SEMI-ANNUAL FINANCIAL STATEMENTS

for the six months ended September 30
1999 and 2000

THE CHUGOKU ELECTRIC POWER CO.,INC.
JAPAN

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SEMI-ANNUAL CONSOLIDATED BALANCE SHEET(UNAUDITED)

The Chugoku Electric Power Co.,Inc.
September 30,2000

Assets	Millions of yen 2000	Thousands of U.S.dollars (Note 1) 2000
Property:		
Utility plant and equipment	\4,977,289	$46,086,009
Other plant	111,340	1,030,926
Construction in progress	310,749	2,877,306
	5,399,378	49,994,241
Less-		
Contributions in aid of construction	63,007	583,398
Accumulated depreciation	2,784,878	25,785,908
	2,847,885	26,369,306
Net property	2,551,493	23,624,935
Nuclear fuel	99,247	918,954
Investments and other assets:		
Investment securities (Note 4)	64,570	597,870
Investments in and advances to non-consolidated subsidiaries and affiliates (Note 4	76,599	709,250
Long-term loans to employees	3,795	35,139
Deferred tax assets	47,078	435,908
Other assets	4,131	38,250
Total investments and other assets	196,173	1,816,417
Current assets:		
Cash and time deposits (Note 3)	21,769	201,565
Receivables,less allowance for doubtful accounts of \ 914 million ($ 8,463 thousand)	66,309	613,972
Inventories,fuel and supplies	42,023	389,102
Deferred tax assets	7,143	66,139
Other current assets	10,103	93,546
Total current assets	147,347	1,364,324
Total assets	\2,994,260	$27,724,630

See accompanying notes.

Liabilities and Stockholders' Equity	Millions of yen 2000	Thousands of U.S.dollars (Note 1) 2000
Long-term debt due after one year (Note 5)	\1,595,125	$14,769,676
Other long-term liabilities due after one year	3,605	33,380
Employees' retirement benefits	94,485	874,861
Reserve for reprocessing of irradiated nuclear fuel	67,728	627,111
Reserve for decommissioning of nuclear power generating plants	37,965	351,528
Current liabilities:		
Long-term debt due within one year (Note 5)	268,998	2,490,722
Short-term borrowings	158,220	1,465,000
Commercial paper	17,000	157,407
Accounts payable	55,968	518,222
Accrued income taxes	18,749	173,602
Accrued expenses	51,132	473,444
Other current liabilities (including other long-term liabilities due within one year)	36,622	339,093
Total current liabilities	606,689	5,617,490
Minority interests	4,165	38,565
Commitments and contingent liabilities (Note 7)		
Stockholders' equity (Note 8)		
Common stock,par value \500 per share:		
Authorized-1,000,000,000 shares		
Issued-371,055,259 shares	185,528	1,717,852
Capital surplus	16,677	154,417
Retained earnings(Note 10)	365,785	3,386,898
Appraisal surplus of other securities	16,521	152,972
Treasury stock	(6)	(55)
Common stock held by consolidated subsidiaries	(7)	(65)
Total stockholders' equity	584,498	5,412,019
Total liabilities and stockholders'equity	\2,994,260	$27,724,630

SEMI-ANNUAL CONSOLIDATED STATEMENTS OF INCOME(UNAUDITED)

The Chugoku Electric Power Co.,Inc.
For the six months ended September 30,2000

	Millions of yen	Thousands of U.S.dollars (Note 1)
	2000	2000
Operating revenues(Note 9) :		
Electric	\517,153	$4,788,454
Other	19,151	177,324
	536,304	4,965,778
Operating expenses (Note 9):		
Electric	431,058	3,991,278
Other	19,971	184,917
	451,029	4,176,195
Operating income	85,275	789,583
Other expenses(income):		
Interest expense	33,876	313,667
Interest income	(94)	(870)
Other,net	393	3,638
	34,175	316,435
Income before income taxes and minority interests in net income of consolidated subsidiaries	51,100	473,148
Provision for income taxes		
Current	18,953	175,491
Deferred	1,182	10,944
	20,135	186,435
Income before minority interests in net income of consolidated subsidiaries	30,965	286,713
Minority interests in net income of consolidated subsidiaries	(658)	(6,093)
Net income	\30,307	$280,620

	Yen	U.S.dollars (Note 1)
Per share data(Note 2):		
Net income:		
Basic	\81.68	$0.76
Diluted	80.78	0.75
Interim cash dividends applicable to the year	30.00	0.28

See accompanying notes.

SEMI-ANNUAL CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY(UNAUDITED)

The Chugoku Electric Power Co.,Inc.
For the six months ended September 30 2000

	Shares of common stock	Common stock	Capital surplus	Retained earnings	Appraisal surplus of other securities	Treasury stock	Common stock held by consolidated subsidiaries
				Millions of yen			
Balance at March 31,2000	371,055,259	\185,528	\16,677	\348,660	-	\(2)	¥(7)
Net income				30,307			
Cash dividends paid (\35.00 per share)				(12,954)			
Bonuses to directors and statutory auditors				(228)			
Increase in appraisal surplus of other securities					16,521		
Purchase of treasury stock						(4)	
Balance at September 30,2000	**371,055,259**	**\185,528**	**\16,677**	**\365,785**	**\16,521**	**\(6)**	**\(7)**
				Thousands of U.S.dollars (Note 1)			
Balance at March 31,2000		$1,717,852	$154,417	$3,228,333	-	$(18)	$(65)
Net income				280,620			
Cash dividends paid ($0.32 per share)				(119,944)			
Bonuses to directors and statutory auditors				(2,111)			
Increase in appraisal surplus of other securities					152,972		
Purchase of treasury stock						(37)	
Balance at September 30,2000		**$1,717,852**	**$154,417**	**$3,386,898**	**$152,972**	**$(55)**	**$(65)**

See accompanying notes.

SEMI-ANNUAL CONSOLIDATED STATEMENTS OF CASH FLOW(UNAUDITED)

The Chugoku Electric Power Co.,Inc.
For the six months ended September 30,2000

	Millions of yen	Thousands of U.S.dollars (Note 1)
	2000	2000
Cash flows from operating activities:		
Income before income taxes and minority interests in net income of consolidated subsidiaries	\51,100	$473,148
Depreciation	99,247	918,954
Amortization of nuclear fuel	3,399	31,472
Loss on disposal of property	2,735	25,324
Decrease in employees' retirement benefits	(66,325)	(614,120)
Increase in employees' retirement benefits	94,485	874,861
Increase in provision for decommissioning of nuclear power generating plants	1,842	17,056
Increase in provision for reprocessing of irradiated nuclear fuel	1,608	14,889
Interest and dividends income	(520)	(4,815)
Interest expense	33,876	313,667
Increase in notes and accounts receivable	(1,906)	(17,648)
Increase in inventory	(7,815)	(72,361)
Decrease in notes and accounts payable	(4,299)	(39,806)
Other	(19,226)	(178,019)
Subtotal	188,201	1,742,602
Interest and dividends received	715	6,620
Interest paid	(34,296)	(317,556)
Income taxes paid	(11,808)	(109,333)
Cash flows provided by operating activities	142,812	1,322,333
Cash flows from investing activities:		
Purchases of property	(77,530)	(717,870)
Purchase of investments in securities	(878)	(8,130)
Proceeds from sales of investment securities	1,846	17,093
Other	242	2,240
Cash flows used in investing activities	(76,320)	(706,667)
Cash flows from financing activities:		
Proceeds from issue of bonds	29,855	276,435
Repayment of bonds	(35,000)	(324,074)
Proceeds from long-term debt	8,943	82,806
Repayment of long-term debt	(58,240)	(539,259)
Increase in short-term bank loans	821	7,602
Decrease in commercial paper	(7,000)	(64,815)
Cash dividends paid	(12,968)	(120,074)
Other	(6)	(56)
Cash flows used in financing activities	(73,595)	(681,435)
Net decrease in cash and cash equivalents	(7,103)	(65,769)
Cash and cash equivalents at beginning of year	25,826	239,130
Cash and cash equivalents at end of year	\18,723	$173,361

See accompanying notes.

NOTES TO SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The Chugoku Electric Power Company, Incorporated

1. Basis of presenting semi-annual consolidated financial statements

The Chugoku Electric Power Co., Inc. (the "Company") and its consolidated subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Japanese Commercial Code (the "Code"), the Securities and Exchange Law and the Electricity Utilities Industry Law and in conformity with accounting principles and practices generally accepted in Japan, which are different from the accounting and disclosure requirements of International Accounting Standards.

The accompanying semi-annual consolidated financial statements are a translation of the unaudited semi-annual consolidated financial statements of the Company, which were prepared in accordance with accounting principles and practices generally accepted in Japan from the accounts and records maintained by the Company and its consolidated subsidiaries and were filed with the Minister of Finance ("MOF") as required by the Securities and Exchange Law.

In preparing the accompanying semi-annual consolidated financial statements, certain reclassifications have been made in the semi-annual consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The translations of the Japanese yen amounts into U.S.dollars are included solely for the convenience of the reader, using the prevailing exchange rate at September 30, 2000, which was ¥108 to U.S.$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Significant accounting policies

The following is a summary of the significant accounting policies used in the preparation of the semi-annual consolidated financial statements:

Consolidation

The Company prepared the semi-annual consolidated financial statements for the six months ended September 30, 2000 in accordance with the Accounting Principles for Semi-annual Consolidated Financial Statements (the " Accounting Principles ") effective from the six months ended September 30, 2000.

The accompanying semi-annual consolidated financial statements include the accounts of the Company and significant companies, over which the Company has power of control through majority voting right or existence of certain conditions evidencing control by the Company. In the elimination of investments in subsidiaries, the portion of the assets and liabilities of a subsidiary attributable to the subsidiary's shares owned by the Company are evaluated based on fair value at the time when the Company acquired control of the subsidiary. The amounts of assets and liabilities attributable to minority stockholders of the subsidiary are determined using the financial statements of the subsidiary.

Investments in non-consolidated subsidiaries and affiliates, over which the Company has the ability to exercise significant influence over operating and financial policies of the investees are accounted for on the equity method.

For the six months ended September 30, 2000, 5 affiliates are accounted for by the equity method.

For the six months ended September 30, 2000, investments in 10 non-consolidated subsidiaries and 19 affiliates, are stated at cost without applying the equity method of accounting. If the equity method had been applied for these investments, the amounts of net income and retained earnings of these excluded subsidiaries and affiliates would not have had a material effect on the semi-annual consolidated financial statements.

Cash flow statement

In preparing the semi-annual consolidated statement of cash flow, cash on hand, readily-available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

The Company prepared the 2000 semi-annual consolidated cash flow statement as required by and in accordance with "Standards for Preparation of Semi-annual Consolidated Cash Flow Statements, etc"effective from the six months ended September 30, 2000.

Inventories, fuel and supplies

Fuel, materials and supplies are stated at cost, determined principally by the weighted average method.

Investment securities

Prior to April 1, 2000 investments were mainly stated at moving-average cost .

Effective April 1, 2000, the Company adopted the new Japanese accounting standard "Accounting Standards for Financial Instruments" ("Opinion Concerning Establishment of Accounting Standard for Financial Instruments" issued by the Business Accounting Deliberation Council on January 22,1999). As a result, debt securities designated as held-to-maturity are carried at amortized cost. Other investments for which market value is readily determinable are stated at market value as of the end of the semi-annual period with unrealized gains and losses , net of applicable deferred tax assets /liabilities, not reflected in earnings but directly reported as a separate component of shareholders' equity. The cost of securities sold is determined by the moving-average method. Other investments for which market value is not readily determinable are stated primarily at moving-average cost .

The effect of adopting this new accounting standard was to decrease income before income taxes by ¥442 million ($4,092 thousand).

Property and depreciation

Property is stated at cost, which includes interest on borrowed funds during construction, in accordance with rules established by regulatory authorities. Contributions in aid of construction are deducted from the cost of the related assets when computing depreciation.

Depreciation is computed using the declining-balance method, based on the estimated useful lives of the respective assets.

Nuclear fuel and amortization

Nuclear fuel is stated at cost less amortization. The amortization of nuclear fuel is computed based on the quantity of heat produced for generation of electricity.

Allowance for doubtful accounts

The allowance for doubtful receivables is provided for in an amount sufficient to cover possible losses on collection. It consists of the estimated uncollectible amount with respect to identified doubtful receivables and an amount calculated on the Company's and its consolidated subsidiaries historical doubtful debt rate with respect to remaining receivables.

Retirement benefits

Under the terms of the retirement plans of the Company and its consolidated subsidiaries, all employees are entitled to a lump-sum payment at the time of retirement. Employees terminating their employment with the Company or its consolidated subsidiaries, either voluntarily or upon reaching mandatory retirement age, are entitled, under most circumstances, to retirement payments based on their rate of pay at the time of termination, length of service and certain other factors.

The Company and its consolidated subsidiaries have also adopted non-contributory funded pension plans which provide a part of total retirement benefits for employees.

Prior to April 1,2000, the liability for lump-sum payments was stated, at 40% with respect to the Company and at 100% with respect to most of the consolidated subsidiaries, of the amount which would be required if all eligible employees voluntarily retired as of the balance sheet date, less the portion convered by pension plans. Pension contributions for the pension plans included current period costs and amortization of past service costs.

Effective April 1, 2000, the Company adopted the new Japanese accounting standard "Accounting for Retirement Benefits " ("Opinion Concerning the Establishment of Accounting Standard for Retirement Benefits" issued by the Business Accounting Deliberation Council on June 16, 1998) to recognize and compute pension costs using a particular actuarial approach known as the projected unit credit method, and accrued the liability as of the end of the semi-annual period in an amount calculated based on the estimated projected benefit obligation and plan assets at the end of the fiscal year. The entire unamortized net obligation which existed when the new standard was adopted amounting to ¥8,149 million ($75,454 thousand) was expensed in the semi-annual period.

As a result of adopting the new accounting principle, pension and severance costs decreased by ¥12,115 million ($112,176 thousand) and operating income and income before income taxes each increased by the same amount for the six months ended September 30, 2000.

Retirement benefits to directors and statutory auditors are charged to income when approved at the stockholders' meeting.

Reserve for reprocessing of irradiated nuclear fuel

Reserve for reprocessing of irradiated nuclear fuel is provided at 60% of the future reprocessing costs of nuclear fuel which is currently irradiated, in accordance with the provisions of the 1995 revision of the Ordinance of the Ministry of International Trade and Industry (MITI) .

Reserve for decommissioning of nuclear power plants

In accordance with the provisions of the Accounting Regulations of the Electric Power Industry, the Company provides for the reserve for decommissioning of nuclear power plants by charging to income periodically the future decommissioning costs of nuclear power plants.

The provision is made based on such factors as the estimated total decommissioning costs and the (actual and estimated) total volume of nuclear power generation.

Reserve for drought

The Company is required, under certain conditions, to set up a reserve for drought under the Electric Utilities Industry Law to stabilize its income position for variations in water levels.

For the six months ended September 30, 2000, no reserve was recorded because the requirements of the law were not met.

Accounting for certain lease transactions

Finance leases which do not transfer ownership to lessees are accounted for in the same manner as operating leases.

Hedge accounting

There are two accounting methods for hedging financial instruments under generally accepted accounting principles in Japan. One method is to recognize as gain or loss the changes in fair value of a hedging instrument in earnings in the period of the change together with the offsetting gain or loss on the hedge item attributable to the risk being hedged . The other method is to defer the gain or loss to maturity of the hedging contract . The Company and its consolidated subsidiaries have adopted the latter accounting method .

Hedging instruments and hedged items are as follows:

Hedging instruments	Hedged items:
Currency swap contracts・・・・・・・・・・・	Foreign currency bonds
Interest swap contracts・・・・・・・・・・・・	Domestic bonds

Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments, generally with original maturities of three months or less, that are readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value.

Software

Software cost is charged to income as incurred.

Bond issue expenses and bond issue discounts

Bond issue expenses are charged to income when paid or incurred. Bond issue discounts are changed to interest expense to the maturity of the bonds.

Amounts per share of common stock

The computations of basic net income per share of common stock are based on the weighted average number of shares in issue during each interim period.

The computations of diluted net income per share assume conversion of all dilutive convertible bonds at the beginning of the period or later date of issuance.

Interim cash dividends per share represent actual amounts applicable to the respective years.

3. Cash and cash equivalents

The reconciliation of cash and time deposits in the semi-annual consolidated balance sheet and cash and cash equivalents in the semi-annual consolidated statement of cash flow at September 30, 2000 is as follows:

	Millions of yen	Thousands of U.S. dollars
Cash and time deposits	¥21,769	$201,565
Bank deposits with maturities over three months	(5,695)	(52,732)
Highly liquid short-term instruments purchased with a maturity of three months or less included other current assets	2,649	24,528
Cash and cash equivalents	¥18,723	$173,361

4. Market value information and derivatives

Investment securities as of September 30, 2000 consisted of the following:

	Millions of yen			Thousands of U.S. dollars		
	Book value per balance sheet	Market value	Unrealized gain (loss)	Book value Per Balance sheet	Market value	Unrealized gain (loss)
Held-to-maturity securities						
Goverment bonds, municipal bonds etc	¥0	¥0	¥0	$8	$8	$0
Market value not available	9			83		
	¥9			$91		

	Market value per balance sheet	Historical cost	Unrealized gain (loss)	Market value per balance sheet	Historical cost	Unrealized gain (loss)
Other securities						
Corporate shares	¥33,735	¥7,028	¥26,707	$312,361	$65,074	$247,287
Bonds	134	88	46	1,241	815	426
Other	47	55	(8)	435	509	(74)
	33,916	¥7,171	¥26,745	314,037	$66,398	$247,639
Market value not available		30,782			285,019	
		¥37,953			$351,417	

Derivatives hedging foreign currency items and interest swaps used. For hedging purposes are not included above.

5. Long- term debt

Long-term debt at September 30, 2000 consisted of the following:

	Millions of yen 2000	Thousands of U.S. dollars 2000
Domestic bonds due serially through 2029		
at rates of 0.6% to 5.35%	¥ 1,109,970	$ 10,277,500
Domestic convertible bonds due in 2002 at a rate of 1.9%	15,750	145,833
U.S. dollar notes due in 2001 at rates of 6.25%	27,798	257,389
Deutsche mark bonds due in 2003 at a rate of 5.625%	22,125	204,861
Loans from the Development Bank of Japan due serially		
through 2023 at rates of 1.2 % to 6.9 %	349,119	3,232,583
Unsecured loans, principally from banks and insurance companies,		
due serially through 2032 at rates of 1.15% to 8.57%	339,361	651,510
Less amount due within one year	(268,998)	(2,490,722)
	¥ 1,595,125	$ 14,769,676

The indenture covering the domestic convertible bonds provides, among other conditions, for (1) conversion into shares of common stock at the conversion price per share of ¥2,951 ($27.32) after giving effect to the stock split made to stockholders of record as of September 30, 1995, (subject to change in certain circumstances) through September 2002 and (2) redemption at the option of the Company, commencing in April 1995, at prices ranging from 106% to 100% of the principal amount.

All the bonds, notes, convertible bonds and loans from the Development Bank of Japan are secured by a statutory preferential right which gives the creditors a security interest in all assets of the Company, totaling ¥2,856,284 million ($26,447,074 thousand), senior to that of general creditors.

6. Lease commitments

(As lessee)

Lease payments under non-capitalized finance leases amounted to ¥427 million ($3,954 thousand) for the six months ended September 30, 2000 .

The present values of future minimum lease payments under non-capitalized finance leases and future minimum lease payments under operating leases as of September 30, 2000 were as follows:

	Millions of yen	Thousands of U.S. dollars	Millions of yen	Thousands of U.S. dollars
	Finance leases		Operating leases	
Current portion	¥863	$7,991	¥55	$509
Non-current portion	3,482	32,241	158	1,463
Total	¥4,345	$40,232	¥213	$1,972

(As lessor)

Lease payments received under finance leases, accounted for as operating leases, amounted to ¥21 million ($194 thousand) for the six months ended September 30, 2000,.

The present values of future minimum lease payments to be received under finance leases as of September 30, 2000 were as follows:

	Millions of yen	Thousands of U.S. dollars
	Finance leases	
	2000	2000
Current portion	¥58	$537
Non-current portion	197	1,824
Total	¥255	$2,361

7. Commitments and contingent liabilities

At September 30, 2000, the Company had a number of fuel purchase commitments, most of which contain provisions for specified quantities of fuel and for terms when fuel is to be supplied, but the purchase prices are contingent upon fluctuations in market prices.

At September 30, 2000, the Company and consolidated subsidiaries were contingently liable as guarantor for loans of other companies in the amount of ¥106,181 million ($983,157 thousand), mainly in connection with the Company's procurement of fuel.

At the same date, the Company was also contingently liable with respect to certain domestic bonds, which were assigned to certain banks under debt assumption agreements in the aggregate amount of ¥178,940 million ($1,656,852 thousand).

8. Stockholders' equity

The maximum amount that the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with the Code.

In accordance with the Code, certain issues of shares of common stock, including conversions of convertible bonds, are required to be credited to the common stock account to the extent of the greater of par value or 50% of the proceeds by resolution of the Board of Directors. The remaining amounts are credited to capital surplus.

Stock splits are allowed under the Code. Generally, such stock splits, including those which have been made by the Company, do not purport to be distributions of earnings and, in Japan, are not taxable to stockholders.

At the current conversion price per share 5,337 thousand shares of common stock were issuable at September 30, 2000, upon full conversion of the outstanding domestic convertible bonds (see Note 5).

9. Segment information

Effective from the six months ended September 30, 2000, the Company is required to disclose certain segment information. The Companies' primary business activities include electric and other segments.

A summary of net sales, costs and expenses, and operating income by segment of business activity for the six months ended September 30, 2000 is as follows:

	Millions of yen				
	2000				
	Electric	Other	Total	Elimination	Consolidated
Net sales:					
Outside customers	¥517,153	¥19,151	¥536,304	—	¥536,304
Inter segment	617	34,620	35,237	(35,237)	—
Total	517,770	53,771	571,541	(35,237)	536,304
Cost and expenses	433,091	53,626	486,717	(35,688)	451,029
Operating income	¥84,679	¥145	¥84,824	¥451	¥85,275

	Thousands of U.S.dollars				
	2000				
	Electric	Other	Total	Elimination	Consolidated
Net sales:					
Outside customers	$4,788,454	$177,324	$4,965,778	—	$4,965,778
Inter segment	5,713	320,556	326,269	(326,269)	—
Total	4,794,167	497,880	5,292,047	(326,269)	4,965,778
Cost and expenses	4,010,102	496,537	4,506,639	(330,444)	4,176,195
Operating income	$784,065	$1,343	$785,408	$4,175	789,583

Geographic segment information is not shown due to the Company having no overseas consolidated subsidiaries.

Information by overseas sales of the Companies for the six months ended September 30, 2000 is not shown due to aggregate overseas sales being under 10% of total operating revenue.

10. Subsequent events

The following appropriations of retained earnings at September 30, 2000, were approved at the Board of Directors' meeting held on November 20, 2000:

	Millions of yen	Thousands of U.S. dollars
Semi-annual cash dividends, ¥30 ($0.28) per share	¥11,131	$103,065

SEMI-ANNUAL NON-CONSOLIDATED BALANCE SHEETS(UNAUDITED)

The Chugoku Electric Power Co.,Inc.
September 30,2000 and 1999

	Millions of yen		Thousands of U.S.dollars (Note 1)
Assets	2000	1999	2000
Property:			
Plant and equipment	\5,067,240	\5,018,812	$46,918,889
Construction in progress	315,738	255,203	2,923,500
	5,382,978	5,274,015	49,842,389
Less-			
Contributions in aid of construction	62,759	62,794	581,102
Accumulated depreciation	2,777,768	2,614,830	25,720,074
	2,840,527	2,677,624	26,301,176
Net property	2,542,451	2,596,391	23,541,213
Nuclear fuel	99,247	94,893	918,954
Investments and other assets:			
Investment securities (Note 3)	60,526	34,216	560,426
Investments in and advances to subsidiaries and affiliated companies	14,481	17,275	134,083
Long-term loans to employees	3,673	27,269	34,009
Deferred tax assets (Note 2)	30,093	-	278,639
Other assets	4,772	8,464	44,186
Total investments and other assets	113,545	87,224	1,051,343
Current assets:			
Cash and time deposits	8,937	20,306	82,750
Receivables,less allowance for doubtful accounts of \ 314 million in 1999 and \ 681 million($ 6,306 thousand)in 2000	56,331	52,722	521,583
Inventories,fuel and supplies	25,034	22,619	231,796
Deferred tax assets (Note 2)	6,129	-	56,750
Other current assets	4,610	5,118	42,685
Total current assets	101,041	100,765	935,564
Total assets	\2,856,284	\2,879,273	$26,447,074

See accompanying notes.

Liabilities and Stockholders' Equity	Millions of yen		Thousands of U.S.dollars (Note 1)
	2000	1999	2000
Long-term debt due after one year (Note 4)	**\1,575,278**	\1,756,245	**$14,585,907**
Other long-term liabilities due after one year	**2,464**	10,772	**22,815**
Employees' retirement benefits	**85,359**	52,140	**790,361**
Reserve for reprocessing of irradiated nuclear fuel	**67,728**	63,478	**627,111**
Reserve for decommissioning of nuclear power generating plants	**37,965**	35,247	**351,528**
Current liabilities:			
Long-term debt due within one year (Note 4)	**261,734**	215,573	**2,423,463**
Short-term borrowings	**147,460**	139,067	**1,365,370**
Commercial paper	**17,000**	-	**157,407**
Accounts payable	**46,300**	51,218	**428,704**
Accrued income taxes	**18,062**	8,298	**167,241**
Accrued expenses	**44,074**	60,544	**408,093**
Other current liabilities (including other long-term liabilities due within one year)	**37,257**	63,698	**344,972**
Total current liabilities	**571,887**	538,398	**5,295,250**
Commitments and contingent liabilities (Note 6)			
Stockholders' equity (Note 7)			
Common stock,par value \500 per share:			
Authorized-1,000,000,000 shares			
Issued-371,055,259 shares	**185,528**	185,528	**1,717,852**
Capital surplus	**16,677**	16,677	**154,417**
Legal reserve	**45,557**	43,317	**421,824**
Retained earnings (Note 8)	**250,877**	177,471	**2,322,935**
Appraisal surplus of other securities	**16,964**	-	**157,074**
Total stockholders' equity	**515,603**	422,993	**4,774,102**
Total liabilities and stockholders' equity	**\2,856,284**	\2,879,273	**$26,447,074**

SEMI ANNUAL NON-CONSOLIDATED STATEMENTS OF INCOME(UNAUDITED)

The Chugoku Electric Power Co.,Inc.
For the six month periods ended September 30,2000,1999 and 1998

	Millions of yen			Thousands of U.S.dollars (Note 1)
	2000	1999	1998	2000
Operating revenues	**\517,770**	\492,562	\502,623	**$4,794,167**
Operating expenses:				
Personnel	**71,059**	61,764	64,384	**657,954**
Fuel	**61,832**	50,954	56,196	**572,519**
Purchased power	**68,632**	65,749	70,872	**635,481**
Depreciation	**97,368**	101,540	100,957	**901,556**
Maintenance	**42,229**	53,049	51,559	**391,009**
Taxes other than income taxes	**36,329**	36,456	35,467	**336,380**
Purchased services	**14,000**	14,927	15,157	**129,630**
Other	**41,642**	44,655	48,652	**385,573**
	433,091	429,094	443,244	**4,010,102**
Operating income	**84,679**	63,468	59,379	**784,065**
Other expenses(income):				
Interest expense	**33,346**	42,332	39,471	**308,759**
Interest income	**(61)**	(425)	(428)	**(565)**
Write-down of investments in subsidiaries and affiliates	**2,919**	-	-	**27,028**
Reversal of reverse for drought	**-**	-	238	**-**
Other,net	**(55)**	(1,175)	(603)	**(509)**
	36,149	40,732	38,678	**334,713**
Income before income taxes	**48,530**	22,736	20,701	**449,352**
Provision for income taxes	**17,402**	8,219	8,606	**161,130**
Current	**18,106**	—	—	**167,648**
Deferred	**(704)**	—	—	**(6,518)**
Net income	**\31,128**	\14,517	\12,095	**$288,222**

	Yen			U.S.dollars (Note 1)
Per share data (Note 2):				
Net income:				
Basic	**\83.89**	\39.12	\32.60	**$0.78**
Diluted	**82.95**	38.82	32.37	**0.77**
Interim cash dividends applicable to the period	**30.00**	25.00	25.00	**0.28**

See accompanying notes.

SEMI-ANNUAL NON-CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY(UNAUDITED)

The Chugoku Electric Power Co.,Inc.
For the six months periods ended March 31 2000,1999 and 1998,For the six months ended September 30 2000,1999 and 1998

	Shares of common stock	Millions of yen				
		Common stock	Capital surplus	Legal reserve	Retained earnings	Appraisal surplus of other securities
Balance at March 31,1998	371,055,259	\185,528	\16,677	\40,505	¥165,779	
Net income					12,095	
Cash dividends paid(\25.00per share)					(9,276)	
Bonuses to directors and statutory auditors					(135)	
Transfer to legal reserve				942	(942)	
Balance at September 30,1998	371,055,259	\185,528	\16,677	\41,447	¥167,521	
Balance at March 31,1999	371,055,259	\185,528	\16,677	\42,375	¥173,307	
Net income					14,517	
Cash dividends paid(\25.00per share)					(9,276)	
Bonuses to directors and statutory auditors					(135)	
Transfer to legal reserve				942	(942)	
Balance at September 30,1999	371,055,259	\185,528	\16,677	\43,317	¥177,471	
Balance at March 31,2000	371,055,259	\185,528	\16,677	\44,245	¥234,179	
Net income					31,128	
Cash dividends paid(\35.00per share)					(12,987)	
Bonuses to directors and statutory auditors					(131)	
Transfer to legal reserve				1,312	(1,312)	
Increase in appraisal surplus of other securities						16,964
Balance at September 30,2000	371,055,029	**\185,528**	**\16,677**	**\45,557**	**\250,877**	**\16,964**

	Thousands of U.S.dollars (Note 1)				
Balance at March 31,2000	$1,717,852	$154,417	$409,676	$2,168,324	
Net income				288,222	
Cash dividends paid ($0.32 per share)				(120,250)	
Bonuses to directors and statutory auditors				(1,213)	
Transfer to legal reserve			12,148	(12,148)	
Increase in appraisal surplus of other securities					157,074
Balance at September 30,2000	**$1,717,852**	**$154,417**	**$421,824**	**$2,322,935**	**$157,074**

See accompanying notes.

NOTES TO SEMI-ANNUAL NON-CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The Chugoku Electric Power Company, Incorporated

1. Basis of presenting semi-annual non-consolidated financial statements

The Chugoku Electric Power Co., Inc. (the "Company") maintains its accounts and records in accordance with the provisions set forth in the Japanese Commercial Code (the "Code"), the Securities and Exchange Law and the Electricity Utilities Industry Law; and in conformity with accounting principles and practices generally accepted in Japan, which are different from the accounting and disclosure requirements of International Accounting Standards.

The accompanying semi-annual non-consolidated financial statements are a translation of the unaudited semi-annual non-consolidated financial statements of the Company which were prepared in accordance with accounting principles and practices generally accepted in Japan from the accounts and records maintained by the Company and were filed with the Minister of Finance ("MOF") as required by the Securities and Exchange Law.

In preparing the accompanying semi-annual non-consolidated financial statements, certain reclassifications have been made in the semi-annual non-consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. Although in prior years semi-annual non-consolidated cash flow statements have been prepared for the convenience of readers, for the six months ended September 30, 2000 cash flow statements are required by MOF only in the consolidated financial statements. Therefore, since the prior year semi-annual non-consolidated cash flow statements are not useful for comparing to the current year consolidated cash flow statement, they are no longer presented.

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of the reader, using the prevailing exchange rate at September 30, 2000, which was ¥108 to U.S.$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Significant accounting policies

The following is a summary of the significant accounting policies used in the preparation of the semi-annual non-consolidated financial statements:

Fuel, materials and supplies

Fuel, materials and supplies are stated at cost, determined principally by the weighted average method.

Investment securities

Prior to April 1, 2000 investments were mainly stated at moving-average cost .

Effective April 1, 2000, the Company adopted the new Japanese accounting standard "Accounting Standards for Financial Instruments" ("Opinion Concerning Establishment of Accounting Standard for Financial Instruments" issued by the Business Accounting Deliberation Council on January 22, 1999). As a result, debt securities designated as held-to-maturity are carried at amortized cost. Other investments for which market value is readily determinable are stated at market value as of the end of the semi-annual period with unrealized gains and losses , net of applicable deferred tax assets /liabilities , not reflected in earnings, but directly reported as a separate component of shareholders' equity. The cost of securities sold is determined by the moving-average method. Other investments for which market value is not readily determinable are stated primarily at moving-average cost .

The effect of adopting this new accounting standard was to decrease income before income taxes by ¥346 million ($3,204 thousand).

Investments in subsidiaries and affiliated companies

Investments in subsidiaries and affiliated companies are stated at cost; however, investments are written down to a reasonable value if they have been significantly impaired. Earnings of subsidiaries and affiliated companies are recorded in the Company's books only to the extent that cash dividends are received.

Property and depreciation

Property is stated at cost, which includes interest on borrowed funds during construction in accordance with rules established by the regulatory authorities. Contributions in aid of construction are deducted from the cost of the related assets when computing depreciation.

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

Nuclear fuel and amortization

Nuclear fuel is stated at cost less amortization. The amortization of nuclear fuel is computed based on the quantity of heat produced for generation of electricity.

Allowance for doubtful accounts

The allowance for doubtful receivables is provided for in an amount sufficient to cover possible losses on collection. It consists of the estimated uncollectible amount with respect to identified doubtful receivables and an amount calculated on the Company's historical doubtful debt rate with respect to remaining receivables.

Retirement benefits

Under the terms of the Company's retirement plan, all employees are entitled to a lump-sum payment at the time of retirement. Employees terminating their employment with the Company, either voluntarily or upon reaching mandatory retirement age, are entitled, under most circumstances, to retirement payments based on their rate of pay at the time of termination, length of service and certain other factors. If the termination is made voluntarily at one of a number of specified ages, the employee is entitled to certain additional payments.

The Company has also adopted a non-contributory funded pension plan which provides a part of total retirement benefits for employees with 20 years or more of service and who have reached age 55 or more.

Prior to April 1, 2000, the liability for lump-sum payments was stated at 40% of the amount which would be required if all eligible employees voluntarily retired as of the balance sheet date, less the portion covered by the pension fund. Pension premiums for the pension plan included current period costs and amortization of the balance of past service costs at an annual rate of 30%.

Effective April 1, 2000, the Company adopted the new Japanese accounting standard "Accounting for Retirement Benefits " ("Opinion Concerning the Establishment of Accounting Standard for Retirement Benefits" issued by the Business Accounting Deliberation Council on June 16, 1998) to recognize and compute pension costs using a particular actuarial approach known as the projected unit credit method, and accrued the liability as of the end of the semi-annual period in an amount calculated based on the estimated projected benefit obligation and plan assets at the end of the fiscal year. The entire unamortized net obligation which existed when the new standard was adopted amounting to ¥12,393 million ($114,750 thousand) was expensed in the semi-annual period.

As a result of adopting the new accounting principle, pension and severance costs decreased by ¥7,377 million ($68,306 thousand) and operating income and income before income taxes each increased by the same amount for the six months ended September 30, 2000.

Retirement benefits to directors and statutory auditors are charged to income when approved at the stockholders' meeting.

Reserve for reprocessing of irradiated nuclear fuel

Reserve for reprocessing of irradiated nuclear fuel is provided at 60% of the future reprocessing costs of nuclear fuel which is currently irradiated, in accordance with the provisions of the 1995 revision of the Ordinance of the Ministry of International Trade and Industry (MITI) .

Reserve for decommissioning of nuclear power plants

In accordance with the provisions of the Accounting Regulations of the Electric Power Industry, the Company provides for the reserve for decommissioning of nuclear power plants by charging to income periodically the future decommissioning costs of nuclear power plants.

The provision is made based on such factors as the estimated total decommissioning costs and the (actual and estimated) total volume of nuclear power generation.

Reserve for drought

The Company is required, under certain conditions, to set up a reserve for drought under the Electricity Utilities Industry Law to stabilize its income position for variations in water levels.

For the six months ended September 30, 2000, no reserve was recorded because the requirements of the law were not met.

Accounting for certain lease transactions

Finance leases which do not transfer ownership to lessees are accounted for in the same manner as operating leases.

Hedge accounting

There are two accounting methods for hedging financial instruments under generally accepted accounting principles in Japan. One method is to recognize as gain or loss the changes in fair value of a hedging instrument in earnings in the period of the change together with the offsetting gain or loss on the hedge item attributable to the risk being hedged .The other method is to defer the gain or loss to maturity of the hedging contract .The Company has adopted the latter accounting method .

Hedging instruments and hedged items are as follows:

Hedging instruments		Hedged items:
Currency swap contracts	• • • • • • • • • • • •	Foreign currency bonds
Interest swap contracts	• • • • • • • • • • • • •	Domestic bonds

Bond issue expenses and bond issue discounts

Bond issue expenses are charged to income when paid or incurred. Bond issue discounts are changed to interest expense to the maturity of the bonds.

Income taxes

The Company provided income taxes at the amounts currently payable for the years ended March 31, 1999 and 1998. Effective April 1, 1999, the Company adopted the new accounting standard, which recognized tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The amount of deferred income taxes attributable to the net tax effects of the temporary dfferences at April 1, 1999 is reflected as an adjustment to the retained earnings brought forward from the previous year. Prior year’s financial statements have not been restated.

The cumulative effect of adopting the new accounting standard is ¥ 44,403 million , which is directly added to the retained earnings brought forward from March 31, 1999.

Amounts per share of common stock

The computations of basic net income per share of common stock are based on the weighted average number of shares in issue during each fiscal year.

The computations of diluted net income per share assume conversion of all dilutive convertible bonds at the beginning of the period or later date of issuance.
Interim cash dividends per share represent actual amounts applicable to the respective years.

3. Market value information and derivatives

Quoted marketable equity securities included in investments of the Company consist of shares in the amount of ¥8,958 million at book value which had a market value of ¥87,817 million at September 30, 1999.
The Company enters into forward exchange contracts, currency swap contracts and interest rate swap contracts to hedge market risk in relation to its receivables and payables. The amounts of such transactions are limited to the respective receivable and payables. To minimize credit risk, the Company uses only creditable financial institutions as counter party to derivative transactions. At September 30, 1999 the Company did not have any significant unrealized gains or losses on outstanding derivative contracts.
Disclosure of market value information except for subsidiaries and affliates with readily available market values and derivatives at September 30, 2000 was required only on a consolidated basis.
At September 30, 2000 investments in subsidiaries an affliates for which market values were readily available , were ¥2,493 million ($23,083 thousand) at book value and ¥30,589 million ($283,231 thousand) at market value.

4. Long- term debt

Long-term debt at September 30, 2000 and 1999 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Domestic bonds due serially through 2029			
at rates of 0.6% to 5.35%	¥ 1,110,000	¥ 1,139,423	$ 10,277,778
Domestic convertible bonds due in 2002 at a rate of 1.9%	15,750	15,750	145,833
U.S. dollar notes due in 2001 at a rate of 6.25%	27,798	57,521	257,389
Deutsche mark bonds due in 2003 at a rate of 5.625%	22,125	22,125	204,861
Loans from the Development Bank of Japan due serially			
through 2023 at rates of 1.2% to 6.9%	345,271	362,830	3,196,954
Unsecured loans, principally from banks and insurance companies,			
due serially through 2032 at rates of 1.3% to 8.9%	316,068	374,169	2,926,555
	1,837,012	1,971,818	17,009,370
Less amount due within one year	(261,734)	(215,573)	(2,423,463)
	¥ 1,575,278	¥ 1,756,245	$ 14,585,907

The indenture covering the domestic convertible bonds provides, among other conditions, for (1) conversion into shares of common stock at the conversion price per share of ¥2,951 ($27.32) after giving effect to the stock split made to stockholders of record as of September 30, 1995, (subject to change in certain circumstances) through September 2002 and (2) redemption at the option of the Company, commencing in April 1995, at prices ranging from 106% to 100% of the principal amount.
All the bonds, notes, convertible bonds and loans from the Development Bank of Japan are secured by a statutory preferential right which gives the creditors a security interest in all assets of the Company, totaling ¥2,856,284 million ($26,447,074 thousand), senior to that of general creditors.

5. Finance leases

(As lessee)

Lease payments under non-capitalized finance leases amounted to ¥333 million ($3,083 thousand) and ¥531 million for the six month periods ended September 30, 2000 and 1999, respectively.

The present values of future minimum lease payments under non-capitalized finance leases and future minimum lease payments under operating leases as of September 30, 2000 and 1999 were as follows:

	Millions of yen		Thousands of U.S. dollars	Millions of yen		Thousands of U.S. dollars
	Finance leases			Operating leases		
	2000	1999	2000	2000	1999	2000
Current portion	¥503	¥613	$4,657	¥21	¥67	$194
Non-current portion	945	859	8,750	45	63	417
Total	¥1,448	¥1,472	$13,407	¥66	¥130	$611

6. Commitments and contingent liabilities

At September 30, 2000, the Company had a number of fuel purchase commitments, most of which contain provisions for specified quantities of fuel and for terms when fuel is to be supplied, but the purchase prices are contingent upon fluctuations in market prices.

At September 30, 2000, the Company was contingently liable as guarantor for loans of other companies in the amount of ¥118,038 million ($1,092,944 thousand), mainly in connection with the Company's procurement of fuel.

At the same date, the Company was also contingently liable with respect to certain domestic bonds, which were assigned to certain banks under debt assumption agreements in the aggregate amount of ¥178,970 million ($1,657,130 thousand).

7. Stockholders' equity

In accordance with the Code, certain issues of shares of common stock, including conversions of convertible bonds, are required to be credited to the common stock account to the extent of the greater of par value or 50% of the proceeds by resolution of the Board of Directors. The remaining amounts are credited to capital surplus.

Stock splits are allowed under the Code. Generally, such stock splits, including those which have been made by the Company, do not purport to be distributions of earnings and, in Japan, are not taxable to stock holders.

At the current conversion price per share 5,337 thousand shares of common stock were issuable at September 30, 2000, upon full conversion of the outstanding domestic convertible bonds (see Note 4).

8. Subsequent events

The following appropriations of retained earnings at September 30, 2000, were approved at the Board of Directors' meeting held on November 20, 2000:

	Millions of yen	Thousands of U.S. dollars
Semi-annual cash dividends, ¥30 ($0.28) per share	¥11,131	$103,045

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