

January 30, 2017

**The 3rd Quarter of the Fiscal Year Ending March 31, 2017 Financial Results Overview (Japan GAAP) (Consolidated)
Kyushu Electric Power Co., Inc.**

Stock code: 9508 URL: http://www.kyuden.co.jp/en_index.html

Stock listed on: Tokyo SE, Fukuoka SE

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Date to start dividend payments: -

Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results: No

(Rounded down to the nearest million yen)

1. Consolidated Financial Results for the 3rd Quarter of FY2016 (April 1, 2016 to December 31, 2016)

(1) Consolidated Operational Results

(% shows the changes from the same quarter period of the previous FY)

	Sales		Operating income		Ordinary income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
April 1, 2016 - December 31, 2016	1,346,736	-0.5	123,138	33.0	103,916	50.8
April 1, 2015 - December 31, 2015	1,353,765	-1.0	92,592	—	68,927	—

(Note) Comprehensive income : FY2016 3Q 86,057 million yen (27.2%) FY2015 3Q 44,682 million yen (—%)

	Profit attributable to owners of parent		EPS	Fully-diluted EPS
	(Unit: million yen)	(%)	(Unit: yen)	(Unit: yen)
April 1, 2016 - December 31, 2016	85,352	62.0	174.65	
April 1, 2015 - December 31, 2015	52,693	—	111.24	

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	(Unit: million yen)	(Unit: million yen)	(%)
As of December 31, 2016	4,439,873	575,885	12.5
As of March 31, 2016	4,748,237	499,903	10.1

(Reference) Shareholders' equity : As of December 31, 2016 : 555,354 million yen As of March 31, 2016: 479,929 million yen

2. Dividends

	Annual dividends per share				
	1Q	2Q	3Q	Year-end	Total
	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)
FY2015		0.00		5.00	5.00
FY2016		0.00			
FY2016 (Forecast)				10.00	10.00

(Note) Revision of dividends forecasts : Yes

See ' (2) Explanation regarding forecasts for the consolidated operating performance and dividends (attached materials page 4)' for revision of dividends forecasts.

Dividends mentioned the above is regarding common shares. See 'Dividends for Class shares' for dividends for Class (non-listed) shares which differ in shareholders' right from common shares.

3. Consolidated Financial Results Forecasts for FY2016 (April 1, 2016 to March 31, 2017)

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

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent		EPS
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full-year	1,810,000	-1.4	100,000	-16.8	75,000	-17.5	60,000	-18.4	119.28

(Note) Revision of financial results forecasts : No

Note

(1) Changes in significant subsidiaries : No

(changes in scope of consolidated subsidiaries)

Newly added: 0 Excluded: 0

(2) Adoption of methods specific in preparing quarterly consolidated financial statements in accounting practice : No

(3) Changes in accounting principles, changes in accounting estimates, restatement

Changes in accounting principles in line with revised accounting standards : No

Changes in accounting principles other than : No

Changes in accounting estimates : No

Restatement : No

(4) Number of common shares issued and outstanding

Total shares including treasury stocks FY2016 3Q: 474,183,951 shares FY2015 : 474,183,951 shares

Treasury stocks FY2016 3Q: 519,533 shares FY2015 : 523,345 shares

Average number of shares during the period FY2016 3Q: 473,662,182 shares FY2015 3Q : 473,667,517 shares

***Notes on implementation status of quarterly review procedure**

This financial results overview is not the object of quarterly review procedure based on Financial Instruments and Exchange Act, and at the time of this disclosure, quarterly review procedure of quarterly consolidated financial reports based on Financial Instruments and Exchange Act is under implementation.

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

Looking-forward statements are based on information available at the date of the release of this document. Due to various factors, the actual result may differ from these statements. We will post supplementary materials for quarterly financial results on our website.

(Reference) Dividends for Class Shares

The breakdown of dividend for Class shares which differ in shareholders' rights from common shares is as follows.

Class A preferred shares	Annual dividends per share				
	1Q	2Q	3Q	Year-end	Total
	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)
FY2015		0.00		7,153,763.00	7,153,763.00
FY2016		0.00			
FY2016 (Forecast)				3,500,000.00	3,500,000.00

(Note) Revision of dividends forecasts : Yes

See ' (2) Explanation regarding forecasts for the consolidated operating performance and dividends (attached materials page 4)' for revision of dividends forecasts.

(Reference) Non-consolidated Financial Results Forecasts**Non-consolidated Financial Results Forecasts for FY2016 (April 1, 2016 to March 31, 2017)**

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

	Sales		Operating income		Ordinary income		Profit		EPS
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full-year	1,680,000	-1.5	85,000	-13.1	55,000	-26.0	45,000	-31.1	87.56

(Note) Revision of financial results forecasts : No

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1. Qualitative Information regarding Quarterly Financial Results

(1) Explanation regarding business performance

The Japanese economy during April to December has been recovering gently judging from an increase in capital investment etc, though there has been delay recovery in export and others delay. The economy in Kyushu has been recovering gently reflecting an increase of house and capital investment, in addition to production.

The earnings for the 3Q of FY2016 were in the black due to deferring repair work to another period within this fiscal year, group-wide cost reduction efforts, a decrease of fuel costs due to stable operation of Sendai nuclear power restarted since August, 2015 and decline of fuel prices, although extraordinary losses, associated with the 2016 Kumamoto Earthquake, are recoded. In addition to a decrease of costs, delaying reflection of electricity rate decrease to the next quarter in fuel cost adjustment system, on the revenue side, also contributed to make profits.

Revenue and Expenditure

On the revenue side, consolidated sales (operating revenues) decreased by 0.5% to ¥1,346.7 billion and the ordinary revenues decreased by 0.2% to ¥1,360.6 billion compared with the 3Q of FY2016 as lighting and power revenue decreased mainly due to a decrease in charge unit price with the effect of fuel cost adjustment system, while the grant based on the Act on Purchase of Renewable Energy Sourced Electricity increased in electricity business.

On the expenditure side, ordinary expenses decreased by 2.9% to ¥1,256.7 billion compared with the 3Q of FY2015 due to deferring repair work to another period within this fiscal year, group-wide cost reduction efforts, a decrease of fuel costs due to stable operation of Sendai nuclear power restarted since August, 2015 and decline of fuel prices, while power purchase from renewable energy increased.

As a result, the ordinary income increased by 50.8% to ¥103.9 billion.

Profit attributable to owners of parent was increased by 62.0% to ¥85.3 billion resulted from extraordinary losses, associated with the 2016 Kumamoto Earthquake.

Kyushu Electric Power Group is still on the way to a full-scale recovery in earnings due to the ongoing shutdown of Genkai nuclear power station unit No.3 and No.4 under the review on conformity to new regulatory requirements. We will make every group-wide effort to promote initiatives for early restarting Genkai nuclear power station on the premise of ensuring safety, compliance and stable supply, and also achieve thorough cost efficiency.

Sales and Supply Overview

Lighting demand increased by 4.0% compared with the 3Q of FY2015 due to an increase in air conditioning demand resulted from higher temperature from June to October. Moreover, Power demand decreased by 1.2% compared with the 3Q of FY2015 to a decrease of production in some factories.

As a result, total electricity sales volume in April to December 2016 came to 58.05 billion kWh, increased by 0.5% compared with the 3Q of FY2015.

Electricity Sales Volume

(Unit: million kWh, %)

	FY2016 3Q (A)	FY2015 3Q (B)	Difference (A-B)	Percentage Change (A/B)
Lighting	19,879	19,120	759	104.0
Power	38,169	38,614	-445	98.8
Total	58,048	57,734	314	100.5

(Note) Total may not agree exactly with each figure due to rounding off.

On the supply side, we had supplied electricity stably resulted from not only stable operation of Sendai nuclear power unit No.1 and No.2 but also comprehensive operation of generation facilities such as thermal, pumped-storage and so on, against an increase of electricity received from new energy.

Generated and Received Electricity

(Unit: million kWh, %)

		FY2016 3Q (A)	FY2015 3Q (B)	Difference (A-B)	Percentage Change (A/B)
Own facilities	Hydro (Water flow rate)	3,945 (119.1)	3,902 (112.9)	43 (6.2)	101.1
	Thermal	32,886	34,088	-1,202	96.5
	Nuclear (Utilization rate)	9,846 (33.4)	4,181 (14.4)	5,665 (19.0)	235.4
	New Energy	845	889	-44	95.1
	Subtotal	47,522	43,060	4,462	110.4
Interchange / Purchase from other companies (New Energy [included above])		14,817 (6,563)	18,574 (5,517)	-3,757 (1,046)	79.8 (119.0)
For pumping		-893	-486	-407	183.9
Total		61,446	61,148	298	100.5

(Note1) The figures of own facilities' generation have changed from generation-end to transmission-end on this fiscal year. Along with that, the figures of 'FY2015 3Q' are different from last year's one.

(Note2) "New Energy" includes Solar, Wind, Biomass, Waste and Geothermal.

(2) Explanation regarding forecasts for the consolidated operating performance and dividends

Forecasts for consolidated operating performance

Regarding forecasts for consolidated operating performance, there is no change from that we announced October 2016.

Dividends Forecasts

We determine our dividends taking into consideration our financial results etc. comprehensively based on maintenance of stable dividends.

Regarding Year-end dividends for the fiscal year ended March 31 2017, we have decided to pay out ¥10 per common share and ¥3.5 million per Class A preferred share taking into consideration financial results of FY2016 and financial condition comprehensively.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

	(Unit: million yen)	
	As of March 31, 2016	As of December 31, 2016
Assets		
Non-current assets	4,019,437	3,761,569
Electric utility plant and equipment	2,319,959	2,336,721
Hydroelectric power production facilities	274,879	270,969
Thermal power production facilities	154,958	209,493
Nuclear power production facilities	261,036	237,428
Internal combustion engine power production facilities	17,496	16,448
Renewable power production facilities	13,606	13,096
Transmission facilities	641,128	632,238
Transformation facilities	219,456	220,722
Distribution facilities	616,508	617,585
General facilities	115,107	112,913
Other electric utility plant and equipment	5,782	5,825
Other non-current assets	336,714	327,251
Construction in progress	438,058	439,628
Construction and retirement in progress	417,187	419,374
Special account related to nuclear power decommissioning	20,870	20,254
Nuclear fuel	283,227	252,667
Loaded nuclear fuel	69,932	69,467
Nuclear fuel in processing	213,295	183,199
Investments and other assets	641,477	405,300
Long-term investments	112,146	146,001
Reserve fund for reprocessing of irradiated nuclear fuel	270,095	-
Net defined benefit asset	9,403	11,456
Deferred tax assets	136,691	132,971
Other	114,505	116,240
Allowance for doubtful accounts	-1,364	-1,368
Current assets	728,799	678,303
Cash and deposits	420,340	314,089
Notes and accounts receivable - trade	171,148	194,708
Inventories	59,827	80,058
Deferred tax assets	29,425	34,980
Other	48,870	55,342
Allowance for doubtful accounts	-813	-875
Total assets	4,748,237	4,439,873

	(Unit: million yen)	
	As of March 31, 2016	As of December 31, 2016
Liabilities		
Non-current liabilities	3,408,330	2,982,130
Bonds payable	994,286	954,295
Long-term loans payable	1,741,967	1,652,689
Provision for reprocessing of irradiated nuclear fuel	279,585	-
Provision for preparation of reprocessing of irradiated nuclear fuel	30,009	-
Reserve for restoration costs of natural disaster	-	372
Net defined benefit liability	101,961	101,116
Asset retirement obligations	213,006	215,782
Deferred tax liabilities	95	186
Other	47,417	57,686
Current liabilities	832,376	873,111
Current portion of non-current liabilities	378,586	480,883
Short-term loans payable	116,912	118,122
Notes and accounts payable - trade	86,662	57,865
Accrued taxes	29,527	15,171
Reserve for restoration costs of natural disaster	-	3,552
Deferred tax liabilities	61	63
Other	220,626	197,451
Reserves under special laws	7,627	8,746
Reserve for fluctuation in water levels	7,627	8,746
Total liabilities	4,248,333	3,863,987
Net assets		
Shareholders' equity	500,663	576,495
Capital stock	237,304	237,304
Capital surplus	130,368	120,844
Retained earnings	133,675	219,027
Treasury shares	-684	-681
Accumulated other comprehensive income	-20,734	-21,140
Valuation difference on available-for-sale securities	2,839	3,816
Deferred gains or losses on hedges	-1,255	-1,624
Foreign currency translation adjustment	-2,280	-4,483
Remeasurements of defined benefit plans	-20,037	-18,849
Non-controlling interests	19,973	20,530
Total net assets	499,903	575,885
Total liabilities and net assets	4,748,237	4,439,873

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

(Quarterly Consolidated Income Statements)

	(Unit: million yen)	
	April 1, 2015 - December 31, 2015	April 1, 2016 - December 31, 2016
Operating revenue	1,353,765	1,346,736
Electric utility operating revenue	1,250,127	1,243,306
Other business operating revenue	103,638	103,430
Operating expenses	1,261,173	1,223,598
Electric utility operating expenses	1,169,221	1,131,596
Other business operating expenses	91,951	92,001
Operating income	92,592	123,138
Non-operating income	9,858	13,958
Dividend income	1,326	2,921
Interest income	3,145	2,306
Share of profit of entities accounted for using equity method	3,127	4,256
Other	2,258	4,474
Non-operating expenses	33,523	33,180
Interest expenses	29,667	27,303
Other	3,855	5,876
Total ordinary revenue	1,363,624	1,360,695
Total ordinary expenses	1,294,696	1,256,778
Ordinary income	68,927	103,916
Provision or reversal of reserve for fluctuation in water levels	5,453	1,119
Provision of reserve for fluctuation in water levels	5,453	1,119
Extraordinary income	4,482	-
Gain on sales of non-current assets	1,547	-
Gain on sales of securities	2,935	-
Extraordinary losses	-	10,613
Contingent loss	-	320
Extraordinary loss on natural disaster	-	10,293
Profit before income taxes	67,957	92,183
Income taxes - current	6,889	9,438
Income taxes - deferred	7,196	-3,560
Total income taxes	14,086	5,878
Profit	53,871	86,305
Profit attributable to non-controlling interests	1,178	953
Profit attributable to owners of parent	52,693	85,352

(Quarterly Consolidated Comprehensive Income Statements)

	(Unit: million yen)	
	April 1, 2015 - December 31, 2015	April 1, 2016 - December 31, 2016
Profit	53,871	86,305
Other comprehensive income		
Valuation difference on available-for-sale securities	-527	880
Deferred gains or losses on hedges	-3,713	-411
Foreign currency translation adjustment	-3,005	-824
Remeasurements of defined benefit plans, net of tax	-2,085	1,106
Share of other comprehensive income of entities accounted for using equity method	143	-998
Total other comprehensive income	-9,188	-247
(Breakdown)	44,682	86,057
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	43,535	84,945
Comprehensive income attributable to non-controlling interests	1,147	1,111

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on the premise of going concern)

N/A

(Notes in case of drastic changes in the amount of equity)

N/A

(Additional information)

(Adoption of A consolidated tax payment)

A consolidated tax payment system is adopted from the 1st quarter of this fiscal year.

(Revision of accounting at electricity utilities following the enforcement of the Act for Partial Amendment of the Spent Nuclear Fuel Reprocessing Fund Act)

On October 1, 2016, the "Act for Partial Amendment of the Spent Nuclear Fuel Reprocessing Fund Act" (Act No. 40, 2016, hereinafter the "Amending Act") and "Ordinance for Partial Revision of the Ordinance on Accounting at Electricity Utilities and Other Provisions" (Ordinance of METI No. 94, 2016) were enforced and "Accounting at Electricity Utilities" was revised.

With regard to the expenses necessary for reprocessing spent nuclear fuel and other related activities, an amount equivalent to the present value of expenses calculated according to the volume of spent nuclear fuel to be generated by the operation of a nuclear power plant is currently provisioned. On and after the above date of enforcement, however, the funds prescribed in Article 4 paragraph (1) of the Amending Act has been recorded as expenses for the funds for the reprocessing of spent nuclear fuel and other related activities, calculated according to the volume of spent nuclear fuel to be generated by the operation of a nuclear power plant.

Please note that the payment of funds will mean the fulfillment of nuclear operators' liability for costs and that the Nuclear Reprocessing Organization of Japan will implement the reprocessing of spent nuclear fuel and other related activities with respect to the said funds.

As a result, in the consolidated period for the 3Q of FY 2016, a Reserve fund for reprocessing of irradiated nuclear fuel of ¥254.686 billion a Provision for reprocessing of irradiated nuclear fuel of ¥273.197 billion and a Provision for preparation of reprocessing of irradiated nuclear fuel of ¥31.127 billion were used up, and others (Non-current liabilities) of ¥9.723 billion, Current portion of non-current liabilities of ¥36.123 billion and others (Current liabilities) of ¥3.790 billion were recorded.

3. Supplementary Information

(1) Income and Expenditure (Non-consolidated)

(Unit: 100 million yen, %)

		FY2016 3Q (A)	FY2015 3Q (B)	Difference (A-B)	Percentage Change (A/B)	Composition Ratio	
						FY2016 3Q	FY2015 3Q
Ordinary Revenues	Lighting	4,191	4,270	-79	98.1	33.2	33.4
	Power	5,691	6,300	-609	90.3	45.0	49.3
	(Subtotal)	(9,882)	(10,571)	(-688)	(93.5)	(78.2)	(82.7)
	Other	2,761	2,212	549	124.8	21.8	17.3
	[Sales] Total	[12,538] 12,644	[12,627] 12,783	[-88] -139	[99.3] 98.9	[99.2] 100.0	[98.8] 100.0
Ordinary Expenses	Labor	995	965	29	103.1	8.5	7.9
	Fuel	1,819	2,839	-1,019	64.1	15.5	23.4
	Power purchase	3,091	3,058	33	101.1	26.3	25.2
	Maintenance	993	984	8	100.9	8.4	8.1
	Depreciation	1,322	1,226	95	107.8	11.2	10.1
	Interest	254	280	-26	90.7	2.2	2.3
	Tax & public dues	640	646	-5	99.1	5.4	5.3
	Nuclear back-end	210	145	64	144.5	1.8	1.2
	Other Total	2,430 11,758	2,011 12,157	418 -399	120.8 96.7	20.7 100.0	16.5 100.0
[Operating Income(Loss)]		[1,086]	[783]	[303]	[138.8]		
Ordinary Income(Loss)		886	625	260	141.6		
Reserve for fluctuation in water levels		11	54	-43	20.5		
Extraordinary Gain		-	43	-43	-		
Extraordinary Loss		98	-	98	-		
Income before income taxes		776	615	161	126.2		
Income taxes		20	96	-75	21.0		
Net Income		756	519	237	145.7		

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

(FY2016 3Q)

- Costs for reprocessing contribution of spent fuel
- Costs for disposal of transuranic waste
- Costs for decommissioning nuclear power plants

(FY2015 3Q)

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

(Reference)

	FY2016 3Q [A]	FY2015 3Q [B]	Difference [A-B]
Crude oil (CIF) price	45 \$/b	55 \$/b	-10 \$/b
Exchange rate	107 ¥/\$	122 ¥/\$	-15 ¥/\$

(2) Information regarding Consolidated financial condition

(Unit: 100 million yen)

	FY2016 3Q [A]	FY2015 3Q [B]	Difference [A-B]
Outstanding interest-bearing debt	31,637	32,248	-611

(Unit: 100 million yen)

	FY2016 3Q	FY2015 3Q
Depreciation	1,548	1,452
Amortization of nuclear fuel	66	30