

(English Translation)

Quarterly Financial Results (Unaudited) (for the Six Months Ended September 30, 2017)

October 31, 2017

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

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Scheduled date for filing of a quarterly report: November 1, 2017
 Scheduled date of dividend payment commencement: November 30, 2017
 Preparation of supplementary explanations material: Yes
 Quarterly financial results presentation held: Yes (for institutional investors and securities analysts)

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

1. Consolidated Financial Results (From April 1, 2017 to September 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	%
Six months ended Sep. 30, 2017	410,208	18.3	67,630	56.8	67,545	84.7	45,947	69.0
Six months ended Sep. 30, 2016	346,623	(13.3)	43,125	(26.9)	36,561	(26.9)	27,193	(25.9)

(Note) Comprehensive income: Six months ended Sep. 30, 2017 50,180 million yen - %
 Six months ended Sep. 30, 2016 (24,990) million yen - %

	Earnings per share	Fully diluted earnings per share
	yen	yen
Six months ended Sep. 30, 2017	251.01	—
Six months ended Sep. 30, 2016	148.56	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
Six months ended Sep. 30, 2017	2,583,728	805,557	29.4
Year ended March 31, 2017	2,606,285	764,019	27.8

(Reference) Shareholders' equity: Six months ended Sep. 30, 2017 760,441 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	—	35.00			
Year ending March 31, 2018 (forecasts)			—	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	828,000	11.2	95,000	16.2	81,000	20.6	58,000	40.0	316.85

(Note) Revisions to consolidated earnings forecasts in the current quarter: Yes

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)

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

Six months ended Sep. 30, 2017:	1,411
Year ended March 31, 2017:	1,331
 - 3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2017:	183,049,708
Six months ended Sep. 30, 2016:	183,049,884

* 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

- J-POWER has revised its earnings forecasts for the year ending March 31, 2018 announced on April 28, 2017. For the details, please refer to "Qualitative Information on Consolidated Earnings Forecasts" on page 3.
- 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.

[Reference]

Non-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		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending March 31, 2018	602,000	15.2	38,000	37.5	50,000	(11.5)	45,000	(12.7)	245.83

(Note) Revisions to non-consolidated earnings forecasts in the current quarter: Yes

Table of Contents

1. Qualitative Information on Consolidated Financial Results	2
(1) Qualitative Information on Consolidated Operating Results	2
(2) Qualitative Information on Consolidated Financial Position	3
(3) Qualitative Information on Consolidated Earnings Forecasts	3
2. Consolidated Financial Statements and Major Notes	5
(1) Consolidated Balance Sheet	5
(2) Consolidated Statement of Income and Comprehensive Income	7
(3) Consolidated Statement of Cash Flows	9
(4) Notes on Premise of Going Concern	11
(5) Notes on Significant Changes in Shareholders' Equity	11
3. Appendixes	12
[Appendix 1].....	12
[Appendix 2].....	13
[Appendix 3].....	14

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 six months ended September 30, 2017 showed 6.7% increase to 4.8TWh, due mainly to the increase of water supply rate from 88% 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 70% to 76% resulted in 10.4% increase in electricity sales volume from the same period of the previous fiscal year to 27.1TWh. Mainly due to these factors, total electricity sales volume in the electric power business increased 9.8% from the same period of the previous fiscal year to 32.3TWh.

Electricity sales volume in the overseas business decreased 9.3% from the same period of the previous fiscal year to 7.2TWh.

2) Overview of Income and Expenditures

Sales (operating revenues) increased 18.3% from the same period of the previous fiscal year to 410.2 billion yen mainly due to the increase of the fuel price and the load factor of thermal power plants in the electric power business. Non-operating revenue increased 35.7% from the same period of the previous fiscal year to 15.3 billion yen mainly due to the foreign exchange gains. Total ordinary revenue increased 18.9% from the same period of the previous fiscal year to 425.5 billion yen.

Operating expenses increased 12.9% from the same period of the previous fiscal year to 342.5 billion yen. This was mainly due to the increase of fuel costs associated with the increase of the fuel price and the load factor of thermal power plants. Total ordinary expenses including non-operating expenses increased 11.4% from the same period of the previous fiscal year to 357.9 billion yen.

As a result, ordinary income increased 84.7% from the same period of the previous fiscal year to 67.5 billion yen and profit attributable to owners of parent after corporate income tax increased 69.0% from the same period of the previous fiscal year to 45.9 billion yen.

(2) Qualitative Information on Consolidated Financial Position

1) Condition of Assets, Liabilities and Net Assets

Total assets decreased 22.5 billion yen from the end of the previous fiscal year to 2.5837 trillion yen mainly due to the decrease of current assets.

Total liabilities decreased 64.0 billion yen from the end of the previous fiscal year to 1.7781 trillion yen. Of this amount, interest-bearing debt decreased 65.3 billion yen from the end of the previous fiscal year to 1.5546 trillion yen. Non-recourse loans in overseas business accounted for 279.8 billion yen of interest-bearing debt.

Total net assets increased 41.5 billion yen from the end of the previous fiscal year to 805.5 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 29.4%.

2) Condition of Cash Flows

(Cash flows from operating activities)

Cash inflow from operating activities increased 43.9 billion yen from the same period of the previous fiscal year to 70.8 billion yen, due mainly to the increase of profit before income taxes.

(Cash flows from investing activities)

Cash outflow from investing activities decreased 13.7 billion yen from the same period of the previous fiscal year to 40.1 billion yen, due mainly to the decrease of purchase of non-current assets.

(Cash flows from financing activities)

Cash flows from financing activities reversed from inflow of 16.9 billion yen in the same period of the previous fiscal year to outflow of 71.9 billion yen. Although the transfer of part of shares in a consolidated subsidiary affected the cash flows for the same period of the previous fiscal year favorably, decrease of proceeds from loans payable and increase in redemption of bonds adversely affected the cash flows for the current fiscal year.

As a result of these activities, the balance of cash and cash equivalents as of September 30, 2017 decreased 40.0 billion yen from the end of the previous fiscal year to 128.4 billion yen.

(3) Qualitative Information on Consolidated Earnings Forecasts

In its earnings forecasts for the year ending March 31, 2018, J-POWER forecasts the increase in revenue and income over the previously announced figures (announced on April 28, 2017), due to factors such as increased operating revenue resulting from the increase of electricity sales volume from thermal power plants in the electric power business and the increase of electricity sales volume in overseas business.

Consolidated earnings forecasts (Year ending March 31, 2018)

(Unit: billion yen)

	Revised forecasts	Previous forecasts	Year ended Mar. 31, 2017 (Result)
Operating Revenue	828.0	798.0	744.4
Operating Income	95.0	82.0	81.7
Ordinary Income	81.0	66.0	67.1
Profit attributable to owners of parent	58.0	46.0	41.4

Electricity sales volume and other factors (Year ending March 31, 2018)

			Revised forecasts	Previous forecasts	Year ended Mar. 31, 2017 (Result)
Electric Power Business	Hydroelectric	Electricity sales volume (TWh)	8.6	9.0	8.5
		Water supply rate (%)	96	100	92
	Thermal	Electricity sales volume (TWh)	56.2	54.6	53.5
		Load factor* (%)	79	77	75
	Wind	Electricity sales volume (TWh)	0.8	0.8	0.7
Overseas Business		Electricity sales volume (TWh)	14.3	10.7	14.6

*Load factor of thermal power of J-POWER (non-consolidated)

Foreign exchange rate (Year ending March 31, 2018)

	Revised forecasts	Previous forecasts	Year ended Mar. 31, 2017 (Result)
Yen/US\$ (Average foreign exchange rate)	113	115	108
Yen/THB (Foreign exchange rate at the end of Dec.)	3.2	3.2	3.24

[Reference]

Non-consolidated earnings forecasts (Year ending March 31, 2018)

(Unit: billion yen)

	Revised forecasts	Previous forecasts	Year ended Mar. 31, 2017 (Result)
Operating Revenue	602.0	591.0	522.4
Operating Income	38.0	30.0	27.6
Ordinary Income	50.0	41.0	56.4
Profit	45.0	37.0	51.5

2. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Unit: million yen)

	As of Mar. 31, 2017	As of Sep. 30, 2017
Assets		
Non-current assets	2,271,046	2,261,244
Electric utility plant and equipment	958,754	951,388
Hydroelectric power production facilities	346,037	344,048
Thermal power production facilities	313,198	314,363
Internal combustion engine power production facilities	3,301	3,149
Renewable power production facilities	46,170	43,188
Transmission facilities	157,790	154,801
Transformation facilities	29,598	29,446
Communication facilities	8,186	7,750
General facilities	54,470	54,640
Overseas business facilities	332,010	330,296
Other non-current assets	92,501	92,597
Construction in progress	476,171	485,437
Construction and retirement in progress	476,171	485,437
Nuclear fuel	73,682	73,733
Nuclear fuel in processing	73,682	73,733
Investments and other assets	337,926	327,791
Long-term investments	253,660	250,584
Net defined benefit asset	2	20
Deferred tax assets	40,514	38,948
Other	43,794	38,283
Allowance for doubtful accounts	(45)	(45)
Current assets	335,239	322,484
Cash and deposits	117,240	118,488
Notes and accounts receivable-trade	78,805	88,662
Short-term investments	51,344	14,035
Inventories	47,172	49,369
Deferred tax assets	4,564	6,599
Other	36,129	45,358
Allowance for doubtful accounts	(18)	(30)
Total assets	2,606,285	2,583,728

(Unit: million yen)

	As of Mar. 31, 2017	As of Sep. 30, 2017
Liabilities		
Non-current liabilities	1,497,888	1,512,163
Bonds payable	494,991	534,991
Long-term loans payable	891,200	861,092
Lease obligations	353	357
Other provision	120	123
Net defined benefit liability	58,079	57,539
Asset retirement obligations	11,971	11,466
Deferred tax liabilities	23,387	25,369
Other	17,783	21,221
Current liabilities	344,377	266,007
Current portion of non-current liabilities	208,760	136,459
Short-term loans payable	24,957	16,964
Commercial papers	-	5,000
Notes and accounts payable-trade	24,616	27,782
Accrued taxes	19,843	26,928
Other provision	267	230
Asset retirement obligations	592	277
Deferred tax liabilities	5	6
Other	65,333	52,359
Total liabilities	1,842,266	1,778,170
Net assets		
Shareholders' equity	689,542	729,083
Capital stock	180,502	180,502
Capital surplus	119,927	119,927
Retained earnings	389,117	428,659
Treasury shares	(5)	(5)
Accumulated other comprehensive income	34,276	31,357
Valuation difference on available-for-sale securities	15,594	18,726
Deferred gains or losses on hedges	(2,183)	(8,642)
Foreign currency translation adjustment	21,295	21,668
Remeasurements of defined benefit plans	(430)	(394)
Non-controlling interests	40,200	45,116
Total net assets	764,019	805,557
Total liabilities and net assets	2,606,285	2,583,728

(2) Consolidated Statement of Income and Comprehensive Income

Consolidated statement of income

(Unit: million yen)

	Six months ended Sep. 30, 2016	Six months ended Sep. 30, 2017
Operating revenue	346,623	410,208
Electric utility operating revenue	253,038	307,303
Overseas business operating revenue	71,866	75,110
Other business operating revenue	21,718	27,793
Operating expenses	303,497	342,577
Electric utility operating expenses	222,696	257,407
Overseas business operating expenses	57,193	58,887
Other business operating expenses	23,606	26,282
Operating income	43,125	67,630
Non-operating income	11,283	15,315
Dividend income	1,041	986
Interest income	387	620
Share of profit of entities accounted for using equity method	5,214	4,572
Foreign exchange gains	3,463	6,586
Other	1,176	2,548
Non-operating expenses	17,847	15,400
Interest expenses	14,437	14,291
Other	3,409	1,108
Total ordinary revenue	357,906	425,523
Total ordinary expenses	321,344	357,978
Ordinary income	36,561	67,545
Profit before income taxes	36,561	67,545
Income taxes-current	8,622	11,155
Income taxes-deferred	(494)	2,745
Total income taxes	8,127	13,900
Profit	28,434	53,644
Profit attributable to non-controlling interests	1,240	7,696
Profit attributable to owners of parent	27,193	45,947

Consolidated statement of comprehensive income

	(Unit: million yen)	
	Six months ended Sep. 30, 2016	Six months ended Sep. 30, 2017
Profit	28,434	53,644
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,046)	3,144
Deferred gains or losses on hedges	(8,401)	(5,633)
Foreign currency translation adjustment	(24,852)	2,474
Remeasurements of defined benefit plans, net of tax	3,929	34
Share of other comprehensive income of entities accounted for using equity method	(22,054)	(3,483)
Total other comprehensive income	(53,424)	(3,463)
Comprehensive income	(24,990)	50,180
(Comprehensive income attributable to abstract)		
Comprehensive income attributable to owners of parent	(24,127)	43,029
Comprehensive income attributable to non-controlling interests	(862)	7,151

(3) Consolidated Statement of Cash Flows

	(Unit: million yen)	
	Six months ended Sep. 30, 2016	Six months ended Sep. 30, 2017
Cash flows from operating activities		
Profit before income taxes	36,561	67,545
Depreciation and amortization	36,776	38,458
Loss on retirement of non-current assets	1,457	1,424
Increase (decrease) in net defined benefit liability	4,033	(507)
Interest and dividend income	(1,428)	(1,607)
Interest expenses	14,437	14,291
Decrease (increase) in notes and accounts receivable- trade	(14,010)	(9,333)
Decrease (increase) in inventories	(3,203)	(2,499)
Increase (decrease) in notes and accounts payable- trade	(11,633)	(10,620)
Share of (profit) loss of entities accounted for using equity method	(5,214)	(4,572)
Other, net	(9,413)	(4,719)
Subtotal	48,362	87,859
Interest and dividend income received	5,045	8,590
Interest expenses paid	(14,705)	(14,464)
Income taxes paid	(11,790)	(11,104)
Net cash provided by (used in) operating activities	26,913	70,880
Cash flows from investing activities		
Purchase of non-current assets	(48,938)	(33,039)
Payments of investment and loans receivable	(1,341)	(2,247)
Collection of investment and loans receivable	1,352	1,516
Other, net	(4,898)	(6,332)
Net cash provided by (used in) investing activities	(53,826)	(40,103)

	(Unit: million yen)	
	Six months ended Sep. 30, 2016	Six months ended Sep. 30, 2017
Cash flows from financing activities		
Proceeds from issuance of bonds	29,892	59,765
Redemption of bonds	(60,000)	(105,200)
Proceeds from long-term loans payable	74,787	24,635
Repayments of long-term loans payable	(52,092)	(39,298)
Increase in short-term loans payable	43,942	33,804
Decrease in short-term loans payable	(54,803)	(41,850)
Proceeds from issuance of commercial papers	15,000	15,000
Redemption of commercial papers	(15,000)	(10,000)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	42,363	-
Cash dividends paid	(6,405)	(6,404)
Dividends paid to non-controlling interests	-	(2,252)
Other, net	(718)	(170)
Net cash provided by (used in) financing activities	16,966	(71,972)
Effect of exchange rate change on cash and cash equivalents	(5,850)	1,169
Net increase (decrease) in cash and cash equivalents	(15,797)	(40,024)
Cash and cash equivalents at beginning of period	159,949	168,454
Cash and cash equivalents at end of period	144,152	128,430

(4) Notes on Premise of Going Concern

Not applicable.

(5) Notes on Significant Changes in Shareholders' Equity

Not applicable.

3. Appendixes

[Appendix 1]

Revenues and Expenses (Consolidated)

(Unit: million yen)

	Six months ended Sep. 30, 2016 (A)	Six months ended Sep. 30, 2017 (B)	Year-on-year change	
			(B-A)	(B-A)/A
Operating revenue	346,623	410,208	63,584	18.3%
<u>Electric utility operating revenue</u>	253,038	307,303	54,264	21.4%
Electric power sales	227,086	279,522	52,435	23.1%
Transmission revenue	24,510	24,402	(108)	(0.4)%
Other electricity revenue	1,441	3,378	1,937	134.4%
<u>Overseas business operating revenue</u>	71,866	75,110	3,244	4.5%
<u>Other business operating revenue</u>	21,718	27,793	6,075	28.0%
Operating expenses	303,497	342,577	39,080	12.9%
<u>Electric utility operating expenses</u>	222,696	257,407	34,710	15.6%
Personnel expense	21,720	15,943	(5,777)	(26.6)%
Fuel cost	84,133	120,063	35,929	42.7%
Repair expense	35,979	31,655	(4,324)	(12.0)%
Consignment cost	16,149	17,134	985	6.1%
Taxes and duties	12,046	12,778	732	6.1%
Depreciation and amortization cost	26,158	27,317	1,159	4.4%
Other	26,510	32,515	6,004	22.6%
<u>Overseas business operating expenses</u>	57,193	58,887	1,694	3.0%
<u>Other business operating expenses</u>	23,606	26,282	2,675	11.3%
Operating income	43,125	67,630	24,504	56.8%
Non-operating income	11,283	15,315	4,032	35.7%
Dividend income	1,041	986	(54)	(5.2)%
Interest income	387	620	233	60.2%
Share of profit of entities accounted for using equity method	5,214	4,572	(641)	(12.3)%
Foreign exchange gains	3,463	6,586	3,122	90.1%
Other	1,176	2,548	1,372	116.6%
Non-operating expenses	17,847	15,400	(2,447)	(13.7)%
Interest expenses	14,437	14,291	(145)	(1.0)%
Other	3,409	1,108	(2,301)	(67.5)%
Total ordinary revenue	357,906	425,523	67,617	18.9%
Total ordinary expenses	321,344	357,978	36,633	11.4%
Ordinary income	36,561	67,545	30,983	84.7%
Profit before income taxes	36,561	67,545	30,983	84.7%
Income taxes - current	8,622	11,155	2,533	29.4%
Income taxes - deferred	(494)	2,745	3,240	-
Profit	28,434	53,644	25,210	88.7%
Profit attributable to non-controlling interests	1,240	7,696	6,456	520.5%
Profit attributable to owners of parent	27,193	45,947	18,753	69.0%

[Appendix 2]

(1) Generation capacity

(Unit: kW)

	As of Sep. 30, 2016 (A)	As of Sep. 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)

	Six months ended Sep. 30, 2016 (A)	Six months ended Sep. 30, 2017 (B)	Year-on-year change (B-A)
Electric power business	29,432	32,312	2,879
Hydroelectric power	4,566	4,874	307
Thermal power	24,580	27,141	2,561
Wind power	285	296	10
Overseas business	7,956	7,219	(737)
Total	37,389	39,531	2,141

(3) Water supply rate

(Unit: %)

	Six months ended Sep. 30, 2016 (A)	Six months ended Sep. 30, 2017 (B)	Year-on-year change (B-A)
Water supply rate	88	94	6

[Appendix 3]

Revenues and Expenses (Non-Consolidated)

(Unit: million yen)

	Six months ended Sep. 30, 2016 (A)	Six months ended Sep. 30, 2017 (B)	Year-on-year change	
			(B-A)	(B-A)/A
Operating revenue	246,742	300,049	53,307	21.6%
<u>Electric utility operating revenue</u>	241,629	294,579	52,950	21.9%
Electric power sales	214,893	265,940	51,047	23.8%
Transmission revenue	24,510	24,402	(108)	(0.4)%
Other electricity revenue	2,225	4,236	2,010	90.4%
<u>Incidental business operating revenue</u>	5,112	5,470	357	7.0%
Operating expenses	224,573	258,951	34,377	15.3%
<u>Electric utility operating expenses</u>	219,896	253,864	33,968	15.4%
Personnel expense	20,808	16,530	(4,277)	(20.6)%
Fuel cost	82,141	115,232	33,091	40.3%
Repair expense	37,743	32,220	(5,522)	(14.6)%
Taxes and duties	11,844	12,350	506	4.3%
Depreciation and amortization cost	24,585	25,629	1,044	4.2%
Other	42,774	51,900	9,125	21.3%
<u>Incidental business operating expenses</u>	4,677	5,086	409	8.8%
Operating income	22,168	41,098	18,929	85.4%
Non-operating income	22,773	15,797	(6,976)	(30.6)%
Non-operating expenses	8,598	7,726	(872)	(10.1)%
Financial expenses	8,030	7,600	(430)	(5.4)%
Other	567	126	(441)	(77.8)%
Total ordinary revenue	269,515	315,846	46,331	17.2%
Total ordinary expenses	233,172	266,677	33,505	14.4%
Ordinary income	36,343	49,169	12,826	35.3%
Profit before income taxes	36,343	49,169	12,826	35.3%
Income taxes – current	5,061	8,282	3,220	63.6%
Income taxes – deferred	(187)	1,106	1,294	-
Profit	31,468	39,780	8,311	26.4%