

Quarterly Financial Report

The information shown below is an English translation of "Quarterly Financial Report for the Three Months Period Ended June 30, 2018", which was filed with stock exchanges (Tokyo and Nagoya) on the date shown below pursuant to their regulations, for your convenience. Be advised that the Japanese version (the original) shall prevail if in any case a discrepancy arises between the original and the English translation.

CHUBU ELECTRIC POWER COMPANY, INCORPORATED (July 31, 2018) Quarterly Financial Report for the Three Months Period Ended June 30, 2018 (FY 2018)

(In accordance with provisions of regulations in Japan, and accounting standards generally accepted in Japan)
Stock code: 9502 URL: <http://www.chuden.co.jp/english/ir/index.html> Stock listed on: Tokyo SE, Nagoya SE
Representative: Mr. Satoru Katsuno, President
Contact: Hideki Hayakawa, General Manager, Head of Investor Relations Section. Tel: +81-52-951-8211
Projected date for submitting quarterly security report: August 7, 2018
Commencement of payment of dividend: -
Preparation of supplementary materials for quarterly financial results: Yes
Information meeting for financial results: None

(Figures are rounded down to the nearest million yen)
(Figures in parentheses are negative numbers)

1. Performance over the Three Months Period Ended June 30, 2018 (Consolidated) (April 1, 2018 – June 30, 2018)

(1) Consolidated Operating Results

%: change from the same period of the previous year

	Operating Revenues		Operating Income		Ordinary Income		Net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
For the three months ended								
June 30, 2018	684,488	4.4	36,446	14.0	39,512	38.9	28,088	35.7
June 30, 2017	655,470	3.8	31,978	(67.0)	28,452	(69.3)	20,692	(68.3)

(Note) Comprehensive income

(1Q FY2018: 22,570 million yen (YoY: 22.3%), 1Q FY2017: 18,461 million yen (YoY: -58.0%))

	Net income per Share (Primary)	Net income per Share (Fully diluted)
For the three months ended	yen	yen
June 30, 2018	37.12	-
June 30, 2017	27.33	-

(2) Consolidated Financial Standing

	Total Assets	Net Assets	Shareholders' Equity Ratio
As of	million yen	million yen	%
June 30, 2018	5,496,413	1,801,127	31.6
March 31, 2018	5,529,408	1,791,942	31.3

(Reference) Shareholders' Equity (June 30, 2018: 1,736,869 million yen, March 31, 2018: 1,729,742 million yen)

(Note) The "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, dated February 16, 2018) etc. has been applied since the start of this first quarterly consolidated accounting period. Please show the (Additional Information) of attachment p.5 for the details.

2. Dividends

	Annual Dividends per Share				
	1Q end	2Q end	3Q end	4Q end	Annual
	yen	yen	yen	yen	yen
Fiscal Year ended March 31, 2018	-	15.00	-	20.00	35.00
Fiscal Year ending March 31, 2019	-				
Fiscal Year ending March 31, 2019(Forecasts)		20.00	-	20.00	40.00

(Note) Forecasts revision of dividends from the latest announcement: None

3. Forecasts of Consolidated Results for the Fiscal Year Ending March 31, 2019 (approximate estimate)

#: change from the previous year

	Operating Revenues		Operating Income		Ordinary Income		Net Income attributable to owners of parent		Net Income per Share (Primary)
	million yen	%	million yen	%	million yen	%	million yen	%	yen
For the fiscal year ending March 31, 2019	2,980,000	4.4	110,000	(19.4)	100,000	(22.2)	75,000	0.8	99.12

(Note) Forecasts revision of consolidated results from the latest announcement: Yes

<Notes>

(1) Changes in important subsidiaries during the quarter under review

(accompanying changes in the extent of consolidated companies): None

New: - Company name:

Excluded: - Company name:

(2) Application of special accounting treatment used in preparation of the consolidated quarterly financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, restatements:

- i) Changes in accounting policies to comply with the revised accounting standards : None
- ii) Changes in accounting policies, other than under i) : Yes
- iii) Changes in accounting estimates : None
- iv) Restatements : None

(4) Number of shares issued (common stock)

(shares)

i) Number of shares issued at the end of period	June 30, 2018	758,000,000	March 31, 2018	758,000,000
ii) Number of treasury shares at end of period	June 30, 2018	1,320,938	March 31, 2018	1,289,738
iii) Weighted average number of shares during each of the following three months (Apr-Jun.)	June 30, 2018	756,685,506	June 30, 2017	757,192,934

< The audit does not cover the financial report >

<Explanations Regarding Appropriate Use of the Forecasts, and Other Special Remarks>

1. The forecasts for the fiscal year ending March 31, 2019 have been revised from the previous announcement made in April 27, 2018. Information concerning the forecasts is mentioned on slide No.07 [Summary of Forecast for FY2018] in Supplementary quarterly materials “Presentation Materials for Three-Months ended June 30, 2018”.
2. The forecasts are based on information available as of the date of this announcement is made, and also, assumptions as of the date of this announcement is made on uncertain factors that would affect future results. Actual results may materially differ by various causes in the future.
3. We also disclosed Supplementary quarterly materials “Presentation Materials for Three-Months ended June 30, 2018” through TD net at the same date.

(Reference) Forecasts of Non-consolidated Results for the Fiscal Year Ending March 31, 2019 (approximate estimate)
%: change from the previous year

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Net Income per Share (Primary)
	million yen	%	million yen	%	million yen	%	million yen	%	yen
For the fiscal year ending March 31,2019	2,670,000	28	90,000	(21.5)	80,000	(12.9)	60,000	23.6	79.29

(Note) Forecasts revision of Non-consolidated results from the latest announcement: Yes

The Attached Document

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1. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of Mar 31, 2018	As of Jun 30, 2018
Assets		
Non-current assets	4,792,185	4,819,789
Electric utility plant and equipment	3,137,080	3,158,019
Hydroelectric power production facilities	311,907	309,585
Thermal power production facilities	684,665	676,562
Nuclear power production facilities	142,248	183,760
Transmission facilities	680,244	671,657
Transformation facilities	414,949	416,220
Distribution facilities	780,857	779,614
General facilities	108,150	106,706
Other electric utility plant and equipment	14,057	13,911
Other non-current assets	276,469	274,300
Construction in progress	344,469	358,828
Construction and retirement in progress	334,025	348,384
Special account related to reprocessing of spent nuclear fuel	10,444	10,444
Nuclear fuel	179,755	180,802
Loaded nuclear fuel	40,040	40,040
Nuclear fuel in processing	139,715	140,762
Investments and other assets	854,410	847,837
Long-term investments	206,723	208,071
Long-term investments in subsidiaries and associates	416,861	411,106
Net defined benefit asset	18,656	18,700
Deferred tax assets	198,842	196,729
Other	14,175	14,053
Allowance for doubtful accounts	(849)	(822)
Current assets	737,222	676,624
Cash and deposits	181,631	159,746
Notes and accounts receivable - trade	291,341	322,827
Inventories	75,056	83,603
Other	190,857	112,185
Allowance for doubtful accounts	(1,663)	(1,738)
Total	5,529,408	5,496,413
Liabilities and net assets		
Non-current liabilities	2,549,995	2,514,241
Bonds payable	619,259	589,260
Long-term loans payable	1,361,767	1,329,466
Provision for loss in conjunction with discontinued operations of nuclear power plant:	9,211	9,098
Net defined benefit liability	182,130	181,488
Asset retirement obligations	209,178	243,085
Other	168,448	161,841
Current liabilities	1,165,023	1,158,598
Current portion of non-current liabilities	257,315	273,301
Short-term loans payable	370,945	386,050
Commercial papers	—	85,000
Notes and accounts payable - trade	133,057	119,979
Accrued taxes	82,179	38,223
Other	321,526	256,043
Reserves under special laws	22,446	22,446
Reserve for fluctuation in water levels	22,446	22,446
Total liabilities	3,737,465	3,695,286
Shareholders' equity	1,688,145	1,701,047
Capital stock	430,777	430,777
Capital surplus	70,805	70,805
Retained earnings	1,188,453	1,201,406
Treasury shares	(1,891)	(1,941)
Accumulated other comprehensive income	41,597	35,822
Valuation difference on available-for-sale securities	38,649	41,430
Deferred gains or losses on hedges	(6,182)	(2,390)
Foreign currency translation adjustment	19,964	6,777
Remeasurements of defined benefit plans	(10,833)	(9,995)
Non-controlling interests	62,199	64,257
Total net assets	1,791,942	1,801,127
Total	5,529,408	5,496,413

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

Consolidated Statements of Income

(Millions of yen)

	Three-months ended Jun 30, 2017	Three-months ended Jun 30, 2018
Operating revenues	655,470	684,488
Electricity	591,975	607,931
Other	63,494	76,556
Operating expenses	623,491	648,042
Electricity	561,780	573,091
Other	61,711	74,950
Operating income	31,978	36,446
Non-operating revenues	5,005	9,887
Dividend income	1,052	1,087
Interest income	52	26
Share of profit of entities accounted for using equity method	2,501	5,901
Other	1,398	2,872
Non-operating expenses	8,530	6,822
Interest expenses	6,857	6,342
Other	1,673	479
Ordinary revenues	660,475	694,376
Ordinary expenses	632,022	654,864
Ordinary income	28,452	39,512
Provision or reversal of reserve for fluctuation in water levels	(734)	—
Reversal of reserve for fluctuation in water levels	(734)	—
Income before income taxes	29,187	39,512
Total income taxes	8,162	11,283
Net income	21,024	28,228
Net income attributable to non-controlling interests	332	140
Net income attributable to owners of parent	20,692	28,088

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three-months ended Jun 30, 2017	Three-months ended Jun 30, 2018
Net income	21,024	28,228
Other comprehensive income		
Valuation difference on available-for-sale securities	1,583	3,357
Deferred gains or losses on hedges	164	656
Foreign currency translation adjustment	1,502	(74)
Remeasurements of defined benefit plans, net of tax	(305)	893
Share of other comprehensive income of entities accounted for using equity method	(5,507)	(10,492)
Total other comprehensive income	(2,563)	(5,658)
Comprehensive income	18,461	22,570
Comprehensive income attributable to		
owners of parent	17,238	22,313
non-controlling interests	1,223	256

(3) Notes regarding Consolidated Financial Statements

(Note regarding Issue on Going Concern)

Not applicable

(Note regarding the Case of Material Fluctuation in Shareholders' Equity Occurs)

Not applicable

(Application of Special Accounting Treatment Used in Preparation of the Quarterly Consolidated Financial Statements)

Calculation of tax expenses

Notes are omitted as the same information is provided in "Change in Accounting Policy."

(Change in Accounting Policy)

Change in calculation method of tax expenses

Conventionally, tax expenses were calculated in the same way as that used in end-of-year closing of accounts. Starting the first consolidated quarterly accounting period, however, we have adopted a method of rationally estimating the effective tax rate, determined after applying tax effect accounting on the income before income taxes for the consolidated accounting year, and multiplying the quarterly income before income taxes with the said estimate of the effective tax rate. This change is aimed at achieving faster and more streamlined closing of quarterly accounts for the Chubu Electric Power Company Group. This change is not retrospectively applied, as it has minimal effect on quarterly consolidated financial statements.

(Additional Information)

Change in presentation

The "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, dated February 16, 2018) etc. has been applied since the start of this first quarterly consolidated accounting period. Accordingly, deferred tax assets are shown under "Investments and other assets" and deferred tax liabilities are shown under "Non-current liabilities." As a result, in the consolidated balance sheet for the previous consolidated accounting year, deferred tax assets of 25,247 million yen under "Current assets" have been replaced with deferred tax assets under "Investments and other assets", and deferred tax liabilities of 6 million yen under "Current liabilities" have been replaced with deferred tax liabilities under "Non-current liabilities."

Accordingly, since the deferred tax assets and deferred tax liabilities of the same taxable entity should be offset against each other based on the Accounting Standard for Tax Effect Accounting (Business Accounting Council), the "Deferred tax assets" under "Investments and other assets" and the "Deferred tax liabilities" under "Non-current liabilities" are offset against each other by 780 million yen.

As a result, in the consolidated balance sheet for the previous consolidated accounting year, compared with before change, deferred tax assets under the "Current assets" decreased 25,247 million yen, deferred tax assets under "Investments and other assets" increased 24,467 million yen, deferred tax liabilities under "Current liabilities" decreased 6 million yen, and deferred tax liabilities under "Non-current liabilities" decreased 773 million yen.

(Change in Account Method of The Asset Retirement Cost Corresponding to the Asset Retirement Obligations in Relation to the Decommissioning of Specified Nuclear Power Plants)

The asset retirement cost corresponding to the asset retirement obligations in relation to the decommissioning of specified nuclear power plants is recorded in tangible fixed assets based on the estimated total cost of decommissioning the nuclear power plants and is expensed based on the straight-line method over the period (the operational period plus the safe storage period) in accordance with “Ministerial Ordinance for the Setting of Reserve for the Decommissioning of Nuclear Power Plants” (Ordinance of the Ministry of International Trade and Industry No. 30 of May 25, 1989). However, on April 1, 2018, “Ordinance for Partial Revision of the Ministerial Ordinance for the Setting of Reserve for the Decommissioning of Nuclear Power Plants” (Ordinance of the Ministry of Economy, Trade and Industry No. 17 of March 30, 2018) came into effect, and “Ministerial Ordinance for the Setting of Reserve for the Decommissioning of Nuclear Power Plants” (Ordinance of the of the Ministry of International trade and Industry No. 30 of May 25, 1989) was revised. As a result, from the date of enforcement, the cost expensed based on the straight-line method over the operational period.

Consequently, there is a reduction of 798 million yen for the operating income, ordinary income and quarterly income before income taxes for this consolidated cumulative first quarter. Incidentally, for the calculation of asset retirement obligations in relation to the decommissioning of Specified Reactor Facilities, reactor facilities’ operational period as well as safe storage period were used as the estimated service period. However, it has been changed, since the effectuation of the Amendments, to use reactor facilities’ operational period alone as the estimated service period. This change has increased the amount of asset retirement obligations and assets equivalent to asset retirement obligations included in reactor facilities by 32,979 million yen respectively.