Consolidated Eleven-year Financial Summary

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Years Ended March 31

	Millions of Yen					
For the Year:	2006	2007	2008	2009	2010	2011
Operating revenues	¥1,401,751	¥1,408,327	¥1,482,351	¥1,524,193	¥1,444,941	¥1,486,083
Electric	1,311,995	1,307,737	1,363,423	1,398,577	1,310,085	1,354,204
Other	89,755	100,590	118,927	125,616	134,856	131,878
Operating expenses	1,230,466	1,253,154	1,376,811	1,439,470	1,345,214	1,387,174
Electric	1,140,797	1,155,413	1,260,615	1,317,216	1,220,536	1,261,425
Other	89,669	97,741	116,195	122,254	124,677	125,748
Interest charges	41,129	38,354	36,937	35,770	35,292	34,025
Income (loss) before income taxes and minority interests	120,790	112,887	72,463	55,859	67,610	48,318
Income taxes	43,038	46,075	29,853	21,481	25,404	19,245
Net income (loss) attributable to owners of the parent	76,849	65,967	41,726	33,991	41,812	28,729

	Yen					
Per Share of Common Stock: Basic net income (loss)	¥161.67	¥139.37	¥88.19	¥71.84	¥88.38	¥60.73
Cash dividends applicable to the year	60.00	60.00	60.00	60.00	60.00	60.00

At Year-End:	Millions of Yen					
Total assets	¥4,102,319	¥4,038,838	¥4,059,775	¥4,110,877	¥4,054,192	¥4,185,460
Net property	3,217,981	3,140,200	3,109,292	3,080,446	3,037,054	3,033,125
Long-term debt, less current portion	1,724,178	1,689,106	1,712,949	1,811,744	1,724,972	1,714,429
Total equity	1,052,785	1,092,600	1,084,212	1,072,374	1,089,066	1,079,679

(U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥112.69 = U.S.$1, the approximate rate of exchange at March 31, 2016.)
Note: Figures less than a million yen are rounded down. (Applies hereafter)

Summary of the Year Ended March 31, 2016

We returned to profit in our results for the fiscal year ended March 31, 2016. The result reflects a group-wide effort to achieve thorough cost savings, the restart of electricity generation at Sendai Nuclear Power Station Units 1 and 2, and a decrease in fuel costs attendant on the significant decline of fuel prices. At the same time, on the revenue side, reflection of declining fuel prices in lighting and power prices based on the fuel costs adjustment system, has been partially shifted to the next fiscal year.

Contents from pages 54 to 59 and from pages 87 to 90 is based on Kyushu Electric Power's Securities Report.

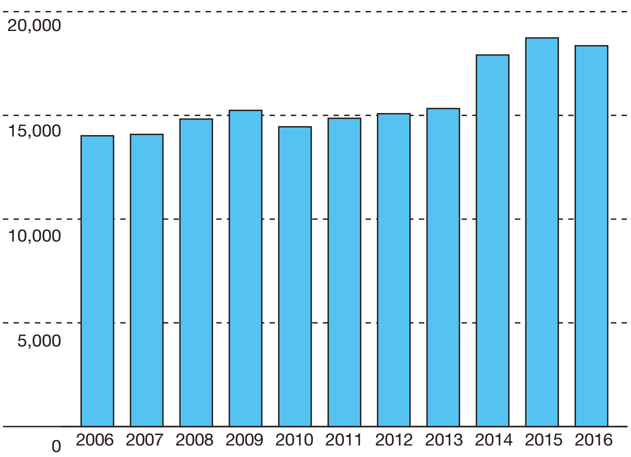
For the Year:	Millions of Yen 2012	2013	2014	2015	2016	Thousands of U.S. Dollars 2016
Operating revenues	¥1,508,084	¥1,545,919	¥1,791,152	¥1,873,467	¥1,835,692	$16,289,757
Electric	1,367,610	1,406,218	1,633,023	1,719,570	1,688,328	14,982,059
Other	140,474	139,700	158,129	153,897	147,364	1,307,697
Operating expenses	1,692,939	1,845,347	1,886,974	1,916,782	1,715,435	15,222,608
Electric	1,562,055	1,715,262	1,746,890	1,779,711	1,584,556	14,061,196
Other	130,883	130,085	140,083	137,070	130,879	1,161,412
Interest charges	34,025	37,407	39,429	40,148	39,317	348,902
Income (loss) before income taxes and minority interests	(214,750)	(334,298)	(73,732)	(72,901)	92,499	820,833
Income taxes	(48,760)	(2,195)	20,786	40,324	17,359	154,044
Net income (loss) attributable to owners of the parent	(166,390)	(332,470)	(96,096)	(114,695)	73,499	652,227

	Yen					U.S. Dollars
Per Share of Common Stock: Basic net income (loss)	¥(351.80)	¥(702.98)	¥(203.19)	¥(242.38)	¥155.17	$1.37
Cash dividends applicable to the year	50.00					

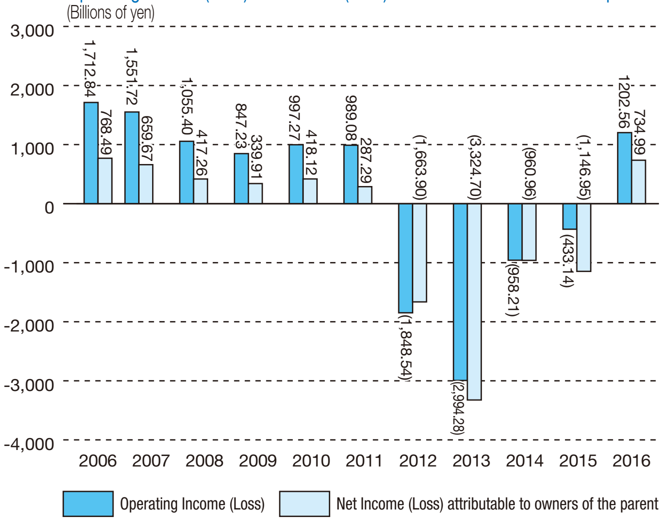
* The amounts of cash dividends per share are based on the recorded earnings for each fiscal business year.
At the General Meeting of Shareholders held on June 28, 2016, a resolution was passed to use capital surplus as of March 31, 2016 to fund the following appropriation.
Cash dividends per share: Common stock ¥5.00; Class A preferred shares ¥7,153,763.00

At Year-End:	Millions of Yen					Thousands of U.S. Dollars
Total assets	¥4,428,093	¥4,526,513	¥4,549,852	¥4,784,735	¥4,748,237	$42,135,390
Net property	2,997,232	2,941,114	2,941,142	2,985,935	3,073,861	27,277,145
Long-term debt, less current portion	2,188,601	2,526,729	2,804,896	2,844,538	2,745,848	24,336,391
Total equity	888,131	557,799	494,232	450,990	499,903	4,436,091

Operating Revenues (Billions of yen)



Operating Income (Loss)/Net Income (Loss) attributable to owners of the parent
(Billions of yen)



Management Discussion and Analysis

Kyushu Electric Power Company, Incorporated, and Consolidated Subsidiaries
Year Ended March 31, 2016

Operating Results

In the year ended March 31, 2016, Kyushu Electric Power recorded a 2.0% year-on-year decrease in operating revenues, to ¥1,835.6 billion. In the electricity business, although subsidies related to renewable energy increased, lighting and power revenue declined as the impact of an adjustment in fuel costs caused unit charges to decrease, and the volume of sales declined.

With regard to expenditures, operating expenses decreased 10.5% to ¥1,715.4 billion. In the electricity business, although the cost of purchased power from renewable sources increased, Kyushu Electric Power mounted a groupwide effort to cut costs, and a sharp fall in fuel prices and the restart of the Sendai Nuclear Power Station Units 1 and 2, among other factors, reduced fuel costs.

As a result of these factors, operating income was ¥120.2 billion, improving from an operating loss of ¥43.3 billion in the previous fiscal year.

Other revenues decreased 1.8% to ¥16.2 billion, mainly due to the recording of foreign exchange losses in the fiscal year ended March 31, 2016, compared with foreign exchange gains recorded in the previous fiscal year. This was partly offset by an increase in equity in earnings of affiliates.

Other expenses decreased 2.9% to ¥45.6 billion, owing to a decline in interest charges, among other factors.

Ordinary income was ¥90.9 billion, improving from an ordinary loss of ¥73.6 billion in the previous fiscal year. This result stemmed from a 2.0% decline in ordinary revenues to ¥1,851.9 billion, coupled with a 10.3% decrease in ordinary expenses to ¥1,761.0 billion.

The water flow rate rose to 11.4% above average (100%) during the year under review. For this reason, Kyushu Electric Power posted a provision for fluctuations in water level of ¥5.9 billion in preparation for increased expenses associated with future water shortages.

In addition, Kyushu Electric Power posted an extraordinary gain of ¥7.5 billion, including a gain on sales of investment securities and a gain on revision of retirement benefit plans.

Total income taxes decreased ¥22.9 billion, to ¥17.3 billion. This decrease was due to a decline in deferred income taxes reflecting the impact of deferred tax assets drawn down in the previous fiscal year, despite an increase in current income taxes in line with higher taxable income in the year ended March 31, 2016.

Due to these factors, net income attributable to owners of the parent was ¥73.4 billion, improving from a net loss attributable to owners of the parent of ¥114.6 billion in the previous fiscal year. Basic net income per share of common stock was ¥155.17, an improvement of ¥397.55 from a basic net loss per share of common stock in the previous fiscal year.

Segment Information (Before Elimination of Internal Transactions)

① Electric Power

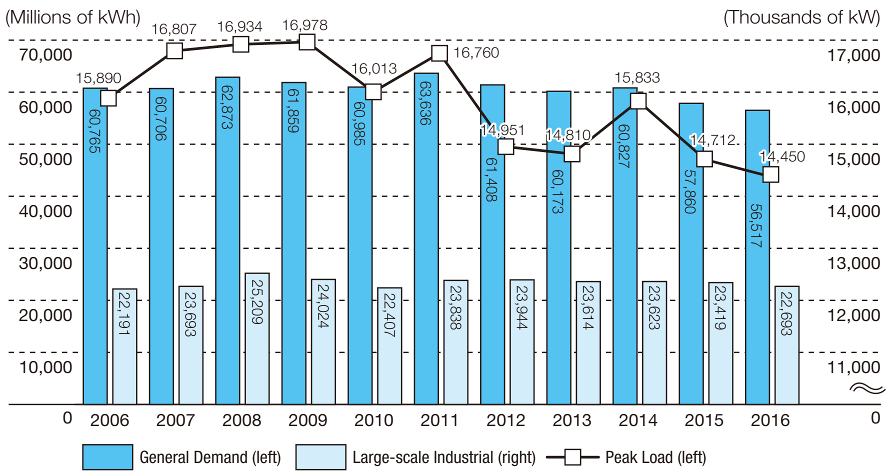
The total volume of electrical sales decreased 2.5% to 79.21 billion kWh. This result reflected a 2.3% decrease in general demand, which includes both domestic lighting and commercial, as commercial volume declined and higher temperatures from December to March reduced heating demand. Power demand from large-scale industrial customers was down by 3.1%, mainly owing to a fall in demand due to reduced steel and chemicals production, among other factors.

On the supply side, thermal power generation by Kyushu Electric Power declined, due in part to a decrease in demand and an increase in power from new energy and other sources, along with the restart of power generation at the Sendai Nuclear Power Station Units 1 and 2.

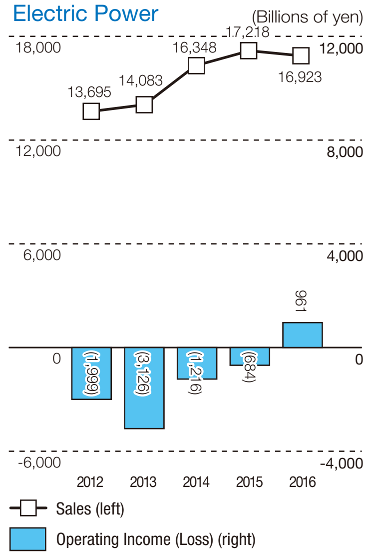
Analysis of the energy mix, including power generated by Kyushu Electric Power and power purchased from other companies, shows that nuclear power accounted for 10%, thermal power for 72%, hydroelectric for 8% and new energy sources for 10% of total power.

Electric power segment sales decreased 1.7%, to ¥1,692.3 billion. Although subsidies related to renewable energy increased, lighting and power revenue declined as the impact of an adjustment in fuel costs caused unit charges to decrease, and the volume of sales declined. Meanwhile, operating expenses decreased 10.8% to ¥1,596.1 billion. Although the cost of purchased power from renewable sources increased, fuel costs declined owing to a sharp fall in fuel prices and the restart of the Sendai Nuclear Power Station Units 1 and 2. In addition, Kyushu Electric Power mounted a groupwide effort to cut costs. Consequently, operating income was ¥96.1 billion, improving from an operating loss of ¥68.4 billion in the previous fiscal year.

Electricity Sales Volume and Peak Load



Electric Power



② Energy-Related Business
Sales decreased 1.1% to ¥184.6 billion, mainly due to a decline in gas sales, despite the positive impact of an increase in consolidated subsidiaries. Operating income declined by 1.2% to ¥10.8 billion.

③ IT and Telecommunications
Sales rose 7.3% to ¥103.5 billion, mainly due to an increase in commissioned information system development projects. Operating income decreased by 10.0% to ¥10.2 billion, mainly owing to an increase in depreciation associated with the expansion of broadband services.

④ Other Business
Sales were ¥26.8 billion, up 4.2% year on year, mainly due to higher revenue stemming from the sale of real estate and the rental of buildings. Operating income increased by 17.7% to ¥4.3 billion mainly due to a decrease in depreciation of rental buildings.

Financial Position

① Cash Flows
Net cash provided by operating activities was ¥329.4 billion, an increase of 271.3% from the previous fiscal year. In the electricity business, although lighting and power revenue decreased, cash flows benefited from a decrease in thermal fuel costs.

Net cash used in investing activities rose 7.4% to ¥288.3 billion, mainly owing to an increase in investment in plant and equipment, which was partly offset by an increase in proceeds from redemptions and sales of investment securities.

Net cash used in financing activities was ¥126.1 billion, compared with net cash provided of ¥310.8 billion in the previous fiscal year. This change mainly reflected an increase in repayments of bonds and loans, as well as a decrease in proceeds from the issuance of stock and bonds.

As a result, cash and cash equivalents on March 31, 2016, stood at ¥429.7 billion, down ¥86.7 billion from a year earlier.

② Assets, Liabilities and Equity
Total assets were ¥4,748.2 billion, down ¥36.4 billion from the previous fiscal year-end. This was mainly due to decreases in cash and cash equivalents and inventories such as thermal fuel, partly offset by an increase in utility property, plant and equipment in connection with construction work related to nuclear power station safety enhancement measures.

Total liabilities were ¥4,248.3 billion, a decrease of 2.0% from the previous fiscal year-end, mainly due to a decrease in interest-bearing debt, despite an increase in accrued construction expenses. Outstanding interest-bearing debt decreased 3.4% from the previous fiscal year-end to ¥3,224.8 billion.

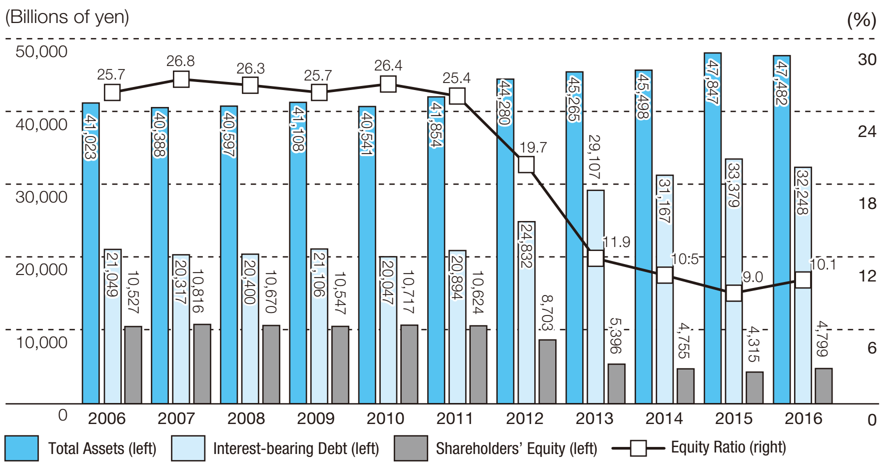
Total equity was ¥499.9 billion, up 10.8% from a year earlier, mainly reflecting the recording of net income attributable to owners of the parent, despite a decrease in defined retirement benefit plans. The equity ratio was 10.1%. The decrease in defined retirement benefit plans reflects the booking of an actuarial loss arising from the actual returns on the plan assets of the Company's defined benefit corporate pension plans underperforming the expected return on plan assets.

Response to Kumamoto Earthquakes

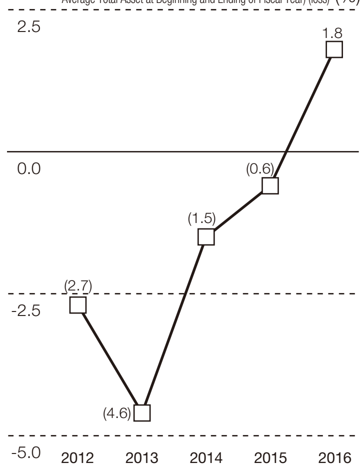
The Kumamoto Earthquakes that occurred in April 2016, mainly in Kumamoto Prefecture, caused damage to our electricity supply facilities (mainly fixed assets in the electricity business). We estimate the cost for repairing these damages will be approximately \10 billion from the year ending March 31, 2017, onward.

The above estimated amount is based on information available as of the publication date of this report, but actual circumstances may differ from these statements.

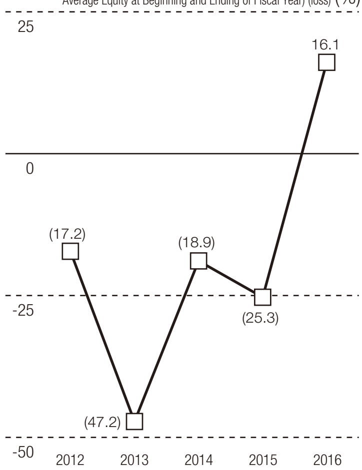
Consolidated Interest-bearing Debt and Equity Ratio



ROA (After-tax Operating Income / Average Total Asset at Beginning and Ending of Fiscal Year) (loss) (%)



ROE (Net Income (loss) attributable to owners of the parent / Average Equity at Beginning and Ending of Fiscal Year) (loss) (%)



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).

Forward-looking statements in this report reflect the judgment of the Company as of the end of current consolidated fiscal year.

1 Changes in Systems Affecting the Electricity Business

With regard to the matter of electricity system reforms, the full liberalization of the electricity retail market began in April 2016. In addition, legal unbundling of the transmission/distribution sector to ensure further neutrality of them will start in April 2020. We will steadily put in place the new internal systems required by these changes and work to achieve greater operational efficiency.

The government has approved the Long-term Energy Supply and Demand Outlook based on the Strategic Energy Plan, which established the nation's basic orientation in relation to energy supply and demand such as the direction of nuclear and renewable energy policy. Discussions have been ongoing.

Changes such as these to the systems affecting the electricity business could have an impact on the Group's performance.

2 Status of the environment Surrounding Nuclear Power

We still believe that nuclear power generation is important in terms of energy security and global warming concerns. We will comply with the New Nuclear Regulatory Requirements enforced by the government based on the lessons learned from the accident at the Fukushima Daiichi Nuclear Power Station and continue our voluntary efforts to improve safety and reliability. At the same time, we will work to ease the concerns of local residents regarding nuclear power generation.

However, the Group's performance could be affected by any suspension of our nuclear power stations or increases in capital investments, depending on new regulatory standards and the results of lawsuits regarding their operations.

3 Fluctuations in Electricity Sales Volume

Electricity sales volume in the electricity business fluctuates according to factors such as economic trends, temperature changes, the spread of residential solar power systems, the development of energy conservation, and competition due to the full liberalization of the electricity retail market. As a result, changes in these factors could have an impact on the Group's performance.

Supply and demand operations in a day could be affected by an increase in solar power systems.

4 Fuel Price Fluctuations

Fuel expenses in the 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.

However, fluctuations in fuel prices are reflected in electric rates through the fuel cost adjustment system, which helps to ease the impact of fuel price volatility on the Group's performance.

5 Costs for the Back-end of Nuclear Operations

The decommissioning of nuclear facilities and the back-end of nuclear operations such as the storage, reprocessing, and disposal of spent nuclear fuel require long-term projects that involve uncertainties. However, risks to operators have been reduced to a certain extent due to the government's institutional measures and other factors. Since the costs for the back-end of nuclear operations and so forth vary in accordance with factors such as future reviews of systems, changes to estimated future expenses, and the storage conditions of spent nuclear fuel, they may affect the business performance of the Kyuden Group.

6 Cost of Measures to Combat Global Warming

In response to global warming, the Group aims for more efficient power generation that uses less carbon, and to this end, the Group conducts a variety of measures, such as safe and stable nuclear power station operations, active development and introduction of renewable energy, and maintenance and improvement of total thermal efficiency for thermal power stations. Future changes in policies related to global warming could have an impact on the Group's performance.

7 Businesses Other than Electricity

The Group is enhancing its revenue basis by utilizing its management resources and steadily developing new business areas beyond the electricity business. In business operations, we put emphasis on profitability and work to improve efficiency while pursuing growth. If the planned profits cannot be achieved due to worsening business conditions, the Group's performance may be affected.

8 Deferred Tax Assets

The recoverability of deferred tax assets reported in the consolidated balance sheet is determined based on estimated future taxable income. Therefore, if estimated future taxable income falls due to factors such as changes in the business environment, we will have to break into deferred tax assets, and this may affect the business performance of the Kyuden Group.

9 Interest Rate Fluctuations

The Group's balance of interest-bearing debt as of the end of March 2016 was ¥3,224.8 billion, which accounts for 68% of the Group's total assets. Future changes in interest rates have the potential to affect the Group's financial condition.

However, 96% 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 the Group's performance is therefore viewed as limited.

10 Leakage of Information

The Group has established strict internal frameworks to manage in-house information and personal information, which Group companies hold, to ensure information security. Additionally, we have implemented thorough information management by establishing internal policies and guidelines on handling information as well as familiarizing employees with the handling procedures. However, in case of leaks of in-house information or personal information caused by computer viruses or cyber attacks, the Group's performance may be affected.

11 Natural Disasters

To ensure a stable supply of electricity to our customers, the Group implements inspections and maintenance of facilities systematically to prevent any trouble from occurring. However, large-scale natural disasters, such as typhoons, torrential rains, earthquakes and tsunami, as well as unexpected accidents and illicit acts have the potential to affect the Group's performance.

We are also developing a risk management system and are preparing for numerous risks that may have a material impact on business operations. Failing to respond appropriately to a risk may adversely affect the Group's performance.

12 Compliance

To be worthy of the trust of all its stakeholders, the Group conducts its business activities from the perspective of its customers and the local people in the regions in which it operates by working together to fully instill an awareness of compliance and complying with laws and regulations. However, if problems such as compliance violations were to cause the Group's social credibility to decline, this could have an impact on the Group's performance.

The Group will continue to work to build trust-based relationships with all its stakeholders.

Consolidated Balance Sheet

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
ASSETS			
PROPERTY (Note 3):			
Plant and equipment	¥9,934,583	¥9,692,661	$88,158,522
Construction in progress	417,187	410,049	3,702,082
Total	10,351,771	10,102,710	91,860,605
Less-			
Contributions in aid of construction	200,387	173,124	1,778,217
Accumulated depreciation	7,077,522	6,943,649	62,805,242
Total	7,277,910	7,116,774	64,583,459
Net property	3,073,861	2,985,935	27,277,145
NUCLEAR FUEL	283,227	280,616	2,513,335
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 15)	75,647	85,178	671,284
Investments in and advances to nonconsolidated subsidiaries and affiliated companies (Note 15)	105,848	102,960	939,289
Reserve funds for reprocessing of irradiated nuclear fuel (Notes 8 and 15)	270,095	282,071	2,396,801
Assets for retirement benefits (Note 7)	9,403	14,925	83,449
Deferred tax assets (Note 11)	136,691	127,072	1,212,986
Special account related to nuclear power decommissioning (Note 2.g)	20,870	21,692	185,204
Other	43,791	25,266	388,602
Total investments and other assets	662,348	659,168	5,877,616
CURRENT ASSETS:			
Cash and cash equivalents (Note 15)	429,757	516,480	3,813,629
Receivables (Note 15)	183,110	199,707	1,624,903
Allowance for doubtful accounts	(813)	(822)	(7,222)
Inventories, principally fuel	59,827	81,433	530,904
Deferred tax assets (Note 11)	29,425	34,068	261,120
Prepaid expenses and other	27,491	28,147	243,956
Total current assets	728,799	859,015	6,467,292
TOTAL	¥4,748,237	¥4,784,735	$42,135,390

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
LIABILITIES AND EQUITY			
LONG-TERM LIABILITIES:			
Long-term debt, less current portion (Notes 6 and 15)	¥2,745,848	¥2,844,538	$24,366,391
Liability for retirement benefits (Note 7)	101,961	90,547	904,792
Reserve for reprocessing of irradiated nuclear fuel (Note 8)	309,595	322,666	2,747,320
Asset retirement obligations (Note 9)	213,006	207,437	1,890,195
Other	37,919	34,706	336,492
Total long-term liabilities	3,408,330	3,499,896	30,245,191
CURRENT LIABILITIES:			
Current portion of long-term debt (Notes 6 and 15)	373,566	382,425	3,314,990
Short-term borrowings (Notes 10 and 15)	118,362	119,901	1,050,336
Notes and accounts payable (Notes 14 and 15)	156,808	160,392	1,391,501
Accrued income taxes (Note 15)	6,536	4,453	58,004
Accrued expenses	115,978	98,461	1,029,183
Deferred tax liabilities (Note 11)	61	66	543
Other	61,062	66,456	541,865
Total current liabilities	832,376	832,156	7,386,425
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	7,627	1,692	67,681
COMMITMENTS AND CONTINGENCIES (Note 17)			
EQUITY (Note 12):			
Common stock,			
authorized, 1,000,000,000 shares; issued,			
474,183,951 shares in 2016 and 2015	237,304	237,304	2,105,820
Preferred stock,			
authorized, 1,000 shares; issued,			
1,000 shares in 2016 and 2015			
Capital surplus	130,368	130,344	1,156,881
Retained earnings	133,675	60,175	1,186,218
Treasury stock-at cost,			
523,345 shares in 2016 and 509,481 shares in 2015	(684)	(666)	(6,077)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	2,839	4,097	25,199
Deferred (loss) gain on derivatives under hedge accounting	(1,255)	596	(11,143)
Foreign currency translation adjustments	(2,280)	(18)	(20,240)
Defined retirement benefit plans	(20,037)	(305)	(177,810)
Total	479,929	431,528	4,258,847
Noncontrolling interests	19,973	19,462	177,244
Total equity	499,903	450,990	4,436,091
TOTAL	¥4,748,237	¥4,784,735	$42,135,390

See notes to consolidated financial statements.

Consolidated Statement of Income

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
OPERATING REVENUES:			
Electric	¥1,688,328	¥1,719,570	$14,982,059
Other	147,364	153,897	1,307,697
Total operating revenues	1,835,692	1,873,467	16,289,757
OPERATING EXPENSES (Note 13):			
Electric	1,584,556	1,779,711	14,061,196
Other	130,879	137,070	1,161,412
Total operating expenses	1,715,435	1,916,782	15,222,608
OPERATING INCOME (LOSS)	120,256	(43,314)	1,067,148
OTHER EXPENSES (INCOME):			
Interest charges	39,317	40,148	348,902
Gain on sales of fixed assets	(1,683)	(2,484)	(14,941)
Gain on sales of investment securities (Note 4)	(2,935)		(26,045)
Gain on revision of retirement benefit plans (Note 7)	(2,899)		(25,727)
Other-net	(9,977)	(9,769)	(88,537)
Total other expenses-net	21,822	27,894	193,650
INCOME (LOSS) BEFORE INCOME TAXES AND PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL	98,434	(71,208)	873,497
PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL	5,934	1,692	52,664
INCOME (LOSS) BEFORE INCOME TAXES	92,499	(72,901)	820,833
INCOME TAXES (Note 11):			
Current	12,038	7,114	106,826
Deferred	5,320	33,210	47,217
Total income taxes	17,359	40,324	154,044
NET INCOME (LOSS)	75,140	(113,225)	666,789
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	1,641	1,470	14,562
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	¥73,499	¥(114,695)	$652,227

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2.s):			
Basic net income (loss)	¥155.17	¥(242.38)	$1.37
Cash dividends applicable to the year			

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
NET INCOME (LOSS)	¥75,140	¥(113,225)	$666,789
OTHER COMPREHENSIVE LOSS (Note 18):			
Unrealized (loss) gain on available-for-sale securities	(865)	1,188	(7,680)
Deferred loss on derivatives under hedge accounting	(1,843)	(1,759)	(16,361)
Foreign currency translation adjustments	(2,106)	(25)	(18,692)
Defined retirement benefit plans	(19,173)	(28,192)	(170,139)
Share of other comprehensive loss in nonconsolidated subsidiaries and affiliated companies	(1,700)	(1,171)	(15,094)
Total other comprehensive loss	(25,689)	(29,960)	(227,967)
COMPREHENSIVE INCOME (LOSS)	¥49,450	¥(143,186)	$438,821
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the parent	¥48,394	¥(144,891)	$429,445
Noncontrolling interests	1,056	1,705	9,375

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2016

Thousands of Shares/Millions of Yen

	Common Stock		Preferred Stock				Treasury Stock		Accumulated Other Comprehensive Income						
	Shares	Amount	Shares	Amount	Capital Surplus	Retained Earnings	Shares	Amount	Unrealized Gain on Available-for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
BALANCE AT APRIL 1, 2014	474,183	¥237,304			¥31,130	¥174,871	1,214	¥(2,340)	¥2,352	¥4,235	¥(450)	¥28,429	¥475,533	¥18,699	¥494,232
Issuance of preferred stock			1	¥50,000	50,000								100,000		100,000
Transfer from preferred stock to capital surplus				(50,000)	50,000										
Net loss attributable to owners of the parent						(114,695)							(114,695)		(114,695)
Purchase of treasury stock							13	(14)					(14)		(14)
Disposal of treasury stock					(303)		(254)	580					277		277
Changes by share exchange					(482)		(463)	1,107					624		624
Net change in the year									1,745	(3,639)	432	(28,734)	(30,195)	762	(29,433)
BALANCE AT MARCH 31, 2015	474,183	¥237,304	1		¥130,344	¥60,175	509	¥(666)	¥4,097	¥596	¥(18)	¥(305)	¥431,528	¥19,462	¥450,990
Net income attributable to owners of the parent						73,499							73,499		73,499
Change in the parent's ownership interest due to transactions with noncontrolling interests (Note 2.b)					24								24		24
Purchase of treasury stock							14	(18)					(18)		(18)
Disposal of treasury stock					(0)		(0)	0					0		0
Net change in the year									(1,257)	(1,852)	(2,262)	(19,732)	(25,105)	511	(24,593)
BALANCE AT MARCH 31, 2016	474,183	¥237,304	1		¥130,368	¥133,675	523	¥(684)	¥2,839	¥(1,255)	¥(2,280)	¥(20,037)	¥479,929	¥19,973	¥499,903

Thousands of U.S. Dollars (Note 1)

						Accumulated Other Comprehensive Income						
	Common Stock	Preferred Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
BALANCE AT MARCH 31, 2015	$2,105,820		$1,156,662	$533,991	$(5,918)	$36,362	$5,295	$(162)	$(2,708)	$3,829,342	$172,705	$4,002,048
Net income attributable to owners of the parent				652,227						652,227		652,227
Change in the parent's ownership interest due to transactions with noncontrolling interests (Note 2.b)			220							220		220
Purchase of treasury stock					(164)					(164)		(164)
Disposal of treasury stock			(1)		5					3		3
Net change in the year						(11,163)	(16,438)	(20,077)	(175,102)	(222,781)	4,538	(218,243)
BALANCE AT MARCH 31, 2016	$2,105,820		$1,156,881	$1,186,218	$(6,077)	$25,199	$(11,143)	$(20,240)	$(177,810)	$4,258,847	$177,244	$4,436,091

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income (loss) before income taxes	¥92,499	¥(72,901)	$820,833
Adjustments for:			
Income taxes paid	(10,001)	(5,812)	(88,755)
Depreciation and amortization	203,060	193,972	1,801,942
Decommissioning costs of nuclear power units	4,640	4,293	41,182
Amortization of special account related to nuclear power decommissioning	821		7,293
Reversal of reserve for reprocessing of irradiated nuclear fuel	(13,071)	(12,770)	(115,992)
Loss on disposal of plant and equipment	6,833	6,643	60,636
Provision for reserve for fluctuation in water level	5,934	1,692	52,664
Gain on sales of fixed assets	(1,683)	(2,484)	(14,941)
Gain on sales of investment securities	(2,935)		(26,045)
Gain on revision of retirement benefit plans	(2,899)		(25,727)
Changes in assets and liabilities:			
Decrease (increase) in reserve funds for reprocessing of irradiated nuclear fuel	11,975	(21,012)	106,270
Decrease (increase) in trade receivables	8,209	(15,489)	72,847
Decrease in inventories, principally fuel	21,606	1,125	191,731
(Decrease) increase in trade payables	(12,796)	1,697	(113,550)
Increase (decrease) in liability for retirement benefits	440	(5,823)	3,911
Other-net	16,855	15,606	149,576
Total adjustments	236,991	161,637	2,103,042
Net cash provided by operating activities	329,491	88,736	2,923,876
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures including nuclear fuel	(318,495)	(293,944)	(2,826,295)
Proceeds from contribution in aid of construction	17,859	23,259	158,485
Proceeds from sales of fixed assets	2,055	3,137	18,236
Payments for investments and advances	(2,314)	(679)	(20,537)
Proceeds from sales of investment securities and collections of advances	12,506	3,181	110,983
Other-net	65	(3,367)	585
Net cash used in investing activities	(288,321)	(268,413)	(2,558,541)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	59,821	139,570	530,847
Repayments of bonds	(219,360)	(99,800)	(1,946,579)
Proceeds from long-term loans	200,167	275,475	1,776,268
Repayments of long-term loans	(161,299)	(102,184)	(1,431,354)
Net (decrease) increase in short-term borrowings	(1,538)	1,379	(13,655)
Proceeds from issuance of preferred stock		99,597	
Other-net	(3,975)	(3,231)	(35,277)
Net cash (used in) provided by financing activities	(126,184)	310,807	(1,119,751)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(2,327)	579	(20,652)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(87,342)	131,710	(775,067)
CASH AND CASH EQUIVALENTS OF A NEWLY CONSOLIDATED SUBSIDIARY, BEGINNING OF YEAR	620		5,503
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	516,480	384,769	4,583,193
CASH AND CASH EQUIVALENTS AT END OF YEAR	¥429,757	¥516,480	$3,813,629

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2016

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

Kyushu Electric Power Company, Incorporated (the "Company") has prepared the accompanying consolidated financial statements in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act, the Electricity Business Act and their related accounting regulations and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. Especially accounting related to the nuclear power generation is regulated by the above accounting regulations, which are dependent on a governmental long-term nuclear energy policy.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made to the consolidated financial statements for the year ended March 31, 2015, to conform to the classifications used in the consolidated financial statements for the year ended March 31, 2016.

The U.S. dollar amounts included herein are provided solely for the convenience of readers outside Japan and are stated at the rate of ¥112.69 = U.S. $1, the approximate exchange rate prevailing on March 31, 2016. The translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Japanese yen figures less than a million yen are rounded down to the nearest million yen, except for per share data. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation and Application of the Equity Method— The consolidated financial statements as of March 31, 2016, include the accounts of the Company and its 41 (40 for 2015) subsidiaries (together, the "Companies"). All significant intercompany transactions and balances have been eliminated in consolidation. Investments in 13 (15 for 2015) nonconsolidated subsidiaries and 14 affiliated companies are accounted for by the equity method.

The Company adopts the control and influence concepts. Under these concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are treated as subsidiaries and those companies over which the Companies have the ability to exercise significant influence are treated as affiliated companies.

Consolidation of the remaining subsidiaries and the application of the equity method to the remaining affiliated companies would not have a material effect on the accompanying consolidated financial statements.

The fiscal year-end of 5 (4 for 2015) consolidated subsidiaries and several nonconsolidated subsidiaries and affiliated companies is December 31. The Company consolidates such consolidated subsidiaries' financial statements and accounts for investments in such nonconsolidated subsidiaries and affiliated companies by the equity method using their financial results for the year ended December 31. The effects of any significant transactions during the period between the subsidiaries' and affiliated companies' fiscal year-end and the Company's fiscal year-end are reflected in the consolidated financial statements.

b. Business Combination— Major requirements under Accounting Standards Board of Japan (the"ASBJ") Statement No. 21, "Accounting Standard for Business Combinations" are as follows: (a) The standard requires accounting for business combinations only by the purchase method. (b) Under the standard, in-process research and development acquired in the business combination are capitalized as an intangible asset. (c) Under the standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation.

In September, 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements." Major accounting changes are as follows:

(a) Transactions with noncontrolling interest
A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the previous accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference is accounted for as capital surplus as long as the parent retains control over its subsidiary.

(b) Presentation of the consolidated balance sheet
In the consolidated balance sheet, "minority interest" under the previous accounting standard is changed to "noncontrolling interest" under the revised accounting standard.

(c) Presentation of the consolidated statement of income
In the consolidated statement of income, "income before minority interest" under the previous accounting standard is changed to "net income" under the revised accounting standard, and "net income" under the previous accounting standard is changed to "net income

attributable to owners of the parent" under the revised accounting standard.

(d) Provisional accounting treatments for a business combination
If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the previous accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

(e) Acquisition-related costs
Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the previous accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income. In case of earlier application, all accounting standards and guidance above, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income, should be applied simultaneously. Either retrospective or prospective application of the revised accounting standards and guidance for (a) transactions with noncontrolling interest and (e) acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (a) transactions with noncontrolling interest and (e) acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for (d) provisional accounting treatments for a business combination are effective for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2014.

The Companies applied the revised accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs above, effective April 1, 2015, and (d) provisional accounting treatments for a business combination above for a business combination which occurred on or after April 1, 2015. The revised accounting standards and guidance for (a) transactions with noncontrolling interest and (e) acquisition-related costs were applied prospectively.

With respect to (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income, the applicable line items in the 2015 consolidated financial statements have been accordingly reclassified and presented in line with those in 2016.

In the consolidated statement of cash flows for the year ended March 31, 2016, cash flows for purchases or sales of ownership interests in a subsidiary without a change in consolidation scope are presented under financing activities, and cash flows for acquisition-related costs are presented under operating activities.

The effect from these accounting changes, on the consolidated financial statements and the per share information for the year ended March 31, 2016, was immaterial.

c. Property and Depreciation— Property is stated at cost. Contributions in aid of construction including those made by customers are deducted from the cost of the related assets.

Depreciation is principally computed using the declining-balance method based on the estimated useful lives of the assets. Depreciation of easements related to transmission lines is computed using the straight-line method based on the estimated useful lives of the transmission lines.

Under the accounting regulations applicable to electric utility providers, properties, which are required for decommissioning of nuclear power units or which need maintenance and management even after nuclear power units have been in the process of decommissioning, are to be included in "Plant and equipment."

d. Impairment of Fixed Assets— The Companies review their fixed assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

e. Amortization of Nuclear Fuel— Amortization of nuclear fuel is computed based on the proportion of current heat produced to the estimated total potential heat production over the estimated useful life of the nuclear fuel.

f. Investment Securities— Investment securities are classified and accounted for, depending on management's intent, as follows: (a) Held-to-maturity debt securities are stated at cost with discounts or premiums amortized throughout the holding periods; (b) Available-for-sale securities, which are not classified as the aforementioned securities and investment securities in nonconsolidated subsidiaries and affiliated companies, are stated at market value; and nonmarketable securities are stated at cost.

The Companies record unrealized gains or losses on available-for-sale securities, net of deferred taxes, in equity presented as "Unrealized gain on available-for-sale securities."

For other-than-temporary declines in fair value, investment securities are written down to net realizable value by a charge to income.

g. Special account related to nuclear power decommissioning— On March 13, 2015, the Japanese government, i.e., the Ministry of Economy, Trade and Industry ("METI"), revised the accounting regulation applicable to electric utility providers. Under the revised accounting regulation, on and after March 13, 2015 in case the Company decides to decommission nuclear power units due to factors such as a change of the government's energy policy, the Company is permitted to transfer the carrying amounts related to nuclear power units and costs related to nuclear power decommissioning to "special account related to nuclear power decommissioning" when the Company decides to decommission nuclear power units and applies to the Minister of METI for adopting the above special account, because they are expected to be collected through regulated electricity fees. The special account is amortized in proportion to the amounts of future regulated electricity fees collected, after approval of the Minister of METI.

h. Cash Equivalents— Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits and mutual fund investments in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

i. Inventories— Inventories are stated at the lower of cost, principally determined by the average method, or net selling value.

j. Foreign Currency Transactions— Receivables and payables denominated in foreign currencies are translated into Japanese yen at the rates in effect as of each balance sheet date.

k. Foreign Currency Financial Statements— The balance sheet accounts of the consolidated foreign subsidiaries, and nonconsolidated foreign subsidiaries and foreign affiliated companies which are accounted for by the equity method, are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

l. Derivatives and Hedging Activities— Derivative financial instruments are classified and accounted for as follows: (a) All derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income and (b) for such derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Liabilities denominated in foreign currencies for which foreign exchange forward contracts and currency swaps are used to hedge the foreign currency fluctuations are translated at the contracted rate if the forward contracts and currency swaps qualify for hedge accounting.

Forward contracts and currency swaps applied for committed transactions are measured at fair value and the unrealized gains/losses are deferred until the underlying transactions are completed.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements are recognized and included in interest charges.

m. Severance Payments and Pension Plans— The Companies have unfunded retirement plans for most of their employees and the Company and most of the consolidated subsidiaries also have contributory funded defined benefit pension plans covering substantially all of their employees.

Under ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits, the Companies accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to a benefit formula basis. Actuarial gains and losses are amortized on a straight-line basis over mainly 5 years within the average remaining service period. Past service costs are amortized on a straight-line basis over mainly 5 years within the average remaining service period.

Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

Actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

n. Reserve for Reprocessing of Irradiated Nuclear Fuel— This reserve is provided for reprocessing costs of irradiated nuclear fuel. The annual provision is calculated in accordance with the accounting regulations set by the Japanese Government applicable to electric utility providers in Japan.

o. Asset Retirement Obligations— Under ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations," an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement. The Company recognizes the asset retirement obligation as the sum of the future decommissioning costs of nuclear power unit imposed by the "Law on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors," discounted at 2.3%.

The asset retirement costs are allocated to expense through depreciation based on the straight-line method over a period totaling the remaining useful life and expected safe storage period in accordance with the accounting regulations applicable to electric utility providers.

p. Income Taxes— The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

q. Reserve for Fluctuations in Water Level— This reserve is provided to stabilize the Company's income level based on the Electricity Business Act and related accounting regulations. This reserve is recorded when the volume of water for generating hydroelectric power is abundant and available for future power generation, and reversed in years when there is an insufficient volume of water. Also, this reserve must be shown as a liability under the act and regulations.

r. Treasury Stock— The accounting standard for treasury stock requires that where an affiliated company holds a parent company's stock, a portion which is equivalent to the parent company's interest in such stock should be presented as treasury stock as a separate component of equity and the carrying value of the investment in the affiliated company should be reduced by the same amount.

s. Net Income and Cash Dividends per Share— Basic earnings per share ("EPS") are computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding during the year, and diluted EPS reflects the potential dilution that could occur if securities were exercised or converted into common stock.

Diluted EPS is not disclosed for the years ended March 31, 2016 and 2015, because potentially dilutive securities were not outstanding.

Cash dividends per share represent actual amounts applicable to earnings of the respective years.

t. Research and Development Costs— Research and development costs are charged to income as incurred.

3. PROPERTY

The breakdown of property at March 31, 2016 and 2015, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Costs:			
Electric power production facilities:			
Hydroelectric power	¥803,858	¥798,893	$7,133,364
Thermal power	1,475,830	1,473,210	13,096,379
Nuclear power	1,705,902	1,611,295	15,138,009
Internal-combustion engine power	130,794	130,217	1,160,659
Renewable power	112,022	111,190	994,074
Total	4,228,409	4,124,808	37,522,486
Transmission facilities	1,829,638	1,779,845	16,236,029
Transformation facilities	1,026,284	994,549	9,107,148
Distribution facilities	1,430,830	1,409,711	12,697,048
General facilities	398,605	393,145	3,537,183
Other electricity-related facilities	5,782	5,782	51,309
Other plant and equipment	1,015,034	984,819	9,007,315
Construction in progress	417,187	410,049	3,702,082
Total	10,351,771	10,102,710	91,860,605
Less-			
Contributions in aid of construction	200,387	173,124	1,778,217
Accumulated depreciation	7,077,522	6,943,649	62,805,242
Carrying amount	¥3,073,861	¥2,985,935	$27,277,145

4. INVESTMENT SECURITIES

The costs and aggregate fair values of investment securities at March 31, 2016 and 2015, were as follows:

	Millions of Yen			
March 31, 2016	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥2,714	¥2,970	¥100	¥5,585
Debt securities	323		42	280
Other securities	366	53	0	419
Held-to-maturity	455	5	7	453

	Millions of Yen			
March 31, 2015	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥2,734	¥3,924	¥50	¥6,608
Debt securities	914	387		1,301
Other securities	364	71		436
Held-to-maturity	755	7	13	749

	Thousands of U.S. Dollars			
March 31, 2016	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$24,090	$26,361	$888	$49,563
Debt securities	2,871		381	2,490
Other securities	3,251	470	3	3,718
Held-to-maturity	4,046	44	69	4,021

The information for available-for-sale securities which were sold during the year ended March 31, 2016, was as follows:

	Millions of Yen		
March 31, 2016	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥5,171	¥2,935	
Other securities	15	0	
Total	¥5,186	¥2,935	

	Thousands of U.S. Dollars		
March 31, 2016	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	$45,890	$26,045	
Other securities	133	0	
Total	$46,023	$26,045	

Such information for the year ended March 31, 2015, is not disclosed b

5. PLEDGED ASSETS

All of the Company's assets amounting to ¥4,321,442 million ($38,348,057 thousand) are subject to certain statutory preferential rights established to secure bonds and loans borrowed from the Development Bank of Japan Inc. and bonds transferred to banks under debt assumption agreements (see Note 17).

Certain assets of the consolidated subsidiaries, amounting to ¥42,461 million ($376,798 thousand), are pledged as collateral for a portion of their long-term debt at March 31, 2016.

Investments in affiliated companies and time deposits held by a consolidated subsidiary, amounting to ¥28,132 million ($249,642 thousand), are pledged as collateral for bank loans of the affiliated companies and the subsidiary, of the affiliated company at March 31, 2016.

6. LONG-TERM DEBT

Long-term debt at March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Yen bonds, 0.281% to 2.825%, due serially to 2030	¥1,124,284	¥1,283,630	$9,976,793
Loans from the Development Bank of Japan Inc., 0.38% to 3.4%, due serially to 2031	320,671	322,006	2,845,604
Loans, principally from banks and insurance companies, 0.163% to 5.0%, due serially to 2034			
Collateralized	51,708	32,070	458,852
Unsecured	1,609,846	1,580,344	14,285,618
Obligations under finance leases	12,904	8,911	114,512
Total	3,119,414	3,226,963	27,681,381
Less current portion	373,566	382,425	3,314,990
Long-term debt, less current portion	¥2,745,848	¥2,844,538	$24,366,391

The annual maturities of long-term debt outstanding at March 31, 2016, were as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2017	¥373,566	$3,314,990
2018	405,699	3,600,139
2019	423,821	3,760,949
2020	348,580	3,093,265
2021	375,308	3,330,454
Thereafter	1,192,438	10,581,582
Total	¥3,119,414	$27,681,381

7. SEVERANCE PAYMENTS AND PENSION PLANS

Employees terminating their employment with the Companies, either voluntarily or upon reaching mandatory retirement age, are entitled, under most circumstances, to severance payments based on credits earned in each year of service, length of service and certain other factors. As for the Company, if the termination is made voluntarily at one of a number of specified ages, the employee is entitled to certain additional payments.

Additionally, the Company and most of the consolidated subsidiaries have contributory funded defined benefit pension plans covering substantially all of their employees. In general, eligible employees retiring at the mandatory retirement age receive pension payments for the several fixed terms selected by them. As for the Company, eligible employees retiring after at least 20 years of service but before the mandatory retirement age, receive a lump-sum payment upon retirement and annuities. The Company has established retirement benefit trusts for the Company's defined retirement benefit plan.

In March 2016, the Company transferred a part of its defined benefit retirement plans to its defined contribution pension plans.

Certain consolidated subsidiaries calculate liability for retirement benefits and periodic benefit costs related to defined retirement benefit plans by the simplified method. Under the simplified method, projected benefit obligations are principally stated at the necessary payment amounts for voluntary retirement as of the end of the fiscal year. The simplified method for accounting for defined retirement benefit plans is allowed for a specified small-sized entity under accounting principles generally accepted in Japan.

Defined retirement benefit plans (excluding plans applying the simplified method)

(1) The changes in defined benefit obligation for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Balance at beginning of year	¥489,701	¥435,831	$4,345,560
Current service cost	13,046	13,861	115,777
Interest cost	4,926	8,292	43,719
Actuarial losses	5,600	49,346	49,698
Benefits paid	(21,963)	(20,629)	(194,904)
Prior service cost	0	2,998	1
Decrease on transition to a defined contribution pension plan	(68,424)		(607,189)
Other	1		11
Balance at end of year	¥422,888	¥489,701	$3,752,674

(2) The changes in plan assets for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Balance at beginning of year	¥416,841	¥387,930	$3,699,011
Expected return on plan assets	10,562	9,767	93,729
Actuarial gains	(19,335)	28,402	(171,583)
Contributions from the employer	6,563	8,003	58,240
Benefits paid	(17,579)	(17,261)	(155,997)
Decrease on transition to a defined contribution pension plan	(63,690)		(565,183)
Balance at end of year	¥333,361	¥416,841	$2,958,216

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2016 and 2015

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Funded defined benefit obligation	¥416,813	¥484,291	$3,698,758
Plan assets	(333,361)	(416,841)	(2,958,216)
	83,451	67,450	740,541
Unfunded defined benefit obligation	6,075	5,409	53,916
Net liability for defined benefit obligation	¥89,527	¥72,859	$794,457

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Liability for retirement benefits	¥98,396	¥87,204	$873,163
Assets for retirement benefits	(8,869)	(14,345)	(78,703)
Net liability for defined benefit obligation	¥89,527	¥72,859	$794,459

(4) The components of net periodic benefit costs and related gain for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Current service cost	¥13,046	¥13,861	$115,777
Interest cost	4,926	8,292	43,719
Expected return on plan assets	(10,562)	(9,767)	(93,729)
Recognized actuarial gains	(496)	(12,796)	(4,402)
Amortization of prior service cost	(3,446)	(3,828)	(30,582)
Others	77	293	683
Net periodic benefit costs	¥3,546	¥(3,944)	$31,467
Gain on revision of retirement benefit plans	¥(2,899)		$(25,727)

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2016 and 2015

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Prior service cost	¥(5,068)	¥(6,826)	$(44,979)
Actuarial losses	(21,976)	(33,740)	(195,013)
Total	¥(27,044)	¥(40,567)	$(239,992)

The amount of recycled prior service cost and actuarial losses, caused by transition from a defined retirement benefit plan to a defined contribution pension plan which occurred in March 2016, were ¥1,662 million ($14,397 thousands) and ¥ (3,456) million ($(14,397) thousands), respectively. These amounts are included in prior service cost and actuarial losses which were recognized in other comprehensive income for the year ended March 31, 2016.

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2016 and 2015

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Unrecognized prior service cost	¥3,204	¥8,273	$28,435
Unrecognized actuarial losses	(29,272)	(7,296)	(259,760)
Total	¥(26,068)	¥976	$(231,325)

(7) Plan assets as of March 31, 2016 and 2015

a. Components of plan assets

Plan assets consisted of the following:

	2016	2015
Debt investments	45%	45%
Equity investments	23	28
General account of life insurance companies	18	17
Others	14	10
Total	100%	100%

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering distribution of plan assets currently and in the future and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2016 and 2015, were set forth as follows::

	2016	2015
Discount rate	Mainly 1.0%	Mainly 1.0%
Expected rate of return on plan assets	Mainly 2.5%	Mainly 2.5%

Defined retirement benefit plans applying the simplified method

(1) The changes in the net carrying amount of liabilities and assets for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Balance at beginning of year	¥2,762	¥3,096	$24,512
Periodic benefit costs	850	243	7,543
Benefits paid	(246)	(255)	(2,189)
Contributions from the employer	(336)	(321)	(2,983)
Balance at end of year	¥3,029	¥2,762	$26,883

(2) Reconciliation between the liability and asset recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Funded defined benefit obligation	¥5,994	¥5,401	$53,192
Plan assets	(4,983)	(4,860)	(44,222)
	1,010	541	8,969
Unfunded defined benefit obligation	2,018	2,220	17,913
Net carrying amount of liabilities and assets	3,029	2,762	26,883
Liabilities for retirement benefits	3,564	3,343	31,629
Assets for retirement benefits	(534)	(580)	(4,745)
Net carrying amount of liabilities and assets	¥3,029	¥2,762	$26,883

(3) Periodic benefit costs

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Periodic benefit costs calculated under the simplified method	¥850	¥243	$7,543

Defined contribution plans

The required contribution to defined contribution plans by the Company and its certain consolidated subsidiaries for the years ended March 31, 2016 and 2015 was ¥2,177 million ($19,322 thousand) and ¥1,767 million, respectively.

8. RESERVE FOR REPROCESSING OF IRRADIATED NUCLEAR FUEL

The reserve is provided for reprocessing costs of irradiated nuclear fuel resulting from operation of nuclear power production facilities. The annual provision is calculated in accordance with the accounting regulations set by the Japanese Government applicable to electric utility providers in Japan.

The reserve consists of three portions and each of them is calculated in different ways.

(a) The costs reprocessed in Japan Nuclear Fuel Limited ("JNFL") are calculated based on the expected future cash flows discounted at 0.6% at March 31, 2016 and 1.5% at March 31, 2015,

(b) The costs reprocessed in the other reprocessing companies are calculated based on the quantities to be reprocessed as of each balance sheet date and contracted reprocessing rate,

(c) The costs of irradiated nuclear fuels which have no authorized definite reprocessing plan are calculated based on the expected future cash flows discounted at 4.0%.

As of April 1, 2005, unrecognized prior costs of ¥130,495 million, which had not been recognized in the past as liability, were incurred because new accounting regulations to estimate the reprocessing costs for irradiated nuclear fuel were applicable on or after April 1, 2005. These costs were amortized on a straight-line basis over 15 years. The Company recalculated an estimate in accordance with a specific law. As a result, the unrecognized prior costs as of April 1, 2008 were changed from ¥104,397 million to ¥90,977 million, and these costs are amortized over 12 years, beginning on April 1, 2008. The balance of unrecognized past costs as of March 31, 2016 was ¥30,325 million ($269,108 thousand). The Company is permitted to recover these reprocessing costs by including them in the admitted cost elements for electric rate.

In addition, if any changes are made in the assumptions for the calculations of the reserve, such as expected future cash flows and the discount rate, unrecognized difference might be incurred. The balance of unrecognized difference as of March 31, 2016 is ¥129,245 million ($1,146,913 thousand). In accordance with the accounting regulations, the difference will be amortized on a straight-line basis beginning the following year the change was made, over the period in which the irradiated nuclear fuel was produced. The annual amortization is treated as operating expenses.

An independent fund managing body was set up based on a specific law, and the Company is obliged to contribute the same amounts as the balance of reserve for reprocessing of irradiated nuclear fuel to reserve funds in 15 years from 2005. The reserve funds are provided to ensure the appropriate reprocessing of irradiated nuclear fuel and presented as "Reserve funds for reprocessing of irradiated nuclear fuel."

9. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Balance at beginning of year	¥207,459	¥203,010	$1,840,975
Net change in the year	5,546	4,449	49,219
Balance at end of the year	213,006	207,459	1,890,195
Less current portion		22	
Asset retirement obligations, less current portion	¥213,006	¥207,437	$1,890,195

10. SHORT-TERM BORROWINGS

Short-term borrowings were generally represented by bank loans, bearing interest at rates ranging from 0.17% to 1.88% and from 0.23% to 1.88% for the years ended March 31, 2016 and 2015, respectively.

11. INCOME TAXES

The Companies are subject to national and local income taxes. The aggregate normal statutory tax rates for the Company approximated 28.7% and 30.7% for the years ended March 31, 2016 and 2015 respectively.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Deferred Tax Assets:			
Tax loss carryforwards	¥187,751	¥201,720	$1,666,087
Liability for retirement benefits	38,149	34,914	338,535
Depreciation	35,871	32,856	318,318
Asset retirement obligations	19,455	19,637	172,647
Reserve for reprocessing of irradiated nuclear fuel	21,232	21,373	188,411
Other	65,954	68,921	585,269
Less valuation allowance	(183,293)	(199,682)	(1,626,532)
Deferred tax assets	185,120	179,741	1,642,737
Deferred Tax Liabilities:			
Gain on contributions of securities to retirement benefit trust	5,375	5,529	47,698
Assets for retirement benefits	2,654	3,000	23,552
Amortization in foreign subsidiary	2,013	1,606	17,863
Capitalized assets retirement costs	1,554	1,346	13,796
Unrealized gain on available-for-sale securities	1,158	1,487	10,284
Other	6,404	6,223	56,830
Deferred tax liabilities	19,160	19,194	170,026
Net deferred tax assets	¥165,959	¥160,547	$1,472,711

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2016 and 2015, was as follows:

	2016	2015
Normal effective statutory tax rate	28.7%	30.7%
Valuation allowance	(12.1)	(68.6)
Effect of reduction of income tax rate on deferred tax assets	4.2	(14.7)
Equity in earnings of nonconsolidated subsidiaries and affiliated companies	(1.9)	1.4
Other - net	(0.1)	(4.1)
Actual effective tax rate	(18.8)%	(55.3)%

New tax reform laws enacted in 2016 in Japan changed the normal effective statutory tax rate from approximately 28.7% to 28.1% from April 1, 2016 to March 31, 2018 and approximately 28.1% to 27.9% after April 1, 2018. The effect of these changes was to decrease deferred tax assets, net of deferred tax liabilities, in the consolidated balance sheet as of March 31, 2016, by ¥4,080 million ($36,207 thousand), increase income taxes—deferred in the consolidated statement of income for the year then ended by ¥3,896 million ($34,580 thousand), and increase other comprehensive income in the consolidated statement of comprehensive income by ¥215 million ($1,911 thousand). Decrease of deferred tax liabilities in the consolidated balance sheet was immaterial.

At March 31, 2016, the Company and certain subsidiaries have tax loss carryforwards aggregating ¥670,820 million ($5,952,795 thousand), most of which are available to be offset against taxable income of the Company and these subsidiaries and will expire in 9 years. At March 31, 2016, the tax loss carryforwards for the Company amounting to ¥87,858 million ($779,650 thousand), ¥114,354 million ($1,014,770 thousand), ¥310,635 million ($2,756,704 thousand), and ¥140,690 million ($1,248,471 thousand) will expire in the years ending March 31, 2024, 2023, 2022, and 2021, respectively.

12. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends
Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the Company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the Company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus
The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account that was charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights
The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

Issuance of Preferred Stock

The Company issued 1,000 shares of Class A Preferred Stock for ¥100,000 million by way of third-party allotment to the Development Bank of Japan Inc.

(1) Way of offering
Third-party allotment to the Development Bank of Japan Inc.
(2) Class and number of new shares to be issued
1,000 shares of Class A Preferred Stock
(3) Issue price
¥100 million per share
(4) Total amount of the issue price
¥100,000 million
(5) Amount of preferred stock and additional paid-in capital to be increased Amount of preferred stock to be increased: ¥50,000 million (¥50 million per share) Amount of additional paid-in capital to be increased: ¥50,000 million (¥50 million per share)
(6) Issue date
August 1, 2014
(7) Uses of proceeds
The proceeds from issuance of the Preferred Stock are planned to be used entirely for construction to enhance the safety of the Company's nuclear power plants to meet new regulations for safety of nuclear power plants.
(8) Characteristics of the Preferred Stock
The Preferred Stock provides no provision for acquisition or right to request acquisition using the common stock as consideration that will not dilute common stock. These stocks also do not provide any voting rights at the general shareholders meeting.

The Preferred Stock has a provision for acquisition allowing the Company to acquire this Preferred Stock in exchange for cash the day after the payment date or thereafter. Furthermore, the Preferred Stock will provide the Preferred Shareholders with the right to request acquisition of this Preferred Stock in exchange for cash of the Company the day after the payment date or thereafter if the Preferred Shareholders follow the prescribed procedures, but the exercise of this right by the Preferred Shareholders is limited by the agreement to underwriting of the Preferred Stock.

Annual preferred dividend for the Preferred Stock is ¥3,500 thousand per share.

13. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥6,499 million ($57,679 thousand) and ¥7,343 million for the years ended March 31, 2016 and 2015, respectively.

14. RELATED PARTY DISCLOSURES

Significant transactions of the Company with an affiliated company for the years ended March 31, 2016 and 2015 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
KYUDENKO CORPORATION			
Transactions:			
Purchase of construction works on distribution facilities and other	¥35,474	¥36,073	$314,798
Balances at year end:			
Payables for construction works	3,866	4,618	34,309

15. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Items Pertaining to Financial Instruments

(a) The Companies' policy for financial instruments

The Companies use mainly long-term debt, including bonds and loans, to raise funds required for investments in electric utility plant and equipment and repayments of bonds and loans. Cash surpluses, if any, are invested in low-risk financial assets. Derivatives are used not for speculative purposes, but to avoid financial risks as described in (b) below.

(b) Nature and extent of risks arising from financial instruments and risk control system

Investment securities, mainly held-to-maturity debt securities and equity securities issued by companies related through business, and investments in and advances to nonconsolidated subsidiaries and affiliated companies which have a quoted market price in an active market are exposed to the risk of market price fluctuations. Such market risk is managed by monitoring market values and financial position of issuers on a regular basis. Investment securities and investments in and advances to nonconsolidated subsidiaries and affiliated companies which do not have a quoted market price in an active market are managed by monitoring financial position of issuers on a regular basis. In addition, the Company requires its nonconsolidated subsidiaries and affiliated companies to submit business plans and performance reports, and to consult in advance on any items that could have a significant impact on the Companies' business activities.

Reserve funds for reprocessing of irradiated nuclear fuel are provided in accordance with a specific law to ensure the appropriate reprocessing of irradiated nuclear fuel resulting from operation of nuclear power production facilities.

Receivables are exposed to customer credit risk. Payment terms are set forth in electric power supply agreements and so on. The Companies manage their credit risk from receivables by monitoring payment terms and balances of each customer and identifying and reducing the default risk of customers in early stage.

Bonds and loans are mainly used to raise funds for investments in electric utility plant and equipment. Although a part of loans is exposed to market risk from changes in variable interest rates, a consolidated subsidiary of the Company mitigates such risk from long-term loans by using interest rate swaps.

Payment terms of notes and accounts payable are less than one year. Although a part of accounts payable to purchase fuel in foreign currencies is exposed to the market risk of fluctuations in foreign exchange, such risk is mitigated by using foreign exchange forward contracts and currency swaps.

The Companies use foreign exchange forward contracts, currency swaps and interest rate swaps to manage their exposures to fluctuations in foreign exchange and interest rates. Please see Note 16 for more details about derivatives.

Liquidity risk comprises the risk that the Companies cannot meet their contractual obligations in full on maturity dates. The Companies manage their liquidity risk by holding adequate volumes of liquid assets based on monthly financial planning and diversifying sources of their financing.

Fair values of financial instruments

The carrying amounts and aggregate fair values of financial instruments at March 31, 2016 and 2015 were as follows:

	Millions of Yen		
March 31, 2016	Carrying Amount	Fair Value	Unrecognized Loss
Investment securities:			
Held-to-maturity debt securities	¥455	¥453	¥(2)
Available-for-sale securities	6,285	6,285	
Investments in and advances to nonconsolidated subsidiaries and affiliated companies	19,227	43,133	23,906
Reserve funds for reprocessing of irradiated nuclear fuel	270,095	270,095	
Cash and cash equivalents	429,757	429,757	
Receivables	183,110	183,110	
Total	¥908,931	¥932,835	¥23,903
Long-term debt:			
Bonds	¥1,124,284	¥1,167,027	¥42,743
Loans	1,982,225	2,051,528	69,302
Short-term borrowings	118,362	118,362	
Notes and accounts payable	156,808	156,808	
Accrued income taxes	6,536	6,536	
Total	¥3,388,217	¥3,500,263	¥112,045
Derivatives	¥(1,843)	¥(1,843)	

	Millions of Yen		
March 31, 2015	Carrying Amount	Fair Value	Unrecognized Loss
Investment securities:			
Held-to-maturity debt securities	¥755	¥749	¥(6)
Available-for-sale securities	8,346	8,346	
Investments in and advances to nonconsolidated subsidiaries and affiliated companies	17,295	21,123	3,828
Reserve funds for reprocessing of irradiated nuclear fuel	282,071	282,071	
Cash and cash equivalents	516,480	516,480	
Receivables	199,707	199,707	
Total	¥1,024,657	¥1,028,479	¥3,821
Long-term debt:			
Bonds	¥1,283,630	¥1,323,644	¥40,014
Loans	1,934,421	1,984,555	50,133
Short-term borrowings	119,901	119,901	
Notes and accounts payable	160,392	160,392	
Accrued income taxes	4,453	4,453	
Total	¥3,502,799	¥3,592,947	¥90,148
Derivatives	¥3,596	¥3,596	

March 31, 2016	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrecognized Loss
Investment securities:			
Held-to-maturity debt securities	$4,046	$4,021	$(25)
Available-for-sale securities	55,772	55,772	
Investments in and advances to nonconsolidated subsidiaries and affiliated companies	170,619	382,759	212,140
Reserve funds for reprocessing of irradiated nuclear fuel	2,396,801	2,396,801	
Cash and cash equivalents	3,813,629	3,813,629	
Receivables	1,624,903	1,624,903	
Total	$8,065,773	$8,277,888	$212,115
Long-term debt:			
Bonds	$9,976,793	$10,356,091	$379,297
Loans	17,590,075	18,205,061	614,985
Short-term borrowings	1,050,336	1,050,336	
Notes and accounts payable	1,391,501	1,391,501	
Accrued income taxes	58,004	58,004	
Total	$30,066,711	$31,060,994	$994,283
Derivatives	$(16,359)	$(16,359)	

The securities whose fair value cannot be reliably determined are excluded from investment securities and investments in and advances to nonconsolidated subsidiaries and affiliated companies (see (b) below).

Advances are excluded from investments in and advances to nonconsolidated subsidiaries and affiliated companies because they are immaterial.

Long-term debt contains its current portion, and obligations under finance leases are excluded because they are immaterial.

Derivatives are stated at the net amount.

(a) Methods used to calculate fair values of financial instruments

Investment securities and investments in and advances to nonconsolidated subsidiaries and affiliated companies

The fair values of investment securities and investments in and advances to nonconsolidated subsidiaries and affiliated companies are measured at the quoted market price of the exchanges for the equity securities and some of debt securities, principally at the quoted price obtained from the financial institution for other debt securities. Fair value information for investment securities by classification is included in Note 4.

Reserve funds for reprocessing of irradiated nuclear fuel

Reserve funds for reprocessing of irradiated nuclear fuel are provided in accordance with a specific law to ensure the appropriate reprocessing of irradiated nuclear fuel resulting from operation of nuclear power production facilities.

The funds must be used in accordance with a plan approved by the Japanese Government. The fair value is based on the carrying amount determined by discounting the cash flows related to the using plan.

Cash and cash equivalent, and receivables

The carrying amounts of cash and cash equivalents, and receivables approximate fair values because of their short maturities.

Bonds

The fair values of bonds are based on market price.

Long-term loans

The fair values of long-term loans at fixed interest rates are determined by discounting the cash flows related to the loans at the Company's assumed corporate borrowing rate. Because loans at variable interest rates reflect short-term movements in market interest rates and there has been no substantial change in the Company's credit position since the loans were implemented, the carrying amounts approximate fair values. A part of loans is subjected to interest rate swaps, which qualify for hedge accounting and meet specific matching criteria (see Note 16), and the fair values are determined by discounting the cash flows related to the loans with the interest rate swaps at the Company's assumed corporate borrowing rate.

Short-term borrowings, notes and accounts payable, and accrued income taxes

The carrying amounts of short-term borrowings, notes and accounts payable and accrued income taxes approximate fair values because of their short maturities.

Derivatives

Fair value information for derivatives is included in Note 16.

(b) Financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Investment securities:			
Available-for-sale:			
Equity securities	¥66,384	¥73,739	$589,089
Other securities	2,521	2,336	22,375
Investments in and advances to nonconsolidated subsidiaries and affiliated companies:			
Equity securities	72,283	71,186	641,433
Other securities	10,969	10,868	97,338
Total	¥152,158	¥158,130	$1,350,237

Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen			
March 31, 2016	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Investment securities:				
Held-to-maturity debt securities	¥100	¥200	¥20	¥136
Available-for-sale securities with contractual maturities	23	14	6	280
Reserve funds for reprocessing of irradiated nuclear fuel	29,838			
Cash and cash equivalents	429,757			
Receivables	183,110			
Total	¥642,830	¥214	¥26	¥416

	Thousands of U.S. Dollars			
March 31, 2016	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Investment securities:				
Held-to-maturity debt securities	$887	$1,774	$177	$1,206
Available-for-sale securities with contractual maturities	210	129	53	2,490
Reserve funds for reprocessing of irradiated nuclear fuel	264,781			
Cash and cash equivalents	3,813,629			
Receivables	1,624,903			
Total	$5,704,412	$1,904	$231	$3,697

Reserve funds for reprocessing of irradiated nuclear fuel are provided for reprocessing costs of irradiated nuclear fuel charged by JNFL. The using plan for the reserve funds is disclosed only for amounts due in one year or less, to comply with agreements with JNFL and to avoid any disadvantages, possibly caused by disclosure, to the interested parties.

Please see Note 6 for annual maturities of long-term debt.

16. DERIVATIVES

The Company enters into foreign exchange forward contracts and interest rate swaps to manage its exposures to fluctuations in foreign exchanges and interest rates, respectively.

A consolidated subsidiary of the Company enters into interest rate swaps to manage exposure to fluctuations in interest rates.

The Companies do not enter into derivatives for trading or speculative purposes.

Foreign exchange forward contracts, currency swaps and interest rate swaps are not subject to any market risk except for abandoning potential income by market fluctuations in hedged items.

The Companies do not anticipate any losses arising from credit risk, which is the possibility that a loss may result from counterparties' failure to perform according to the terms and conditions of the contract, because the counterparties to those derivatives have high credit ratings.

The derivative transactions are executed by the specific sections, and the administrative section monitors them based on internal policies.

Derivative transactions to which hedge accounting is applied

	Millions of Yen			
March 31, 2016	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Currency swaps:				
Buying USD (Note a)	Accounts payable	¥1,317		¥669
Interest rate swaps:				
Principle treatment (Note a)				
Pay fixed/Receive floating	Long-term loans	17,205	¥17,205	(2,512)
Special treatment (Note b)				
Pay fixed/Receive floating	Long-term loans	3,198	2,680	
Total				¥(1,843)

	Millions of Yen			
March 31, 2015	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Currency swaps:				
Buying USD (Note a)	Accounts payable	¥6,197	¥1,317	¥3,596
Interest rate swaps:				
Special treatment (Note b)				
Pay fixed/Receive floating	Long-term loans	3,092	2,198	
Total				¥3,596

	Thousands of U.S. Dollars			
March 31, 2016	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Currency swaps:				
Buying USD (Note a)	Accounts payable	$11,687		$5,939
Interest rate swaps:				
Principle treatment (Note a)				
Pay fixed /Receive floating	Long-term loans	152,682	$152,682	(22,298)
Special treatment (Note b)				
Pay fixed /Receive floating	Long-term loans	28,378	23,782	
Total				$(16,359)

Notes:

a) The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

b) The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest charges. As a result, the fair values of interest rate swaps are included in those of hedged items (i.e., long-term loans) in Note 15.

c) The contract or notional amounts of derivatives, which are shown in the above table, do not represent the amounts exchanged by the parties and do not measure the Companies' exposure to market risk.

17. COMMITMENTS AND CONTINGENCIES

At March 31, 2016, the Companies had a number of fuel purchase commitments, most of which specify quantities and dates for fuel deliveries. However, most of purchase prices are contingent upon fluctuations in market prices.

Contingent liabilities at March 31, 2016 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Co-guarantees of loans, mainly in connection with procurement of fuel	¥100,670	$893,344
Guarantees of employees' loans	68,021	603,615
Guarantees under debt assumption agreements	40,000	354,956
Other	4,495	39,888

Under the debt assumption agreements, the Company was contingently liable for the redemption of the domestic bonds transferred to banks.

18. COMPREHENSIVE INCOME

The components of other comprehensive loss for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Other comprehensive (loss) income:			
Unrealized (loss) gain on available-for-sale securities			
(Losses) gains arising during the year	¥(1,200)	¥1,579	$(10,650)
Reclassification adjustments to profit or loss	(479)	197	(4,255)
Amount before income tax effect	(1,679)	1,777	(14,906)
Income tax effect	814	(589)	7,225
Total	¥(865)	¥1,188	$(7,680)
Deferred loss on derivatives under hedge accounting:			
Losses arising during the year	¥(2,906)	¥(2,142)	$(25,788)
Adjustments for amounts transferred to the initial carrying amounts of hedged items	341	(500)	3,031
Amount before income tax effect	(2,564)	(2,642)	(22,757)
Income tax effect	720	883	6,396
Total	¥(1,843)	¥(1,759)	$(16,361)
Foreign currency translation adjustments:			
(Losses) gains arising during the year	¥(4,378)	¥1,235	$(38,858)
Amount before income tax effect	(4,378)	1,235	(38,858)
Income tax effect	2,272	(1,260)	20,166
Total	¥(2,106)	¥(25)	$(18,692)
Adjustments related to defined retirement benefit plans:			
Losses arising during the year	¥(24,936)	¥(23,793)	$(221,285)
Reclassification adjustments to profit or loss	(2,108)	(16,774)	(18,707)
Amount before income tax effect	(27,044)	(40,567)	(239,992)
Income tax effect	7,871	12,375	69,852
Total	¥(19,173)	¥(28,192)	$(170,139)
Share of other comprehensive loss in nonconsolidated subsidiaries and affiliated companies:			
Losses arising during the year	¥(1,842)	¥(1,349)	$(16,346)
Reclassification adjustments to profit or loss	141	178	1,252
Total	¥(1,700)	¥(1,171)	$(15,094)
Total other comprehensive loss	¥(25,689)	¥(29,960)	$(227,967)

19. SEGMENT INFORMATION

(1) Description of reportable segments

The Companies' reportable segments are those for which financial information is available separately and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Companies. Therefore, the Companies consist of electric power, energy related business, information technology (IT) and telecommunications and other.

The energy related business consists of obtaining, storing, gasifying, supplying and selling LNG, renewable energy business and other businesses related to energy.

IT and telecommunications consists of provision of telecommunications.

Other consists of environment and recycling, lifestyle-oriented services and others.

(2) Methods of measurement for the amounts of sales, profit, assets and other items for each reportable segment

The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies."

(3) Information about sales, profit, assets and other items at March 31, 2016 and 2015, was as follows:

	Millions of Yen						
	2016						
	Reportable segment						
	Electric Power	Energy related Business	IT and Telecommu-nications	Other	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	¥1,688,328	¥64,196	¥69,348	¥13,819	¥1,835,692		¥1,835,692
Intersegment sales or transfers	3,988	120,453	34,208	12,984	171,634	¥(171,634)	
Total	¥1,692,316	¥184,649	¥103,557	¥26,804	¥2,007,327	¥(171,634)	¥1,835,692
Segment profit	¥96,183	¥10,852	¥10,277	¥4,327	¥121,641	¥(1,384)	¥120,256
Segment assets	4,155,999	419,465	186,791	142,522	4,904,778	(156,541)	4,748,237
Other:							
Depreciation	172,806	8,433	20,051	4,473	205,764	(2,703)	203,060
Increase in property and nuclear fuel	284,090	18,130	25,583	1,091	328,897	(5,039)	323,858

	Millions of Yen						
	2015						
	Reportable segment						
	Electric Power	Energy related Business	IT and Telecommu-nications	Other	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	¥1,719,570	¥71,793	¥69,217	¥12,886	¥1,873,467		¥1,873,467
Intersegment sales or transfers	2,298	114,878	27,333	12,846	157,356	¥(157,356)	
Total	¥1,721,869	¥186,672	¥96,550	¥25,732	¥2,030,824	¥(157,356)	¥1,873,467
Segment (loss) profit	¥(68,481)	¥10,983	¥11,419	¥3,677	¥(42,400)	¥(914)	¥(43,314)
Segment assets	4,235,616	375,418	176,152	141,491	4,928,679	(143,943)	4,784,735
Other:							
Depreciation	164,724	9,052	18,028	4,947	196,753	(2,780)	193,972
Increase in property and nuclear fuel	228,362	22,756	25,550	948	277,617	(4,737)	272,880

	Thousands of U.S. Dollars						
	2016						
	Reportable segment						
	Electric Power	Energy related Business	IT and Telecommu-nications	Other	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	$14,982,059	$569,670	$615,390	$122,635	$16,289,757		$16,289,757
Intersegment sales or transfers	35,390	1,068,890	303,565	115,222	1,523,068	$(1,523,068)	
Total	$15,017,450	$1,638,561	$918,956	$237,857	$17,812,825	$(1,523,068)	$16,289,757
Segment profit	$853,523	$96,303	$91,203	$38,401	$1,079,431	$(12,283)	$1,067,148
Segment assets	36,879,932	3,722,295	1,657,567	1,264,727	43,524,521	(1,389,131)	42,135,390
Other:							
Depreciation	1,533,464	74,842	177,935	39,695	1,825,937	(23,994)	1,801,942
Increase in property and nuclear fuel	2,520,992	160,892	227,028	9,689	2,918,602	(44,717)	2,873,884

Notes:
(a) Reconciliations of segment profit (loss) and segment assets are intersegment transaction eliminations.
(b) Segment profit (loss) is adjusted to reflect operating income (loss) in the consolidated statement of income.

Geographic segment information is not disclosed because the Companies' overseas operations are immaterial.
Information for overseas sales is not disclosed due to overseas sales being immaterial compared with consolidated net sales.

20. SUBSEQUENT EVENT

At the general shareholders meeting held on June 28, 2016, the Company's shareholders approved the following appropriation of capital surplus as of March 31, 2016:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥5.00 ($0.04) per common share	¥2,369	$21,030
Year-end cash dividends, ¥7,153,763.00 ($63,481.79) per Class A preferred share	¥7,153	$63,481

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Kyushu Electric Power Company, Incorporated:

We have audited the accompanying consolidated balance sheet of Kyushu Electric Power Company, Incorporated and its consolidated subsidiaries as of March 31, 2016, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Kyushu Electric Power Company, Incorporated and its consolidated subsidiaries as of March 31, 2016, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 28, 2016

Member of
Deloitte Touche Tohmatsu Limited

Nonconsolidated Five-year Financial Summary

Kyushu Electric Power Company, Incorporated
Years Ended March 31

For the Year:	Millions of Yen 2012	2013	2014	2015	2016	Thousands of U.S. Dollars 2016
Operating revenues	¥1,406,770	¥1,448,876	¥1,682,994	¥1,761,275	¥1,705,485	$15,134,314
Electric	1,369,537	1,408,339	1,634,829	1,721,869	1,692,316	15,017,450
Other	37,232	40,536	48,165	39,405	13,169	116,863
Operating expenses	1,569,533	1,721,006	1,756,444	1,790,350	1,596,132	14,163,927
Personnel	167,965	151,844	113,781	113,103	131,038	1,162,824
Fuel	520,282	679,722	754,442	678,486	364,741	3,236,684
Purchased power	206,042	269,582	314,961	372,437	386,826	3,432,656
Depreciation	202,151	180,180	172,333	164,721	167,024	1,482,156
Maintenance	176,007	147,924	103,155	126,641	144,494	1,282,233
Reprocessing costs of irradiated nuclear fuel	21,631	17,352	16,502	17,111	16,043	142,372
Decommissioning costs of nuclear power units.	3,106	2,627	1,978	4,293	4,640	41,182
Amortization of special account related to nuclear power decommissioning					821	7,293
Disposal cost of high-level radioactive waste	6,010	3,247	3,861		1,032	9,161
Disposition of property	15,334	14,501	10,600	11,491	14,255	126,506
Taxes other than income taxes	83,142	82,265	84,339	84,397	83,610	741,949
Subcontract fee	65,948	64,485	62,182	74,332	82,371	730,957
Rent	31,276	29,298	26,920	25,741	26,237	232,829
Other	70,634	77,974	91,384	117,591	172,992	1,535,120
Interest charges	32,266	35,581	38,009	38,693	37,056	328,838
Income (loss) before income taxes	(229,754)	(343,051)	(75,619)	(84,905)	75,812	672,756
Net income (loss)	(174,983)	(338,050)	(90,939)	(119,010)	65,328	579,720

	Yen					U.S. Dollars
Per share of common stock: Basic net income (loss)	¥(369.74)	¥(714.33)	¥(192.17)	¥(251.32)	¥137.83	$1.22
Cash dividends applicable to the year	50.00					

At year-end:	Millions of Yen					Thousands of U.S. Dollars
Total assets	¥4,110,950	¥4,201,704	¥4,218,037	¥4,390,912	¥4,321,442	$38,348,057
Net property	2,757,023	2,704,014	2,687,936	2,664,541	2,743,423	24,344,867
Long-term debt, less current portion	2,090,311	2,425,739	2,692,319	2,712,193	2,563,858	22,751,430
Total equity	766,700	429,287	341,405	322,299	385,190	3,418,145

Nonconsolidated Balance Sheet

Kyushu Electric Power Company, Incorporated
March 31, 2016 (Unaudited)

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
ASSETS			
PROPERTY:			
Plant and equipment	¥9,136,297	¥8,927,999	$81,074,605
Construction in progress	377,132	370,033	3,346,638
Total	9,513,430	9,298,033	84,421,244
Less-			
Contributions in aid of construction	192,509	165,254	1,708,308
Accumulated depreciation	6,577,497	6,468,236	58,368,068
Total	6,770,006	6,633,491	60,076,376
Net property	2,743,423	2,664,541	24,344,867
NUCLEAR FUEL	283,227	280,616	2,513,335
INVESTMENTS AND OTHER ASSETS:			
Investment securities	69,719	77,315	618,680
Investments in and advances to subsidiaries and affiliated companies	188,572	184,605	1,673,370
Reserve funds for reprocessing of irradiated nuclear fuel	270,095	282,071	2,396,801
Deferred tax assets	107,183	107,187	951,133
Special account related to nuclear power decommissioning	20,870	21,692	185,204
Other	35,317	33,294	313,408
Total investments and other assets	691,758	706,167	6,138,598
CURRENT ASSETS:			
Cash and cash equivalents	371,424	466,141	3,295,984
Receivables	151,194	167,633	1,341,686
Allowance for doubtful accounts	(547)	(452)	(4,857)
Fuel and supplies	42,284	60,005	375,232
Deferred tax assets	25,743	30,371	228,442
Prepaid expenses and other	12,933	15,887	114,768
Total current assets	603,033	739,586	5,351,256
TOTAL	¥4,321,442	¥4,390,912	$38,348,057

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
LIABILITIES AND EQUITY			
LONG-TERM LIABILITIES:			
Long-term debt, less current portion	¥2,563,858	¥2,712,193	$22,751,430
Liability for retirement benefits	66,556	69,686	590,611
Reserve for reprocessing of irradiated nuclear fuel	309,595	322,666	2,747,320
Asset retirement obligations	211,447	206,113	1,876,367
Other	18,416	17,159	163,428
Total long-term liabilities	3,169,875	3,327,820	28,129,160
CURRENT LIABILITIES:			
Current portion of long-term debt	346,991	344,632	3,079,166
Short-term borrowings	114,000	115,000	1,011,624
Accounts payable	126,985	131,926	1,126,859
Accrued income taxes	2,433		21,596
Accrued expenses	123,751	104,490	1,098,159
Other	44,587	43,050	395,664
Total current liabilities	758,749	739,099	6,733,071
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	7,627	1,692	67,681
EQUITY:			
Common stock,			
authorized, 1,000,000,000 shares; issued,			
474,183,951 shares in 2016 and 2015	237,304	237,304	2,105,820
Preferred stock,			
authorized, 1,000 shares; issued,			
1,000 shares in 2016 and 2015			
Capital surplus:			
Additional paid-in capital	31,087	31,087	275,868
Other capital surplus	99,309	99,309	881,259
Retained earnings:			
Legal reserve	59,326	59,326	526,455
Retained earnings - carryforward	(42,602)	(107,931)	(378,053)
Unrealized gain on available-for-sale securities	724	1,062	6,428
Deferred gain on derivatives under hedge accounting	481	2,564	4,270
Treasury stock-at cost			
205,318 shares in 2016 and 192,661 shares in 2015	(439)	(423)	(3,903)
Total equity	385,190	322,299	3,418,145
TOTAL	¥4,321,442	¥4,390,912	$38,348,057

Nonconsolidated Statement of Income

Kyushu Electric Power Company, Incorporated
Year Ended March 31, 2016 (Unaudited)

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
OPERATING REVENUES:			
Electric	¥1,692,316	¥1,721,869	$15,017,450
Other	13,169	39,405	116,863
Total operating revenues	1,705,485	1,761,275	15,134,314
OPERATING EXPENSES:			
Electric:			
Personnel	131,038	113,103	1,162,824
Fuel	364,741	678,486	3,236,684
Purchased power	386,826	372,437	3,432,656
Depreciation	167,024	164,721	1,482,156
Maintenance	144,494	126,641	1,282,233
Reprocessing costs of irradiated nuclear fuel	16,043	17,111	142,372
Decommissioning costs of nuclear power units	4,640	4,293	41,182
Amortization of special account related to nuclear power decommissioning	821		7,293
Disposal cost of high-level radioactive waste	1,032		9,161
Disposition of property	14,255	11,491	126,506
Taxes other than income taxes	83,610	84,397	741,949
Subcontract fee	82,371	74,332	730,957
Rent	26,237	25,741	232,829
Other	172,992	117,591	1,535,120
Total	1,596,132	1,790,350	14,163,927
Other	11,506	30,304	102,109
Total operating expenses	1,607,639	1,820,655	14,266,037
OPERATING INCOME (LOSS)	97,846	(59,380)	868,276
OTHER EXPENSES (INCOME):			
Interest charges	37,056	38,693	328,838
Gain on sales of fixed assets	(2,054)	(9,867)	(18,227)
Gain on sales of investment securities	(2,455)		(21,790)
Gain on revision of retirement benefit plans	(2,899)		(25,727)
Other-net	(13,549)	(4,993)	(120,236)
Total other expenses-net	16,098	23,832	142,856
INCOME (LOSS) BEFORE INCOME TAXES AND PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL	81,747	(83,213)	725,420
PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL	5,934	1,692	52,664
INCOME (LOSS) BEFORE INCOME TAXES	75,812	(84,905)	672,756
INCOME TAXES:			
Current	4,909	486	43,567
Deferred	5,574	33,618	49,467
Total income taxes	10,484	34,105	93,035
NET INCOME (LOSS)	¥65,328	¥(119,010)	$579,720

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK:			
Basic net income (loss)	¥137.83	¥(251.32)	$1.22
Cash dividends applicable to the year			