

April 30, 2015

## The Fiscal Year Ended March 31, 2015 Financial Results Overview (Japan GAAP) (Consolidated)

### Kyushu Electric Power Co., Inc.

Stock code: 9508 URL: [http://www.kyuden.co.jp/en\\_index](http://www.kyuden.co.jp/en_index)

Stock listed on: Tokyo SE, Fukuoka SE

Representative: Mr. Michiaki Uriu, President

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Shareholders' Meeting: June 25, 2015

Commencement of payment of year-end dividend: -

Projected date for submitting annual security report: June 26, 2014

Preparation of supplementary materials for financial results: Yes

Information meeting for financial results: Yes (for analysts and institutional investors)

(Rounded down to the nearest million yen)

### 1. Consolidated Financial Results for FY2014 (April 1, 2014 to March 31, 2015)

#### (1) Consolidated Operational Results

(% shows the changes from the previous FY)

	Sales		Operating income		Ordinary income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
FY2014 ended March 31, 2015	1,873,467	4.6	-43,314		-73,693	
FY2013 ended March 31, 2014	1,791,152	15.9	-95,821		-131,449	

(Note) Comprehensive income: FY2014 -143,186 million yen (- %) FY2013 -110,023 million yen (- %)

	Net income		Net earnings per share	Fully-diluted net earnings per share	Net return on shareholders' equity	Ratio of current income to total capital	Ratio of current income to sales
	(Unit: million yen)	(%)	(Unit: yen)	(Unit: yen)	(%)	(%)	(%)
FY2014 ended March 31, 2015	-114,695	—	-242.38	—	-25.3	-1.6	-2.3
FY2013 ended March 31, 2014	-96,096	—	-203.19	—	-18.9	-2.9	-5.3

(Reference) Investment Profit/Loss under Equity Methods: FY2014 3,400 million yen FY2013 3,152 million yen

#### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: yen)
FY2014 ended March 31, 2015	4,784,735	450,990	9.0	692.52
FY2013 ended March 31, 2014	4,549,852	494,232	10.5	1,005.42

(Reference) Shareholders' equity: FY2014 431,528 million yen FY2013 475,533 million yen

#### (3) Consolidated Cash Flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Cash and cash equivalents balance as of term-end
	(Unit: million yen)	(Unit: million yen)	(Unit: million yen)	(Unit: million yen)
FY2014 ended March 31, 2015	88,736	-264,413	310,807	516,480
FY2013 ended March 31, 2014	-5,922	-184,963	196,397	384,769

### 2. Dividends

(Record date)	Annual dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Dividend rate for net assets (consolidated)
	1Q	Interim	3Q	Year-end	Total			
	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: million yen)	(%)	(%)
FY2013 ended March 31, 2014	—	0.00	—	0.00	0.00	—	—	—
FY2014 ended March 31, 2015	—	0.00	—	0.00	0.00	—	—	—
FY2015 ending March 31, 2016 (forecast)	—	0.00	—	—	—	—	—	—

(Note) Year-end dividend for FY2015 ending March 31, 2016 has yet to be decided.

We will promptly inform you of a dividend when it is possible for us to make our forecasts.

Dividends mentioned the above is regarding common shares. Regarding preferred shares which differ in shareholders' rights from common shares, see "Dividends for preferred shares".

### 3. Forecast for FY2015 ending March 2016 (April 1, 2015 to March 31, 2016)

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

	Sales		Operating income		Ordinary income		Net income attributable to Kyushu Electric		Net earnings per share
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
2Q	930,000	0.1	—	—	—	—	—	—	—
Year-end	1,880,000	0.3	—	—	—	—	—	—	—

(Note) Fiscal 2015 full-year performance outlook for operating income, ordinary income and net income attributable to Kyushu Electric is currently not able to be estimated due to the difficult situations that we can not calculate fuel costs rationally under uncertain prospects of the resumption of operations of reactors of our nuclear power stations.

We will promptly inform you of our forecasts when it is possible for us to make them.

**Note**

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

Newly added:0 Excluded:0

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

Consolidated subsidiaries: 40

Non-consolidated subsidiaries accounted for under the equity method: 15

Affiliated companies accounted for under the equity method: 14

**Changes in the scope of consolidation and the application of the equity method from March 31, 2013**

Consolidated subsidiaries Newly added: 0 Excluded: 0

Under the equity method Newly added: 0 Excluded: 2

**(2) Changes in accounting principles, changes in accounting estimates, restatement**

Changes in accounting principles in line with revised accounting standards : Yes

Changes in accounting principles other than : No

Changes in accounting estimates : No

Restatement : No

**(3) Number of outstanding shares**

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

FY2014 ended March 2015 474,183,951 shares FY2013 ended March 2014 474,183,951 shares

Number of treasury stock at year end

FY2014 ended March 2015 509,481 shares FY2013 ended March 2014 1,214,196 shares

Average number of shares outstanding during the period

FY2014 ended March 2015 473,207,872 shares FY2013 ended March 2014 472,945,729 shares

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

**1. Non-consolidated Financial Results for FY2014 (April 1, 2014 to March 31, 2015)**

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

(% shows the changes from the previous FY)

	Sales		Operating income		Ordinary income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
FY2014 ended March 31, 2015	1,761,275	4.7	-59,380		-93,080	
FY2013 ended March 31, 2014	1,682,994	16.2	-112,237	—	-137,267	—

  

	Net income		Net earnings per share	Fully-diluted net earnings per share
	(Unit: million yen)	(%)	(Unit: yen)	(Unit: yen)
FY2014 ended March 31, 2015	-119,010		-251.32	
FY2013 ended March 31, 2014	-90,939	—	-192.17	

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

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: yen)
FY2014 ended March 31, 2015	4,390,912	322,299	7.3	461.61
FY2013 ended March 31, 2014	4,218,037	341,405	8.1	721.45

(Reference) Shareholders' equity: FY2014 322,299 million yen FY2013 341,405 million yen

**2. Non-consolidated Forecast for FY2015 ending March 2016 (April 1, 2015 to March 31, 2016)**

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

	Sales		Operating income		Ordinary income		Net income		Net earnings per share
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
2Q	870,000	-0.8	—	—	—	—	—	—	—
Year-end	1,750,000	-0.6	—	—	—	—	—	—	—

(Note) Fiscal 2015 full-year performance outlook for operating income, ordinary income and net income is currently not able to be estimated due to the difficult situations that we can not calculate fuel costs rationally under uncertain prospects of the resumption of operations of reactors of our nuclear power stations.

We will promptly inform you of our forecasts when it is possible for us to make them.

\*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 Preferred Shares**

**The breakdown of dividend per preferred 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)
FY2014 ended March 31, 2015		0.00		0.00	0.00
FY2015 ending March 31, 2016 (forecast)		0.00			

(Note) Class A preferred shares mentioned the above were issued in August, 2014.

Year-end dividend for Preferred Shares for FY2015 ending March 31, 2016 has yet to be decided.

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

## 1. Analysis Regarding Business Performance and Financial Condition

### (1) Analysis regarding business performance

#### Business performance of FY2014

The Japanese economy in this period (April, 2014-March, 2015), a recovery basic tone continued gently as a whole while personal consumption showed weak moving. The economy in Kyushu also showed gradual recovering as capital investment increasing steadily and employment and income environment has also becoming better.

The Kyushu Electric Power Group has facing an ongoing tight supply and demand and severe financial situation in electricity business stem from the ballooning fuel cost make up for long term shutdown of all our nuclear power stations while we made thoroughly management efficiency efforts.

Under these situations, we issued Class A preferred shares in the amount of ¥100 billion to allocated to the Development Bank of Japan in August,2014 to stabilize our total operations by strengthen our equity base, and at the same time, we have made every effort group-wide to achieve thorough efficiency and an early restart of our nuclear power stations.

#### A. Revenue and expenditure

Under these conditions, on the revenue side, consolidated sales (operating revenues) increased by 4.6% to ¥1,873.4 billion compared with FY2013 and the ordinary revenues increased by 4.6% to ¥1,890.0 billion affected by the business performances in electricity business as lighting and power revenue increased mainly due to an increase in charge unit price with the effect of electricity rate increase conducted from last fiscal year and fuel cost adjustment system and grant based on a feed-in tariff power purchase and sale system of renewable energy while electricity sales volume decreased.

On the expenditure side, ordinary expenses increased by 1.3% to ¥1,963.7 billion compared with FY2013 affected by the business performances in electricity business as the cost for power purchases from renewable energy increased and maintenance cost for inspections and maintenance at thermal power stations increased while fuel cost decreased with fuel price down.

As a result, the ordinary loss for FY2014 reduced degree of loss by ¥57.7 billion compared with FY2013 to ¥73.6 billion.

The net loss for FY2014 increased degree of loss by ¥18.5 billion compared with FY2013 to ¥114.6 billion due to the decreased extraordinary gain occurred by sales of real estate and increased income taxes-deferred related to partial change of recorded amount in deferred tax asset along with the tax revision.

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

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

(Unit: 100 million yen, %)

		FY2014 (A)	FY2013 (B)	Difference (A-B)	Change (A/B)
Electricity	Sales	17,218	16,348	870	105.3
	Operating Income(Loss)	-684	-1,216	531	-
Energy-related	Sales	1,866	1,710	156	109.2
	Operating Income(Loss)	109	103	6	105.9
IT & Telecommunication	Sales	965	897	68	107.6
	Operating Income(Loss)	114	113	-	100.7
Other	Sales	257	271	-14	94.8
	Operating Income(Loss)	36	32	4	112.6

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

**(a) Electricity Business**

The sales revenue from electricity business for FY2014 increased by 5.3% to ¥1,721.8 billion compared with FY2013 mainly due to an increase in charge unit price with the effect of electricity rate increase conducted from last fiscal year and fuel cost adjustment system and increased grant based on a feed-in tariff power purchase and sale system of renewable energy while electricity sales volume decreased. On the other side, operating cost for FY2014 increased by 1.9% to ¥1,790.3 billion due to the cost for power purchases from renewable energy increased and maintenance cost for inspections and maintenance at thermal power stations increased while fuel cost decreased with fuel price down. As a result, the ordinary loss for FY2014 reduced degree of loss by ¥53.1 billion compared with FY2013 to ¥68.4 billion.

**(b) Energy-related Business**

The sales revenues from energy-related business increased by 9.2% to ¥186.6 billion compared with FY2013 mainly due to an increase in the number of repair works for electrical power station and contracted facility maintenance. Operating income increased by 5.9% to ¥10.9 billion.

**(c) IT and Telecommunication Business**

The sales revenues from IT and telecommunication business increased by 7.6% to ¥96.5 billion compared with FY2013 mainly due to an increase in the number of contracted information system development and increased sales of telecommunication devices. Operating income was ¥11.4 billion, same level as FY2013, mainly due to the increased cost for broadband service.

**(d) Other Businesses**

The sales revenues from other businesses decreased by 5.2% to ¥25.7 billion compared with FY2013 mainly due to the decreased sales of real estate. Operating income increased by 12.6% to ¥3.6 billion mainly due to a decrease in depreciation of rental buildings.

## B. Sales and Supply overview

In FY2014, the demand for electric light, power for commercial operations and other general demands decreased by 4.9% from FY2013 due to a decrease in the air-conditioning demand as the temperature from May to October was lower than the previous year's level. The power demand from large industrial customers decreased by 0.9% from FY2013 due to the decrease in production of Steel and Iron in spite of the increase in production of Non-ferrous Metals.

Consequently, the total electricity sales for FY2014 decreased by 3.8% to 81.27 billion kWh compared with FY2013.

### Electricity Sales Volume

(Unit: million kWh, %)

		FY2014	FY2013	Difference	Change
		(A)	(B)	(A-B)	(A/B)
Demand other than those under Liberalization	Lighting	28,518	29,792	-1,274	95.7
	Power	4,867	5,291	-424	92.0
	Total	33,385	35,083	-1,698	95.2
Demand under Liberalization		47,894	49,367	-1,473	97.0
Electricity Sales Total		81,279	84,450	-3,171	96.2
Figures are included above	Customers other than large-scale industrial	57,860	60,827	-2,967	95.1
	Large-scale industrial customers	23,419	23,623	-204	99.1

On the supply side, under the ongoing shutdown of the operations of our nuclear power stations, we have provided electricity to our customers by adjusting own thermal facilities while demand decreased and new energy received from other company increased.

### Generated and Received Electricity

(Unit: million kWh, %)

		FY2014	FY2013	Difference	Change
		(A)	(A)	(A-B)	(A/B)
Own facilities	Hydro	4,121	3,773	348	109.2
	(Water flow rate)	(100.7)	(86.7)	(14.0)	
	Thermal	59,022	62,503	-3,481	94.4
	Nuclear	-	-	-	-
	(Utilization rate)	(-)	(-)	(-)	
	New Energy	1,299	1,391	-92	93.4
	Subtotal	64,442	67,667	-3,225	95.2
From other companies (New Energy [included above])		22,629 (5,037)	23,147 (3,020)	-518 (2,017)	97.8 (166.8)
Interchange		917	1,046	-129	87.7
For pumping		-205	-576	371	35.6
Total		87,783	91,284	-3,501	96.2

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

### Forecast for FY2015

We expect our sales to increase compared with FY2014 despite reduced electricity sales for lighting in the electricity business caused by the decrease in charge unit price due to the fuel cost adjustment system. This increase we expect will be driven by an increased grant based on the Act on Purchase of Renewable Energy Sourced Electricity.

We are currently unable to make a projection for our performance outlook for operating income, ordinary income and net income. Sendai Nuclear Power Plant Unit No.1 is currently undergoing pre-service inspections to review compliance with the new regulatory requirements. Since we are not able to estimate the exact restart date of the nuclear power plant, we cannot calculate fuel costs and other expenses in a rational manner. We will promptly inform you of our forecasts once we are able to make them.

We, as an operator, will exert ourselves to the utmost during FY 2015 in order to avoid being in the red for five consecutive periods.

### Forecast for operational performance on FY2015

[ Consolidated ]

(Unit: 100 million yen)

	2Q	Year-end
Sales	9,300 [100.1%]	18,800 [100.3%]
Operating income	-	-
Ordinary income	-	-
Net income Attributable to Kyushu Electric	-	-

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

[ Non-Consolidated ]

(Unit: 100 million yen)

	2Q	Year-end
Sales	8,700 [99.2%]	17,500 [99.4%]
Operating income	-	-
Ordinary income	-	-
Net income	-	-

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

Sensitivity factors

	2Q	Year-end
Electricity sales volume	40.4billion kWh [100.5%]	81.9 billion kWh [100.7%]
Crude oil (CIF) price	65 \$/b	
Exchange rate	¥ 120 /\$	

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

## (2) Analysis regarding financial condition

Analysis regarding consolidated assets, debt, shareholders' equity and cash flow overview

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

Consolidated assets increased by ¥234.8 billion to ¥4,784.7 billion compared with the end of FY2013 mainly due to the increase of construction in progress with countermeasure constructions of nuclear power stations to improve safety and the increase of cash and cash equivalent of current assets in spite of the decrease of utility property, plant and equipment of fixed assets with progress of depreciation.

Consolidated liabilities increased by ¥278.1 billion to ¥4,333.7 billion mainly due to an increase in interest-bearing debts. The interest-bearing debts increased by ¥221.2 billion to ¥3,337.9 billion.

Consolidated shareholders' equity decreased by ¥43.2 billion to ¥450.9 billion mainly due to the post of net loss for this fiscal year and the decrease of accumulated amount of adjustments related to retirement benefits in spite of the third-party share issuance, issuance of Class A preferred shares in the amount of ¥100 billion to allocated to the Development Bank of Japan. Consequently the shareholders' equity ratio went down to 9.0%.

### B. Consolidated cash flow overview

Cash inflow from operating activities increased by ¥94.6 billion to ¥88.7 billion from FY2013 mainly due to a decrease in thermal fuel costs and an increase in electricity sales revenue while the expenses such as maintenance cost in electricity business increased.

Cash outflow from investing activities increased by ¥83.4 billion to ¥268.4 billion from FY2013 mainly due to the increased capital investment and the decreased revenue affected by the sales of property, plant and equipment.

Cash inflow from financing activities increased by ¥114.4 billion to ¥310.8 billion mainly due to the increased revenue affected by the issuance of Class A preferred shares.

As a result, the balance of cash and cash equivalents at the end of FY2014 increased by ¥131.7 billion to ¥516.4 billion compared with the end of FY2013.

### Consolidated cash flow indication

	FY2010	FY2011	FY2012	FY2013	FY2014
Shareholders' equity ratio (%)	25.4	19.7	11.9	10.5	9.0
Shareholders' equity ratio at market value (%)	18.4	12.6	10.2	13.1	11.5
Interest-bearing debt / Cash flow ratio	6.9	146.9	-	-	37.6
Interest coverage ratio	8.7	0.5	-	-	2.2

(Note)

Shareholders' equity ratio = Shareholders' equity / Total assets

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

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

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

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

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

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

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

\* Interest-bearing debt / Cash flow ratio and Interest coverage ratio are not written because of cash outflow from operating activities for FY2012 and FY2013.

(3) Basic policy regarding the appropriation of profits and dividends for FY2014 and FY2015

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

However net loss for FY2014 was ¥119.0 billion because of the large increase in thermal fuel costs due to the shutdown of the operations of reactors of our nuclear power stations.

Considering current extremely severe business environment, we have decided to pay out no year-end dividend for FY2014 continued from interim.

We regret to plan no interim dividend, both common and preferred shares for FY 2015, because extremely severe performance is continued. We are very sorry for shareholders and apologize deeply. Kyushu Electric Power will announce year-end dividend for FY2015 as soon as forecasts for financial results become possible in the future.

#### (4) Business risks factors

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

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

##### Changes in systems affecting the electricity business

With regard to the matter of electricity system reforms, the new Organization for Cross-regional Coordination of Transmission Operators was established in April 2015, and the full liberalization of the electricity retail market will begin in 2016. In addition, at the national government level, discussions are underway on measures to ensure further neutrality of power transmission and distribution, to be taken starting in 2020. We will steadily put in place the new internal systems required by these system changes and work to achieve greater operational efficiency.

The government has also approved the Basic Energy Plan, which established the nation's basic orientation in relation to energy supply and demand in cabinet and progressing with deliberations such as the best mix of energy in the future.

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

##### Status of 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 in order to improve the safety and reliability. At the same time, we will work to ease the concerns of local residents regarding nuclear power generation.

However, depending on the status of operation of our nuclear power stations as it will be affected by the future trends in regulations (the progress of governmental studies towards restart, etc.) and other factors, it is possible that the results of the Kyushu Electric Group will be affected by factors including increases in costs such as fuel costs and the cost of procuring funds resulting from the continuation of these cost burdens.

##### 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 develop of energy conservation, and the states of competition in electricity power market. As a result, changes in these factors could have an impact on the Group's performance.

##### Fuel Price Fluctuations

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

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.

##### 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 super long-term projects that involve uncertainties. However, risks to operator 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, however, they may affect the business performance of the Kyuden Group.

#### 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.

#### Businesses Other than Electricity

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

#### 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.

#### Interest Rate Fluctuations

The Group's balance of interest-bearing debt as of the end of March 2015 is ¥3,337.9 billion, which accounts for 70% of total assets of the group. Future changes in interest rates have 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.

#### 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 the leaking of in-house information and personal information caused by such as the infection with a virus and the cyber attacks, the Group's performance may be affected.

#### Natural Disasters

To ensure a stable supply of electricity to our customers, the Group implements inspection and maintenance of the facilities systematically to prevent any trouble from occurring. However, large-scaled natural disasters such as typhoons, torrential rains and earthquakes or 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. Proper actions not taken in response to a risk may adversely affect the Group's performance.

#### Compliance

To be worthy of the trust of all its stakeholders, the Group conducts its business activities from the perspective

of its customers and local people in the regions it operate in 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.

## 2. Management Policy

### (1) Management Basic Policy, Medium- to long-term strategies

Based on Kyushu Electric Power's Mission, which incorporates our brand message, "Make a brighter future for generations to come." we proceed in our business activities as a responsible power utility with the mission of providing our customers with a stable supply of electricity and energy.

Unfortunately, the accident at the Fukushima Daiichi Nuclear Power Station has resulted in a major loss of confidence in power companies. At Kyushu Electric Power, we faced very tight supply and demand and severe financial status with the shutdown of all our nuclear power stations.

To overcome this difficult situation, we have taken all possible measures to achieve greater efficiency in our business operations and improve the balance between supply and demand. In addition, we implemented electricity rate increase and issuance of preferred shares.

As the suspension of operation of the nuclear power stations has been prolonged beyond expectations, however, the management of the company is still faced with difficulties.

In order to ensure safety as our top priority, we aim to resume the operation of nuclear power stations as soon as possible by responding to examinations and inspections by the government on a group-wide basis.

In addition, by taking all possible measures to improve financial results, we will make utmost efforts to resolve and move beyond this situation. Specific efforts to achieve operational efficiency include reviewing the range and nature of outsourcing agreements, striving to reduce fuel procurement prices, and ensuring economic management of supply and demand through priority use of high-efficiency thermal power plants. For the time being, we will also strive to cancel, postpone, or scale down repair and other projects, although for a short period of time, after giving full consideration to safety, compliance, and supply stability.

With the full liberalization of the electricity retail market as a result of electricity system reforms scheduled for 2016, we will enter a period of real competition.

Under these circumstances, in order to continue to be trusted and chosen by customers, it is necessary that the Kyuden Group make united efforts to accelerate its reforms. For this reason, we formulated the new Medium-term Group Management Policy in April of this year, we developed a vision of what we should be in 2030, and we drafted the three pillars of strategy to realize such as vision. We also announced the priority measures that we should implement during the five years from FY2015 to FY2019.

#### Vision for 2030

Aiming to become a corporate group that provides Japan's best energy services  
—Everyone eventually asks the Kyuden Group for energy!—

#### Three pillars of strategy to achieve a vision of where we should be

Grow into a corporate group that provides energy services in Kyushu where we operate from a company that delivers electricity and develops together with the regional community and society by meeting the diverse energy needs of customers

Make the most of the Kyuden Group strengths to achieve sustained growth through energy service businesses for overseas and outside Kyushu and renewable energy business

Enhance the organizational strength required to implement strategies to establish a robust business foundation

Goals for growth businesses

	Current level	2030
Overseas electrical power business ( Equity ownership in overseas electricity output )	1.5 million kW	5 million kW
Electrical power business outside Kyushu (Power sources developed outside Kyushu)		2 million kW
renewable energy business (development)	1.5 million kW	4 million kW

## (2) Important management issued for the Company

In the future, we will move ahead with the initiatives listed below.

We will meet the diverse energy needs of customers in Kyushu.

### - Ensuring stable power supply

As a tight supply-demand relationship continues, we will fulfill the mission of supplying power in a stable manner by making all-out efforts to ensure safe and stable operation of electric equipment.

Firmly determined not to give rise to accidents such as those that occurred at the Fukushima Daiichi Nuclear Power Station, we will push independent, continuous initiatives to further improve the safety of nuclear power generation.

In order to secure competitive, stable power sources while keeping in mind the competitive environment that has resulted from electricity system reforms, we will steadily move forward with the development of System No. 3 Unit 4 at the Shin Oita Power Station and Matsuura Power Station Unit No. 2. At the same time, we will strive to increase the flexibility of, and enhance competitiveness in, fuel procurement, mainly by introducing fuel trading and promoting investments for upstream interests.

Furthermore, in order to respond flexibly to environmental changes in the future, we will build a well-balanced power supply system through nuclear power, coal- and LNG-burning thermal power, as well as renewable energy such as hydraulic and geothermal power.

Meanwhile, we will strive to harness sunlight and other types of renewable energy, whose output fluctuates significantly due to factors such as weather conditions, on the assumption that it can be supplied in a stable manner as a source of electricity.

### - Providing diverse energy services

In Kyushu, where the Kyuden Group is based, we will grow into a corporate group that provides energy services, moving beyond being a company that merely supplies electricity, and deliver through a single channel the optimal combinations of services that meet the energy needs of customers.

In addition to the current wholesaling of gas, we will enter gas retail business in earnest as its retail market is scheduled to be fully liberalized.

We will make the most of the Kyuden Group's strengths to develop in growth markets

### - Strengthening overseas electricity business

In overseas electricity business, we have set the goal of achieving 5,000 MW in equity ownership in overseas electricity output in 2030. With this goal in mind, we will make the best use of the technology and know-how that we have accumulated in Japan and abroad in the past to expand power generation business mainly in Asia, which has high growth potential.

In overseas markets, we will also actively provide consulting services such as feasibility surveys related to the construction of high-efficiency coal-burning thermal power plants in emerging economies.

### - Developing electricity business outside Kyushu

In addition to power supply from within Kyushu, we will work to develop new power sources outside the region mainly through alliances with other companies. Specifically, we are considering the joint development of coal-burning thermal power plants in the Kanto area.

### - Expanding renewable energy business

With respect to renewable energy business, a globally growing area, we will actively develop geothermal and hydraulic power while giving consideration to stable supply and environmental impacts in Japan and abroad.

We will establish a robust business foundation

- Strengthening personnel and organizations, two sources of competitiveness

With the future competitive environment in mind, we will work to develop personnel who lead business reforms with enthusiasm and exert their originality and ingenuity to push forward with business improvements and reforms.

Even as the business environment undergoes major changes, we will build an organizational structure, as well as a business administration system, that responds swiftly and flexibly to such changes.

- Reinforcing the financial foundation and enhancing competitiveness on a group-wide basis

We will make all-out efforts to achieve greater efficiency in all business activities and enhance our competitiveness, thus improving financial results and restoring the financial foundation.

Specific initiatives include making the most of external knowledge to reform material and equipment procurement, raising the cost awareness of employees for continuous cost reductions, and stepping up cost management.

In addition, in order to establish a competitive advantage, we will promote technology development on a group-wide scale, maintaining the technological capabilities and skills that we have cultivated in the past and handing them down to the next generation.

- Pursuing safety and security

Basically, we will give top priority to safety and security in all business activities.

In particular, we are keenly aware that there must be no limits to the efforts made for nuclear safety. Under the top managers' strong leadership, we will step up risk management. We will also promote face-to-face dialogues with local residents and reflect their opinions on Kyuden's initiatives for safety and security.

- Promoting thorough CSR (corporate social responsibility) management

We will make all-out efforts to ensure sincere and fair business administration through actions that are trusted by society, and it goes without saying that we will always comply with laws and ordinances.

We will also promote closer communication with society and properly reflect the opinions collected on business administration. In addition, we will make all-out efforts to disclose information swiftly in an easy-to-understand manner, thus increasing the transparency of our business activities.

Furthermore, through collaboration with local residents such as through volunteer activities, we will contribute to work aimed at resolving social problems and grow together with local communities.

By applying these initiatives on a group-wide scale, we aim to attain sustained growth and provide value to all stakeholders.

### **3. Basic policy for selection of accounting standards**

Since the Kyuden Group's business consists mainly of the electricity business, our consolidated financial statements are based on the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28, October 30, 1976) and are prepared in accordance with the Ordinance on Accounting at Electricity Utilities (Ordinance of the Ministry of International Trade and Industry No. 57, June 15, 1965). We have not decided yet whether we will apply the International Financial Reporting Standards (IFRS) to our financial statements in the future.

#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheets

	(Unit: million yen)	
	As of March 31st, 2014	As of March 31st, 2015
Assets		
Fixed Assets	3,847,207	3,925,720
Utility property, plant and equipment	2,309,750	2,248,572
Hydro	302,075	285,370
Thermal	169,393	156,633
Nuclear	211,244	196,062
Internal combustion	18,229	17,909
New energy	13,587	14,673
Transmission	639,755	625,131
Transformation	216,234	216,918
Distribution	614,425	613,880
General	119,022	116,210
Other	5,782	5,782
Other fixed assets	301,642	327,314
Construction in progress	329,749	431,741
Construction and retirement in progress	329,749	410,049
Special account related to nuclear power decommissioning	-	21,692
Nuclear fuel	281,522	280,616
Loaded nuclear fuel	84,127	75,531
Nuclear fuel in processing	197,395	205,084
Investments and other assets	624,541	637,475
Long-term investments	110,402	106,018
Reserve for reprocessing of irradiated nuclear fuel	261,058	282,071
Assets for retirement benefits	239	14,925
Deferred tax assets	146,426	127,072
Other assets	107,336	108,727
Allowance for doubtful accounts	-922	-1,339
Current Assets	702,644	859,015
Cash and cash equivalent	379,495	512,472
Trade notes and accounts receivable	163,392	179,065
Inventories at average cost	82,559	81,433
Deferred tax assets	33,137	34,068
Other current assets	44,916	52,797
Allowance for doubtful accounts	-855	-822
Assets Total	4,549,852	4,784,735

(Unit: million yen)

	As of March 31st, 2014	As of March 31st, 2015
<b>Liabilities</b>		
Long-term Liabilities	3,429,837	3,499,896
Bonds	1,143,615	1,064,274
Long-term loans	1,653,360	1,773,867
Reserve for reprocessing of irradiated nuclear fuel	306,219	294,345
Reserve for preparation of reprocessing of irradiated nuclear fuel	26,662	28,320
Liabilities for retirement benefits	51,237	90,547
Asset retirement obligations	202,989	207,437
Deferred tax liabilities	248	527
Other fixed liabilities	45,503	40,575
Current Liabilities	625,782	832,156
Current portion of long-term debt	213,236	397,338
Short-term borrowings	118,171	119,001
Notes and accounts payable	97,402	97,115
Income tax payable	20,351	27,325
Deferred tax liabilities	74	66
Other current liabilities	176,544	191,310
Reserves under the special law	-	1,692
Reserve for fluctuation in water levels	-	1,692
<b>Liabilities Total</b>	<b>4,055,619</b>	<b>4,333,744</b>
<b>Net Assets</b>		
Shareholders' Equity	440,966	427,157
Common stock	237,304	237,304
Additional paid-in capital	31,130	130,344
Retained earnings	174,871	60,175
Treasury stock	-2,340	-666
Accumulated other comprehensive income	34,566	4,370
Unrealized gain on other securities	2,352	4,097
Gain on deferred hedge	4,235	596
Foreign currency translation adjustments	-450	-18
Accumulated amount of adjustments related to retirement benefits	28,429	-305
Minority Interests	18,699	19,462
<b>Net Assets Total</b>	<b>494,232</b>	<b>450,990</b>
<b>Liabilities and Net Assets Total</b>	<b>4,549,852</b>	<b>4,784,735</b>

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

(Unit: million yen)

	April 1, 2013-March 31, 2014	April 1, 2014-March 31, 2015
Operating Revenues	1,791,152	1,873,467
Electricity	1,633,023	1,719,570
Other	158,129	153,897
Operating Expenses	1,886,974	1,916,782
Electricity	1,746,890	1,779,711
Other	140,083	137,070
Operating Loss	-95,821	-43,314
Other Revenues	15,550	16,584
Proceed from dividends	2,629	2,100
Proceed from interests	3,973	4,135
Foreign exchange gains	1,398	2,227
Equity in earnings of affiliates	3,152	3,400
Other	4,396	4,719
Other Expenses	51,178	46,963
Interest expenses	39,429	40,148
Other	11,749	6,815
Total Ordinary Revenues	1,806,703	1,890,052
Total Ordinary Expenses	1,938,152	1,963,746
Ordinary Loss	-131,449	-73,693
Provision or reversal of reserve fluctuation in water levels	-4,308	1,692
Provision of reserve fluctuation in water levels	-	1,692
Reversal of reserve fluctuation in water levels(Credit)	-4,308	-
Extraordinary gain	53,408	2,484
Gain on sales of fixed assets	26,173	2,484
Gain on sales of securities	5,524	-
Gain on contributions of securities to retirement benefit trust	21,711	-
Loss before Income Taxes	-73,732	-72,901
Income Taxes	5,131	7,114
Income Taxes-Deferred	15,655	33,210
Income Taxes Total	20,786	40,324
Loss before Minority Interests	-94,519	-113,225
Minority Interests	1,576	1,470
Net Loss	-96,096	-114,695

## Consolidated Comprehensive Income Statements

(Unit: million yen)

	April 1, 2013-March 31, 2014	April 1, 2014-March 31, 2015
Net Loss before Minority Interests	-94,519	-113,225
Other comprehensive income		
Unrealized gain on other securities	-16,670	1,188
Gain on deferred hedge	464	-1,759
Foreign currency translation adjustments	-1,429	-25
Adjustments related to retirement benefits	-683	-28,192
Equity in equity method companies	2,816	-1,171
Total other comprehensive income	-15,503	-29,960
Comprehensive income	-110,023	-143,186
Comprehensive income related to		
Comprehensive income related to parent company shareholders	-111,780	-144,891
Comprehensive income related to minority interests	1,757	1,705

(3) Consolidated Statements of Changes in Shareholders' Equity  
 Previous consolidated fiscal year (April 1, 2013 to March 31, 2014)

(Unit : million yen)

	Shareholders' Equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Shareholders' Equity Total
Balance at the start of FY	237,304	31,130	252,145	-2,373	518,207
Cumulative effects of Changes in accounting policies			18,822		18,822
Restated balance	237,304	31,130	270,967	-2,373	537,030
Changes during FY					
New issue of shares					
Transfer to additional paid-in capital from common stock					
Net Loss			-96,096		-96,096
Acquisition of Treasury Stock				-18	-18
Disposal of Treasury Stock				51	51
Changes by Stock Exchanges					
Net changes during FY other than Shareholders' Equity					
Total changes during FY			-96,096	33	-96,063
Balance at the end of FY	237,304	31,130	174,871	-2,340	440,966

(Unit : million yen)

	Shareholders' Equity					Minority Interests	Net Assets Total
	Unrealized gain on other securities	Gain on deferred hedge	Foreign currency translation adjustment	Adjustments related to retirement benefits	Total other Comprehensive income		
Balance at the start of FY	19,212	3,747	-1,481		21,477	18,114	557,799
Cumulative effects of Changes in accounting policies				28,773	28,773	-291	47,304
Restated balance	19,212	3,747	-1,481	28,773	50,250	17,822	605,103
Changes during FY							
New issue of shares							
Transfer to additional paid-in capital from common stock							
Net Loss							-96,096
Acquisition of Treasury Stock							-18
Disposal of Treasury Stock							51
Changes by Stock Exchanges							
Net changes during FY other than Shareholders' Equity	-16,859	488	1,031	-344	-15,684	876	-14,807
Total changes during FY	-16,859	488	1,031	-344	-15,684	876	-110,871
Balance at the end of FY	2,352	4,235	-450	28,429	34,566	18,699	494,232

Current consolidated fiscal year (April 1, 2014 to March 31, 2015)

(Unit : million yen)

	Shareholders' Equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Shareholders' Equity Total
Balance at the start of FY	237,304	31,130	174,871	-2,340	440,966
Cumulative effects of Changes in accounting policies					
Restated balance	237,304	31,130	174,871	-2,340	440,966
Changes during FY					
New issue of shares	50,000	50,000			100,000
Transfer to additional paid-in capital from common stock	-50,000	50,000			
Net Loss			-114,695		-114,695
Acquisition of Treasury Stock				-14	-14
Disposal of Treasury Stock		-303		580	277
Changes by Stock Exchanges		-482		1,107	624
Net changes during FY other than Shareholders' Equity					
Total changes during FY		99,213	-114,695	1,673	-13,808
Balance at the end of FY	237,304	130,344	60,175	-666	427,157

(Unit : million yen)

	Shareholders' Equity					Minority Interests	Net Assets Total
	Unrealized gain on other securities	Gain on deferred hedge	Foreign currency translation adjustment	Adjustments related to retirement benefits	Total other Comprehensive income		
Balance at the start of FY	2,352	4,235	-450	28,429	34,566	18,699	494,232
Cumulative effects of Changes in accounting policies							
Restated balance	2,352	4,235	-450	28,429	34,566	18,699	494,232
Changes during FY							
New issue of shares							100,000
Transfer to additional paid-in capital from common stock							
Net Loss							-114,695
Acquisition of Treasury Stock							-14
Disposal of Treasury Stock							277
Changes by Stock Exchanges							624
Net changes during FY other than Shareholders' Equity	1,745	-3,639	432	-28,734	-30,195	762	-29,433
Total changes during FY	1,745	-3,639	432	-28,734	-30,195	762	-43,242
Balance at the end of FY	4,097	596	-18	-305	4,370	19,462	450,990

## (4) Consolidated Statements of Cash Flows

	(Unit: million yen)	
	April 1, 2013- March 31, 2014	April 1, 2014- March 31, 2015
<b>Operating Activities</b>		
Loss before income taxes	-73,732	-72,901
Depreciation and amortization	202,856	193,972
Decommissioning cost of nuclear power plants	1,978	4,293
Loss on disposal of property, plant and equipment	6,438	6,643
Provision for reserve for reprocessing of used fuel	-15,056	-14,428
Provision for preparation for reprocessing of irradiated nuclear fuel	1,025	1,658
Increase (decrease) in net defined benefit liability	-10,577	-5,823
Increase(decrease) in reserve for fluctuation in water levels	-4,308	1,692
Interest revenue and dividends received	-6,602	-6,236
Interest expense	39,429	40,148
Equity in net earnings under the equity method	-3,152	-3,400
Gain on sales of fixed assets	-26,173	-2,484
Gain on sales of securities	-5,524	-
Gain on contributions of securities to retirement benefit trust	-21,711	-
Increase(decrease) in fund for reprocessing of irradiated nuclear fuel	-20,902	-21,012
Increase(decrease) in accounts receivable	-40,493	-15,489
Increase(decrease) in inventories, principally fuel, at average cost	-9,481	1,125
Increase(decrease) in accounts payable	-5,534	1,697
Other	22,031	16,642
Sub Total	30,508	126,097
Receipt of interest and cash dividends	6,860	8,554
Interest paid	-39,326	-40,102
Income tax paid	-3,965	-5,812
Net cash provided by operating activities	-5,922	88,736
<b>Cash Flows from Investing Activities</b>		
Purchases of property, plant and equipment	-236,378	-293,944
Proceeds from contribution received for construction	12,858	23,259
Proceeds from sales of property, plant and equipment	27,591	3,137
Payment for investments and other	-2,966	-679
Proceeds for recoveries from investments and other	14,845	3,181
Other	-914	-3,367
Net cash used in investing activities	-184,963	-268,413

	(Unit: million yen)	
	April 1, 2013- March 31, 2014	April 1, 2014- March 31, 2015
Cash Flows from Financing Activities		
Proceeds from issuance of bonds	194,488	139,570
Redemption of bonds	-163,842	-99,800
Proceeds from long-term loans	280,344	275,475
Repayment of long-term loans	-76,447	-102,184
Net increase (decrease) in short-term borrowings	-1,011	1,379
Net changes in commercial paper	-33,000	-
Proceeds from issuance of preferred stock	-	99,597
Other	-4,134	-3,231
Net cash used in financing activities	<u>196,397</u>	<u>310,807</u>
Effect of exchange rate changes on cash and cash equivalents	<u>51</u>	<u>579</u>
Changes in cash and cash equivalents	<u>5,561</u>	<u>131,710</u>
Cash and cash equivalents at beginning of the year	<u>379,207</u>	<u>384,769</u>
Cash and cash equivalents at end the of the year	<u>384,769</u>	<u>516,480</u>

(5) Notes on Consolidated Financial Statements

(Note on the premise of going concern)

N/A

(Changes in accounting principles, changes in accounting estimates, restatements)

[Changes in accounting principles]

Change of the accounting method if reactors are decommissioned due to factors such as changes in energy policy

Previously, if they decommissioned a reactor due to factors such as a change of energy policy, electricity utilities used an accounting method of reporting all of the nuclear power generation equipment related to the reactor (excluding fixed assets required for the decommissioning of the reactor, those that needed maintaining even after the operations of the reactor had been terminated, and assets equivalent to asset retirement obligations), construction-in-progress accounts related to the nuclear power generation equipment and the book value of nuclear fuel related to the reactor (excluding expected disposal amounts; hereinafter referred to as the “Book Value of Nuclear Power Generation Equipment, Etc.”), and amounts equivalent to spent fuel reprocessing and other expenses that arose from the decommissioning of the reactor as well as expenses required for the dismantling of the nuclear fuel (hereinafter referred to as the “Amounts Equivalent to Expenses Related to the Decommission of the Reactor”) as expenses when a decision had been made to decommission the reactor. However, on March 13, 2015, the Ordinance for Partial Revision of the Ordinance on Accounting at Electricity Utilities and Other Provisions (Ordinance of the Ministry of Economy, Trade and Industry No. 10, 2015) came into force, revising the Ordinance on Accounting at Electricity Utilities. Therefore, since the day of enforcement, we have shifted to a method of transferring the Book Value of Nuclear Power Generation Equipment, Etc. and the Amounts Equivalent to Expenses Related to the Decommission of the Reactor to a special account related to nuclear power decommissioning or reporting the same in such an account and then depreciating amounts that corresponded to the fares collected in each consolidated fiscal year after obtaining the approval of the Minister of Economy, Trade and Industry.

With this change, in the current consolidated fiscal year, we transferred or reported a total of ¥21,692 million, which consisted of ¥15,317 million for the Book Value of Nuclear Power Generation Equipment, Etc. related to the Genkai Nuclear Power Station Unit No.1, whose decommissioning was decided on March 18, 2015, and 6,375 million yen for the Amounts Equivalent to Expenses Related to the Decommission of the Reactor, to or in the special account related to nuclear power decommissioning. On March 18, 2015, meanwhile, we submitted an application for approval of a new suspense account related to the decommissioning of the Genkai Nuclear Power Station Unit 1 to the Minister of Economy, Trade and Industry. On April 21, 2015, we obtained the Minister’s approval regarding this matter.

As a result, loss before income taxes for the current consolidated fiscal year was reduced by ¥21,692 million yen compared to the previous method.

Effects on per share data are described in the relevant section.

(Tax effect accounting)

Correction of the amounts of deferred tax assets and liabilities in response to the change in the income tax rate

The Act for Partial Amendment of the Income Tax Act, Etc. (Law No. 9 of 2015) and the Act for Partial Amendment of the Local Tax Act, Etc. (Law No. 2 of 2015) were promulgated on March 31, 2015. With this promulgation, the effective statutory tax rate used to calculate deferred tax assets and liabilities for the current consolidated fiscal year was changed from 30.7% for the previous consolidated fiscal year to 28.7% if their recovery or payment is expected to occur on April 1, 2015 or thereafter.

As a result, our deferred tax assets decreased by ¥10,431 million while our deferred income taxes and other comprehensive income increased by ¥10,687 million and ¥263 million, respectively.

On the other hand, our deferred tax liabilities decreased only slightly.

(Segment information, etc)

## 1. Segment information

### (1) Overview of reporting segments

The Company's reporting segments are based on the units that compose our Company for which separate financial information is available. The segments are subject to regular review by the Board of Directors to evaluate performance.

The Company is composed of four reporting segments, classified in consideration of the types of products and business activities: the Electricity Business, the Energy-related Business, the IT/Telecommunication Business, and Other Businesses.

The main products and business activities belonging to each reporting segment are described below.

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

### (2) Calculation method of amount of sales, income or loss, asset and other items by reporting segment

Accounting method of Reporting segment is the same to the Preparation of consolidated financial statements. Reporting segment income is on operating income basis. Inter-segment sales is based on a market price.

(Change of the accounting method if reactors are decommissioned due to factors such as changes in energy policy)

As described in "Changes in accounting principles," we changed the accounting method if reactors are decommissioned due to factors such as changes in energy policy from the 4<sup>th</sup> quarter of the current consolidated fiscal year. With this change, we also changed the accounting method for the electricity business segment in the same way.

This change has no effect of segment loss for Electricity.

### (3) Information regarding amount of sales, income or loss, asset and other items by reporting segment

Previous consolidated fiscal year (April 1, 2013 to March 31, 2014)

(Unit: million yen)

	Reportable segment					Adjusted amount*1	Consolidated financial statements*2
	Electricity	Energy-related	IT/Telecommunication	Other	Total		
Sales							
Sales to outside customers	1,633,023	78,150	65,841	14,137	1,791,152	-	1,791,152
Inter-segment sales	1,805	92,856	23,907	13,004	131,573	-131,573	-
Total	1,634,829	171,007	89,748	27,142	1,922,726	-131,573	1,791,152
Segment income (loss)	-121,615	10,367	11,342	3,266	-96,639	818	-95,821
Segment asset	4,057,306	345,698	136,493	136,780	4,676,279	-126,427	4,549,852
Other items							
Depreciation (including amortization of nuclear fuel)	172,341	9,210	18,432	5,550	205,534	-2,678	202,856
Increase in tangible fixed assets and intangible fixed assets	216,181	23,927	19,808	1,438	261,355	-4,351	257,004

\*1 Adjusted amount of segment income (loss) of 818 million yen and adjusted amount of segment asset of -126,427 million yen are inter-segment elimination.

\*2 Segment income (loss) is adjusted with operating loss within consolidated income statements.

Current consolidated fiscal year (April 1, 2014 to March 31, 2015)

(Unit: million yen)

	Reportable segment					Adjusted amount*1	Consolidated financial statements*2
	Electricity	Energy-related	IT/Telecommunication	Other	Total		
Sales							
Sales to outside customers	1,719,570	71,793	69,217	12,886	1,873,467	-	1,873,467
Inter-segment sales	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 income	-68,481	10,983	11,419	3,677	-42,400	-914	-43,314
Segment asset	4,235,616	375,418	176,152	141,491	4,928,679	-143,943	4,784,735
Other items							
Depreciation (including amortization of nuclear fuel)	164,724	9,052	18,028	4,947	196,753	-2,780	193,972
Increase in tangible fixed assets and intangible fixed assets	228,362	22,756	25,550	948	277,617	-4,737	272,880

\*1 Adjusted amount of segment income (loss) of 914 million yen and adjusted amount of segment asset of -143,943 million yen are inter-segment elimination.

\*2 Segment income (loss) is adjusted with operating loss within consolidated income statements.

## 2. Related information

Previous consolidated fiscal year (April 1, 2013 to March 31, 2014) and Current consolidated fiscal year (April 1, 2014 to March 31, 2015)

### (1) Information by product and service

Because similar information is disclosed in segment information, this information is omitted.

### (2) Information by region

#### Sales

Because domestic sales to external customers account for over 90% of the sales stated in the Consolidated Income Statements, this information is omitted.

#### Property, plant and equipment

Because property, plant and equipment located in Japan accounts for over 90% of the property, plant and equipment stated in the Consolidated Balance Sheets, this information is not stated.

### (3) Information by main customers

Because there are no customers that account for over 10% of sales stated in the Consolidated Income Statements for sales to external customers, this information is omitted.

## 3. Information relating to impairment loss of fixed assets by reporting segment

Previous consolidated fiscal year (April 1, 2013 to March 31, 2014) and Current consolidated fiscal year (April 1, 2014 to March 31, 2015)

Because this information lacks materiality, it is omitted.

## 4. Information relating to goodwill amortization and unamortized balance by reporting segment

Previous consolidated fiscal year (April 1, 2013 to March 31, 2014)

Because this information lacks materiality, it is omitted.

Current consolidated fiscal year (April 1, 2014 to March 31, 2015)

N/A

## 5. Information relating to gains incurred from negative goodwill by reporting segment

Previous consolidated fiscal year (April 1, 2013 to March 31, 2014) and Current consolidated fiscal year (April 1, 2014 to March 31, 2015)

Because this information lacks materiality, it is omitted.

## (Per share data)

	FY2013 (April 1, 2013- March 31, 2014)	FY2014 (April 1, 2014- March 31, 2015)
Shareholders' equity per share (BPS)	¥1,005.42	¥692.52
Net loss per share (EPS)	¥-203.19	¥-242.38

(Note) 1. Diluted EPS is abbreviated as there are no dilutive securities and it is net loss per share.

2. As described in "Changes in accounting principles," we changed the accounting method if reactors are decommissioned due to factors such as changes in energy policy.

As a result, Shareholder's equity per share for the current consolidated fiscal year increased by ¥32.65 while Net loss per share decreased by ¥32.68.

3. Basic data for computation of the per share data is as below.

## (1) Shareholders' equity per share

	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
Shareholders' equity total	¥494,232 million	¥450,990 million
Deductible from shareholders' equity	¥18,699 million	¥122,962 million
(Paid in amount of the preferred shares)	-	(¥100,000 million)
(cumulative dividends payable for Preferred shares)	-	(¥3,500 million)
(Minority interest)	(¥18,699 million)	(¥19,462 million)
Shareholders' equity allocated to common stock outstanding	¥475,533 million	¥328,028 million
Number of common stock outstanding at the end of each fiscal year	472,970 thousand shares	473,674 thousand shares

## (2) Net loss per share

	FY2013 (April 1, 2013- March 31, 2014)	FY2014 (April 1, 2014- March 31, 2015)
Net loss	¥-96,096 million	¥-114,695 million
Amount not allocated to shareholders	-	-
Net loss allocated to common stock outstanding	¥-96,096 million	¥-114,695 million
Weighted average number of common stock outstanding during each fiscal year	472,946 thousand shares	473,208 thousand shares

## (Significant post-balance sheet event)

N/A

## 5. Non-consolidated Financial Statements

### (1) Balance Sheets

	(Unit: million yen)	
	As of March 31st, 2014	As of March 31st, 2015
Assets		
Property, Plant and Equipment	3,625,432	3,651,325
Utility property, plant and equipment	2,341,919	2,281,270
Hydro power production facilities	305,026	288,429
Thermal power production facilities	171,135	158,031
Nuclear power production facilities	213,428	199,313
Internal combustion power production facilities	18,779	18,465
New energy power production facilities	13,854	14,980
Transmission facilities	646,720	632,131
Transformation facilities	220,264	220,839
Distribution facilities	625,675	625,075
General facilities	121,252	118,221
Facilities on loan	5,782	5,782
Incidental businesses property and equipment	31,412	9,617
Nonoperating property and equipment	3,900	3,620
Plant and equipment suspense account	310,704	391,725
Construction in progress	308,768	367,377
Retirement in progress	1,935	2,655
Special account related to nuclear power decommissioning	-	21,692
Nuclear Fuel	281,522	280,616
Loaded nuclear fuel	84,127	75,531
Nuclear fuel in processing	197,395	205,084
Investments and other assets	655,973	684,474
Long-term investments	98,546	94,780
Investments in subsidiaries and affiliated companies	149,634	184,605
Fund for reprocessing of irradiated nuclear fuel	261,058	282,071
Long-term prepaid expenses	5,953	6,562
Prepaid pension cost	-	9,779
Deferred tax assets	141,299	107,187
Allowance for doubtful accounts	-519	-512
Current Assets	592,605	739,586
Cash and cash equivalents	334,476	466,141
Accounts receivable	132,598	149,455
Receivables	15,768	15,829
Inventories	67,306	60,005
Prepaid expenses	593	3,392
Receivables from subsidiaries and affiliated companies	5,087	2,368
Deferred tax assets	29,225	30,371
Other current assets	8,066	12,474
Allowance for doubtful accounts	-519	-452
Assets Total	4,218,037	4,390,912

(Unit: million yen)

	As of March 31st, 2014	As of March 31st, 2015
<b>Liabilities</b>		
Long-term Liabilities	3,314,453	3,327,820
Bonds	1,143,715	1,064,374
Long-term loans	1,545,480	1,645,634
Long-term accrued liabilities	7,605	7,250
Long-term lease liabilities	2,121	1,474
Long-term liabilities to affiliates	1,600	1,290
Liability for employees' retirement benefits	74,526	69,686
Reserve for reprocessing of irradiated nuclear fuel	306,219	294,345
Reserve for preparation of reprocessing of irradiated nuclear fuel	26,662	28,320
Asset retirement obligations	201,142	206,113
Other long-term liabilities	5,377	9,328
Current Liabilities	562,179	739,099
Current portion of long-term debt	186,242	349,464
Short-term borrowings	115,000	115,000
Accounts payable-trade	86,590	82,961
Accounts payable	46,490	32,336
Accrued expenses	67,336	80,502
Accrued income tax	15,615	18,709
Deposit	1,476	1,223
Short-term liabilities to subsidiaries and affiliated companies	32,411	43,270
Other advances	9,274	14,001
Other current liabilities	1,741	1,630
Reserves under the special law	-	1,692
Reserve for fluctuation in water levels	-	1,692
Liabilities Total	3,876,632	4,068,612
<b>Shareholders' Equity</b>		
Common stock	336,663	318,673
Paid-in capital	237,304	237,304
Additional paid-in capital	31,107	130,396
Capital reserve	31,087	31,087
Other additional paid-in caoutal	19	99,309
Retained earnings	70,405	-48,605
Legal reserve	59,326	59,326
Retained earnings - carryforward	11,078	-107,931
Reserves for losses on overseas investment,etc.	16	17
Deferred retained earnings	11,061	-107,949
Treasury stock	-2,153	-423
Valuation and translation adjustments	4,741	3,626
Unrealized gain on other securities	418	1,062
Gain on deferred hedge	4,323	2,564
Total Shareholders' Equity	341,405	322,299
<b>Liabilities and Shareholders' Equity Total</b>	<b>4,218,037</b>	<b>4,390,912</b>

## (2) Income Statements

(Unit: million yen)

	April 1, 2013-March 31, 2014	April 1, 2014-March 31, 2015
Operating Revenues	1,682,994	1,761,275
Electricity	1,634,829	1,721,869
Lighting	656,698	648,539
Power	871,492	897,611
Sales to other electric companies	319	362
Sales to other companies	9,734	16,673
Revenues from wheeling service charges	3,904	7,364
Gains from adjustment among electric companies	4,201	3,385
Grant based on the Act on Purchase of Renewable Energy Sourced Electricity	74,247	134,196
Miscellaneous revenues from electricity	13,866	13,386
Revenues from loaned equipment	364	349
Incidental-Business Operating Revenues	48,165	39,405
Fiber-optic cable leasing service	14,126	10,838
Gas supply	29,827	24,804
Other	4,210	3,762
Operating Expenses	1,795,232	1,820,655
Electricity	1,756,444	1,790,350
Hydro power	38,571	38,483
Thermal power	797,672	731,814
Nuclear power	131,976	136,339
Internal combustion power	29,633	27,565
New energy power	8,434	10,507
Purchase from other electric companies	24,397	20,137
Purchase from other companies	290,563	352,300
Transmission	78,496	83,451
Transformation	35,694	39,335
Distribution	114,432	126,919
Sales	43,984	47,407
Suspended facilities	374	-
Facilities on loan	34	33
General	87,226	76,850
Levy based on the Act on Purchase of Renewable Energy Sourced Electricity	25,846	50,978
Promotion of power resources development tax	32,088	31,211
Enterprise tax	17,095	17,113
Electricity account transfer (Credit)	-77	-97
Incidental Businesses Operating Expenses	38,787	30,304
Fiber-optic cable leasing service	9,033	4,980
Gas supply	27,090	22,502
Other	2,663	2,822
Operating Loss	-112,237	-59,380

(Unit: million yen)

	April 1, 2013-March 31, 2014	April 1, 2014-March 31, 2015
Other Revenues	21,426	10,687
Financial revenues	18,059	5,822
Proceed from dividends	14,157	1,777
Proceed from interests	3,902	4,044
Non-operating revenues	3,366	4,864
Foreign exchange gains	1,257	1,779
Other	2,109	3,085
Other Expenses	46,456	44,387
Financial expenses	38,521	39,524
Interest expenses	38,009	38,693
Stock issuance costs	-	402
Bond issuance costs	511	429
Non-operating expenses	7,935	4,862
Loss on sales of tangible fixed assets	207	239
Other losses	7,727	4,623
Total Ordinary Revenues	1,704,420	1,771,962
Total Ordinary Expenses	1,841,688	1,865,042
Ordinary Loss	-137,267	-93,080
Provision or reversal of reserve fluctuation in water levels	-4,308	1,692
Provision of reserve fluctuation in water levels	-	1,692
Reversal of reserve fluctuation in water levels(Credit)	-4,308	-
Extraordinary gain	57,340	9,867
Gain on sales of fixed assets	27,141	9,867
Gain on sales of securities	6,006	-
Gain on sales of stocks of affiliates	2,481	-
Gain on contributions of securities to retirement benefit trust	21,711	-
Loss before Income Taxes	-75,619	-84,905
Corporation Tax, Residence Tax and Enterprise Tax	370	486
Income Taxes-Deferred	14,949	33,618
Income Taxes Total	15,320	34,105
Net Loss	-90,939	-119,010

(3) Statements of Changes in Shareholders' Equity  
 Previous consolidated fiscal year (April 1, 2013 to March 31, 2014)

(Unit : million yen)

	Shareholders' Equity			
	Paid-in Capital	Additional Paid-in Capital		
		Capital reserve	Other additional Paid-in Capital	Additional Paid-in Capital Total
Balance at the start of FY	237,304	31,087	19	31,107
Cumulative effects of Changes in accounting policies				
Restated balance	237,304	31,087	19	31,107
Changes during FY				
New issue of shares				
Transfer to additional paid-in capital from common stock				
Transfer to additional paid-in capital from capital reserve				
Accumulation of Reserve for losses on overseas investment, etc				
Reversal of contingent reserves				
Net Loss				
Acquisition of Treasury Stock				
Disposal of Treasury Stock				
Changes by Stock Exchanges				
Net changes during FY other than Shareholders' Equity				
Total changes during FY				
Balance at the end of FY	237,304	31,087	19	31,107

(Unit : million yen)

	Shareholders' Equity				
	Retained earnings				
	Legal reserve	Other additional Paid-in Capital			Additional Paid-in Capital Total
Reserve for losses on overseas investment, etc		Contingent reserves	Deferred retained earnings		
Balance at the start of FY	59,326	11	357,000	-275,013	141,323
Cumulative effects of Changes in accounting policies				20,021	20,021
Restated balance	59,326	11	35,700	-254,992	161,345
Changes during FY					
New issue of shares					
Transfer to additional paid-in capital from common stock					
Transfer to additional paid-in capital from capital reserve					
Accumulation of Reserve for losses on overseas investment, etc		5		-5	
Reversal of contingent reserves			-357,000	357,000	
Net Loss				-90,939	-90,939
Acquisition of Treasury Stock					
Disposal of Treasury Stock					
Changes by Stock Exchanges					
Net changes during FY other than Shareholders' Equity					
Total changes during FY		5	-357,000	266,054	-90,939
Balance at the end of FY	59,326	16		11,061	70,405

(Unit : million yen)

	Shareholders' Equity		Valuation and Translation Adjustments			Equity Total
	Treasury stock	Shareholders' Equity Total	Unrealized gain on other securities	Gain/Loss on deferred hedge	Valuation and Translation Adjustments Total	
Balance at the start of FY	-2,134	407,601	17,826	3,859	21,685	429,287
Cumulative effects of Changes in accounting policies		20,021				20,021
Restated balance	-2,134	427,622	17,826	3,859	21,685	449,308
Changes during FY						
New issue of shares						
Transfer to additional paid-in capital from common stock						
Transfer to additional paid-in capital from capital reserve						
Accumulation of Reserve for losses on overseas investment, etc						
Reversal of contingent reserves						
Net Loss		-90,939				-90,939
Acquisition of Treasury Stock	-18	-18				-18
Disposal of Treasury Stock						
Changes by Share Exchanges						
Net changes during FY other than Shareholders' Equity			-17,408	464	-16,943	-16,943
Total changes during FY	-18	-90,958	-17,408	464	-16,943	-107,902
Balance at the end of FY	-2,153	336,663	418	4,323	4,741	341,405

Current consolidated fiscal year (April 1, 2014 to March 31, 2015)

(Unit : million yen)

	Shareholders' Equity			
	Paid-in Capital	Additional Paid-in Capital		
		Capital reserve	Other additional Paid-in Capital	Additional Paid-in Capital Total
Balance at the start of FY	237,304	31,087	19	31,107
Cumulative effects of Changes in accounting policies				
Restated balance	237,304	31,087	19	31,107
Changes during FY				
New issue of shares	50,000	50,000		50,000
Transfer to additional paid-in capital from common stock	-50,000		50,000	50,000
Transfer to additional paid-in capital from capital reserve		-50,000	50,000	
Accumulation of Reserve for losses on overseas investment, etc				
Reversal of contingent reserves				
Net Loss				
Acquisition of Treasury Stock				
Disposal of Treasury Stock				
Changes by Stock Exchanges			-709	-709
Net changes during FY other than Shareholders' Equity				
Total changes during FY			99,289	99,289
Balance at the end of FY	237,304	31,087	99,309	130,396

(Unit : million yen)

	Shareholders' Equity				
	Retained earnings				
	Legal reserve	Other additional Paid-in Capital			Additional Paid-in Capital Total
Reserve for losses on overseas investment, etc		Contingent reserves	Deferred retained earnings		
Balance at the start of FY	59,326	16		11,061	70,405
Cumulative effects of Changes in accounting policies					
Restated balance	59,326	16		11,061	70,405
Changes during FY					
New issue of shares					
Transfer to additional paid-in capital from common stock					
Transfer to additional paid-in capital from capital reserve					
Accumulation of Reserve for losses on overseas investment, etc					
Reversal of contingent reserves					
Net Loss				-119,010	-119,010
Acquisition of Treasury Stock					
Disposal of Treasury Stock					
Changes by Stock Exchanges					
Net changes during FY other than Shareholders' Equity					
Total changes during FY				-119,011	-119,010
Balance at the end of FY	59,326	17		-107,949	-48,605

(Unit : million yen)

	Shareholders' Equity		Valuation and Translation Adjustments			Equity Total
	Treasury stock	Shareholders' Equity Total	Unrealized gain on other securities	Gain/Loss on deferred hedge	Valuation and Translation Adjustments Total	
Balance at the start of FY	-2,153	336,663	418	4,323	4,741	341,405
Cumulative effects of Changes in accounting policies						
Restated balance	-2,153	336,663	418	4,323	4,741	341,405
Changes during FY						
New issue of shares		10,000				10,000
Transfer to additional paid-in capital from common stock						
Transfer to additional paid-in capital from capital reserve						
Accumulation of Reserve for losses on overseas investment, etc						
Reversal of contingent reserves						
Net Loss		-119,010				-119,010
Acquisition of Treasury Stock	-14	-14				-14
Disposal of Treasury Stock						
Changes by Stock Exchanges	1,744	1,034				1,034
Net changes during FY other than Shareholders' Equity			643	-1,759	-1,115	-1,115
Total changes during FY	1,730	-17,990	643	-1,759	-1,115	-19,105
Balance at the end of FY	-423	318,673	1,062	2,564	3,626	322,299

## 6. Other

### (1) Income and Expenditure (Non-consolidated)

(Unit: 100 million yen, %)

		FY2014 (A)	FY2013 (B)	Difference (A-B)	Change (A/B)	Composition Ratio	
						FY2014	FY2013
Ordinary Revenues	Lighting	6,485	6,566	-81	98.8	36.6	38.5
	Power	8,976	8,714	261	103.0	50.7	51.2
	(Subtotal)	(15,461)	(15,281)	(179)	(101.2)	(87.3)	(89.7)
	Other	2,258	1,762	495	128.1	12.7	10.3
	[Sales] Total	[17,612] 17,719	[16,829] 17,044	[782] 675	[104.7] 104.0	[99.4] 100.0	[98.7] 100.0
Ordinary Expenses	Labor	1,131	1,137	-6	99.4	6.1	6.2
	Fuel	6,784	7,544	-759	89.9	36.4	41.0
	Power purchase	3,724	3,149	574	118.2	20.0	17.1
	Maintenance	1,266	1,031	234	122.8	6.8	5.6
	Depreciation	1,647	1,723	-76	95.6	8.8	9.3
	Interest	386	380	6	101.8	2.1	2.1
	Tax & public dues	860	860	-	100.1	4.6	4.7
	Nuclear back-end	214	223	-9	95.8	1.1	1.2
	Other Total	2,634 18,650	2,366 18,416	268 233	111.3 101.3	14.1 100.0	12.8 100.0
[Operating Income(loss)]		[-593]	[-1,122]	[528]	[ - ]		
Ordinary Income(loss)		-930	-1,372	441	-		
Reserve fluctuation in water levels		16	-43	60	-		
Extraordinary gain		98	573	-474	17.2		
Income(loss) before income taxes		-849	-756	-92	-		
Income taxes		341	153	187	222.6		
Net Income(loss)		-1,190	-909	-280	-		

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

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

### (Reference)

	FY2014 (A)	FY2013 (B)	Change (A-B)
Crude Oil (CIF) Price	\$90/b	\$110/b	-20\$/b
Exchange Rate	¥110/\$	¥100/\$	¥10/\$

(2) Breaking into deferred tax assets

As a result of the tax system revisions in fiscal 2015, the corporate tax rates were lowered, and the creditable amount of losses carried over was reduced. Taking the effects of these changes into consideration, we examined the recoverability of deferred tax assets. Consequently, we broke into part of the deferred tax assets and reported ¥32.6 billion. (¥31.6 billion for Kyuden alone) as part of the income taxes-deferred.