

This is an English translation of the Financial Results (*Kessan Tanshin*) filed with the Tokyo Stock Exchange on July 31, 2017. Please note that if there is any discrepancy, the original Japanese version will take priority.



(English Translation)

Quarterly Financial Results (Unaudited) (for the Three Months Ended June 30, 2017)

July 31, 2017

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

Listed exchange: Tokyo Stock Exchange (Code: 9513)

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Scheduled date for filing of a quarterly report: August 1, 2017

Scheduled date of dividend payment commencement: Not applicable

Preparation of supplementary explanations material: Yes

Quarterly financial results presentation held: No

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

1. Consolidated Financial Results (From April 1, 2017 to June 30, 2017)

(1) Consolidated Operating Results

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

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2017	189,722	13.2	27,599	(22.3)	28,471	(19.8)	19,237	(28.5)
Three months ended June 30, 2016	167,599	(11.6)	35,511	22.6	35,519	28.2	26,892	32.1

(Note) Comprehensive income: Three months ended June 30, 2017 22,792 million yen 472.6%
Three months ended June 30, 2016 3,980 million yen (73.3)%

	Earnings per share	Fully diluted earnings per share
	yen	yen
Three months ended June 30, 2017	105.10	—
Three months ended June 30, 2016	146.92	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
Three months ended June 30, 2017	2,607,843	780,408	28.2
Year ended March 31, 2017	2,606,285	764,019	27.8

(Reference) Shareholders' equity: Three months ended June 30, 2017 736,060 million yen
Year ended March 31, 2017 723,819 million yen

2. Dividends

	Cash dividends per share				
	Record date				Annual
	Jun. 30	Sep. 30	Dec. 31	Mar. 31	
	yen	yen	yen	yen	yen
Year ended March 31, 2017	—	35.00	—	35.00	70.00
Year ending March 31, 2018	—				
Year ending March 31, 2018 (forecasts)		35.00	—	35.00	70.00

(Note) Revisions to dividends forecasts in the current quarter: None

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2018 (From April 1, 2017 to March 31, 2018)

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

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending March 31, 2018	798,000	7.2	82,000	0.3	66,000	(1.7)	46,000	11.0	251.30

(Note) Revisions to consolidated earnings forecasts in the current quarter: None

4. Other Information

- (1) Principal subsidiaries subject to changes: None
- (2) Application of accounting methods which are exceptional for quarterly consolidated financial statements: None
- (3) Changes in accounting policies, accounting estimates and restatement of corrections
 - 1) Changes in accounting policies due to revisions of accounting standards etc.: None
 - 2) Changes in accounting policies except 1): None
 - 3) Changes in accounting estimates: None
 - 4) Restatement of corrections: None
- (4) Number of shares issued (common stock)
 - 1) Number of shares issued at the end of the period (including treasury stock)

Three months ended June 30, 2017:	183,051,100
Year ended March 31, 2017:	183,051,100
 - 2) Treasury stock at the end of the period

Three months ended June 30, 2017:	1,391
Year ended March 31, 2017:	1,331
 - 3) Average number of shares outstanding during the period

Three months ended June 30, 2017:	183,049,722
Three months ended June 30, 2016:	183,049,898

* This quarterly financial results is out of the scope of quarterly review procedures pursuant to the Financial Instruments and Exchange Act

* Forward-looking statements and other special notes

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

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1. Qualitative Information on Consolidated Financial Results

(1) Qualitative Information on Consolidated Operating Results

1) Electricity Sales Volume

In the electric power business, electricity sales volume from hydroelectric power plants for the three months ended June 30, 2017 showed 3.9% increase to 2.4 TWh, due mainly to the increase of water supply rate from 87% in the same period of the previous fiscal year to 94%. In thermal power, the increase in the load factor of thermal power plants of J-POWER (non-consolidated) from 56% to 61% resulted in 12.0% increase in electricity sales volume from the same period of the previous fiscal year to 11.0 TWh. Mainly due to these factors, total electricity sales volume in the electric power business increased 10.3% from the same period of the previous fiscal year to 13.6 TWh.

Electricity sales volume in the overseas business increased 5.8% from the same period of the previous fiscal year to 3.8 TWh.

2) Overview of Income and Expenditures

Sales (operating revenues) increased 13.2% from the same period of the previous fiscal year to 189.7 billion yen mainly due to the increase of the fuel price and the load factor of thermal power plants in the electric power business. Total ordinary revenue including non-operating income also increased 12.9% from the same period of the previous fiscal year to 198.3 billion yen.

Operating expenses increased 22.7% from the same period of the previous fiscal year to 162.1 billion yen. This was mainly due to the increase of fuel costs associated with the increase of the load factor of thermal power plants and the increase of the fuel price, in addition to the increase of maintenance costs including periodic inspection costs. Total ordinary expenses including non-operating expenses increased 21.1% from the same period of the previous fiscal year to 169.9 billion yen.

As a result, ordinary income decreased 19.8% from the same period of the previous fiscal year to 28.4 billion yen and profit attributable to owners of parent after corporate income tax decreased 28.5% from the same period of the previous fiscal year to 19.2 billion yen.

(2) Qualitative Information on Consolidated Financial Position

Total assets increased 1.5 billion yen from the end of the previous fiscal year to 2.6078 trillion yen.

Total liabilities decreased 14.8 billion yen from the end of the previous fiscal year to 1.8274 trillion yen. Of this amount, interest-bearing debt decreased 17.6 billion yen from the end of the previous fiscal year to 1.6023 trillion yen. Non-recourse loans in overseas business accounted for 284.1 billion yen of interest-bearing debt.

Total net assets increased 16.3 billion yen from the end of the previous fiscal year to 780.4 billion yen, due mainly to posting of profit attributable to owners of parent.

As a result, the shareholders' equity ratio increased from 27.8% at the end of the previous fiscal year to 28.2%.

(3) Qualitative Information on Consolidated Earnings Forecasts

There is no change in our forecasts announced on April 28, 2017.

2. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Unit: million yen)

	As of Mar. 31, 2017	As of Jun. 30, 2017
Assets		
Non-current assets	2,271,046	2,268,237
Electric utility plant and equipment	958,754	960,135
Hydroelectric power production facilities	346,037	346,077
Thermal power production facilities	313,198	318,111
Internal combustion engine power production facilities	3,301	3,225
Renewable power production facilities	46,170	44,251
Transmission facilities	157,790	156,056
Transformation facilities	29,598	29,538
Communication facilities	8,186	7,955
General facilities	54,470	54,919
Overseas business facilities	332,010	331,085
Other non-current assets	92,501	92,959
Construction in progress	476,171	478,823
Construction and retirement in progress	476,171	478,823
Nuclear fuel	73,682	73,732
Nuclear fuel in processing	73,682	73,732
Investments and other assets	337,926	331,501
Long-term investments	253,660	250,231
Net defined benefit asset	2	8
Deferred tax assets	40,514	39,703
Other	43,794	41,602
Allowance for doubtful accounts	(45)	(45)
Current assets	335,239	339,605
Cash and deposits	117,240	115,812
Notes and accounts receivable-trade	78,805	88,131
Short-term investments	51,344	37,665
Inventories	47,172	51,862
Deferred tax assets	4,564	4,879
Other	36,129	41,303
Allowance for doubtful accounts	(18)	(49)
Total assets	2,606,285	2,607,843

(Unit: million yen)

	As of Mar. 31, 2017	As of Jun. 30, 2017
Liabilities		
Non-current liabilities	1,497,888	1,488,273
Bonds payable	494,991	504,991
Long-term loans payable	891,200	870,821
Lease obligations	353	395
Other provision	120	122
Net defined benefit liability	58,079	57,779
Asset retirement obligations	11,971	12,121
Deferred tax liabilities	23,387	24,268
Other	17,783	17,773
Current liabilities	344,377	339,161
Current portion of non-current liabilities	208,760	209,485
Short-term loans payable	24,957	16,883
Notes and accounts payable-trade	24,616	23,926
Accrued taxes	19,843	15,467
Other provision	267	67
Asset retirement obligations	592	593
Deferred tax liabilities	5	4
Other	65,333	72,732
Total liabilities	1,842,266	1,827,434
Net assets		
Shareholders' equity	689,542	702,373
Capital stock	180,502	180,502
Capital surplus	119,927	119,927
Retained earnings	389,117	401,948
Treasury shares	(5)	(5)
Accumulated other comprehensive income	34,276	33,687
Valuation difference on available-for-sale securities	15,594	17,903
Deferred gains or losses on hedges	(2,183)	(4,035)
Foreign currency translation adjustment	21,295	20,234
Remeasurements of defined benefit plans	(430)	(415)
Non-controlling interests	40,200	44,347
Total net assets	764,019	780,408
Total liabilities and net assets	2,606,285	2,607,843

(2) Consolidated Statement of Income and Comprehensive Income

Consolidated statement of income

(Unit: million yen)

	Three months ended Jun. 30, 2016	Three months ended Jun. 30, 2017
Operating revenue	167,599	189,722
Electric utility operating revenue	118,322	138,822
Overseas business operating revenue	38,660	37,291
Other business operating revenue	10,615	13,608
Operating expenses	132,087	162,122
Electric utility operating expenses	90,907	119,354
Overseas business operating expenses	29,698	30,184
Other business operating expenses	11,481	12,583
Operating income	35,511	27,599
Non-operating income	8,183	8,665
Dividend income	1,010	953
Interest income	191	271
Share of profit of entities accounted for using equity method	3,131	1,645
Foreign exchange gains	3,179	4,915
Other	669	880
Non-operating expenses	8,175	7,793
Interest expenses	7,609	7,154
Other	566	638
Total ordinary revenue	175,782	198,387
Total ordinary expenses	140,262	169,915
Ordinary income	35,519	28,471
Profit before income taxes	35,519	28,471
Income taxes-current	6,244	2,906
Income taxes-deferred	1,483	2,426
Total income taxes	7,728	5,332
Profit	27,791	23,139
Profit attributable to non-controlling interests	898	3,902
Profit attributable to owners of parent	26,892	19,237

Consolidated statement of comprehensive income

	(Unit: million yen)	
	Three months ended Jun. 30, 2016	Three months ended Jun. 30, 2017
Profit	27,791	23,139
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,505)	2,325
Deferred gains or losses on hedges	(7,877)	(1,322)
Foreign currency translation adjustment	(7,137)	1,091
Remeasurements of defined benefit plans, net of tax	1,858	14
Share of other comprehensive income of entities accounted for using equity method	(7,149)	(2,455)
Total other comprehensive income	(23,811)	(347)
Comprehensive income	3,980	22,792
(Comprehensive income attributable to abstract)		
Comprehensive income attributable to owners of parent	4,395	18,648
Comprehensive income attributable to non-controlling interests	(415)	4,143

(3) Notes on Premise of Going Concern

Not applicable.

(4) Notes on Significant Changes in Shareholders' Equity

Not applicable.

3. Appendixes

[Appendix 1]

Revenues and Expenses (Consolidated)

(Unit: million yen)

	Three months ended Jun. 30, 2016 (A)	Three months ended Jun. 30, 2017 (B)	Year-on-year change	
			(B-A)	(B-A)/A
Operating revenue	167,599	189,722	22,123	13.2%
Electric utility operating revenue	118,322	138,822	20,499	17.3%
Electric power sales	105,339	126,270	20,931	19.9%
Transmission revenue	12,255	12,234	(20)	(0.2)%
Other electricity revenue	728	316	(411)	(56.5)%
Overseas business operating revenue	38,660	37,291	(1,369)	(3.5)%
Other business operating revenue	10,615	13,608	2,993	28.2%
Operating expenses	132,087	162,122	30,035	22.7%
Electric utility operating expenses	90,907	119,354	28,447	31.3%
Personnel expense	10,962	7,995	(2,967)	(27.1)%
Fuel cost	35,121	47,915	12,794	36.4%
Repair expense	8,423	18,784	10,360	123.0%
Consignment cost	6,798	8,127	1,328	19.5%
Taxes and duties	6,041	6,252	211	3.5%
Depreciation and amortization cost	12,950	13,546	596	4.6%
Other	10,608	16,731	6,123	57.7%
Overseas business operating expenses	29,698	30,184	486	1.6%
Other business operating expenses	11,481	12,583	1,101	9.6%
Operating income	35,511	27,599	(7,912)	(22.3)%
Non-operating income	8,183	8,665	482	5.9%
Dividend income	1,010	953	(57)	(5.7)%
Interest income	191	271	79	41.5%
Share of profit of entities accounted for using equity method	3,131	1,645	(1,486)	(47.5)%
Foreign exchange gains	3,179	4,915	1,735	54.6%
Other	669	880	210	31.5%
Non-operating expenses	8,175	7,793	(382)	(4.7)%
Interest expenses	7,609	7,154	(454)	(6.0)%
Other	566	638	72	12.8%
Total ordinary revenue	175,782	198,387	22,605	12.9%
Total ordinary expenses	140,262	169,915	29,653	21.1%
Ordinary income	35,519	28,471	(7,047)	(19.8)%
Profit before income taxes	35,519	28,471	(7,047)	(19.8)%
Income taxes - current	6,244	2,906	(3,338)	(53.5)%
Income taxes - deferred	1,483	2,426	942	63.5%
Profit	27,791	23,139	(4,651)	(16.7)%
Profit attributable to non-controlling interests	898	3,902	3,003	334.3%
Profit attributable to owners of parent	26,892	19,237	(7,655)	(28.5)%

[Appendix 2]

(1) Generation capacity

(Unit: kW)

	As of Jun. 30, 2016 (A)	As of Jun. 30, 2017 (B)	Year-on-year change (B-A)
Electric power business	17,750,350	17,789,299	38,949
Hydroelectric power	8,571,070	8,572,219	1,149
Thermal power	8,750,420	8,773,420	23,000
Wind power	428,860	443,660	14,800
Overseas business	3,990,000	3,990,000	-
Total	21,740,350	21,779,299	38,949

(2) Electricity sales volume

(Unit: GWh)

	Three months ended Jun. 30, 2016 (A)	Three months ended Jun. 30, 2017 (B)	Year-on-year change (B-A)
Electric power business	12,389	13,660	1,271
Hydroelectric power	2,382	2,475	93
Thermal power	9,831	11,013	1,182
Wind power	175	171	(3)
Overseas business	3,620	3,832	211
Total	16,009	17,492	1,482

(3) Water supply rate

(Unit: %)

	Three months ended Jun. 30, 2016 (A)	Three months ended Jun. 30, 2017 (B)	Year-on-year change (B-A)
Water supply rate	87	94	7

[Appendix 3]

Revenues and Expenses (Non-Consolidated)

(Unit: million yen)

	Three months ended Jun. 30, 2016 (A)	Three months ended Jun. 30, 2017 (B)	Year-on-year change	
			(B-A)	(B-A)/A
Operating revenue	113,893	134,453	20,560	18.1%
<u>Electric utility operating revenue</u>	112,013	132,097	20,084	17.9%
Electric power sales	98,651	119,132	20,480	20.8%
Transmission revenue	12,255	12,234	(20)	(0.2)%
Other electricity revenue	1,106	730	(375)	(34.0)%
<u>Incidental business operating revenue</u>	1,879	2,356	476	25.4%
Operating expenses	89,037	120,349	31,312	35.2%
<u>Electric utility operating expenses</u>	87,328	118,166	30,838	35.3%
Personnel expense	10,064	8,369	(1,694)	(16.8)%
Fuel cost	33,948	45,636	11,687	34.4%
Repair expense	7,958	19,578	11,620	146.0%
Taxes and duties	5,839	6,012	172	3.0%
Depreciation and amortization cost	12,177	12,702	524	4.3%
Other	17,339	25,866	8,526	49.2%
<u>Incidental business operating expenses</u>	1,709	2,183	474	27.8%
Operating income	24,856	14,104	(10,751)	(43.3)%
Non-operating income	4,645	8,961	4,316	92.9%
Non-operating expenses	4,645	3,910	(734)	(15.8)%
Financial expenses	4,191	3,839	(352)	(8.4)%
Other	453	71	(382)	(84.3)%
Total ordinary revenue	118,538	143,415	24,876	21.0%
Total ordinary expenses	93,682	124,260	30,577	32.6%
Ordinary income	24,855	19,154	(5,700)	(22.9)%
Profit before income taxes	24,855	19,154	(5,700)	(22.9)%
Income taxes – current	5,193	1,474	(3,719)	(71.6)%
Income taxes – deferred	1,061	1,465	404	38.1%
Profit	18,600	16,215	(2,385)	(12.8)%