

Financial Results for 4/2005-9/2005 and Financial Forecasts for 4/2005-3/2006

November 10, 2005



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, 2005 (A)	Six months ended September 30, 2004 (B)	Change	
			(A)-(B)	(A)/(B)
Sales	658.0	684.2	-26.2	96.2
Operating income	92.3	136.8	-44.5	67.5
Ordinary income	72.6	114.6	-41.9	63.4
Net income	41.6	66.3	-24.7	62.8

Consolidated

(Billions of yen,%)

	Six months ended September 30, 2005 (A)	Six months ended September 30, 2004 (B)	Change	
			(A)-(B)	(A)/(B)
Sales	689.7	716.0	-26.2	96.3
Operating income	94.7	139.4	-44.6	68.0
Ordinary income	74.0	111.9	-37.9	66.1
Net income	42.5	59.9	-17.3	71.0

(Notes) · Consolidation: 25 significant subsidiaries (21 for FY2004)

· Application of the equity method: 12 significant subsidiaries (10 for FY2004) and
11 significant associated companies (14 for FY2004)

Demand and Supply Condition

1 Demand (Electricity Sales Volume)

(Billion kWh, %)

	Six months ended September 30, 2005 (A)	Six months ended September 30, 2004 (B)	Change	
			(A)-(B)	(A)/(B)
Residential	13.6	13.5	0.1	100.5
Commercial and industrial	3.5	3.6	-0.1	97.9
Total (Non specific-size demand)	17.1	17.1	-	99.9
Specific-size demand	24.6	24.0	0.6	102.4
Total electricity sales volume	41.7	41.1	0.6	101.4

Reposted	Ordinary demand	30.6	30.3	0.3	100.8
	Large industrial demand	11.1	10.8	0.3	102.9

(Note) Results of "Non specific-size demand" and "Specific-size demand" in *six months ended September 30, 2004* are adjusted according to the scope of deregulation expanded from April 2005.

2 Supply (Generated and Received Electricity Volume)

(Billion kWh, %)

	Six months ended September 30, 2005 (A)	Six months ended September 30, 2004 (B)	Change		
			(A)-(B)	(A)/(B)	
Company- generated	Hydro (Water release factor)	1.9 (75.6)	2.5 (94.2)	-0.6 (-18.6)	74.8
	Thermal	16.3	16.2	0.1	100.7
	Nuclear (Utilization factor)	19.4 (83.9)	19.2 (82.9)	0.2 (1.0)	101.1
	Total	37.6	37.9	-0.3	99.2
Received from other companies	8.2	7.5	0.7	108.6	
Power interchange	-	-	-	-	
Pumping energy	-0.2	-0.2	-	79.6	
Total	45.6	45.2	0.4	101.0	

Summary of Non-consolidated Results (1)

1 Comparative Table of Revenues and Expenses

(Billions of yen. %)

	Six months ended September 30, 2005 (A)	Six months ended September 30, 2004 (B)	Change		Main factors in changes	
			(A)-(B)	(A)/(B)		
Ordinary revenues	Residential	271.9	284.3	-12.3	95.6	Lower electricity rates: -40.0, increase in sales (+0.6 BkWh) and other: 12.6 Sales to other electric power companies: -0.4 Incidental businesses: 2.1, gain on sales of securities: -1.7
	Commercial and industrial	371.1	386.1	-15.0	96.1	
	Sales to other companies	1.6	2.4	-0.8	66.7	
	Other	15.5	15.0	0.5	103.7	
	[Sales]	[658.0]	[684.2]	[-26.2]	[96.2]	
Total	660.2	687.9	-27.6	96.0		
Ordinary expenses	Personnel expenses	87.7	90.7	-2.9	96.7	Employee retirement benefits: -1.2, salary expenses: -1.0
	Fuel costs	90.0	77.2	12.7	116.6	Rise in CIF price: 12.7, increase in electricity sales: 2.9, increase in purchases electricity from other power company: -4.0
	Maintenance costs	71.6	67.7	3.8	105.7	Thermal power: 3.2, nuclear power: 0.9
	Depreciation	102.4	108.2	-5.7	94.6	Thermal power: -3.3, nuclear power: -2.7, transmission: 2.7
	Purchased power	57.2	55.0	2.2	104.2	Purchases from other companies: 2.3
	Interest charges	18.3	23.5	-5.1	78.2	Loan prepayment premium: -2.3, lower interest rates: -1.5, decrease in interest bearing debts: -1.3
Other	160.1	150.8	9.2	106.1	Retirement costs of fixed assets: 3.3, commosion costs: 2.6, incidental business: 1.7	
Total	587.6	573.3	14.3	102.5		
[Operating Income]	[92.3]	[136.8]	[-44.5]	[67.5]		
Ordinary income	72.6	114.6	-41.9	63.4		
Provision for reserve for fluctuations in water level	-4.2	-1.1	-3.0	-		
Extraordinary loss	11.2	5.7	5.5	196.3	Provision of monetary support for NEECO: 11.2, loss due to asset impairment : -5.7	
Net Income	41.6	66.3	-24.7	62.8		

2. Main Reference Data

(¥/\$, \$/b, %)

	Six months ended September 30, 2005 (A)	Six months ended September 30, 2004 (B)	Change (A)-(B)
Exchange rate	109.5	109.8	-0.3
Crude oil CIF price	53.1	36.8	16.3
Water release factor	75.6	94.2	-18.6
Nuclear power plant utilization factor	83.9	82.9	1.0

Summary of Non-consolidated Results (2)

3 Comparative Table of Balance Sheets

(Billions of yen)

	As of September 30, 2005 (A)	As of March 31, 2005 (B)	Change (A)-(B)	Main factors in changes
Assets	3,804.2	3,806.5	-2.3	Depreciation: -105.5 (electricity: -102.4, incidental business: -3.1) Capital expenditures: 84.2 Investment securities (stated at market value): 20.4 Deferred tax assets (stated at market value of investment securities): -7.4
Liabilities	2,837.0	2,877.2	-40.1	Accrued expenses: -20.6 Interest-bearing debt: -8.1 (3/05: 1,999.1 to 9/05: 1,991.0) [Interest-bearing debt ratio] 3/05: 52.5% to 9/05: 52.3%
Shareholders' Equity	967.2	929.3	37.8	Net income: 41.6, Unrealized gain on available-for-sale securities: 13.0 Dividends: -16.5 [Shareholders' equity ratio] 3/05: 24.4% to 9/05: 25.4%

Summary of Consolidated Results

Revenues and Expenses Condition

(Billions of yen, %)

		Six months ended September 30, 2005 (A)	Six months ended September 30, 2004 (B)	Change		Consolidated/ Non-consolidated
				(A)-(B)	(A)/(B)	
Ordinary revenues	Revenues from electricity business	650.8	679.2	-28.3	95.8	-
	Revenues from other businesses	38.8	36.8	2.0	105.5	-
	Operating Revenues (Sales)	689.7	716.0	-26.2	96.3	1.05
	Non-operating revenues	3.3	4.3	-0.9	78.3	-
	Total	693.1	720.3	-27.2	96.2	-
Ordinary expenses	Expenses from electricity business	556.2	539.5	16.7	103.1	-
	Expenses from other businesses	38.6	37.0	1.6	104.5	-
	Operating expenses	594.9	576.5	18.3	103.2	-
	Non-operating expenses	24.0	31.7	-7.6	75.8	-
	Total	619.0	608.3	10.7	101.8	-
[Operating income]		[94.7]	[139.4]	[-44.6]	[68.0]	[1.03]
Ordinary income		74.0	111.9	-37.9	66.1	1.02
Provision for reserve for fluctuations in water level		-4.2	-1.1	-3.0	-	-
Extraordinary loss		10.5	8.9	1.5	117.8	-
Net income		42.5	59.9	-17.3	71.0	1.02

Business Segment Information

(Billions of yen)

	Sales				Operating income	
	Sales to outside customers (A)	Intersegment sales (B)	Total sales (A+B)	Change from six months ended September 30, 2004		Change from Six months ended September 30, 2004
Electric	650.8	1.1	652.0	-28.3	94.1	-44.8
Energy related business	19.1	34.7	53.8	3.3	0.1	0.9
IT and Telecommunication	16.2	15.1	31.4	2.2	-1.7	0.1
Other	3.4	6.2	9.7	0.5	1.2	-0.5
Total	689.7	57.2	747.0	-22.1	93.7	-44.3
Eliminations/Corporate	-	-57.2	-57.2	-4.1	0.9	-0.3
Consolidated	689.7	-	689.7	-26.2	94.7	-44.6

(Note)

The classification of business segments is based on the business areas of "Mid-term management plan" established in March 2005.

Summary of Consolidated Statements of Cash Flows

Comparative Table of Statement of Cash Flows

(Billions of yen, %)

	Six months ended September 30, 2005	Six months ended September 30, 2004	Change	Main factors in changes
	(A)	(B)	(A)-(B)	
Cash flows from operating activities	137.5	200.3	-62.8	Income before income taxes and minority interests: -36.4, Accrued expenses: -11.3 Depreciation: -6.0
Cash flows from investing activities	-102.7	-103.8	1.0	
(Capital expenditures including nuclear fuel) [Reposted]	[-104.1]	[-107.5]	[3.3]	
Cash flows from financing activities	-34.9	-94.5	59.5	Decrease in interest bearing debts: 64.3 (9/04: -82.5 to 9/05: -18.2) Cash dividends paid: -4.7 (09/04: 11.8 to 9/05: 16.5)
Total	-0.1	2.0	-2.2	
Free cash flows	33.3	92.8	-59.4	

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

Financial Highlight of Results Projection for FY2005

Non-Consolidated

(Billions of yen, %)

	FY2005 (A)	FY2004 (B)	Change	
			(A)-(B)	(A)/(B)
Sales	1,295.0 (approx.)	1,333.1	-38.1	97.1
Operating income	143.0 (approx.)	201.5	-58.5	70.9
Ordinary income	100.0 (approx.)	152.9	-52.9	65.4
Net income	59.0 (approx.)	89.3	-30.3	66.0

Consolidated

(Billions of yen, %)

	FY2005 (A)	FY2004 (B)	Change	
			(A)-(B)	(A)/(B)
Sales	1,365.0 (approx.)	1,408.7	-43.7	96.9
Operating income	151.0 (approx.)	213.7	-62.7	70.6
Ordinary income	106.0 (approx.)	159.9	-53.9	66.3
Net income	62.0 (approx.)	89.2	-27.2	69.4

Sensitivity Factors for FY 2005 Projection (Non-Consolidated)

(Billions of yen)

	FY2005	FY2004
Exchange rate (¥/\$)	1.3 (approx.)	1.2 (approx.)
Oil CIF price (\$/b)	2.2 (approx.)	2.5 (approx.)
Water release factor (1%)	0.2 (approx.)	0.2 (approx.)
Nuclear power plant utilization factor (1%)	1.8 (approx.)	1.5 (approx.)
Interest rate (1%)	3.2 (approx.)	3.6 (approx.)

Appendix

Comparison with the Previous Projection for FY2005
- Financial Highlights

Comparison with the Previous Projection for FY2005 (Financial Highlights)

Non-Consolidated (Billions of yen, %)

	Revised Forecast as of November 2005 (A)	Forecast as of May 2005 (B)	Change	
			(A)-(B)	(A)/(B)
Sales	1,295.0 (approx.)	1,270.0 (approx.)	25.0	102.0
Operating income	143.0 (approx.)	142.0 (approx.)	1.0	100.7
Ordinary income	100.0 (approx.)	100.0 (approx.)	-	100.0
Net income	59.0 (approx.)	64.0 (approx.)	-5.0	92.2

Consolidated (Billions of yen, %)

	Revised Forecast as of November 2005 (A)	Forecast as of May 2005 (B)	Change	
			(A)-(B)	(A)/(B)
Sales	1,365.0 (approx.)	1,340.0 (approx.)	25.0	101.9
Operating income	151.0 (approx.)	150.0 (approx.)	1.0	100.7
Ordinary income	106.0 (approx.)	106.0 (approx.)	-	100.0
Net income	62.0 (approx.)	67.0 (approx.)	-5.0	92.5

< For further information >

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