

# West Japan Railway Company

## Flash Report (Consolidated Basis)

Results for the third quarter ended December 31, 2003

### Forward-Looking Statements

Statements made in this release with respect to JR-West's plans, objectives, strategies, beliefs, including any forecasts or projections, and other statements that are not historical facts are forward-looking statements about the future performance of JR-West that are based on management expectations, assumptions, estimates and beliefs in light of the information currently available to it. Such forward-looking statements are subject to various risks and uncertainties that could cause actual results to be different, possibly materially, from the results anticipated in the statements. Potential risks and uncertainties include, without limitation, the following:

- economic recession, deflation, declines in population or other factors that negatively affect our businesses;
- adverse changes in governmental regulations and guidelines;
- service improvements and decreases in price among competitors;
- declines in operating revenues or unexpected increases in costs;
- liability or adverse publicity associated with property or casualty losses; and
- earthquake and other natural disaster risks.

Information for which the date is not specified in this release is as of February 9, 2003. JR-West does not undertake to revise forward-looking statements to reflect future events or circumstances.

The contents of this document were, to be best of our knowledge, current and accurate as of February 9, 2004. However, the passage of time may have rendered the information in this document stale. We will not review this document after its posting on February 9, 2004 to determine whether it remains accurate, and information in this document may have been superseded by subsequent announcements. We disclaim any responsibility to update, revise or correct this document, whether as a result of new information, future events or otherwise.

## FLASH REPORT (CONSOLIDATED BASIS)

Company name: West Japan Railway Company

Stock listings: Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya and Fukuoka Stock Exchanges

Code number: 9021

URL: <http://www.westjr.co.jp>

Address of headquarters: 4-24, Shibata 2-chome, Kita-ku, Osaka 530-8341, Japan

President: Takeshi Kakiuchi

For further information, please contact: Tatsuo Kijima, General Manager, Corporate Communications Department

Telephone: +81-6-6375-8889

### 1. Items related to the preparation of this summary of quarterly results

**(1) There were no changes in accounting methods.**

**(2) Changes in consolidated financial conditions**

Consolidated subsidiaries:	66
Non-consolidated subsidiaries accounted for by equity method:	0
Affiliated companies accounted for by equity method:	4
Number of consolidated subsidiaries added:	2
Number of consolidated subsidiaries removed:	0
Number of equity method affiliated companies added:	0
Number of equity method affiliated companies removed:	0

### 2. Results for the third quarter of fiscal 2004 (from October 1, 2003 to December 31, 2003)

**(1) Operating results**

(Figures less than ¥1 million have been omitted)

	Operating revenues		Operating income		Recurring profit	
	(% change from the same quarter of the previous year)		(% change from the same quarter of the previous year)		(% change from the same quarter of the previous year)	
	Millions of yen		Millions of yen		Millions of yen	
Third quarter of FY2004	904,948	(-)	107,242	(-)	75,003	(-)
Third quarter of FY2003	-	(-)	-	(-)	-	(-)
(Reference) Year ended March 31, 2003	1,165,571		122,636		78,739	

	Net income		Net income per share	Net income per share after dilution
	(% change from the same quarter of the previous year)			
	Millions of yen		Yen	Yen
Third quarter of FY2004	46,035	(-)	23,028.06	-
Third quarter of FY2003	-	(-)	-	-
(Reference) Year ended March 31, 2003	41,644		20,740.12	-

**(2) Financial Position**

	Total assets	Total shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Third quarter of FY2004 (as of December 31, 2003)	2,421,419	477,840	19.7	239,025.82
Third quarter of FY2003 (as of December 31, 2002)	-	-	-	-
(Reference) FY2003 (as of March 31, 2003)	2,432,713	440,556	18.1	220,284.84

**(3) Cash flows**

	<b>Operating activities</b>	<b>Investing activities</b>	<b>Financing activities</b>	<b>Cash at the end of the first quarter</b>
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Third quarter of FY2004	72,057	-67,255	-11,655	83,255
Third quarter of FY2003	-	-	-	-
(Reference) FY 2003 (as of March 31, 2003)	130,222	-63,392	-71,543	89,310

**3. Forecasts for fiscal 2004 (from April 1, 2003 to March 31, 2004)**

	<b>Operating revenues</b>	<b>Recurring profit</b>	<b>Net income</b>	<b>Net income per share</b>
	Millions of yen	Millions of yen	Millions of yen	Yen
Fiscal year	1,212,900	85,400	44,200	22,018.41

**(Reference)****Forecasts for fiscal 2004 on a non-consolidated basis (from April 1, 2003 to March 31, 2004)**

	<b>Operating revenues</b>	<b>Recurring profit</b>	<b>Net income</b>	<b>Net income per share</b>
	Millions of yen	Millions of yen	Millions of yen	Yen
Fiscal year	843,700	66,400	36,000	17,950.50

\* See cautionary statement regarding Forward-Looking Statements on the front page of this report with respect to some risks and uncertainties that may cause actual results of differ from these forecasts.

## Performance Highlights

### Consolidated Results for the Third Quarter of Fiscal 2004

Operating revenues: ¥904.9 billion

Operating income: ¥107.2 billion

Recurring profit: ¥75.0 billion

Net income: ¥46.0 billion

In the first quarter of fiscal 2004, JR West Japan Transportation Service Co., Ltd., and Hakushin Sharyo Industries Co., Ltd., were newly added as consolidated subsidiaries and the statements of income of Nippon Travel Agency Co., Ltd., were added to the scope of consolidated accounting.

#### 1. Results by Business Segment

##### 1) Transportation Operations

JR-West took various initiatives to bolster the competitiveness of its Sanyo Shinkansen services. In conjunction with the opening of Shinagawa Station on the Tokaido Shinkansen Line in October 2003, JR-West implemented timetable revisions and added extra 700-Series trains to the Sanyo Shinkansen Line, increased the number of *Nozomi* departures on the Tokaido and Sanyo Shinkansen lines, expanded the number of stations at which *Nozomi* trains stop, reduced *Nozomi* train surcharges, and expanded non-reserved seating on *Nozomi* trains. In addition, JR-West introduced new booklets of Shinkansen tickets that can be used for travel on *Nozomi*, *Hikari*, or *Kodama* trains and discounted *Nozomi* round trip tickets for customers that make early reservations.

As for conventional lines, in November 2003, JR-West launched its new IC card ticket-gate system, ICOCA, on its Urban Network services and, in December 2003, JR-West introduced new rolling stock, mainly on its JR Kobe and JR Takarazuka lines; expanded the number of stations at which Special Rapid and Rapid Service stop; and increased the number of departures during morning and evening rush hours as part of efforts to further enhance its Special Rapid and Rapid Service network. JR-West also strove to improve its intercity services through such measures as adding new rolling stock to Limited Express Shirasagi and Rapid Service Marine Liner trains and reducing travel times between Yonago and Tottori on the Sanin Line.

JR-West's proactive sales and marketing activities include the development of the "Discover West" campaign through such initiatives as bolstering advertising activities in the Tokyo metropolitan area and working to boost demand for travel from the Tokyo metropolitan area to western Japan by cooperating with travel agencies to enhance products featuring these areas as well as the ongoing development of the "Tale of the Strait" *Kanmon* Campaign.

In its bus operations, JR-West worked to tailor its services to meet diverse customer needs. JR-West expanded such highway bus services as the Tokaido Afternoon Limited Express Kyoto and Keihin Kibi Dream lines and introduced such new services as Ladies Dream Osaka—a night express bus exclusively for women—and late-night limited express bus routes that depart from Osaka and head toward Kyoto, Kobe, and Sakai.

As a result, operating revenues and operating income for the Transportation Operations segment amounted to ¥632.9 billion and ¥85.2 billion, respectively.

##### 2) Sales of Goods and Food Services

As part of "NexStation Plan" efforts to boost the competitiveness of its stations, JR-West renovated the Midosuji exit area of Osaka Station, opening a shopping mall called "EAST COURT mido," which comprises eight stores including an upscale supermarket. JR-West also enhanced its Sales of Goods and Food Services business through such proactive development of station premises as the opening of a new shopping mall, with 10 retail stores and eateries, near the central exit of Takatsuki Station. In addition, JR-West strove to increase its profitability by converting kiosks that only offered essential goods for commuters into mini-convenience stores offering a greater variety of products.

JR-West completed the remodeling and addition of floors to the JR Kyoto Isetan department store,

a project that was launched in fiscal 2003 primarily to enhance its ladies fashions business, both in terms of service and

products. JR Kyoto Isetan continues to thrive as it has since its opening.

As a result, operating revenues and operating income for the Sales of Goods and Food Services segment totaled ¥171.1 billion and ¥4.8 billion, respectively.

### *3) Real Estate*

In its real estate business, JR-West focused on leveraging its assets in and around stations, further expanding operations, and strengthening profitability. JR-West opened VIERRA Kobe, a commercial complex with 13 tenants, including a fresh produce store, under the elevated tracks to the west of Kobe Station and added floors to “Medio Shin-Osaka,” a shopping center at Shin-Osaka Station, and “The Cube,” a shopping center at Kyoto Station. JR-West also opened JR Sakaishi Station NK Building, a medical-clinic-based commercial complex on the west side of Sakaishi Station, and renovated the 10th floor of the Kyoto Station Building to create “Kyoto Ramen Koji,” an entire floor of ramen restaurants and take-out shops.

In addition, JR-West’s sales of condominiums at the States Gran Koshienguchi Matsunamicho and Park Gran Nishi Okamoto are doing well.

As a result, operating revenues and operating income for the Real Estate Business segment came to ¥52.3 billion and ¥13.5 billion, respectively.

### *4) Other Businesses*

In its hotel operations, JR-West worked to attract more customers through such initiatives as reopening the newly renovated first floor lobby of the Hotel Granvia Osaka and remodeling some of its directly managed shops at such hotels as the Hotel Granvia Kyoto and the Hotel Granvia Hiroshima. In advertising agency services, JR-West developed advertisements for the walls of the Osaka Station North Building and worked to develop new advertising media. In its travel operations, JR-West established a comprehensive travel site, “Tabi Plaza,” designed to offer travel arrangements other than lodging; worked to develop sales strategies that meet customers’ needs; and reorganized its network of travel agencies while establishing clear concepts for each agency.

As a result, operating revenues and operating income for the Other Business segment amounted to ¥172.5 billion and ¥3.3 billion, respectively.

## **2. Forecasts for Fiscal 2004**

Operating conditions are expected to remain challenging. Against this backdrop, the JR-West Group is implementing various measures aimed at optimizing the use of management resources to secure stable revenues and profits and ultimately maximize corporate value.

Consolidated results forecasts for the fiscal year ending March 31, 2004, are as follows:

Operating revenues: ¥1,212.9 billion

Operating income: ¥125.0 billion

Recurring profit: ¥85.4 billion

Net income: ¥44.2 billion

## **3. Financial Position**

### **(1) Cash flows from operating activities**

Income before income taxes amounted to ¥78.8 billion and, after corporate tax and other payments, there was a cash inflow from operating activities of ¥72.0 billion.

### **(2) Cash flows from investing activities**

Cash flows used in investing activities amounted to ¥67.2 billion due to measures to ensure safe and stable transportation and capital expenditures for improvements in transport capabilities.

(3) Cash flows from financing activities

A reduction in long-term debt and payments of dividends resulted in an ¥11.6 billion outflow.

As a result of the aforementioned factors, cash and cash equivalents at the end of the third quarter of fiscal 2004 declined by ¥6.8 billion, to ¥83.2 billion, compared with the end of fiscal 2003.

## CONSOLIDATED BALANCE SHEETS

(Figures less than ¥1 million have been omitted)

	Millions of yen		
	Third quarter of FY 2004 (as of Dec.31, 2003)	FY2003 (as of March 31, 2003)	Change
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash	84,047	90,016	-5,969
Accounts receivable	34,525	35,025	-500
Deferred tax assets	12,304	20,153	-7,849
Other current assets	85,697	68,879	16,817
Total current assets	<b>216,574</b>	<b>214,075</b>	<b>2,498</b>
<b>Fixed assets:</b>			
<b>Property, plant and equipment</b>	<b>2,054,453</b>	<b>2,075,917</b>	<b>-21,464</b>
<b>Investments and other assets:</b>	<b>150,376</b>	<b>142,681</b>	<b>7,694</b>
Investment securities	55,627	55,858	-230
Deferred tax assets	71,031	61,394	9,637
Other investments and assets	23,716	25,429	-1,712
Total fixed assets	<b>2,204,829</b>	<b>2,218,599</b>	<b>-13,769</b>
<b>Deferred assets</b>	<b>16</b>	<b>39</b>	<b>-23</b>
<b>Total assets</b>	<b>2,421,419</b>	<b>2,432,713</b>	<b>-11,293</b>

	Millions of yen		
	Third quarter of FY 2004 (as of Dec.31, 2003)	FY2003 (as of March 31, 2003)	Change
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Current portion of long-term debt	103,125	91,416	11,709
Accounts payable	48,672	90,040	-41,367
Other current liabilities	332,387	336,500	-4,113
Total current liabilities	<b>484,185</b>	<b>517,956</b>	<b>-33,770</b>
<b>Long-term liabilities:</b>			
Bonds and long-term debt	1,094,852	1,109,299	-14,446
Retirement allowances for employees	175,564	181,763	-6,199
Other long-term liabilities	166,262	161,807	4,455
Total long-term liabilities	<b>1,436,678</b>	<b>1,452,869</b>	<b>-16,190</b>
<b>Total liabilities</b>	<b>1,920,864</b>	<b>1,970,826</b>	<b>-49,961</b>
<b>Minority interest</b>	<b>22,714</b>	<b>21,330</b>	<b>1,384</b>
<b>Shareholders' equity</b>			
Capital stock	100,000	100,000	-
Capital surplus	55,000	55,000	-
Consolidated retained earnings	318,447	281,695	36,752
Evaluation differences on other securities	4,719	4,188	530
Treasury stock	-327	-327	-
Total shareholders' equity	<b>477,840</b>	<b>440,556</b>	<b>37,283</b>
<b>Total liabilities, minority interest, and shareholders' equity</b>	<b>2,421,419</b>	<b>2,432,713</b>	<b>-11,293</b>

## CONSOLIDATED STATEMENTS OF INCOME

(Figures less than ¥1 million have been omitted)

	Millions of yen	
	Third quarter of FY 2004	(Reference) FY 2003
Operating revenues	904,948	1,165,571
Operating expenses	797,705	1,042,935
Operating income	107,242	122,636
Nonoperating revenues	2,700	6,368
Nonoperating expenses	34,940	50,264
Recurring profit	75,003	78,739
Extraordinary profits	34,942	44,534
Extraordinary losses	31,109	45,652
Income before income taxes	78,835	77,622
Corporation, inhabitants and enterprise taxes	31,837	34,519
Minority interests in earnings of consolidated subsidiaries	962	1,458
Minority interests in loss of consolidated subsidiaries		-
<b>Net income</b>	<b>46,035</b>	<b>41,644</b>



## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Figures less than ¥1 million have been omitted)

	Millions of yen	
	Third quarter of FY 2004	(Reference) FY 2003
I. Cash flows from operating activities		
Net cash provided by operating activities	72,057	130,222
II. Cash flows from investing activities		
Purchases of property, plant and equipment	-101,329	-137,715
Other	34,073	74,323
Net cash used in investing activities	-67,255	-63,392
III. Cash flows from financing activities		
Change in long-term borrowings, net	-2,737	-57,245
Other	-8,918	-14,297
Net cash used in financing activities	-11,655	-71,543
IV. Change in cash and cash equivalents, net	-6,853	-4,713
V. Cash and cash equivalents at beginning of the period	89,310	94,023
VI. Change in cash and cash equivalents accompanying consolidation of additional subsidiaries	798	-
VII. Cash and cash equivalents at the end of the period	83,255	89,310

## SEGMENT INFORMATION

### 1. Information by business segment

Third quarter of fiscal 2004 (from April 1, 2003 to December 31, 2003)

	Millions of yen						
	Transportation	Sales of goods and food services	Real estate	Other	Total	Eliminations and intergroup	Consolidated
Operating revenues	632,935	171,122	52,308	172,540	1,028,907	-123,959	904,948
Operating expenses	547,644	166,299	38,761	169,154	921,859	-124,154	797,705
Operating income	85,290	4,823	13,547	3,385	107,047	194	107,242

(Reference) Fiscal 2003 (from April 1, 2002 to March 31, 2003)

	Millions of yen						
	Transportation	Sales of goods and food services	Real estate	Other	Total	Eliminations and intergroup	Consolidated
Operating revenues	847,160	227,574	68,270	191,000	1,334,006	-168,434	1,165,571
Operating expenses	753,895	223,239	52,149	181,516	1,210,801	-167,865	1,042,935
Operating income	93,265	4,335	16,120	9,483	123,205	-569	122,636

## Reference Materials

Since quarterly reports have not been required before, the figures for the third quarter of fiscal 2003 were calculated retrospectively after the third quarter of fiscal 2004. These figures, as well as changes between the third quarters of fiscal 2003 and 2004, are included herein only for reference.

### CONSOLIDATED STATEMENTS OF INCOME (Reference)

	Billions of yen		
	Third quarter of FY 2004	Third quarter of FY 2003	Change from the same period of the previous year
Operating revenues	<1.43> 904.9	<1.37> 874.5	30.3
Operating expenses	797.7	762.7	35.0
Operating income	107.2	111.8	-4.6
Nonoperating revenues	-32.2	-36.0	3.8
Recurring profit	75.0	75.8	-0.8
Extraordinary profit	3.8	-0.8	4.6
Income before income taxes	78.8	74.9	3.8
Income taxes	31.8	30.6	1.1
Minority interests in consolidated subsidiaries	0.9 <1.14>	1.4 <1.21>	-0.4
Net income	46.0	42.8	3.2

Note: Figures in parenthesis are the consolidated-to-parent ratio

### SEGMENT INFORMATION (Reference)

	Billions of yen		
	Third quarter of FY 2004	Third quarter of FY 2003	Change from the same period of the previous year
<b>Transportation</b>			
Operating revenues	632.9	638.9	-6.0
Operating income	85.2	87.8	-2.5
<b>Sales of goods and food services</b>			
Operating revenues	171.1	169.5	1.6
Operating income	4.8	4.1	0.6
<b>Real estate</b>			
Operating revenues	52.3	51.9	0.3
Operating income	13.5	12.4	1.0
<b>Other</b>			
Operating revenues	172.5	125.5	46.9
Operating income	3.3	7.0	-3.6

Since quarterly reports have not been required before, the figures for the third quarter of fiscal 2003 were calculated retrospectively after the third quarter of fiscal 2004. These figures, as well as changes between the third quarters of fiscal 2003 and 2004, are included herein only for reference.

### CONSOLIDATED BALANCE SHEETS (Reference)

	Billions of yen		
	Third quarter of FY 2004 (as of Dec.31, 2003)	FY2003 (as of March 31, 2003)	Change
<b>ASSETS</b>			
<b>Current assets:</b>			
Total current assets	216.5	214.0	2.4
<b>Fixed assets:</b>			
Property, plant and equipment	1,991.7	1,989.8	1.9
Construction in progress	62.7	86.0	-23.3
Investments and advances	150.3	142.6	7.6
Total fixed assets	2,204.8	2,218.5	-13.7
<b>Total assets</b>	<b>2,421.4</b>	<b>2,432.7</b>	<b>-11.2</b>

	Billions of yen		
	Third quarter of FY 2004 (as of Dec.31, 2003)	FY2003 (as of March 31, 2003)	Change
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Current portion of long-term debt	103.1	91.4	11.7
Accounts payable	381.0	426.5	-45.4
Total current liabilities	484.1	517.9	-33.7
<b>Long-term liabilities:</b>			
Bonds and Long-term debt	1,094.8	1,109.2	-14.4
Retirement allowances for employees	175.5	181.7	-6.1
Deposits received	166.2	161.8	4.4
Total long-term liabilities	1,436.6	1,452.8	-16.1
<b>Total liabilities</b>	<b>1,920.8</b>	<b>1,970.8</b>	<b>-49.9</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>22.7</b>	<b>21.3</b>	<b>1.3</b>
Capital stock	100.0	100.0	-
Capital surplus	55.0	55.0	-
Capital reserve	318.4	281.6	36.7
Evaluation differences on other securities	4.7	4.1	0.5
Treasury stock	-0.3	-0.3	-
<b>Total shareholders' equity</b>	<b>477.8</b>	<b>440.5</b>	<b>37.2</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,421.4</b>	<b>2,432.7</b>	<b>-11.2</b>

Since quarterly reports have not been required before, the figures for the third quarter of fiscal 2003 were calculated retrospectively after the third quarter of fiscal 2004. These figures, as well as changes between the third quarters of fiscal 2003 and 2004, are included herein only for reference.

### CONSOLIDATED STATEMENTS OF CASH FLOWS (Reference)

	Billions of yen		
	Third quarter of FY 2004	Third quarter of FY 2003	Change from the same period of the previous year
<b>I. Cash flows from operating activities</b>			
Income before income taxes adjustments	78.8	74.9	3.8
Depreciation and amortization	84.6	83.8	0.7
Decrease (Increase) in allowance for retirement benefits	-6.2	-6.4	0.2
Decrease in allowance for bonuses	-19.6	-20.5	0.9
Income taxes refunded	-44.0	-50.1	6.1
Other	-21.4	-15.0	-6.4
<b>Net cash provided by operating Activities (A)</b>	<b>72.0</b>	<b>66.6</b>	<b>5.4</b>
<b>II. Cash flows from investing activities</b>			
Purchases of property, plant and equipment	-101.3	-81.0	-20.3
Other (B)	34.0	25.2	8.8
<b>Net cash used in investing activities</b>	<b>-67.2</b>	<b>-55.8</b>	<b>-11.4</b>
<b>Free cash flow (C= A+B)</b>	<b>4.8</b>	<b>10.7</b>	<b>-5.9</b>
<b>III. Cash flows from financing activities</b>			
Change in long-term borrowings, net	-2.7	-26.0	23.2
Increase in long-term debt	56.3	-	56.3
Repayment of long-term debt	-59.0	-26.0	-33.0
Cash dividends	-9.8	-9.6	-0.2
Other	0.9	-7.1	8.0
<b>Net cash used in financing activities (D)</b>	<b>-11.6</b>	<b>-42.8</b>	<b>31.1</b>
<b>Total</b>	<b>-6.8</b>	<b>-32.0</b>	<b>25.1</b>
<b>Change in cash and cash equivalents accompanying consolidation of additional subsidiaries (E)</b>	<b>0.7</b>	<b>-</b>	<b>0.7</b>
<b>Change in cash and cash equivalents, net (F= C+D+E)</b>	<b>-6.0</b>	<b>-32.0</b>	<b>25.9</b>

**CONSOLIDATED RESULTS FORECASTS FOR FISCAL 2004  
(April 1, 2003 to March 31, 2004) (Reference)**

	Billions of yen		
	FY 2004 Forecasts	FY 2003 Results	Change from the previous year
Operating revenues	<1.44> [1,205.6]	<1.37>	
	1,212.9	1,165.5	47.4
Operating expenses	1,087.9	1,042.9	44.9
Operating income	[123.7]		
	125.0	122.6	2.4
Nonoperating revenues	-39.6	-43.8	4.2
Recurring profit	[84.8]		
	85.4	78.7	6.6
Net income	<1.23> [49.8]	<1.24>	
	44.2	41.6	2.5

Notes:

1. The figures in “[ ]” are results forecasts announced on November 7, 2003.
2. The figures in “< >” are the consolidated-to-parent ratio  
(The results forecasts announced on January 28, 2004 remain unchanged.)

**RESULTS FORECASTS BY BUSINESS SEGMENTS (Reference)**

	Billions of yen		
	FY 2004 Forecasts	FY 2003 Results	Change from the previous year
<b>Transportation</b>			
Operating revenues	842.1	847.1	-5.0
Operating income	94.4	93.2	1.1
<b>Sales of goods and food services</b>			
Operating revenues	228.2	227.5	0.6
Operating income	5.1	4.3	0.7
<b>Real estate</b>			
Operating revenues	69.7	68.2	1.4
Operating income	17.3	16.1	1.1
<b>Other</b>			
Operating revenues	253.3	191.0	62.2
Operating income	8.7	9.4	-0.7

Since quarterly reports have not been required before, the figures for the third quarter of fiscal 2003 were calculated retrospectively after the third quarter of fiscal 2004. These figures, as well as changes between the third quarters of fiscal 2003 and 2004, are included herein only for reference.

### NON-CONSOLIDATED STATEMENTS OF INCOME (Reference)

	Billions of yen		
	Third quarter of FY 2004	Third quarter of FY 2003	Change from the same period of the previous year
<b>Operating revenues:</b>			
Transportation	565.1	570.2	-5.1
Transportation incidentals	17.1	17.7	-0.6
Other operations	13.9	13.8	0
Miscellaneous	37.6	38.1	-0.5
	<b>633.8</b>	<b>640.0</b>	<b>-6.2</b>
<b>Operating expenses:</b>			
Personnel costs	220.2	227.1	-6.9
Non personnel costs	201.7	197.7	3.9
Rental payments for JRCP. etc	23.3	23.4	-0.1
Taxes	24.7	25.5	-0.8
Depreciation	70.2	70.9	-0.7
	<b>540.4</b>	<b>545.0</b>	<b>-4.5</b>
<b>Operating income:</b>	<b>93.3</b>	<b>95.0</b>	<b>-1.6</b>
<b>Non operating loss:</b>			
Non operating revenues	1.2	1.4	-0.1
Non operating expenses	32.8	35.6	-2.7
	<b>-31.5</b>	<b>-34.2</b>	<b>2.6</b>
<b>Recurring profit:</b>	<b>61.8</b>	<b>60.8</b>	<b>0.9</b>
<b>Extraordinary income:</b>			
Extraordinary profit	34.0	19.3	14.7
Extraordinary loss	29.1	19.2	9.8
	<b>4.9</b>	<b>0.0</b>	<b>4.9</b>
<b>Income before income taxes</b>	<b>66.7</b>	<b>60.8</b>	<b>5.9</b>
<b>Income taxes</b>			
Current	29.1	28.5	0.5
Deferred	-2.6	-2.9	0.3
	<b>26.5</b>	<b>25.6</b>	<b>0.9</b>
<b>Net income</b>	<b>40.2</b>	<b>35.2</b>	<b>5.0</b>

Since quarterly reports have not been required before, the figures for the third quarter of fiscal 2003 were calculated retrospectively after the third quarter of fiscal 2004. These figures, as well as changes between the third quarters of fiscal 2003 and 2004, are included herein only for reference.

### NON-CONSOLIDATED BALANCE SHEETS (Reference)

	Billions of yen		
	Third quarter of FY 2004 (as of Dec.31, 2003)	FY2003 (as of March 31, 2003)	Change
<b>ASSETS</b>			
<b>Current assets:</b>			
Total current assets	121.5	102.1	19.4
<b>Fixed assets:</b>			
Fixed assets for railway operations	1,718.7	1,715.6	3.0
Construction in progress	62.1	85.1	-22.9
Investments and other assets	225.1	213.9	11.2
Total fixed assets	2,006.0	2,014.7	-8.6
<b>Total assets</b>	<b>2,127.6</b>	<b>2,116.8</b>	<b>10.7</b>

	Third quarter of FY 2004 (as of Dec.31, 2003)	FYI2003 (as of March 31, 2003)	Change
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Current portion of long-term debt	93.9	81.6	12.2
Accounts payable	353.0	372.5	-19.4
Total current liabilities	446.9	454.1	-7.1
<b>Total long-term liabilities:</b>			
Bonds and long-term debt	1,024.6	1,034.5	-9.8
Retirement allowances for employees	158.3	165.5	-7.1
Long-term payables for leased railway facility	56.1	51.8	4.3
Total long-term liabilities	1,239.2	1,251.9	12.7
<b>Total liabilities</b>	<b>1,686.1</b>	<b>1,706.1</b>	<b>-19.9</b>
<b>Capital stock</b>	100.0	100.0	-
<b>Capital surplus</b>	55.0	55.0	-
<b>Retained earnings:</b>			
Earned reserves	11.3	11.3	-
Contributions for construction deducted from acquisition costs of property, plant and equipment	3.4	2.8	0.6
Other reserves	190.0	170.0	20.0
Unappropriated income for current year	78.9	69.3	9.5
Total retained earnings	<b>283.6</b>	<b>253.5</b>	<b>30.1</b>
Evaluation differences on other securities	<b>2.7</b>	<b>2.2</b>	<b>0.4</b>
<b>Total shareholders' equity</b>	<b>441.4</b>	<b>410.7</b>	<b>30.6</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,127.6</b>	<b>2,116.8</b>	<b>10.7</b>

**NON-CONSOLIDATED RESULTS FORECASTS FOR FISCAL 2004  
(April 1, 2003 to March 31, 2004) (Reference)**

	Billions of yen		
	FY 2004 Forecasts	FY 2003 Results	Change from the same period of the previous year
<b>Operating revenues:</b>			
Transportation	749.0	752.3	-3.3
Miscellaneous	94.7	96.7	-2.0
	<b>[837.4]</b>		
	<b>843.7</b>	<b>849.0</b>	<b>-5.3</b>
<b>Operating expenses</b>	738.7	745.7	-7.0
<b>Operating income</b>	[104.0]		
	105.0	103.2	1.7
<b>Non operating loss</b>	-38.6	-41.9	3.3
<b>Recurring profit</b>	[65.8]		
	66.4	61.3	5.0
<b>Net income</b>	[41.6]		
	36.0	33.4	2.5

Notes:

The figures in “[ ]” are results forecasts announced on November 7, 2003.

(The results forecasts announced on January 28, 2004 remain unchanged.)