

October 30, 2007

FINANCIAL STATEMENTS

For the first six months of the fiscal year ending March 31, 2008

Kyushu Electric Power Company, Inc.

Table of Contents

Interim Financial Results Bulletin	1
Operating Results	3
Overview of the Group	10
Management Policy	11
Consolidated Balance Sheets	13
Consolidated Statements of Income	14
Consolidated Statements of Changes in Shareholders' Equity	15
Consolidated Statements of Cash Flow	17
Notes to Consolidated Financial Statements	18
Notes	19
Non-consolidated Balance Sheets	22
Non-consolidated Statements of Income	23
Non-consolidated Statements of Changes in Shareholders' Equity	24

October 30, 2007

**FY2007 ending March 31, 2008
Interim Financial Results Bulletin
Kyushu Electric Power Co., Inc.**

Stock code: 9508
(URL: http://www1.kyuden.co.jp/en_index)
Representative: Mr. Toshio Manabe, President
Contact: Daisuke Makihara, Finance and Accounting Department
Tel: +81-92-761-3031

Stock listed on:
Tokyo Stock Exchange,
Osaka Securities Exchange,
Fukuoka Stock Exchange

Projected date for submitting interim security report: the latter part of December, 2007
Projected commencement of payment of interim dividends: November 30, 2007

(Rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Six Months of FY2007 (April 1, 2007 to September 30, 2007)

(1) Consolidated Operational Results

(% shows the changes from the previous FY's interim results)

	Sales revenue		Operating income		Ordinary income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
April 1, 2007-September 30, 2007	732,763	2.7	75,511	-40.7	61,447	-43.6
April 1, 2006-September 30, 2006	713,235	3.4	127,289	34.3	108,871	47.0
April 1, 2006-March 31, 2007	1,408,327	-	155,172	-	118,580	-

	Net income		Net earnings per share	Fully-diluted net earnings per share
	(Unit: million yen)	(%)	(Unit: yen)	(Unit: yen)
April 1, 2007-September 30, 2007	37,513	-43.8	79.28	
April 1, 2006-September 30, 2006	66,793	57.0	141.10	
April 1, 2006-March 31, 2007	65,967	-	139.37	

(Reference)

Investment Profit/Loss under Equity Methods : Interim FY2007 1,046 million yen, Interim FY2006 -56 million yen, FY2006 842 million yen

(2) Consolidated Financial Position

	Total assets	Equity	Shareholders' equity ratio	Equity per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: yen)
As of September 30, 2007	4,058,126	1,108,265	26.9	2,306.53
As of September 30, 2006	4,062,846	1,110,069	27.1	2,323.01
As of March 31, 2007	4,038,838	1,092,600	26.8	2,285.86

(Reference)

Shareholders' equity: Interim FY2007 1,091,324 million yen, Interim FY2006 1,099,619 million yen, FY2006 1,081,633 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)
April 1, 2007-September 30, 2007	138,732	-113,165	-4,938	71,913
April 1, 2006-September 30, 2006	172,118	-110,804	-64,748	48,319
April 1, 2006-March 31, 2007	304,514	-202,811	-102,790	50,671

2. Dividends

(Record date)	Annual dividends per share				
	1Q	Interim	3Q	Year-end	Total
FY2006 ended March 31, 2007		30.00		30.00	60.00
FY2007 ending March 31, 2008		30.00			60.00
FY2007 ending March 31, 2008 (projected)				30.00	

3. Forecasts for FY2007 ending March 2008 (April 1, 2007 to March 31, 2008)

(% shows the changes from the previous fiscal year)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	(Unit: billion yen)	(%)	(Unit: billion yen)	(%)	(Unit: billion yen)	(%)	(Unit: billion yen)	(%)	(Unit: yen)
Full-year	1,463	3.9	123	-20.7	91	-23.3	56	-15.1	118.35

4. Other

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

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

Consolidated subsidiaries: 34

Non-consolidated subsidiaries accounted for under the equity method: 16

Affiliated companies accounted for under the equity method: 12

Changes in the scope of consolidation and the application of the equity method from March 31, 2007

Consolidated subsidiaries Newly added: 5 Excluded: None

Under the equity method Newly added: 5 Excluded: 3

(2) Changes in the accounting principles, practices, and indication methods regarding the preparation of consolidated financial statements

Changes in the accounting system : No

Other changes : Yes

* For the details, see page 18 "Basis of presentation of consolidated financial statements."

(3) Number of outstanding shares

Number of outstanding shares at the end of the financial period (including treasury stock):

Interim FY2007 474,183,951 shares Interim FY2006 474,183,951 shares FY2006 474,183,951 shares

Number of treasury stock at year end

Interim FY2007 1,038,865 shares Interim FY2006 824,871 shares FY2006 999,075 shares

* For the number of shares applied in calculation of consolidated net earnings per share, see page 21 "Per share Data."

(Reference) Outline of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the First Six Months of FY2007 (April 1, 2007 to September 30, 2007)

(1) Non-Consolidated Operational Results (% shows the changes from the previous FY's interim results)

	Sales		Operating income		Ordinary income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
April 1, 2007-September 30, 2007	691,688	2.2	70,761	-42.2	55,185	-47.5
April 1, 2006-September 30, 2006	676,865	2.9	122,520	32.7	105,048	44.7
April 1, 2006-March 31, 2007	1,333,037		143,799		105,778	

	Net income		Net earnings per share
	(Unit: million yen)	(%)	(Unit: yen)
April 1, 2007-September 30, 2007	34,002	-47.6	71.81
April 1, 2006-September 30, 2006	64,895	55.9	137.00
April 1, 2006-March 31, 2007	59,236		125.07

(2) Non-Consolidated Financial Position

	Total assets	Equity	Shareholders' equity ratio	Equity per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: yen)
As of September 30, 2007	3,791,654	1,025,224	27.0	2,165.38
As of September 30, 2006	3,814,545	1,041,675	27.3	2,199.12
As of March 31, 2007	3,790,112	1,018,803	26.9	2,151.63

(Reference) Shareholders' equity: Interim FY2007 1,025,224 million yen Interim FY2006 1,041,675 million yen FY2006 1,018,803 million yen

2. Non-consolidated Forecast for FY2007 ending March 2008 (April 1, 2007 to March 31, 2008)

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

	Sales		Operating income		Ordinary income		Net income		Net income per share
	(Unit: billion yen)	(%)	(Unit: billion yen)	(%)	(Unit: billion yen)	(%)	(Unit: billion yen)	(%)	(Unit: yen)
Full-year	1,376	3.2	114	-20.7	80	-24.4	49	-17.3	103.48

*Notes on the proper use of the forecasts

The above forecasts 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 forecasts. For the assumptions applied to the above forecasts, see page 8.

Operating Results

1. Overview of the First Six Months of FY2007

During this period, economic recovery continued in Japan as capital investments in the private sector increased and employment conditions have improved.

(1) Consolidated Financial Overview

Under these economic conditions, consolidated sales (operating revenues) increased by 2.7% to ¥732.7 billion compared with the same period of the previous year, the ordinary revenues increased by 3.1% to ¥739.8 billion, the ordinary expenses increased by 11.5% to ¥678.3 billion, the ordinary income decreased by 43.6% to ¥61.4 billion and the net income decreased by 43.8% to ¥37.5 billion, mainly due to the operational performance in electricity business.

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, %)

		FY2007 Interim (A)	FY2006 Interim (B)	Difference (A-B)	Change (A/B)
Electricity	Sales	6,810	6,673	137	102.1
	Operating Income	712	1,233	-521	57.7
Energy-related	Sales	625	555	70	112.8
	Operating Income	31	11	20	279.1
IT & Telecommunications	Sales	394	350	44	112.6
	Operating Income	-12	—	-13	—
Other	Sales	117	127	-9	92.7
	Operating Income	15	21	-5	74.8

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

Electricity Business

The sales revenues from electricity business increased by 2.1% to ¥681.0 billion compared with the same period of the previous year. Operating income decreased by 42.3% to ¥71.2 billion due to the increase in the fuel costs and the maintenance costs.

Energy-related Business

The sales revenues from energy-related business increased by 12.8% to ¥62.5 billion from the same period of the previous year, mainly due to an increase in the amount of the completed maintenance work at power generation facilities. Operating income increased by ¥2 billion to ¥3.1 billion.

IT & Telecommunications Business

The sales revenues from IT and telecommunications business increased by 12.6% to ¥39.4 billion from the same period of the previous year mainly due to a newly consolidated subsidiary. Operating income decreased by ¥1.3 billion to the loss of ¥1.2 billion mainly because of the increase in the capital expenditure and other related expenses associated with the expansion of the broadband services.

Other Businesses

The sales revenues decreased by 7.3% to ¥11.7 billion and the operating income decreased by 25.2% to ¥1.5 billion compared with the same period of the previous year, mainly due to the decreased sales in real estate business.

(2) Non-consolidated Financial Overview

Sales and Supply Overview

In the first six months of FY2007, the demand for electric light, power for commercial operations and other general demands increased by 0.2% compared with the same period of the previous year. This increase in the sales volume was mainly due to growth of the commercial demand for light and power supported by the opening of new commercial complexes. On the other hand, the air-conditioning system demand, which stayed in the previous year's level in the cooler July and the hotter August than the previous year, partially offset the demand growth.

The power demand from large industrial customers increased 7.9% from the same period of the previous year, supported by the steady production growth in the transportation machinery, the steel and the chemical industry. Another factor which contributed to this increase was the rise in the crude oil price. Because of this rise, some factories that have procured electric power from their own in-house power generation systems switched to buying electric power from Kyushu Electric Power.

Consequently, the total electricity sales volume for the first six months of FY2007 increased by 2.3% to 44,070 million kWh compared with the same period of the previous year.

Electricity Sales Volume

(Unit: million kWh, %)

		FY2007 Interim	FY2006 Interim	Difference	Change
		(A)	(B)	(A-B)	(A/B)
Lighting		14,033	14,020	13	100.1
Power		30,039	29,047	992	103.4
Electricity Sales Total		44,072	43,067	1,005	102.3
(Figures are included above)	General demand	31,339	31,266	73	100.2
	Large-scale demand	12,733	11,801	932	107.9

On the supply side, mainly owing to the smooth operation of nuclear power plants, we have provided stable supply of electricity to our customers.

Generated and Received Electricity

(Unit: million kWh, %)

		FY2007 Interim (A)	FY2006 Interim (B)	Difference (A-B)	Change (A/B)
Own facilities	Hydro (Water flow rate)	2,341 (84.0)	2,750 (113.3)	-409 (-29.3)	85.2
	Thermal	18,789	16,251	2,538	115.6
	Nuclear (Utilization rate)	19,628 (85.0)	20,495 (88.7)	-867 (-3.7)	95.8
	Subtotal	40,758	39,496	1,262	103.2
From other companies		8,716	7,711	1,005	113.0
Interchange		-330	-65	-265	504.2
For pumping		-446	-211	-235	211.4
Total		48,698	46,931	1,767	103.8

Income and expenditure overview

On the revenue side, the sales revenues (operating revenues) increased by 2.2% to ¥691.6 billion, compared with the same period of the previous year and the ordinary revenues increased by 2.5% to ¥697.1 billion, mainly due to the increased electricity sales volume.

The ordinary expenses increased by 11.6% to ¥641.9 billion, mainly due to the increase in the fuel costs as the fuel prices escalated and the volume of electricity sales increased, in addition to the impact of the drought. Another factor of the increase in the ordinary expenses was the increase in the maintenance costs including the costs for the periodical checkups of nuclear power stations.

As a result, the ordinary income decreased by 47.5 % to ¥55.1 billion and the net income decreased by 47.6 % to ¥34.0 billion compared with the same period of the previous year.

Income and Expenditure (Non-consolidated)

(Unit: 100 million yen, %)

		FY2007 Interim (A)	FY2006 Interim (B)	Difference (A-B)	Change (A/B)	Composition Ratio	
						FY2007 Interim	FY2006 Interim
Ordinary Revenues	Lightning	2,760	2,768	-8	99.7	39.6	40.7
	Power	3,900	3,788	111	103.0	55.9	55.7
	(Subtotal)	(6,660)	(6,556)	(103)	(101.6)	(95.5)	(96.4)
	Other	310	247	63	125.5	4.5	3.6
	[Sales] Total	[6,916] 6,971	[6,768] 6,804	[148] 166	[102.2] 102.5	[99.2] 100.0	[99.5] 100.0
Ordinary Expenses	Labor	702	742	-40	94.6	10.9	12.9
	Fuel	1,411	996	415	141.7	22.0	17.3
	Maintenance	893	708	185	126.2	13.9	12.3
	Depreciation	1,004	952	52	105.5	15.7	16.6
	Power purchase	617	558	58	110.5	9.6	9.7
	Interest	166	174	-8	95.0	2.6	3.0
	Tax & public dues	463	468	-4	99.0	7.2	8.2
	Nuclear back-end	243	220	22	110.4	3.8	3.8
	Other	916	932	-15	98.3	14.3	16.2
Total	6,419	5,753	665	111.6	100.0	100.0	
[Operating Income]		[707]	[1,225]	[-517]	[57.8]		
Ordinary Income		551	1,050	-498	52.5		
Drought Reserve		-	13	-14	-		
Income before income taxes		552	1,036	-483	53.3		
Income taxes		212	387	-174	54.9		
Net Income		340	648	-308	52.4		

(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)

	FY2007 Interim (A)	FY2006 Interim (B)	Change (A-B)
Crude Oil (CIF) Price	\$67.8 /b	\$67.8 /b	
Exchange Rate	¥119.4 /\$	¥115.4 /\$	¥4.0 /\$

(3) Consolidated assets, debt, and shareholders' equity overview

Consolidated assets increased by ¥19.2 billion compared with the end of previous fiscal year to ¥4,058.1 billion mainly because the current assets including accounts receivable increased while the fixed assets decreased due to the progress of depreciation.

Consolidated debt increased by ¥3.6 billion to ¥2,949.8 billion mainly because the interest-bearing debt increased while the liability for employees' retirement benefits decreased. The interest-bearing debt increased by ¥15.5 billion to ¥2,047.3 billion mainly due to an increase in commercial paper.

Consolidated equity increased by ¥15.6 billion to ¥1,108.2 billion as the net income for the interim has recorded while the dividends were paid. Consequently the shareholders' equity ratio reached 26.9%.

(4) Consolidated cash flow overview

Cash inflow from operating activities decreased by 19.4% to ¥138.7 billion compared with the same period of the previous year mainly due to an increase in fuel costs and maintenance costs in electricity business.

Cash outflow from investing activities increased by 2.1% to ¥113.1 billion from the same period of the previous year mainly due to an increase in capital investments.

Cash outflow from financing activities decreased by 92.4% to ¥4.9 billion.

As a result, the balance of cash and cash equivalent at the end of the first 6 months of FY2007, including ¥500 million inflow from newly consolidated subsidiaries, increased by ¥21.2 billion to ¥71.9 billion compared with the end of the previous fiscal year.

(5) Consolidated cash flow indication

	FY2005 Interim	FY2005 Year-end	FY2006 Interim	FY2006 Year-end	FY2007 Interim
Shareholders' equity ratio (%)	25.2	25.7	27.1	26.8	26.9
Shareholders' equity ratio at market value (%)	29.5	30.6	32.5	39.2	35.4
Interest-bearing debt/Cash flow ratio		7.8		6.7	
Interest coverage ratio	6.8	6.5	9.2	7.9	7.4

(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 each financial period multiplied by the number of shares outstanding (after excluding treasury stocks) at the end of each financial period.

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

*Interest-bearing debt includes corporate bonds 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 is only shown for year-end results.

2. Forecasts for FY2007

[Forecast for the consolidated operating performance in FY2007]

Consolidated sales revenue is projected to increase in FY2007 as the sales volume of electricity is projected to increase by 3.4% compared with FY2006 mainly due to the increase in the opening of commercial complexes and booming production activities of the customers in industrial sectors.

The operating income, the ordinary income and the net income all are projected to decrease mainly as the fuel costs will increase due to the escalated fuel prices in the electricity business.

Forecasts of operational performance in FY2007

(Unit: billion yen)

	Consolidated	Non-consolidated
Sales revenue	1,463 [103.9%]	1,376 [103.2%]
Operating income	123 [79.3%]	114 [79.3%]
Ordinary income	91 [76.7%]	80 [75.6%]
Net income	56 [84.9%]	49 [82.7%]

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

Sensitivity factors (non-consolidated)

	FY2007	FY2006
Electricity sales volume	87.3 Billion kWh [103.4%]	84.4 Billion kWh [101.7%]
Crude oil (CIF) price	\$70 /b	\$63 /b
Exchange rate	¥120/\$	¥117/\$
Nuclear power generation capacity utilization rate	85.5 %	82.1 %
Water release rate	90.1%	103.5%

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

(Reference) FY2007 the impact of sensitivity factors on non-consolidated financial performance

Crude oil (CIF) price \$1/b	¥ 2.9 billion
Exchange rate ¥1/\$	¥ 2.0 billion
Nuclear power generation capacity utilization rate 1%	¥ 2.8 billion

3. Basic policy regarding the appropriation of profits and dividends for FY2007

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.

We plan to use retained earnings for investments in electric facilities and new businesses as well as for repayment of interest-bearing debts, aiming to enhance sustainable corporate value.

We determined the interim dividend of 30 yen. The year-end dividend is planned to be 30 yen per share, which will make the Kyushu Electric Power's annual dividend 60 yen per share.

4. Business risk 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).

The statements made in this report regarding our future operations are forward-looking statements made in light of information available at the day of the announcement of this financial report.

(1) Risks related to system reforms of the electricity industries

In electricity business, the nation-wide discussion has started in April 2007 at the Electricity Industry Committee in the Advisory Committee for Natural Resources and Energy. The main issue under consideration is a system to develop a mechanism to achieve a stable supply of energy and environmental compliance simultaneously and efficiently.

Kyushu Electric Power is subject to the possibility of being responsible for additional expenses associated with nuclear power generation due to the changes in the international circumstances and possible revision of safety regulation regarding nuclear power based on the latest scientific knowledge.

The system reforms of the electricity industries and the competition with other companies have the potential to affect the Kyushu Electric Power Group's operating results.

(2) Risks related to businesses other than electricity

The Kyushu Electric Power Group is enhancing its revenue basis by utilizing the group's management resources and proactively 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 can not be achieved due to the worsening business conditions, the Kyushu Electric Power Group's performance may be affected.

(3) Risks related to economic conditions and weather conditions

The sales volume in the electric power business reflects economic conditions and seasonal changes in temperatures. These factors may have a material impact on the results and financial condition of the Kyushu Electric Power Group.

(4) Risks related to the fluctuation of fuel prices

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, changes in fuel prices and in the foreign exchange markets are reflected in electric rates through a fuel cost adjustment system designed to limit the impact of these factors.

(5) Risks related to interest rates

The Kyushu Electric Power Group's balance of interest-bearing debt as of the end of September 2007 is 2,047.3 billion yen, which accounts for 50% of total assets of the group. Future changes in interest rates have potential to affect the Kyushu Electric Power Group's financial condition.

However, 92% of outstanding interest-bearing debt comprises corporate bonds and long-term debt, and most of these bear interest at fixed rates. In addition, the group has worked aggressively to reduce interest-bearing debt to improve its financial position. The impact of fluctuating interest rates on Kyushu Electric Power Group is therefore viewed as limited.

(6) Risks related to the leaking of personal information

The Kyushu Electric Power Group has established strict internal frameworks to manage personal information and to secure information security. Additionally, we have implemented thorough protection of personal information 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 personal information, the Kyushu Electric Power Group's operation may be affected.

(7) Risks related to natural disasters

To ensure a stable supply of electricity to our customers, the Kyushu Electric Power Group implements inspection and maintenance of the facilities systematically to prevent any trouble from occurring. However, in case of any damage to our facilities and long-term suspension of power generation facilities resulting from large-scaled natural disasters such as typhoons, torrential rains and earthquakes as well as unexpected accidents and illicit acts, the Kyushu Electric Power Group's operations may be affected.

The Kyushu Electric Power Group is working to establish a crisis management structure. However, in case of an inappropriate handling of unexpected situation, which brings serious damage to the Kyushu Electric Power Group's reputation, the Kyushu Electric Power Group's operation may be affected.

Overview of the Group

Disclosure is omitted as there is no significant change in organizational structure and overview of associated companies from the latest Security Report submitted in June 28, 2007.

Management Policy

Amid increasingly fierce competition in the energy market, we at Kyushu Electric Power Group recognize dynamic changes in the business environment surrounding us, from serious global environmental problems and energy resource issues to diversified life styles.

To this end, we have set our Medium-term Management Policy for FY2005-FY2009 and currently we are striving to enhance sustainable corporate value by respecting customer's perspective as the base of our corporate activities, improving management quality, and achieving higher satisfaction levels of customers, shareholders, investors, society and community, and the employees.

[Major objectives]

Specifically, we aim to solidify the business base of the Kyushu Electric Power Group centered around total energy business and seek new growth while tackling various business challenges as follows:

< To solidify the base >

Improve the efficiency aiming to achieve the highest among the domestic electric power companies

While ensuring the safety and maintaining electric supply reliability, we are simultaneously pursuing efficient formation of facilities and maintenance, efficient operation, reduction of material, equipment and fuel procurement costs. Additionally, we are endeavoring to further improve operational efficiency by reforming business processes.

Establish the reliable business basis

We will establish the trustworthy operating base through precise daily performances and maintenance of electric supply reliability.

We will also promote balanced power source development centering nuclear power, taking into consideration diverse perspective including energy security, environmental compliance and medium to long-term demand trends of electric power.

Particularly, we are ensuring safe and stable operation of nuclear power plants and working to openly disclose related information with straightforward explanation. Currently, we are conducting environmental surveys at the Sendai Nuclear Power Station's site with the aim of developing an additional unit as well as working toward starting the Pluthermal project by around FY2010 at Unit 3 of the Genkai Nuclear Power Station.

Our nuclear power facilities are designed based on the Regulatory Guide for Reviewing Seismic Design of Nuclear Power Reactor Facilities and therefore we have ensured the seismic safety of these facilities. In 2006, after the Regulatory Guide was amended, Kyushu Electric Power conducted geological surveys and currently carrying out the reassessment of the seismic safety. If new knowledge is discovered as a result of the recent earthquake in Niigata, it will be appropriately investigated and reflected in seismic safety evaluation of our facilities.

In coping with the unsatisfactory situations at power generation facilities such as inappropriate procedures, we implemented measures and are continuously working to create mechanisms and to change organizational culture, in order to prevent recurrences of these problems. With these measures, we are striving to restore public confidence in our operations.

Measures for Corporate Social Responsibilities (CSR)

In our efforts to carry out our corporate social responsibilities (CSR), under the initiative of the CSR Promotion Committee, we ensure fair and highly transparent business activities in strict conformity with laws and business ethics. In addition, as a good corporate citizen of the society, we at the Kyushu Electric Power Group promote environmental management and a various range of activities aiming at symbiosis with the local communities and society.

To this end, "Kyushu Electric Power CSR Report" was newly published in June 2007. By utilizing this CSR report as a communication tool, we intend to reflect stakeholders' opinions on our management and business activities.

Improve ability and capability of the organization

We are pursuing fostering of a corporate culture to assure continuous improvement and innovation, prompt and accurate decision-making, thorough risk management, fortification of group management base and optimization of information systems.

To ensure the soundness of corporate management, we are also establishing an effective corporate governance structure.

<To pursue the growth>

Develop new businesses to meet the needs from customers

We enhance total solution service that spots what customers needs properly and provides optimal energy services while striving to create new electricity demand by promoting all-electric housing and electric appliances including all-electric kitchen appliances and electrical air conditioning systems.

We are also actively developing new products and services in non-electricity business segments including IT and telecommunications, environment and recycling, and lifestyle-oriented services businesses pursuing profitability and growth potential.

Additionally, from the viewpoint of generating new electric demand and creating business opportunities for our group, we energetically develop activities to attract enterprises to the Kyushu region.

Enhance employees' motivation and level of capability

We are promoting efforts to improve and maximize the capabilities of each and every employee, and working to maintain and improve the technological capabilities of the Kyushu Electric Power Group.

[Management objectives in Medium-term Management Policy]

< Profitability / Financial stability >

	Target
Free Cash Flow (FCF)	FY2005-09 average ¥120 billion (¥100 billion)
Ordinary Income	FY2005-09 average ¥110 billion (¥100 billion)
Return on Assets (ROA)	FY2005-09 average 3% (3%)
Shareholders' Equity Ratio	At the end of FY2009 30% (30%)

(Note) FCF = Net Income + Depreciation costs etc + Increase/decrease in receivables – Capital Investment

ROA = Operating Income after Income Tax / Net Asset

Figures in () are on non-consolidated basis

< Growth >

	Target (FY2009 incremental from FY2003)
New Demand in Electricity Business	3.7 billion kWh
Non-electricity Sales to Outside the Group	¥100 billion

In April 2007, we established “Kyushu Electric Power’s Mission” to strengthen our customers’ trust in our faithful business operation. We will continuously strive to develop diverse businesses with the aim of realizing the mission.

Consolidated Balance Sheets

(As of September 30, 2007)

(Unit: million yen)

Assets				Liabilities and Shareholders' Equity			
Accounts	September 30, 2007	March 31, 2007	Change	Accounts	September 30, 2007	March 31, 2007	Change
Property, Plant and Equipment	3,752,575	3,789,816	-37,240	Long-term Liabilities	2,387,985	2,388,945	-959
Utility property, plant and equipment	2,622,318	2,529,815	92,503	Bonds	1,036,520	1,026,850	9,670
Hydro power production facilities	331,572	183,935	147,636	Long-term loans	663,027	662,256	771
Thermal power production facilities	307,237	322,949	-15,712	Accrued retirement benefits	163,388	177,182	-13,794
Nuclear power production facilities	246,662	257,252	-10,590	Reserve for reprocessing of irradiated nuclear fuel	351,152	364,837	-13,684
Internal combustion power production facilities	24,219	25,370	-1,151	Reserve for preparation of reprocessing of irradiated nuclear fuel	8,887	6,976	1,910
Transmission facilities	700,758	713,552	-12,794	Reserve for decommissioning of nuclear power plant	129,414	126,172	3,241
Transformation facilities	263,725	271,507	-7,781	Deferred tax liabilities	35	49	-14
Distribution facilities	613,288	615,019	-1,730	Other fixed liabilities	35,560	24,620	10,939
General facilities	124,496	129,513	-5,016	Current Liabilities	561,875	557,201	4,674
Other utility property, plant and equipment	10,358	10,714	-356	Current portion of long-term debt	189,502	203,815	-14,313
Other property, plant and equipment	297,466	294,581	2,884	Short-term borrowings	135,480	136,050	-570
Construction in progress	189,587	315,860	-126,273	Notes and accounts payable	59,083	46,109	12,973
Construction and retirement in progress	189,587	315,860	-126,273	Income taxes payable	37,060	34,420	2,639
Nuclear fuel	255,515	240,662	14,852	Other current liabilities	140,749	136,804	3,944
Loaded nuclear fuel	41,865	43,837	-1,972	Reserve	-	90	-90
Nuclear fuel in processing	213,649	196,825	16,824	Drought reserve	-	90	-90
Investments and other assets	387,688	408,895	-21,207	Total Liabilities	2,949,861	2,946,237	3,623
Long-term investments	149,617	168,158	-18,540	Shareholders' Equity	1,045,955	1,022,959	22,995
Reserve for reprocessing of irradiated nuclear fuel	71,006	70,082	923	Common stock	237,304	237,304	-
Deferred tax assets	105,552	104,895	657	Capital surplus	31,105	31,093	11
Other assets	62,779	67,010	-4,230	Retained earnings	779,530	756,405	23,124
Allowance for doubtful accounts	-1,268	-1,250	-17	Treasury stock	-1,986	-1,844	-141
Current Assets	305,550	249,022	56,528	Valuation and translation adjustments	45,369	58,673	-13,304
Cash and cash equivalent	72,387	50,691	21,695	Unrealized gain on other securities	41,345	54,992	-13,646
Trade notes and accounts receivable	129,128	103,660	25,467	Differed gain on derivatives under hedge accounting	3,832	3,865	-32
Inventories, principally fuel, at average cost	57,645	49,918	7,727	Foreign currency translation adjustments	190	-183	374
Deferred tax assets	16,696	15,813	883	Minority Interests	16,940	10,967	5,973
Other current assets	30,936	30,107	829	Total Shareholders' Equity	1,108,265	1,092,600	15,664
Allowance for doubtful accounts	-1,244	-1,168	-75	Total	4,058,126	4,038,838	19,287
Total	4,058,126	4,038,838	19,287				

Consolidated Statements of Income

(From April 1, 2007 to September 30, 2007)

(Unit: million yen)

Expenses					Revenues				
Accounts	FY2007 Interim	FY2006 Interim	Change	FY2006	Accounts	FY2007 Interim	FY2006 Interim	Change	FY2006
Operating Expenses	657,251	585,945	71,306	1,253,154	Operating Revenues	732,763	713,235	19,528	1,408,327
Electricity	605,528	541,244	64,284	1,155,413	Electricity	679,893	666,115	13,778	1,307,737
Other	51,723	44,701	7,021	97,741	Other	52,869	47,119	5,750	100,590
Operating Income	(75,511)	(127,289)	(-51,777)	(155,172)	Other Revenues	7,063	4,160	2,903	8,751
Other Expenses	21,128	22,578	-1,449	45,343	Proceed from dividends	1,206	1,530	-324	2,356
Interest expenses	17,895	18,735	-840	38,354	Proceed from interests	1,016	454	561	1,207
Loss on affiliates	-	56	-56	-	Gain on sale of property and equipment	-	484	-484	998
Other	3,232	3,785	-552	6,989	Gain on sale of marketable securities	1,834	-	1,834	-
Total Ordinary Expenses	678,379	608,523	69,856	1,298,498	Equity in net earnings of affiliate	1,046	-	1,046	842
Ordinary Income	61,447	108,871	-47,424	118,580	Other	1,960	1,691	268	3,347
Provision for (reversal of) drought reserve	-90	1,392	-1,483	90	Total Ordinary Revenues	739,827	717,395	22,432	1,417,079
Provision for drought reserve	-	1,392	-1,392	90					
Reversal of drought reserve	-90	-	-90	-					
Extraordinary Losses	-	-	-	5,602					
Impairment loss	-	-	-	5,602					
Income before income taxes	61,538	107,479	-45,940	112,887					
Income Taxes	16,252	33,554	-17,302	38,266					
Income Taxes-Deferred	7,260	6,761	498	7,808					
Minority Interests	511	368	143	844					
Net Income	37,513	66,793	-29,279	65,967					

Consolidated Statements of Changes in Shareholders' Equity (From April 1, 2007 to September 30, 2007)

(Unit: million yen)

	Shareholders' Equity					Valuation and translation adjustments				Minority Interests	Shareholders' Equity Total
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Unrealized gain on other securities	Diferred gain on derivatives under hedge accounting	Foreign currency translation adjustment	Total		
Balances at March 31, 2007	237,304	31,093	756,405	-1,844	1,022,959	54,992	3,865	-183	58,673	10,967	1,092,600
Changes during the 6 months											
Dividends declared			-14,205		-14,205						-14,205
Net Income			37,513		37,513						37,513
Purchase of treasury stock				-183	-183						-183
Disposal of treasury stock		11		41	53						53
Increase due to a merger of consolidated subsidiaries			105		105						105
Increase due to an increase in affiliates under the Equity Methods			90		90						90
Decrease due to an increase in affiliates under the Equity Methods			-380		-380						-380
Net changes during the 6 months other than Shareholders' Equity						-13,646	-32	374	-13,304	5,973	-7,330
Total changes	-	11	23,124	-141	22,995	-13,646	-32	374	-13,304	5,973	15,664
Balances at September 30, 2007	237,304	31,105	779,530	-1,986	1,045,955	41,345	3,832	190	45,369	16,940	1,108,265

Consolidated Statements of Changes in Shareholders' Equity (From April 1, 2006 to September 30, 2006)

(Unit: million yen)

	Shareholders' Equity					Valuation and translation adjustments				Minority Interests	Shareholders' Equity Total
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Unrealized gain on other securities	Diferred gain on derivatives under hedge accounting	Foreign currency translation adjustment	Total		
Balances at March 31, 2006	237,304	31,093	720,036	-1,175	987,260	65,831	-	-305	65,525	10,124	1,062,910
Changes during the 6 months											
Dividends declared			-14,211		-14,211						-14,211
Bonuses to directors			-305		-305						-305
Net Income			66,793		66,793						66,793
Purchase of treasury stock				-127	-127						-127
Decrease due to an increase in affiliates under the Equity Methods			-671		-671						-671
Net changes during the 6 months other than Shareholders' Equity						-8,276	3,652	-19	-4,643	325	-4,318
Total changes	-	-	51,604	-127	51,477	-8,276	3,652	-19	-4,643	325	47,159
Balances at September 30, 2006	237,304	31,093	771,641	-1,302	1,038,737	57,554	3,652	-325	60,881	10,450	1,110,069

(Note) Dividends declared and bonuses to directors are appropriation of earnings adopted at the shareholders' meeting held in June 2006.

Consolidated Statements of Changes in Shareholders' Equity

(From April 1, 2006 to March 31, 2007)

(Unit: million yen)

	Shareholders' Equity					Valuation and translation adjustments				Minority Interests	Shareholders' Equity Total
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Unrealized gain on other securities	Loss on deferred hedge	Foreign currency translation adjustment	Total		
Balances at March 31, 2006	237,304	31,093	720,036	-1,175	987,260	65,831	-	-305	65,525	10,124	1,062,910
Changes during the year											
Dividends declared			-14,211		-14,211						-14,211
Dividend declared (Interim)			-14,210		-14,210						-14,210
Bonuses to Directors			-305		-305						-305
Net Income			65,967		65,967						65,967
Purchase of treasury stock				-669	-669						-669
Decrease due to the increase in affiliates under Equity method			-870		-870						-870
Net changes during the year other than Shareholders' Equity						-10,839	3,865	122	-6,851	842	-6,009
Total changes	-	-	36,369	-669	35,699	-10,839	3,865	122	-6,851	842	29,690
Balances at March 31, 2007	237,304	31,093	756,405	-1,844	1,022,959	54,992	3,865	-183	58,673	10,967	1,092,600

(Note) Dividends declared and bonuses to directors are appropriation of earnings adopted at the shareholders' meeting held in June 2006.

Consolidated Statements of Cash Flow

(From April 1, 2007 to September 30, 2007)

(Unit: million yen)

Accounts	FY2007 Interim	FY2006 Interim	FY2006
Operating Activities			
Income before income taxes and minority interests	61,538	107,479	112,887
Depreciation and amortization	116,632	110,262	219,131
Loss on impairment of fixed assets	-	-	5,602
Amortization of nuclear fuel	11,236	11,682	21,127
Loss on disposal of property, plant and equipment	2,751	3,215	9,450
Increase(decrease) in liability for retirement benefits	-15,530	-14,848	-27,107
Provision for reserve for reprocessing of irradiated nuclear fuel	-13,684	-1,880	11,448
Provision for preparation for reprocessing of irradiated nuclear fuel	1,910	-	6,976
Provision for reserve for decommissioning of nuclear power plants	3,241	3,426	6,545
Provision of (reversal of) drought reserve	-90	1,392	90
Interest revenue and dividends received	-2,222	-1,984	-3,563
Interest expense	17,895	18,735	38,354
Equity in net earnings under the equity method	-1,046	56	-842
Gain on sale of property and equipment	-	-484	-998
Gain on sale of marketable securities	-1,834	-	-
Increase in fund for reprocessing of irradiated nuclear fuel	-923	21,584	-9,947
Increase in accounts receivable	-20,385	-20,285	-8,167
Increase in inventories	-5,723	-12,744	-1,171
Increase in accounts payable	10,634	-8,117	613
Other	2,917	-4,616	9,260
Sub Total	167,315	212,873	389,690
Receipt of interest and cash dividends	2,481	1,994	3,656
Interest paid	-18,641	-18,691	-38,440
Business restructuring of affiliates	-	-2,809	-3,101
Income tax paid	-12,423	-21,249	-47,290
Net cash provided by operating activities	138,732	172,118	304,514
Cash Flows from Investing Activities			
Purchases of property, plant and equipment	-121,590	-108,945	-202,913
Payment for investments and advances	-4,768	-5,782	-8,685
Proceeds from sales of investment securities and collections of advances	6,667	577	1,369
Proceeds from stock acquisition of newly consolidated subsidiary	3,211	-	-
Other	3,314	3,345	7,417
Net cash used in investing activities	-113,165	-110,804	-202,811
Cash Flows from Financing Activities			
Proceeds from issuance of bonds	79,720	49,820	108,489
Redemption of bonds	-77,860	-30,000	-74,513
Proceeds from long-term loans	28,443	24,050	65,990
Repayment of long-term loans	-41,522	-85,310	-131,930
Net increase (decrease) in short-term borrowings	-1,910	-17,955	-48,721
Net changes in commercial paper	23,000	9,000	7,000
Cash dividends paid	-14,185	-14,202	-28,412
Other	-623	-150	-692
Net cash used in financing activities	-4,938	-64,748	-102,790
Effect of exchange rate changes on cash and cash equivalents	6	-46	-41
Changes in cash and cash equivalents	20,634	-3,481	-1,128
Cash and cash equivalents at beginning of the year	50,671	51,675	51,675
Increase in cash and cash equivalent due to newly consolidated companies	536	124	124
Increase in cash and cash equivalent due to the merger of consolidated subsidiaries	69	-	-
Cash and cash equivalents at end the of the period	71,913	48,319	50,671

Notes to Consolidated Financial Statements

1. Basis of presentation of consolidated financial statements

(1) Accounting procedure of essential depreciable assets

Depreciation of property is principally computed using the declining-balance method. Depreciation of intangible fixed assets is computed using the straight-line method. The useful lives are primarily computed in line with the corporate tax system.

(Any changes in accounting practices from the previous fiscal year)

The company has recorded depreciation on tangible fixed assets acquired on or after April 1, 2007 based on the revised corporation tax system since this first half of FY2007. As a result, the depreciation costs increased by ¥218 million compared with the amount computed using the previous method. This increase of the depreciation costs brought the decrease in ordinary income and net income before income taxes by the same amount.

The impact on each business segment is disclosed in Notes (Segment Information).

(Additional information)

Starting in this financial period, the company depreciates those tangible fixed assets acquired before April 1, 2007 and depreciated to the final depreciable limit (currently 95% of their acquisition costs) by the end of FY2006 in five years using the straight line method. This additional depreciation brought ¥7,506 million increase in depreciation costs compared with the amount calculated based on the previous method, resulting in the increase resulted in the decrease in ordinary income and net income before income taxes by the same amount respectively.

The impact on each business segment is disclosed in Notes (Segment Information).

Disclosure of the items other than those stated above was omitted because there is no significant change from the latest security report submitted in June 28, 2007.

Notes

(Segment Information)

1. Segment information by type of business

FY2007 Interim from April 1, 2007 to September 30, 2007

(Unit: million yen)

	Electricity	Energy-related	IT/ Tele-communications	Other	Total	Eliminations/ Corporate	Consolidated
Net sales							
(1) Customers	679,893	23,701	24,924	4,243	732,763		732,763
(2) Inter-segment	1,152	38,893	14,574	7,534	62,155	(62,155)	
Total	681,046	62,594	39,499	11,778	794,919	(62,155)	732,763
Operating expenses	609,799	59,465	40,774	10,198	720,237	(62,985)	657,251
Operating profit (loss)	71,246	3,129	(1,275)	1,580	74,681	830	75,511

FY2006 Interim from April 1, 2006 to September 30, 2006

(Unit: million yen)

	Electricity	Energy-related	IT/ Tele-communications	Other	Total	Eliminations/ Corporate	Consolidated
Net sales							
(1) Customers	666,115	22,274	18,980	5,864	713,235		713,235
(2) Inter-segment	1,222	33,241	16,099	6,837	57,401	(57,401)	
Total	667,338	55,516	35,080	12,701	770,636	(57,401)	713,235
Operating expenses	543,953	54,395	35,016	10,588	643,953	(58,007)	585,945
Operating profit	123,385	1,121	64	2,112	126,683	605	127,289

FY2006 from April 1, 2006 to March 31, 2007

(Unit: million yen)

	Electricity	Energy-related	IT/ Tele-communications	Other	Total	Eliminations/ Corporate	Consolidated
Net sales							
(1) Customers	1,307,737	49,265	40,235	11,089	1,408,327		1,408,327
(2) Inter-segment	2,432	79,050	36,165	14,836	132,485	(132,485)	
Total	1,310,169	128,315	76,400	25,926	1,540,812	(132,485)	1,408,327
Operating expenses	1,165,874	121,423	77,708	21,680	1,386,686	(133,531)	1,253,154
Operating profit (loss)	144,295	6,891	(1,307)	4,245	154,125	1,046	155,172

(Note)

1. Basis to categorize group companies

Business segments are categorized primarily based on the nature of business operations.

2. Main products and business activities in each segment

Segment	Main products and business activities
Electricity	Supply of electricity
Energy-related	Receipt, storage, vaporization and delivery of LNG, manufacturing and sales of electric machinery, construction, maintenance and repair of power generation facilities, environmental preservation activities around power generation facilities, consultation and planning of civil engineering and construction
IT/Telecommunications	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

3. Any changes in accounting practices from the previous fiscal year

(Accounting procedure of essential depreciable assets)

As mentioned in the Basis of presentation of consolidated financial statements (page18), the company has recorded depreciation on tangible fixed assets acquired on or after April 1, 2007 based on the revised corporation tax system since this first half of FY2007. As a result, the depreciation costs in electricity business increased by ¥155 million, in energy-related business ¥19 million, in IT/telecommunications business ¥42 million and in other businesses ¥2 million compared with the amount calculated based on the previous methods. The operating income in each business segment decreased by the same amount.

4. Additional information

(Accounting procedure of essential depreciable assets)

As mentioned in the Basis of presentation of consolidated financial statements (page18), starting in this financial period, the company depreciates those tangible fixed assets acquired before April 1, 2007 and depreciated to the final depreciable limit (currently 95% of their acquisition costs) by the end of FY2006 in five years using the straight line method. This additional depreciation brought ¥6,784 million increase in depreciation costs in electricity business, ¥670 million in energy-related business, ¥9 million in IT/telecommunications business and ¥38 million in other businesses compared with the amount calculated based on the previous method. Each increase resulted in the decrease in ordinary income by the same amount respectively.

2 . Geographic segment information

Interim FY2007 from April 1, 2007 to September 30, 2007

Disclosure of geographic segment information was omitted because the total domestic sales made in the 6 months accounted for more than 90% of total sales made by all segments in the six months.

Interim FY2006 from April 1, 2006 to September 30, 2006

Disclosure of geographic segment information was omitted because the total domestic sales made in the 6 months accounted for more than 90% of total sales made by all segments in the six months.

FY2006 from April 1, 2006 to March 31, 2007

Disclosure of geographic segment information was omitted because the total domestic sales made in the fiscal year accounted for more than 90% of total sales made by all segments in the fiscal year.

3. Oversea sales

Interim FY2007 from April 1, 2007 to September 30, 2007

Disclosure of overseas sales was omitted because the total overseas sales made in the 6 months were less than 10% of total consolidated sales in the six months.

Interim FY2006 from April 1, 2006 to September 30, 2006

Disclosure of overseas sales was omitted because the total overseas sales made in the six months were less than 10% of total consolidated sales in the six months.

FY2006 from April 1, 2006 to March 31, 2007

Disclosure of overseas sales was omitted because the total overseas sales made in the fiscal year were less than 10% of total consolidated sales in the fiscal year.

(Per share Data)

	FY2007 Interim (April 1, 2007- September 30, 2007)	FY2006 Interim (April 1, 2006- September 30, 2006)	FY2006 (April 1, 2006- March 31, 2007)
Shareholders' equity per share	¥2,306.53	¥2,323.01	¥2,285.86
Net income per share	¥79.28	¥141.10	¥139.37

(Note)

1. Diluted EPS is abbreviated as there are no dilutive securities.
2. Basic data for computation of the per share data

(1) Net income per share

	FY2007 Interim (April 1, 2007- September 30, 2007)	FY2006 Interim (April 1, 2006- September 30, 2006)	FY2006 (April 1, 2006- March 31, 2007)
Net income	¥37,513 million	¥66,703 million	¥65,967 million
Amount not allocated to shareholders	-	-	-
Net income allocated to common stock outstanding	¥37,513 million	¥66,793 million	¥65,967 million
Weighted average number of common stock outstanding during each period	473,158 thousand shares	473,320 thousand shares	473,442 thousand shares

(2) Shareholders' equity per share

	FY2007 Interim (As of September 30, 2007)	FY2006 Interim (As of September 30, 2006)	FY2006 (As of March 31, 2007)
Shareholders' equity total	¥1,108,265 million	¥1,110,069 million	¥1,092,600 million
Deductible from shareholders' equity (Minority interest)	¥16,940 million (¥16,940 million)	¥10,450 million (¥10,450 million)	¥10,967 million (¥10,967 million)
Shareholders' equity allocated to common stock outstanding	¥1,091,324 million	¥1,099,619 million	¥1,081,633 million
Number of common stock outstanding at the end of each period	473,145 thousand shares	473,359 thousand shares	473,184 thousand shares

(Significant post-balance sheet event)

N/A

(Omission of disclosure)

Disclosure of the notes on leases, securities and derivative transactions was omitted due to the minor necessity of disclosure.

Non-consolidated Balance Sheets

(As of September 30, 2007)

(Unit: million yen)

Assets				Liabilities and Shareholders' Equity			
Accounts	September 30, 2007	March 31, 2006	Change	Accounts	September 30, 2007	March 31, 2006	Change
Property, Plant and Equipment	3,559,093	3,600,395	-41,301	Long-term Liabilities	2,262,411	2,264,072	-1,661
Utility property, plant and equipment	2,657,676	2,566,220	91,455	Bonds	1,037,569	1,027,599	9,969
Hydro power production facilities	332,582	184,934	147,648	Long-term loans	571,679	567,829	3,849
Thermal power production facilities	311,318	327,318	-15,999	Long-term accrued liabilities	12,966	3,244	9,721
Nuclear power production facilities	248,716	259,407	-10,691	Long-term liabilities to affiliates	126	30	95
Internal combustion power production facilities	24,878	26,043	-1,164	Liability for employees' retirement benefits	145,952	161,531	-15,579
Transmission facilities	707,844	720,818	-12,973	Reserve for reprocessing of irradiated nuclear fuel	351,152	364,837	-13,684
Transformation facilities	267,737	275,634	-7,896	Reserve for preparation of reprocessing of irradiated nuclear fuel	8,887	6,976	1,910
Distribution facilities	627,816	629,785	-1,968	Reserve for decommissioning of nuclear power plant	129,414	126,172	3,241
General facilities	126,422	131,564	-5,142	Other long-term liabilities	4,662	5,849	-1,186
Suspended facilities	4,575	4,932	-356				
Facilities on loan	5,782	5,782	-	Current Liabilities	504,019	507,145	-3,126
Incidental businesses property and equipment	43,914	42,635	1,279	Current portion of long-term debt	168,143	183,070	-14,926
Nonoperating property and equipment	8,183	8,187	-4	Short-term borrowings	131,000	131,000	-
Plant and equipment suspense account	179,449	309,278	-129,829	Commercial paper	30,000	7,000	23,000
Construction in progress	177,371	307,707	-130,335	Accounts payable-trade	50,104	33,231	16,872
Retirement in progress	2,077	1,570	506	Accounts payable	13,785	18,758	-4,972
Nuclear Fuel	255,515	240,662	14,852	Accrued expenses	46,836	60,390	-13,553
Loaded nuclear fuel	41,865	43,837	-1,972	Accrued income tax	33,530	30,752	2,777
Nuclear fuel in processing	213,649	196,825	16,824	Deposit	1,867	1,761	105
Investments and other assets	414,353	433,410	-19,056	Short-term liabilities to subsidiaries and affiliated companies	17,585	32,817	-15,232
Long-term investments	131,557	152,567	-21,009	Other advances	6,937	6,376	561
Investments in subsidiaries and affiliated companies	116,351	115,895	456	Other current liabilities	4,227	1,986	2,241
Fund for reprocessing of irradiated nuclear fuel	71,006	70,082	923	Reserve	-	90	-90
Long-term prepaid expenses	7,686	6,864	822	Drought reserve	-	90	-90
Deferred tax assets	88,374	88,616	-241				
Allowance for doubtful accounts	-623	-615	-8	Total Liabilities	2,766,430	2,771,308	-4,878
Current Assets	232,561	189,717	42,844	Shareholders' Equity	980,977	961,312	19,665
Cash and cash equivalents	50,556	33,972	16,584	Common stock	237,304	237,304	-
Accounts receivable	111,117	88,618	22,499	Capital surplus	31,099	31,087	11
Receivables	6,721	10,042	-3,320	Additional paid-in capital	31,087	31,087	-
Inventories	33,431	31,620	1,811	Other capital surplus	11	-	11
Advances	-	1	-1	Retained earnings	714,287	694,490	19,797
Prepaid expenses	6,147	967	5,180	Legal reserve	59,326	59,326	-
Receivables from subsidiaries and affiliated companies	1,695	1,691	3	Retained earnings - carryforward	654,961	635,164	19,797
Deferred tax assets	13,089	12,922	167	Cost behavior adjustment reserves	100,300	100,300	-
Other current assets	10,834	10,893	-59	Contingent reserves	449,000	419,000	30,000
Allowance for doubtful accounts	-1,032	-1,012	-19	Deferred retained earnings	105,661	115,864	-10,202
				Treasury stock	-1,714	-1,571	-143
				Valuation and translation adjustments	44,246	57,491	-13,244
				Unrealized gain on other securities	40,348	53,547	-13,198
				Deferred gain on derivatives under hedge accounting	3,898	3,944	-45
Total	3,791,654	3,790,112	1,542	Total Shareholders' Equity	1,025,224	1,018,803	6,420
				Total	3,791,654	3,790,112	1,542

Non-consolidated Statements of Income

(From April 1, 2006 to September 30, 2007)

(Unit: million yen)

Expenses					Revenues				
Accounts	FY2007 Interim	FY2006 Interim	Change	FY2006	Accounts	FY2007 Interim	FY2006 Interim	Change	FY2006
Operating Expenses	620,927	554,345	66,582	1,189,237	Operating Revenues	691,688	676,865	14,822	1,333,037
Electricity	609,799	543,953	65,846	1,165,874	Electricity	681,046	667,338	13,707	1,310,169
Hydro power	18,487	14,756	3,731	33,667	Lighting	276,000	276,828	-828	551,047
Thermal power	181,136	133,164	47,971	287,900	Power	390,047	378,851	11,196	735,425
Nuclear power	96,205	83,200	13,005	205,373	Sales to other electric companies	4,980	1,071	3,908	2,813
Internal combustion power	12,581	12,481	100	24,097	Sales to other companies	2,465	3,351	-885	5,334
Purchase from other electric companies	72	68	3	125	Revenues from wheeling service charges	809	792	16	1,485
Purchase from other companies	61,649	55,773	5,875	112,477	Gains from adjustment among electric companies	1,673	1,416	257	2,992
Transmission	38,667	37,117	1,550	78,391	Miscellaneous revenues from electricity	4,839	4,760	79	10,538
Transformation	21,957	21,879	78	45,829	Revenues from loaned equipment	229	266	-36	532
Distribution	73,282	72,489	793	145,930					
Sales	28,830	29,124	-293	60,313					
Suspended facilities	747	440	306	1,010					
Facilities on loan	22	23	0	46					
General	51,335	58,155	-6,819	120,870					
Promotion of power resources development tax	16,645	17,424	-778	34,086					
Enterprise tax	8,235	8,130	104	15,889					
Electricity account transfer (Credit)	-59	-276	217	-137					
Incidental Businesses Operating Expenses	11,128	10,392	736	23,363	Incidental-Business Operating Revenues	10,642	9,527	1,115	22,867
Air-conditioning	1,647	1,489	157	2,791	Air-conditioning	1,629	1,431	198	2,866
Fiber-optic cable leasing service	4,625	3,866	758	8,126	Fiber-optic cable leasing service	3,658	2,800	858	6,184
Gas supply	4,648	4,814	-166	12,011	Gas supply	4,891	4,967	-76	13,083
Other	206	220	-13	433	Other	463	328	135	732
Operating income	(70,761)	(122,520)	(-51,759)	(143,799)					
Other Expenses	21,003	21,047	-43	44,550	Other Revenues	5,427	3,574	1,853	6,529
Financial expenses	16,860	17,638	-778	36,297	Financial revenues	2,194	1,788	406	2,974
Interest expenses	16,608	17,479	-870	35,799	Proceed from dividends	1,441	1,378	63	1,996
Stock issuance costs	-	-	-	-	Proceed from interests	753	410	343	977
Bond issuance costs	250	159	91	497					
Non-operating expenses	4,143	3,408	734	8,253	Non-operating revenues	3,232	1,785	1,446	3,554
Loss on sale of tangible fixed assets	159	39	119	103	Gain on sale of property and equipment	226	410	-183	863
Other losses	3,983	3,368	615	8,149	Gain on foreign exchange	284	191	92	-
					Gain on sale of marketable securities	1,834	-	1,834	-
					Other	886	1,184	-297	2,961
Total Ordinary Expenses	641,930	575,392	66,538	1,233,788	Total Ordinary Revenues	697,116	680,440	16,676	1,339,566
Ordinary Income	55,185	105,048	-49,862	105,778					
Provision for (Reversal of) drought reserve	-90	1,392	-1,483	90					
Provision for drought reserve	-	1,392	-1,392	90					
Reversal of drought reserve	-90	-	-90	-					
Extraordinary Losses	-	-	-	5,602					
Impairment loss	-	-	-	5,602					
Income before income taxes	55,276	103,655	-48,378	100,084					
Current income Taxes	13,717	32,252	-18,534	34,101					
Deferred income tax	7,556	6,507	1,049	6,746					
Net income	34,002	64,895	-30,893	59,236					

Non-Consolidated Statements of Changes in Shareholders' Equity
(From April 1, 2007 to September 30, 2007)

(Unit: million yen)

	Shareholders' Equity										Valuation and Translation Adjustments			Shareholders' Equity Total	
	Common stock	Capital surplus			Retained earnings					Treasury stock	Total	Unrealized gain on other securities	Loss on deferred hedge accounting		Total
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other			Retained earnings total						
						Cost behavior adjustment reserves	Contingent reserves	Carry forward							
Balances at March 31, 2007	237,304	31,087	-	31,087	59,326	100,300	419,000	115,864	694,490	-1,571	961,312	53,547	3,944	57,491	1,018,803
Changes during this 6 months															
Reserve for contingency							30,000	-30,000	-		-				-
Dividends declared								-14,205	-14,205		-14,205				-14,205
Net Income								34,002	34,002		34,002				34,002
Purchase of treasury stock										-185	-185				-185
Disposal of treasury stock			11	11						41	53				53
Net changes during this 6 months other than Shareholders' Equity												-13,198	-45	-13,244	-13,244
Total Changes	-	-	11	11	-	-	30,000	-10,202	19,797	-143	19,665	-13,198	-45	-13,244	6,420
Balances at September 30, 2007	237,304	31,087	11	31,099	59,326	100,300	449,000	105,661	714,287	-1,714	980,977	40,348	3,898	44,246	1,025,224

Non-Consolidated Statements of Changes in Shareholders' Equity
(From April 1, 2006 to September 30, 2006)

(Unit: million yen)

	Shareholders' Equity								Valuation and Translation Adjustments			Shareholders' Equity Total	
	Common stock	Capital surplus		Retained earnings				Treasury stock	Total	Unrealized gain on other securities	Loss on deferred hedge accounting		Total
		Additional paid-in capital	Legal reserve	Other			Retained earnings total						
				Cost behavior adjustment reserves	Contingent reserves	Carry forward							
Balances at March 31, 2006	237,304	31,087	59,326	100,300	379,000	125,189	663,816	-901	931,306	64,355	-	64,355	995,662
Changes during this 6 months													
Reserve for contingency					40,000	-40,000	-		-				-
Dividends declared						-14,211	14,211		-14,211				-14,211
Bonuses to Directors						-140	-140		-140				-140
Net Income						64,895	64,895		64,895				64,895
Purchase of treasury stock								-127	-127				-127
Net changes during this 6 months other than Shareholders' Equity										-8,134	3,731	-4,402	-4,402
Total Changes	-	-	-	-	40,000	10,543	50,543	-127	50,416	-8,134	3,731	-4,402	46,013
Balances at September 30, 2006	237,304	31,087	59,326	100,300	419,000	135,733	714,359	-1,028	981,723	56,220	3,731	59,952	1,041,675

(Note) Reserve for contingency, dividends declared and bonuses to directors are appropriation of earnings adopted at the shareholders' meeting held in June 2006.

Non-Consolidated Statements of Changes in Shareholders' Equity

(From April 1, 2006 to March 31, 2007)

(Unit: million yen)

	Shareholders' Equity								Valuation and Translation Adjustments			Shareholders' Equity Total		
	Common stock	Capital surplus	Retained earnings					Treasury stock	Total	Unrealized gain on other securities	Loss on deferred hedge		Total	
			Additional paid-in capital	Legal reserve	Other									Retained earnings total
					Cost behavior adjustment reserves	Contingent reserves	Carry forward							
Balances at March 31, 2006	237,304	31,087	59,326	100,300	379,000	125,189	663,816	-901	931,306	64,355	-	64,355	995,662	
Changes during this year														
Reserve for contingency					40,000	-40,000	-		-				-	
Dividends declared						-14,211	-14,211		-14,211				-14,211	
Dividends declared (Interim)						-14,210	-14,210		-14,210				-14,210	
Bonuses to Directors						-140	-140		-140				-140	
Net Income						59,236	59,236		59,236				59,236	
Purchase of treasury stock								-669	-669				-669	
Net changes during this year other than Shareholders' Equity										-10,808	3,944	-6,863	-6,863	
Total Changes	-	-	-	-	40,000	-9,325	30,674	-669	30,005	-10,808	3,944	-6,863	23,141	
Balances at March 31, 2007	237,304	31,087	59,326	100,300	419,000	115,864	694,490	-1,571	961,312	53,547	3,944	57,491	1,018,803	

(Note) Reserve for contingency, dividends declared and bonuses to directors are appropriation of earnings adopted at the shareholders' meeting held in June 2006.