SEMI-ANNUAL FINANCIAL STATEMENTS

for the six months ended September 30
2000 and 2001

THE CHUGOKU ELECTRIC POWER CO.,INC.
JAPAN

CONTENTS

CONSOLIDATE FINANCIAL STATEMENTS

NON- CONSOLIDATE FINANCIAL STATEMENTS

SEMI-ANNUAL CONSOLIDATED BALANCE SHEETS(UNAUDITED)

The Chugoku Electric Power Company,Incorporated
September 30,2001 and 2000

	Millions of yen		Thousands of U.S.dollars (Note 1)
Assets	2001	2000	2001
Property:			
Utility plant and equipment	\5,239,812	\4,977,289	$44,032,034
Other plant	102,433	111,340	860,781
Construction in progress	144,747	310,749	1,216,361
	5,486,992	5,399,378	46,109,176
Less-			
Contributions in aid of construction	63,209	63,007	531,168
Accumulated depreciation	2,972,653	2,784,878	24,980,277
	3,035,862	2,847,885	25,511,445
Net property	2,451,130	2,551,493	20,597,731
Nuclear fuel	105,062	99,247	882,874
Investments and other assets:			
Investment securities (Note 4)	59,087	64,570	496,529
Investments in and advances to non-consolidated subsidiaries and affiliates	79,259	76,599	666,042
Long-term loans to employees	3,126	3,795	26,269
Deferred tax assets	46,679	47,078	392,261
Other assets	3,922	4,131	32,958
Total investments and other assets	192,073	196,173	1,614,059
Current assets:			
Cash and time deposits (Note 3)	19,874	21,769	167,008
Receivables,less allowance for doubtful accounts of \ 878 million ($ 7,378 thousand) in 2001 and \ 914 million in 2000	64,536	66,309	542,319
Inventories,fuel and supplies	39,484	42,023	331,798
Deferred tax assets	6,674	7,143	56,084
Other current assets	12,979	10,103	109,068
Total current assets	143,547	147,347	1,206,277
Total assets	\2,891,812	\2,994,260	$24,300,941

See accompanying notes.

Liabilities and Stockholders' Equity	Millions of yen 2001	Millions of yen 2000	Thousands of U.S.dollars (Note 1) 2001
Long-term debt due after one year (Note 6)	\1,574,909	\1,595,125	$13,234,529
Other long-term liabilities due after one year	5,615	3,605	47,185
Employees' severance and retirement benefits	84,968	94,485	714,017
Reserve for reprocessing of irradiated nuclear fuel	72,449	67,728	608,815
Reserve for decommissioning of nuclear power generating plants	39,097	37,965	328,546
Current liabilities:			
Long-term debt due within one year (Note 6)	217,657	268,998	1,829,050
Short-term borrowings	116,270	158,220	977,059
Commercial paper	62,000	17,000	521,009
Accounts payable	37,636	55,968	316,269
Accrued income taxes	3,230	18,749	27,143
Accrued expenses	43,067	51,132	361,908
Reserve for casualty loss	680	-	5,714
Other current liabilities			
(including other long-term liabilities due within one year)	37,820	36,622	317,815
Total current liabilities	518,360	606,689	4,355,967
Minority interests	4,391	4,165	36,899
Commitments and contingent liabilities (Note 8)			
Stockholders' equity (Note 9)			
Common stock,par value \500 per share:			
Authorized-1,000,000,000 shares			
Issued-371,055,259 shares	185,528	185,528	1,559,059
Capital surplus	16,677	16,677	140,143
Retained earnings(Note 11)	373,896	365,785	3,141,983
Net unrealized holding gains on securities	15,933	16,521	133,891
Treasury stock	(4)	(6)	(34)
Common stock held by consolidated subsidiaries	(7)	(7)	(59)
Total stockholders' equity	592,023	584,498	4,974,983
Total liabilities and stockholders'equity	\2,891,812	\2,994,260	$24,300,941

SEMI-ANNUAL CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

The Chugoku Electric Power Company,Incorporated
For the six months ended September 30,2001 and 2000

	Millions of yen		Thousands of U.S.dollars (Note 1)
	2001	2000	2001
Operating revenues(Note 10) :			
Electric	\488,096	\517,153	$4,101,647
Other	19,718	19,151	165,698
	507,814	536,304	4,267,345
Operating expenses (Note 10):			
Electric	416,978	431,058	3,504,017
Other	21,807	19,971	183,252
	438,785	451,029	3,687,269
Operating income	69,029	85,275	580,076
Other expenses(income):			
Interest expenses	26,294	33,876	220,958
Interest income	(88)	(94)	(739)
Gains on sales of securities	(1,012)		(8,504)
Losses on securities' revaluation	4,601	-	38,664
Other,net	(584)	393	(4,908)
	29,211	34,175	245,471
Income before income taxes and minority interests in net income of consolidated subsidiaries	39,818	51,100	334,605
Provision for income taxes			
Current	3,410	18,953	28,655
Deferred	2,631	1,182	22,109
	6,041	20,135	50,764
Income before minority interests in net income of consolidated subsidiaries	33,777	30,965	283,840
Minority interests in net income of consolidated subsidiaries	(87)	(658)	(731)
Net income	\33,690	\30,307	$283,109

	Yen		U.S.dollars (Note 1)
Per share data (Note 2):			
Net income:			
Basic	\90.80	\81.68	$0.76
Diluted	89.77	80.78	0.75
Interim cash dividends applicable to the period	25.00	30.00	0.21

See accompanying notes.

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

The Chugoku Electric Power Company,Incorporated
For the six months ended September 30 2001 and 2000

	Shares of common stock	Millions of yen					
		Common stock	Capital surplus	Retained earnings	Net unrealized holding gains on securities	Treasury stock	Common stock held by consolidated subsidiaries
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)			
Adoption of new accounting standard for financial instruments					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)**
Balance at March 31,2001	371,055,259	\185,528	\16,677	\351,578	\21,999	(\4)	(\7)
Net income				33,690			
Cash dividends paid (\30.00 per share)				(11,103)			
Bonuses to directors and statutory auditors				(269)			
Decrease in unrealized holding gains on other securities					(6,066)		
Balance at September 30,2001	371,055,259	\185,528	\16,677	\373,896	\15,933	(\4)	(\7)
		Thousands of U.S.dollars (Note 1)					
Balance at March 31,2001		$1,559,059	$140,143	$2,954,434	$184,866	$(34)	$(59)
Net income				283,109			
Cash dividends paid ($0.25 per share)				(93,301)			
Bonuses to directors and statutory auditors				(2,259)			
Decrease in unrealized holding gains on other securities					(50,975)		
Balance at September 30,2001		**$1,559,059**	**$140,143**	**$3,141,983**	**$133,891**	**$(34)**	**$(59)**

See accompanying notes.

SEMI-ANNUAL CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

The Chugoku Electric Power Company, Incorporated
For the six months ended September 30, 2001 and 2000

	Millions of yen		Thousands of U.S.dollars (Note 1)
	2001	2000	2001
Cash flows from operating activities:			
Income before income taxes and minority interests in net income of consolidated subsidiaries	\39,818	\51,100	$334,605
Depreciation	94,884	99,247	797,345
Amortization of nuclear fuel	4,435	3,399	37,269
Loss on disposal of property	2,341	2,735	19,672
Increase in employees' severance and retirement benefits	66	28,160	555
Increase in provision for decommissioning of nuclear power generating plants	2,624	1,842	22,050
Increase in provision for reprocessing of irradiated nuclear fuel	1,338	1,608	11,244
Decrease in provision for casualty loss	(2,932)	-	(24,639)
Interest and dividends income	(547)	(520)	(4,597)
Interest expense	26,294	33,876	220,958
Increase in notes and accounts receivable	(3,122)	(1,906)	(26,235)
Increase in inventories	(5,360)	(7,815)	(45,042)
Decrease in notes and accounts payable	(6,041)	(4,299)	(50,765)
Other	(10,234)	(19,226)	(86,000)
Subtotal	143,564	188,201	1,206,420
Interest and dividends received	809	715	6,798
Interest paid	(26,919)	(34,296)	(226,210)
Income taxes paid	(9,235)	(11,808)	(77,605)
Net cash provided by operating activities	108,219	142,812	909,403
Cash flows from investing activities:			
Purchases of property	(64,221)	(77,530)	(539,672)
Purchase of investments in securities	(797)	(878)	(6,697)
Proceeds from sale of investment securities	4,058	1,846	34,101
Other	1,988	242	16,705
Net cash used in investing activities	(58,972)	(76,320)	(495,563)
Cash flows from financing activities:			
Proceeds from issue of bonds	69,713	29,855	585,824
Repayment of bonds	(130,000)	(35,000)	(1,092,437)
Proceeds from long-term debt	45,813	8,943	384,983
Repayment of long-term debt	(41,057)	(58,240)	(345,017)
Increase(decrease) in short-term bank loans	(47,960)	821	(403,025)
Increase(decrease) in commercial paper	62,000	(7,000)	521,008
Cash dividends paid	(11,123)	(12,968)	(93,471)
Other	(11)	(6)	(92)
Net cash used in financing activities	(52,625)	(73,595)	(442,227)
Net decrease in cash and cash equivalents	(3,377)	(7,103)	(28,378)
Cash and cash equivalents at beginning of year	21,060	25,826	176,975
Cash and cash equivalents at end of year	\17,683	\18,723	$148,597

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 (together the "Companies") maintain their accounts and records in accordance with the provisions set forth in the Japanese Commercial Code, the Securities and Exchange Law and the Electricity Utilities Industry Law and in conformity with accounting principles and practices generally accepted in Japan (Japanese GAAP), 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 Companies which were prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance 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 semi-annual consolidated statements of stockholders' equity for 2001, 2000 have been prepared for the purpose of inclusion in the accompanying consolidated financial statements, although such statements were not required for domestic purposes and were not filed with regulatory authorities.

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 28, 2001, which was ¥119 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, 2001 and 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 using the equity method.
Only 20% to 50% owned companies were accounted for by the equity method.

For the six months ended September 30, 2001 and 2000, 5 affiliates are accounted for by the equity method.

Investments in 10 non-consolidated subsidiaries and 18 affiliates (19 in 2000) were 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 statements

The Company prepared the 2001 and 2000 semi-annual consolidated cash flow statements 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

Inventories, fuel and supplies are stated at cost, determined principally by the weighted average method.

Securities

Prior to April 1, 2000, securities of the Companies were mainly stated at moving-average cost.

Effective April 1, 2000, the Companies 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.

Debt securities with no available fair market value are stated at amortized cost, net of the amount considered not collectible. Other securities with no available fair market values are stated at moving-average cost.

If the market value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliated companies, and available-for-sale securities declines significantly, such securities are stated at fair market value, and the difference between the fair market value and the carrying amount is recognized as a loss in the period of the decline. If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not accounted for by the equity method is not readily available, such securities should be written down to net asset value with a corresponding charge in the consolidated statements of income in the event net asset value declines significantly. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

As a result of adopting the new accounting standard for financial instruments, income before income taxes and minority interests in net income of consolidated subsidiaries decreased by ¥442 million in September 30, 2000, including the effect of the new accounting standard on the allowance for doubtful accounts.

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

Effective April 1, 2000, in accordance with the new accounting standard for financial instruments, the Companies revised the method of accounting for the allowance for doubtful accounts, which 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 Companies' historical loss rate with respect to remaining receivables.

Previously, the allowance for doubtful accounts was stated at the maximum amount permitted to be charged to income under Japanese tax regulations.

The effect on the consolidated income statements of this change was immaterial.

Severance and retirement benefits

Under the terms of the retirement plans of the Companies, all employees are entitled to a lump-sum payment at the time of retirement. Employees terminating their employment with the Companies, 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 Companies 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 covered by pension plans. The Companies recognized pension expense when, and to the extent, payments were made to the pension plans.

Effective April 1, 2000, the Companies adopted the new Japanese accounting standard ("Opinion on Setting Accounting Standard for Employees' Severance and Pension Benefits," issued by the Business Accounting Deliberation Council on June 16, 1998 (the "New Accounting Standard").

Under the New Accounting Standard, the liabilities and expenses for severance and retirement benefits are determined based the amounts actuarially calculated using certain assumptions.

Prior service costs are recognized in expenses as incurred. Actuarial gains and losses are recognized as expenses in equal amounts over 5 to 16 years commencing with the following period.

As a result of the adoption of the New Accounting Standard, for the six months ended September 30, 2000 severance and retirement benefit expenses decreased by ¥12,115 million, and compared with what would have been recorded under the previous accounting standard.

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

Reserve for reprocessing of irradiated nuclear fuel

A 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 (now Ministry of Economy, Trade and Industry).

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, 2001 and 2000, no reserve was recorded because it was not required.

Reserve for casualty loss

Property of the Company suffered damaged from the Tottori Prefecture and Geiyo earthquakes.

The Company provided for the estimated expenses of repair work following its casualty loss.

Accounting for certain lease transactions

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

Derivatives and hedge accounting

The new accounting standard for financial instruments, effective from the year ended March 31, 2001, requires companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Companies defer recognition of gains or losses resulting from changes in the fair value of derivative financial instruments until the related gains or losses on the hedged items are recognized.

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.

Bond issue expenses and bond issue discounts

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

Income taxes

The Companies recognize tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting. The assets and liability approach is used to recognized 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 purpose.

Foreign currency translation

Effective April 1, 2000, the Company adopted the revised accounting standard for foreign currency translation, "Opinion Concerning Revision of Accounting Standard for Foreign Currency Translation," issued by the Business Accounting Deliberation Council on October 22, 1999 (the " Revised Accounting Standard "). Under the Revised Accounting Standard, receivables and payables denominated in foreign currencies are translated into Japanese yen at the year-end rate. The effect on the consolidated statements of income of adopting the Revised Accounting Standard was immaterial.

Effect of bank holiday on September 30, 2001

In case the balance sheet date is a bank holiday, notes maturing on the balance sheet date are settled on the following business day and accounted for accordingly.

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 a 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 sheets and cash and cash equivalents shown in the semi-annual consolidated statements of cash flow at September 30, 2001 and 2000 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
Cash and time deposits	¥19,874	¥21,769	$167,008
Less: Time deposits with maturities exceeding three months	(2,543)	(5,695)	(21,369)
Add: Short-time highly liquid investments with maturities not exceeding three months	352	2,649	2,958
Cash and cash equivalents	¥ 17,683	¥ 18,723	$ 148,597

4. Securities

A. The following tables summarize acquisition costs and book values (fair values) of securities with available fair values as of September 30, 2001 and 2000 :

(a) Held-to-maturity debt securities
Securities with available fair values exceeding book values

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
Book value	¥1	¥0	$8
Fair value	1	0	8
Difference	¥0	¥0	$0

(b) Available-for-sale securities
Securities with book values exceeding acquisition costs

	MIllions of yen						Thousands of U.S. dollars		
	Acquisition cost		Book value		Difference		Acquisition cost	Book value	Difference
	2001	2000	2001	2000	2001	2000	2001		
Equity securities	¥7,143	¥7,028	¥32,354	¥33,735	¥25,211	¥26,707	$60,025	$271,882	$211,857
Bonds	81	88	87	134	6	46	681	731	50
Other	47	55	29	47	(18)	(8)	395	244	(151)
Total	¥7,271	¥7,171	¥32,470	¥33,916	¥25,199	¥26,745	$61,101	$272,857	$211,756

B. Book value of securities with no available fair value as of September 30, 2001 and 2000 are as follows:

(a) Held-to-maturity debt securities

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
Non-listed equity securities	¥4	¥9	$34
Total	¥4	¥9	$34

(b) Available-for-sale securities

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
Non-listed equity securities	¥21,157	¥21,263	$177,790
Other	2,320	9,519	19,496
Total	¥23,477	¥30,782	$197,286

5. Derivatives

The Company enters into forward foreign exchange contracts, currency swap contracts and interest rate swap contracts to hedge market risk in relation to receivables and payables. The amounts of such transactions are limited to the respective receivables and payables. To minimize credit risk, the Company uses only creditable financial institutions as counterparties to derivative transactions.

As of September 30, 2001 and 2000 derivatives for hedging foreign currency items and interest swaps were used. Disclosure of information on hedging derivatives is not required.

6. Long- term debt

Long-term debt at September 30, 2001 and 2000 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
Domestic bonds due serially through 2029			
at rates of 0.6% to 5.35%	¥1,054,800	¥1,109,970	$8,863,866
Domestic convertible bonds due in 2002 at a rate of 1.9%	15,750	15,750	132,353
U.S. dollar notes due in 2001 at a rate of 6.25%	27,798	27,798	233,597
Deutsche mark bonds due in 2003 at a rate of 5.625%	22,125	22,125	185,924
Loans from the Development Bank of Japan due serially			
through 2023 at rates of 1.2 % to 6.9 %	349,866	349,119	2,940,050
Unsecured loans, principally from banks and insurance companies,			
due serially through 2032 at rates of 0.3875% to 7.5%	322,227	339,361	2,707,789
	1,792,566	1,864,123	15,063,579
Less amount due within one year	(217,657)	(268,998)	(1,829,050)
Total	¥1,574,909	¥1,595,125	$13,234,529

The indenture covering domestic convertible bonds provides, among other conditions, for (1) conversion into shares of common stock at the conversion price per share of ¥2,951 (U.S. $24.80) after giving effect to the stock split made to stockholders of record as of September 30, 1995, (subject to change in certain circumstances) through March 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 ¥2,761,809 million ($23,208,479 thousand), senior to that of general creditors.

7. Leases

(As lessee)

The Companies lease certain equipment for business use, heating power equipment, nuclear power equipment and other assets.

Lease payments under non-capitalized finance leases amounted to ¥419 million (U.S. $3,521 thousand) and ¥427 million (U.S. $3,588 thousand) for the six months ended September 30, 2001 and 2000, 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, 2001 and 2000 were as follows:

	Millions of yen				Thousands of U.S.dollars	
	Finance leases		Operating leases		Finance leas	Operating leases
	2001	2000	2001	2000	2001	2001
Current portion	¥770	¥863	¥81	¥55	$6,471	$681
Non-current portion	2,726	3,482	194	158	22,907	1,630
Total	¥3,496	¥4,345	¥275	¥213	$29,378	$2,311

(As lessor)

Lease payments received under finance leases, accounted for as operating leases, amounted to ¥47 million (U.S. $395 thousand) and ¥21 million (U.S. $176 thousand) for the six months ended September 30, 2001 and 2000, respectively.

The present values of future minimum lease payments to be received under finance leases as of September 30, 2001 and 2000 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
Current portion	¥118	¥58	$992
Non-current portion	387	197	3,252
Total	¥505	¥255	$4,244

8. Commitments and contingent liabilities

At September 30, 2001, 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, 2001, the Companies were contingently liable as guarantor for loans of other companies in the amount of ¥112,481 million (U.S. $945,218 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 (U.S. $1,503,697 thousand).

9. Stockholders' equity

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Commercial Code (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, 2001, upon full conversion of the outstanding domestic convertible bonds (see Note 6).

10. Segment information

The Companies' primary business activities include electric and other segments.

A summary of net sales, costs and expenses, and operating income and other information by segment for the six months ended September 30, 2001 and 2000 is as follows:

	Millions of yen				
	2001				
	Electric	Other	Total	Elimination	Consolidated
Operating revenues:					
Outside customers	¥488,096	¥19,718	¥507,814	—	¥507,814
Inter segment	520	37,915	38,435	(38,435)	—
Total	488,616	57,633	546,249	(38,435)	507,814
Cost and expenses	419,044	58,722	477,766	(38,981)	438,785
Operating income (loss)	¥69,572	¥(1,089)	¥68,483	¥546	¥69,029

	Thousands of U.S. dollars				
	2001				
	Electric	Other	Total	Elimination	Consolidated
Operating revenues:					
Outside customers	$4,101,647	$165,698	$4,267,345	—	$4,267,345
Inter segment	4,370	318,613	322,983	(322,983)	—
Total	4,106,017	484,311	4,590,328	(322,983)	4,267,345
Cost and expenses	3,521,378	493,462	4,014,840	(327,571)	3,687,269
Operating income (loss)	$584,639	$(9,151)	$575,488	$4,588	$580,076

	Millions of yen				
	2000				
	Electric	Other	Total	Elimination	Consolidated
Operating revenues:					
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

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

Information on overseas sales of the Companies for the six months ended September 30, 2001 and 2000 is not shown due to aggregate overseas sales being less than 10% of total operating revenues.

11. Subsequent event

The following appropriation of retained earnings at September 30, 2001, was approved at the Board of Directors' meeting held on November 21, 2001:

	Millions of yen	Thousands of U.S. dollars
Semi-annual cash dividends, ¥25 (U.S. $0.21) per share	¥9,276	U.S. $77,950

SEMI-ANNUAL NON-CONSOLIDATED BALANCE SHEETS(UNAUDITED)

The Chugoku Electric Power Company,Incorporated
September 30,2001 and 2000

	Millions of yen		Thousands of U.S.dollars (Note 1)
Assets	2001	2000	2001
Property:			
Plant and equipment	\5,333,513	\5,067,240	$44,819,437
Construction in progress	147,094	315,738	1,236,084
	5,480,607	5,382,978	46,055,521
Less-			
Contributions in aid of construction	62,855	62,759	528,193
Accumulated depreciation	2,965,819	2,777,768	24,922,849
	3,028,674	2,840,527	25,451,042
Net property	2,451,933	2,542,451	20,604,479
Nuclear fuel	105,062	99,247	882,874
Investments and other assets:			
Investment securities (Note 3)	48,190	60,526	404,957
Investments in and advances to subsidiaries and affiliated companies	14,793	14,481	124,310
Long-term loans to employees	3,007	3,673	25,269
Deferred tax assets	30,426	30,093	255,681
Other assets	4,160	4,772	34,957
Total investments and other assets	100,576	113,545	845,174
Current assets:			
Cash and time deposits	9,817	8,937	82,496
Receivables,less allowance for doubtful accounts of \ 725 million($ 6,092 thousand)in 2001 \ 681 million in 2000	54,189	56,331	455,369
Inventories,fuel and supplies	28,859	25,034	242,512
Deferred tax assets	5,703	6,129	47,924
Other current assets	5,670	4,610	47,647
Total current assets	104,238	101,041	875,948
Total assets	\2,761,809	\2,856,284	$23,208,475

See accompanying notes.

Liabilities and Stockholders' Equity	Millions of yen 2001	2000	Thousands of U.S.dollars (Note 1) 2001
Long-term debt due after one year (Note 4)	**\1,568,526**	\1,575,278	**$13,180,891**
Other long-term liabilities due after one year	**1,755**	2,464	**14,744**
Employees' severance and retirement benefits	**75,769**	85,359	**636,714**
Reserve for reprocessing of irradiated nuclear fuel	**72,449**	67,728	**608,815**
Reserve for decommissioning of nuclear power generating plants	**39,097**	37,965	**328,546**
Current liabilities:			
Long-term debt due within one year (Note 4)	**216,560**	261,734	**1,819,832**
Short-term borrowings	**115,400**	147,460	**969,748**
Commercial paper	**62,000**	17,000	**521,008**
Accounts payable	**28,268**	46,300	**237,546**
Accrued income taxes	**2,363**	18,062	**19,857**
Accrued expenses	**37,699**	44,074	**316,798**
Reserve for casualty loss	**680**		**5,714**
Other current liabilities (including other long-term liabilities due within one year)	**36,545**	37,257	**307,102**
Total current liabilities	**499,515**	571,887	**4,197,605**
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	**1,559,059**
Capital surplus	**16,677**	16,677	**140,143**
Legal reserve	**46,382**	45,557	**389,765**
Retained earnings (Note 8)	**244,201**	250,877	**2,052,109**
Net unrealized holding gains on securities	**11,910**	16,964	**100,084**
Total stockholders' equity	**504,698**	515,603	**4,241,160**
Total liabilities and stockholders' equity	**\2,761,809**	\2,856,284	**$23,208,475**

SEMI-ANNUAL NON-CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

The Chugoku Electric Power Company,Incorporated
For the six months ended September 30,2001,2000 and 1999

	Millions of yen			Thousands of U.S.dollars (Note 1)
	2001	2000	1999	2001
Operating revenues	**\488,617**	\517,770	\492,562	**$4,106,025**
Operating expenses:				
Personnel	**65,651**	71,059	61,764	**551,689**
Fuel	**55,204**	61,832	50,954	**463,899**
Purchased power	**72,418**	68,632	65,749	**608,555**
Depreciation	**92,984**	97,368	101,540	**781,378**
Maintenance	**41,328**	42,229	53,049	**347,294**
Taxes other than income taxes	**35,617**	36,329	36,456	**299,303**
Purchased services	**15,130**	14,000	14,927	**127,143**
Other	**40,712**	41,642	44,655	**342,117**
	419,044	433,091	429,094	**3,521,378**
Operating income	**69,573**	84,679	63,468	**584,647**
Other expenses(income):				
Interest expense	**25,802**	33,346	42,332	**216,824**
Interest income	**(67)**	(61)	(425)	**(563)**
Losses on securities' revaluation	**4,601**	-	-	**38,664**
Loss on investments in subsidiaries and affiliated companies	**17,100**	2,919		**143,697**
Other,net	**(1,327)**	(55)	(1,175)	**(11,151)**
	46,109	36,149	40,732	**387,471**
Income before income taxes	**23,464**	48,530	22,736	**197,176**
Provision for income taxes	**7,805**	17,402	8,219	**65,588**
Current	**2,460**	18,106	—	**20,672**
Deferred	**5,345**	(704)	—	**44,916**
Net income	**\15,659**	\31,128	\14,517	**$131,588**

	Yen			U.S.dollars (Note 1)
Per share data (Note 2):				
Net income:				
Basic	**\42.20**	\83.89	\39.12	**$0.35**
Diluted	**41.86**	82.95	38.82	**0.35**
Interim cash dividends applicable to the period	**25.00**	30.00	25.00	**0.21**

See accompanying notes.

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

The Chugoku Electric Power Company,Incorporated
For the six months ended September 30 2001,2000 and 1999

	Shares of common stock	Millions of yen Common stock	Capital surplus	Legal reserve	Retained earnings	Net unrealized holding gains on securities
Balance at March 31,1999	371,055,259	\185,528	\16,677	\42,375	\173,307	
Net income					14,517	
Cash dividends paid(\25.00 per 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(\35.00 per share)					(12,987)	
Bonuses to directors and statutory auditors					(131)	
Transfer to legal reserve				1,312	(1,312)	
Adoption of new accounting standard financial instruments						16,964
Balance at September 30,2000	371,055,259	\185,528	\16,677	\45,557	\250,877	\16,964
Balance at March 31,2001	371,055,259	\185,528	\16,677	\46,382	\239,799	21,270
Net income					15,659	
Cash dividends paid(\30.00 per share)					(11,132)	
Bonuses to directors and statutory auditors					(125)	
Decrease in unrealized holding gains on other securities						(9,360)
Balance at September 30,2001	371,055,259	\185,528	\16,677	\46,382	\244,201	\11,910

	Thousands of U.S.dollars (Note 1) Common stock	Capital surplus	Legal reserve	Retained earnings	Net unrealized holding gains on securities
Balance at March 31,2001	$1,559,059	$140,143	$389,765	$2,015,118	$178,739
Net income				131,588	
Cash dividends paid ($0.25 per share)				(93,546)	
Bonuses to directors and statutory auditors				(1,051)	
Decrease in unrealized holding gains on other securities					(78,655)
Balance at September 30,2001	$1,559,059	$140,143	$389,765	$2,052,109	$100,084

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 Securities and Exchange Law and the Electricity Utilities Industry Law and in conformity with accounting principles and practices generally accepted in Japan ("Japanese GAAP") 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 Japanese GAAP and filed with the appropriate Local Finance Bureau of the Minister of Finance 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.

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 28, 2001, which was ¥119 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:

Inventories, fuel and supplies

Inventories, fuel, and supplies are stated at cost, determined principally by the weighted average method.

Securities

Prior to April 1, 2000, the securities of Company were stated at moving-average cost.

Effective April 1, 2000, the Company adopted the new Japanese accounting standard for financial instruments ("Opinion Concerning Establishment of Accounting Standard for Financial Instruments" issued by the Business Accounting Deliberation Council on January 22, 1999).

Upon applying the new accounting standard, all companies are required to examine the intent of holding each security and classify those securities as (a) securities held for trading purposes (hereafter,"trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, and (d) for all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities").

Trading securities are stated at fair market value. Gains and losses realized on disposal and unrealized gains and losses from market value fluctuations are recognized as gains or losses in the period of the change. Held-to-maturity debt securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliated companies are stated at moving-average cost. Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of stockholders' equity. Realized gains and losses on the sale of such securities are computed using the moving-average cost.

Debt securities with no available fair market value are stated at amortized cost, net of the amount considered not collectible. Other securities with no available fair market value are stated at moving-average cost.

If the market value of held-to-maturity debt securities, equity securities issued by subsidiaries and affiliated companies and available-for-sale securities declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as a loss in the period of the decline. If the fair market value of equity securities issued by subsidiaries and affiliated companies is not readily available, such securities should be written down to net asset value with a corresponding charge in the non-consolidated statements of income in the event net asset value declines significantly. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

As a result of adopting the new accounting standard for financial instruments, income before income taxes decreased by ¥346 million in September 30, 2000, including the effect of the new accounting standard on the allowance for doubtful accounts.

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

Effective April 1, 2000, in accordance with the new accounting standard for financial instruments, the Company revised the method of accounting for the allowance for doubtful accounts, which 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 loss rate with respect to remaining receivables.

Previously, the allowance for doubtful accounts was stated at the maximum amount permitted to be charged to income under Japanese tax regulations.

The effect on the income statement of this change was immaterial.

Severance and retirement benefits

Under the terms of the Company's r etirement 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. The Company recognized pension expense when, and to the extent, payments were made to the pension plans.

Effective April 1, 2000, the Company adopted the New Accounting Standard, "Opinion on Setting Accounting Standard for Employees' Severance and Pension Benefits," issued by the Business Accounting Deliberation Council on June 16, 1998 (the "New Accounting Standard")

Under the New Accounting Standard, the liability and expenses for severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Company provided for employees' severance and retirement benefits at March 31, 2001 based on the estimated amount of projected benefit obligation and the fair value of the plan assets at that date.

Prior service costs are recognized in expenses as incurred. Actuarial gains and losses are recognized in expenses in equal amounts over 5 years commencing with the following period. As a result of the adoption of the New Accounting Standard, for the six months ended September 30, 2000, severance and retirement benefit expenses decreased by ¥7,377 million, and income before income taxes increased by ¥7,377 million compared with what would have been recorded under the previous accounting standard.

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

Reserve for reprocessing of irradiated nuclear fuel

A 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 (now Ministry of Economy, Trade and Industry).

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, 2001 and 2000, no reserve was recorded because it was not required.

Reserve for casualty loss

Property of the Company suffered damaged from the Tottori Prefecture and Geiyo earthquakes.
The Company provided for the estimated expenses of repair work following its casualty loss.

Accounting for certain lease transactions

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

Derivatives and hedge accounting

The new accounting standard for financial instruments, effective from the year ended March 31, 2001, requires companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company defers recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

Bond issue expenses and bond issue discounts

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

Income taxes

The Company provided income taxes at the amounts currently payable for the six months ended September 30, 1999. Effective for the year ended March 31, 2000, 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

Foreign currency translation

Effective April 1, 2000, the Company adopted the revised accounting standard for foreign currency translation, "Opinion Concerning Revision of Accounting Standard for Foreign Currency Translation," issued by the Business Accounting Deliberation Council on October 22, 1999 (the " Revised Accounting Standard "). Under the Revised Accounting Standard, receivables and payables denominated in foreign currencies are translated into Japanese yen at the year-end rate.

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 a later date of issuance.

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

3. Securities

Disclosure of market value information of securities, except for investments in subsidiaries and affiliates with readily available market values at September 30, 2001 and 2000 was required only on a consolidated basis.

Book values and fair values of equity securities issued by subsidiaries and affiliated, companies with available fair values as of September 30, 2001 and 2000 were as follows:

	Millions of yen			Thousands of U.S. dollars		
	2001			2001		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Equity securities of subsidiaries	¥—	¥—	¥—	$—	$—	$—
Equity securities of affiliated companies	2,493	44,969	42,476	20,950	377,891	356,941
Total	¥2,493	¥44,969	¥42,476	$20,950	$377,891	$356,941

	Millions of yen		
	2000		
	Book value	Fair value	Difference
Equity securities of subsidiaries	¥—	¥—	¥—
Equity securities of affiliated companies	2,493	30,589	28,096
Total	¥2,493	¥30,589	¥28,096

4. Long- term debt

Long-term debt at September 30, 2001 and 2000 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
Domestic bonds due serially through 2029 at rates of 0.6% to 5.35%	¥1,055,000	¥1,110,000	$8,865,546
Domestic convertible bonds due in 2002 at a rate of 1.9%	15,750	15,750	132,353
U.S. dollar notes due in 2001 at a rate of 6.25%	27,798	27,798	233,597
Deutsche mark bonds due in 2003 at a rate of 5.625%	22,125	22,125	185,924
Loans from the Development Bank of Japan due serially through 2023 at rates of 1.2% to 6.9%	346,306	345,271	2,910,135
Unsecured loans, principally from banks and insurance companies, due serially through 2032 at rates of 0.3875% to 7.5%	318,107	316,068	2,673,168
	1,785,086	1,837,012	15,000,723
Less amount due within one year	(216,560)	(261,734)	(1,819,832)
Total	¥1,568,526	¥1,575,278	$13,180,891

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 (U.S. $24.80) after giving effect to the stock split made to stockholders of record as of September 30, 1995, (subject to change in certain circumstances) through March 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 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 senior to that of general creditors.

5. Leases

(As lessee)

The Company leases certain equipment for business use, heating power equipment, nuclear power equipment and other assets.

Lease payments under non-capitalized finance leases amounted to ¥298 million (U.S. $2,504 thousand), ¥333 million and ¥531 million for the six months ended September 30, 2001 and 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, 2001 and 2000 were as follows:

	Millions of yen				Thousands of U.S. dollars	
	Finance leases		Operating leases		Finance leases	Operating leases
	2001	2000	2001	2000	2001	2001
Current portion	¥519	¥503	¥31	¥21	$4,361	$261
Non-current portion	1,765	945	27	45	14,832	227
Total	¥2,284	¥1,448	¥58	¥66	$19,193	$488

6. Commitments and contingent liabilities

At September 30, 2001, 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, 2001, the Company was contingently liable as guarantor for loans of other companies in the amount of ¥ 112,306 million (U.S. $ 943,748 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 (U.S. $1,503,950 thousand).

7. Stockholders' equity

In accordance with the Commercial Code, (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, 2001, upon full conversion of the outstanding domestic convertible bonds (see Note 4).

Under the Code, the Company is required to appropriate to legal reserve an amount equal to at least 10% of the total amount of cash dividends plus bonuses to directors and statutory auditors until the reserve equals 25% of common stock.

This reserve is not available for dividends but may be used to reduce a deficit by resolution of the stockholders or may be capitalized by resolution of Board of Directors.

8. Subsequent event

The following appropriation of retained earnings at September 30, 2001, was approved at the Board of Directors' meeting held on November 21, 2001:

	Millions of yen	Thousands of U.S. dollars
Semi-annual cash dividends, ¥25 (U.S. $0.21) per share	¥9,276	$77,950

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