

April 30, 2014

The Fiscal Year Ended March 31, 2014 Financial Results Overview (Japan GAAP) (Consolidated)

Kyushu Electric Power Co., Inc.

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

Stock listed on: Tokyo SE, Fukuoka SE

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Shareholders' Meeting: June 26, 2014

Commencement of payment of year-end dividend: -

Projected date for submitting annual security report: June 27, 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 FY2013 (April 1, 2013 to March 31, 2014)

(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)	(%)
FY2013 ended March 31, 2014	1,791,152	15.9	-95,821		-131,449	
FY2012 ended March 31, 2013	1,545,919	2.5	-299,428		-331,206	

(Note) Comprehensive income: FY2013 -110,023 million yen (- %) FY2012 -320,860 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)	(%)	(%)	(%)
FY2013 ended March 31, 2014	-96,096	—	-203.19	—	-18.9	-2.9	-5.3
FY2012 ended March 31, 2013	-332,470	—	-702.98	—	-47.2	-7.4	-19.4

(Reference) Investment Profit/Loss under Equity Methods: FY2013 3,152 million yen FY2012 2,015 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)
FY2013 ended March 31, 2014	4,549,852	494,232	10.5	1,005.42
FY2012 ended March 31, 2013	4,526,513	557,799	11.9	1,141.13

(Reference) Shareholders' equity: FY2013 475,553 million yen FY2012 539,684 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)
FY2013 ended March 31, 2014	-5,922	-184,963	196,397	384,769
FY2012 ended March 31, 2013	-135,130	-176,546	412,248	379,207

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)	(%)	(%)
FY2012 ended March 31, 2013		0.00		0.00	0.00	—	—	—
FY2013 ended March 31, 2014		0.00		0.00	0.00	—	—	—
FY2014 ending March 31, 2015 (forecast)		0.00						

(Note) Year-end dividend for FY2014 ending March 31, 2015 has yet to be decided.

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

3. Forecast for FY2014 ending March 2015 (April 1, 2014 to March 31, 2015)

(% 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: yen)						
2Q	940,000	8.3	—	—	—	—	—	—	—
Year-end	1,895,000	5.8	—	—	—	—	—	—	—

(Note) Fiscal 2014 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.

(See page 5 "(1) Analysis regarding business performance Forecast for FY2014" of Attached Material)

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: 17

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, 2012

Consolidated subsidiaries Newly added: 0 Excluded: 0

Under the equity method Newly added: 0 Excluded: 0

(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 : Yes

Changes in accounting estimates : Yes

Restatement : No

(Note) For details, please refer to Page 21 "(5) Notes on Consolidated Financial Statements Changes in accounting principles, changes in accounting estimates, restatements "

From the 3rd quarter of the fiscal year ending March 31, 2014, the method used for stating costs for assets corresponding to asset retirement obligations related to the decommissioning of specified nuclear power plants has changed, constituting a change in accounting principles that are difficult to distinguish from changes in accounting estimates.

(3) Number of outstanding shares

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

FY2013 ended March 2014 474,183,951 shares FY2012 ended March 2013 474,183,951 shares

Number of treasury stock at year end

FY2013 ended March 2014 1,214,196 shares FY2012 ended March 2013 1,246,883 shares

Average number of shares outstanding during the period

FY2013 ended March 2014 472,945,729 shares FY2012 ended March 2013 472,941,554 shares

(Note) For the number of shares applied in calculation of consolidated net earnings per share, see page 26 "(5) Notes on Consolidated Financial Statements Per share data."

(Reference) Outline of Non-consolidated Financial Results

1. Non-consolidated Financial Results for FY2013 (April 1, 2013 to March 31, 2014)

(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)	(%)
FY2013 ended March 31, 2014	1,682,994	16.2	-112,237	—	-137,267	—
FY2012 ended March 31, 2013	1,448,876	3.0	-305,812	—	-339,959	—

	Net income		Net earnings per share	Fully-diluted net earnings per share
	(Unit: million yen)	(%)	(Unit: yen)	(Unit: yen)
FY2013 ended March 31, 2014	-90,939	—	-192.17	—
FY2012 ended March 31, 2013	-338,050	—	-714.33	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: yen)
FY2013 ended March 31, 2014	4,218,037	341,405	8.1	721.45
FY2012 ended March 31, 2013	4,201,704	429,287	10.2	907.13

(Reference) Shareholders' equity: FY2013 341,405 million yen FY2012 429,287 million yen

2. Non-consolidated Forecast for FY2014 ending March 2015 (April 1, 2014 to March 31, 2015)

(% show s 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: yen)						
2Q	890,000	8.7	—	—	—	—	—	—	—
Year-end	1,785,000	6.1	—	—	—	—	—	—	—

(Note) Fiscal 2014 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.

(See page 5 "(1) Analysis regarding business performance Forecast for FY2014" of Attached Material)

*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.

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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 FY2013

The Japanese economy in this period (April, 2013-March, 2014) has recovering gently mainly in domestic demand due to the background including the government's economic policies, a rise of stock prices and an increased sales before the sales tax up. Also the economy in Kyushu has recovering as a whole, for example, exports have increased gradually and improved employment and income environment led consumer spending railed.

The Kyushu Electric Power Group has faced an ongoing situation of very tight supply and demand and rapid change in our financial status with the shutdown of all our nuclear power stations, and we had no choice but to ask our customers to share in that burden by increasing our fees from April,2013. However, our balance sheet remains weak due to the longer-than-expected shutdown of our nuclear power stations. For this reason, in addition to our commitment to achieve greater efficiency in operations in exchange for the rate hike, we have made every effort group-wide to achieve greater efficiency, including temporarily deferring repair and miscellaneous costs and other short-term measures.

A. Revenue and expenditure

Under these economic conditions, on the revenue side, consolidated sales (operating revenues) increased by 15.9% to ¥1,791.1 billion compared with FY2012 and the ordinary revenues increased by 15.8% to ¥1,806.7 billion affected by the business performances in electricity business as lighting and power revenue increased mainly due to the increase in charge unit price with the effect of electricity rate increase and fuel cost adjustment system and grant based on a feed-in tariff power purchase and sale system of renewable energy.

On the expenditure side, ordinary expenses increased by 2.5% to ¥1,938.1 billion affected by the business performances in electricity business as thermal fuel costs increased due to the influence of a weaker yen and costs for power purchases from renewable energy sources increased while we made cost reduction efforts such as maintenance cost efficiency and reduction of labor cost.

As a result, the ordinary loss for FY2013 reduced degree of loss by ¥199.7 billion compared with FY2012 to ¥131.4 billion.

The net loss for FY2013 reduced degree of loss by ¥236.3 billion compared with FY2012 to ¥96.0billion according to the post of ¥53.4 billion as an extraordinary gain occurred by sales of real estate and securities as a part of management rationalization and setting of retirement benefits trust.

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, %)

		FY2013 (A)	FY2012 (B)	Difference (A-B)	Change (A/B)
Electricity	Sales	16,348	14,083	2,264	116.1
	Operating Income(Loss)	-1,216	-3,126	1,910	-
Energy-related	Sales	1,710	1,606	103	106.5
	Operating Income(Loss)	103	25	77	402.1
IT & Telecommunication	Sales	897	945	-48	94.9
	Operating Income(Loss)	113	76	37	149.2
Other	Sales	271	272	-1	99.5
	Operating Income(Loss)	32	24	7	131.8

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

(a) Electricity Business

The sales revenue from electricity business increased by 16.1% to ¥1,634.8 billion compared with FY2012 mainly due to an increase in lighting and power revenue because of the increase of charge unit price with the effect of electricity rate increase and fuel cost adjustment system, and grant based on a feed-in tariff power purchase and sale system of renewable energy. Operating loss for FY2013 reduced degree of loss by ¥191.0 billion compared with FY2012 to ¥121.6 billion due to the costs reduction efforts such as maintenance cost efficiency and reduction of labor cost in spite of the increase in thermal fuel costs due to the influence of a weaker yen and costs for power purchases from renewable energy sources.

(b) Energy-related Business

The sales revenues from energy-related business increased by 6.5% to ¥171.0 billion compared with FY2012 mainly due to an increase in the number of repair works for electrical power station and new constructions of mega-solar power plant and gas selling revenues. Operating income increased by ¥7.7billion to ¥10.3 billion.

(c) IT and Telecommunication Business

The sales revenues from IT and telecommunication business decreased by 5.1% to ¥89.7 billion compared with FY2012 mainly due to a decrease in information system development in spite of the revenue increase in data transfer services for mobile phone companies. Operating income increased by 49.2% to ¥11.3 billion mainly due to the cost reduction efforts and a decrease in depreciation regarding business for rent of fiber-optic core wire.

(d) Other Businesses

The sales revenues from other businesses was ¥27.1 billion same level as FY2012. Operating income increased by 31.8% to ¥3.2 billion mainly due to a decrease in depreciation of rental buildings.

B. Sales and Supply overview

In FY2013, the demand for electric light, power for commercial operations and other general demands increased by 1.1% from FY2012 due to an increase in the air-conditioning demand as the temperature from June to October was higher than the previous year's level. The power demand from large industrial customers was same level as FY2012 due to the increase in production of Steel and Iron in spite of the decrease in production of Electric Machinery and Non-ferrous Metals.

Consequently, the total electricity sales for FY2013 increased by 0.8% to 84.45 billion kWh compared with FY2012.

Electricity Sales Volume

(Unit: million kWh, %)

		FY2013 (A)	FY2012 (B)	Difference (A-B)	Change (A/B)
Demand other than those under Liberalization	Lighting	29,792	29,509	283	101.0
	Power	5,291	5,204	87	101.7
	Total	35,083	34,713	370	101.1
Demand under Liberalization		49,367	49,074	293	100.6
Electricity Sales Total		84,450	83,787	663	100.8
Figures are included above	Customers other than large-scale industrial	60,827	60,173	654	101.1
	Large-scale industrial customers	23,623	23,614	9	100.0

On the supply side, under the ongoing shutdown of the operations of our nuclear power stations, we have provided supply of electricity to our customers by increasing electricity received from other companies while hydro decreased due to the drought.

Generated and Received Electricity

(Unit: million kWh, %)

		FY2013 (A)	FY2012 (B)	Difference (A-B)	Change (A/B)
Own facilities	Hydro (Water flow rate)	3,773 (86.7)	4,704 (112.8)	-931 (-26.1)	80.2
	Thermal	62,503	61,221	1,282	102.1
	Nuclear (Utilization rate)	- (-)	- (-)	- (-)	-
	New Energy	1,391	1,368	23	101.7
	Subtotal	67,667	67,293	374	100.6
From other companies (New Energy [included above])		23,147 (3,020)	21,248 (1,957)	1,899 (1,063)	108.9 (154.3)
Interchange		1,046	2,402	-1,356	43.5
For pumping		-576	-641	65	89.8
Total		91,284	90,302	982	101.1

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

Forecast for FY2014

Our sales for FY2014 expect to increase due to the increase of surcharge and grant based on a feed-in tariff power purchase and sale system of renewable energy and charge unit price with the effect of fuel cost adjustment system in spite of the decrease in electricity sales volume.

Fiscal 2014 full-year incomes are 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.

Forecast for operational performance on FY2014

(Unit: 100 million yen)

	Consolidated		Non-consolidated	
	2Q	Year-end	2Q	Year-end
Sales	9,400 [108.3%]	18,950 [105.8%]	8,900 [108.7%]	17,850 [106.1%]
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	41.7billion kWh [98.6%]	83.7 billion kWh [99.1%]
Crude oil (CIF) price	110 \$/b	
Exchange rate	¥ 105 /\$	

(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 ¥23.3 to ¥4,549.8 billion compared with the end of FY2012 mainly due to the increase of construction in progress with countermeasure constructions of nuclear power stations to improve safety and accounts receivable in spite of the decrease with progress of depreciation and contribution of a part of holding stocks for setting of retirement benefits trust.

Consolidated liabilities increased by ¥86.9 billion to ¥4,055.6 billion mainly due to an increase in interest-bearing debts in spite of the decrease in accordance with the adoption of Accounting Standard for Retirement Benefits (revised on May, 2012) and setting of retirement benefits trust. The interest-bearing debts increased by ¥205.9 billion to ¥3,116.7 billion.

Consolidated shareholders' equity decreased by ¥63.5 billion to ¥494.2 billion mainly due to the post of net loss for this fiscal year in spite of the decrease in accordance with adoption of Accounting Standard for Retirement Benefits. Consequently the shareholders' equity ratio went down to 10.5%.

B. Consolidated cash flow overview

Cash flow from operating activities decreased by ¥129.2 billion to ¥5.9 billion from FY2012 mainly due to an increase in thermal fuel costs and costs for power purchases while electricity sales revenue increased in electricity business and cost reduction efforts decreased expenses.

Cash outflow from investing activities increased by ¥8.4 billion to ¥184.9 billion from FY2012 mainly due to the increased expenses with countermeasure constructions of nuclear power stations to enhance safety while revenue increased with sales of real estate and securities as a part of management rationalization.

Cash inflow from financing activities decreased by ¥215.8 billion to ¥196.3 billion.

As a result, the balance of cash and cash equivalents at the end of FY2013 increased by ¥5.5 billion to ¥384.7 billion compared with the end of FY2012.

Consolidated cash flow indication

	FY2009	FY2010	FY2011	FY2012	FY2013
Shareholders' equity ratio (%)	26.4	25.4	19.7	11.9	10.5
Shareholders' equity ratio at market value (%)	23.7	18.4	12.6	10.2	13.1
Interest-bearing debt / Cash flow ratio	5.7	6.9	146.9	-	-
Interest coverage ratio	9.9	8.7	0.5	-	-

(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 FY2013 and FY2014

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 FY2013 was ¥90.9 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 FY2013 as well as interim.

We regret to plan no interim dividend for FY 2014 because extremely severe performance is continued. We are very sorry for shareholders and apologize deeply. Kyushu Electric Power will announce year-end dividend for FY2014 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

Discussions towards the implementation of Electricity System Reform (the liberalization of the retail power sector as a whole in order to give customers a greater range of choice, the invigoration of the wholesale power market in order to stimulate a competitive environment, and the realization of broader coverage and greater neutrality in the transmission and distribution sector) are proceeding.

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. Based on the lessons learned from the accident at the Fukushima Daiichi Nuclear Power Station, we will strictly comply with the New Nuclear Regulatory Requirements and continue our voluntary efforts in order to achieve the world's highest safety standards. 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, and our judgment regarding the realizability of our deferred tax assets 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, and trends in regulations and institutional reforms relating to energy conservation. 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.

Nuclear Fuel Cycle Costs

The uncertainties in the long-term prospects of nuclear fuel cycle operations pose a risk, but operator risk is being reduced through measures proposed by the Japanese government. However, the Group's performance could be affected by discussion trends related to nuclear fuel cycle policy and increased costs based on revised cost estimates for future expenses.

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.

Interest Rate Fluctuations

The Group's balance of interest-bearing debt as of the end of March 2014 is ¥3,116.7 billion, which accounts for 69% 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, 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

Based on Kyushu Electric Power's Mission, which incorporates our brand message, "Enlighten Our Future," 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 have faced an ongoing situation of very tight supply and demand and rapid change in our financial status with the shutdown of all our nuclear power stations, and we had no choice but to ask our customers to share in that burden by increasing our fees from April 2013, at the same time as working to achieve maximum efficiency.

However, we still face tight supply and demand situation and our balance sheet remains weak due to the longer-than-expected shutdown of our nuclear power stations.

To overcome this difficult situation, we will make every effort to further enhance the safety of our nuclear power stations and take all possible measures to achieve greater efficiency in our business operations and improve the balance between supply and demand. We will also earnestly listen to our customers' opinions regarding the safety of nuclear power generation and power rates in order to gain the public's trust.

Meanwhile, we will establish a well-balanced power supply system and respond appropriately to the scheduled reforms of the power system, including full liberalization of retail sales of electricity, in line with the new Basic Energy Plan approved by the Cabinet this April.

In these circumstances, on the basis of Midterm Management Policy (FY2013~FY2015), we will be putting the following measures into effect.

○ In order to provide support for our customers' daily lives and business activities and for the regional community more generally, and to achieve sustainable development together with all our stakeholders, we will seek complete efficiency in all of our operations.

As our balance sheet remains weak, the Kyushu Electric Group will work as a single entity to manage costs and realize comprehensive efficiency.

More specifically, we plan to manage power supply and demand economically by giving priority to operating highly efficient thermal power stations and procuring power cheaply through the power market in order to reduce costs related to supply and demand.

We will also control capital investment and maintenance and other costs by giving due consideration to safety, compliance with law and stable power supply. For this purpose, we will reduce costs for procuring material and equipment and will continuously improve the efficiency of overall business operations with the help of external experts as well as temporarily reduce, suspend or postpone capital investment.

In addition, we will work together with our business partners to promote efficiency and maintain and improve our technological capacity, and strive to enhance the management culture of our Group companies.

By this means, we will realize a stable structure of income and expenditure, and provide value to all of our stakeholders, in particular our customers, shareholders and investors.

Through these efforts, we will realize a stable structure of income and expenditure to meet environmental changes firmly, and provide value to all of our stakeholders.

○ We will provide our customers with a stable supply of high quality power in an environment undergoing significant changes.

Against the background of a supply and demand situation which continues to be tight under the ongoing shutdown of the operations of our nuclear power stations, we will work to implement a full range of both supply and demand side measures in order to realize a stable supply of power.

We proceed with voluntary initiatives in order to further increase safety, basing ourselves firmly on the lessons learned from the accident at the Fukushima Daiichi Nuclear Power Station, in addition to complying precisely with New Nuclear Regulatory Requirements. In July, 2013, we applied for permission for reactor installment licence of Sendai's No. 1 and 2 reactors and Genkai's No. 3 and 4 reactors. In March, 2014, Sendai's two reactors were selected as plants for which a draft report on conformity with the New Nuclear Regulatory Requirements in applying for permission for reactor installment license is being prepared. We will continue our group-wide efforts to have our reactors—including Genkai's No. 3 and 4 reactors—pass the government's conformity review toward early restart. At the same time, we are making every effort and taking various opportunities to gain support from local residents for restarting our reactors, including explaining to them all that we're doing to improve the safety of reactors and prevent nuclear disasters.

As interim measures to ensure a continuing supply of power, we will work to comprehensively guarantee safe and stable operation of our power facilities, in addition to flexibly ensuring supply capacity, for example by power purchase from other companies and making use of the power market depending on trends in supply and demand.

In addition, as the efforts towards the securing of power sources that will be competitive against the background of power system reforms, we will purchase thermal power by biddings in mainland and in remote island (Tsushima) in FY2014 and we ourselves will apply for the bidding by developing Matsuura unit2 (Matsuura-shi, Nagasaki Prefecture) and Toyotama unit 6(Tsushima-shi, Nagasaki Prefecture) respectively.

We will develop renewable energy sources such as solar generation, and at the same time respond appropriately to significantly increasing requests for interconnection to our power system, seeking to maintain the quality of our power supply.

On the demand side, we will curb peak demand and promote energy conservation by proposing efficient energy use to our customers as well as disclosing supply and demand information in a timely manner to encourage them to conserve electricity as much as possible.

○ We will proceed with measures designed to make us more open and to help us win the trust of the public

The trust of our stakeholders is the foundation of our business operations, and in order to win that trust, in addition to working to reflect the opinions of our stakeholders in our business procedures, we will make comprehensive efforts in the area of CSR management, for example by further increasing the transparency of our business activities.

Specifically, in addition to providing accurate information to the public concerning the power industry and quickly and precisely making our own initiatives known, we will listen sincerely to the voices of our customers and all of our stakeholders, and appropriately reflect their opinions and desires in our business activities.

Further, we will be thorough in instituting appropriate business procedures that incorporate the objectives and specialized viewpoints of experts outside the company and other qualified individuals, at the same time as working to increase transparency and to contribute to society with consideration of our customers' perspective.

Striving to become a strong and flexible company that is trusted and actively chosen by its customers, Kyushu Electric Power will work to change itself by increasing its sensitivity to changes in attitudes among its customers and society more generally towards power companies, and challenging itself to respond to future social needs on the basis of new concepts.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Unit: million yen)	
	As of March 31st, 2013	As of March 31st, 2014
Assets		
Fixed Assets	3,883,590	3,847,207
Utility property, plant and equipment	2,414,522	2,309,750
Hydro	320,052	302,075
Thermal	183,858	169,393
Nuclear	232,756	211,244
Internal combustion	18,918	18,229
New energy	13,494	13,587
Transmission	667,527	639,755
Transformation	228,372	216,234
Distribution	614,503	614,425
General	128,380	119,022
Other	6,659	5,782
Other fixed assets	305,774	301,642
Construction in progress	220,817	329,749
Construction and retirement in progress	220,817	329,749
Nuclear fuel	278,941	281,522
Loaded nuclear fuel	84,103	84,127
Nuclear fuel in processing	194,837	197,395
Investments and other assets	663,534	624,541
Long-term investments	139,395	110,402
Reserve for reprocessing of irradiated nuclear fuel	240,155	261,058
Assets for retirement benefits	-	239
Deferred tax assets	176,988	146,426
Other assets	107,978	107,336
Allowance for doubtful accounts	-984	-922
Current Assets	642,922	702,644
Cash and cash equivalent	368,995	379,495
Trade notes and accounts receivable	123,311	163,392
Inventories at average cost	73,077	82,559
Deferred tax assets	31,203	33,137
Other current assets	47,279	44,916
Allowance for doubtful accounts	-945	-855
Assets Total	4,526,513	4,549,852

(Unit: million yen)

	As of March 31st,2013	As of March 31st, 2014
Liabilities		
Long-term Liabilities	3,298,927	3,429,837
Bonds	1,048,396	1,143,615
Long-term loans	1,469,610	1,653,360
Accrued retirement benefits	163,875	-
Reserve for reprocessing of irradiated nuclear fuel	321,276	306,219
Reserve for preparation of reprocessing of irradiated nuclear fuel	25,637	26,662
Liabilities for retirement benefits	-	51,237
Asset retirement obligations	221,025	202,989
Deferred tax liabilities	5	248
Other fixed liabilities	49,100	45,503
Current Liabilities	665,478	625,782
Current portion of long-term debt	250,343	213,236
Short-term borrowings	119,532	118,171
Commercial paper	33,000	-
Notes and accounts payable	101,690	97,402
Income tax payable	17,201	20,351
Deferred tax liabilities	87	74
Other current liabilities	143,622	176,544
Reserves under the special law	4,308	-
Reserve for fluctuation in water levels	4,308	-
Liabilities Total	3,968,713	4,055,619
Net Assets		
Shareholders' Equity	518,207	440,966
Common stock	237,304	237,304
Additional paid-in capital	31,130	31,130
Retained earnings	252,145	174,871
Treasury stock	-2,373	-2,340
Accumulated other comprehensive income	21,477	34,566
Unrealized gain on other securities	19,212	2,352
Gain on deferred hedge	3,747	4,235
Foreign currency translation adjustments	-1,481	-450
Accumulated amount of adjustments related to retirement benefits	-	28,429
Minority Interests	18,114	18,699
Net Assets Total	557,799	494,232
Liabilities and Net Assets Total	4,526,513	4,549,852

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

(Unit: million yen)

	April 1, 2012-March 31, 2013	April 1, 2013-March 31, 2014
Operating Revenues	1,545,919	1,791,152
Electricity	1,406,218	1,633,023
Other	139,700	158,129
Operating Expenses	1,845,347	1,886,974
Electricity	1,715,262	1,746,890
Other	130,085	140,083
Operating Loss	-299,428	-95,821
Other Revenues	14,184	15,550
Proceed from dividends	2,680	2,629
Proceed from interests	3,733	3,973
Equity in earnings of affiliates	2,015	3,152
Other	5,754	5,795
Other Expenses	45,961	51,178
Interest expenses	37,407	39,429
Other	8,554	11,749
Total Ordinary Revenues	1,560,103	1,806,703
Total Ordinary Expenses	1,891,309	1,938,152
Ordinary Loss	-331,206	-131,449
Provision or reversal of reserve fluctuation in water levels	3,092	-4,308
Provision of reserve fluctuation in water levels	3,092	-
Reversal of reserve fluctuation in water levels(Credit)	-	-4,308
Extraordinary gain	-	53,408
Gain on sales of fixed assets	-	26,173
Gain on sales of securities	-	5,524
Gain on contributions of securities to retirement benefit trust	-	21,711
Loss before Income Taxes	-334,298	-73,732
Income Taxes	3,674	5,131
Income Taxes-Deferred	-5,869	15,655
Income Taxes Total	-2,195	20,786
Loss before Minority Interests	-332,102	94,519
Minority Interests	367	1,576
Net Loss	-332,470	-96,096

(Consolidated Comprehensive Income Statements)

(Unit: million yen)

	April 1, 2012-March 31, 2013	April 1, 2013-March 31, 2014
Net Loss before Minority Interests	-332,102	-94,519
Other comprehensive income		
Unrealized gain on other securities	6,503	-16,670
Gain on deferred hedge	3,918	464
Foreign currency translation adjustments	-709	-1,429
Adjustments related to retirement benefits		683
Equity in equity method companies	1,529	2,816
Total other comprehensive income	11,242	-15,503
Comprehensive income	-320,860	-110,023
Comprehensive income related to		
Comprehensive income related to parent company shareholders	-321,237	-111,780
Comprehensive income related to minority interests	376	1,757

(3) Consolidated Statements of Changes in Shareholders' Equity
 Previous consolidated fiscal year (April 1, 2012 to March 31, 2013)

(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	31,133	594,080	-2,366	860,151
Changes during FY					
Dividend Declared			-9,464		-9,464
Net Loss			-332,470		-332,470
Acquisition of Treasury Stock				-10	-10
Disposal of Treasury Stock		-2		3	1
Net changes during FY other than Shareholders' Equity					
Total changes during FY		-2	-341,935	-6	-341,944
Balance at the end of FY	237,304	31,130	252,145	-2,373	518,207

(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	12,331	-179	-1,907		10,245	17,735	888,131
Changes during FY							
Dividend Declared							-9,464
Net Loss							-332,470
Acquisition of Treasury Stock							-10
Disposal of Treasury Stock							1
Net changes during FY other than Shareholders' Equity	6,880	3,927	425		11,232	379	11,612
Total changes during FY	6,880	3,927	425		11,232	379	-330,331
Balance at the end of FY	19,212	3,747	-1,481		21,477	18,114	557,799

Current 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					
Dividend Declared					
Net Loss			-96,096		-96,096
Acquisition of Treasury Stock				-18	-18
Disposal of Treasury Stock				51	51
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							
Dividend Declared							
Net Loss							-96,096
Acquisition of Treasury Stock							-18
Disposal of Treasury Stock							51
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	-15,864	876	-110,871
Balance at the end of FY	2,352	4,235	-450	28,429	34,566	18,699	494,232

(4) Consolidated Statements of Cash Flows

	(Unit: million yen)	
	April 1, 2012- March 31, 2013	April 1, 2013- March 31, 2014
Operating Activities		
Loss before income taxes	-334,298	-73,732
Depreciation and amortization	212,735	202,856
Decommissioning cost of nuclear power plants	2,627	1,978
Loss on disposal of property, plant and equipment	8,338	6,438
Increase(decrease) in reserve for retirement benefits	10,024	-
Increase(decrease) in liability for retirement benefits	-	-10,577
Provision for reserve for reprocessing of used fuel	-12,724	-15,056
Provision for preparation for reprocessing of irradiated nuclear fuel	986	1,025
Increase(decrease) in reserve for fluctuation in water levels	3,092	-4,308
Interest revenue and dividends received	-6,414	-6,602
Interest expense	37,407	39,429
Equity in net earnings under the equity method	-2,015	-3,152
Gain on sales of fixed assets	-	-26,173
Gain on sales of securities	-	-5,524
Gain on contributions of securities to retirement benefit trust	-	-21,711
Increase in fund for reprocessing of irradiated nuclear fuel	-19,862	-20,902
Increase in accounts receivable	-8,284	-40,493
Increase in inventories, principally fuel, at average cost	4,830	-9,481
Increase in accounts payable	7,567	-5,534
Other	-4,586	22,031
Sub Total	<u>-100,575</u>	<u>30,508</u>
Receipt of interest and cash dividends	7,230	6,860
Interest paid	-37,809	-39,326
Income tax paid	<u>-3,976</u>	<u>-3,965</u>
Net cash provided by operating activities	<u>-135,130</u>	<u>-5,922</u>
Cash Flows from Investing Activities		
Purchases of property, plant and equipment	-183,922	-236,378
Proceeds from sales of property, plant and equipment	2,403	27,591
Payment for investments and other	-442	-2,966
Proceeds for recoveries from investments and other	3,640	14,845
Other	1,774	11,943
Net cash used in investing activities	<u>-176,546</u>	<u>-184,963</u>

	(Unit: million yen)	
	April 1, 2012- March 31, 2013	April 1, 2013- March 31, 2014
Cash Flows from Financing Activities		
Proceeds from issuance of bonds	139,736	194,488
Redemption of bonds	-120,000	-163,842
Proceeds from long-term loans	439,967	280,344
Repayment of long-term loans	-69,296	-76,447
Net increase (decrease) in short-term borrowings	1,531	-1,011
Net changes in commercial paper	33,000	-33,000
Other	-12,690	-4,134
Net cash used in financing activities	412,248	196,397
Effect of exchange rate changes on cash and cash equivalents	690	51
Changes in cash and cash equivalents	101,262	5,561
Cash and cash equivalents at beginning of the year	277,945	379,207
Cash and cash equivalents at end the of the year	379,207	384,769

(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]

Adoption of Accounting Standard for Retirement Benefits

Accounting Standard for Retirement Benefits (ASBJ Statement No.26 on May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25 on May 17, 2012) are applicable from the consolidated fiscal year beginning on April 1, 2013. In line with this, the Company adopted the Standard and the Guidance from the 1st quarter of the current consolidated fiscal year, changing to the method of recognizing the amount calculated by deducting plan assets from retirement benefit obligations as a liability for retirement benefits and recognizing actuarial gains and losses and past service costs that are yet to be recognized in profit or loss in the liability for retirement benefits. In addition, the Company reviewed the method for calculating retirement benefit obligations and current service years, and changed the method of attributing expected benefit to periods from a straight-line basis to a benefit formula basis.

Regarding the application of the Standard and the Guideline for Retirement Benefits, in accordance with the transitional treatment stipulated in paragraph 37 of the Accounting Standard for Retirement Benefits, the effect associated with recognizing the amount calculated by deducting plan assets from retirement benefit obligations as a liability for retirement benefits is added to or deducted from the accumulated amount of adjustments related to retirement benefits in the accumulated other comprehensive income at the beginning of the 3rd quarter of the current consolidated fiscal year. In addition, the effect of changing the method used to calculate liability for retirement benefits and past service costs is added to or deducted from retained earnings.

As a result, accumulated other comprehensive income and retained earnings at the beginning of the current consolidated fiscal year increased by ¥28,773 million and ¥18,822 million, respectively. Furthermore, operating loss, ordinary loss, and loss before income taxes for FY2013 each decreased by ¥512 million.

[Changes in accounting estimates and changes in accounting principles that are difficult to distinguish from changes in accounting estimates]

Changes in methods used for stating costs for assets corresponding to asset retirement obligations and calculating the amount of asset retirement obligations related to the decommissioning of specified nuclear power plants

In terms of the method used for stating costs for assets corresponding to asset retirement obligations related to the decommissioning of specified nuclear power plants contained in tangible fixed assets, with the application of Article 8 of the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No.21, March 31, 2008) and based on the stipulations of the Ministry Ordinance Relating to Reserves for Decommissioning of Nuclear Power Plants (Ministry of International Trade and Industry Ordinance No. 30, 1989), a method was used in which the total estimated costs for nuclear power plant decommissioning in proportion to the amount of power produced throughout the expected operating period of the power-generating facilities was stated as the cost. However, with the revision of the Ministry Ordinance Relating to Reserves for Decommissioning of Nuclear Power Plants following the enforcement of the Ministry Ordinance Relating to the Partial Revision of Electric Business Accounting Regulations (Ordinance of the Ministry of Economy, Trade and Industry No. 52, 2013) on October 1, 2013, the method used for stating costs is to be based on the straight-line method throughout a period wherein the expected safe storage period has been added to the expected operating period. Note that because this change constitutes a change in the method for allocating costs among tangible fixed assets and a change in accounting principles difficult to distinguish from a change in accounting estimates, it will not be applied retrospectively.

As a result, the operating loss, ordinary loss, and loss before income taxes for FY2013 each increased by ¥4,967 million compared to the application of the method that was used in the past.

In addition, in terms of the expected period for expenditures used in calculating the amount of asset retirement obligations related to the decommissioning of specified nuclear power plants, the period after the start of operations subtracted from the expected operating period of the power-generating facilities for each unit at the nuclear power plants to serve as the basis for the calculation of expected total generated energy was used as the number of remaining years. However, with the revision of the Ministry Ordinance Relating to Reserves for Decommissioning of Nuclear Power Plants, from the 3rd quarter of the fiscal year ending March 31, 2014 (consolidated), the number of remaining years has been changed to the period after the start of operations subtracted from a period to which the expected safe storage period has been added to the expected operating period.

As a result, asset retirement obligations and assets corresponding to asset retirement obligations for FY2013 each decreased by ¥19,952 million compared to the application of the method that was used in the past.

(Additional information)

[Changes to the Electric Business Accounting Regulations involving nuclear power plants]

With the revision of the Electric Business Accounting Regulations following the enforcement of the Ministry Ordinance Relating to the Partial Revision of Electric Business Accounting Regulations (Ordinance of the Ministry of Economy, Trade and Industry No. 52, 2013; hereinafter “the Revised Ordinance”) on October 1, 2013, fixed assets required for reactor decommissioning and fixed assets that require maintenance and management even after reactors have been decommissioned are to be included as nuclear power plant facilities. Retroactive application will not be conducted in accordance with the stipulations of the Revised Ordinance as a result of this change.

Note that this change will not have a material impact.

(Tax effect accounting)

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

As the Act for Partial Revision of the Income Tax Act was officially announced on March 31, 2014 (Act No. 10 of 2014), the special corporate tax for post-disaster reconstruction is no longer imposed on firms from the consolidated fiscal year starting on or after April 1, 2014. With this abolishment of this tax, the effective statutory tax rate used for calculating deferred tax assets and liabilities for the current consolidated fiscal year has been changed from 33.2 to 30.7 % with respect to temporary differences expected to reverse in the period from April 1, 2014 to March 31, 2015.

As a result, our deferred tax assets decreased by ¥2,537 million while our deferred income taxes and other comprehensive income increased by ¥3,058 million and ¥516 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.

(Adoption of Accounting Standard for Retirement Benefits)

As described in "Changes in accounting principles," we changed the calculation method for retirement benefit obligations and service costs from the beginning of the current consolidated fiscal year. With this change, we also changed the method for calculating retirement benefit obligations and service costs for the business segments in the same way.

The effect of this application was a decrease of ¥540 million segment loss for Electricity in comparison to the previous method.

Effects of segment income or loss in reporting segment except electricity are minimal.

(Changes in methods used for stating costs for assets corresponding to asset retirement obligations of specified nuclear power plants)

As described in "Changes in accounting principles that are difficult to distinguish from changes in accounting estimates and changes in accounting estimates," we changed the method for recording costs of asset retirement related to the abolishment of specified nuclear power facilities from the 3rd quarter third of the consolidated fiscal year. With this change, we also changed the method for recording such costs for the electricity business segment in the same way.

The effect of this application was increase of ¥4,967 million segment loss for Electricity in comparison to the previous method.

(3) Information regarding amount of sales, income or loss, asset and other items by reporting segment
Previous consolidated fiscal year (April 1, 2012 to March 31, 2013)

(Unit: million yen)

	Reportable segment					Adjusted amount*1	Consolidated financial statements*2
	Electricity	Energy-related	IT/Telecommunication	Other	Total		
Sales							
Sales to outside customers	1,406,218	65,997	60,732	12,970	1,545,919	-	1,545,919
Inter-segment sales	2,121	94,637	33,849	14,310	144,918	-144,918	-
Total	1,408,339	160,634	94,581	27,281	1,690,837	-144,918	1,545,919
Segment income (loss)	-312,666	2,578	7,600	2,477	-300,010	581	-299,428
Segment asset	4,053,317	325,456	141,469	149,749	4,669,992	-143,479	4,526,513
Other items							
Depreciation (including amortization of nuclear fuel)	180,189	10,241	18,716	6,358	215,505	-2,770	212,735
Increase in tangible fixed assets and intangible fixed assets	155,668	9,662	17,421	1,528	184,281	-2,985	181,295

*1 Adjusted amount of segment income (loss) of 581 million yen and adjusted amount of segment asset of -143,479 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, 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.

2. Related information

Previous consolidated fiscal year (April 1, 2012 to March 31, 2013) and Current consolidated fiscal year (April 1, 2013 to March 31, 2014)

(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, 2012 to March 31, 2013) and Current consolidated fiscal year (April 1, 2013 to March 31, 2014)

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, 2012 to March 31, 2013) and Current consolidated fiscal year (April 1, 2013 to March 31, 2014)

Because this information lacks materiality, it is omitted.

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

Previous consolidated fiscal year (April 1, 2012 to March 31, 2013)

N/A

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

Because this information lacks materiality, it is omitted.

(Per share data)

	FY2012 (April 1, 2012- March 31, 2013)	FY2013 (April 1, 2013- March 31, 2014)
Shareholders' equity per share (BPS)	¥1,141.13	¥1,005.42
Net loss per share (EPS)	¥-702.98	¥-203.19

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

2. Basic data for computation of the per share data

(1) Shareholders' equity per share

	FY2012 (As of March 31, 2013)	FY2013 (As of March 31, 2014)
Shareholders' equity total	¥557,799 million	¥494,232 million
Deductible from shareholders' equity (Minority interest)	¥18,114 million (¥18,114 million)	¥18,699 million (¥18,699 million)
Shareholders' equity allocated to common stock outstanding	¥539,684 million	¥475,533 million
Number of common stock outstanding at the end of each fiscal year	472,937 thousand shares	472,970 thousand shares

(2) Net loss per share

	FY2012 (April 1, 2012- March 31, 2013)	FY2013 (April 1, 2013- March 31, 2014)
Net loss	¥-332,470 million	¥-96,096 million
Amount not allocated to shareholders	-	-
Net loss allocated to common stock outstanding	¥-332,470 million	¥-96,096 million
Weighted average number of common stock outstanding during each fiscal year	472,942 thousand shares	472,946 thousand shares

(Significant post-balance sheet event)

[Issuance of Preferred Shares]

Kyushu Electric Power Co., Inc. passed the resolution to issue 100 billion yen in Class A preferred shares (“the Preferred Shares”) by third party allotment to the Development Bank of Japan Inc. at the April 30, 2014 meeting of the Board of Directors (“Meeting of the Board”).

In addition, in order to carry out the Issuance of the Preferred Shares, Kyushu Electric Power at the Meeting of the Board passed a resolution to refer a proposal to partially revise the Company’s articles of incorporation to accompany the issuance of the Preferred Shares, along with a proposal to issue the Preferred Shares, to the regular general meeting of shareholders to be held on June 26, 2014 (“the Regular General Meeting of Shareholders”).

The issuance of the Preferred Shares is conditioned upon approval at the Regular General Meeting of Shareholders of the above proposal to partially revise the articles of incorporation and proposal to issue the Preferred Shares.

1. Method of offering

Third party allotment to Development Bank of Japan Inc.

2. Class and number of new shares to be issued

1,000 shares of Class A preferred shares

3. Issue price

¥100,000,000 per share

4. Total amount of the issue price

¥100,000,000,000

5. Amount of paid-in capital and capital reserve to be increased

Amount of paid-in capital to be increased ¥50,000,000,000 (¥50,000,000 per share)

Amount of capital reserve to be increased ¥50,000,000,000 (¥50,000,000 per share)

6. Payment date (issue date)

August 1, 2014(scheduled)

7. Uses of funds

The funds to be procured as a result of issuance of the Preferred Shares is planned to be used entirely for construction to meet new regulatory standards and other steps to enhance the safety of Kyushu Electric Power’s nuclear power stations.

8. Characteristics of the Preferred Shares

The Preferred Shares provide no call provision or put option using common stock as consideration that will not dilute common stock. These shares also provide any voting rights at the general meeting of shareholders.

The Preferred Shares will provide a call provision allowing the investor to acquire cash at Kyushu Electric Power’s discretion as consideration the day after the payment date or thereafter. The Preferred Shares will provide the Preferred Shares owner the right to demand acquisition of cash as consideration from Kyushu Electric Power the day after the payment date or thereafter if the Preferred Shareholder undertakes the prescribed procedures, but the exercise of this right by the Preferred Shareholder is limited by the Agreement regarding underwriting of the Preferred Shares.

Annual preferred dividend for the Preferred Share is ¥3,500,000 per share.

[Reduction of paid-in capital and capital reserves]

At the Board of Directors meeting held on April 30, 2014 (“Board Meeting”), in preparation for future flexible capital management strategies, we resolved to reduce our paid-in capital and capital reserves and transfer the reduced amounts to other additional paid-in capital, which constitutes distributable profits, upon the issue of class A preferred stock mentioned in “Issue of preferred stock” above (“Preferred Stock”) on condition that the issue comes into effect.

1. Reduced capital

¥50,000,000,000

As the issue of Preferred Stock increases our paid-in capital by ¥50,000 million, the paid-in capital after the effective date of the reduction will not fall below what the paid-in capital was before the effective date.

2. Reduced capital reserves

¥50,000,000,000

As the issue of Preferred Stock increases our capital reserve by ¥50,000 million, the capital reserve after the effective date of the reduction will not fall below what the capital reserve was before the effective date.

3. Method of reducing the paid-in capital and capital reserves

We will reduce the paid-in capital and capital reserves upon the issuance of stock under paragraph 3 of Article 447 and paragraph 3 of Article 448 of the Companies Act as described above and then transfer the reduced amounts to other additional paid-in capital.

4. Schedule

April 30, 2014	Resolution at the Board Meeting
June 30, 2014	Date of public notice of the reduction for creditors to raise objections
July 31, 2014	Deadline for creditors to raise objections
August 1, 2014	Effective date of the reduction

4. Non-consolidated Financial Statements

(1) Balance Sheets

	(Unit: million yen)	
	As of March 31st, 2013	As of March 31st, 2014
Assets		
Property, Plant and Equipment	3,662,870	3,625,432
Utility property, plant and equipment	2,449,405	2,341,919
Hydro power production facilities	323,129	305,026
Thermal power production facilities	185,834	171,135
Nuclear power production facilities	234,529	213,428
Internal combustion power production facilities	19,475	18,779
New energy power production facilities	13,766	13,854
Transmission facilities	675,042	646,720
Transformation facilities	232,561	220,264
Distribution facilities	627,512	625,675
General facilities	130,886	121,252
Suspended facilities	883	-
Facilities on loan	5,782	5,782
Incidental businesses property and equipment	34,015	31,412
Nonoperating property and equipment	4,976	3,900
Plant and equipment suspense account	215,616	310,704
Construction in progress	213,515	308,768
Retirement in progress	2,100	1,935
Nuclear Fuel	278,941	281,522
Loaded nuclear fuel	84,103	84,127
Nuclear fuel in processing	194,837	197,395
Investments and other assets	679,914	655,973
Long-term investments	126,661	98,546
Investments in subsidiaries and affiliated companies	150,372	149,634
Fund for reprocessing of irradiated nuclear fuel	240,155	261,058
Long-term prepaid expenses	4,890	5,935
Deferred tax assets	158,382	141,299
Allowance for doubtful accounts	-548	-519
Current Assets	538,834	592,605
Cash and cash equivalents	324,155	334,476
Accounts receivable	98,816	132,598
Receivables	18,065	15,768
Inventories	59,839	67,306
Prepaid expenses	547	593
Receivables from subsidiaries and affiliated companies	3,493	5,087
Deferred tax assets	28,283	29,225
Other current assets	6,144	8,066
Allowance for doubtful accounts	-512	-519
Assets Total	4,201,704	4,218,037

(Unit: million yen)

	As of March 31st, 2013	As of March 31st, 2014
Liabilities		
Long-term Liabilities	3,155,145	3,314,453
Bonds	1,048,695	1,143,715
Long-term loans	1,373,256	1,545,480
Long-term accrued liabilities	7,964	7,605
Long-term lease liabilities	2,494	2,121
Long-term liabilities to affiliates	1,664	1,600
Liability for employees' retirement benefits	147,341	74,526
Reserve for reprocessing of irradiated nuclear fuel	321,276	306,219
Reserve for preparation of reprocessing of irradiated nuclear fuel	25,637	26,662
Asset retirement obligations	219,450	201,142
Other long-term liabilities	7,363	5,377
Current Liabilities	612,964	562,179
Current portion of long-term debt	223,475	186,242
Short-term borrowings	117,000	115,000
Commercial papers	33,000	-
Accounts payable-trade	87,575	86,590
Accounts payable	28,533	46,490
Accrued expenses	59,232	67,336
Accrued income tax	13,106	15,615
Deposit	1,880	1,476
Short-term liabilities to subsidiaries and affiliated companies	41,598	32,411
Other advances	5,701	9,274
Other current liabilities	1,860	1,741
Reserves under the special law	4,308	-
Reserve for fluctuation in water levels	4,308	-
Liabilities Total	3,772,417	3,876,632
Shareholders' Equity		
Common stock	407,601	336,663
Paid-in capital	237,304	237,304
Additional paid-in capital	31,107	31,107
Capital reserve	31,087	31,087
Other additional paid-in caoutal	19	19
Retained earnings	141,323	70,405
Legal reserve	59,326	59,326
Retained earnings - carryforward	81,997	11,078
Reserves for losses on overseas investment,etc.	11	16
Contingent reserves	357,000	-
Deferred retained earnings	-275,013	11,061
Treasury stock	-2,134	-2,153
Valuation and translation adjustments	21,685	4,741
Unrealized gain on other securities	17,826	418
Gain on deferred hedge	3,859	4,323
Total Shareholders' Equity	429,287	341,405
Liabilities and Shareholders' Equity Total	4,201,704	4,218,037

(2) Income Statements

(Unit: million yen)

	April 1, 2012-March 31, 2013	April 1, 2013-March 31, 2014
Operating Revenues	1,448,876	1,682,994
Electricity	1,408,339	1,634,829
Lighting	591,514	656,698
Power	768,910	871,492
Sales to other electric companies	1,214	319
Sales to other companies	8,656	9,734
Revenues from wheeling service charges	2,960	3,904
Gains from adjustment among electric companies	3,092	4,201
Grant based on the Act on Purchase of Renewable Energy Sourced Electricity	18,030	74,247
Miscellaneous revenues from electricity	13,549	13,866
Revenues from loaned equipment	411	364
Incidental-Business Operating Revenues	40,536	48,165
Fiber-optic cable leasing service	13,142	14,126
Gas supply	23,072	29,827
Other	4,321	4,210
Operating Expenses	1,754,689	1,795,232
Electricity	1,721,006	1,756,444
Hydro power	43,210	38,571
Thermal power	736,663	797,672
Nuclear power	132,608	131,976
Internal combustion power	30,511	29,633
New energy power	9,480	8,434
Purchase from other electric companies	48,153	24,397
Purchase from other companies	221,429	290,563
Transmission	87,013	78,496
Transformation	41,125	35,694
Distribution	133,846	114,432
Sales	53,511	43,984
Suspended facilities	581	374
Facilities on loan	35	34
General	124,705	87,226
Levy based on the Act on Purchase of Renewable Energy Sourced Electricity	11,365	25,846
Promotion of power resources development tax	31,817	32,088
Enterprise tax	15,004	17,095
Electricity account transfer (Credit)	-58	-77
Incidental Businesses Operating Expenses	33,683	38,787
Fiber-optic cable leasing service	9,947	9,033
Gas supply	20,932	27,090
Other	2,803	2,663
Operating Loss	-305,812	-112,237

(Unit: million yen)

	April 1, 2012-March 31, 2013	April 1, 2013-March 31, 2014
Other Revenues	8,702	21,426
Financial revenues	5,702	18,059
Proceed from dividends	1,959	14,157
Proceed from interests	3,742	3,902
Non-operating revenues	3,000	3,366
Gain on sale of property and equipment	1,169	-
Other	1,831	3,366
Other Expenses	42,849	46,456
Financial expenses	35,845	38,521
Interest expenses	35,581	38,009
Stock issuance costs	-	-
Bond issuance costs	263	511
Non-operating expenses	7,003	7,935
Loss on sales of tangible fixed assets	205	207
Other losses	6,798	7,727
Total Ordinary Revenues	1,457,579	1,704,420
Total Ordinary Expenses	1,797,538	1,841,688
Ordinary Loss	-339,959	-137,267
Provision or reversal of reserve fluctuation in water levels	3,092	-4,308
Provision of reserve fluctuation in water levels	3,092	-
Reversal of reserve fluctuation in water levels(Credit)	-	-4,308
Extraordinary gain	-	57,340
Gain on sales of fixed assets	-	27,141
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	-343,051	-75,619
Corporation Tax, Residence Tax and Enterprise Tax	64	370
Income Taxes-Deferred	-5,065	14,949
Income Taxes Total	-5,001	15,320
Net Loss	-338,050	-90,939

(3) Statements of Changes in Shareholders' Equity
Previous consolidated fiscal year (April 1, 2012 to March 31, 2013)

(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	22	31,110
Changes during FY				
Accumulation of Reserve for losses on overseas investment, etc				
Reversal of cost Behavior adjustment reserves				
Reversal of contingent reserves				
Dividend Declared				
Net Loss				
Acquisition of Treasury Stock				
Disposal of Treasury Stock			-2	-2
Net changes during FY other than Shareholders' Equity				
Total changes during FY			-2	-2
Balance at the end of FY	237,304	31,087	19	31,107

(Unit : million yen)

	Shareholders' Equity					
	Retained earnings					Additional Paid-in Capital Total
	Legal reserve	Other additional Paid-in Capital				
Reserve for losses on overseas investment, etc		Cost behavior adjustment reserves	Contingent reserves	Deferred retained earnings		
Balance at the start of FY	59,326	11	100,300	456,000	-126,798	488,839
Changes during FY						
Accumulation of Reserve for losses on overseas investment, etc						
Reversal of cost Behavior adjustment reserves			-100,300		100,300	
Reversal of contingent reserves				-99,000	99,000	
Dividend Declared					-9,464	-9,464
Net Loss					-338,050	-338,050
Acquisition of Treasury Stock						
Disposal of Treasury Stock						
Net changes during FY other than Shareholders' Equity						
Total changes during FY			-100,300	-99,000	-148,215	-347,515
Balance at the end of FY	59,326	11		357,000	-275,013	141,323

	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	-2,129	755,124	11,634	-59	11,575	766,700
Changes during FY						
Accumulation of Reserve for losses on overseas investment, etc						
Reversal of cost Behavior adjustment reserves						
Reversal of contingent reserves						
Dividend Declared		-9,464				-9,464
Net Loss		-338,050				-338,050
Acquisition of Treasury Stock	-9	-9				-9
Disposal of Treasury Stock	3	1				1
Net changes during FY other than Shareholders' Equity			6,191	3,918	10,109	10,109
Total changes during FY	-5	-347,523	6,191	3,918	10,109	-337,413
Balance at the end of FY	-2,134	407,601	17,826	3,859	21,685	429,287

Current 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				
Accumulation of Reserve for losses on overseas investment, etc				
Reversal of cost Behavior adjustment reserves				
Reversal of contingent reserves				
Dividend Declared				
Net Loss				
Acquisition of Treasury Stock				
Disposal of Treasury Stock				
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					
	Legal reserve	Retained earnings				Additional Paid-in Capital Total
		Reserve for losses on overseas investment, etc	Cost behavior adjustment reserves	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		357,000	-254,992	161,345
Changes during FY						
Accumulation of Reserve for losses on overseas investment, etc		5			-5	
Reversal of cost Behavior adjustment reserves						
Reversal of contingent reserves				-357,000	357,000	
Dividend Declared						
Net Loss					-90,939	-90,939
Acquisition of Treasury Stock						
Disposal of Treasury Stock						
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

	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						
Accumulation of Reserve for losses on overseas investment, etc						
Reversal of cost Behavior adjustment reserves						
Reversal of contingent reserves						
Dividend Declared						
Net Loss		-90,939				-90,939
Acquisition of Treasury Stock	-18	-18				-18
Disposal of Treasury Stock						
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

5. Other

(1) Income and Expenditure (Non-consolidated)

(Unit: 100 million yen, %)

		FY2013 (A)	FY2012 (B)	Difference (A-B)	Change (A/B)	Composition Ratio	
						FY2013	FY2012
Ordinary Revenues	Lighting	6,566	5,915	651	111.0	38.5	40.6
	Power	8,714	7,689	1,025	113.3	51.2	52.7
	(Subtotal)	(15,281)	(13,604)	(1,677)	(112.3)	(89.7)	(93.3)
	Other	1,762	971	790	181.4	10.3	6.7
	[Sales]	[16,829]	[14,488]	[2,341]	[116.2]	[98.7]	[99.4]
	Total	17,044	14,575	2,468	116.9	100.0	100.0
Ordinary Expenses	Labor	1,137	1,518	-380	74.9	6.2	8.4
	Fuel	7,544	6,797	747	111.0	41.0	37.8
	Power purchase	3,149	2,695	453	116.8	17.1	15.0
	Maintenance	1,031	1,479	-447	69.7	5.6	8.2
	Depreciation	1,723	1,801	-78	95.6	9.3	10.0
	Interest	380	355	24	106.8	2.1	2.0
	Tax & public dues	860	839	20	102.5	4.7	4.7
	Nuclear back-end	223	232	-8	96.2	1.2	1.3
	Other	2,366	2,255	110	104.9	12.8	12.6
	Total	18,416	17,975	441	102.5	100.0	100.0
[Operating Income(loss)]		[-1,122]	[-3,058]	[1,935]	[-]		
Ordinary Income		-1,372	-3,399	2,026	-		
Reserve fluctuation in water levels		-43	30	-74	-		
Extraordinary gain		573	-	573	-		
Income(loss) before income taxes		-756	-3,430	2,674	-		
Income taxes		153	-50	203	-		
Net Income(loss)		-909	-3,380	2,471	-		

(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)

	FY2013 (A)	FY2012 (B)	Change (A-B)
Crude Oil (CIF) Price	\$110/b	\$114/b	-4\$/b
Exchange Rate	¥100/\$	¥83/\$	¥17/\$

(2) Post of an extraordinary gain (Consolidated)

As a part of management rationalization, Kyushu Electric Power Company is promoting asset sales which are not directly related to electricity business.

Consequently, we posted ¥3.5 billion (¥3.4 billion as non-consolidated) as a gain on sale of fixed assets and ¥8 million (¥0.6 billion as non-consolidated) as a gain on sale of securities in the 4th quarter of FY2013 (January, 2014 to March, 2014)

(Reference) Breakdown of an extraordinary gain

(Unit: 100 million yen)

	April 1, 2013- December 31, 2013		January 1, 2014- March 31, 2014		April 1, 2013- March 31, 2014	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Gain on sales of fixed assets	225	237	35	34	261	271
Gain on sales of securities	55	53	-	6	55	60
Gain on sales of stocks of affiliates	-	24	-	-	-	24
Gain on contributions of securities to retirement benefit trust	217	217	-	-	217	217
Total	498	532	35	40	534	573