,673
Changes of items during the period		
Dividends from surplus	(10,503)	(10,503)
Net income	29,808	28,694
Purchase of treasury stock	(1)	(3)
Total changes of items during the period	19,303	18,187
Balance at the end of current period	460,673	478,860

(Unit: millions yen)

	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	(772)	4,855
Changes of items during the period		
Net changes of items other than shareholders' equity	5,627	4,175
Total changes of items during the period	5,627	4,175
Balance at the end of current period	4,855	9,030
Deferred gains or losses on hedges		
Balance at the beginning of current period	(4,209)	(6,929)
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,720)	8,702
Total changes of items during the period	(2,720)	8,702
Balance at the end of current period	(6,929)	1,772
Foreign currency translation adjustment		
Balance at the beginning of current period	(29,003)	(4,693)
Changes of items during the period		
Net changes of items other than shareholders' equity	24,310	27,648
Total changes of items during the period	24,310	27,648
Balance at the end of current period	(4,693)	22,955
Remeasurements of defined benefit plans		
Balance at the beginning of current period	-	-
Changes of items during the period		
Net changes of items other than shareholders' equity	-	3,592
Total changes of items during the period	-	3,592
Balance at the end of current period	-	3,592
<b>Total accumulated other comprehensive income</b>		
Balance at the beginning of current period	(33,985)	(6,768)
Changes of items during the period		
Net changes of items other than shareholders' equity	27,217	44,118
Total changes of items during the period	27,217	44,118
Balance at the end of current period	(6,768)	37,350

(Unit: millions yen)

	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014
<b>Minority interests</b>		
Balance at the beginning of current period	(1,191)	(19)
Changes of items during the period		
Net changes of items other than shareholders' equity	1,171	3,285
Total changes of items during the period	1,171	3,285
Balance at the end of current period	(19)	3,265
<b>Total net assets</b>		
Balance at the beginning of current period	406,192	453,885
Changes of items during the period		
Dividends from surplus	(10,503)	(10,503)
Net income	29,808	28,694
Purchase of treasury stock	(1)	(3)
Net changes of items other than shareholders' equity	28,388	47,404
Total changes of items during the period	47,692	65,591
Balance at the end of current period	453,885	519,477

#### (4) Consolidated Statements of Cash Flows

(Unit: millions yen)

	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and minority interests	45,176	42,770
Depreciation and amortization	95,254	91,408
Loss on retirement of noncurrent assets	2,418	2,241
Increase (decrease) in provision for retirement benefits	987	-
Increase (decrease) in net defined benefit liability	-	(4,800)
Increase (decrease) in reserve for fluctuation in water levels	(351)	(306)
Interest and dividends income	(2,517)	(2,508)
Interest expenses	22,362	25,305
Decrease (increase) in notes and accounts receivable-trade	(2,133)	(7,753)
Decrease (increase) in inventories	(3,133)	4,223
Increase (decrease) in notes and accounts payable-trade	5,642	9,244
Loss (gain) on sales of securities	(620)	(280)
Loss (gain) on valuation of securities	242	-
Equity in (earnings) losses of affiliates	(11,728)	(16,380)
Loss (gain) on sales of noncurrent assets	526	530
Other, net	(8,742)	1,607
<b>Subtotal</b>	<b>143,385</b>	<b>145,302</b>
Interest and dividends income received	7,926	12,626
Interest expenses paid	(21,974)	(25,131)
Income taxes paid	(9,552)	(10,687)
<b>Net cash provided by (used in) operating activities</b>	<b>119,786</b>	<b>122,110</b>
<b>Net cash provided by (used in) investing activities</b>		
Purchase of noncurrent assets	(165,201)	(176,982)
Proceeds from contribution received for construction	6,343	2,739
Payments of investment and loans receivable	(1,347)	(1,149)
Collection of investment and loans receivable	7,938	6,460
Other, net	(18,101)	(8,443)
<b>Net cash provided by (used in) investing activities</b>	<b>(170,369)</b>	<b>(177,375)</b>



(Unit: millions yen)

	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014
Net cash provided by (used in) financing activities		
Proceeds from issuance of bonds	39,877	79,740
Redemption of bonds	(20,000)	(63,599)
Proceeds from long-term loans payable	207,887	241,625
Repayment of long-term loans payable	(146,048)	(158,518)
Increase in short-term loans payable	108,500	97,221
Decrease in short-term loans payable	(110,038)	(95,374)
Proceeds from issuance of commercial papers	326,969	83,996
Redemption of commercial papers	(336,000)	(88,000)
Cash dividends paid	(10,501)	(10,504)
Other, net	856	1,709
Net cash provided by (used in) financing activities	61,502	88,295
Effect of exchange rate change on cash and cash equivalents	2,615	3,297
Net increase (decrease) in cash and cash equivalents	13,535	36,328
Cash and cash equivalents at beginning of period	35,359	48,894
Cash and cash equivalents at end of period	48,894	85,223

## **(5) Notes on Premise of Going Concern**

There are no applicable items.

## **(6) Changes in Accounting Policy, Changes in Accounting Quotation and Representation of Corrections**

(Changes in Accounting Policy)

The “Accounting Standards for Retirement Benefits (Corporate Accounting Standard No.26 of May 17, 2012, hereafter referred to as the “Retirement Benefit Accounting Standards”) and the “Guidelines for Applying Accounting Standards for Retirement Benefits” (Corporate Accounting Standard Application Guideline No.25 of May 17, 2012, hereafter referred to as the “Retirement Benefit Application Guidelines”) is applied from the end of our last consolidated accounting year (however, this is exclusive of provisions set forth in Paragraph 35 of the Retirement Benefit Accounting Standards and the Main Article of Paragraph 67 of the Retirement Benefits Application Guidelines). Thus, the method has been changed so that the liability concerning retirement benefits is now calculated as the amount that deducts pension assets from retirement benefit payment liabilities. Unrecognized actuarial differences and unrecognized prior service cost has been included in the liability concerning retirement benefits.

Application of Retirement Benefit Accounting Standards and similar items are handled transitionally as specified in Paragraph 37 of the Retirement Benefit Accounting Standards and at the end of this consolidated accounting year, impacted amounts due to relevant changes are incorporated into the adjusted cumulative sum concerning retirement benefits in the accumulated other comprehensive income.

As a result, at the end of this consolidated accounting year, net defined benefit liability of 49,071 million yen were included. Also, the cumulated total of accumulated other comprehensive income increased by 3,592 million yen.

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

## **(7) Changes in Representation Methods**

(Consolidated Balance Sheets)

In previous consolidated accounting years, overseas business facilities was included in other noncurrent assets but will now be listed separately from this consolidated accounting year due to the increase in monetary importance due to progress in the Thailand Project. To reflect this change in representation method, the consolidated financial statements from the previous year has been rearranged to conform to the new format.

As a result, 118,840 million yen that was shown as other noncurrent assets has been rearranged as 14,311 million yen in overseas business noncurrent assets and 104,529 million yen in other noncurrent assets.

(Consolidated Profit and Loss Statement)

In previous consolidated accounting years, overseas business operating revenue was included in other business operating revenue but will now be listed separately from this consolidated accounting year as monetary importance has increased due to progress in the Thailand Project. To reflect this change in representation method, the consolidated financial statements from the previous year has been rearranged to conform to the new format.

As a result, 50,717 million yen that was shown as other business operating revenue has been rearranged as 1,647 million yen in overseas business operating revenue and 49,070 million yen in other business operating revenue.

In previous consolidated accounting years, overseas business operating expenses was included in other business operating revenue and electricity utility operating expenses but will now be listed separately from this consolidated accounting year as monetary importance has increased due to progress in the Thailand Project. To reflect this change in representation method, the consolidated financial statements from the previous year has been rearranged to conform to the new format.

As a result, 542,195 million yen that was presented as electric utility operating expenses and 59,295 million yen that was presented as other business operating expenses has been rearranged as 540,134 million yen in electric utility operating expenses, 8,346 million yen in overseas business operating expenses and 53,009 million yen in other business operating expenses

In previous consolidated accounting years, foreign exchange losses which were included in non-operating expenses but will now be listed separately from this consolidated accounting year due to the loss reaching more than 10% of non-operating expenses. To reflect this change in representation method, the consolidated financial statements from the previous year has been rearranged to conform to the new format.

As a result, 4,956 million yen that was shown as other in non-operating expenses has been rearranged as 991 million yen in foreign exchange losses and 3,964 million yen in other.

#### (Consolidated Statements of Cash Flows)

In previous consolidated accounting years, impairment loss was listed separately under net cash provided by (used in) operating activities but will now be listed under other due to diminished importance. To reflect this change in representation method, the consolidated financial statements from the previous year has been rearranged to conform to the new format.

As a result, 180 million yen that was shown as impairment loss listed under net cash provided by (used in) operating activities and (8,922) million yen in other has been rearranged (8,742) million yen in other.

In previous consolidated accounting years, proceeds from sales of noncurrent assets was listed separately under net cash provided by (used in) investing activities but will now be listed under other due to diminished importance. To reflect this change in representation method, the consolidated financial statements from the previous year has been rearranged to conform to the new format.

As a result, 1,140 million yen that was shown as proceeds from sales of noncurrent assets listed under net cash provided by (used in) investing activities and (19,242) million yen in other has been rearranged (18,101) million yen in other.

## **(8) Additional Information**

(Adjustment in the amount of deferred tax assets and deferred tax liabilities resulting from changes in corporate tax rates)

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

This change will have minimal impact on profit and loss.

## **(9) Notes to Consolidated Financial Statements**

(Segment Information)

### 1. Overview or Report Segment

J-Power's report segments are in place to enable separate financial information for each structural unit and is the object of periodic review for the purpose of board members to decide distribution of management resources and evaluate performance. The Group is composed of J-Power, 72 subsidiaries and 99 affiliates (as of March 31, 2014) and is separated into 4 report segments of Electric Power Business, centered on the wholesale electric power business, and composed of wind power generation businesses, the wholesale electricity supply to EPCOs by IPPs, and the wholesale electricity supply to PPSs; Electric Power Related Business which augments the Electric Power Business and facilitates the smooth 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, assets and other items in reporting segments

The method of accounting for reporting segments is the same as stated in "Significant Issues for the Preparation of Consolidated Financial Statements." The income of reporting segments are 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 others for each reporting segment

- Year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)

(Unit: million yen)

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

#### Notes:

##### 1. The breakdown of elimination is as follows.

- (1) The adjustment amount of (256) million yen in segment income includes elimination of transaction amounts between segments of 868 million yen.
- (2) The adjustment amount of (118,748) million yen in segment assets includes elimination of (114,939) million yen for the offsetting of receivables.
- (3) The adjustment amount of (2,984) million yen in depreciation includes elimination of transaction amounts between segments of (2,963) million yen.
- (4) Adjustment amounts for interest earned, interest expenses, and increase in tangible and intangible fixed assets include amounts eliminated as transactions between segments.

##### 2. Segment income is adjusted with ordinary income within consolidated financial statements.

• Year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Unit: million yen)

	Electric power	Electric power -related	Overseas	Other businesses	Subtotal	Elimination	Consolidated
Sales to customers	609,080	29,944	42,834	24,975	706,835	-	706,835
Intersegment sales	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
Ordinary income	29,088	9,626	52	956	39,723	353	40,077
Assets	1,783,251	239,736	491,592	17,341	2,531,921	(146,705)	2,385,216
Depreciation	85,173	5,308	3,299	512	94,293	(2,884)	91,408
Amortization of goodwill	232	-	-	-	232	-	232
Interest income	360	163	710	6	1,240	(186)	1,054
Interest expenses	20,301	196	4,932	60	25,491	(186)	25,305
Equity income of affiliates	503	-	15,877	-	16,380	-	16,380
Investment in affiliates	6,905	-	137,249	-	144,154	-	144,154
Increase in the tangible and intangible fixed assets	94,307	4,889	95,815	546	195,558	(532)	195,026

Notes:

1. The breakdown of elimination 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 includes elimination of transaction amounts between segments of (2,861) million yen.
- (4) Adjustment amounts for interest earned, interest expenses, and increase in tangible and intangible fixed assets include amounts eliminated as transactions between segments.

2. Segment income is adjusted with ordinary income within consolidated financial statements.

(Per Share Information)

Year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)		Year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)	
	yen		yen
Net assets per share	3,024.98	Net assets per share	3,440.23
Net income per share	198.65	Net income per share	191.23

Notes:

1. Since there were no potential shares such as bonds with subscription right to shares, diluted net income per shares is not indicated.
2. The basis of calculation of net income per share is shown below.

	Year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)	Year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)
Net income	29,808 million yen	28,694 million yen
Amount not attributable to ordinary shareholders	-	-
Net income attributable to shareholders of common stock	29,808 million yen	28,694 million yen
Average number of common stock outstanding during the year	150,052 thousand	150,051 thousand

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

	Year ended March 31, 2013 (as of March 31, 2013)	Year ended March 31, 2014 (as of March 31, 2014)
Total net assets	453,885 million yen	519,477 million yen
Elimination from total net assets	(19) million yen	3,265 million yen
【minority interests included in the above】	【(19) million yen】	【3,265 million yen】
Year-end net assets related to common stock	453,905 million yen	516,211 million yen
No. of common stock used in the calculation of net assets per share	150,052 thousand	150,051 thousand

4. As stated in "Changes in Accounting Policy," Accounting Standard for Retirement Benefits is applied, and conforms to the transitional treatment stipulated in Paragraph 37 of the Accounting Standard for Retirement Benefits.

As a result, net assets per share for the current consolidated fiscal year increased by 23.94 yen.

(Significant subsequent event)

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

## 5. Non-consolidated Financial Statements

### (1) Non-consolidated Balance Sheets

(Unit: millions yen)

	As of Mar. 31, 2013	As of Mar. 31, 2014
<b>Assets</b>		
Noncurrent assets	1,749,201	1,780,429
Electric utility plant and equipment	1,045,889	1,003,628
Hydroelectric power production facilities	372,980	365,343
Thermal power production facilities	394,071	367,935
Renewable power production facilities	1,533	1,541
Transmission facilities	188,695	178,925
Transformation facilities	31,762	31,645
Communication facilities	9,308	9,257
General facilities	47,537	48,979
Incidental business facilities	1,980	2,213
Non-operating facilities	798	857
Construction in progress	331,810	367,748
Construction in progress	331,120	367,563
Retirement in progress	690	185
Nuclear fuel	59,769	69,216
Nuclear fuel in processing	59,769	69,216
Investments and other assets	308,954	336,763
Long-term investments	67,029	70,612
Long-term investment for subsidiaries and affiliates	212,363	236,195
Long-term prepaid expenses	3,760	9,597
Deferred tax assets	31,004	24,041
Allowance for doubtful accounts	(5,204)	(3,682)
Current assets	121,090	146,302
Cash and deposits	4,440	3,934
Accounts receivable-trade	48,758	46,228
Other accounts receivable	3,618	782
Short-term investments	-	35,000
Supplies	33,083	28,210
Prepaid expenses	2,405	2,370
Short-term receivables from subsidiaries and affiliates	7,808	11,079
Deferred tax assets	4,917	5,289
Other current assets	16,166	13,405
Allowance for doubtful accounts	(108)	-
<b>Total assets</b>	<b>1,870,291</b>	<b>1,926,731</b>



(Unit: millions yen)

	As of Mar. 31, 2013	As of Mar. 31, 2014
<b>Liabilities</b>		
Noncurrent liabilities	1,206,654	1,226,516
Bonds payable	694,930	691,346
Long-term loans payable	438,228	479,549
Long-term accrued liabilities	-	269
Lease obligations	374	342
Long-term debt to subsidiaries and affiliates	4,999	4,932
Provision for retirement benefits	47,155	42,089
Asset retirement obligations	189	202
Other noncurrent liabilities	20,777	7,784
Current liabilities	304,261	325,406
Current portion of noncurrent liabilities	192,821	201,395
Short-term loans payable	18,350	18,350
Commercial papers	3,999	-
Accounts payable-trade	2,375	1,839
Accounts payable-other	2,843	8,362
Accrued expenses	10,276	9,519
Accrued taxes	7,201	4,919
Deposits received	474	308
Short-term debt to subsidiaries and affiliates	59,093	74,979
Other advances	741	694
Other current liabilities	6,081	5,037
Reserves under the special laws	425	119
Reserve for fluctuation in water levels	425	119
<b>Total liabilities</b>	<b>1,511,341</b>	<b>1,552,042</b>
<b>Net assets</b>		
Shareholders' equity	354,914	366,524
Capital stock	152,449	152,449
Capital surplus	81,852	81,852
Legal capital surplus	81,852	81,852
Retained earnings	183,878	195,491
Legal retained earnings	6,029	6,029
Other retained earnings	177,848	189,462
Reserve for special disaster	77	82
Exchange-fluctuation preparation reserve	1,960	1,960
General reserve	147,861	152,861
Retained earnings brought forward	27,950	34,558
Treasury stock	(63,265)	(63,268)
Valuation and translation adjustments	4,035	8,164
Valuation difference on available-for-sale securities	4,281	8,154
Deferred gains or losses on hedges	(245)	9
<b>Total net assets</b>	<b>358,950</b>	<b>374,689</b>
<b>Total liabilities and net assets</b>	<b>1,870,291</b>	<b>1,926,731</b>

## (2) Non-consolidated Statements of Income

(Unit: millions yen)

	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014
Operating revenue	586,993	582,861
Electric utility operating revenue	577,284	572,937
Sold power to other suppliers	520,620	516,701
Transmission revenue	52,632	52,182
Other electricity revenue	4,031	4,054
Incidental business operating revenue	9,708	9,923
Operating revenue-consulting business	2,306	2,077
Operating revenue-coal sale business	6,321	6,664
Operating revenue-other businesses	1,081	1,181
Operating expenses	543,659	542,396
Electric utility operating expenses	534,765	533,444
Hydroelectric power production expenses	60,762	60,633
Thermal power production expenses	377,701	383,857
Renewable power production expenses	2,036	926
Purchased power from other suppliers	256	520
Transmission expenses	26,586	27,054
Transformation expenses	6,623	6,218
Selling expenses	2,570	3,197
Communicating expenses	5,815	4,714
General and administrative expenses	45,040	39,018
Enterprise tax	7,371	7,301
Incidental business operating expenses	8,894	8,952
Operating expenses-consulting business	1,771	1,598
Operating expenses-coal sale business	6,337	6,558
Operating expenses-other businesses	785	795
Operating income	43,333	40,464

(Unit: millions yen)

	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014
Non-operating income	8,304	14,773
Financial revenue	6,063	11,700
Dividends income	4,395	10,275
Interest income	1,668	1,425
Non-operating revenue	2,241	3,072
Gain on sales of noncurrent assets	109	89
Miscellaneous revenue	2,131	2,983
Non-operating expenses	22,799	24,177
Financial expenses	20,707	20,348
Interest expenses	20,585	20,088
Bond issuance cost	122	259
Non-operating expenses	2,091	3,829
Loss on sales of noncurrent assets	630	631
Miscellaneous expenses	1,461	3,197
Total ordinary revenue	595,298	597,635
Total ordinary expenses	566,459	566,574
Ordinary income	28,839	31,060
Provision or reversal of reserve for fluctuation in water levels	(351)	(306)
Reversal of reserve for fluctuation in water levels	(351)	(306)
Income before income taxes	29,190	31,367
Income taxes-current	7,999	4,375
Income taxes-deferred	2,596	4,874
Total income taxes	10,595	9,250
Net income	18,594	22,117

### (3) Non-consolidated Statements of Changes in Net Assets

(Unit: millions yen)

	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014
<b>Shareholders' equity</b>		
<b>Capital stock</b>		
Balance at the beginning of current period	152,449	152,449
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	152,449	152,449
<b>Capital surplus</b>		
<b>Legal capital surplus</b>		
Balance at the beginning of current period	81,852	81,852
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	81,852	81,852
<b>Total capital surplus</b>		
Balance at the beginning of current period	81,852	81,852
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	81,852	81,852
<b>Retained earnings</b>		
<b>Legal retained earnings</b>		
Balance at the beginning of current period	6,029	6,029
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	6,029	6,029
<b>Other retained earnings</b>		
<b>Reserve for special disaster</b>		
Balance at the beginning of current period	70	77
Change of items during the period		
Provision of reserve for special disaster	7	5
Total changes of items during the period	7	5
Balance at the end of current period	77	82
<b>Exchange-fluctuation preparation reserve</b>		
Balance at the beginning of current period	1,960	1,960
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	1,960	1,960
<b>General reserve</b>		
Balance at the beginning of current period	147,861	147,861
Changes of items during the period		
Provision of general reserve	-	5,000
Total changes of items during the period	-	5,000
Balance at the end of current period	147,861	152,861

(Unit: millions yen)

	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014
<b>Retained earnings brought forward</b>		
Balance at the beginning of current period	19,866	27,950
<b>Changes of items during the period</b>		
Dividends from surplus	(10,503)	(10,503)
Net income	18,594	22,117
Provision of reserve for special disaster	(7)	(5)
Provision of general reserve	-	(5,000)
Total changes of items during the period	8,083	6,608
Balance at the end of current period	27,950	34,558
<b>Total retained earnings</b>		
Balance at the beginning of current period	175,787	183,878
<b>Changes of items during the period</b>		
Dividends from surplus	(10,503)	(10,503)
Net income	18,594	22,117
Provision of reserve for special disaster	-	-
Provision of general reserve	-	-
Total changes of items during the period	8,090	11,613
Balance at the end of current period	183,878	195,491
<b>Treasury stock</b>		
Balance at the beginning of current period	(63,264)	(63,265)
<b>Changes of items during the period</b>		
Purchase of treasury stock	(1)	(3)
Total changes of items during the period	(1)	(3)
Balance at the end of current period	(63,265)	(63,268)
<b>Total shareholders' equity</b>		
Balance at the beginning of current period	346,824	354,914
<b>Changes of items during the period</b>		
Dividends from surplus	(10,503)	(10,503)
Net income	18,594	22,117
Purchase of treasury stock	(1)	(3)
Total changes of items during the period	8,089	11,610
Balance at the end of current period	354,914	366,524

(Unit: millions yen)

	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	(1,158)	4,281
Changes of items during the period		
Net changes of items other than shareholders' equity	5,440	3,873
Total changes of items during the period	5,440	3,873
Balance at the end of current period	4,281	8,154
Deferred gains or losses on hedges		
Balance at the beginning of current period	373	(245)
Changes of items during the period		
Net changes of items other than shareholders' equity	(618)	255
Total changes of items during the period	(618)	255
Balance at the end of current period	(245)	9
Total valuation and translation adjustments		
Balance at the beginning of current period	(785)	4,035
Changes of items during the period		
Net changes of items other than shareholders' equity	4,821	4,128
Total changes of items during the period	4,821	4,128
Balance at the end of current period	4,035	8,164
Total net assets		
Balance at the beginning of current period	346,039	358,950
Changes of items during the period		
Dividends from surplus	(10,503)	(10,503)
Net income	18,594	22,117
Purchase of treasury stock	(1)	(3)
Net changes of items other than shareholders' equity	4,821	4,128
Total changes of items during the period	12,911	15,738
Balance at the end of current period	358,950	374,689

## 6. Appendixes

[Appendix 1]

### Revenues and Expenses (Consolidated)

	Year ended	Year ended	(B) – (A)	(B-A)/A
	March 31, 2013 (A)	March 31, 2014 (B)	(B) – (A)	(B-A)/A
	million yen	million yen	million yen	%
Operating revenue	656,056	706,835	50,778	7.7
Electric utility operating revenue	605,338	609,080	3,742	0.6
Electric power sales	551,327	554,491	3,163	0.6
Wholesale power business	520,620	516,615	(4,004)	(0.8)
Hydroelectric	106,681	104,765	(1,916)	(1.8)
Thermal	413,938	411,850	(2,088)	(0.5)
Other electric power businesses	30,707	37,875	7,168	23.3
Transmission revenue	52,632	52,182	(450)	(0.9)
Other electricity revenue	1,378	2,407	1,028	74.6
Overseas business operating revenue	1,647	42,834	41,186	-
Other business operating revenue	49,070	54,920	5,849	11.9
Operating expenses	601,490	647,663	46,173	7.7
Electric utility operating expenses	540,134	545,430	5,295	1.0
Personnel expense	32,991	28,771	(4,219)	(12.8)
Fuel cost	250,887	265,867	14,980	6.0
Repair expense	53,661	56,659	2,998	5.6
Consignment cost	31,555	30,968	(587)	(1.9)
Taxes and duties	26,978	26,390	(587)	(2.2)
Depreciation and amortization cost	90,251	82,393	(7,858)	(8.7)
Other	53,808	54,378	570	1.1
Overseas business operating expenses	8,346	43,899	35,552	425.9
Other business operating expenses	53,009	58,333	5,324	10.0
Operating income	54,566	59,171	4,605	8.4
Non-operating income	17,577	22,357	4,779	27.2
Dividend income	1,321	1,454	132	10.0
Interest income	1,195	1,054	(141)	(11.8)
Equity income of affiliates	11,728	16,380	4,651	39.7
Other	3,331	3,468	136	4.1
Non-operating expenses	27,318	41,451	14,133	51.7
Interest expenses	22,362	25,305	2,942	13.2
Foreign exchange losses	991	11,190	10,199	-
Other	3,964	4,955	990	25.0
Total ordinary revenue	673,634	729,192	55,558	8.2
Total ordinary expenses	628,808	689,115	60,306	9.6
Ordinary income	44,825	40,077	(4,748)	(10.6)
(Provision for) reversal of reserve for fluctuation in water levels	(351)	(306)	44	-
Extraordinary income	-	2,386	2,386	-
Income before income taxes and minority interests	45,176	42,770	(2,406)	(5.3)
Income taxes – current	11,940	8,372	(3,567)	(29.9)
Income taxes – deferred	3,622	6,579	2,957	81.6
Income before minority interests	29,613	27,817	(1,795)	(6.1)
Minority interests in income (loss)	(194)	(876)	(681)	-
Net income	29,808	28,694	(1,114)	(3.7)

## [Appendix 2]

### (1) Generation capacity

(Unit: kW)

	Year ended March 31, 2013 (A)	Year ended March 31, 2014 (B)	(B) – (A)
Electric power business	17,687,510	17,782,280	94,770
Wholesale electric power business	16,983,000	16,945,000	(38,000)
Hydroelectric	8,556,000	8,556,000	-
Thermal	8,427,000	8,389,000	(38,000)
Other electric power businesses (*1)	704,510	837,280	132,770
Overseas business (*2)	-	790,000	790,000
Total	17,687,510	18,572,280	884,770

(\*1) Other electric power businesses include power plants for IPPs and PPSs etc, and wind power.

(\*2) Overseas business includes power plants for SPP projects in Thailand.

### (2) Electricity sales volume and revenues

(Unit: GWh, million yen)

	Year ended March 31, 2013 (A)		Year ended March 31, 2014 (B)		(B) – (A)	
	Electricity sales volume	Revenues	Electricity sales volume	Revenues	Electricity sales volume	Revenues
Electric power business	65,605	551,327	65,421	554,491	(184)	3,163
Wholesale electric power business	63,366	520,620	63,076	516,615	(290)	(4,004)
Hydroelectric	9,032	106,681	8,759	104,765	(273)	(1,916)
Thermal	54,333	413,938	54,316	411,850	(17)	(2,088)
Other electric power businesses (*1)	2,239	30,707	2,345	37,875	106	7,168
Overseas business (*2)	-	-	3,665	40,755	3,665	40,755
Total	65,605	551,327	69,087	595,247	3,481	43,919

(\*1) Other electric power businesses include power plants for IPPs and PPSs etc, and wind power.

(\*2) Overseas business includes power plants for SPP projects in Thailand.

### (3) Water supply rate

(Unit: %)

	Year ended March 31, 2013 (A)	Year ended March 31, 2014 (B)	(B) – (A)
Water supply rate	102	99	(3)



[Appendix 3]

### Revenues and Expenses (Non-consolidated)

	Year ended	Year ended	(B) – (A)	(B-A)/A
	March 31, 2013 (A)	March 31, 2014 (B)		
	million yen	million yen	million yen	%
Operating revenue	586,993	582,861	(4,131)	(0.7)
<u>Electric utility operating revenue</u>	577,284	572,937	(4,346)	(0.8)
<u>Electric power sales</u>	520,620	516,701	(3,919)	(0.8)
Hydroelectric	106,681	104,765	(1,916)	(1.8)
Thermal	413,938	411,935	(2,002)	(0.5)
Transmission revenue	52,632	52,182	(450)	(0.9)
Other electricity revenue	4,031	4,054	23	0.6
<u>Incidental business operating revenue</u>	9,708	9,923	214	2.2
Operating expenses	543,659	542,396	(1,262)	(0.2)
<u>Electric utility operating expenses</u>	534,765	533,444	(1,321)	(0.2)
Personnel expense	34,084	29,810	(4,273)	(12.5)
Fuel cost	238,441	250,259	11,818	5.0
Repair expense	56,454	58,521	2,066	3.7
Taxes and duties	26,015	25,365	(650)	(2.5)
Depreciation and amortization cost	89,485	81,500	(7,985)	(8.9)
Other	90,283	87,986	(2,296)	(2.5)
<u>Incidental business operating expenses</u>	8,894	8,952	58	0.7
Operating income	43,333	40,464	(2,869)	(6.6)
Non-operating income	8,304	14,773	6,468	77.9
Non-operating expenses	22,799	24,177	1,377	6.0
Financial expenses	20,707	20,348	(359)	(1.7)
Other	2,091	3,829	1,737	83.0
Total ordinary revenue	595,298	597,635	2,337	0.4
Total ordinary expenses	566,459	566,574	115	0.0
Ordinary income	28,839	31,060	2,221	7.7
(Provision for) reversal of reserve for fluctuation in water levels	(351)	(306)	44	-
Income before income taxes	29,190	31,367	2,176	7.5
Income taxes – current	7,999	4,375	(3,623)	(45.3)
Income taxes – deferred	2,596	4,874	2,277	87.7
Net income	18,594	22,117	3,522	18.9