

April 30, 2009

# **FINANCIAL STATEMENTS**

For the fiscal year ended March 31, 2009

**Kyushu Electric Power Company, Inc.**

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Please note that this purports to be an accurate and complete translation of the original Japanese version prepared for the convenience of our English-speaking audience. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

April 30, 2009

**FY2008 ended March 31, 2009**  
**Financial Results Bulletin**  
**Kyushu Electric Power Co., Inc.**

Stock code: 9508 URL: [http://www1.kyuden.co.jp/en\\_index](http://www1.kyuden.co.jp/en_index)  
Representative: Mr. Toshio Manabe, President  
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Tel: +81-92-726-1575  
Shareholders' Meeting: June 26, 2009  
Commencement of payment of year-end dividends: June 29, 2009  
Projected date for submitting annual security report: June 26, 2009

Stock listed on:  
Tokyo Stock Exchange,  
Osaka Securities Exchange,  
Fukuoka Stock Exchange

(Rounded down to the nearest million yen)

**1. Consolidated Financial Results for FY2008 (April 1, 2008 to March 31, 2009)**

**(1) Consolidated Operational Results**

(% shows the changes from the previous FY)

	Sales		Operating income		Ordinary income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
FY2008 ended March 31, 2009	1,524,193	2.8	84,723	-19.7	50,459	-30.3
FY2007 ended March 31, 2008	1,482,351	5.3	105,540	-32.0	72,372	-39.0

  

	Net income		Net earnings per share	Fully-diluted net earnings per share	Net return on shareholders' equity	Ratio of current income to total capital	Ratio of current income to sales
	(Unit: million yen)	(%)	(Unit: yen)	(Unit: yen)	(%)	(%)	(%)
FY2008 ended March 31, 2009	33,991	-18.5	71.84		3.2	1.2	5.6
FY2007 ended March 31, 2008	41,726	-36.7	88.19		3.9	1.8	7.1

(Reference) Investment Profit/Loss under Equity Methods : FY2008 ended March 2009 520 million yen  
FY2007 ended March 2008 -151 million yen

**(2) Consolidated Financial Position**

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: yen)
FY2008 ended March 31, 2009	4,110,877	1,072,374	25.7	2,229.13
FY2007 ended March 31, 2008	4,059,775	1,084,212	26.3	2,255.17

(Reference) Shareholders' equity: FY2008 1,054,732 million yen FY2007 1,067,046 million yen

**(3) Consolidated Cash Flow**

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Cash and cash equivalents balance as of term-end
	(Unit: million yen)	(Unit: million yen)	(Unit: million yen)	(Unit: million yen)
FY2008 ended March 31, 2009	247,095	-259,834	42,090	88,124
FY2007 ended March 31, 2008	267,510	-233,586	-26,370	58,766

**2. Dividends**

(Record date)	Annual dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Dividend rate for shareholders' equity (consolidated)
	1Q	Interim	3Q	Year-end	Total			
	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: million yen)	(%)	(%)
FY2007 ended March 31, 2008		30.00		30.00	60.00	28,408	68.0	2.6
FY2008 ended March 31, 2009		30.00		30.00	60.00	28,406	83.5	2.7
FY2009 ending March 31, 2010 (projected)		30.00		30.00	60.00		81.1	

**3. Forecast for FY2009 ending March 2010 (April 1, 2009 to March 31, 2010)**

(% shows the changes from the same financial periods of the previous year)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	(Unit: billion yen)	(%)	(Unit: billion yen)	(%)	(Unit: billion yen)	(%)	(Unit: billion yen)	(%)	(Unit: yen)
2Q	735	-3.3	66	127.0	49	263.8	30	168.5	63.40
Year-end	1,448	-5.0	90	6.2	57	13.0	35	3.0	73.97

**4. Other**

**(1) Changes in significant subsidiaries (changes in scope of consolidated subsidiaries) : No**

**\*Notes on the scope of consolidation and the application of the equity method**

Consolidated subsidiaries: 33

Non-consolidated subsidiaries accounted for under the equity method: 19

Affiliated companies accounted for under the equity method: 13

**Changes in the scope of consolidation and the application of the equity method from March 31, 2008**

Consolidated subsidiaries Newly added: 0 Excluded: 1

Under the equity method Newly added: 3 Excluded: 1

**(2) Changes in the accounting principles, practices, and indication methods regarding the preparation of consolidated financial reports**

Changes in the accounting system : Yes

Other changes : No

\* For the details, see page 21 "Changes in the basis of presentation of consolidated financial statements."

**(3) Number of outstanding shares**

Number of outstanding shares at year end (including treasury stock):

FY2008 ended March 2009 474,183,951 shares FY2007 ended March 2008 474,183,951 shares

Number of treasury stock at year end

FY2008 ended March 2009 1,024,166 shares FY2007 ended March 2008 1,028,013 shares

\* For the number of shares applied in calculation of consolidated net earnings per share, see page 24 "Per share Data."

**(Reference) Outline of Non-consolidated Financial Results**

**1. Non-consolidated Financial Results for FY2008 (April 1, 2008 to March 31, 2009)**

**(1) Non-Consolidated Operational Results**

(% show s the changes from the previous FY)

	Sales		Operating income		Ordinary income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
FY2008 ended March 31, 2009	1,430,161	2.7	74,816	-20.4	38,764	-35.5
FY2007 ended March 31, 2008	1,392,059	4.4	93,962	-34.7	60,070	-43.2

	Net income		Net earnings per share	Fully-diluted net earnings per share
	(Unit: million yen)	(%)	(Unit: yen)	(Unit: yen)
FY2008 ended March 31, 2009	26,916	-24.6	56.85	
FY2007 ended March 31, 2008	35,683	-39.8	75.37	

**(2) Non-Consolidated Financial Position**

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: yen)
FY2008 ended March 31, 2009	3,834,124	981,539	25.6	2,073.23
FY2007 ended March 31, 2008	3,784,701	999,678	26.4	2,111.37

(Reference) Shareholders' equity: FY2008 981,539 million yen FY2007 999,678 million yen

**2. Non-consolidated Forecast for FY2008 ending March 2009 (April 1, 2008 to March 31, 2009)**

(% show s the changes from the same financial periods of the previous year)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	(Unit: billion yen)	(%)	(Unit: billion yen)	(%)	(Unit: billion yen)	(%)	(Unit: billion yen)	(%)	(Unit: yen)
Interim	686	-4.0	61.5	149.4	45	391.8	27	205.0	57.03
Year-end	1,350	-5.6	79	5.6	45	16.1	27	0.3	57.03

**\*Notes on the proper use of the forecasts**

The above forecasts are based on information available at the date of the release of this document. Due to various factors, the actual result may differ from these forecasts. For the assumptions applied to the above forecasts, see page 8.

## 1. Operating Results

### (1) Overview of FY2008

Japanese economy in this fiscal year stayed in the worst recessionary phase in decades. In the first half of the period, due to soaring energy and raw material prices, Japanese economy was in a stalemate and in the later half, economic circumstances worsened rapidly as the financial crisis spread from the US dragged the global economy into a recession.

#### Revenue and Expenditure

Under these economic conditions, the consolidated sales (operating revenues) increased by 2.8% to ¥1,524.1 billion and the ordinary revenues increased by 2.7% to ¥1,534.6 billion mainly affected by the business performances in electricity business as the electricity sales increased due to the fuel cost adjustment system while the electricity sales volume decreased. On the expenditure side, the ordinary expenses increased by 4.4% to ¥1,484.1 billion owing to business performances in electricity business as fuel costs and costs to purchase electricity from other companies increased due to the escalation of fuel prices in the first half of the fiscal year.

As a result, the ordinary income decreased by 30.3% to ¥50.4 billion.

The net income decreased by 18.5% to ¥33.9 billion compared with FY2007 as the Company recorded a gain on sales of marketable securities of 5.4 billion yen as an extraordinary gain.

Operating results for each of our business segments (before eliminating internal transactions) are as follows:

#### Operating Results (before eliminating internal transactions)

(Unit: 100 million yen, %)

		FY2008 (A)	FY2007 (B)	Difference (A-B)	Change (A/B)
Electricity	Sales	14,007	13,657	350	102.6
	Operating Income	741	943	-201	78.6
Energy-related	Sales	1,572	1,470	101	106.9
	Operating Income	75	85	-9	88.6
IT & Telecommunication	Sales	927	884	43	104.9
	Operating Income	7	-16	24	-
Other	Sales	244	248	-4	98.3
	Operating Income	16	34	-18	47.5

(Note) Electricity includes the company's business operations except incidental businesses

#### a. Electricity Business

The revenue from electricity business increased by 2.6% to ¥1,400.7 billion compared with the previous year mainly due to the increased electricity sales. Operating income decreased by 21.4% to ¥74.1 billion due to the increase in fuel costs and costs to purchase electricity from other companies.

#### b. Energy-related Business

The sales revenues from energy-related business increased by 6.9% to ¥157.2 billion from the previous year, mainly because two companies have been newly consolidated in the end of 2Q last year. Operating income

decreased by 11.4% to ¥7.5 billion due to an increase in the sales cost on plant construction business.

c. IT and Telecommunication Business

The sales revenues from IT and telecommunication business increased by 4.9% to ¥92.7 billion from the previous year mainly due to an increase in the number of users of the broadband services. Operating income increased by ¥2.4 billion to ¥700 million.

d. Other Businesses

Sales revenues decreased by 1.7% from the previous year to be ¥24.4 billion. Operating income decreased by 52.5% to ¥1.6 billion compared with the last year, mainly due to increased cost to rebuild a building for rent.

**Sales and Supply overview**

In FY2008, the demand for electric light, power for commercial operations and other general demands decreased by 1.6% compared with the previous year. This decrease in the sales volume was mainly because of the decrease in the air-conditioning system demand due to the lower temperature in summer and the higher temperature in winter compared with the previous year.

The power demand from large industrial customers decreased by 4.7% compared with the previous year due to dramatic drops in production in major industries such as electric and transportation machinery and steel industries in the late half of the fiscal year while production in transportation machinery, non-ferrous metal, and chemical industries shift steadily in the first 6 months of the fiscal year.

Consequently, the total electricity sales for FY2008 decreased by 2.5% to 85.88 billion kWh compared with the previous year.

Electricity Sales Volume

(Unit: million kWh, %)

		FY2008	FY2007	Difference	Change
		(A)	(B)	(A-B)	(A/B)
Lighting		29,254	29,550	-296	99.0
Power		56,629	58,532	-1,903	96.7
Electricity Sales Total		85,883	88,082	-2,199	97.5
(Figures are included above)	Customers other than large-scale industrial	61,859	62,873	-1,014	98.4
	Large-scale industrial customers	24,024	25,209	-1,185	95.3

On the supply side, mainly owing to the smooth operation of nuclear power plants, we have provided stable supply of electricity to our customers.

Generated and Received Electricity

(Unit: million kWh, %)

		FY2008 (A)	FY2007 (B)	Difference (A-B)	Change (A/B)
Own facilities	Hydro (Water flow rate)	4,566 (99.7)	3,550 (81.1)	1,016 (18.6)	128.6
	Thermal	34,979	36,727	-1,748	95.2
	Nuclear (Utilization rate)	38,968 (84.6)	39,641 (85.8)	-673 (-1.2)	98.3
	Subtotal	78,513	79,918	-1,405	98.2
From other companies		16,423	17,205	-782	95.4
Interchange		-70	-367	297	19.1
For pumping		-948	-647	-301	146.6
Total		93,918	96,109	-2,191	97.7

Income and Expenditure (Non-consolidated)

(Unit: 100 million yen, %)

		FY2008 (A)	FY2007 (B)	Difference (A-B)	Change (A/B)	Composition Ratio	
						FY2008	FY2007
Ordinary Revenues	Lighting	5,849	5,763	85	101.5	40.7	41.1
	Power	7,933	7,632	300	103.9	55.2	54.5
	(Subtotal)	(13,782)	(13,395)	(386)	(102.9)	(95.9)	(95.6)
	Other	590	618	-28	95.5	4.1	4.4
	[Sales] Total	[14,301] 14,373	[13,920] 14,014	[381] 358	[102.7] 102.6	[99.5] 100.0	[99.3] 100.0
Ordinary Expenses	Labor	1,367	1,383	-15	98.9	9.8	10.3
	Fuel	3,056	2,799	256	109.2	21.8	20.9
	Maintenance	1,978	1,849	128	107.0	14.1	13.8
	Depreciation	1,952	1,973	-21	98.9	14.0	14.7
	Power purchase	1,499	1,232	266	121.6	10.7	9.2
	Interest	334	344	-9	97.1	2.4	2.5
	Tax & public dues	901	887	13	101.5	6.4	6.6
	Nuclear back-end	511	720	-209	71.0	3.7	5.4
	Other	2,384	2,223	161	107.3	17.1	16.6
	Total	13,985	13,414	571	104.3	100.0	100.0
[Operating Income]		[748]	[939]	[-191]	[79.6]		
Ordinary Income		387	600	-213	64.5		
Drought Reserve		-	-	-	-		
Extraordinary Losses		54	-	54	-		
Income before income taxes		441	601	-159	73.4		
Income taxes		172	244	-72	70.5		
Net Income		269	356	-87	75.4		

(Note) Nuclear back-end expenses include the costs below:

- Costs for reprocessing of irradiated nuclear fuel
- Costs for preparation of reprocessing of irradiated nuclear fuel
- Costs for disposal of transuranic waste
- Costs for decommissioning nuclear power plants

( Reference )

	FY2008 (A)	FY2007 (B)	Change (A-B)
Crude Oil (CIF) Price	\$90.5/b	\$78.7/b	\$11.8/b
Exchange Rate	¥100.7/\$	¥114.4/\$	-¥13.7/\$

### Consolidated assets, debt, and shareholders' equity overview

Consolidated assets increased by ¥51.1 billion compared with the end of previous fiscal year to ¥4,110.8 billion mainly because of an increase in fixed assets due to increased reserve for reprocessing of irradiated nuclear fuel and an increase in current assets due to increased cash and cash equivalents.

Consolidated debt increased by ¥62.9 billion to ¥3,038.5 billion due to the increase in interest-bearing debt while accounts payable and the liability for employees' retirement benefits decreased. The interest-bearing debt increased by ¥70.5 billion to ¥2,110.6 billion.

Consolidated shareholders' equity decreased by ¥11.8 billion to ¥1,072.3 billion as the dividends were paid and unrealized gain on other securities decreased while the net income for this fiscal year has recorded. Consequently the shareholders' equity ratio went down to 25.7%.

### Consolidated cash flow overview

Cash inflow from operating activities decreased by 7.6% to ¥247.0 billion from the previous year mainly due to an increase in fuel costs and maintenance costs in electricity business.

Cash outflow from investing activities increased by 11.2% to ¥259.8 billion from the previous year mainly due to increased expenditure such as capital investments and the acquisition of investment securities.

Cash inflow from financing activities increased by ¥68.4 billion to ¥42.0 billion from the previous year.

As a result, the balance of cash and cash equivalents at the end of this fiscal year increased by ¥29.3 billion to ¥88.1 billion compared with the end of previous fiscal year.

### Consolidated cash flow indication

	FY2004	FY2005	FY2006	FY2007	FY2008
Shareholders' equity ratio (%)	24.2	25.7	26.8	26.3	25.7
Shareholders' equity ratio at market value (%)	26.7	30.6	39.2	28.4	25.4
Interest-bearing debt / Cash flow ratio	5.1	7.8	6.7	7.6	8.5
Interest coverage ratio	8.4	6.5	7.9	7.0	7.0

(Note)

Shareholders' equity ratio = Shareholders' equity / Total assets

Shareholders' equity ratio at market value = Total market value of shares / Total assets

Interest-bearing debt / Cash flow ratio = Interest-bearing debt / Cash flow from operating activities

Interest coverage ratio = Cash flow from operating activities / Interest payment

\*Each index is calculated based on the consolidated financial data

\*Total market value of shares is calculated as closing stock price at the end of fiscal year multiplied by the number of shares outstanding (after excluding treasury stocks) at the end of fiscal year

\*Cash flow from operating activities and interest payment are calculated based on consolidated cash flow statements.

\*Interest-bearing debt includes corporate debt and long-term debt (both includes those due within a year), short-term debt and commercial papers. The amount of corporate debt used here is not the book value but the face value (par).

(2) Forecast for FY2009

[Forecast for the consolidated operating performance in FY2009]

Electricity sales volume is projected to decrease by 1.3% from FY2008 as the air-conditioning demand is projected to decrease due to a rebound from the previous summer when the temperature shifter higher than average and production activities of major customers in large-scale industrial and commercial sectors such as electric and transportation machinery and steel are projected to decrease.

Consolidated sales revenue is projected to decrease in FY2009 as revenue is projected to increase due to the decreased electricity sales volume and the projected decrease in electricity sales owing to the fuel cost adjustment system in electricity business.

Operating income, ordinary income and net income are all projected to increase mainly due to a decrease in fuel cost and costs to purchase electricity from other companies because of a drop in fuel prices.

Forecast for operational performance in FY2009

(Unit: billion yen)

	Consolidated		Non-consolidated	
	2Q	Year-end	2Q	Year-end
Sales	735 [96.7%]	1,448 [95.0%]	686 [96.0%]	1,350 [94.4%]
Operating income	66 [227.0%]	90 [106.2%]	61.5 [249.4%]	79 [105.6%]
Ordinary income	49 [363.8%]	57 [113.0%]	45 [491.8%]	45 [116.1%]
Net income	30 [268.5%]	35 [103.0%]	27 [305.0%]	27 [100.3%]

(Note) the percentage figures in [ ] show the comparison from the previous year

Sensitivity factors

	2Q	Year-end
Electricity sales volume	42.6 billion kWh [96.3%]	84.7 billion kWh [98.7%]
Crude oil (CIF) price	55 \$/b	
Exchange rate	¥ 100 /\$	
Nuclear power generation capacity utilization rate	82.4 %	83.3 %
Water release rate	100.0 %	

(Note) the percentage figures in [ ] show the comparison from the previous year

(Reference) FY2009 The impact of sensitivity factors on non-consolidated financial performance

	Year-end
Crude oil (CIF) price 1\$/b	¥ 1.4 billion
Exchange rate ¥1/\$	¥1.8 billion
Nuclear power generation capacity utilization rate 1%	¥ 2.1 billion

(3) Basic policy regarding the appropriation of profits and dividends for FY2008 and FY2009

We have based our policy regarding the appropriation of profits on expanding shareholders' interest in medium to long-term perspective while maintaining the consecutive dividends.

We plan to use retained earnings for investments in electric facilities and new businesses as well as for repayment of interest-bearing debts, aiming to enhance sustainable corporate value.

We determined the dividend of 60 yen applicable to FY2008 (30 yen interim dividend paid and 30 yen year-end dividend) which we seek to shareholders' approval at the shareholders' meeting as a part of the appropriation of profits.

Kyushu Electric Power plans to pay a dividend of 60 yen per share for FY2009 (interim dividend of 30 yen and year-end dividend of 30 yen).

(4) Business risks factors

The following is a list of some significant risk factors that may have an effect on the operating results, financial position, and other aspects of the Group (consolidated).

The statements made in this report regarding our future operations are forward-looking statements made in light of information available at the day of the announcement of this financial report.

**Risks related to economic conditions and weather conditions**

The electricity sales volume in the electricity business reflects economic conditions and seasonal changes in temperatures. These factors may have a material impact on the results and financial condition of the Kyushu Electric Power Group.

**Risks related to the fluctuation of fuel prices**

Fuel expenses in electricity business fluctuate as a result of trends in CIF prices and in the foreign exchange markets because we procure sources of fuel for thermal power generation including liquefied natural gas (LNG) and coal from overseas.

The impact of the fluctuation of fuel prices on the Kyushu Electric Power Group's operating results is limited because of fuel cost adjustment system to reflect the volatility in fuel prices on electricity rates.

**Risks related to nuclear fuel cycle**

While the nuclear fuel cycle project is an extremely long-term project with uncertainty, the risks for utility companies have decreased because of government's arrangement and regulations. However, expected amount of costs may change in the future and the cost burden may increase. In that case, the Kyushu Electric Power Group's operating results may be affected.

**Risks related to businesses other than electricity**

The Kyushu Electric Power Group is enhancing its revenue basis by utilizing the group's management resources and proactively developing new business area beyond electricity business. In the business operation, we put emphasis on the profitability and work to improve efficiency while pursuing the growth. In case securing the planned profits can not be achieved due to the worsening business conditions, the Kyushu Electric Power Group's performance may be affected.

**Risks related to interest rates**

The Kyushu Electric Power Group's balance of interest-bearing debt as of the end of March 2009 is 2,110.6 billion yen, which accounts for 51% of total assets of the group. Future changes in interest rates have potential to affect the Kyushu Electric Power Group's financial condition.

However, 94% of outstanding interest-bearing debt comprises long-term debt, and most of these bear interest at fixed rates. The impact of fluctuating interest rates on Kyushu Electric Power Group is therefore viewed as limited.

#### Risks related to the leaking of personal information

The Kyushu Electric Power Group has established strict internal frameworks to manage personal information and to secure information security. Additionally, we have implemented thorough protection of personal information by establishing internal policies and guidelines on handling information as well as familiarizing employees with the handling procedures. However, in case of the leaking of personal information, the Kyushu Electric Power Group's operation may be affected.

#### Risks related to natural disasters

To ensure a stable supply of electricity to our customers, the Kyushu Electric Power Group implements inspection and maintenance of the facilities systematically to prevent any trouble from occurring. However, large-scaled natural disasters such as typhoons, torrential rains and earthquakes as well as unexpected accidents and illicit acts may damage our facilities and cause long-term shutdown of power stations, and therefore have the potential to affect the Kyushu Electric Power Group's operations.

The Kyushu Electric Power Group is working to establish a crisis management structure. However, in case of an inappropriate handling of unexpected situation, which brings serious damage to the Kyushu Electric Power Group's reputation, the Kyushu Electric Power Group's operation may be affected.

Additionally, a tightening of environmental regulations related to global warming has a potential to affect the Kyushu Electric Power Group's operations.

## **2. Overview of the Group**

Disclosure is omitted as there is no significant change in organizational structure and overview of associated companies from the latest Security Report submitted in June 28, 2008.

### **3. Management Policy**

Under our Midterm Management Policy (FY2005-2009), Kyushu Electric Power Co., Inc. has been engaged in measures to ensure stable supply of electric power and working hard to strengthen our price competitiveness, grow electricity demand through promoting electrification, and promote nuclear power such as our pluthermal project.

The business environment surrounding Kyushu Electric Power Group, however, has rapidly become uncertain because of turbulent oil prices, strained financial condition, and the global economic recession. Furthermore, in the long run the business climate is projected to change dramatically due to the growing global energy demand, the tightened energy resources availability, and the rising awareness on global environment issues.

While adequately responding to the drastic changes in business environment and the characteristics of electric power industry, where facility formation takes long time, we established Long-term Management Policy to address our long-term management direction in March 2009 to promote countermeasures for various challenges that require immediate investigation not to be too late with mid to long term perspective. Toward realizing the Vision as well as to replace the previous mid-term management policy based on recent drastic changes in business situation, we also established Mid-term Management Policy for FY2000-FY2011 to address the direction of specific measures.

In order to contribute to our customers' comfortable and eco-friendly lifestyle, we will actively work on following challenges based on the Vision and Policy.

#### **Measures toward stable supply of electricity and responses to global environmental issues**

In response to increasing importance of energy security and increasing awareness of global environmental issues, we will promote well-balanced power source development centering on nuclear power and develop efficient facility formation which is stable for a long term by improving facility efficiency and taking measures on aged facilities.

To promote nuclear power, in particular, we will thoroughly ensure safe and stable operation of nuclear power stations and promote better understandings from local community and steady development of Unit 3 at Sendai Nuclear Power Station by FY2019. In FY2009, we plan to implement pluthermal operation at Unit 3 at Genkai Nuclear Power Station. Also we will conduct surveys and investigation aiming to install interim storage facilities and enhance on-site storage capacity of irradiated nuclear fuel.

We will also actively develop and introduce wind, solar, hydroelectric, geothermal and other renewable energy and cooperate in further penetration.

#### **Highly value-added services that fulfill both comfort and eco-consciousness**

We will provide quality electricity by adequate operation and thorough maintenance of facilities in order to respond to the rising importance of electricity as a lifeline as well as services to meet customers' expectations.

We will also actively support customers' energy-saving efforts and contribute to customers' CO2 emission reduction by proposing new lifestyle to achieve both comfort and eco-friendliness.

#### **Contribution on establishing sustainable society in Kyushu, Asia and worldwide**

By utilizing the expertise and knowledge we own, we will take a lead on energy and environmental issue and cooperate with customers and the community on measures such as renewable energy development to utilize local characteristics. We will also develop power generation business and consulting business on energy conservation and environment overseas especially in Asia to contribute to a stable supply of energy and a reduction of carbon dioxide emission in global level.

#### **Measures to enhance account structure capable of changes in circumstances**

In addition to the measures on thoroughly safe and stable operation of nuclear power and facility efficiency improvement, we will work to reduce cost on fuel procurement. By adequately allocating management

resources through enhancement of the risk management and by the improving capital investment efficiency, we will establish a flexible account structure capable of coping with changes in circumstances. With these measures, we will work to ensure the top-class cost level in Japanese utility industry and maintain stable dividend payout.

### Personnel enhancement to meet the needs of next generation workforce

Based on the impacts of changes such as an aging population with low birthrates and our employees' age composition on our future business operation, we will rebuild personnel system and review operational system.

While responding to new needs from society and employees, such as satisfying work and family balance and enhancing opportunities for female employees, we will also work to establish a vigorous and motivating organization where each and every employee can maximize their capabilities and pursue personal development through their work.

To realize Kyushu Electric Power's Mission and live up to our brand's message of "Enlighten Our Future," we will provide continuous value to all the stakeholders involved in our business activities by responding to the dramatic changes properly and conducting businesses based on the CSR (Corporate Social Responsibility) viewpoint.

(Reference)

<Target in the previous Mid-term Management Policy (FY2005-FY2009) and Actual Result>

[Profitability, Financial Stability]

	Target	Actual Result
Free Cash Flow	Ave. of FY2005-2009 ¥120 billion (¥10 billion)	Ave. of FY2005-2008 ¥46.5 billion (¥40.3 billion)
Ordinary Income	Ave. of FY2005-2009 ¥110 billion (¥100 billion)	Ave. of FY2005-2008 ¥91.6 billion (¥79.7 billion)
ROA	Ave. of FY2005-2009 3% (3%)	Ave. of FY2005-2008 2.0% (2.0%)
Shareholders' Equity Ratio	As of the end of FY2009 30% (30%)	As of the end of FY2008 25.7% (25.6%)

Note: FCF=Net income + Depreciation + Changes in accounts receivables - capital investment

ROA= Operating income after income taxes / Net Assets

Figures in ( ) are non-consolidated targets and results

[Growth]

	Target	Actual Result
Demand Creation in Electricity Business	3.7 billion kWh (Incremental from FY2003)	3.9 billion kWh in FY2008 Incremental from FY2003
Non-electricity sales to outside the Group	¥100 billion (Incremental from FY2003)	¥119.9 billion in FY2008 Incremental from FY2003

#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheets

	(Unit: million yen)	
	As of March 31 <sup>st</sup> , 2008	As of March 31 <sup>st</sup> , 2009
Assets		
Fixed Assets	3,772,773	3,785,418
Utility property, plant and equipment	2,581,653	2,547,312
Hydro	327,712	326,212
Thermal	292,116	267,214
Nuclear	241,080	257,522
Internal combustion	23,299	24,255
Transmission	689,600	671,145
Transformation	259,028	249,756
Distribution	615,419	616,215
General	123,385	125,648
Other	10,010	9,341
Other fixed assets	298,190	320,964
Construction in progress	229,448	212,169
Construction and retirement in progress	229,448	212,169
Nuclear fuel	250,845	264,205
Loaded nuclear fuel	40,012	40,816
Nuclear fuel in processing	210,833	223,388
Investments and other assets	412,634	440,766
Long-term investments	130,390	101,000
Reserve for reprocessing of irradiated nuclear fuel	104,739	136,011
Deferred tax assets	115,151	117,743
Other assets	63,210	86,931
Allowance for doubtful accounts	-857	-921
Current Assets	287,002	325,459
Cash and cash equivalent	58,741	88,359
Trade notes and accounts receivable	116,752	112,214
Inventories at average cost	65,114	76,481
Deferred tax assets	15,943	16,284
Other current assets	31,631	33,405
Allowance for doubtful accounts	-1,181	-1,286
Assets Total	4,059,775	4,110,877

Kyushu Electric Power Co., Inc. (9508)  
Financial Statements for FY2008 ended March 31, 2009

(Unit: million yen)

	As of March 31 <sup>st</sup> , 2008	As of March 31 <sup>st</sup> , 2009
<b>Liabilities</b>		
Long-term Liabilities	2,408,448	2,506,368
Bonds	1,066,449	1,221,451
Long-term loans	646,500	587,088
Accrued retirement benefits	150,512	137,683
Reserve for reprocessing of irradiated nuclear fuel	351,972	351,832
Reserve for preparation of reprocessing of irradiated nuclear fuel	10,853	14,604
Reserve for decommissioning of nuclear power plant	147,529	155,838
Deferred tax liabilities	28	7
Other fixed liabilities	34,602	37,862
Current Liabilities	567,114	532,133
Current portion of long-term debt	175,777	170,822
Short-term borrowings	143,457	133,645
Notes and accounts payable	67,742	46,475
Income tax payable	20,082	21,111
Other current liabilities	160,054	160,079
<b>Liabilities Total</b>	<b>2,975,562</b>	<b>3,038,502</b>
<b>Net Assets</b>		
Shareholders' Equity	1,035,992	1,041,582
Common stock	237,304	237,304
Additional paid-in capital	31,140	31,146
Retained earnings	769,541	775,130
Treasury stock	-1,955	-1,999
Valuation and translation adjustments	31,054	13,150
Unrealized gain on other securities	28,004	13,099
Gain on deferred hedge	3,331	1,392
Foreign currency translation adjustments	-281	-1,341
Minority Interests	17,165	17,642
<b>Net Assets Total</b>	<b>1,084,212</b>	<b>1,072,374</b>
<b>Liabilities and Net Assets Total</b>	<b>4,059,775</b>	<b>4,110,877</b>

(2) Consolidated Income Statements

(Unit: million yen)

	April 1, 2007-March 31, 2008	April 1, 2008-March 31, 2009
Operating Revenues	1,482,351	1,524,193
Electricity	1,363,423	1,398,577
Other	118,927	125,616
Operating Expenses	1,376,811	1,439,470
Electricity	1,260,615	1,317,216
Other	116,195	122,254
Operating Income	105,540	84,723
Other Revenues	11,229	10,409
Proceed from dividends	1,767	3,163
Proceed from interests	2,124	2,467
Gain on sale of marketable securities	1,835	-
Equity in earnings of affiliates	-	520
Other	5,501	4,257
Other Expenses	44,397	44,672
Interest expenses	36,937	35,770
Loss on affiliates	151	-
Other	7,308	8,902
Total Ordinary Revenues	1,493,580	1,534,602
Total Ordinary Expenses	1,421,208	1,484,143
Ordinary Income	72,372	50,459
Drought Reserve	-90	-
Reversal of drought reserve	-90	-
Extraordinary Gain	-	5,400
Gain on sale of marketable securities	-	5,400
Income before Income Taxes	72,463	55,859
Income Taxes	23,829	14,587
Income Taxes-Deferred	6,023	6,893
Income Taxes Total	29,853	21,481
Minority Interests	883	386
Net Income	41,726	33,991

(3) Consolidated Statements of Changes in Shareholders' Equity

(Unit: million yen)

	April 1, 2007- March 31, 2008	April 1, 2008- March 31, 2009
Shareholders' Equity		
Paid-in Capital		
Balance at the end of previous FY	237,304	237,304
Balance at the end of FY	237,304	237,304
Additional Paid-in Capital		
Balance at the end of previous FY	31,093	31,140
Changes during FY		
Disposal of Treasury Stock	47	5
Total Changes during FY	47	5
Balance at the end of FY	31,140	31,146
Retained Earnings		
Balance at the end of previous FY	756,405	769,541
Changes during FY		
Dividend Declared	-28,406	-28,403
Net Income	41,726	33,991
Increase due to the merger of consolidated subsidiaries	105	-
Increase due to an increase in affiliates under the Equity Methods	90	-
Decrease due to the increase in affiliates under the Equity Methods	-380	-
Total Changes during FY	13,136	5,588
Balance at the end of FY	769,541	775,130
Treasury Stock		
Balance at the end of previous FY	-1,844	-1,995
Changes during FY		
Acquisition of Treasury Stock	-391	-275
Disposal of Treasury Stock	240	271
Total Changes during FY	-150	-4
Balance at the end of FY	-1,995	-1,999
Shareholders' Equity Total		
Balance at the end of previous FY	1,022,959	1,035,992
Changes during FY		
Dividend Declared	-28,406	-28,403
Net Income	41,726	33,991
Acquisition of Treasury Stock	-391	-275
Disposal of Treasury Stock	287	277
Increase due to the merger of consolidated subsidiaries	105	-
Increase due to an increase in affiliates under the Equity Methods	90	-
Decrease due to the increase in affiliates under the Equity Methods	-380	-
Total Changes during FY	13,032	5,589
Balance at the end of FY	1,035,992	1,041,582

(Unit: million yen)		
	April 1, 2007- March 31, 2008	April 1, 2008- March 31, 2009
<b>Valuation and translation adjustments</b>		
Unrealized gain on other securities		
Balance at the end of previous FY	54,992	28,004
Changes during FY		
Net changes during FY other than Shareholders' Equity	-26,987	-14,904
Total Changes during FY	-26,987	-14,904
Balance at the end of FY	28,004	13,099
Gain and loss on deferred hedge		
Balance at the end of previous FY	3,865	3,331
Changes during FY		
Net changes during FY other than Shareholders' Equity	-533	-1,939
Total Changes during FY	-533	-1,939
Balance at the end of FY	3,331	1,392
Foreign currency translation adjustment		
Balance at the end of previous FY	-183	-281
Changes during FY		
Net changes during FY other than Shareholders' Equity	-97	-1,059
Total Changes during FY	-97	-1,059
Balance at the end of FY	-281	-1,341
Valuation and translation adjustments Total		
Balance at the end of previous FY	58,673	31,054
Changes during FY		
Net changes during FY other than Shareholders' Equity	-27,619	-17,903
Total Changes during FY	-27,619	-17,903
Balance at the end of FY	31,054	13,150
Minority Interests		
Balance at the end of previous FY	10,967	17,165
Changes during FY		
Net changes during FY other than Shareholders' Equity	6,198	476
Total Changes during FY	6,198	476
Balance at the end of FY	17,165	17,642

(Unit: million yen)

	April 1, 2007- March 31, 2008	April 1, 2008- March 31, 2009
Equity Total		
Balance at the end of previous FY	1,092,600	1,084,212
Changes during FY		
Dividend Declared	-28,406	-28,403
Net Income	41,726	33,991
Acquisition of Treasury Stock	-391	-275
Disposal of Treasury Stock	287	277
Increase due to the merger of consolidated subsidiaries	105	-
Increase due to an increase in affiliates under the Equity Methods	90	-
Decrease due to the increase in affiliates under the Equity Methods	-380	-
Net changes during FY other than Shareholders' Equity	-21,420	-17,427
	-8,388	-11,837
Balance at the end of FY	1,084,212	1,072,374

(4) Consolidated Statements of Cash Flows

	(Unit: million yen)	
	April 1, 2008- March 31, 2009	April 1, 2007- March 31, 2008
<b>Operating Activities</b>		
Income before income taxes and minority interests	72,463	55,859
Depreciation and amortization	230,973	230,971
Amortization of nuclear fuel	22,396	21,458
Loss on disposal of property, plant and equipment	8,049	9,537
Increase(decrease) in liability for retirement benefits	-28,405	-12,829
Provision for reserve for reprocessing of used fuel	-12,865	-139
Provision for preparation for reprocessing of irradiated nuclear fuel	3,876	3,750
Provision for reserve for decommissioning of nuclear power plants	21,356	8,309
Provision of (reversal of ) drought reserve	-90	-
Interest revenue and dividends received	-3,892	-5,631
Interest expense	36,937	35,770
Equity in net earnings under the equity method	151	-520
Gain on sale of marketable securities	-1,835	-5,400
Increase in fund for reprocessing of irradiated nuclear fuel	-34,657	-31,272
Increase in accounts receivable	-8,054	4,315
Increase in inventories, principally fuel, at average cost	-13,193	-11,366
Increase in accounts payable	19,670	-23,116
Other	19,909	12,750
Sub Total	332,791	292,447
Receipt of interest and cash dividends	4,166	5,952
Interest paid	-38,078	-35,359
Income tax paid	-31,369	-15,945
Net cash provided by operating activities	267,510	247,095
<b>Cash Flows from Investing Activities</b>		
Purchases of property, plant and equipment	-242,219	-258,529
Payment for investments and other	-8,165	-20,063
Proceeds for recoveries from investments and other	7,840	10,246
Proceeds from stock acquisition of newly consolidated subsidiary	3,211	-
Other	5,746	8,513
Net cash used in investing activities	-233,586	-259,834

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	(Unit: million yen)	
	April 1, 2008- March 31, 2009	April 1, 2007- March 31, 2008
Cash Flows from Financing Activities		
Proceeds from issuance of bonds	139,451	204,379
Redemption of bonds	-127,710	-100,000
Proceeds from long-term loans	63,784	61,777
Repayment of long-term loans	-83,993	-74,321
Net increase (decrease) in short-term borrowings	6,067	-9,812
Net changes in commercial paper	5,000	-12,000
Cash dividends paid	-28,391	-28,412
Other	-578	479
Net cash used in financing activities	-26,370	42,090
Effect of exchange rate changes on cash and cash equivalents	-64	-40
Changes in cash and cash equivalents	7,488	29,311
Cash and cash equivalents at beginning of the year	50,671	58,766
Increase in cash and cash equivalent due to newly consolidated companies	536	-
Increase in cash and cash equivalent due to the merger of consolidated subsidiaries	69	46
Cash and cash equivalents at end the of the year	58,766	88,124

(5) Notes on the premise of going concern  
N/A

(6) Significant items regarding preparation of consolidated financial statements

Items on accounting procedure standards

(1) Evaluation method and evaluation procedure of essential depreciable assets

Inventories

To record inventories, the Company mostly applied gross average cost method (the amount on income statements is recorded with book value markdown method based on decreased profitability).

(Changes in accounting procedures)

From this fiscal year, the company adopted "Accounting Standard Regarding Valuation of Inventory" enacted on July 5<sup>th</sup>, 2006.

This change gives minor effect on the Company's profit and loss.

(2) Significant standard to record allowance

Reserve for reprocessing of irradiated nuclear fuel

The reserve for the anticipated costs required for the reprocessing of irradiated nuclear fuel is provided by recording the amount approved to be incurred as of the end of the fiscal year among the estimated amount of costs required for the reprocessing of the irradiated nuclear fuel with specific plan for reprocessing (for the fuel to be reprocessed at Japan Nuclear Fuel Ltd., the estimated amount required for reprocessing discounted by 1.5%, for others, the required payment amount as of the end of the fiscal year).

Among the difference due to the revision of the standard to record reserve in FY2005, the Company revised the estimation for the amount defined in the Article 2 of the Supplementary Provision of the Accounting Standard for Electricity Business based on the Article 3-1 and 303 of the Supplemental Provision of "Act on the Accumulation and Management on Reserve for Reprocessing of Irradiated Fuel at Nuclear Power Generation" and records equal amount of the unrealized difference at the revision of the standard to record reserve as of the beginning of this fiscal year (¥90,977 million) as an operating expense over 12 years from FY2008. This change gives minor effect on the Company's profit and loss. The unrealized difference at the revision of the standard to record reserve as of the end of this fiscal year is ¥83,395 million.

The Company records the estimated difference as of the end of this fiscal year determined in the Article 81 of Handling Rule for Accounting Standard for Electricity Business as an operating cost over the period the irradiated nuclear fuel with specific plan for reprocessing incurs starting next fiscal year, based on the Handling Rule. The estimated difference as of the end of this fiscal year is ¥12,337 million.

Disclosure of the items other than those stated above was omitted because there is no significant change from the latest security report submitted in June 27, 2008.

(7) Changes in significant items regarding preparation of consolidated financial statements

(Accounting Practices on Significant Lease Transaction)

(Lessee)

To record finance lease transaction without transfer of title, the Company previously applied accounting methods conformed to the methods on lease transaction. From this consolidated fiscal year, the Company applies "Accounting Standard Regarding Lease Transaction" and "Guideline for Accounting Standard Regarding Lease Transaction" revised on March 30<sup>th</sup>, 2007 and therefore applies accounting practices regarding regular sales transactions to record finance lease transactions without transfer of title starting on and after April 1<sup>st</sup>, 2008. To record depreciation on lease assets regarding finance lease transaction without transfer of title, the Company regards leasing period as useful life and applies straight line method with zero residual value.

This change gives minor effect on the Company's profit and loss.

To record finance lease transaction without transfer of title started on or before March 31<sup>st</sup>, 2008, the Company continues to apply accounting methods conformed to the methods on regular lease transaction.

(Lessor)

To record finance lease transaction without transfer of title, the Company previously applied accounting methods conformed to the methods on lease transaction. From this consolidated fiscal year, the Company applies "Accounting Standard Regarding Lease Transaction" and "Guideline for Accounting Standard Regarding Lease Transaction" revised on March 30<sup>th</sup>, 2007 and therefore applies accounting practices regarding regular sales transactions to record finance lease transactions without transfer of title starting on and after April 1<sup>st</sup>, 2008.

This change gives minor effect on the Company's profit and loss.

To record finance lease transaction without transfer of title started on or before March 31<sup>st</sup>, 2008, the Company continues to apply accounting methods conformed to the methods on regular lease transaction.

(8) Notes on Consolidated Financial Statements  
(Segment Information)

1. Segment information by type of business  
FY2007 from April 1, 2007 to March 31, 2008

(Unit: million yen)

	Electricity	Energy-related	IT/Telecommunication	Other	Total	Eliminations/Corporate	Consolidated
Sales and operating income/loss							
Sales							
(1) Sales to outside customers	1,363,423	56,606	52,802	9,518	1,482,351	-	1,482,351
(2) Inter-segment sales	2,277	90,431	35,601	15,325	143,634	(143,634)	-
Total	1,365,701	147,037	88,403	24,843	1,625,986	(143,634)	1,482,351
Operating expenses	1,271,380	138,457	90,088	21,369	1,521,296	(144,485)	1,376,811
Operating income (loss)	94,320	8,579	(1,684)	3,474	104,690	850	105,540
Asset, depreciation, impairment losses and capital expenditure							
Asset	3,669,928	265,322	142,912	141,673	4,219,836	(160,060)	4,059,775
Depreciation (including amortization of nuclear fuel)	219,754	11,182	20,264	5,022	256,223	(2,854)	253,369
Impairment loss	1,226	286	-	233	1,746	-	1,746
Capital expenditure	201,953	17,730	24,704	6,805	251,193	(3,140)	248,053

FY2008 from April 1, 2008 to March 31, 2009

(Unit: million yen)

	Electricity	Energy-related	IT/Telecommunication	Other	Total	Eliminations/Corporate	Consolidated
Sales and operating income/loss							
Sales							
(1) Sales to outside customers	1,398,577	60,461	55,751	9,403	1,524,193	-	1,524,193
(2) Inter-segment sales	2,215	96,738	36,993	15,025	150,972	(150,972)	-
Total	1,400,792	157,200	92,744	24,428	1,675,165	(150,972)	1,524,193
Operating expenses	1,326,654	149,602	91,961	22,777	1,590,996	(151,525)	1,439,470
Operating profit (loss)	74,137	7,597	782	1,650	84,169	553	84,723
Asset, depreciation, impairment losses and capital expenditure							
Asset	3,705,355	284,829	141,956	136,576	4,268,716	(157,839)	4,110,877
Depreciation (including nuclear fuel impairment)	216,705	12,027	21,238	5,400	255,371	(2,940)	252,430
Impairment loss	500	68	-	-	569	-	569
Capital expenditure	223,954	20,201	22,208	3,715	270,080	(4,557)	265,522

(Note) 1. Basis to categorize group companies

Business segments are categorized primarily based on the nature of business operations.

2. Main products and business activities in each segment

Type of business	Main products and business activities
Electricity	Supply of electricity
Energy-related	Receipt, storage, vaporization and delivery of LNG, manufacturing and sales of electric machinery, construction, maintenance and repair of power generation facilities, manufacturing and sales of concrete poles, environmental preservation activities around power generation facilities, consultation and planning of civil engineering and construction
IT/Telecommunication	Fiber-optic cable and broadband service, manufacturing, sales, installation and maintenance of telecommunication devices, development, operation and maintenance of information system
Other	Acquiring and owning of securities, loan to group companies, leasing and management of real estate, contracted siting work

2 . Geographic segment information

FY2007 from April 1, 2007 to March 31, 2008

Disclosure of geographic segment information was omitted because the total domestic sales accounted for more than 90% of total sales made by all segments.

FY2008 from April 1, 2008 to March 31, 2009

Disclosure of geographic segment information was omitted because the total domestic sales accounted for more than 90% of total sales made by all segments.

3. Oversea sales

FY2007 from April 1, 2007 to March 31, 2008

Disclosure of overseas sales was omitted because the total overseas sales were less than 10% of total consolidated sales.

FY2008 from April 1, 2008 to March 31, 2009

Disclosure of overseas sales was omitted because the total overseas sales were less than 10% of total consolidated sales.

(Per share Data)

	FY2007 (April 1,2007-March 31, 2008)	FY2008 (April 1, 2008-March 31, 2009)
Shareholders' equity per share (BPS)	¥2,255.17	¥2,229.13
Net income per share (EPS)	¥88.19	¥71.84

(Note)

1. Diluted EPS is abbreviated as there are no dilutive securities.
2. Basic data for computation of the per share data

(1) Net income per share

	FY2007 (April 1,2007-March 31, 2008)	FY2008 (April 1, 2008-March 31, 2009)
Net income	¥41,726 million	¥33,991 million
Amount not allocated to shareholders	-	-
Net income allocated to common stock outstanding	¥41,726 million	¥33,991 million
Weighted average number of common stock outstanding during each fiscal year	473,151 thousand shares	473,145 thousand shares

(2) Shareholders' equity per share

	FY2007 (As of March 31, 2008)	FY2008 (As of March 31, 2009)
Shareholders' equity total	¥1,084,212 million	¥1,072,374 million
Deductible from shareholders' equity (Minority interest)	¥17,165 million (¥17,165 million)	¥17,642 million (¥17,642 million)
Shareholders' equity allocated to common stock outstanding	1,067,046 million	1,054,732 million
Number of common stock outstanding at the end of each fiscal year	473,155 thousand shares	473,160 thousand shares

(Significant post-balance sheet event)

N/A

(Omission of disclosure)

Disclosure of the notes on leases , related party transactions , tax effect accounting , marketable securities, derivative transactions, and pension and severance plans was omitted due to the minor necessity of disclosure.

## 5. Financial Statements

### (1) Non-consolidated Balance Sheets

	(Unit: million yen)	
	As of March 31 <sup>st</sup> , 2008	As of March 31st, 2009
Assets		
Property, Plant and Equipment	3,569,906	3,582,497
Utility property, plant and equipment	2,616,667	2,582,066
Hydro power production facilities	328,734	327,227
Thermal power production facilities	295,942	270,556
Nuclear power production facilities	243,242	259,408
Internal combustion power production facilities	23,923	24,953
Transmission facilities	696,615	678,030
Transformation facilities	263,124	253,785
Distribution facilities	629,769	630,378
General facilities	125,304	128,382
Suspended facilities	4,228	3,560
Facilities on loan	5,782	5,782
Incidental businesses property and equipment	46,421	45,340
Nonoperating property and equipment	8,096	8,570
Plant and equipment suspense account	207,352	211,661
Construction in progress	206,044	209,373
Retirement in progress	1,307	2,288
Nuclear Fuel	250,845	264,205
Loaded nuclear fuel	40,012	40,816
Nuclear fuel in processing	210,833	223,388
Investments and other assets	440,523	470,653
Long-term investments	112,605	85,732
Investments in subsidiaries and affiliated companies	115,607	130,326
Fund for reprocessing of irradiated nuclear fuel	104,739	136,011
Long-term prepaid expenses	10,407	19,079
Deferred tax assets	97,746	100,100
Allowance for doubtful accounts	-583	-598
Current Assets	214,795	251,627
Cash and cash equivalents	40,751	70,073
Accounts receivable	93,618	93,813
Receivables	9,283	10,715
Inventories	42,882	51,799
Prepaid expenses	2,238	579
Receivables from subsidiaries and affiliated companies	2,790	910
Deferred tax assets	12,005	12,163
Other current assets	12,171	12,352
Allowance for doubtful accounts	-946	-781
Assets Total	3,784,701	3,834,124

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	(Unit: million yen)	
	As of March 31 <sup>st</sup> , 2008	As of March 31st, 2009
<b>Liabilities</b>		
Long-term Liabilities	2,281,840	2,376,129
Bonds	1,067,548	1,222,550
Long-term loans	553,014	490,275
Long-term accrued liabilities	12,154	12,297
Long-term lease liabilities	-	857
Long-term liabilities to affiliates	130	2,387
Liability for employees' retirement benefits	133,391	120,665
Reserve for reprocessing of irradiated nuclear fuel	351,972	351,832
Reserve for preparation of reprocessing of irradiated nuclear fuel	10,853	14,604
Reserve for decommissioning of nuclear power plant	147,529	155,838
Other long-term liabilities	5,245	4,819
Current Liabilities	503,182	476,455
Current portion of long-term debt	154,412	149,365
Short-term borrowings	133,000	129,000
Commercial paper	12,000	-
Accounts payable-trade	51,863	28,708
Accounts payable	22,773	27,443
Accrued expenses	65,007	71,877
Accrued income tax	14,409	17,746
Deposit	1,351	1,381
Short-term liabilities to subsidiaries and affiliated companies	41,065	40,946
Other advances	5,340	8,019
Other current liabilities	1,957	1,965
Liabilities Total	2,785,022	2,852,585
<b>Shareholders' Equity</b>		
Common stock	968,481	966,897
Paid-in capital	237,304	237,304
Additional paid-in capital	31,134	31,123
Capital reserve	31,087	31,087
Other additional paid-in caoutal	47	35
Retained earnings	701,765	700,273
Legal reserve	59,326	59,326
Retained earnings - carryforward	642,438	640,947
Cost behavior adjustment reserves	100,300	100,300
Contingent reserves	449,000	456,000
Deferred retained earnings	93,138	84,647
Treasury stock	-1,723	-1,803
Valuation and translation adjustments	31,197	14,641
Unrealized gain on other securities	27,744	13,121
Gain on deferred hedge	3,453	1,519
Total Shareholders' Equity	999,678	981,539
<b>Liabilities and Shareholders' Equity Total</b>	3,784,701	3,834,124

(2) Income Statements

(Unit: million yen)

	April 1, 2007-March 31, 2008	April 1, 2008-March 31, 2009
Operating Revenues	1,392,059	1,430,161
Electricity	1,365,701	1,400,792
Lighting	576,349	584,916
Power	763,233	793,317
Sales to other electric companies	6,097	1,578
Sales to other companies	4,506	6,118
Revenues from wheeling service charges	1,586	1,277
Gains from adjustment among electric companies	3,440	3,101
Miscellaneous revenues from electricity	10,026	10,024
Revenues from loaned equipment	459	459
Incidental-Business Operating Revenues	26,358	29,369
Air-conditioning	3,221	3,250
Fiber-optic cable leasing service	7,813	9,518
Gas supply	14,370	15,620
Other	952	978
Operating Expenses	1,298,097	1,355,345
Electricity	1,271,380	1,326,654
Hydro power	39,923	43,260
Thermal power	355,646	377,804
Nuclear power	227,584	233,494
Internal combustion power	26,325	29,273
Purchase from other electric companies	138	277
Purchase from other companies	123,137	149,661
Transmission	81,801	79,717
Transformation	45,585	44,037
Distribution	145,496	144,808
Sales	61,386	58,769
Suspended facilities	1,868	1,513
Facilities on loan	45	42
General	112,759	114,954
Promotion of power resources development tax	33,283	32,506
Enterprise tax	16,504	16,706
Electricity account transfer (Credit)	-105	-176
Incidental Businesses Operating Expenses	26,717	28,690
Air-conditioning	3,166	2,895
Fiber-optic cable leasing service	9,749	11,258
Gas supply	13,364	14,086
Other	436	449
Operating income	93,962	74,816

Kyushu Electric Power Co., Inc. (9508)  
Financial Statements for FY2008 ended March 31, 2009

(Unit: million yen)

	April 1, 2007-March 31, 2008	April 1, 2008-March 31, 2009
Other Revenues	9,414	7,156
Financial revenues	3,754	4,307
Proceed from dividends	2,093	1,984
Proceed from interests	1,660	2,322
Non-operating revenues	5,659	2,849
Gain on sale of property and equipment	497	515
Gain on foreign exchange	1,151	808
Gain on marketable securities	1,834	-
Other	2,176	1,524
Other Expenses	43,305	43,208
Financial expenses	34,878	34,067
Interest expenses	34,426	33,444
Stock issuance costs	4	3
Bond issuance costs	447	620
Non-operating expenses	8,426	9,141
Loss on sales of tangible fixed assets	181	156
Other losses	8,245	8,984
Total Ordinary Revenues	1,401,473	1,437,318
Total Ordinary Expenses	1,341,403	1,398,553
Ordinary Income	60,070	38,764
Provision for drought reserve	-90	-
Reversal of drought reserve	-90	-
Extraordinary Gain	-	5,400
Gain on sale of marketable securities	-	5,400
Income before Income Taxes	60,161	44,164
Income Taxes	17,837	10,406
Income Taxes-Deferred	6,640	6,841
Income Taxes Total	24,478	17,247
Net Income	35,683	26,916

(3) Statements of Changes in Shareholders' Equity

	(Unit: million yen)	
	April 1, 2007- March 31, 2008	April 1, 2008- March 31, 2009
<b>Shareholders' Equity</b>		
Paid-in Capital		
Balance at the end of previous FY	237,304	237,304
Balance at the end of FY	237,304	237,304
Additional Paid-in Capital		
Capital reserve		
Balance at the end of previous FY	31,087	31,087
Balance at the end of FY	31,087	31,087
Other additional paid-in capital		
Balance at the end of previous FY	-	47
Changes during FY		
Disposal of Treasury Stock	47	-11
Total Changes during FY	47	-11
Balance at the end of FY	47	35
Additional Paid-in Capital Total		
Balance at the end of previous FY	31,087	31,134
Changes during FY		
Disposal of Treasury Stock	47	-11
Total Changes during FY	47	-11
Balance at the end of FY	31,134	31,123
Retained Earnings		
Legal reserve		
Balance at the end of previous FY	59,326	59,326
Balance at the end of FY	59,326	59,326
Other retained earnings		
Cost behavior adjustment reserves		
Balance at the end of previous FY	100,300	100,300
Balance at the end of FY	100,300	100,300
Contingent reserves		
Balance at the end of previous FY	419,000	449,000
Changes during FY		
Accumulation of contingent reserve	30,000	7,000
Total Changes during FY	30,000	7,000
Balance at the end of FY	449,000	456,000
Deferred retained earnings		
Balance at the end of previous FY	115,864	93,138
Changes during FY		
Accumulation of contingent reserve	-30,000	-7,000
Dividend Declared	-28,408	-28,408
Net Income	35,683	26,916
Total Changes during FY	-22,725	-8,491
Balance at the end of FY	93,138	84,647

(Unit: million yen)

	April 1, 2007- March 31, 2008	April 1, 2008- March 31, 2009
Retained earnings total		
Balance at the end of previous FY	694,490	701,765
Changes during FY		
Accumulation of contingent reserve	-	-
Dividend Declared	-28,408	-28,408
Net Income	35,683	26,916
Total Changes during FY	7,274	-1,491
Balance at the end of FY	701,765	700,273
Treasury Stock		
Balance at the end of previous FY	-1,571	-1,723
Changes during FY		
Acquisition of Treasury Stock	-392	-254
Disposal of Treasury Stock	240	173
Total Changes during FY	-152	-80
Balance at the end of FY	-1,723	-1,803
Shareholders' Equity Total		
Balance at the end of previous FY	961,312	968,481
Changes during FY		
Accumulation of contingent reserve	-	-
Dividend Declared	-28,408	-28,408
Net Income	35,683	26,916
Acquisition of Treasury Stock	-392	-254
Disposal of Treasury Stock	287	162
Total Changes during FY	7,168	-1,583
Balance at the end of FY	968,481	966,897

	(Unit: million yen)	
	April 1, 2007- March 31, 2008	April 1, 2008- March 31, 2009
<b>Valuation and Translation Adjustments</b>		
Unrealized gain on other securities		
Balance at the end of previous FY	53,547	27,744
Changes during FY		
Net changes during this year other than Shareholders' Equity	-25,803	-14,622
Total Changes during FY	-25,803	-14,622
Balance at the end of FY	27,744	13,121
Gain / Loss on deferred hedge		
Balance at the end of previous FY	3,944	3,453
Changes during FY		
Net changes during this year other than Shareholders' Equity	-490	-1,933
Total Changes during FY	-490	-1,933
Balance at the end of FY	3,453	1,519
<b>Valuation and Translation Adjustments Total</b>		
Balance at the end of previous FY	57,491	31,197
Changes during FY		
Net changes during this year other than Shareholders' Equity	-26,293	-16,556
Total Changes during FY	-26,293	-16,556
Balance at the end of FY	31,197	14,641
<b>Equity Total</b>		
Balance at the end of previous FY	1,018,803	999,678
Changes during FY		
Accumulation of contingent reserve	-	-
Dividend Declared	-28,408	-28,408
Net Income	35,683	26,916
Acquisition of Treasury Stock	-392	-254
Disposal of Treasury Stock	287	162
Net changes during this year other than Shareholders' Equity	-26,293	-16,556
Total Changes during FY	-19,125	-18,139
Balance at the end of FY	999,678	981,539

(4) Notes on the premise of going concern

N / A

## **5. Other**

### (1) Appointment of Executives

See “Appointment of Executives” announced on today, April 30, 2009 for appointment of executives.