



J-POWER Group  
2016

**Financial Statements**

# Consolidated Balance Sheet

As of March 31

	Millions of yen	
	2015	2016
<b>ASSETS</b>		
<b>Noncurrent assets</b>	<b>¥2,275,453</b>	<b>¥2,237,836</b>
Electric utility plant and equipment	986,552 <sup>1) 2) 6)</sup>	952,230 <sup>1) 2) 6)</sup>
Hydroelectric power production facilities	348,911	344,014
Thermal power production facilities	334,252	316,532
Internal combustion engine power production facilities	5,105	3,754
Renewable power production facilities	40,877	35,960
Transmission facilities	168,680	161,784
Transformation facilities	30,206	29,960
Communication facilities	8,469	8,449
General facilities	50,049	51,772
Overseas business facilities	264,800 <sup>2) 6)</sup>	357,448 <sup>2) 6)</sup>
Other noncurrent assets	115,111 <sup>1) 2)</sup>	101,827 <sup>1) 2)</sup>
Construction in progress	506,967 <sup>6)</sup>	444,814 <sup>6)</sup>
Construction and retirement in progress	506,967	444,814
Nuclear fuel	71,467	73,447
Nuclear fuel in processing	71,467	73,447
Investments and other assets	330,555	308,067
Long-term investments	269,891 <sup>3) 6)</sup>	234,506 <sup>3) 6)</sup>
Net defined benefit asset	278	—
Deferred tax assets	38,705	41,655
Other	21,725 <sup>6)</sup>	31,950 <sup>6)</sup>
Allowance for doubtful accounts	(45)	(45)
<b>Current assets</b>	<b>383,695</b>	<b>308,436</b>
Cash and deposits	69,151 <sup>6)</sup>	87,659 <sup>6)</sup>
Notes and accounts receivable-trade	71,288 <sup>6)</sup>	66,312 <sup>6)</sup>
Short-term investments	167,433	72,410
Inventories	37,781 <sup>4)</sup>	41,199 <sup>4)</sup>
Deferred tax assets	5,736	5,268
Other	32,337 <sup>6)</sup>	35,601 <sup>6)</sup>
Allowance for doubtful accounts	(32)	(14)
<b>Total assets</b>	<b>¥2,659,149</b>	<b>¥2,546,272</b>

Millions of yen

	2015	2016
<b>LIABILITIES</b>		
<b>Noncurrent liabilities</b>	¥1,633,825	¥1,561,072
Bonds payable	666,061	575,079
Long-term loans payable	857,846 <sup>6)</sup>	867,276 <sup>6)</sup>
Lease obligations	697	479
Other provision	84 <sup>5)</sup>	89 <sup>5)</sup>
Net defined benefit liability	48,901	65,912
Asset retirement obligations	7,510	11,685
Deferred tax liabilities	20,394	18,294
Other	32,327	22,254
<b>Current liabilities</b>	329,025	304,100
Current portion of noncurrent liabilities	169,754 <sup>6)</sup>	158,131 <sup>6)</sup>
Short-term loans payable	30,044	28,009 <sup>6)</sup>
Notes and accounts payable-trade	44,035	37,033
Accrued taxes	13,516	23,344
Other provision	270 <sup>5)</sup>	265 <sup>5)</sup>
Asset retirement obligations	372	635
Deferred tax liabilities	5	22
Other	71,027	56,656
<b>Reserves under the special laws</b>	—	116
Reserve for fluctuation in water levels	—	116
<b>Total liabilities</b>	1,962,851	1,865,289
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>	629,463	656,367
Capital stock	180,502	180,502
Capital surplus	109,902	109,902
Retained earnings	339,061	365,967
Treasury stock	(2)	(4)
<b>Accumulated other comprehensive income</b>	59,268	15,775
Valuation difference on available-for-sale securities	19,860	12,516
Deferred gains or losses on hedges	(15,821)	(14,395)
Foreign currency translation adjustment	53,205	30,464
Remeasurements of defined benefit plans	2,023	(12,809)
<b>Non-controlling interests</b>	7,566	8,839
<b>Total net assets</b>	696,298	680,982
<b>Total liabilities and net assets</b>	¥2,659,149	¥2,546,272

## Consolidated Statement of Income

Year ended March 31

	Millions of yen	
	2015	2016
<b>Operating revenue</b>	¥750,627	¥780,072
Electric utility operating revenue	588,184	570,837
Overseas business operating revenue	108,916	155,952
Other business operating revenue	53,526	53,282
<b>Operating expenses</b>	677,767 <sup>1)2)</sup>	692,695 <sup>1)2)</sup>
Electric utility operating expenses	521,351	506,772
Overseas business operating expenses	98,979	131,605
Other business operating expenses	57,436	54,317
<b>Operating income</b>	72,859	87,376
<b>Non-operating income</b>	22,714	17,871
Dividend income	1,869	2,409
Interest income	1,155	905
Share of profit of entities accounted for using equity method	15,659	10,889
Other	4,030	3,667
<b>Non-operating expenses</b>	36,223	47,214
Interest expenses	28,224	30,460
Foreign exchange losses	1,547	12,888
Other	6,451 <sup>3)</sup>	3,865 <sup>3)</sup>
<b>Total ordinary revenue</b>	773,341	797,944
<b>Total ordinary expenses</b>	713,991	739,910
<b>Ordinary income</b>	59,350	58,033
<b>Provision or reversal of reserve for fluctuation in water levels</b>	(119)	116
Provision for reserve for fluctuation in water levels	—	116
Reversal of reserve for fluctuation in water levels	(119)	—
<b>Extraordinary income</b>	2,127	—
Gain on sales of shares of subsidiaries	2,127	—
<b>Profit before income taxes</b>	61,598	57,917
Income taxes-current	7,468	12,821
Income taxes-deferred	9,917	4,916
<b>Total income taxes</b>	17,386	17,738
<b>Profit</b>	44,212	40,178
<b>Profit attributable to non-controlling interests</b>	1,005	459
<b>Profit attributable to owners of parent</b>	¥43,206	¥39,719

## Consolidated Statement of Comprehensive Income

Year ended March 31

	Millions of yen	
	2015	2016
<b>Profit</b>	¥44,212	<b>¥40,178</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	10,809	<b>(7,349)</b>
Deferred gains or losses on hedges	(19,529)	<b>1,481</b>
Foreign currency translation adjustment	17,057	<b>(17,882)</b>
Remeasurements of defined benefit plans, net of tax	(1,569)	<b>(14,844)</b>
Share of other comprehensive income of associates accounted for using equity method	14,145	<b>(5,693)</b>
Total other comprehensive income	20,913 <sup>1)</sup>	<b>(44,288) <sup>1)</sup></b>
<b>Comprehensive income</b>	<b>65,125</b>	<b>(4,110)</b>
<b>(Comprehensive income attributable to abstract)</b>		
Comprehensive income attributable to owners of parent	65,124	<b>(3,772)</b>
Comprehensive income attributable to non-controlling interests	¥1	<b>¥(337)</b>

## Consolidated Statement of Changes in Net Assets

For the years ended March 31

2015	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Balance at the beginning of current period</b>	¥152,449	¥ 81,849	¥307,829	¥(63,268)	¥478,860
Cumulative effects of changes in accounting principles			(1,471)		(1,471)
<b>Restated balance</b>	152,449	81,849	306,358	(63,268)	477,389
<b>Changes of items during period</b>					
Issuance of new shares	28,052	28,052			56,105
Dividends of surplus			(10,503)		(10,503)
Profit attributable to owners of parent			43,206		43,206
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares				63,269	63,269
Net changes of items other than shareholders' equity					
<b>Total changes of items during period</b>	28,052	28,052	32,703	63,265	152,074
<b>Balance at the end of current period</b>	¥180,502	¥109,902	¥339,061	¥(2)	¥629,463

2015	Millions of yen						
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
<b>Balance at the beginning of current period</b>	¥9,030	¥1,772	¥22,955	¥3,592	¥37,350	¥3,265	¥519,477
Cumulative effects of changes in accounting principles							(1,471)
<b>Restated balance</b>	9,030	1,772	22,955	3,592	37,350	3,265	518,005
<b>Changes of items during period</b>							
Issuance of new shares							56,105
Dividends of surplus							(10,503)
Profit attributable to owners of parent							43,206
Purchase of treasury shares							(3)
Disposal of treasury shares							63,269
Net changes of items other than shareholders' equity	10,829	(17,593)	30,250	(1,569)	21,917	4,300	26,218
<b>Total changes of items during period</b>	10,829	(17,593)	30,250	(1,569)	21,917	4,300	178,292
<b>Balance at the end of current period</b>	¥19,860	¥(15,821)	¥53,205	¥2,023	¥59,268	¥7,566	¥696,298

2016	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Balance at the beginning of current period</b>	¥180,502	¥109,902	¥339,061	¥(2)	¥629,463
Cumulative effects of changes in accounting principles					—
<b>Restated balance</b>	180,502	109,902	339,061	(2)	629,463
<b>Changes of items during period</b>					
Issuance of new shares	—	—			—
Dividends of surplus			(12,813)		(12,813)
Profit attributable to owners of parent			39,719		39,719
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares				—	—
Net changes of items other than shareholders' equity					
<b>Total changes of items during period</b>	—	—	26,906	(2)	26,903
<b>Balance at the end of current period</b>	¥180,502	¥109,902	¥365,967	¥(4)	¥656,367

2016	Millions of yen						
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
<b>Balance at the beginning of current period</b>	¥19,860	¥(15,821)	¥53,205	¥2,023	¥59,268	¥7,566	¥696,298
Cumulative effects of changes in accounting principles							—
<b>Restated balance</b>	19,860	(15,821)	53,205	2,023	59,268	7,566	696,298
<b>Changes of items during period</b>							
Issuance of new shares							—
Dividends of surplus							(12,813)
Profit attributable to owners of parent							39,719
Purchase of treasury shares							(2)
Disposal of treasury shares							—
Net changes of items other than shareholders' equity	(7,344)	1,426	(22,741)	(14,832)	(43,492)	1,272	(42,219)
<b>Total changes of items during period</b>	(7,344)	1,426	(22,741)	(14,832)	(43,492)	1,272	(15,315)
<b>Balance at the end of current period</b>	¥12,516	¥(14,395)	¥30,464	¥(12,809)	¥15,775	¥8,839	¥680,982

## Consolidated Statement of Cash Flows

Years ended March 31

	Millions of yen	
	2015	2016
<b>Cash flows from operating activities</b>		
Profit before income taxes	¥61,598	¥57,917
Depreciation and amortization	93,309	95,121
Impairment loss	2,489	1,392
Loss on retirement of noncurrent assets	2,359	3,656
Increase (decrease) in net defined benefit liability	(4,611)	(3,351)
Increase (decrease) in reserve for fluctuation in water levels	(119)	116
Interest and dividend income	(3,024)	(3,314)
Interest expenses	28,224	30,460
Decrease (increase) in notes and accounts receivable-trade	23	2,445
Decrease (increase) in inventories	(3,593)	(3,259)
Increase (decrease) in notes and accounts payable-trade	6,639	(3,085)
Loss (gain) on sales of securities	(252)	(145)
Share of profit of entities accounted for using equity method	(15,659)	(10,889)
Loss (gain) on sales of shares of subsidiaries	(2,127)	—
Other, net	6,841	3,280
Subtotal	172,097	170,342
Interest and dividends income received	10,735	13,573
Interest expenses paid	(28,211)	(30,519)
Income taxes paid	(6,807)	(7,232)
Net cash provided by (used in) operating activities	147,813	146,164
<b>Cash flows from investing activities</b>		
Purchase of noncurrent assets	(148,404)	(140,874)
Payments of investment and loans receivable	(4,429)	(2,537)
Collection of investment and loans receivable	4,053	15,960
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	1,665	—
Other, net	4,150	(4,123)
Net cash provided by (used in) investing activities	(142,964)	(131,575)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of bonds	39,858	—
Redemption of bonds	(85,298)	(60,999)
Proceeds from long-term loans payable	189,320	96,697
Repayment of long-term loans payable	(120,062)	(110,783)
Proceeds from short-term loans payable	104,942	100,944
Repayment of short-term loans payable	(95,582)	(102,994)
Proceeds from issuance of commercial papers	—	2,999
Redemption of commercial papers	—	(3,000)
Proceeds from issuance of common shares	59,359	—
Proceeds from sales of treasury shares	59,740	—
Cash dividends paid	(10,505)	(12,811)
Other, net	2,148	1,315
Net cash provided by (used in) financing activities	143,920	(88,632)
<b>Effect of exchange rate change on cash and cash equivalents</b>	2,446	(2,446)
<b>Net increase (decrease) in cash and cash equivalents</b>	151,216	(76,490)
<b>Cash and cash equivalents at beginning of the period</b>	85,223	236,439
<b>Cash and cash equivalents at end of the period</b>	¥236,439 <sup>1)</sup>	¥159,949 <sup>1)</sup>



## Summary of Significant Accounting Policies

### 1. SCOPE OF CONSOLIDATION

Number of consolidated subsidiaries: 70

The accompanying consolidated financial statements include the accounts of the Company and its 70 subsidiaries controlled directly or indirectly by Electric Power Development Co., Ltd. (the Company)

In this fiscal year, J-Wind Nikaho Co., Ltd., and J-Wind Kuzumaki Co., Ltd., which were established in November 2015, became consolidated subsidiaries.

As EM CARRIERS S.A. was liquidated in November 2015, it has no longer been consolidated subsidiary.

### 2. APPLICATION OF EQUITY METHOD

Number of companies accounted for by the equity method: 81

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

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

### 3. REPORTING DATES OF CONSOLIDATED SUBSIDIARIES, ETC.

All of the consolidated subsidiaries, except for J-POWER AUSTRALIA PTY. LTD. and 28 other overseas subsidiaries, have the same reporting date as that of the Company. The fiscal year-end of each of J-POWER AUSTRALIA PTY. LTD. and 28 other overseas subsidiaries is the end of December. The financial statements of these subsidiaries as of the date are used for consolidation after necessary adjustments with regard to significant transactions incurred during the periods between their fiscal year-ends and that of the Company.

### 4. ACCOUNTING POLICIES

#### (1) Valuation policies for assets

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

Available-for-sale securities with market value are stated at market value on the balance sheet date. Cost of sold securities is stated using the moving average method. Unrealized gain (loss) on available-for-sale securities is included in net assets. Available-for-sale securities without market value are stated at cost determined by the moving average method.

##### b. Money in trust for cash management purposes

Stated at market value.

##### c. Derivatives

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

##### d. Inventories

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

### (2) Depreciation and amortization of noncurrent assets

#### a. Depreciation and amortization method

##### (Tangible assets)

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

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

##### (Intangible assets)

Straight-line method has been applied.

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

#### b. Estimated useful lives

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

### (3) Allowance and reserve policies

#### a. Allowance for doubtful accounts

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

#### b. Reserve for fluctuations in water levels

To provide for losses caused by low water levels, the Company records a reserve for fluctuations in water levels under "Ministerial Ordinance Concerning Reserve for Fluctuations in Water Levels" (the Ministerial Ordinance No. 56, 1965 of the Ministry of International Trade and Industry) stipulated by Article 36 of the Electricity Utilities Industry Law.

### (4) Accounting for employee retirement benefits

#### a. Attribution of estimated retirement benefit

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

#### b. Recognition of actuarial differences and past service cost

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



## (5) Accounting for revenue and cost

### a. Revenue and cost for construction contracts

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

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

(Other constructions)

Based on the completed contract method.

## (6) Hedge accounting

### a. Method of hedge accounting

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

### b. Hedging instruments and targets

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

### c. Hedging policies

Based on the Company's internal regulations relating to derivative transactions, derivatives are executed for the purpose of avoiding

## Changes in Accounting Policies

"Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21 of September 13, 2013, hereinafter referred to as "Business Combinations Accounting Standard"), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 of September 13, 2013, hereinafter referred to as "Consolidation Accounting Standard") and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7 of September 13, 2013, hereinafter referred to as "Business Divestitures Accounting Standard") and others are applied from April 1, 2015, resulting in changes in accounting methods in the following respects: the difference occurred by changes in a parent's ownership interest in a subsidiary when the parent retains control over the subsidiary is recorded as capital surplus and the acquisition-related costs are recorded in the fiscal year during which the costs occur. In addition, with regard to business combinations conducted on and after April 1, 2015, amendment in allocation of acquisition costs with determination of provisional accounting

the risks caused by fluctuating exchange rates, interest rates, and commodity purchase prices, and the Company's policy is not to perform speculative transactions.

### d. Evaluation of hedge effectiveness

The Company evaluates hedge effectiveness on a quarterly basis or a per transaction basis by comparing cumulative changes in cash flow of hedging instruments with cumulative changes in hedged cash flow. Evaluation of the effectiveness of foreign exchange forward contracts and foreign currency swaps to which allocation method is applied and interest rate swaps to which special method is applied has been omitted.

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

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

## (8) Others

### a. Capitalization of interest expenses

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

### b. Accounting for consumption taxes

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

treatment is reflected to the consolidated financial statements for the fiscal year during which the business combination is conducted. Furthermore, the presentation method of net income and others are changed, and "minority interests" are replaced with "non-controlling interests." To reflect these changes in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

These standards are applied from April 1, 2015 and into the future, complying with the provisional accounting treatment stipulated in (4) of paragraph 58-2 of Business Combinations Accounting Standard, (4) of paragraph 44-5 of Consolidation Accounting Standard and (4) of paragraph 57-4 of Business Divestitures Accounting Standard.

Method of stating cash flows in consolidated statement of cash flows for the fiscal year ended March 31, 2016 was changed as follows; Cash flows with acquiring or disposal of shares of a subsidiary which is not accompanied by changes in the scope of con-

consolidation are stated in “Net cash provided by (used in) financing activities.” Cash flows relating acquisition-related costs of shares of a subsidiary which is accompanied by changes in the scope of consolidation and costs with acquisition or disposal of shares of a subsidiary which is not accompanied by changes in the scope of

consolidation are stated in “Net cash provided by (used in) operating activities.”

These changes have no impact on the consolidated financial statements and per share information for the fiscal year ended March 31, 2016.

## Accounting Standards Issued but not yet Effective

“Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26 of March 28, 2016)

### (1) Overview

Regarding the treatment of the recoverability of deferred tax assets, a view was conducted following the framework of Japanese Institution of Certified Public Accounting Audit Committee Report No. 66 “Audit Treatment on Determining the Recoverability of Deferred Tax Assets,” whereby companies are categorized and deferred tax assets are calculated based on each of these categories.

- Treatment of companies that do not satisfy any of the category requirements for (Category 1) through (Category 5)
- Category requirements for (Category 2) and (Category 3)
- Treatment related to future deductive temporary differences which

## Changes in Presentation Methods

### (Consolidated Statement of Income)

“Foreign exchange losses,” which were included in “Other” under “Non-operating expenses” in the previous fiscal year, are listed separately from the current fiscal year because the amount was more than 10% of total non-operating expenses. To reflect this change in presentation, the consolidated financial statements for

cannot be scheduled in companies that qualify as (Category 2)

- Treatment related to the reasonable estimable period of future pre-adjusted taxable income in companies that qualify as (Category 3)
- Treatment in case that companies that satisfy the category requirements for (Category 4) but qualify as (Category 2) or (Category 3)

### (2) Scheduled date of adoption

The Company expects to adopt the revised implementation guidance from the beginning of the fiscal year ending March 31, 2017.

### (3) Impact of adopting revised implementation guidance

The Company is currently evaluating the effect of adopting these revised implementation guidance on its consolidated financial statement.

the previous fiscal year were reclassified.

As a result, 7,999 million yen of “Other” under “Non-operating expenses” in the consolidated statement of income for the previous fiscal year was reclassified as 1,547 million yen of “Foreign exchange losses” and 6,451 million yen of “Other.”

## Consolidated Balance Sheet

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

As of March 31	Millions of yen	
	2015	2016
	¥118,427	¥123,551

### 2) Accumulated depreciation of tangible assets

As of March 31	Millions of yen	
	2015	2016
	¥2,916,688	¥2,980,030

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

As of March 31	Millions of yen	
	2015	2016
Stocks	¥172,776	¥166,350

#### 4) Inventories

As of March 31	Millions of yen	
	2015	2016
Merchandise and finished goods	¥1,319	¥1,084
Work in process	1,228	605
Raw materials and supplies	35,233	39,509
<b>Total</b>	<b>¥37,781</b>	<b>¥41,199</b>

#### 5) Provisions

As of March 31	2015	2016
	Provisions for directors' bonuses stated by subsidiaries are included in other provision	

#### 6) Pledged assets and secured liabilities

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

As of March 31	Millions of yen	
	2015	2016
Long-term investments	¥2,378	¥2,999

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

As of March 31	Millions of yen	
	2015	2016
Long-term investments	¥2,775	¥194

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

As of March 31	Millions of yen	
	2015	2016
Overseas business facilities	¥247,431	¥336,248
Cash and deposits	29,521	38,274
Long-term investments	26,457	20,162
Electric utility plant and equipment	7,840	6,907
Other (Investments and other assets)	2,262	2,155
Construction in progress	125,611	159
Other (Current assets)	105	107
Notes and accounts receivable-trade	¥170	¥106

##### Liabilities related to pledged assets mentioned above

As of March 31	Millions of yen	
	2015	2016
Long-term loans (including current portion)	¥342,121	¥316,248
Short-term loans payable	—	¥11,509

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

As of March 31	Millions of yen	
	2015	2016
Guarantees given to certain financial institutions for loans of companies below;		
PT. BHIMASENA POWER INDONESIA	¥8,866	¥8,811
Zajaczkowo Windfarm Sp. z o. o.	2,932	2,748
TOSA POWER Inc.	926	463
Yuzawa Geothermal Power Generation Corporation	—	312
SAHARA COOLING Ltd.	174	176
Guarantees given in connection with housing loans to employees	1,702	1,437
<b>Total</b>	<b>¥14,602</b>	<b>¥13,948</b>

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

As of March 31	Millions of yen	
	2015	2016
PT. BHIMASENA POWER INDONESIA	¥1,225	¥1,149

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

As of March 31	Millions of yen	
	2015	2016
PT. BHIMASENA POWER INDONESIA*	¥5,774	¥5,532

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

**(4) Guarantees given for payment obligations on wind power generator purchase agreements of the company below;**

As of March 31	Millions of yen	
	2015	2016
J-Wind Setana Co., Ltd.	—	¥7,804

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

As of March 31	Millions of yen	
	2015	2016
Biocoal Kumamoto-South Co., Ltd.	¥19	¥19

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

Year ended March 31	Millions of yen			
	2015		2016	
	Electric utility operating expenses	Selling, general and administrative expenses*	Electric utility operating expenses	Selling, general and administrative expenses*
Personnel expense	¥27,609	¥15,629	¥30,823	¥18,138
Fuel cost	244,937	—	224,729	—
Repair expense	61,123	1,214	57,225	1,358
Consignment cost	31,534	6,802	40,028	14,632
Taxes and duties	25,662	701	25,228	746
Depreciation and amortization cost	79,294	2,630	75,657	3,693
Other	51,189	8,571	53,079	8,381
<b>Total</b>	<b>¥521,351</b>	<b>¥35,549</b>	<b>¥506,772</b>	<b>¥46,950</b>

\* Included in electric utility operating expenses

## 2) Research and development costs included in operating expenses

Year ended March 31	Millions of yen	
	2015	2016
	¥4,766	¥4,035

Research and development costs are presented in a total amount pursuant to the Accounting Standard for Research and Development Costs, etc. ("Opinion Concerning Establishment of

Accounting Standard for Research and Development Costs, etc." issued by the Business Accounting Deliberation Council on March 13, 1998)

### 3) Impairment loss

#### For the year ended March 31, 2015

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

Due to a deterioration in the business environment and other factors, the Company examined the potential for future collectability,

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

The main components of impairment loss are as follows:

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

#### (Calculation of the recoverable amount)

The recoverable amount of power production facilities was measured at the value in use, and recorded at the memorandum price as future cash flows evaluated by utility value were negative. The recoverable amount of idle assets was measured according to their

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

#### For the year ended March 31, 2016

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

Due to a deterioration in the business environment and other factors, the Company examined the potential for future collectability,

and consequently determined that it would be difficult to collect on certain investments relating to special asset groups. Therefore, the book value was written down to the recoverable amount. Moreover, idle assets for which no immediate use was foreseen and others were grouped individually, and written down to their recoverable amount. The corresponding impairment loss of 1,392 million yen was recognized under non-operating expenses – other.

The main components of impairment loss are as follows:

Use and location	Classification	Millions of yen
		Amount
Thermal power production facilities (Bay Side Energy Co., Ltd.; Ichihara City, Chiba Prefecture)	Land	¥623
	Machinery	437
	Others	69
	Total	¥1,130

#### (Calculation of the recoverable amount)

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

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

## Consolidated Statement of Comprehensive Income

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

Year ended March 31	Millions of yen	
	2015	2016
Valuation difference on available-for-sale securities		
Amount accrued for the current year	¥13,625	¥(9,434)
Reclassification adjustment	(105)	45
Amount before tax effect	13,520	(9,388)
Tax effect	(2,710)	2,039
Valuation difference on available-for-sale securities	10,809	(7,349)
Deferred gains or losses on hedges		
Amount accrued for the current year	(17,594)	3,374
Reclassification adjustment	(3,758)	(2,960)
Amount before tax effect	(21,353)	413
Tax effect	1,823	1,068
Deferred gains or losses on hedges	(19,529)	1,481
Foreign currency translation adjustment		
Amount accrued for the current year	17,057	(17,882)
Amount before tax effect	17,057	(17,882)
Foreign currency translation adjustment	17,057	(17,882)
Remeasurements of defined benefit plans, net of tax		
Amount accrued for the current year	1,805	(18,533)
Reclassification adjustment	(4,090)	(2,172)
Amount before tax effect	(2,285)	(20,705)
Tax effect	716	5,861
Remeasurements of defined benefit plans, net of tax	(1,569)	(14,844)
Share of other comprehensive income of associates accounted for using equity method		
Amount accrued for the current year	13,454	(5,808)
Reclassification adjustment	691	115
Share of other comprehensive income of associates accounted for using equity method	14,145	(5,693)
Other comprehensive income	¥20,913	¥(44,288)

## Consolidated Statement of Changes in Net Assets

### For the year ended March 31, 2015

#### 1. SHARES ISSUED

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

(Summary of reason of the change)

- A breakdown of the increase is as follows:

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

#### 2. TREASURY STOCK

Type	Shares			
	As of April 1, 2014	Increase	Decrease	As of March 31, 2015
Treasury stock	16,518,311	840	6,518,500	651

(Summary of reason of the change)

- A breakdown of the increase is as follows:

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

- A breakdown of the decrease is as follows:

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

### 3. DIVIDENDS

#### (1) Dividends paid

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

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

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

#### For the year ended March 31, 2016

##### 1. SHARES ISSUED

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

##### 2. TREASURY STOCK

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

(Summary of reason of the change)

- A breakdown of the increase is as follows:

Increase due to purchasing shares that are less than one voting unit: 540 shares

### 3. DIVIDENDS

#### (1) Dividends paid

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

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

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

## Consolidated Statements of Cash Flows

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

Year ended March 31	Millions of yen	
	2015	2016
Cash and deposits account	¥69,151	¥87,659
Time deposits with a maturity of more than three months	(110)	(110)
Marketable securities with a redemption period of three months or less from the date of acquisition, included in the short-term investments account	167,398	72,399
Cash and cash equivalents	¥236,439	¥159,949



## Financial Instruments

### 1. STATUS OF FINANCIAL INSTRUMENTS

#### (1) Policy for financial instruments

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

#### (2) Types of financial instruments and related risk

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

Notes and accounts payable-trade are operating liabilities and nearly all have a payment term of one year or less. Some of these are foreign currency transactions for fuel and other imports and these are exposed to currency fluctuation risk; however, part of this is hedged through the use of foreign exchange forward contracts. Loans and bonds are used mainly for the procurement of funds required for capital investment. Redemption term is 19 years at the longest after the fiscal year settlement date. Some of these have variable interest rates and are thus exposed to interest rate fluctuation risk; however, this is hedged through the use of derivatives transactions (interest rate swaps).

Derivatives transactions consist mainly of transactions involving foreign exchange forward contracts to hedge the risk of currency fluctuation accompanying operating receivables and payables denominated in foreign currencies, interest rate swaps designed to hedge the risk of interest rate fluctuations for loans and bonds, and commodity swaps designed to hedge the risk of fluctuation in commodity prices. Please see section "4. Accounting policies – (6) Hedge accounting" under "Principles of Consolidated Financial Statements" mentioned above for the hedging methods, hedging targets, hedging policies and methods for appraising hedging effectiveness, etc.

#### (3) Risk management for financial instruments

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

In accordance with the Rules on Management of Sales, etc., each division of the Company monitors the due dates and balances of operating receivables for each transacting partner and also maintains a perpetual grasp of changes in the state of management, etc. for these companies. Consolidated subsidiaries also follow the

Rules on Management of Sales, etc. and manage business affairs in the same manner. Please note that credit risk is minimal for the domestic wholesale electric power business since transactions are conducted mainly with the 10 electric power companies, which have high credit ratings. The same applies to overseas business since transactions are conducted mainly with the Electricity Generating Authority of Thailand (EGAT).

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

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

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

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

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

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

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

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

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

Fair value of financial instruments includes not only values based on market prices, but also values calculated in a reasonable manner for instruments that do not have a market price. Calculation of such values incorporates factors that fluctuate so values may fluctuate with the employment of different underlying assumptions and

other factors. Moreover, contract amounts of derivatives transactions in “Derivatives Transactions” do not indicate the market risk related to the derivatives transactions, in and of themselves.

#### (5) Concentration of credit risk

As of March 31, 2016, 84% of the operating receivables are from the 10 electric power companies and the EGAT.

## 2. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values recorded on the consolidated balance sheets, fair value and differences between them are as follows. Please note that instruments for which it is extremely difficult to ascertain a fair value are not included in the following table (see (Note 2)).

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

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

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

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

As of March 31, 2016	Millions of yen		
	Carrying value	Fair value	Difference
(1) Cash and deposits	¥87,659	¥87,659	—
(2) Notes and accounts receivable-trade	66,312	66,312	—
(3) Short-term investments	72,410	72,410	—
(4) Investment securities	40,095	40,095	—
Available-for-sale securities*1	40,095	40,095	—
<b>Total assets</b>	<b>266,477</b>	<b>266,477</b>	<b>—</b>
(5) Notes and accounts payable-trade	37,033	37,033	—
(6) Short-term loans payable	28,009	28,009	—
(7) Bonds payable*2	665,076	702,004	¥(36,927)
(8) Long-term loans payable*2	934,798	964,440	(29,641)
<b>Total liabilities</b>	<b>1,664,918</b>	<b>1,731,487</b>	<b>¥(66,569)</b>
(9) Derivatives transactions*3			
Transactions not subject to hedge accounting	164	164	—
Transactions subject to hedge accounting	(16,810)	(16,810)	—
<b>Total derivatives transactions</b>	<b>¥(16,646)</b>	<b>¥(16,646)</b>	<b>—</b>

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

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

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

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

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

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

(4) Investment securities

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

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

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

(7) Bonds payable

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

(8) Long-term loans payable

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

(9) Derivatives transactions

Refer to "Derivatives transactions."

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

As of March 31	Millions of yen	
	2015	2016
Unlisted shares (excluding shares sold on the OTC market)	¥7,172	¥7,169
Unlisted foreign shares	11,778	173
Capital contribution	1,550	1,545
Foreign capital contribution	¥13,470	¥11,983

The above do not have a market value and estimation of future cash flows from them or taking other measures to estimate their fair value would be impossible. Therefore, they are not included in "Available-for-sale securities." Please note that the shares of non-consolidated subsidiaries and affiliates have been omitted from the table above because they are listed under "Consolidated Balance Sheets, 3) Long-term investments in non-consolidated subsidiaries and affiliated companies."

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

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

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

As of March 31, 2016	Millions of yen	
	Due in one year or less	
Cash and bank deposits*1	¥87,659	
Notes and accounts receivable-trade	66,312	
Short-term investments	72,410	
Investment securities	—	
Available-for-sale securities with maturities	—	
<b>Total</b>	<b>¥226,381</b>	

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

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

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

Millions of yen

As of March 31, 2016	Short-term loans payable	Bonds payable	Long-term loans payable	Total
Due in one year or less	¥28,009	¥90,000	¥67,522	¥185,532
Due after one year through two years	—	160,100	40,742	200,842
Due after two years through three years	—	40,000	56,224	96,224
Due after three years through four years	—	60,000	74,843	134,843
Due after four years through five years	—	80,000	68,344	148,344
Due after five years	—	¥235,000	¥627,120	¥862,120

## Securities

### 1. AVAILABLE-FOR-SALE SECURITIES

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

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

### 2. AVAILABLE-FOR-SALE SECURITIES SOLD IN THE FISCAL YEAR

Year ended March 31, 2015	Proceeds from sales	Gain on sales	Loss on sales
Stock	¥906	¥162	—

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

### 3. IMPAIRMENT OF AVAILABLE-FOR-SALE SECURITIES

Year ended March 31, 2016	Loss on sales
Stock	¥191

## Derivatives Transactions

### 1. DERIVATIVES TRANSACTIONS NOT SUBJECT TO HEDGE ACCOUNTING

#### (1) Currencies

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

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

### 2. DERIVATIVES TRANSACTIONS SUBJECT TO HEDGE ACCOUNTING

As of March 31, 2015			Millions of yen			
			Contract value, etc.		Fair value	Calculation of fair value
Hedging method	Instrument	Target	Total value	Portion over one year		
General settlement method	Foreign exchange forward contracts	Foreign-currency-denominated receivables and payables	¥1,756	—	¥(113)	According to the forward exchange rate
	Interest rate swaps pay/fixed receive/floating	Loans	346,299	¥346,080	(13,927)	According to the price, etc. specified by the transacting financial institution
	Interest rate collar transactions		23,826	23,826	(1,699)	
	Commodity swaps pay/fixed receive/floating	Commodity	8,346	—	(1,547)	
Special interest rate swaps	Interest rate swaps pay/fixed receive/floating	Loans	307,653	256,989	*1	—
<b>Total</b>			<b>¥687,881</b>	<b>¥626,895</b>	<b>¥(17,287)</b>	

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

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

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

## Employee Retirement Benefit Plans

### 1. SUMMARY OF EMPLOYEE RETIREMENT BENEFIT PLANS ADOPTED

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

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

defined benefit corporate pension plan and annuity amounts fluctuate depending on the market interest rate.

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

### 2. DEFINED BENEFIT PLANS (EXCLUDING PLANS USING A SIMPLIFIED METHOD)

#### (1) The changes in the retirement benefit obligations during the year

Year ended March 31	Millions of yen	
	2015	2016
Balance at the beginning of the year	¥134,778	¥142,602
Cumulative effect of change of accounting policies	1,945	—
Restated balance at the beginning of the year	136,723	142,602
Service cost	5,706	5,968
Interest cost	1,813	1,481
Incurred actuarial gain or loss	4,375	13,162
Retirement benefit payments	(6,026)	(6,488)
Other	9	(7)
Balance at the end of the year	¥142,602	¥156,719

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

Year ended March 31	Millions of yen	
	2015	2016
Balance at the beginning of the year	¥85,706	¥93,979
Expected return on plan assets	2,494	2,589
Incurred actuarial gain or loss	6,180	(5,371)
Funding by the Company and its subsidiaries	4,206	4,021
Retirement benefit payments	(4,607)	(4,413)
Balance at the end of the year	¥93,979	¥90,806

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

As of March 31	Millions of yen	
	2015	2016
Retirement benefit obligations of funded type plans	¥134,165	¥148,304
Plan assets	(93,979)	(90,806)
	40,185	57,497
Retirement benefit obligations of unfunded type plans	8,437	8,414
Net amount of liabilities and assets on the consolidated balance sheet	48,623	65,912
Net defined benefit liability	48,901	65,912
Net defined benefit asset	(278)	—
Net amount of liabilities and assets on the consolidated balance sheet	¥48,623	¥65,912

**(4) Retirement benefit expenses**

Year ended March 31	Millions of yen	
	2015	2016
Service cost	¥5,274	¥5,899
Interest cost	1,724	1,433
Expected return on plan assets	(2,324)	(2,618)
Amortization of actuarial gain or loss	(4,071)	(2,172)
Amortization of prior service cost	(19)	—
Other	133	12
Retirement benefit expenses regarding defined benefit plans	¥718	¥2,554

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

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

Year ended March 31	Millions of yen	
	2015	2016
Prior service cost	¥(19)	—
Actuarial gain or loss	(2,266)	¥ (20,705)
Total	¥(2,285)	¥(20,705)

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

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

As of March 31	Millions of yen	
	2015	2016
Unrecognized actuarial gain or loss	¥(2,834)	¥17,859
Total	¥(2,834)	¥17,859

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

Proportion of each type of asset is as follows;

As of March 31	2015	2016
Bonds	23%	25%
Stocks	34%	31%
General accounts	38%	39%
Other	5%	5%
Total	100%	100%

**b. Long-term expected rate of return**

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

**(8) The actuarial assumptions**

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

Year ended March 31	2015	2016
Discount rate	1.1%	0.4%
Long-term expected rate of return on plan assets	3.0%	2.9%
Expected rate of increase in salary	3.6%	3.6%



## Stock Options

### For the year ended March 31, 2015

Not applicable.

### For the year ended March 31, 2016

Not applicable.

## Income taxes

### 1. THE SIGNIFICANT COMPONENTS OF DEFERRED TAX ASSETS AND LIABILITIES

As of March 31	Millions of yen	
	2015	2016
Deferred tax assets		
Net defined benefit liability	¥15,846	¥20,219
Unrealized gain on fixed assets	12,453	12,437
Excess of depreciation of fixed assets	4,733	4,308
Amount assigned for bonuses, etc. but not yet paid	2,282	2,239
Excess of amortization of deferred assets for tax purposes	981	818
Excess of reserve for fluctuation in water levels	—	32
Other	34,585	35,878
Subtotal of deferred tax assets	70,883	75,934
Valuation allowance	(11,686)	(12,193)
Total deferred tax assets	59,197	63,741
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(5,852)	(3,813)
Other	(29,302)	(31,321)
Total deferred tax liabilities	(35,155)	(35,134)
Net deferred tax assets	¥24,042	¥28,606

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

As of March 31	Millions of yen	
	2015	2016
Noncurrent assets – Deferred tax assets	¥38,705	¥41,655
Current assets – Deferred tax assets	5,736	5,268
Noncurrent liabilities – Deferred tax liabilities	(20,394)	(18,294)
Current liabilities – Deferred tax liabilities	¥(5)	¥(22)

### 2. THE RECONCILIATION BETWEEN THE EFFECTIVE TAX RATES REFLECTED IN THE CONSOLIDATED STATEMENT OF INCOME AND THE STATUTORY TAX RATE

As of March 31		
	2015	2016
Statutory tax rate	30.78%	28.85%
(adjusted)		
Difference of statutory tax rates between the Company and consolidated subsidiaries	2.79%	4.34%
Downward adjustment of deferred tax assets due to change in tax rate	3.57%	1.60%
Non-deductible expenses	3.32%	1.43%
Investment profit/loss based on the equity method	(7.82)%	(5.42)%
Non-taxable profit such as dividends income	(4.61)%	(4.23)%
Other	0.20%	4.06%
Effective tax rates	28.23%	30.63%

### 3. AMENDMENT OF THE AMOUNT OF DEFERRED TAX ASSETS AND LIABILITIES WITH THE CHANGE OF STATUTORY TAX RATE

The “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 15 of 2016) and the “Act for Partial Revision of the Local Tax Act, etc.” (Act No. 13 of 2016) were enacted in the Japanese Diet on March 29, 2016. While the statutory effective tax rate used in calculation of deferred tax assets and deferred tax liabilities had been 28.85% in the previous fiscal year, with this change, the statutory effective tax rate used in the current fiscal year for temporary differences expected to be reversed on or after April 1, 2016 decreased to 28.24% for temporary differences which are expect-

ed to be recovered or paid from April 1, 2016 to March 31, 2018, and to 28.00% for temporary differences expected to be recovered or paid on or after April 1, 2018.

With this change, the amount of deferred tax assets excluding deferred tax liabilities decreased by 969 million yen, income taxes-deferred increased by 928 million yen, valuation differences on available-for-sale securities increased by 129 million yen and remeasurements of defined benefit plans decreased by 169 million yen as of and for the fiscal year ended March 31, 2016.

## Segment Information, etc.

### (Segment Information)

#### 1. OVERVIEW OF REPORTABLE SEGMENT

J-POWER's reportable segments are those for which separate financial information for each structural unit is available and are subject to regular review by the Board of Directors to determine the distribution of management resources and evaluate performance.

The Group is composed of J-Power (parent company), 70 subsidiaries and 99 affiliates (as of March 31, 2016) and is separated into 4 reportable segments of the Electric Power Business, centered on the wholesale electric power business, and composed of the wind power generation business, the wholesale electricity supply to EPCOs by IPPs, and the wholesale electricity supply to PPSs; the Electric Power Related Business, which augments the Electric Power Business and facilitates the smooth execution of Electric Power Business; the Overseas Business which operates

power generation business and related businesses overseas and the Other Business which utilizes the group's management resources and know-how in the coal sales business and other businesses.

#### 2. METHOD OF CALCULATING AMOUNT IN SALES, INCOME OR LOSS, ASSETS AND OTHER ITEMS IN REPORTABLE SEGMENTS

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

### 3. INFORMATION CONCERNING AMOUNTS IN SALES, INCOME OR LOSS, ASSETS AND OTHER ITEMS FOR EACH REPORTABLE SEGMENT

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

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

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

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

Millions of yen

For the year ended March 31, 2016	Reportable segments					Adjustments *1	Consolidated *2
	Electric power	Electric power related	Overseas	Other	Total		
<b>Sales</b>							
Sales to external customers	¥570,837	¥31,973	¥155,952	¥21,309	¥780,072	—	¥780,072
Intersegment sales and transfer	1,657	327,213	—	1,758	330,629	¥(330,629)	—
<b>Total sales</b>	<b>572,494</b>	<b>359,186</b>	<b>155,952</b>	<b>23,068</b>	<b>1,110,701</b>	<b>(330,629)</b>	<b>780,072</b>
Segment income	31,734	14,462	11,483	810	58,490	(456)	58,033
Segment assets	1,830,890	256,147	601,176	17,830	2,706,044	(159,772)	2,546,272
<b>Other items</b>							
Depreciation and amortization	78,167	6,252	12,833	422	97,675	(2,553)	95,121
Interest income	278	250	503	52	1,084	(178)	905
Interest expenses	17,901	195	12,470	86	30,654	(193)	30,460
Equity income of affiliates	391	—	10,497	—	10,889	—	10,889
Investment in affiliates	12,915	—	152,684	—	165,599	—	165,599
Increase in the tangible and intangible noncurrent assets	¥119,210	¥2,820	¥11,472	¥301	¥133,804	¥(7,450)	¥126,354

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

- (1) The adjustment amount of (456) million yen in segment income includes elimination of transaction amounts between segments of (439) million yen.
- (2) The adjustment amount of (159,772) million yen in segment assets includes elimination of (157,670) million yen for the offsetting of receivables.
- (3) The adjustment amount of (2,553) million yen in depreciation and amortization includes elimination of transaction amounts between segments of (2,510) million yen.
- (4) The adjustment amounts for interest income, interest expenses, and increase in tangible and intangible noncurrent assets are amounts eliminated as transactions between segments.

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

### (Related information)

#### For the year ended March 31, 2015

#### 1. INFORMATION BY PRODUCTS AND SERVICES

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

#### 2. REGIONAL INFORMATION

##### (1) Operating revenue

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

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

##### (2) Tangible noncurrent assets

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

#### 3. SALES TO MAIN CUSTOMERS

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

**For the year ended March 31, 2016****1. INFORMATION BY PRODUCTS AND SERVICES**

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

**2. REGIONAL INFORMATION****(1) Operating revenue**

				Millions of yen
	Japan	Thailand	Other	Total
Operating revenue	¥599,337	¥154,977	¥25,757	¥780,072

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

**(2) Tangible noncurrent assets**

				Millions of yen
	Japan	Thailand	Other	Total
Tangible noncurrent assets	¥1,392,235	¥337,905	¥33,739	¥1,763,881

**3. SALES TO MAIN CUSTOMERS**

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

**(Impairment loss on noncurrent assets by reportable segments)****For the year ended March 31, 2015**

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

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

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

**(Information about unamortized balance of goodwill by reportable segments)****For the year ended March 31, 2015**

Not applicable.

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

Not applicable.

**(Information about gain on negative goodwill by reportable segments)****For the year ended March 31, 2015**

Not applicable.

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

Not applicable.

**(Related party information)****1. SUMMARY OF FINANCIAL INFORMATION OF IMPORTANT AFFILIATES****For the year ended March 31, 2015**

Not applicable.

## For the year ended March 31, 2016

Not applicable.

## Per share information

Year ended March 31	Yen	
	2015	2016
Net assets per share	¥3,762.52	<b>¥3,671.91</b>
Earnings per share	¥284.43	<b>¥216.99</b>

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

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

Year ended March 31		2015	2016
Profit attributable to owners of parent	Millions of yen	¥43,206	<b>¥39,719</b>
Amount not attributable to ordinary shareholders	Millions of yen	—	—
Profit attributable to owners of parent related to common stock	Millions of yen	¥43,206	<b>¥39,719</b>
Weighted average number of common stock outstanding during the year	Thousands of shares	51,907	<b>183,050</b>

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

As of March 31		2015	2016
Total net assets	Millions of yen	¥696,298	<b>¥680,982</b>
Amount deducted from total net assets	Millions of yen	¥7,566	<b>¥8,839</b>
(non-controlling interests included in the above)		¥7,566	<b>¥8,839</b>
Year-end net assets related to common stock	Millions of yen	¥688,731	<b>¥672,142</b>
The number of common stock used in the calculation of net assets per share	Thousands of shares	183,050	<b>183,049</b>

4. As stated in "Changes in Accounting Policies," "Revised Accounting Standard for Business Combinations," etc. is applied.  
This treatment has no impact on per share information for the current fiscal year.

## Significant Subsequent Events

Not applicable.

## Schedule of Consolidated Financial Statements

### Schedule of Bonds Payable

#### Electric Power Development Co., Ltd. straight bond

No.	Issued date	Balance as of Apr. 1, 2015	Balance as of Mar. 31, 2016	Interest rate	Secured /Unsecured	Term of redemption (lump-sum)
		Millions of yen	Millions of yen	%		
3	Mar. 2, 2004	¥10,000	¥10,000	2.01	Unsecured	Dec. 20, 2023
5	Nov. 2, 2004	10,000	10,000	2.24	Unsecured	Sep. 20, 2024
8	Feb. 24, 2005	20,000	20,000	2.11	Unsecured	Dec. 20, 2024
11	Jun. 7, 2005	20,000	20,000	2.05	Unsecured	Mar. 19, 2025
12	Jul. 22, 2005	30,000	—	1.32	Unsecured	Jun. 19, 2015
13	Jul. 22, 2005	20,000	20,000	2.04	Unsecured	Jun. 20, 2025
14	Oct. 20, 2005	30,000	—	1.56	Unsecured	Sep. 18, 2015
15	Oct. 20, 2005	20,000	20,000	2.11	Unsecured	Sep. 19, 2025
16	Jun. 9, 2006	29,996	*1 29,999	1.99	Unsecured	Jun. 20, 2016
17	Aug. 4, 2006	29,996	*1 29,999	2.07	Unsecured	Jun. 20, 2016
18	Feb. 2, 2007	29,996	*1 29,998	1.79	Unsecured	Dec. 20, 2016
19	Aug. 20, 2007	29,798	29,299	1.94	Unsecured	Jun. 20, 2017
20	Sep. 27, 2007	27,393	27,196	1.74	Unsecured	Sep. 20, 2017
21	Nov. 20, 2007	28,699	28,699	1.69	Unsecured	Sep. 20, 2017
22	Apr. 24, 2008	26,795	26,596	1.60	Unsecured	Mar. 20, 2018
23	May 30, 2008	28,395	28,297	1.82	Unsecured	Mar. 20, 2018
25	Mar. 12, 2009	20,000	20,000	1.61	Unsecured	Mar. 20, 2019
26	Mar. 12, 2009	14,989	14,990	2.22	Unsecured	Dec. 20, 2028
27	May 21, 2009	20,000	20,000	1.608	Unsecured	May 20, 2019
28	Aug. 28, 2009	20,000	20,000	1.474	Unsecured	Aug. 20, 2019
29	Nov. 30, 2009	20,000	20,000	1.405	Unsecured	Nov. 20, 2019
30	May 20, 2010	20,000	20,000	1.394	Unsecured	May 20, 2020
31	Sep. 9, 2010	20,000	20,000	1.155	Unsecured	Sep. 18, 2020
32	Dec. 9, 2010	20,000	20,000	1.285	Unsecured	Dec. 18, 2020
33	Feb. 24, 2011	20,000	20,000	1.422	Unsecured	Feb. 19, 2021
34	Sep. 14, 2012	20,000	20,000	0.592	Unsecured	Sep. 20, 2017
35	Oct. 22, 2012	20,000	20,000	1.126	Unsecured	Oct. 20, 2022
36	May 30, 2013	20,000	20,000	0.717	Unsecured	May 18, 2018
37	Jul. 25, 2013	20,000	20,000	1.035	Unsecured	Jul. 20, 2021
38	Dec. 16, 2013	20,000	20,000	0.978	Unsecured	Dec. 20, 2023
39	Feb. 24, 2014	20,000	20,000	0.929	Unsecured	Feb. 20, 2024
40	Jun. 11, 2014	20,000	20,000	0.889	Unsecured	Jun. 20, 2024
41	Sep. 2, 2014	20,000	20,000	0.782	Unsecured	Aug. 20, 2024
<b>Total</b>		<b>¥726,061</b>	<b>¥665,076</b>	<b>—</b>	<b>—</b>	<b>—</b>

(Notes) 1. The balances as of March 31, 2016 regarding bonds No. 16, 17 and 18 are redeemable within one year.

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

3. The amounts redeemable within five years after March 31, 2016 are as follows;

	Millions of yen
Due in one year or less	¥90,000
Due after one year through two years	160,100
Due after two years through three years	40,000
Due after three years through four years	60,000
Due after four years through five years	¥80,000

### Schedule of Loans, etc.

	Balance as of	Balance as of	Average rate of interest	Repayment date
	Apr. 1, 2015	Mar. 31, 2016	%	
	Millions of yen	Millions of yen	%	
Long-term loans (excluding current portion)	¥857,846	¥867,276	1.533	From Apr. 1, 2017 To Jun. 22, 2036
Lease obligations (excluding current portion)	697	479	—	From Apr. 3, 2017 To Mar. 10, 2022
Current portion of long-term loans	108,516	67,522	0.998	—
Current portion of lease obligations	492	419	—	—
Short-term loans	30,044	28,009	2.333	—
<b>Total</b>	<b>¥997,597</b>	<b>¥963,707</b>	<b>—</b>	

(Notes) 1. Average rate of interest is the weighted average rate of interest for loans as of March 31, 2016.

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

3. Scheduled redemption amount of repayment of "Long-term loans (excluding current portion)" and "Lease obligations (excluding current portion)" within five years after March 31, 2016 are as follows;

	Millions of yen	
	Long-term loans	Lease obligations
Due after one year through two years	¥40,742	¥248
Due after two years through three years	56,224	132
Due after three years through four years	74,843	65
Due after four years through five years	¥68,344	¥26

### Schedule of Asset Retirement Obligations

Schedule of asset retirement obligations is omitted as the amount of asset retirement obligations as of April 1, 2015 and March 31, 2016 account for less than or equal to 1% of the total amount of the liabilities and net assets on the consolidated balance sheets as of April 1, 2015 and March 31, 2016.



## Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Electric Power Development Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2016, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Electric Power Development Co., Ltd. and its consolidated subsidiaries as at March 31, 2016, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

*Ernst & Young Shin Nihon  
LLC.*

June 23, 2016  
Tokyo, Japan





**Electric Power Development Co., Ltd.**

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Corporate Planning Office

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