

Financial Results for 4/2004-9/2004 and Financial Forecasts for 4/2004-3/2005

November 11, 2004



KYUSHU ELECTRIC POWER CO., INC.

Statements made in this overview of operations regarding Kyushu Electric Power's strategies and forecasts and other statements that are not historical facts are forward-looking statements based on management's assumptions and beliefs in lights of information currently available, and should not be interpreted as promises or guarantees.

Owing to various uncertainties, actual results may differ materially from these statements. Investors are hereby cautioned against making investment decisions solely on the basis of forward-looking statements contained herein.

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Financial Highlights

Non-Consolidated

(Billions of yen,%)

	Six months ended September 30, 2004 (A)	Six months ended September 30, 2003 (B)	Change	
			(A)-(B)	(A)/(B)
Sales	684.2	666.1	18.0	102.7
Operating income	136.8	113.4	23.4	120.6
Ordinary income	114.6	86.7	27.8	132.1
Net income	66.3	55.2	11.0	120.0

Consolidated

(Billions of yen,%)

	Six months ended September 30, 2004 (A)	Six months ended September 30, 2003 (B)	Change	
			(A)-(B)	(A)/(B)
Sales	716.0	698.0	17.9	102.6
Operating income	139.4	116.3	23.0	119.8
Ordinary income	111.9	88.6	23.3	126.3
Net income	59.9	55.2	4.7	108.5

(Notes) · Consolidation: 20 significant subsidiaries (19 for FY2003)

· Application of the equity method: 12 significant subsidiaries (13 for FY2003) and

11 significant associated companies (11 for FY2003)

Demand and Supply Condition

1 Demand (Electricity Sales Volume)

(Billion kWh, %)

	Six months ended September 30, 2004 (A)	Six months ended September 30, 2003 (B)	Change	
			(A)-(B)	(A)/(B)
Residential	13.6	12.8	0.8	106.1
Commercial and industrial	13.5	12.9	0.6	104.1
Total (Non specific-size demand)	27.1	25.7	1.4	105.1
Specific-size demand	14.0	13.3	0.7	105.8
Total electricity sales volume	41.1	39.0	2.1	105.3

Reposted	Ordinary demand	30.3	28.5	1.8	106.0
	Large industrial demand	10.8	10.5	0.3	103.5

(Note) Results of "Non specific-size demand" and "Specific-size demand" in *six months ended September 30, 2003* are adjusted according to the scope of deregulation expanded from April 2004.

2 Supply (Generated and Received Electricity Volume)

(Billion kWh, %)

	Six months ended September 30, 2004 (A)	Six months ended September 30, 2003 (B)	Change		
			(A)-(B)	(A)/(B)	
Company-generated	Hydro (Water release factor)	2.5 (94.2)	3.3 (116.1)	-0.8 (-21.9)	76.5
	Thermal	16.2	14.2	2.0	113.9
	Nuclear (Utilization factor)	19.2 (82.9)	20.9 (90.4)	-1.7 (-7.5)	91.8
	Total	37.9	38.4	-0.5	98.6
Received from other companies	7.5	5.9	1.6	128.1	
Power interchange	-	-0.7	0.7	6.8	
Pumping energy	-0.2	-0.3	0.1	68.5	
Total	45.2	43.3	1.9	104.5	

Summary of Non-consolidated Results (1)

1 Comparative Table of Revenues and Expenses

(Billions of yen, %)

	Six months ended September 30, 2004 (A)	Six months ended September 30, 2003 (B)	Change		Main factors in changes	
			(A)-(B)	(A)/(B)		
Ordinary revenues	Residential	284.3	269.5	14.7	105.5	Increase in sales (+2,1 BkWh): 26.6
	Commercial and industrial	386.1	374.2	11.9	103.2	
	Sales to other companies	2.4	11.7	-9.3	20.5	Sales to other electric power companies: -8.8
	Other	15.0	12.2	2.7	122.5	Gain on sales of securities: 1.7
	[Sales]	[684.2]	[666.1]	[18.0]	[102.7]	
	Total	687.9	667.8	20.0	103.0	
Ordinary expenses	Personnel expenses	90.7	100.5	-9.8	90.2	Employee retirement benefit: -11.0
	Fuel costs	77.2	66.7	10.5	115.8	Increase in sales: 9.0, rise in oil CIF price: 6.0
	Maintenance costs	67.7	68.3	-0.6	99.0	Restoration costs of typhoon damages: 1.0
	Depreciation	108.2	119.1	-10.9	90.8	Thermal power: -4.9, nuclear power: -2.6
	Purchased power	55.0	49.2	5.7	111.6	Purchases from other companies: 5.7
	Interest charges	23.5	25.6	-2.1	91.6	Lower interest rates: -2.5, decrease in interest bearing debts: -1.6, loan prepayment premium: 2.0
	Other	150.8	151.2	-0.3	99.8	
	Total	573.3	581.1	-7.7	98.7	
	[Operating income]	[136.8]	[113.4]	[23.4]	[120.6]	
	Ordinary income	114.6	86.7	27.8	132.1	
Provision for reserve for fluctuations in water level	-1.1	2.6	-3.8	-		
Extraordinary loss	5.7	-	5.7	-		Loss due to asset impairment : 5.7 (Idle transmission lines, and lands, etc.)
	Net income	66.3	55.2	11.0	120.0	

2 Main Reference Data

(¥/\$, \$/b, %)

	Six months ended September 30, 2004 (A)	Six months ended September 30, 2003 (B)	Change	
			(A)-(B)	(A)/(B)
Exchange rate	109.8	118.1	-8.3	93.0
Oil CIF price	36.8	28.4	8.4	129.6
Water release factor	94.2	116.1	-21.9	81.1
Nuclear power plant utilization factor	82.9	90.4	-7.5	91.7

Summary of Non-consolidated Results (2)

3 Comparative Table of Balance Sheets

(Billions of yen)

	As of September 30, 2004 (A)	As of March 31, 2003 (B)	Change (A)-(B)	Main factors in changes
Assets	3,830.3	3,859.0	-28.7	Depreciation: -111.4 (Utility: -108.2, other: -3.1) Amortization of nuclear fuel: -11.7 Application of asset-impairment accounting: 5.7 Capital expenditures: 88.2 Receivables: 13.0
Liabilities	2,917.8	2,997.1	-79.3	Interest-bearing debt: -77.3 (3/04: 2,183.3 to 9/04: 2,106.0) [Interest-bearing debt ratio] 3/04: 56.6% to 9/04: 55.0%
Shareholders' Equity	912.5	861.9	50.6	Net income: 66.3, Dividends: -11.8 [Shareholders' equity ratio] 3/04: 22.3% to 9/04: 23.8%

Summary of Consolidated Results

Revenues and Expenses Condition

(Billions of yen, %)

		Six months ended September 30, 2004 (A)	Six months ended September 30, 2003 (B)	Change		Consolidated ratio
				(A)-(B)	(A)/(B)	
Ordinary revenues	Revenues from electricity business	679.2	661.8	17.3	102.6	-
	Revenues from other businesses	36.8	36.2	0.6	101.8	-
	Operating Revenues (Sales)	716.0	698.0	17.9	102.6	1.05
	Non-operating revenues	4.3	3.0	1.2	140.1	-
	Total	720.3	701.1	19.1	102.7	-
Ordinary expenses	Expenses from electricity businesses	539.5	545.1	-5.6	99.0	-
	Expenses from other businesses	37.0	36.5	0.5	101.4	-
	Operating expenses	576.5	581.7	-5.1	99.1	-
	Non-operating expenses	31.7	30.8	0.9	103.1	-
	Total	608.3	612.5	-4.1	99.3	-
[Operating income]		[139.4]	[116.3]	[23.0]	[119.8]	[1.02]
Ordinary income		111.9	88.6	23.3	126.3	0.98
Provision for reserve for fluctuations in water level		-1.1	2.6	-3.8	-	-
Extraordinary loss		8.9	-	8.9	-	-
Net income		59.9	55.2	4.7	108.5	0.90

Summary of Consolidated Statements of Cash Flows

Comparative Table of Statement of Cash Flows

(Billions of yen, %)

	Six months ended September 30, 2004 (A)	Six months ended September 30, 2003 (B)	Change		Main factors in changes
			(A)-(B)	(A)/(B)	
Cash flows from operating activities	200.3	182.6	17.7	109.7	Increase in sales: 26.6 Decrease in depreciation: -10.4
Cash flows from investing activities	-103.8	-108.3	4.5	95.8	Capital expenditures including nuclear fuel: 4.0
(Capital expenditures including nuclear fuel) [Reposted]	[-107.5]	[-111.5]	[4.0]	[96.4]	
Cash flows from financing activities	-94.5	-78.4	-16.1	120.6	Decrease in interest bearing debts: -16.1 (9/03: -66.4 to 9/04: -82.5)
Total	2.0	-4.1	6.1	-	
Free cash flows	92.8	71.0	21.7	130.5	

(Note) Free cash flows = Cash flows from operating activities - Capital expenditures including nuclear fuel

Financial Highlight of Results Projection for FY2004

Non-Consolidated

(Billions of yen, %)

	FY2004 (A)	FY2003 (B)	Change	
			(A)-(B)	(A)/(B)
Sales	1,320.0 (approx.)	1,318.3	1.7	100.1
Operating income	176.0 (approx.)	190.6	-14.6	92.0
Ordinary income	130.0 (approx.)	107.9	22.1	120.0
Net income	80.0 (approx.)	70.1	9.9	114.0

Consolidated

(Billions of yen, %)

	FY2004 (A)	FY2003 (B)	Change	
			(A)-(B)	(A)/(B)
Sales	1,395.0 (approx.)	1391.6	3.4	100.2
Operating income	184.0 (approx.)	198.9	-14.9	92.0
Ordinary income	133.0 (approx.)	114.4	18.6	116.0
Net income	77.0 (approx.)	72.7	4.3	106.0

Sensitivity Factors for FY 2004 Projection (Non-Consolidated)

(Billions of yen)

	FY2004	FY2003	change
Exchange rate (¥/\$)	1.1 (approx.)	0.9 (approx.)	0.2
Oil CIF price (\$/b)	2.3 (approx.)	2.4 (approx.)	-0.1
Water release factor (1%)	0.2 (approx.)	0.2 (approx.)	-
Nuclear power plant utilization factor (1%)	1.5 (approx.)	1.3 (approx.)	0.2
Interest rate (1%)	3.5 (approx.)	4.4 (approx.)	-0.9

Early Application of Asset-Impairment Accounting

- Early application of asset-impairment accounting
 - Improve our financial strength and transparency of the financial statements to be ready for the coming real competition
- Breakdown for loss due to impairment for FY2004 (Consolidated)

(Billions of yen)

Application		Amount	Breakdown	Calculation of recoverable value
Idle Assets	Idle transmission lines and lands	4.1	Lands: 0.8, Structures: 2.2, Intangible assets: 0.9	Lands: Net sale value (based on the assessed value for fixed assets taxation)
	Idle power plants	0.7	Structures: 0.5	Structures: Written off since diversion or disposal is difficult
	Other	1.7	Lands: 11, Structures: 0.3	Intangible assets (right-of-way, etc.): Written off since diversion or disposal is difficult
Sub total		6.5		
Lands for company buildings		1.9		Net sale value (by real estate appraisal)
Other		0.6	Lease assets: 0.5	Lease assets: Present value of future cash flows
Total		9.0		

(Reference) Nonrecurring depreciation and disposal of power plants (Billions of yen)

FY2002 ~ 2003 · Omura thermal power plant (suspended) : 3.6

· Minato thermal power plant (suspended) : 1.8

FY2004 · Shin kokura thermal power plant No.1&2 (closed) : 1.0

Appendix

Comparison with the Previous Projection for FY2004
- Financial Highlights

Comparison with the Previous Projection for FY2004 (Financial Highlights)

Non-Consolidated

(Billions of yen, %)

	Revised Forecast November 2004 (A)	Forecast May 2004 (B)	Change	
			(A)-(B)	(A)/(B)
Sales	1,320.0 (approx.)	1,315.0 (approx.)	5.0	100.4
Operating income	176.0 (approx.)	187.0 (approx.)	-11.0	94.0
Ordinary income	130.0 (approx.)	140.0 (approx.)	-10.0	93.0
Net income	80.0 (approx.)	89.0 (approx.)	-9.0	90.0

Consolidated

(Billions of yen, %)

	Revised Forecast November 2004 (A)	Forecast May 2004 (B)	Change	
			(A)-(B)	(A)/(B)
Sales	1,395.0 (approx.)	1,390.0 (approx.)	5.0	100.4
Operating income	184.0 (approx.)	196.0 (approx.)	-12.0	94.0
Ordinary income	133.0 (approx.)	143.0 (approx.)	-10.0	93.0
Net income	77.0 (approx.)	89.0 (approx.)	-12.0	86.0

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