Financial Section

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The Kansai Electric Power Company, Incorporated and Subsidiaries

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Independent Auditors' Report

Financial Results and Analysis (Consolidated)

OVERVIEW

Operating Income

Electricity Operations

Kansai EP and its Group enterprises consistently strive to achieve expanded shares in the home, commercial and industrial markets through the provision of new products and solutions that anticipate the needs of the customer. In fiscal 2005 – the year from April 1, 2004 through March 31, 2005 – those efforts enabled the acquisition of 86,000 new contracts from customers living in fully electric homes and 1,988 new contracts for hybrid heating, cooling and air-conditioning systems for commercial and industrial users. Those figures represent year-on-year increases of 10.4% and 18.5%, respectively.

In fiscal 2005 total electricity sales reached 144.89 billion kWh, constituting a gain of 4.64 billion kWh, or 3.3%, over the previous year. The increased revenue from electricity operations enabled total sales income to grow to ¥2,422,583 million*, up ¥62,676 million, or 2.7%, from the year-earlier level.

Related operating expenses expanded by only ¥24,444 million, or 1.2%, however, reaching ¥2,054,111 million*. Increases stemming from the expanded volume of electricity sales, higher fossil fuel costs arising from deterioration in the operating ratio of the Company's nuclear plants, and expanded purchases of electric power from other companies were collectively offset by efforts to reduce outlays in all aspects. For example, personnel outlays were trimmed as a result of reduced funds needed for retirement stipends, achievable largely thanks to improved returns on pension assets connected to the qualified pension system. Capital investments were kept within the scope of depreciation costs, and depreciation costs were reduced through efforts to streamline related assets.

As a result of the foregoing, operating income from electricity operations reached ¥368,472 million*. The figure equates to a year-on-year increase by ¥38,232 million, or 11.6%.

Information Technology Operations

Kansai EP and its Group companies, centered on K-Opti.com, provide a comprehensive range of information technology services to both individual and corporate customers. A diversified menu of services is offered in line with the broad spectrum of user requirements, spanning from 64kbps to 100Mbps in both indoor and outdoor applications.

Although competition in the IT segment is severe, aggressive sales activities are undertaken to expand the customer base and elevate sales. At K-Opti.com in particular, significant price reductions were implemented from September 1, 2004 for the company's "eo HOME FIBER" fiber-optic Internet connection services. In addition, a new optical IP (Internet Protocol) service was launched that offers customers the dual advantages of low cost and elimination of the need to place calls through the telephone lines of Nippon Telegraph and Telephone Corporation (NTT). Together, these new developments have given K-Opti.com an industry lead in providing customers a package of Internet and telephone services at prices lower than ADSL. The market has quickly responded with a rush of applications for the new services: as of March 31, 2005 the number of contracts for the company's home Internet connection services reached 373,000, up a robust 42.5% from the year-earlier level.

In fiscal 2005 Groupwide IT operations generated sales totaling ¥112,976 million*, down ¥817 million, or 0.7%, from the previous year. Although, as just noted, revenues from K-Opti.com's FTTH services expanded year-on-year, that increase was modestly exceeded by reduced contract revenues from mobile service providers.

Operating expenses incurred in the performance of IT operations totaled ¥110,295 million*, up a modest ¥711 million, or 0.6%, from fiscal 2004. The increase is attributable primarily to a temporary spike in advertising and other outlays booked in conjunction with aggressive FTTH sales promotions at K-Opti.com and initial costs incurred in tandem with expansion of K-CAT, Inc.'s optical broadcasting area.

As a result of the foregoing, operating income from Groupwide information technology operations reached ¥2,681 million*. Although this equated to a year-on-year decrease of ¥1,528 million, or 36.3%, it marked a second consecutive term that IT operations turned a profit on a fiscal-year basis.

Other Operations

In addition to core electricity operations and IT business, Kansai EP and its Group network undertake an aggressive program of operations in two prime areas: total energy solutions and amenities in support of lifecycle needs. Business in total energy solutions focuses on gas-related operations, while operations involving lifecycle-support amenities center on related services as well as real estate development, especially housing.

Sales generated by these various undertakings to customers outside the Group reached ¥137,060 million, up ¥13,369 million, or 10.8%, from the preceding fiscal year. Growth came from two principal sources: in total energy solutions business, from the sale of 500,000 tons (in LNG parameters) of gas and other fuels, thereby achieving the target that had been hoisted for fiscal 2008, as well as expanded provision of energy solutions chiefly involving distributed type generators; and in real estate development operations, from expansion of the customer base for lifecycle-support services plus the steady development of private homes and condominiums boasting high added value in the form of fully electric installations, Internet capability and home security systems. When sales within the Group are added in, total sales revenue from other operations reached ¥342,188 million*, up ¥8,119 million, or 2.4%, from fiscal 2004.

Expenses incurred in the performance of other services totaled ¥330,105 million*, up ¥8,027 million, or 2.5%, from the year-earlier level. Vigorous efforts at efficiency enhancement were insufficient to compensate fully for high oil costs incurred in the performance of gas supply operations.

As a result of the foregoing, operating income generated by other operations Groupwide tallied to ¥12,083 million. The figure marked an increase by ¥92 million, or 0.8%, from the previous year.

Taken together, consolidated income accrued from electricity, IT and other operations reached ¥386,939 million, up ¥37,447 million, or 10.7%, from fiscal 2004. This total is the end result after eliminating all profits or losses incurred in conjunction with internal sales between the various segments.

* Includes internal transactions between segments.

Net Income

Other (income) expenses recorded during the term totaled ¥237,734 million, an increase of ¥64,890 million, or 37.5%, from the previous year. The increase owed to three contributing factors: 1) an impairment loss of ¥44,312 million booked early in application of the Accounting Standards for Impairment of Fixed Assets; 2) a ¥64,905 million loss incurred in shelving the Gobo No. 2 thermal power plant project; and 3) a loss of ¥39,376 million largely attributable to payment of retirement stipends accompanying restructuring of Group affiliates. The early booking of the impairment loss was carried out in a quest to boost the transparency of financial statements and achieve swift strengthening of the financial structure. Scrapping of the Gobo project was decided in the light of flagging growth in demand for electric power, the need for enhanced operating efficiency in tandem with deregulation of the power industry, and cessation of new Orimulsion supplies. Restructuring of affiliated companies was pursued with the aim of fortifying Groupwide competitive strength by clarifying core business areas and consolidating managerial resources.

Interest payments during the term reached ¥82,045 million, down ¥20,928 million, or 20.3%, year-on-year. The reduction was achieved primarily through contraction in interest-bearing debt and efforts to trim interest on borrowings. Net income this term was further boosted by the elimination of fiscal 2004's losses booked in shelving the

Suzu nuclear power plant project and trimming asset values in tandem with the merger of K-Opti.com and Osaka Media Port Corporation. Finally, because the water runoff ratio in fiscal 2005 was a robust 114.6%, ¥9,872 million was set aside, in line with stipulations under Japan's Electricity Utilities Industry Law, as a reserve for fluctuations in water level, to prepare against increased expenses in the event of future water shortages. The figure represents an increase of ¥1,506 million, or 18.0%, over the previous year.

As a result of the foregoing, in fiscal 2005 consolidated income before taxes reached ¥139,333 million, down ¥28,949 million, or 17.2%, from the preceding term. Net income, after income-tax deductions totaling ¥69,753 million, finished at ¥69,739 million. The end result constituted a year-on-year decrease of ¥20,372 million, or 22.6%.

FISCAL POSITION

Assets

The value of the Company's Groupwide assets as of March 31, 2005 stood at ¥6,857,871 million, down ¥292,955 million, or 4.1%, from the year-earlier level. Various initiatives enabled this contraction. First, capital expenditures were held to ¥273,797 million, down ¥47,706 million, or 14.8%, from fiscal 2004 and within the scope of the term's depreciation costs (¥415,145 million). This was accomplished by pursuing improved asset efficiency primarily in electricity operations, applying severe selectivity regarding new construction projects, and rethinking previously set construction schedules and project scopes. Second, in a quest to achieve a more muscular financial structure, measures were taken to reduce fixed assets. To illustrate, an impairment loss was booked early in application of the Accounting Standards for Impairment of Fixed Assets, and a loss was recorded in tandem with termination of the Gobo No. 2 thermal power plant project.

Liabilities

Groupwide interest-bearing liabilities were slashed by ¥393,738 million, or 10.1%, during the term, to ¥3,489,864 million. The reduction was achieved by according highest priority to trimming interest-bearing debt in the allocation of the free cash flow generated through aggressive measures taken to boost efficiency in all areas of operation, including restraint in capital expenditures, while still paying full heed to safety assurance requirements.

This significant reduction in interest-bearing debt enabled a reduction in Groupwide liabilities – including both fixed and liquid liabilities debt as well as the reserve set aside for fluctuations in water level – to ¥5,204,368 million, down ¥302,071 million, or 5.5%, year-on-year. The latter achievement contributed to the steady fortification of the Group's financial structure.

Shareholders' Equity

At March 31, 2005 total shareholders' equity was ¥1,646,686 million, up ¥9,438 million, or 0.6%, from a year earlier. The increase owed to the term's year-on-year expansion in net income, which offset dividend disbursements and the erosive impact of repurchasing of the Company's own stock. This capital increase was complemented by the asset reductions noted earlier, including curbing of capital expenditures, and the progress achieved in trimming interest-bearing debt. As a result of these collective factors, at term's end the shareholder's equity ratio reached 24.0%, up 1.1 percentage point year-on-year. Equity per shareholder accordingly came to ¥1,749.65, representing an increase of ¥20.08 over the year-earlier level.

In April 2005 the Company repurchased 8.36 million shares of its own stock, at an outlay of ¥17,312 million. Like the similar buyback carried out in April 2004, the move had two objectives: a) to increase shareholder return and enhance capital efficiency, and b) to improve the supply and demand balance of Company shares within the market. The Company has opted to hold the repurchased holdings as treasury stock for the time being, a situation that will enable the shares to be flexibly used, or retired, as changes in the operating environment may come to dictate.

Cash Flow

Kansai EP and its consolidated subsidiaries pursue all avenues toward the further enhancement of the Group's free cash flow through aggressive sales activities and the pursuit of ever greater management efficiency while according highest priority to safety assurance. At the same time, investments are actively undertaken into new areas of operation that will lead to expansion of the consolidated earnings base going forward, and initiatives are taken proactively on diverse fronts toward strengthening the Group's financial structure.

In fiscal 2005 cash flow generated by operating activities produced ¥691,253 million in income, down ¥117,075 million, or 14.5%, from fiscal 2004. The year-on-year increase in electricity sales volume was outweighed by one-time outlays of substantial scale arising primarily from payment of retirement stipends connected to the restructuring of the Company's affiliates, plus increased income and other tax burdens.

Cash flow linked to investment activities resulted in ¥257,284 million in outlays, down ¥51,324 million, or 16.6%, from the preceding term. Active capital expenditures were undertaken in the information technology sphere, but capital investments as a whole declined on a consolidated basis thanks to the pursuit of enhanced efficiency in electricity operations while still securing optimal safety. During the term, the Company also sold off part of its securities holdings.

Free cash flow generated in the foregoing ways totaled ¥433,969 million. It was allocated to reducing interest-bearing liabilities and the repurchasing of Company stock. Cash flow generated from financing activities thereby resulted in total outlays of ¥451,886 million, constituting a decrease by ¥66,204 million, or 12.8%, from fiscal 2004.

As a result of the foregoing, the balance of cash and cash equivalents at the end of fiscal 2005 reached ¥67,898 million. The figure represents a decrease of ¥17,802 million, or 20.8%, from the preceding year.

Consolidated Balance Sheets

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS (Note 5)	**2005**	2004	**2005**
PROPERTY:			
Utility plant and equipment	**¥13,386,152**	¥13,006,857	**$124,649,892**
Other plant and equipment	**1,031,613**	987,387	**9,606,230**
Construction in progress	**377,360**	802,523	**3,513,921**
Contributions in aid of construction	**(422,949)**	(416,180)	**(3,938,439)**
Accumulated depreciation	**(9,113,766)**	(8,765,033)	**(84,866,058)**
Plant and equipment - net (Notes 3, 5 and 11)	**5,258,410**	5,615,554	**48,965,546**
Nuclear fuel, net of amortization	**526,130**	502,000	**4,899,246**
Property - net	**5,784,540**	6,117,554	**53,864,792**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 4)	**185,547**	196,620	**1,727,787**
Investments in and advances to associated companies	**161,125**	168,165	**1,500,372**
Deferred tax assets (Note 9)	**314,792**	274,439	**2,931,297**
Other assets	**52,107**	33,097	**485,212**
Total investments and other assets	**713,571**	672,321	**6,644,668**
CURRENT ASSETS:			
Cash and cash equivalents	**67,898**	85,700	**632,256**
Accounts receivable	**156,940**	148,607	**1,461,405**
Allowance for doubtful accounts	**(2,437)**	(2,386)	**(22,693)**
Inventories	**49,724**	51,302	**463,021**
Deferred tax assets (Note 9)	**31,565**	26,157	**293,929**
Other current assets	**56,070**	51,571	**522,115**
Total current assets	**359,760**	360,951	**3,350,033**
TOTAL	**¥6,857,871**	¥7,150,826	**$63,859,493**

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND SHAREHOLDERS' EQUITY	**2005**	2004	**2005**
LONG-TERM LIABILITIES:			
Long-term debt, less current maturities (Note 5)	**¥2,953,626**	¥3,116,251	**$27,503,734**
Liability for Retirement benefits (Note 6)	**363,967**	353,031	**3,389,208**
Reserve for reprocessing of irradiated nuclear fuel	**630,679**	594,749	**5,872,791**
Reserve for decommissioning of nuclear power units	**233,122**	226,603	**2,170,798**
Deferred tax liabilities (Note 9)	**154**	510	**1,434**
Other long-term liabilities	**68,342**	27,722	**636,390**
Total long-term liabilities	**4,249,890**	4,318,866	**39,574,355**
CURRENT LIABILITIES:			
Current maturities of long-term debt (Note 5)	**295,903**	596,371	**2,755,406**
Short-term borrowings (Note 7)	**239,880**	170,981	**2,233,728**
Accounts payable (Note 5)	**109,807**	136,708	**1,022,507**
Payable to associated companies	**16,521**	14,279	**153,841**
Accrued income taxes	**60,240**	74,015	**560,946**
Accrued expenses and other current liabilities	**213,889**	186,853	**1,991,702**
Total current liabilities	**936,240**	1,179,207	**8,718,130**
RESERVE FOR FLUCTUATIONS IN WATER LEVEL	**18,238**	8,366	**169,830**
MINORITY INTERESTS	**6,817**	7,139	**63,478**
COMMITMENTS AND CONTINGENCIES (Notes 12 and 13)			
SHAREHOLDERS' EQUITY (Notes 5, 8 and 16):			
Common stock - authorized, 1,784,059,697 shares; issued, 962,698,728 shares in 2005 and 2004	**489,320**	489,320	**4,556,476**
Capital surplus	**66,626**	66,553	**620,412**
Retained earnings	**1,067,589**	1,045,511	**9,941,233**
Net unrealized gain on available-for-sale securities	**62,206**	64,310	**579,254**
Foreign currency translation adjustments	**10**	26	**93**
Treasury stock - at cost 21,677,981 shares in 2005 and 16,334,354 shares in 2004	**(39,065)**	(28,472)	**(363,768)**
Total shareholders' equity	**1,646,686**	1,637,248	**15,333,700**
TOTAL	**¥6,857,871**	¥7,150,826	**$63,859,493**

See notes to consolidated financial statements.

Consolidated Statements of Income

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	**2005**
OPERATING REVENUES:			
Electric	**¥2,412,111**	¥2,351,598	**$22,461,225**
Other	**201,372**	188,557	**1,875,147**
Total	**2,613,483**	2,540,155	**24,336,372**
OPERATING EXPENSES:			
Electric	**2,038,779**	2,015,311	**18,984,812**
Other	**187,765**	175,352	**1,748,441**
Total	**2,226,544**	2,190,663	**20,733,253**
OPERATING INCOME	**386,939**	349,492	**3,603,119**
OTHER (INCOME) EXPENSES:			
Interest expense	**82,045**	102,973	**763,991**
Equity in losses (earnings) of associated companies	**(2,753)**	(3,190)	**(25,636)**
Loss on discontinued operation of subsidiary		10,731	
Loss on impairment of fixed assets (Note 11)	44,312		412,627
Loss on discontinuance of power plant construction	64,905		604,386
Loss on reorganization of group companies (Note 6)	39,376		366,664
Other - net	**9,849**	62,330	**91,712**
Total	**237,734**	172,844	**2,213,744**
INCOME BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL, INCOME TAXES AND MINORITY INTERESTS	**149,205**	176,648	**1,389,375**
PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL	**9,872**	8,366	**91,926**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**139,333**	168,282	**1,297,449**
INCOME TAXES (Note 9)			
Current	**116,793**	117,269	**1,087,559**
Deferred	**(47,040)**	(39,814)	**(438,030)**
Total	**69,753**	77,455	**649,529**
MINORITY INTERESTS IN NET INCOME (LOSS)	**(159)**	716	**(1,479)**
NET INCOME	**¥69,739**	¥90,111	**$(649,399)**

	Yen		U.S. Dollars
	2005	2004	**2005**
PER SHARE OF COMMON STOCK (Note 15):			
Basic net income	**¥73.83**	¥94.77	**$0.69**
Fully diluted net income	**72.68**	92.82	**0.68**
Cash dividends applicable to the year	**50.00**	50.00	**0.47**

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2005 and 2004

		Millions of Yen					
	Number of Common Shares Issued	Common Stock	Capital Surplus	Retained Earnings	Net Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Treasury Stock
BALANCE, APRIL 1, 2003	962,698,728	¥489,320	¥65,463	¥1,003,204	¥19,875	¥101	¥(29,832)
Net income				90,111			
Cash dividends, ¥50 per share				(47,317)			
Bonuses to directors and corporate auditors				(487)			
Net decrease in foreign currency translation adjustments						(75)	
Net decrease in treasury stock							1,360
Net increase in unrealized gain on available-for-sale securities					44,435		
Surplus from transaction in treasury stock			1,090				
BALANCE, MARCH 31, 2004	962,698,728	489,320	66,553	1,045,511	64,310	26	(28,472)
Net income				69,739			
Cash dividends, ¥50 per share				(47,228)			
Bonuses to directors and corporate auditors				(446)			
Net decrease in foreign currency translation adjustments						(16)	
Net increase in treasury stock							(10,593)
Net decrease in unrealized gain on available-for-sale securities					(2,104)		
Surplus from transaction in treasury stock			73				
Increase due to exclusion of previously consolidated subsidiaries				13			
BALANCE, MARCH 31, 2005	962,698,728	¥489,320	¥66,626	¥1,067,589	¥62,206	¥10	¥(39,065)

	Thousands of U.S. Dollars (Note 1)					
	Common Stock	Capital Surplus	Retained Earnings	Net Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Treasury Stock
BALANCE, MARCH 31, 2004	$4,556,476	$619,732	$9,735,646	$598,845	$242	$(265,127)
Net income			649,399			
Cash dividends, $0.47 per share			(439,780)			
Bonuses to directors and corporate auditors			(4,153)			
Net decrease in foreign currency translation adjustments					(149)	
Net increase in treasury stock						(98,641)
Net decrease in unrealized gain on available-for-sale securities				(19,591)		
Surplus from transaction in treasury stock		680				
Increase due to exclusion of previously consolidated subsidiaries			121			
BALANCE, MARCH 31, 2005	$4,556,476	$620,412	$9,941,233	$579,254	$93	$(363,768)

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Year Ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	2005
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥139,333	¥168,282	$1,297,449
Adjustments for:			
Income taxes-paid	(130,761)	(87,015)	(1,217,627)
Depreciation and amortization	415,145	444,631	3,865,770
Loss on impairment of fixed assets	44,312		412,627
Amortization of nuclear fuel	44,850	56,132	417,637
Loss on disposal of property, plant and equipment	21,938	15,181	204,283
Loss on discontinued operation of subsidiary		10,731	
Loss on discontinuance of power plant construction	4,363	23,622	40,628
Nuclear fuel transferred to reprocessing costs	64,905		604,386
Increase in liability for retirement benefits	10,937	62,292	101,844
Provision for reprocessing of irradiated nuclear fuel	35,930	65,118	334,575
Provision for decommissioning of nuclear power units	6,519	1,201	60,704
Provision of reserve for fluctuations in water level	9,872	8,366	91,927
Changes in assets and liabilities, and net of effects from newly consolidated subsidiaries:			
Decrease (increase) in trade receivables	(8,221)	14,418	(76,553)
Decrease in interest and dividends receivable	1,510	1,129	14,061
Decrease in trade payables	(795)	(1,552)	(7,403)
Decrease in interest payable	(3,129)	(4,884)	(29,137)
Other - net	34,545	30,676	321,676
Total adjustments	551,920	640,046	5,139,398
Net cash provided by operating activities	691,253	808,328	6,436,847
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(292,586)	(313,005)	(2,724,518)
Payments for investments and advances	(26,184)	(24,823)	(243,822)
Proceeds from sales of investments or collections of advances	43,300	13,543	403,203
Other – net	18,186	15,677	169,346
Net cash used in investing activities	(257,284)	(308,608)	(2,395,791)
FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	90,599	29,681	843,645
Proceeds from long-term debt (exclusive of bonds)	150,397	127,240	1,400,475
Proceeds from short-term loans	433,711	358,342	4,038,654
Proceeds from issuance of commercial paper	577,000	1,118,000	5,372,940
Redemption of bonds	(447,073)	(201,925)	(4,163,078)
Repayments of long-term debt (exclusive of bonds)	(257,308)	(288,947)	(2,396,015)
Repayments of short-term loans	(432,357)	(409,905)	(4,026,045)
Repayments of commercial papers	(509,000)	(1,203,000)	(4,739,734)
Purchases of treasury stock	(11,335)	(546)	(105,550)
Dividends paid	(47,218)	(47,299)	(439,687)
Other – net	698	269	6,499
Net cash used in financing activities	(451,886)	(518,090)	(4,207,896)
NET CASH USED IN OPERATING, INVESTING AND FINANCING ACTIVITIES - (Forward)	¥(17,917)	¥(18,370)	$(166,840)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	2005
NET CASH USED IN OPERATING, INVESTING AND FINANCING ACTIVITIES - (Forward)	¥(17,917)	(18,370)	$(166,840)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	115	(113)	1,070
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,802)	(18,483)	(165,770)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	85,700	104,183	798,026
CASH AND CASH EQUIVALENTS, END OF YEAR	¥67,898	¥85,700	$632,256

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2005 and 2004

1. BASIS OF PRESENTING FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law (the "Law"), the Japanese Electric Utility Law and the related accounting regulations. The Kansai Electric Power Company, Incorporated (the "Company") and its consolidated subsidiaries (together the "Companies") maintain their accounts and records in accordance with the provisions set forth in the Japanese Commercial Code (the "Code"), the Japanese Electric Utility Law and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in 2004 financial statements to conform to the classifications used in 2005.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥107.39 to $1, the approximate rate of exchange at March 31, 2005. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Principles of Consolidation and Accounting for Investments in Associated Companies -** The consolidated financial statements as of March 31, 2005 include the accounts of the Company and all subsidiaries (sixty-eight in 2005 and eighty-five in 2004).

Under the control or influence concept, those companies over whose operations the Company, directly or indirectly, is able to exercise control are fully consolidated, and those companies over which the Company has an ability to exercise significant influence are accounted for by the equity method.

For the years ended March 31, 2005 and 2004, the investment in one associated company is accounted for by the equity method. Investments in the remaining associated companies are stated at cost, and had the equity method been applied to the investments in these companies, there would have been an immaterial effect on the accompanying consolidated financial statements.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary/associated company at the date of acquisition. Goodwill on acquisition of subsidiaries is reported in the balance sheet as other assets and is amortized using the straight-line method over five years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is eliminated.

b. **Subsidiaries' Fiscal Year-End -** The fiscal year-end of eight subsidiaries is December 31. The Company consolidates such subsidiaries' financial statements using their financial results for the year ended December 31. The effect of any significant transactions during the period between the subsidiaries' fiscal year-end and the Company's fiscal year-end are reflected in the consolidated financial statements.

c. **Property, Depreciation and Amortization -** Property is stated at cost. Contributions in aid of construction, which include certain amounts assessed to and collected from customers, are deducted from the costs of the related assets in accordance with the regulations.

Depreciation is principally computed by the declining-balance method based on the estimated useful lives of the assets.

Amortization of nuclear fuel is computed based on the quantity of heat produced for the generation of electricity. Accumulated amortization of nuclear fuel at March 31, 2005 and 2004 was ¥120,509 million ($1,122,162 thousand) and ¥116,067 million, respectively.

d. **Impairment of Fixed Assets -** n August 2002, the Business Accounting Council issued a Statement of Opinion, Accounting for Impairment of Fixed Assets, and in October 2003 the Accounting Standards Board of Japan (ASB) issued ASB Guidance No. 6, Guidance for Accounting Standard for Impairment of Fixed Assets. These new pronouncements are effective for fiscal years beginning on or after April 1, 2005 with early adoption permitted for fiscal years ending on or after March 31, 2004.

The Companies adopted the new accounting standard for impairment of fixed assets as of April 1, 2004. The Companies review their fixed assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

The effect of adoption of the new accounting standard for impairment of fixed assets was to decrease income before income taxes and minority interests for the year ended March 31, 2005 by ¥44,312 million ($412,627 thousand).

e. **Leases -** All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

f. **Investment Securities -** The Companies' securities are classified and accounted for as follows: i) held-to-maturity debt securities, which management has the positive intent and ability to hold to maturity, are reported at amortized cost, ii) available-for-sale securities whose fair value is not readily determinable are reported at cost, and iii) available-for-sale securities whose fair value is readily determinable are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of shareholders' equity.

The cost of securities sold is determined by the moving-average method.

g. **Cash Equivalents -** Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents principally include time deposits, certificate of deposits, commercial paper and mutual funds investing in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

h. **Inventories -** Inventories, mainly fuel, are stated at cost determined by the average method.

i. **Foreign Currency Transactions -** All receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates as of the balance sheet date. The foreign exchange gains and losses from translation are recognized in the income statement to the extent that they are not hedged by the forward contracts.

j. **Foreign Currency Financial Statements -** The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for shareholders' equity, which is translated at the historical rate. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the current exchange rate as of the balance sheet date. Differences arising from such translation are shown as "Foreign currency translation adjustments" as a separate component of shareholders' equity.

k. **Retirement and Pension Plan -** The Company and certain consolidated subsidiaries have non-contributory defined benefit pension plans, contributory pension plans, and unfunded retirement benefit plans.

The Companies accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

Prior service cost is being amortized by the straight-line method over a period of principally 3 years. Actuarial gains or losses are being recognized by the straight-line method over a period of principally 3 years.

Retirement benefits to directors and corporate auditors are charged to income when authorized by a resolution of the shareholders.

l. **Reserve for Reprocessing of Irradiated Nuclear Fuel -** The Company has accrued costs for the reprocessing of irradiated nuclear fuel in accordance with accounting methods accepted by the regulatory authority. The Company provides for the reprocessing of irradiated nuclear fuel at 60% of the amount, which would be required to reprocess all the irradiated nuclear fuel as of the balance sheet date.

m. **Reserve for Decommissioning of Nuclear Power Units -** The Company has accrued costs for decommissioning of nuclear power units in accordance with accounting methods accepted by the regulatory authority.

n. **Income Taxes -** The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

o. **Derivatives and Hedging Activities -** The Companies use principally foreign exchange forward contracts, currency swaps, interest rate swaps and commodity swaps in the normal course of business, to manage its exposures to fluctuations in foreign exchange, interest rates, fuel price and so on. The Companies do not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions be recognized in the income statement and b) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on those derivatives are deferred until maturity of the hedged transactions.

Assets and liabilities denominated in foreign currencies for which foreign exchange forward contracts and currency swaps are used to hedge the foreign currency fluctuations are translated at the contracted rate if the forward contracts and currency swaps qualify for hedge accounting.

The interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value but the differential paid or received under the swap agreements are recognized and included in interest expenses or income.

p. **Reserve for Fluctuations in Water Level -** A reserve for fluctuations in water level is provided for costs expected to be incurred from insufficient water levels, in accordance with the Japanese Electric Utility Law and related accounting regulations.

q. **Appropriations of Retained Earnings -** Appropriations of retained earnings at each year end are reflected in the financial statements of the following year after shareholders' approval.

r. **Per Share Information -** Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding in each period, retroactively adjusted for stock splits.

Fully diluted net income per share reflects the potential dilution that could occur if securities were converted into common stock. Fully diluted net income per share of common stock assumes full conversion of the outstanding convertible bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

s. **Stock and Bond Issue Costs -** Costs incurred in connection with the issuance of stock and bonds are charged to income as incurred.

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2005 and 2004

3. PLANT AND EQUIPMENT

Plant and equipment, at carrying value, at March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Hydroelectric power production facilities	**¥443,909**	¥462,083	**$4,133,616**
Thermal power production facilities	**614,667**	363,436	**5,723,689**
Nuclear power production facilities	**395,465**	434,834	**3,682,512**
Transmission facilities	**1,379,385**	1,452,188	**12,844,632**
Transformation facilities	**510,989**	540,798	**4,758,255**
Distribution facilities	**948,823**	971,066	**8,835,301**
General facilities	**150,543**	160,275	**1,401,834**
Other utility facilities	**13,470**	13,830	**125,431**
Other plant and equipment	**423,799**	414,521	**3,946,355**
Construction in progress	**377,360**	802,523	**3,513,921**
Total	**¥5,258,410**	¥5,615,554	**$48,965,546**

4. INVESTMENT SECURITIES

Information regarding each category of the securities classified as available-for-sale, whose fair value is readily determinable, and held-to-maturity at March 31, 2005 and 2004 were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
	2005			
Securities classified as:				
Available-for-sale:				
Equity securities	¥21,411	¥87,244	¥4	¥108,651
Debt securities	3,006	25	10	3,021
Held-to-maturity debt securities	8,208	170	103	8,275

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
	2004			
Securities classified as:				
Available-for-sale:				
Equity securities	¥20,432	¥84,749	¥7	¥105,174
Debt securities	2,525	28	1	2,552
Held-to-maturity debt securities	12,215	402	115	12,502

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
	2005			
Securities classified as:				
Available-for-sale:				
Equity securities	$199,376	$812,403	$37	$1,011,742
Debt securities	27,991	233	93	28,131
Held-to-maturity debt securities	76,432	1,583	959	77,056

Available-for-sale securities and held-to-maturity securities whose fair value is not readily determinable as of March 31, 2005 and 2004 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Available-for-sale:			
Equity securities	**¥65,286**	¥73,053	**$607,934**
Other	**4,784**	7,811	**44,548**
Held-to-maturity debt securities	**600**	100	**5,587**
Total	**¥70,670**	¥80,964	**$658,069**

Proceeds from sales of available-for-sale securities for the year ended March 31, 2005 were ¥17,935 million ($167,008 thousand). Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥8,809 million ($82,028 thousand) and ¥1 million ($9 thousand), respectively for the year ended March 31, 2005.

Proceeds from sales of held-to-maturity debt securities for the year ended March 31, 2005 were ¥4,828 million ($44,958 thousand). Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥137 million ($1,276 thousand) and ¥1 million ($9 thousand), respectively for the year ended March 31, 2005. These sales were intend to finance the reorganization of group companies.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2005 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less	¥4,825	$44,930
Due after one year through five years	3,737	34,798
Due after five years through ten years	1,685	15,691
Due after ten years	1,729	16,100
Total	¥11,976	$111,519

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2005 and 2004

5. LONG-TERM DEBT

Long-term debt at March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
General mortgage bonds:			
0.29% to 6.1%, due serially through 2018	**¥1,193,050**	¥1,370,606	**$11,109,507**
7.25%, due 2006 (payable in U.S. dollars)	**54,450**	54,450	**507,030**
6.625%, due through 2006 (payable in French francs)	**63,516**	63,516	**591,452**
5.75%, due 2007 (payable in Netherlands guilder)	**62,294**	62,294	**580,073**
1.4% general mortgage convertible bonds, due 2005		178,557	
0.65% to 5.6% secured loans from principally the Development Bank of Japan maturing serially through 2024:			
The Company	**372,737**	414,309	**3,470,873**
Subsidiaries	**21,801**	23,621	**203,008**
0.164% to 6.4% unsecured loans from banks and insurance companies maturing serially through 2036	**1,481,681**	1,545,269	**13,797,197**
Total	**3,249,529**	3,712,622	**30,259,140**
Less current maturities	**295,903**	596,371	**2,755,406**
Long-term debt, less current maturities	**¥2,953,626**	¥3,116,251	**$27,503,734**

Annual maturities of long-term debt at March 31, 2005 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year ending March 31:		
2006	¥295,903	$2,755,406
2007	341,614	3,181,060
2008	392,317	3,653,199
2009	433,110	4,033,057
2010 and thereafter	1,786,585	16,636,418
Total	¥3,249,529	$30,259,140

All of the Company's assets are pledged as collateral for the general mortgage bonds and secured loans from the Development Bank of Japan.

The carrying amounts of subsidiaries' assets pledged as collateral for accounts payable of ¥2,445 million ($22,767 thousand) and the above secured loans at March 31, 2005, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Property and other	¥41,717	$388,463

Certain long-term loan agreements include provisions which allow lenders the right of prior approval, if so requested, of any appropriation from retained earnings, including dividends. To date no lender has exercised this right.

6. RETIREMENT AND PENSION PLAN

The Company and certain of its subsidiaries have severance payment plans for employees.

Under most circumstances, employees terminating their employment with the Companies, either voluntarily or upon reaching mandatory retirement age, are entitled to severance payments based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain subsidiaries and annuity payments from a trustee. In certain instances additional retirement payments are paid at the retirement of employees.

On October 2005, the Company plan to revise the pension plan, and will incur negative prior service cost and settlement loss, respectively, by approximately ¥68 billion and by approximately ¥16 billion.

The liability for employees' retirement benefits at March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Projected benefit obligation	**¥764,621**	¥804,067	**$7,120,039**
Fair value of plan assets	**(436,993)**	(433,145)	**(4,069,215)**
Unrecognized prior service cost	**76**	680	**708**
Unrecognized actuarial loss	**36,263**	(18,571)	**337,676**
Net liability	**¥363,967**	¥353,031	**$3,389,208**

The components of net periodic retirement benefit costs are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Service cost	**¥29,055**	¥31,232	**$270,556**
Interest cost	**15,441**	15,883	**143,784**
Expected return on plan assets	**(2,381)**	(568)	**(22,172)**
Amortization of prior service cost	**(292)**	(11,272)	**(2,719)**
Recognized actuarial loss	**30,371**	65,987	**282,810**
Settlement (gain) loss	**(1,699)**	4,578	**(15,821)**
Other	**31,593**	7,507	**294,191**
Net periodic retirement benefit costs	**¥102,088**	¥113,347	**$950,629**

For the year ended March 31, 2005 and 2004 the Companies recognized amortization of unrecognized actuarial loss and prior service cost as "settlement (gain) loss" incurred by the reorganization of group companies with discontinuance of retirement benefit plan and the large scale retirement due to the expansion of the early retirement plan respectively, and an additional retirement payment of ¥30,805 million ($286,852 thousand) and ¥7,386 million are included in "Other" in the above table.

Principal assumptions used for the years ended March 31, 2005 and 2004 are set forth as follows:

	2005	2004
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**0.5%**	0.0%
Allocation method of the retirement benefits expected to be paid at the retirement date	**Straight-line method based on years of service**	Straight-line method based on years of service
Amortization period of prior service cost	**3 years**	3 years
Recognition period of actuarial gain/loss	**3 years**	3 years

In addition certain consolidated subsidiaries participate in a contributory multi-employer pension plan covering substantially all of their employees. The pension fund and assets available for benefits under this plan were approximately ¥2,306 million ($21,473 thousand) at December 31, 2004.

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2005 and 2004

7. SHORT-TERM BORROWINGS

Short-term borrowings at March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Short-term loans principally from banks (principally bank overdrafts), weighted average interest rate of 0.305% and 0.297% at March 31, 2005 and 2004	**¥171,880**	¥170,981	**$1,600,522**
Commercial paper, weighted average interest rate of 0.017% at March 31, 2005	**68,000**		**633,206**
Total	**¥239,880**	¥170,981	**$2,233,728**

8. SHAREHOLDERS' EQUITY

Japanese companies are subject to the Japanese Commercial Code (the "Code").

The Code requires that all shares of common stock are recorded with no par value and at least 50% of the issue price of new shares is required to be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus. The Code permits Japanese companies, upon approval of the Board of Directors, to issue shares to existing shareholders without consideration as a stock split. Such issuance of shares generally does not give rise to changes within the shareholders' accounts.

The Code also provides that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equals 25% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 25% of the common stock may be available for dividends by resolution of the shareholders. In addition, the Code permits the transfer of a portion of additional paid-in capital and legal reserve to the common stock by resolution of the Board of Directors.

The Code allows Japanese companies to repurchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of common stock, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the shareholders meeting.

In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment, the Code imposes certain limitations on the amount of retained earnings available for dividends. The amount of retained earnings available for dividends under the Code was ¥756,059 million ($704,311 thousand) as of March 31, 2005, based on the amount recorded in the parent company's general books of account.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

9. INCOME TAXES

The Companies are subject to a number of taxes based on income such as corporate income tax and inhabitant taxes which, in the aggregate, resulted in normal statutory tax rates of approximately 36.2% for the years ended March 31, 2005 and 2004.

The tax effect of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2005 and 2004 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Deferred Tax Assets:			
Liability for retirement benefits	**¥126,885**	¥117,035	**$1,181,535**
Intercompany profit elimination	**37,366**	41,941	**347,947**
Reserve for reprocessing of irradiated nuclear fuel	**41,878**	41,878	**389,962**
Reserve for decommissioning of nuclear power units	**29,304**	29,304	**272,875**
Depreciation	**48,217**	45,202	**448,990**
Deferred charges	**17,307**	18,257	**161,160**
Other	**133,835**	71,484	**1,246,251**
Less valuation allowance	**(56,532)**	(33,794)	**(526,418)**
Deferred tax assets	**¥378,260**	¥331,307	**$3,522,302**
Deferred Tax Liabilities:			
Unrealized gain on available-for-sale securities	**¥31,821**	¥30,899	**$296,313**
Other	**236**	322	**2,197**
Deferred tax liabilities	**¥32,057**	¥31,221	**$298,510**
Net deferred tax assets	**¥346,203**	¥300,086	**$3,223,792**

A reconciliation between the normal effective statutory tax rates for the years ended March 31, 2005 and 2004 and the actual effective tax rates reflected in the accompanying consolidated statements of income is as follows:

	2005	2004
Normal effective statutory tax rate	**36.2%**	36.2%
Equity in earnings of associated companies	**(0.7)**	(0.7)
Valuation allowance	**16.3**	11.0
Tax credit for research and development expenses	**(1.5)**	
Other - net	**(0.2)**	(0.5)
Actual effective tax rate	**50.1%**	46.0%

10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥23,020 million ($214,359 thousand) and ¥23,227 million for the years ended March 31, 2005 and 2004, respectively.

11. LOSS ON IMPAIRMENT OF FIXED ASSETS

The Companies reviewed their fixed assets for impairment as of the year ended March 31, 2005 and, as a result, recognized an impairment loss of ¥44,312 million as other expenses mainly for idle assets which will not be used in the future due to the changes in business plan and the carrying amount of these assets was written down to the recoverable amount. The recoverable amount of these assets was mainly measured by the respective net selling prices which were based on assessed value of fixed assets.

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2005 and 2004

12. LEASES

Lessor

Finance Leases

Revenues under finance leases were ¥5,613 million ($52,267 thousand) and ¥5,224 million for the years ended March 31, 2005 and 2004, respectively.

The amount of the imputed interest revenue included in the above revenue, which is computed using the interest method, was ¥1,216 million ($11,323 thousand) and ¥911 million, for the years ended March 31, 2005 and 2004, respectively.

Certain pro forma information of leased property such as acquisition cost, accumulated depreciation and future lease revenue under finance leases for the years ended March 31, 2005 and 2004 was as follows:

	Other Facilities		
	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Acquisition cost	**¥35,299**	¥34,071	**$328,699**
Accumulated depreciation	**22,259**	21,388	**207,273**
Net leased property	**¥13,040**	¥12,683	**$121,426**

Future lease revenue under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Due within one year	**¥4,227**	¥3,835	**$39,361**
Due after one year	**16,076**	12,793	**149,697**
Total	**¥20,303**	¥16,628	**$189,058**

Future lease revenue under finance leases includes the sublease revenue. Depreciation expenses relating to the leased assets mentioned above were ¥6,971 million ($64,913 thousand) and ¥5,699 million for the years ended March 31, 2005 and 2004, respectively.

Lessee

Finance Leases

Total lease payments under finance leases were ¥2,053 million ($19,117 thousand) and ¥2,049 million for the years ended March 31, 2005 and 2004, respectively.

Certain pro forma information of leased property such as acquisition cost, accumulated depreciation, obligation under finance lease, depreciation expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2005 and 2004 was as follows:

	Millions of Yen			
	Nuclear Power Production Facilities	General Facilities	Other Facilities	Total
As of March 31, 2005				
Acquisition cost	¥4,801	¥62	¥10,503	¥15,366
Accumulated depreciation	2,612	36	4,633	7,281
Net leased property	¥2,189	¥26	¥5,870	¥8,085

	Thousands of U.S. Dollars			
	Nuclear Power Production Facilities	General Facilities	Other Facilities	Total
As of March 31, 2005				
Acquisition cost	$44,707	$577	$97,802	$143,086
Accumulated depreciation	24,323	335	43,142	67,800
Net leased property	$20,384	$242	$54,660	$75,286

	Millions of Yen				
	Nuclear Power Production Facilities	Distribution Facilities	General Facilities	Other Facilities	Total
As of March 31, 2005					
Acquisition cost	¥4,541	¥331	¥43	¥9,194	¥14,109
Accumulated depreciation	1,979	298	17	5,052	7,346
Net leased property	¥2,562	¥33	¥26	¥4,142	¥6,763

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Due within one year	**¥1,940**	¥1,845	**$18,065**
Due after one year	**6,966**	4,940	**64,866**
Total	**¥8,906**	¥6,785	**$82,931**

Depreciation expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Depreciation expense	**¥2,053**	¥2,049	**$19,117**

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, was computed by the straight-line method over the respective lease periods.

The amount of leased assets and obligations under finance leases includes the imputed interest expense portion and obligations under finance leases include the accrued sublease rentals.

Operating Leases

Obligations under non-cancelable operating leases at March 31, 2005 and 2004 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Due within one year		¥3	

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2005 and 2004

13. COMMITMENTS AND CONTINGENCIES

At March 31, 2005, the Companies had firm purchase commitments, principally related to utility plant expansion, of approximately ¥79,034 million ($735,953 thousand). Additionally, the Companies had a number of fuel purchase commitments, most of which specify quantities and terms. Purchase prices are contingent upon fluctuations of market prices and so on.

At March 31, 2005, the Companies had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Co-guarantees or guarantees of loans and bonds of other companies:		
Japan Nuclear Fuel Limited	¥227,410	$2,117,609
Other	1,648	15,346
Total	¥229,058	$2,132,955
A guarantee about power supply for San Roque Corporation	¥442	$4,116

14. DERIVATIVES

The Company enters into derivative financial instruments, including foreign currency forward contracts, currency swaps, interest rate swaps and commodity swaps, to reduce market risks associated with assets and liabilities in the normal course of business.

The fair value of the Companies' derivative financial instruments at March 31, 2005 and 2004 are as follows:

	Millions of Yen					
	2005			2004		
	Contracted Amount	Fair Value	Unrealized Loss	Contracted Amount	Fair Value	Unrealized Loss
Foreign currency forward contracts -						
Buying principally U.S. Dollars	¥10,897	¥10,867	¥30	¥12,315	¥11,017	¥1,298

	Thousands of U.S. Dollars		
	2005		
	Contracted Amount	Fair Value	Unrealized Loss
Foreign currency forward contracts -			
Buying U.S. Dollars	$101,471	$101,192	$279

The fair values above are based on prices provided by banking institutions.

Derivative financial instruments that qualify for hedge accounting are excluded from disclosure of fair value information.

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15. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2005 and 2004 is as follows:

	Millions of Yen	Thousands of Share	Yen	Dollars
	Net Income	Weighted Average Shares	EPS	
For the year ended March 31, 2005				
Basic EPS				
Net income available to common shareholders	¥69,514	941,480	¥73.83	$0.69
Effect of Dilutive Securities				
Convertible bonds	1,608	37,043		
Diluted EPS				
Net income for computation	¥71,122	978,523	¥72.68	$0.68
For the year ended March 31, 2004				
Basic EPS				
Net income available to common shareholders	¥89,666	946,191	¥94.77	
Effect of Dilutive Securities				
Convertible bonds	1,608	37,145		
Diluted EPS				
Net income for computation	¥91,274	983,336	¥92.82	

16. SUBSEQUENT EVENT

On June 29, 2005, the shareholders of the Company approved payment of a cash dividend of ¥25 ($0.23) per share to holders of record as of March 31, 2005 or a total of ¥23,533 million ($219,136 thousand), and bonuses to directors and corporate auditors of ¥65 million ($605 thousand).

Notes to Consolidated Financial Statements

The Kansai Electric Power Co., Inc. and Consolidated Subsidiaries • Years Ended March 31, 2005 and 2004

17. SEGMENT INFORMATION

Information about industry segments of the Companies for the years ended March 31, 2005 and 2004, is as follows:

a. Sales and Operating Income

	Millions of Yen				
	2005				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥2,412,111	¥64,312	¥137,060		¥2,613,483
Intersegment sales	10,472	48,664	205,128	¥(264,264)	
Total sales	2,422,583	112,976	342,188	(264,264)	2,613,483
Operating expenses	2,054,111	110,295	330,105	(267,967)	2,226,544
Operating income	¥368,472	¥2,681	¥12,083	¥3,703	¥386,939

	Thousands of U.S. Dollars				
	2005				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Sales to customers	$22,461,225	$598,864	$1,276,283		$24,336,372
Intersegment sales	97,514	453,152	1,910,122	$(2,460,788)	
Total sales	22,558,739	1,052,016	3,186,405	(2,460,788)	24,336,372
Operating expenses	19,127,582	1,027,051	3,073,890	(2,495,270)	20,733,253
Operating income	$3,431,157	$24,965	$112,515	$34,482	$3,603,119

	Millions of Yen				
	2004				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥2,351,599	¥64,865	¥123,691		¥2,540,155
Intersegment sales	8,308	48,928	210,378	¥(267,614)	
Total sales	2,359,907	113,793	334,069	(267,614)	2,540,155
Operating expenses	2,029,667	109,584	322,078	(270,666)	2,190,663
Operating income	¥330,240	¥4,209	¥11,991	¥3,052	¥349,492

b. Assets, Depreciation and Capital Expenditures

	Millions of Yen				
	2005				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Assets	¥6,308,040	¥273,060	¥470,846	¥(194,075)	¥6,857,871
Depreciation	359,717	37,953	23,482	(6,007)	415,145
Impairment loss	24,745	536	20,246	(1,215)	44,312
Capital expenditures	197,819	40,184	38,691	(2,897)	273,797

	Thousands of U.S. Dollars				
	2005				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Assets	$58,739,547	$2,542,695	$4,384,449	$(1,807,198)	$63,859,493
Depreciation	3,349,632	353,413	218,661	(55,936)	3,865,770
Impairment loss	230,422	4,991	188,528	(11,314)	412,627
Capital expenditures	1,842,062	374,188	360,284	(26,976)	2,549,558

	Millions of Yen				
	2004				
	Electric Power	IT/ Communications	Other	Eliminations/ Corporate	Consolidated
Assets	¥6,563,284	¥265,016	¥543,348	¥(220,822)	¥7,150,826
Depreciation	388,915	40,441	21,758	(6,483)	444,631
Capital expenditures	249,115	22,571	53,390	(3,573)	321,503

Geographic segment information is not disclosed because generally accepted accounting principles in Japan do not require such disclosure if sales of foreign operations represent less than 10% of total sales. Sales to foreign customers are not disclosed because generally accepted accounting principles in Japan do not require such disclosure for sales to foreign customers if such sales represent less than 10% of total sales.

Deloitte.

Deloitte Touche Tohmatsu
Osaka Kokusai Building
2-3-13, Azuchi-machi
Chuo-ku, Osaka 541-0052
Japan

Tel: +81 (6) 6261 1381
Fax: +81 (6) 6261 1238
www.deloitte.com/jp

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
The Kansai Electric Power Company, Incorporated:

We have audited the accompanying consolidated balance sheets of The Kansai Electric Power Company, Incorporated and subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Kansai Electric Power Company, Incorporated and subsidiaries as of March 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As discussed in Notes 2.d and 11 to the consolidated financial statements, the Companies adopted the new accounting standard for impairment of fixed assets as of April 1, 2004.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 29, 2005

Member of
Deloitte Touche Tohmatsu

The Kansai Electric Power Company, Incorporated

Unaudited Non-Consolidated Financial Statements for the Years Ended March 31, 2005 and 2004