

Consolidated Financial Statements (Unaudited)

(for the Nine Months Ended December 31, 2004)

February 9, 2005

Electric Power Development Co., Ltd.
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 Listed Exchange: Tokyo Stock Exchange 1st Section
 Code No.: 9513
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1. Items Relating to the Creation of Quarterly Financial Information

(1) Application of simplified methods in accounting practices: Yes

The details are described in "Notes Relating to the Preparation of Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 2005."

(2) Differences between the accounting standard applied to the latest fiscal year and that to this 9-month period: Yes

The details are described in "Notes Relating to the Preparation of Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 2005."

(3) Changes in scope of consolidation and application of equity method

Consolidated (New): 8 (Exception): 3

Equity Method (New): 1 (Exception): 0

The details are described in "Notes Relating to the Preparation of Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 2005."

2. Business Performance (From April 1, 2004 to December 31, 2004)

(1) Results of Operations

(Rounded down to the nearest million yen)

	Operating Revenues		Operating Income		Ordinary Income	
	Unit: million yen	%	Unit: million yen	%	Unit: million yen	%
Nine months ended Dec. 31, 2004	435,234	(3.2)	100,654	(Δ9.2)	60,787	(8.7)
Nine months ended Dec. 31, 2003	421,683	(-)	110,798	(-)	55,899	(-)
Year ended Mar. 31, 2004	569,854		132,138		44,446	

	Net Income		Net Income per Share	Fully diluted Net Income per Share
	Unit: million yen	%	yen	yen
Nine months ended Dec. 31, 2004	37,868	(8.1)	272.81	—
Nine months ended Dec. 31, 2003	35,028	(-)	472.89	—
Year ended Mar. 31, 2004	27,623		304.88	—

(Notes) Figures in brackets are changes in percentage from the previous periods.

"Qualitative Information on Progress in Business Performance (Consolidated)"

The details are described in "Qualitative Information on the Consolidated Financial Statements (for the Nine Months Ended December 31, 2004)."

(2) Financial Position

(Rounded down to the nearest million yen)

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Unit: million yen	Unit: million yen	%	yen
Nine months ended Dec. 31, 2004	2,055,734	392,313	19.1	2,826.30
Nine months ended Dec. 31, 2003	2,177,845	365,291	16.8	2,631.63
Year ended Mar. 31, 2004	2,076,107	359,645	17.3	2,590.00

“Qualitative Information on Financial Position”

The details are described in “Qualitative Information on the Consolidated Financial Statements (for the Nine Months Ended December 31, 2004).”

(3) Statements of Cash Flows

(Rounded down to the nearest million yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of period
	Unit: million yen	Unit: million yen	Unit: million yen	Unit: million yen
Nine months ended Dec. 31, 2004	127,617	△31,246	△80,147	46,220
Nine months ended Dec. 31, 2003	143,855	△39,409	△62,805	101,283
Year ended Mar. 31, 2004	179,948	△64,507	△147,516	27,673

“Qualitative Information on Statements of Cash Flows”

The details are described in “Qualitative Information on the Consolidated Financial Statements (for the Nine Months Ended December 31, 2004).”

3. Forecast for the Year Ending March 31, 2005 (From April 1, 2004 to March 31, 2005)

	Operating Revenues	Ordinary Income	Net Income
Annual	Unit: million yen approximately 578,000	Unit: million yen approximately 55,000	Unit: million yen approximately 35,000

(Reference) Projected net income per share (Annual): approximately 252.15 yen

(Notes) This estimation has no change from that announced November 11, 2004.

Forward-Looking Statements

The earnings forecasts above are based on various estimates and assumptions. Accordingly, there can be no assurance or guarantee that the future estimated figures mentioned here will actually be achieved.

1. Notes Relating to the Preparation of Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 2005

(1) Differences in accounting treatment with methods used in recent consolidated fiscal years

In preparing the Consolidated Financial Statements for the third quarter of the March 2005 period, the company adopted the simplified procedures as explained below, basing its preparation on standards used for the Interim Consolidated Financial Statements, with a view to avoiding misleading investors and other interested parties.

Overview of the Simplified Procedures

① Method of depreciation of depreciable assets

Monthly amounts for depreciation planned for the year are recorded.

(2) Changes in accounting treatment in recent consolidated fiscal years

In line with accounting standards for impairment losses on fixed assets (*A Statement of Opinion on the Setting of Accounting Standards for Impairment Losses on Fixed Assets*, the Business Accounting Council, August 9, 2002) and the *Practical Guidelines for Accounting Standards For Impairment Losses on Fixed Assets* (Practical Guidelines for Business Accounting Standards No. 6, October 31, 2003) which could be applied from consolidated financial statements for the consolidated fiscal year ended March 31, 2004, J-Power is applying these accounting standards and accounting guidelines as of the current consolidated fiscal year. This has resulted in a reduction of 1.848 billion yen in pre-tax net profits for the quarter.

The cumulative amount of impairment losses have been deducted directly from the respective assets.

(3) Changes in consolidation and the scope of application of the equity method

① Matters relating to the scope of consolidation

Consolidated subsidiaries: 18

Names of Companies	Electric Power Business	ITOIGAWA POWER Inc.; Ichihara Power Co., Ltd.; Nikaho-kogen Wind Power Co., Ltd.; Green Power Kuzumaki Co., Ltd.; Nagasaki-Shikamachi Wind Power Co., Ltd.; Green Power Aso Co., Ltd.; J-Wind TAHARA Ltd.; Dream-Up Tomamae Co., Ltd.
	Other Business	JPHYTEC Co., Ltd.; JPec Co., Ltd.; Kaihatsu Denshi Gijutsu Co., Ltd.; EPDC Coal Tech and Marine Co., Ltd.; Kaihatsu Sekkei Consultant Co., Ltd.; J-POWER RESOURCES Co., Ltd.; J-POWER AUSTRALIA PTY. LTD.; JP Business Services Corporation; JPOWER GENEX CAPITAL Co., Ltd.; J-Power Investment Netherlands B.V.

With a view to increasing our competitiveness in our wholesale electricity business, J-Power undertook a reorganization of the group companies on April 1, 2004 to further enhance our operations as a unified group and to step up our initiatives in cutting costs. The reorganization resulted in the following developments within our subsidiaries: (1) Denpatsu Holding Company Ltd. merged into J-POWER. (2) EPDC Industrial Co., Ltd. merged with The Kaihatsu Keisan Center Co., Ltd. and the surviving entity changed its name to JP Business Service Corporation; (3) Kaihatsu Koji Co., Ltd. acquired the compensation department, the hydroelectric facilities maintenance department and the

transmission facilities maintenance department of Denpatsu Kankyo Ryokka Center Co., Ltd. and the hydroelectric, transmission and transformation department of Kaihatu Denki Co., Ltd. through a corporate split and the surviving entity changed its name to JPHYTEC Co., Ltd. ; (4) Kaihatsu Denki Co., Ltd. acquired the environmental afforestation department of Denpatsu Kankyo Ryokka Center Co., Ltd. and the coal unloading and transporting and coal marine transporting department of EPDC CoalTech and Marine Co., Ltd. through a corporate split and surviving entity changed its name to JPec Co., Ltd.

The dissolution of Denpatsu Kankyo Ryokka Center Co., Ltd. was resolved on April 5,2004 and completed on June 14,2004.

Furthermore, as of the current consolidated fiscal year, the following companies became consolidated subsidiaries because they are important in the group's medium to long-term management strategy: Ichihara Power Co., Ltd., Nikaho-Kogen Wind Power Co., Ltd., Green Power Kuzumaki Co., Ltd., Nagasaki-Shikamachi Wind Power Co., Ltd., Green Power Aso Co., Ltd., J-Wind TAHARA Ltd., and JPOWER GENEX CAPITAL Co., Ltd.

Also, Dream-Up Tomamae Co., Ltd., which had been a non-equity-method affiliate, became a consolidated subsidiary of the Company as a result of the purchase of shares held by Tomamaemacho on July 27,2004.

②Matters relating to accounting under the equity method

No. of companies accounted for under the equity method: 12

Names of Companies	Gulf Electric Public Co., Ltd.; Gulf Cogeneration Co., Ltd.; Gulf Power Generation Co., Ltd.; Nong Khae Cogeneration Co., Ltd.; Samutprakarn Cogeneration Co., Ltd.; Gulf Yala Green Co., Ltd.; Trang Biomass Co., Ltd.; Thaioil Power Co., Ltd.; Independent Power (Thailand) Co., Ltd.; SEC HoldCo, S.A.; Chiahui Power Corporation; GENEX COMPANY, LIMITED
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Due to the increased impact of GENEX COMPANY, LIMITED on the consolidated financial statements, it has been included in the affiliates accounted for by the equity method as of this current consolidated fiscal year.

2. Qualitative Information on Financial Affairs and Results for the Third Quarter of the Year Ending March 2005

(1) Qualitative Information on Progress in Business Performance (Consolidated)

Consolidated sales (operating revenues) for the third quarter were 435.2 billion yen, up 3.2% on the same quarter for the previous year, while ordinary revenues for the quarter, including non-operating revenues, were 437.5 billion yen, up 3.1% on the same quarter for the previous year.

On the other hand, in spite of a decrease in personnel expenses and depreciation costs, there was a year-on-year increase of 7.6% in operating costs for the quarter, due chiefly to an increase in fuel expenses resulting from high operational rates for thermal power stations, bringing operating costs to 334.6 billion yen. Due to a significant decrease in interest expenses, year-on-year non-operating expenses for the quarter fell 27.0% to 42.2 billion yen, with total ordinary expenses amounting to 376.7 billion yen, up 2.2% compared to the same period of the previous year.

As a result of the above, ordinary income for the quarter finished at 60.8 billion yen, an 8.7% increase over the corresponding quarter of the previous year. Because provisions were made for a drought reserve due to a high water flow, quarterly net profits finished at 37.9 billion yen, a rise of 8.1% over the corresponding quarter of the previous year.

An overview of results by business segment (after deduction of internal transactions between segments) is shown below.

(Electric Power Business)

Electric power sales for the quarter for both hydroelectric and thermal power combined rose 2.8% to 45.5 billion kWh in comparison with the corresponding quarter for the previous year. A higher water flow (flow rate 111% 123%) in comparison with the same quarter of the previous year resulted in a 3.1% increase in hydroelectric power generation, totaling 9.3 billion kWh. High operation rates at power stations also resulted in a year-on-year quarterly increase for thermal power generation, which rose 2.7% to 36.2 billion kWh.

Following on from the consolidation of ITOIGAWA POWER Inc. in the previous fiscal period, the new consolidation of other electricity utilities in this quarter lifted sales by 0.5 billion kWh, or 51.5% over the previous corresponding quarter, bringing the total volume of electric power sales to 46 billion kWh, up 3.2% on the same quarter for the previous year for all electricity business combined. Newly consolidated companies during this quarter include: Ichihara Power Co., Ltd., which commenced operations as of the current period, Nikaho-kogen Wind Power Generation Co., Ltd., Green Power Kuzumaki Co., Ltd. and Dream-Up Tomamae Co., Ltd.

In spite of a fall in transmission revenues due to a revision in charges, electric utility operating revenues for the quarter rose 4.3% on the same quarter of the previous year to 411.1 billion yen. This was due to increased revenues resulting from high operation rates at thermal power stations and the operation of Okutadami and Otori power stations for the entire year (commencement of operations: June 2003), and sales from newly consolidated

Ichihara Power Co., Ltd., Nikaho-kogen Wind Power Generation Co., Ltd., Green Power Kuzumaki Co., Ltd. and Dream-Up Tomamae Co., Ltd.

On the other hand, electric utility operating costs rose 9.7% over the same quarter of the previous year to 306.4 billion yen in spite of a decrease in personnel costs and depreciation costs. This was due to increase in fuel costs for the high operation of thermal plants, repair and maintenance costs following periodic inspections, and operating costs for newly consolidated subsidiaries.

(Other Business)

Operating revenue for other businesses totaled 24.1 billion yen, down 12.2% on the corresponding quarter for the previous year. In spite of an increase in incidental business operating revenues for company, there was a decline in sales in the non-group consolidated subsidiaries.

On the other hand, in spite of an increase in operating expenses for incidental business, a fall in sales costs accompanying lower sales for non-group consolidated subsidiaries resulted in a year-on-year decrease of 10.5% in operating expenses for the quarter, finishing at 28.2 billion yen.

(2) Qualitative Information on Progress in Financial Standing (Consolidated)

While fixed assets increased due to the impact of the consolidation of Ichihara Power Co., Ltd., newly consolidated as of the current year, a decrease resulting from progress in depreciation reduced asset value by 54.7 billion yen in comparison with the end of the previous consolidated fiscal year to 1.8904 trillion yen. Total assets, a figure arrived at by combining fixed assets and current assets, fell by 20.4 billion yen from the end of the previous fiscal period to 2.557 trillion yen.

On the other hand, due to the repayment of loans and bonds, liabilities decreased 53.7 billion yen from the end of the previous consolidated fiscal period, bringing total liabilities at the end of the quarter to 1.6622 trillion yen. Of this, consolidated liabilities decreased 63.3 billion yen from the previous consolidated fiscal period, finishing at 1.5296 trillion yen.

Total equity at the end of this quarter showed an increase of 32.7 billion yen from the end of the previous consolidated fiscal period, totaling 392.3 billion yen.

(3) Status of the Consolidated Cash Flow

The balance of cash and cash equivalents at the end of the quarter was characterized by an increase of 127.6 billion yen as a result of operating activities. There were expenditures, however, of 31.2 billion yen due to investing activities including the acquisition of fixed assets. Also, there was 80.1 billion yen in expenditure for financing activities. Combining the increase of 2.3 billion yen brought about by the new consolidation of companies and the balance of 27.7 billion yen from the end of the previous fiscal period resulted in a balance of 46.2 billion yen at the end of the third quarter.