

April 30, 2008

FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2008

Kyushu Electric Power Company, Inc.

Table of Contents

Financial Results Bulletin for the Fiscal Year Ended March 31, 2008	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	16
Notes to Consolidated Financial Statements	17
Notes	18
Non-consolidated Balance Sheets	21
Non-consolidated Statements of Income	22
Non-consolidated Statements of Changes in Shareholders' Equity	23

April 30, 2008

FY2007 ended March 31, 2008
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: Investor Relations Group, Corporate Planning Office
Tel: +81-92-726-1575
Shareholders' Meeting: the latter part of June 27, 2008
Projected date for submitting annual security report: June 27, 2008
Commencement of payment of year-end dividends: June 30, 2008

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

Rounded down to the nearest million yen

1. Consolidated Financial Results for FY2007 (April 1, 2007 to March 31, 2008)

(1) Consolidated Operational Results

(% shows the changes from the previous FY)

	Sales		Operating income		Ordinary income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
FY2007 ended March 31, 2008	1,482,351	5.3	105,540	-32.0	72,372	-39.0
FY2006 ended March 31, 2007	1,408,327	0.5	155,172	-9.4	118,580	-5.3

	Net income		Net earnings per share	Fully-diluted net earnings per share	Net rate of return on shareholders' equity	Ratio of current income to total capital	Ratio of current income to sales
	(Unit: million yen)	(%)	(Unit: yen)	(Unit: yen)	(%)	(%)	(%)
FY2007 ended March 31, 2008	41,726	-36.7	88.19		3.9	1.8	7.1
FY2006 ended March 31, 2007	65,967	-14.2	139.37		6.2	2.9	11.0

(Reference) Investment Profit/Loss under Equity Methods : FY2007 ended March 2008 -151 million yen
FY2006 ended March 2007 842 million yen

(2) Consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: yen)
FY2007 ended March 31, 2008	4,059,775	1,084,212	26.3	2,255.17
FY2006 ended March 31, 2007	4,038,838	1,092,600	26.8	2,285.86

(Reference) Shareholders' equity: FY2007 1,067,046 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)
FY2007 ended March 31, 2008	267,510	-233,586	-26,370	58,766
FY2006 ended March 31, 2007	304,514	-202,811	-102,790	50,671

2. Dividends

(Record date)	Annual dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Dividend rate for shareholders' equity (consolidated)
	1Q	Interim	3Q	Year-end	Total			
FY2006 ended March 31, 2007		30.00		30.00	60.00	28,415	43.1	2.7
FY2007 ended March 31, 2008		30.00		30.00	60.00	28,408	68.0	2.6
FY2008 ending March 31, 2009 (projected)		30.00		30.00	60.00		94.6	

3. Forecast for FY2008 ending March 2009 (April 1, 2008 to March 31, 2009)

(% 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)
Interim	750	2.4	46	-39.1	30	-51.2	18	-52.0	38.04
Year-end	1,523	2.7	82	-22.3	51	-29.5	30	-28.1	63.40

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: 18

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: 7 Excluded: 3

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

Changes in the accounting system : No

Other changes : Yes

* For the details, see page 17 "Changes in the basis of presentation of consolidated financial statements."

(3) Number of outstanding shares

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

FY2007 ended March 2008 474,183,951 shares FY2006 ended March 2007 474,183,951 shares

Number of treasury stock at year end

FY2007 ended March 2008 1,028,013 shares FY2006 ended March 2007 999,075 shares

* For the number of shares applied in calculation of consolidated net earnings per share, see page 20 "Per share Data."

(Reference) Outline of Non-consolidated Financial Results

1. Non-consolidated Financial Results for FY2007 (April 1, 2007 to March 31, 2008)

(1) Non-Consolidated Operational Results

(% shows the changes from the previous FY)

	Sales		Operating income		Ordinary income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
FY2007 ended March 31, 2008	1,392,059	4.4	93,962	-34.7	60,070	-43.2
FY2006 ended March 31, 2007	1,333,037	0.3	143,799	-9.9	105,778	-7.4

	Net income		Net earnings per share	Fully-diluted net earnings per share
	(Unit: million yen)	(%)	(Unit: yen)	(Unit: yen)
FY2007 ended March 31, 2008	35,683	-39.8	75.37	
FY2006 ended March 31, 2007	59,236	-14.3	125.07	

(2) Non-Consolidated Financial Position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Unit: yen)
FY2007 ended March 31, 2008	3,784,701	999,673	26.4	2,111.37
FY2006 ended March 31, 2007	3,790,112	1,018,803	26.9	2,151.63

(Reference) Shareholders' equity: FY2007 999,678 million yen FY2006 1,018,803 million yen

2. Non-consolidated Forecast for FY2008 ending March 2009 (April 1, 2008 to March 31, 2009)

(% 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)
Interim	710	2.6	45.5	-35.7	29	-47.5	17	-50.0	35.90
Year-end	1,437	3.2	75	-20.2	40	-33.4	23	-35.5	48.58

*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 FY2007

During the first 6 months of this fiscal year, economic recovery continued in Japan as exports and capital investments in the private sector increased. During the last 6 months of FY2007, however, due to elevated crude oil and other raw material prices, the appreciation of the Yen and the downturn on the US economy, Japanese economy made time.

(1) Consolidated financial overview

Under these economic conditions, mainly due to the performance in electricity business, the consolidated sales (operating revenues) increased by 5.3% to ¥1,482.3 billion, the ordinary revenues increased by 5.4% to ¥1,493.5 billion, the ordinary expenses increased by 9.5% to ¥1,421.2 billion, the ordinary income decreased by 39.0% to ¥72.3 billion and the net income decreased by 36.7% to ¥41.7 billion compared with FY2006.

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 (A)	FY2006 (B)	Difference (A-B)	Change (A/B)
Electricity	Sales	13,657	13,101	555	104.2
	Operating Income	943	1,442	-499	65.4
Energy-related	Sales	1,470	1,283	187	114.6
	Operating Income	85	68	16	124.5
IT & Telecommunication	Sales	884	764	120	115.7
	Operating Income	-16	-13	-3	-
Other	Sales	248	259	-10	95.8
	Operating Income	34	42	-7	81.8

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

Electricity Business

The revenue from electricity business increased by 4.2% to ¥1,365.7 billion compared with the previous year mainly due to the increased electricity sales volume. Operating income decreased by 34.6% to ¥94.3 billion due to the increase in fuel and maintenance costs.

Energy-related Business

The sales revenues from energy-related business increased by 14.6% to ¥147.0 billion from the previous year, mainly because three companies have been newly consolidated in this fiscal year. Operating income increased by 24.5% to ¥8.5 billion due to an increase in the amount of the completed maintenance work at power generation facilities.

IT & Telecommunication Business

The sales revenues from IT and telecommunication business increased by 15.7% to ¥88.4 billion from the previous year mainly due to a consolidation of a company and an increase in the number of users of the broadband services. Operating income decreased by ¥300 million from the previous year mainly because of the increase in the cost of sales in manufacturing and sales of telecommunication equipment. Consequently we recorded operating loss of ¥1.6 billion for this fiscal year.

Other Businesses

Sales revenues decreased by 4.2% to ¥24.8 billion and operating income decreased by 18.2% to ¥3.4 billion compared with the last year, mainly due to decreased revenues from property sales.

(2) Non-consolidated financial overview

Sales and Supply overview

In FY2007, the demand for electric light, power for commercial operations and other general demands increased by 3.6% compared with the previous year. This increase in the sales volume was mainly because of the increase in the air-conditioning system demand due to the lingering summer and the rebound from warmer winter in the previous year as well as the expansion of all-electric housings and the opening of new commercial complexes.

The power demand from large industrial customers increased by 6.4% from the previous year, supported by the strong production growth in the transportation machinery, steel and chemical industries. 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 for FY2007 increased by 4.4% to 88,082 million kWh compared with the previous year.

Electricity Sales Volume

(Unit: million kWh, %)

		FY2007	FY2006	Difference	Change
		(A)	(B)	(A-B)	(A/B)
Lightning		29,550	28,203	1,347	104.8
Power		58,532	56,196	2,336	104.2
Electricity Sales Total		88,082	84,399	3,683	104.4
(Figures are included above)	Customers other than large-scale industrial	62,873	60,706	2,167	103.6
	Large-scale industrial customers	25,209	23,693	1,516	106.4

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 (A)	FY2006 (B)	Difference (A-B)	Change (A/B)
Own facilities	Hydro (Water flow rate)	3,550 (81.1)	4,000 (103.5)	-450 (-22.4)	88.8
	Thermal	36,727	34,925	1,802	105.2
	Nuclear (Utilization rate)	39,641 (85.8)	37,836 (82.1)	1,805 (3.7)	104.8
	Subtotal	79,918	76,761	3,157	104.1
From other companies		17,205	15,887	1,318	108.3
Interchange		-367	-154	-213	238.2
For pumping		-647	-250	-397	257.7
Total		96,109	92,244	3,865	104.2

Income and expenditure overview

On the revenue side, sales revenue (operating revenues) increased by 4.4% to ¥1,392.0 billion, compared with FY2006 and the ordinary revenues increased by 4.6% to ¥1,401.4 billion, mainly due to the increased electricity sales volume.

The ordinary expenses increased by 8.7% to ¥1,341.4 billion, mainly due to the increase in the fuel cost and the cost to purchase electricity from other companies because of elevated fuel prices and increased electricity sales volume, in addition to the increased maintenance costs such as the cost of the scheduled inspection of nuclear power stations.

As a result, the ordinary income for FY2007 decreased by 43.2% to ¥60.0 billion and the net income decreased by 39.8% to ¥35.6 compared with FY2006.

Income and Expenditure (Non-consolidated)

(Unit: 100 million yen, %)

		FY2007 (A)	FY2006 (B)	Difference (A-B)	Change (A/B)	Composition Ratio	
						FY2007	FY2006
Ordinary Revenues	Lighting	5,763	5,510	253	104.6	41.1	41.1
	Power	7,632	7,354	278	103.8	54.5	54.9
	(Subtotal)	(13,395)	(12,864)	(531)	(104.1)	(95.6)	(96.0)
	Other	618	530	87	116.6	4.4	4.0
	[Sales] Total	[13,920] 14,014	[13,330] 13,395	[590] 619	[104.4] 104.6	[99.3] 100.0	[99.5] 100.0
Ordinary Expenses	Labor	1,383	1,448	-64	95.5	10.3	11.7
	Fuel	2,799	2,113	686	132.5	20.9	17.1
	Maintenance	1,849	1,707	141	108.3	13.8	13.9
	Depreciation	1,973	1,890	83	104.4	14.7	15.3
	Power purchase	1,232	1,126	106	109.5	9.2	9.1
	Interest	344	357	-13	96.2	2.5	2.9
	Tax & public dues	887	887	-	100.0	6.6	7.2
	Nuclear back-end	720	652	68	110.5	5.4	5.3
	Other	2,223	2,154	68	103.2	16.6	17.5
	Total	13,414	12,337	1,076	108.7	100.0	100.0
[Operating Income]		[939]	[1,437]	[-498]	[65.3]		
Ordinary Income		600	1,057	-457	56.8		
Drought Reserve		-	-	-1	-		
Extraordinary Losses		-	56	-56	-		
Income before income taxes		601	1,000	-399	60.1		
Income taxes		244	408	-163	59.9		
Net Income		356	592	-235	60.2		

(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 (A)	FY2006 (B)	Change (A-B)
Crude Oil (CIF) Price	\$78.7/b	\$63.5/b	\$15.2/b
Exchange Rate	¥114.4/\$	¥117.0/\$	-¥2.6/\$

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

Consolidated assets increased by ¥20.9 billion compared with the end of previous fiscal year to ¥4,059.7 billion mainly because of an increase in current assets such as inventories while the fixed assets decreased due to the progress of depreciation.

Consolidated debt increased by ¥29.3 billion to ¥2,975.5 billion due to the increase in accounts receivable and the reserve for decommissioning of nuclear power plants while the liability for employees' retirement benefits decreased. The interest-bearing debt increased by ¥8.3 billion to ¥2,040.0 billion.

Consolidated shareholders' equity decreased by ¥8.3 billion to ¥1,084.2 billion as the dividends were paid and unrealized gain on other securities decreased while the net income for this fiscal year has recorded.. Consequently the shareholders' equity ratio went down to 26.3%.

(4) Consolidated cash flow overview

Cash inflow from operating activities decreased by 12.2% to ¥267.5 billion from the previous year mainly due to an increase in fuel costs and maintenance costs in electricity business.

Cash outflow from investing activities increased by 15.2% to ¥233.5 billion from the previous year.

Cash outflow from financing activities decreased by 74.3% to ¥26.3 billion from the previous year.

As a result, the balance of cash and cash equivalent at the end of this fiscal year, including ¥500 million inflow from newly consolidated subsidiaries, increased by ¥8.0 billion to ¥58.7 billion compared with the end of previous fiscal year.

(5) Consolidated cash flow indication

	FY2003	FY2004	FY2005	FY2006	FY2007
Shareholders' equity ratio (%)	22.1	24.2	25.7	26.8	26.3
Shareholders' equity ratio at market value (%)	22.1	26.7	30.6	39.2	28.4
Interest-bearing debt / Cash flow ratio	6.0	5.1	7.8	6.7	7.6
Interest coverage ratio	4.8	8.4	6.5	7.9	7.0

(Note)

Shareholders' equity ratio = Shareholders' equity / Total assets

Shareholders' equity ratio at market value = Total market value of shares / Total assets

Interest-bearing debt / Cash flow ratio = Interest-bearing debt / Cash flow from operating activities

Interest coverage ratio = Cash flow from operating activities / Interest payment

*Each index is calculated based on the consolidated financial data

*Total market value of shares is calculated as closing stock price at the end of fiscal year multiplied by the number of shares outstanding (after excluding treasury stocks) at the end of fiscal year

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

*Interest-bearing debt includes corporate debt and long-term debt (both includes those due within a year), short-term debt and commercial papers. The amount of corporate debt used here is not the book value but the face value (par).

2. Forecast for FY2008

[Forecast for the consolidated operating performance in FY2008]

Electricity sales volume is projected to decrease by 0.3% from FY2007 as the air-conditioning demand is projected to decrease due to a rebound from severe summer in the previous fiscal year while steady production activities of customers in industrial and commercial sectors are projected to bring an increase in the electricity sales volume.

Consolidated sales revenue is projected to increase in FY2008 as revenue is projected to increase due to the fuel cost adjustment system while the sales volume of electricity is projected to decrease.

Operating income, ordinary income and net income are all projected to decrease mainly due to an increase in fuel costs because of elevated fuel prices.

Forecast for operational performance in FY2008

(Unit: billion yen)

	Consolidated		Non-consolidated	
	Interim	Year-end	Interim	Year-end
Sales	750 [102.4%]	1,523 [102.7%]	710 [102.6%]	1,437 [103.2%]
Operating income	46 [60.9%]	82 [77.7%]	45.5 [64.3%]	75 [79.8%]
Ordinary income	30 [48.8%]	51 [70.5%]	29 [52.5%]	40 [66.6%]
Net income	18 [48.0%]	30 [71.9%]	17 [50.0%]	23 [64.5%]

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

Sensitivity factors

	Interim	Year-end
Electricity sales volume	44.0 billion kWh [99.9%]	87.9 billion kWh [99.7%]
Crude oil (CIF) price	93 \$/b	
Exchange rate	¥ 105 /\$	
Nuclear power generation capacity utilization rate	79.3 %	83.0 %
Water release rate	100.0 %	

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

(Reference) FY2008 The impact of sensitivity factors on non-consolidated financial performance

	Year-end
Crude oil (CIF) price 1\$/b	¥ 2.5 billion
Exchange rate ¥1/\$	¥ 3.0 billion
Nuclear power generation capacity utilization rate 1%	¥ 3.5 billion

3. Basic policy regarding the appropriation of profits and dividends for FY2007 and FY2008

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 dividend of 60 yen applicable to FY2007 (30 yen interim dividend paid and 30 yen year-end dividend) which we seek to shareholders' approval at the shareholders' meeting as a part of the appropriation of profits.

Kyushu Electric Power plans to pay a dividend of 60 yen per share for FY2008 (interim dividend of 30 yen and year-end dividend of 30 yen).

4. Business risks factors

The following is a list of some significant risk factors that may have an effect on the operating results, financial position, and other aspects of the Group (consolidated).

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. Even though the impact of these factors can be partially offset by reflecting them in electric rates through a fuel cost adjustment system, an unusual volatility in fuel prices have potential to affect the Kyushu Electric Power Group's operating results.

(5) Risks related to interest rates

The Kyushu Electric Power Group's balance of interest-bearing debt as of the end of March 2008 is 2,040.0 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 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, large-scaled natural disasters such as typhoons, torrential rains and earthquakes as well as unexpected accidents and illicit acts have the potential to affect the Kyushu Electric Power Group's operations.

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.

Additionally, a tightening of environmental regulations related to global warming has a potential to affect the Kyushu Electric Power Group's operations.

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 elevated fuel prices and serious global environmental problems to diversified life styles.

To this end, we at Kyushu Electric Power have adopted a new corporate philosophy, “Kyushu Electric Power’s Mission” with our brand message of “Enlighten Our Future” in April 2007. Under this new philosophy, we are actively engaged in wide range of measures listed below in order to guarantee our customers a stable and efficient supply of electric power for the future and to contribute to our customers’ life and the society.

Measures related to Global Environmental Issues and Stable Supply of Electricity

In order to ensure stable supply of electricity to our customers, we are working to maintain reliability of electric supply through improvements in technology for the provision, operation, and maintenance of facilities. We will also promote balanced power source development centering on nuclear power, taking into consideration diverse perspective including energy security, environmental compliance such as control of CO₂ emissions and economic efficiency.

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

Additionally, from the viewpoint of domestic energy usage and in response to global environmental issues, we engage in active development and expanded introduction of renewable energy such as wind, solar, hydro, and geothermal power generation.

Business Development Based on the Need of Customers

We ensure that our customers use electricity skillfully and in an efficient manner to achieve a comfortable and environmentally friendly lifestyle (a Comfortable Energy Saving Lifestyle) and continue to employ the combined strength of group companies to promote total solutions to satisfy the diverse requirements and problems our customers face. We also continue to actively collect customer opinions and examine their needs in order to enhance customer service.

Additionally, we are working to develop new business areas while focusing on energy as our core activity. We are also making efforts to attract industries in cooperation with regional authorities as well as the promotion of technical development related to environmental protection and cost reduction.

Measures to Improve Management Efficiency

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 and labor productivity by reforming business processes through greater utilization of information technology.

Corporate Social Responsibility (CSR) Initiatives

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, we intend to enhance communication with stakeholders and reflect stakeholders’ opinions on our management and business activities.

Efforts toward Improvement of Structural Capabilities

To respond to changes in the business environment appropriately and to ensure the soundness of corporate management, we are establishing an effective corporate government structure. We also enhance our management quality from the customer perspective, continue to nurture a corporate climate that constantly improves and reforms, conduct through risk management, and strengthen the group's management base.

We also promote efforts to improve and maximize the capabilities of each and every employee, and at the same time, work to maintain and improve the technological capabilities of Kyushu Electric Power Group.

Under our Midterm Management Policy (2005-2009) with "Consolidation, followed by growth" as its policy, Kyushu Electric Power has been engaged in measures to enhance price competitiveness, stimulate new demand and strengthen our financial base and has made steady progress. However, the changes in the business environment surrounding us including skyrocketing fuel prices have gone much further than we expected. To respond to these changes, we are currently discussing new management policy.

[Management objectives in Midterm Management Policy for and actual results]

< Profitability / Financial stability >

	Target	Actual Result
Free Cash Flow (FCF)	¥120 billion (¥100 billion) FY2005-09 ave.	¥65.9 billion (¥57.7 billion) FY2005-07 ave.
Ordinary Income	¥110 billion (¥100 billion) FY2005-09 ave.	¥105.4 billion (¥93.3 billion) FY2005-07 ave.
Return on Assets (ROA)	3% (3%) FY2005-09 ave.	2.3% (2.2%) FY2005-07 ave.
Shareholders' Equity Ratio	30% (30%) at the end of FY2009	26.3% (26.4%) at the end of FY2007

(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)	Actual Result (FY2007 incremental from FY2003)
New Demand in Electricity Business	3.7 billion kWh	3.5 billion kWh
Non-electricity Sales to Outside the Group	¥100 billion	¥72.9 billion

Consolidated Balance Sheets

(As of March 31, 2008)

(Unit: million yen)

Assets				Liabilities and Shareholders' Equity			
Accounts	March 31, 2008	March 31, 2007	Change	Accounts	March 31, 2008	March 31, 2007	Change
Property, Plant and Equipment	3,772,773	3,789,816	-17,043	Long-term Liabilities	2,408,448	2,388,945	19,502
Utility property, plant and equipment	2,581,653	2,529,815	51,838	Bonds	1,066,449	1,026,850	39,598
Hydro power production facilities	327,712	183,935	143,776	Long-term loans	646,500	662,256	-15,755
Thermal power production facilities	292,116	322,949	-30,833	Accrued retirement benefits	150,512	177,182	-26,669
Nuclear power production facilities	241,080	257,252	-16,172	Reserve for reprocessing of irradiated nuclear fuel	351,972	364,837	-12,865
Internal combustion power production facilities	23,299	25,370	-2,071	Reserve for preparation of reprocessing of irradiated nuclear fuel	10,853	6,976	3,876
Transmission facilities	689,600	713,552	-23,951	Reserve for decommissioning of nuclear power plant	147,529	126,172	21,356
Transformation facilities	259,028	271,507	-12,478	Deferred tax liabilities	28	49	-21
Distribution facilities	615,419	615,019	400	Other fixed liabilities	34,602	24,620	9,982
General facilities	123,385	129,513	-6,128	Current Liabilities	567,114	557,201	9,913
Other utility property, plant and equipment	10,010	10,714	-703	Current portion of long-term debt	175,777	203,815	-28,038
Other property, plant and equipment	298,190	294,581	3,609	Short-term borrowings	143,457	136,050	7,407
Construction in progress	229,448	315,860	-86,412	Notes and accounts payable	67,742	46,109	21,632
Construction and retirement in progress	229,448	315,860	-86,412	Income taxes payable	20,082	34,420	-14,337
Nuclear fuel	250,845	240,662	10,182	Other current liabilities	160,054	136,804	23,249
Loaded nuclear fuel	40,012	43,837	-3,825	Reserve	-	90	-90
Nuclear fuel in processing	210,833	196,825	14,008	Drought reserve	-	90	-90
Investments and other assets	412,634	408,895	3,739	Total Liabilities	2,975,562	2,946,237	29,324
Long-term investments	130,390	168,158	-37,767	Shareholders' Equity	1,035,992	1,022,959	13,032
Reserve for reprocessing of irradiated nuclear fuel	104,739	70,082	34,657	Common stock	237,304	237,304	-
Deferred tax assets	115,151	104,895	10,255	Additional paid-in capital	31,140	31,093	47
Other assets	63,210	67,010	-3,799	Retained earnings	769,541	756,405	13,136
Allowance for doubtful accounts	-857	-1,250	393	Treasury stock	-1,995	-1,844	-150
Current Assets	287,002	249,022	37,980	Valuation and translation adjustments	31,054	58,673	-27,619
Cash and cash equivalent	58,741	50,691	8,049	Unrealized gain on other securities	28,004	54,992	-26,987
Trade notes and accounts receivable	116,752	103,660	13,091	Loss on deferred hedge	3,331	3,865	-533
Inventories, principally fuel, at average cost	65,114	49,918	15,196	Foreign currency translation adjustments	-281	-183	-97
Deferred tax assets	15,943	15,813	129	Minority Interests	17,165	10,967	6,198
Other current assets	31,631	30,107	1,524	Total Shareholders' Equity	1,084,212	1,092,600	-8,388
Allowance for doubtful accounts	-1,181	-1,168	-12	Total	4,059,775	4,038,838	20,936
Total	4,059,775	4,038,838	20,936				

Consolidated Statements of Income
(From April 1, 2007 to March 31, 2008)

(Unit: million yen)

Expenses				Revenues			
Accounts	FY2007	FY2006	Change	Accounts	FY2007	FY2006	Change
Operating Expenses	1,376,811	1,253,154	123,656	Operating Revenues	1,482,351	1,408,327	74,024
Electricity	1,260,615	1,155,413	105,202	Electricity	1,363,423	1,307,737	55,686
Other	116,195	97,741	18,454	Other	118,927	100,590	18,337
Operating Income	(105,540)	(155,172)	(-49,632)				
Other Expenses	44,397	45,343	-946	Other Revenues	11,229	8,751	2,477
Interest expenses	36,937	38,354	-1,416	Proceed from dividends	1,767	2,356	-588
Loss on affiliates	151	-	151	Proceed from interests	2,124	1,207	917
Other	7,308	6,989	318	Gain on sale of property and equipment	-	998	-998
				Gain on sale of marketable securities	1,835	-	1,835
				Equity in net earnings of affiliates	-	842	-842
				Other	5,501	3,347	2,153
Total Ordinary Expenses	1,421,208	1,298,498	122,709	Total Ordinary Revenues	1,493,580	1,417,079	76,501
Ordinary Income	72,372	118,580	-46,208				
Provision for (reversal of) drought reserve	-90	90	-181				
Provision for drought reserve	-	90	-90				
Reversal of drought reserve	-90	-	-90				
Extraordinary Losses	-	5,602	-5,602				
Impairment loss	-	5,602	-5,602				
Income before income taxes	72,463	112,887	-40,423				
Income Taxes	23,829	38,266	-14,436				
Income Taxes-Deferred	6,023	7,808	-1,785				
Minority Interests	883	844	39				
Net Income	41,726	65,967	-24,241				

Consolidated Statements of Changes in Shareholders' Equity

(From April 1, 2007 to March 31, 2008)

(Unit: million yen)

	Shareholders' Equity					Valuation and translation adjustments				Minority Interests	Shareholders' Equity Total
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total	Unrealized gain on other securities	Loss on deferred hedge	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 year											
Dividends declared			-28,406		-28,406						-28,406
Net Income			41,726		41,726						41,726
Purchase of treasury stock				-391	-391						-391
Disposal of treasury stock		47		240	287						287
Increase due to the merger of consolidated subsidiaries			105		105						105
Increase due to an increase in affiliates under the Equity Methods			90		90						90
Decrease due to the increase in affiliates under the Equity Methods			-380		-380						-380
Net changes during this fiscal year other than Shareholders' Equity						-26,987	-533	-97	-27,619	6,198	-21,420
Total changes	-	47	13,136	-150	13,032	-26,987	-533	-97	-27,619	6,198	-8,388
Balances at March 31, 2008	237,304	31,140	769,541	-1,995	1,035,992	28,004	3,331	-281	31,054	17,165	1,084,212

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	Additional paid-in capital	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
Bonus 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 March 31, 2008)

(Unit: million yen)

Account	FY2007	FY2006
Operating Activities		
Income before income taxes and minority interests	72,463	112,887
Depreciation and amortization	230,973	219,131
Loss on impairment of fixed assets	-	5,602
Amortization of nuclear fuel	22,396	21,127
Loss on disposal of property, plant and equipment	8,049	9,450
Increase(decrease) in liability for retirement benefits	-28,405	-27,107
Provision for reserve for reprocessing of used fuel	-12,865	11,448
Provision for preparation for reprocessing of irradiated nuclear fuel	3,876	6,976
Provision for reserve for decommissioning of nuclear power plants	21,356	6,545
Provision of (reversal of) drought reserve	-90	90
Interest revenue and dividends received	-3,892	-3,563
Interest expense	36,937	38,354
Equity in net earnings under the equity method	151	-842
Gain on sale of property and equipment	-	-998
Gain on sale of marketable securities	-1,835	-
Increase in fund for reprocessing of irradiated nuclear fuel	-34,657	-9,947
Increase in accounts receivable	-8,054	-8,167
Increase in inventories, principally fuel, at average cost	-13,193	-1,171
Increase in accounts payable	19,670	613
Other	19,909	9,260
Sub Total	332,791	389,690
Receipt of interest and cash dividends	4,166	3,656
Interest paid	-38,078	-38,440
Business restructuring of affiliates	-	-3,101
Income tax paid	-31,369	-47,290
Net cash provided by operating activities	267,510	304,514
Cash Flows from Investing Activities		
Purchases of property, plant and equipment	-242,219	-202,913
Payment for investments and other	-8,165	-8,685
Proceeds for recoveries from investments and other	7,840	1,369
Proceeds from stock acquisition of newly consolidated subsidiary	3,211	-
Other	5,746	7,417
Net cash used in investing activities	-233,586	-202,811
Cash Flows from Financing Activities		
Proceeds from issuance of bonds	139,451	108,489
Redemption of bonds	-127,710	-74,513
Proceeds from long-term loans	63,784	65,990
Repayment of long-term loans	-83,993	-131,930
Net increase (decrease) in short-term borrowings	6,067	-48,721
Net changes in commercial paper	5,000	7,000
Cash dividends paid	-28,391	-28,412
Other	-578	-692
Net cash used in financing activities	-26,370	-102,790
Effect of exchange rate changes on cash and cash equivalents	-64	-41
Changes in cash and cash equivalents	7,488	-1,128
Cash and cash equivalents at beginning of the year	50,671	51,675
Increase in cash and cash equivalent due to newly consolidated companies	536	124
Increase in cash and cash equivalent due to the merger of consolidated subsidiaries	69	-
Cash and cash equivalents at end the of the year	58,766	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 fiscal year. As a result, the depreciation costs increased by ¥1,205 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 ¥15,233 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 the net income before income taxes by the same amount respectively.

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

(2) Accounting principles for major allowances and accruals

a. Reserve for decommissioning costs of nuclear power units

The reserve for the anticipated costs required for the decommissioning of nuclear power units in the future is provided on the basis of a proportion of the current generation of electric power to the estimated total life-time generation of electric power of each unit.

(Additional Information)

In December 2005, "Law to Amend the Law on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors" and the related regulation were issued. The law and related regulation changed the criteria of density of radioactive waste. Following the changes, "Ordinance to Amend the Ordinance on Reserve for Decommissioning Costs of Nuclear Power Units" was issued. Therefore, the total estimated cost for decommissioning of nuclear power units is calculated based on the revised ordinance on reserve for decommissioning of nuclear power units. As a result, operating expense increased by ¥13,408 million compared with the amount calculated based on the previous method. This increase brought decrease in the ordinary income and the net income before 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 from April 1, 2007 to March 31, 2008

(Unit: million yen)

	Electricity	Energy -related	IT/ Tele- communication	Other	Total	Eliminations/ Corporate	Consolidated
Net sales							
(1) Customers	1,363,423	56,606	52,802	9,518	1,482,351	-	1,482,351
(2) Inter-segment	2,277	90,431	35,601	15,325	143,634	(143,634)	-
Total	1,365,701	147,037	88,403	24,843	1,625,986	(143,634)	1,482,351
Operating expenses	1,271,380	138,457	90,088	21,369	1,521,296	(144,485)	1,376,811
Operating income (loss)	94,320	8,579	(1,684)	3,474	104,690	850	105,540
Asset, depreciation, impairment losses and capital expenditure							
Asset	3,669,928	265,322	142,912	141,673	4,219,836	(160,060)	4,059,775
Depreciation (including amortization of nuclear fuel)	219,754	11,182	20,264	5,022	256,223	(2,854)	253,369
Impairment loss	1,226	286	-	233	1,746	-	1,746
Capital expenditure	201,953	17,730	24,704	6,805	251,193	(3,140)	248,053

FY2006 from April 1, 2006 to March 31, 2007

(Unit: million yen)

	Electricity	Energy -related	IT/ Tele- communication	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
Asset, depreciation, impairment losses and capital expenditure							
Asset	3,681,177	235,890	133,580	138,005	4,188,653	(149,815)	4,038,838
Depreciation (including nuclear fuel impairment)	210,138	9,146	18,981	4,950	243,216	(2,957)	240,258
Impairment loss	2,056	-	-	3,545	5,602	-	5,602
Capital expenditure	170,244	8,825	21,405	4,920	205,395	(2,809)	202,586

(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

Type of business	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, manufacturing and sales of concrete poles, environmental preservation activities around power generation facilities, consultation and planning of civil engineering and construction
IT/Telecommunication	Fiber-optic cable and broadband service, manufacturing, sales, installation and maintenance of telecommunication devices, development, operation and maintenance of information system
Other	Acquiring and owning of securities, loan to group companies, leasing and management of real estate, contracted siting work

3. Changes in accounting procedures

Accounting procedure of essential depreciable assets

As stated in "Basis of presentation of consolidated financial statements", 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 fiscal year. As a result, the ordinary expenses increased by ¥799 million in electricity business, ¥110 million in energy-related business, ¥301 million in IT and telecommunication business, and ¥13 million in other businesses compared with the amount computed using the previous method, resulting in the decrease ordinary income by the same amount respectively.

4. Additional information

(1) Accounting procedure of essential depreciable assets

As stated in "Basis of presentation of consolidated financial statements", 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 ¥13,409 million increase in ordinary expense in electricity business, ¥1,355 million in energy-related business, ¥383 million in IT and telecommunication business, and ¥76 million in other businesses compared with the amount calculated based on the previous method, resulting in the decrease ordinary income by the same amount respectively.

(2) Reserve for decommissioning costs of nuclear power units

As stated in "Basis of presentation of consolidated financial statements", "Ordinance to Amend the Ordinance on Reserve for Decommissioning Costs of Nuclear Power Units" was issued. Therefore, the total estimated cost for decommissioning of nuclear power units is calculated based on the revised ordinance on reserve for decommissioning of nuclear power units. As a result, operating expense in electricity business increased by ¥13,408 million compared with the amount calculated based on the previous method. This increase brought decrease in the ordinary income by the same amount.

2 . Geographic segment information

FY2007 from April 1, 2007 to March 31, 2008

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

FY2006 from April 1, 2006 to March 31, 2007

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

3. Oversea sales

FY2007 from April 1, 2007 to March 31, 2008

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

FY2006 from April 1, 2006 to March 31, 2007

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

(Per share Data)

	FY2007 (April 1,2007-March 31, 2008)	FY2006 (April 1, 2006-March 31, 2007)
Shareholders' equity per share (BPS)	¥2,255.17	¥2,285.86
Net income per share (EPS)	¥88.19	¥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 (April 1,2007-March 31, 2008)	FY2006 (April 1, 2006-March 31, 2007)
Net income	¥41,726 million	¥65,967 million
Amount not allocated to shareholders	-	-
Net income allocated to common stock outstanding	¥41,726 million	¥65,967 million
Weighted average number of common stock outstanding during each fiscal year	473,151 thousand shares	473,320 thousand shares

(2) Shareholders' equity per share

	FY2007 (As of March 31, 2008)	FY2006 (As of March 31, 2007)
Shareholders' equity total	¥1,084,212 million	¥1,092,600 million
Deductible from shareholders' equity (Minority interest)	¥17,165 million (¥17,165 million)	¥10,967 million (¥10,967 million)
Shareholders' equity allocated to common stock outstanding	1,067,046 million	1,081,633 million
Number of common stock outstanding at the end of each fiscal year	473,155 thousand shares	473,184 thousand shares

(Significant post-balance sheet event)

N/A

(Omission of disclosure)

Disclosure of the notes on leases , related party transactions , tax effect accounting , investment in debt and equity securities , derivative transactions, and pension and severance plans was omitted due to the minor necessity of disclosure.

Non-consolidated Balance Sheets
(As of March 31, 2008)

(Unit: million yen)

Assets				Liabilities and Shareholders' Equity			
Account	March 31, 2008	March 31, 2007	Change	Account	March 31, 2008	March 31, 2007	Change
Property, Plant and Equipment	3,569,906	3,600,395	-30,488	Long-term Liabilities	2,281,840	2,264,072	17,767
Utility property, plant and equipment	2,616,667	2,566,220	50,446	Bonds	1,067,548	1,027,599	39,948
Hydro power production facilities	328,734	184,934	143,800	Long-term loans	553,014	567,829	-14,815
Thermal power production facilities	295,942	327,318	-31,376	Long-term accrued liabilities	12,154	3,244	8,909
Nuclear power production facilities	243,242	259,407	-16,165	Long-term liabilities to affiliates	130	30	100
Internal combustion power production facilities	23,923	26,043	-2,119	Liability for employees' retirement benefits	133,391	161,531	-28,140
Transmission facilities	696,615	720,818	-24,202	Reserve for reprocessing of irradiated nuclear fuel	351,972	364,837	-12,865
Transformation facilities	263,124	275,634	-12,509	Reserve for preparation of reprocessing of irradiated nuclear fuel	10,853	6,976	3,876
Distribution facilities	629,769	629,785	-15	Reserve for decommissioning of nuclear power plant	147,529	126,172	21,356
General facilities	125,304	131,564	-6,260	Other long-term liabilities	5,245	5,849	-603
Suspended facilities	4,228	4,932	-703	Current Liabilities	503,182	507,145	-3,962
Facilities on loan	5,782	5,782	—	Current portion of long-term debt	154,412	183,070	-28,657
Incidental businesses property and equipment	45,421	42,635	3,786	Short-term borrowings	133,000	131,000	2,000
Nonoperating property and equipment	8,096	8,187	-91	Commercial paper	12,000	7,000	5,000
Plant and equipment suspense account	207,352	309,278	-101,926	Accounts payable-trade	51,863	33,231	18,631
Construction in progress	206,044	307,707	-101,663	Accounts payable	22,773	18,758	4,015
Retirement in progress	1,307	1,570	-263	Accrued expenses	65,007	60,390	4,617
Nuclear Fuel	250,845	240,662	10,182	Accrued income tax	14,409	30,752	-16,342
Loaded nuclear fuel	40,012	43,837	-3,825	Deposit	1,351	1,761	-410
Nuclear fuel in processing	210,833	196,825	14,008	Short-term liabilities to subsidiaries and affiliated companies	41,065	32,817	8,247
Investments and other assets	440,523	433,410	7,113	Other advances	5,340	6,376	-1,035
Long-term investments	112,605	152,567	-39,961	Other current liabilities	1,957	1,986	-29
Investments in subsidiaries and affiliated companies	115,607	115,895	-288	Reserve	—	90	-90
Fund for reprocessing of irradiated nuclear fuel	104,739	70,082	34,657	Drought reserve	—	90	-90
Long-term prepaid expenses	10,407	6,864	3,543	Total Liabilities	2,785,022	2,771,308	13,714
Deferred tax assets	97,746	88,616	9,130	Shareholders' Equity	968,481	961,312	7,168
Allowance for doubtful accounts	-583	-615	31	Common stock	237,304	237,304	—
Current Assets	214,795	189,717	25,077	Capital surplus	31,134	31,087	47
Cash and cash equivalents	40,751	33,972	6,779	Additional paid-in capital	31,087	31,087	—
Accounts receivable	93,618	88,618	5,000	Other capital surplus	47	—	47
Receivables	9,283	10,042	-758	Retained earnings	701,765	694,490	7,274
Inventories	42,882	31,620	11,261	Legal reserve	59,326	59,326	—
Advances	—	1	-1	Retained earnings - carryforward	642,438	635,164	7,274
Prepaid expenses	2,238	967	1,271	Cost behavior adjustment reserves	100,300	100,300	—
Receivables from subsidiaries and affiliated companies	2,790	1,691	1,099	Contingent reserves	449,000	419,000	30,000
Deferred tax assets	12,005	12,922	-916	Deferred retained earnings	93,138	115,864	-22,725
Other current assets	12,171	10,893	1,277	Treasury stock	-1,723	-1,571	-152
Allowance for doubtful accounts	-946	-1,012	65	Valuation and translation adjustments	31,197	57,491	-26,293
				Unrealized gain on other securities	27,744	53,547	-25,803
				Loss on deferred hedge	3,453	3,944	-490
Total	3,784,701	3,790,112	-5,410	Total Shareholders' Equity	999,678	1,018,803	-19,125
				Total	3,784,701	3,790,112	-5,410

Non-consolidated Statements of Income

(From April 1, 2007 to March 31, 2008)

(Unit: million yen)

Expenses				Revenues			
Accounts	FY2007	FY2006	Change	Accounts	FY2007	FY2006	Change
Operating Expenses	1,298,097	1,189,237	108,859	Operating Revenues	1,392,059	1,333,037	59,022
Electricity	1,271,380	1,165,874	105,506	Electricity	1,365,701	1,310,169	55,531
Hydro power	39,923	33,667	6,255	Lightning	576,349	551,047	25,302
Thermal power	355,646	287,900	67,745	Power	763,233	735,425	27,807
Nuclear power	227,584	205,373	22,210	Sales to other electric companies	6,097	2,813	3,283
Internal combustion power	26,325	24,097	2,227	Sales to other companies	4,506	5,334	-828
Purchase from other electric companies	138	125	12	Revenues from wheeling service charges	1,586	1,485	101
Purchase from other companies	123,137	112,477	10,660	Gains from adjustment among electric companies	3,440	2,992	448
Transmission	81,801	78,391	3,409	Miscellaneous revenues from electricity	10,026	10,538	-511
Transformation	45,585	45,829	-244	Revenues from loaned equipment	459	532	-72
Distribution	145,496	145,930	-434				
Sales	61,386	60,313	1,072				
Suspended facilities	1,868	1,010	857				
Facilities on loan	45	46	-1				
General	112,759	120,870	-8,111				
Promotion of power resources development tax	33,283	34,086	-802				
Enterprise tax	16,504	15,889	615				
Electricity account transfer (Credit)	-105	-137	31				
Incidental Businesses Operating Expenses	26,717	23,363	3,353	Incidental-Business Operating Revenues	26,358	22,867	3,490
Air-conditioning	3,166	2,791	374	Air-conditioning	3,221	2,866	354
Fiber-optic cable leasing service	9,749	8,126	1,623	Fiber-optic cable leasing service	7,813	6,184	1,628
Gas supply	13,364	12,011	1,353	Gas supply	14,370	13,083	1,287
Other	436	433	2	Other	952	732	219
Operating income	(93,962)	(143,799)	(-49,837)				
Other Expenses	43,305	44,550	-1,245	Other Revenues	9,414	6,529	2,884
Financial expenses	34,878	36,297	-1,418	Financial revenues	3,754	2,974	779
Interest expenses	34,426	35,799	-1,373	Proceed from dividends	2,093	1,996	97
Stock issuance costs	4	—	4	Proceed from interests	1,660	977	682
Bond issuance costs	447	497	-50				
Non-operating expenses	8,426	8,253	173	Non-operating revenues	5,659	3,554	2,105
Loss on sales of tangible fixed assets	181	103	78	Gain on sale of property and equipment	497	863	-365
Other losses	8,245	8,149	95	Gain on foreign exchange	1,151	—	1,151
				Gain on marketable securities	1,834	—	1,834
Total Ordinary Expenses	1,341,403	1,233,788	107,614	Other	2,176	2,691	-515
Ordinary Income	60,070	105,778	-45,707	Total Ordinary Revenues	1,401,473	1,339,566	61,907
Provision for drought reserve	-90	90	-181				
Provision for drought reserve	—	90	-90				
Reversal of drought reserve	-90	—	-90				
Extraordinary Losses	—	5,602	-5,602				
Impairment loss	—	5,602	-5,602				
Income before income taxes	60,161	100,084	-39,923				
Current income Taxes	17,837	34,101	-16,263				
Deferred income tax	6,640	6,746	-106				
Net income	35,683	59,236	-23,553				

Non-Consolidated Statements of Changes in Shareholders' Equity
(From April 1, 2007 to March 31, 2008)

(Unit: million yen)

	Shareholders' Equity									Valuation and Translation Adjustments				Shareholders' Equity Total	
	Common stock	Capital surplus			Legal reserve	Retained earnings				Treasury stock	Total	Unrealized gain on other securities	Gain on deferred hedge accounting		Total
		Additional paid-in capital	Other capital surplus	Total capital surplus		Cost behavior adjustment reserves	Other		Retained earnings total						
							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 year															
Reserve for contingency							30,000	-30,000	-		-				-
Dividends declared								-28,408	-28,408		-28,408				-28,408
Net Income								35,683	35,683		35,683				35,683
Purchase of treasury stock										-392	-392				-392
Disposal of treasury stock				47	47					240	287				287
Net changes during this year other than Shareholders' Equity												-25,803	-490	-26,293	-26,293
Total Changes	-	-	47	47	-	-	30,000	-22,725	7,274	-152	7,168	-25,803	-490	-26,293	-19,125
Balances at March 31, 2008	237,304	31,087	47	31,134	59,326	100,300	449,000	93,138	701,765	-1,723	968,481	27,744	3,453	31,197	999,678

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	Additional paid-in capital	Retained earnings				Treasury stock	Total	Unrealized gain on other securities	Loss on deferred hedge		Total	
			Capital reserves	Earned reserves	Other retained earnings								Retained earnings total
					Cost behavior adjustment reserves	Contingent reserves							
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
Bonus 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.