

May 20, 1999

# **West Japan Railway Company**

## **Flash Report (Non-Consolidated and Consolidated Basis)**

Results for the fiscal year ended March 31, 1999

## **(1) Company Performance**

In fiscal 1999, ended March 31, 1999, consumer spending and private-sector investment in Japan remained stagnant, shackled by concerns about the stability of the domestic financial system and the employment environment, and the economy showed no signs of recovering from a chronic recession.

Amid this unfavorable operating environment, West Japan Railway Company (JR-West) and its consolidated subsidiaries pursued wide-ranging policies to reinforce the foundation of the Company's management.

In railway operations, JR-West enhanced the convenience of high-speed passenger rail transportation on the Sanyo Shinkansen through the expansion of 500 Series *Nozomi* train services and the commencement of 700 Series *Nozomi* train services. The Company also raised the quality of transportation services on conventional lines by introducing *The Sunrise Express* sleeper express train and taking other measures. In the travel business, JR-West improved its lineup of original travel products and prepared for the establishment of an internal company system to raise operating efficiency in this area. In affiliated businesses, shopping center refurbishment and various other projects were undertaken to revitalize existing operations.

Despite these efforts, demand for passenger rail services weakened because of depressed economic conditions and, as a result, non-consolidated operating revenues fell 3.9% from fiscal 1998, to ¥909.4 billion. Recurring profit, however, rose 4.7%, to ¥50.5 billion, due to vigorous efforts to reduce operating expenses and a change in the classification of enterprise tax in financial statements in accordance with new accounting standards. An extraordinary loss of ¥44.5 billion was recorded with respect to a once-off payment to cover the additional pension burden imposed by the Law Relating to the Disposition of Japanese National Railways Settlement Corporation Obligations (the "Disposition Law"). As a result, income before income taxes was restricted to ¥37 million, and the Company recorded a net loss of ¥5.6 billion.

On a consolidated basis, operating revenues were boosted by the first full fiscal year of operations at the Kyoto Station Building complex, which opened in September 1997. However, a decline in revenue from transportation services due to slack consumer spending resulted in operating revenues falling 2.0%, to ¥1,205.0 billion. Nevertheless, due to the success of measures to reduce operating expenses and a change in the classification of enterprise tax in financial statements in accordance with new accounting standards, consolidated recurring profit increased 7.7%, to ¥51.7 billion. The once-off payment to cover the additional pension burden imposed by the Disposition Law mentioned above resulted in JR-West recording a net loss of ¥9.0 billion for the fiscal year under review.

JR-West continually expressed its opposition to shouldering an additional pension burden during the passage of the Disposition Law in the Japanese diet. The Company consulted legal experts regarding the possibility of a legal challenge to the law, however, ultimately decided to refrain from this course of action and accept its responsibility under the law. The Japanese government apologized to JR companies for the hardship caused by the new legislation. The payment made in fiscal 1999 was made on the basis that JR-West will be subject to no further obligations for the debts of the Japanese National Railways Settlement Corporation (JNRSC).

## **(2) Projected Results for Fiscal 2000**

In fiscal 2000, JR-West forecasts non-consolidated operating revenues of ¥896.2 billion, recurring profit of ¥48.2 billion, and net income of ¥25.2 billion.

On a consolidated basis, JR-West anticipates operating revenues of ¥1,188.1 billion, recurring profit of ¥49.0 billion, and net income of ¥23.4 billion.

Cognizant of the potential for Y2K problems to disrupt operations, JR-West is progressing on schedule with comprehensive measures to identify and resolve such problems on a Group-wide basis.

## FLASH REPORT (NON-CONSOLIDATED BASIS)

Company name: West Japan Railway Company

Stock listings: Osaka Securities Exchange (First Section), Tokyo Stock Exchange (First Section), Nagoya Stock Exchange (First Section), Kyoto, Hiroshima, and Fukuoka Stock Exchanges

Code number: 9021

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

For further information, please contact: Katsuaki Moricho, General Manager, Public Relations Department

Telephone: 81-6-6375-8889

Date for Convening the Board of Directors Meeting for the Settlement of Accounts: May 20, 1999

Date of the General Meeting of the Shareholders: June 25, 1999

Consolidated accounts: Yes

Interim dividends: Yes

### 1. Results for fiscal 1999 (April 1, 1998 to March 31, 1999)

#### (1) Operating results

(Figures less than ¥1 million have been omitted)

	Operating revenues	Operating income	Recurring profit
	(% change from the previous year)	(% change from the previous year)	(% change from the previous year)
	Millions of yen	Millions of yen	Millions of yen
Fiscal 1999	909,484 (-3.9)	112,702 (-1.8)	50,579 (4.7)
Fiscal 1998	946,002 (-1.1)	114,813 (-11.7)	48,301 (-13.8)

	Net income	Net income per share	Net income per share after dilution	Return on equity	Recurring profit-to-total capital ratio	Recurring profit-to-operating revenues ratio
	(% change from the previous year)	Yen	Yen	%	%	%
	Millions of yen	Yen	Yen	%	%	%
Fiscal 1999	-5,640 (—)	-2,820.15	—	-1.8	2.2	5.6
Fiscal 1998	23,407 (-30.2)	11,703.93	—	7.3	2.1	5.1

Note 1. Average number of shares outstanding during fiscal years:

Fiscal 1999: 2,000,000 shares

Fiscal 1998: 2,000,000 shares

Note 2. There were no changes in accounting methods.

#### (2) Dividends

	Dividends per share for the fiscal year			Total amount of dividends (for the entire fiscal year)	Payout ratio	Dividends-to-shareholders' equity ratio
	Interim dividends		Year-end dividends			
	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 1999	5,000.00	2,500.00	2,500.00	10,000	—	3.2
Fiscal 1998	5,000.00	2,500.00	2,500.00	10,000	42.7	3.0

Note: The year-end dividends of fiscal 1999 include no commemorative dividend and no special dividend.

#### (3) Financial data

	Total assets	Total shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 1999	2,242,032	312,086	13.9	156,043.22
Fiscal 1998	2,277,264	327,882	14.4	163,941.38

Note 1. Number of shares outstanding at fiscal year-end:

Fiscal 1999: 2,000,000 shares

Fiscal 1998: 2,000,000 shares

(Stock issued at the end of the fiscal period was par-value stock with a face value of ¥50,000 per share.)

Note 2. The difference between the current value of marketable securities and the value listed on the balance sheets was ¥85,322 million.

Note 3. Valuation gains or losses from derivative trading were ¥-75 million.

## 2. Forecast for fiscal 2000 (April 1, 1999 to March 31, 2000)

	Operating revenues	Recurring profit	Net income	Dividends per share for the fiscal year		
				Interim dividends	Year-end dividends	
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen	Yen
Interim period	451,500	27,000	14,000	2,500.00	—	—
Fiscal year	896,200	48,200	25,200	—	2,500.00	5,000.00

(Reference) Net income per share for the fiscal year is forecast to be ¥12,600.00.

## NON-CONSOLIDATED BALANCE SHEETS

(Figures less than ¥1 million have been omitted)

At March 31

	Millions of yen		
	1999	1998	Change from the previous year
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash	69,193	58,909	10,283
Railway fares receivable	6,695	11,721	-5,025
Accounts receivable	13,137	12,658	478
Refunded income taxes receivable	9,557	—	9,557
Interline receivable	6,706	6,351	354
Short-term loans	750	—	750
Marketable securities	—	668	-668
Real estate for sale	334	1,889	-1,555
Materials and supplies	3,633	4,390	-756
Prepaid expenses and other current assets	15,489	15,078	410
Less allowance for doubtful accounts	-91	-127	36
Total current assets	<b>125,406</b>	<b>111,541</b>	<b>13,864</b>
<b>Fixed assets:</b>			
Railway	1,684,164	1,726,086	-41,921
Ferry	308	354	-46
Other operations	72,416	73,828	-1,411
Related business	93,473	95,976	-2,503
Construction in progress	48,767	35,049	13,717
Investments and advances:	<b>217,495</b>	<b>234,427</b>	<b>-16,932</b>
Stocks of subsidiaries	83,364	83,562	-197
Investment securities	82,456	92,163	-9,706
Long-term loans	6,294	7,076	-782
Long-term prepaid expense	7,842	5,351	2,491
Contribution to a welfare annuity*	26,027	34,703	-8,675
Other investments and advances	11,538	11,609	-71
Less allowance for doubtful accounts	-29	-39	10
Total fixed assets	<b>2,116,625</b>	<b>2,165,722</b>	<b>-49,097</b>
<b>Total assets</b>	<b>2,242,032</b>	<b>2,277,264</b>	<b>-35,232</b>

\* In accordance with the law on the merger of the former Japan Railways Group Mutual Aid Association, the annuity systems of two other companies that were formerly fully owned by the government were merged with the National Welfare Pension Plan. Employers of the former Group companies are required to make up a shortfall in the reserves which were transferred to the National Welfare Pension Plan at the time of the merger. The Company is required to provide ¥43,379 million of this shortfall and is amortizing this amount by the straight-line method over a five-year period which commenced April 1, 1997. The unamortized balance has been included in other assets.

## NON-CONSOLIDATED BALANCE SHEETS

(Figures less than ¥1 million have been omitted)

At March 31

	Millions of yen		
	1999	1998	Change from the previous year
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Current portion of long-term debt	91,624	42,524	49,100
Current portion of redemption of bonds	—	18,368	-18,368
Current portion of long-term payables to the acquisition of railway facilities	35,478	32,523	2,955
Current portion of long-term payables	288	288	—
Accounts payable	95,514	92,163	3,351
Accrued expenses	16,364	18,082	-1,718
Accrued consumption tax	7,218	8,876	-1,657
Accrued income tax	—	12,372	-12,372
Accrued enterprise tax	—	3,693	-3,693
Railway deposits received	3,669	3,015	653
Prepaid railway fares received	29,331	30,188	-857
Deposits received	72,103	63,113	8,989
Allowance for bonuses	37,775	39,673	-1,897
Other current liabilities	27,070	27,066	4
<b>Total current liabilities</b>	<b>416,439</b>	<b>391,949</b>	<b>24,489</b>
<b>Long-term liabilities:</b>			
Bonds	214,960	139,960	75,000
Long-term debt	287,200	360,824	-73,624
Long-term payables of acquisition of railway facilities	788,336	823,706	-35,369
Long-term payables	4,280	4,568	-288
Retirement allowances for employees	211,546	221,827	-10,281
Other long-term liabilities	7,183	6,546	636
<b>Total long-term liabilities</b>	<b>1,513,506</b>	<b>1,557,432</b>	<b>-43,925</b>
<b>Total liabilities</b>	<b>1,929,945</b>	<b>1,949,381</b>	<b>-19,435</b>
<b>Shareholders' equity:</b>			
<b>Capital stock</b>	<b>100,000</b>	<b>100,000</b>	<b>—</b>
<b>Legal reserve:</b>	<b>63,801</b>	<b>62,785</b>	<b>1,015</b>
Capital surplus	55,000	55,000	—
Earned legal surplus	8,801	7,785	1,015
<b>Retained earnings:</b>	<b>148,285</b>	<b>165,097</b>	<b>-16,811</b>
Voluntary reserves	105,000	105,000	—
Unappropriated retained earnings	43,285	60,097	-16,811
(Net income, including current net income)	(-5,640)	(23,407)	(-29,048)
<b>Total shareholders' equity</b>	<b>312,086</b>	<b>327,882</b>	<b>-15,796</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,242,032</b>	<b>2,277,264</b>	<b>-35,232</b>

## NON-CONSOLIDATED STATEMENTS OF INCOME

(Figures less than ¥1 million have been omitted)

Years ended March 31

	Millions of yen		
	1999	1998	Change from the previous year
<b>Operating income and expenses</b>			
Railway:			
Operating revenues	888,539	924,125	-35,585
Operating expenses	787,007	819,392	-32,385
Operating income	101,532	104,732	-3,200
Ferry:			
Operating revenues	396	480	-83
Operating expenses	504	531	-27
Operating income	-107	-51	-55
Other operations:			
Operating revenues	20,548	21,396	-848
Operating expenses	9,270	11,263	-1,993
Operating income	11,277	10,133	1,144
Total			
Operating revenues	909,484	946,002	-36,517
Operating expenses	796,781	831,188	-34,406
Operating income	112,702	114,813	-2,111
Nonoperating revenues	7,285	7,119	165
Nonoperating expenses	69,408	73,632	-4,223
Recurring profit	50,579	48,301	2,277
Extraordinary profits	43,150	49,949	-6,798
Extraordinary losses	93,692	49,447	44,244
Income before income taxes	37	48,802	-48,765
Corporation and inhabitants taxes	5,677	25,394	-19,717
Net income	-5,640	23,407	-29,048
Retained earnings carried forward from the previous period	54,425	42,189	12,236
Interim dividends	5,000	5,000	—
Transfer to legal reserve	500	500	—
Unappropriated retained earnings	43,285	60,097	-16,811

Note: Enterprise tax had been included in operating expenses until the year ended March 31, 1998. The amount of enterprise tax for fiscal 1998 was ¥6.5 billion and ¥1.0 billion for fiscal 1999.

## APPROPRIATION OF RETAINED EARNINGS

(Figures less than ¥1 million have been omitted)

Years ended March 31

	Millions of yen		
	1999	1998	Change from the previous year
Unappropriated retained earnings for the current year	43,285	60,097	-16,811
Appropriation is proposed as follows:			
Earned legal surplus	514	515	-1
Cash dividends to shareholders [per share]	5,000 [¥2,500]	5,000 [¥2,500]	—
Directors' bonuses [including corporate auditors]	142 [12]	156 [16]	-14 [-3]
Retained earnings carried forward to the next period	37,629	54,425	-16,796

## FLASH REPORT (CONSOLIDATED BASIS)

Company name: West Japan Railway Company

Stock listings: Osaka Securities Exchange (First Section), Tokyo Stock Exchange (First Section), Nagoya Stock Exchange (First Section), Kyoto, Hiroshima, and Fukuoka Stock Exchanges

Code number: 9021

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

For further information, please contact: Katsuaki Moricho, General Manager, Public Relations Department

Telephone: 81-6-6375-8889

### 1. Results for fiscal 1999 (April 1, 1998 to March 31, 1999)

#### (1) Operating results

(Figures less than ¥1 million have been omitted)

	Operating revenues (% change from the previous year)	Operating income (% change from the previous year)	Recurring profit (% change from the previous year)
	Millions of yen	Millions of yen	Millions of yen
Fiscal 1999	1,205,078 (-2.0)	117,941 (-0.1)	51,713 (7.7)
Fiscal 1998	1,229,137 (1.6)	118,111 (-13.6)	48,024 (-22.1)

	Net income (% change from the previous year)	Net income per share	Net income per share after dilution	Return on equity	Recurring profit-to-total capital ratio	Recurring profit-to-operating revenues ratio
	Millions of yen	Yen	Yen	%	%	%
Fiscal 1999	-9,014 (—)	-4,507.03	—	-2.8	2.0	4.3
Fiscal 1998	19,931 (-44.1)	9,965.54	—	6.1	1.8	3.9

Note: Equity in earnings of affiliates

Fiscal 1999: ¥274 million

Fiscal 1998: ¥ 82 million

#### (2) Financial data

	Total assets	Total shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 1999	2,574,195	312,617	12.1	156,308.87
Fiscal 1998	2,632,327	331,834	12.6	165,917.46

#### (3) Number of subsidiaries and affiliates

Consolidated subsidiaries: 46

Unconsolidated subsidiaries: 53 (Including no affiliates, accounted for by the equity method)

Affiliates: 20 (Including 5 affiliates, accounted for by the equity method)

#### (4) Changes in accounting methods

1. There was no inclusion of consolidated subsidiaries.
2. There were no changes in accounting methods.



## 2. Forecast for fiscal 2000 (April 1, 1999 to March 31, 2000)

	Operating revenues	Recurring profit	Net income
	Millions of yen	Millions of yen	Millions of yen
Fiscal 2000	1,188,100	49,000	23,400

(Reference)

Consolidated net income per share for the fiscal year is forecast to be ¥11,700.00.

Non-consolidated net income per share for the fiscal year is forecast to be ¥12,600.00.

### **(Reference) Non-consolidated operating results for fiscal 1999 (April 1, 1998 to March 31, 1999)**

(Figures less than ¥1 million have been omitted.)

Operating revenues (% change from the previous year)	Operating income (% change from the previous year)	Recurring profit (% change from the previous year)
Millions of yen	Millions of yen	Millions of yen
909,484 (-3.9)	112,702 (-1.8)	50,579 (4.7)

Net income (% change from the previous year)	Net income per share	Net income per share after dilution	Total assets	Total shareholders' equity
Millions of yen	Yen	Yen	Millions of yen	Millions of yen
-5,640 (—)	-2,820.15	—	2,242,032	312,086

## CONSOLIDATED BALANCE SHEETS

(Figures less than ¥1 million have been omitted)

At March 31

	Millions of yen		
	1999	1998	Change from the previous year
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash	125,810	108,870	16,940
Trade notes receivable	10,935	12,786	-1,851
Railway fares receivable	7,301	11,904	-4,602
Accounts receivable	21,424	29,281	-7,856
Income tax receivable	9,578	—	9,578
Interline receivable	6,375	5,975	400
Marketable securities	3,791	4,008	-216
Inventory	14,442	16,480	-2,037
Other current assets	35,001	41,014	-6,013
Less allowance for doubtful accounts	-329	-288	-41
Total current assets	<b>234,333</b>	<b>230,033</b>	<b>4,299</b>
<b>Fixed assets:</b>			
<b>Property, plant and equipment:</b>	<b>2,186,807</b>	<b>2,228,628</b>	<b>-41,821</b>
Buildings	1,206,534	1,262,359	-55,824
Machinery and equipment	—	57,628	-57,628
Transport equipment	—	155,076	-155,076
Machinery, equipment and transport equipment	211,580	—	211,580
Land	678,853	678,332	520
Construction in progress	50,218	36,595	13,622
Other property, plant and equipment	39,620	38,636	984
<b>Intangible fixed assets</b>	<b>6,899</b>	<b>7,503</b>	<b>-603</b>
<b>Investments and other assets:</b>	<b>145,197</b>	<b>164,634</b>	<b>-19,436</b>
Investment securities	88,948	99,196	-10,248
Long-term prepaid expenses	14,602	12,194	2,408
Contribution to a welfare annuity*	26,047	34,729	-8,682
Other investments and assets	15,706	18,834	-3,128
Less allowance for doubtful accounts	-106	-320	214
Total fixed assets	<b>2,338,904</b>	<b>2,400,766</b>	<b>-61,861</b>
<b>Deferred assets</b>	<b>957</b>	<b>1,526</b>	<b>-569</b>
<b>Total assets</b>	<b>2,574,195</b>	<b>2,632,327</b>	<b>-58,131</b>

\* In accordance with the law on the merger of the former Japan Railways Group Mutual Aid Association, the annuity systems of two other companies that were formerly fully owned by the government were merged with the National Welfare Pension Plan. Employers of the former Group companies are required to make up a shortfall in the reserves which were transferred to the National Welfare Pension Plan at the time of the merger. The Company is required to provide ¥43,379 million of this shortfall and is amortizing this amount by the straight-line method over a five-year period which commenced April 1, 1997. The unamortized balance has been included in other assets.

## CONSOLIDATED BALANCE SHEETS

(Figures less than ¥1 million have been omitted)

At March 31

	Millions of yen		
	1999	1998	Change from the previous year
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Trade notes receivable	38,270	39,771	-1,501
Short-term loans	11,649	10,547	1,101
Current portion of long-term debt	102,012	53,236	48,776
Current portion of redemption of bonds	—	18,368	-18,368
Current portion of long-term payables to acquisition of railway facilities	35,478	32,523	2,955
Accounts payable	79,349	77,619	1,729
Accrued expenses	21,591	26,799	-5,208
Accrued consumption tax	9,824	11,154	-1,329
Accrued income tax	2,922	13,748	-10,825
Accrued enterprise tax	—	4,182	-4,182
Railway deposits received	3,181	2,544	636
Prepaid railway fares received	29,401	30,270	-869
Deposits received	74,664	65,444	9,220
Less allowance for bonuses	43,833	45,588	-1,754
Reserve for compensation of completion of construction	42	41	0
Other current liabilities	41,961	42,457	-496
<b>Total current liabilities</b>	<b>494,182</b>	<b>474,298</b>	<b>19,884</b>
<b>Long-term liabilities:</b>			
Bonds	214,960	139,960	75,000
Long-term debt	413,707	495,109	-81,401
Long-term payables of acquisition of railway facilities	788,336	823,706	-35,369
Retirement allowances for employees	217,375	227,489	-10,114
Consolidation adjustment	1,440	—	1,440
Other long-term liabilities	118,025	124,457	-6,431
<b>Total long-term liabilities</b>	<b>1,753,846</b>	<b>1,810,722</b>	<b>-56,876</b>
Consolidation adjustment	—	2,015	-2,015
Minority interest	—	13,455	-13,455
<b>Total liabilities</b>	<b>2,248,029</b>	<b>2,300,492</b>	<b>-52,463</b>
<b>Minority interest</b>	<b>13,548</b>	<b>—</b>	<b>13,548</b>
<b>Shareholders' equity</b>			
Capital stock	100,000	100,000	—
Capital surplus	55,000	55,000	—
Earned legal surplus	—	7,785	-7,785
Retained earnings	—	169,049	-169,049
Consolidated retained earnings	157,617	—	157,617
<b>Total shareholders' equity</b>	<b>312,617</b>	<b>331,834</b>	<b>-19,217</b>
<b>Total liabilities and shareholders' equity</b>	<b>—</b>	<b>2,632,327</b>	<b>-2,632,327</b>
<b>Total liabilities, minority interest, and shareholders' equity</b>	<b>2,574,195</b>	<b>—</b>	<b>2,574,195</b>

## CONSOLIDATED STATEMENTS OF INCOME

(Figures less than ¥1 million have been omitted)

Years ended March 31

	Millions of yen		
	1999	1998	Change from the previous year
Operating revenues:			
Transportation and other services	—	1,028,813	-1,028,813
Merchandise sales and other revenues	—	200,324	-200,324
	<b>1,205,078</b>	<b>1,229,137</b>	<b>-24,059</b>
Operating expenses:			
Transportation and other services	—	912,147	-912,147
Cost of sales	—	139,869	-139,869
Transportation and other services and cost of sales	932,581	—	932,581
Selling, general and administrative expenses	154,555	59,008	95,546
	<b>1,087,137</b>	<b>1,111,025</b>	<b>-23,888</b>
Operating income	<b>117,941</b>	<b>118,111</b>	<b>-170</b>
Nonoperating revenues:			
Interest earned and interest on securities	—	822	-822
Interest	684	—	684
Dividend	847	947	-99
Amortization of consolidated difference	574	—	574
Other	7,026	6,734	292
	<b>9,132</b>	<b>8,504</b>	<b>628</b>
Nonoperating expenses:			
Interest	72,005	68,970	3,035
Bond interest	—	4,574	-4,574
Equity in earnings of affiliates	274	—	274
Other	3,080	5,046	-1,965
	<b>75,360</b>	<b>78,591</b>	<b>-3,230</b>
Recurring profit	<b>51,713</b>	<b>48,024</b>	<b>3,689</b>
Extraordinary profits:			
Proceeds from construction contract	39,924	46,956	-7,032
Other	4,837	8,018	-3,181
	<b>44,762</b>	<b>54,975</b>	<b>-10,213</b>
Extraordinary losses:			
Loss on reduction entry of proceeds from construction	37,099	46,266	-9,167
Additional burden from the JR Mutual Aid Pension System to a welfare annuity	44,569	—	44,569
Loss on investment securities	11,071	4,321	6,750
Other	3,172	5,185	-2,013
	<b>95,912</b>	<b>55,773</b>	<b>40,139</b>
Income before income taxes	<b>562</b>	<b>47,226</b>	<b>-46,663</b>
Corporation and inhabitants taxes	—	28,561	-28,561
Corporation, inhabitants and enterprise taxes	9,934	—	9,934
Minority interests in earnings of consolidated subsidiaries	358	644	-286
Amortization of consolidated difference	—	539	-539
Equity in earnings of affiliates	—	82	-82
Net income	<b>-9,014</b>	<b>19,931</b>	<b>-28,945</b>

## SEGMENT INFORMATION

### 1. Information by business segment

Fiscal 1998 (April 1, 1997 to March 31, 1998)

	Millions of yen						
	Transportation	Sales of goods	Real estate business	Other	Total	Eliminations and intergroup	Consolidated
<b>Operating revenues and income:</b>							
Operating revenues from third parties	921,362	162,713	41,697	103,364	1,229,137	—	1,229,137
Intergroup operating revenues and transfers	19,706	22,199	10,336	89,632	141,874	(141,874)	—
Total sales	941,068	184,913	52,033	192,996	1,371,012	(141,874)	1,229,137
Operating expenses	836,259	184,857	43,518	187,180	1,251,816	(140,790)	1,111,025
Operating income	104,809	55	8,515	5,816	119,196	(1,084)	118,111
<b>Assets, depreciation, and capital expenditures:</b>							
Total assets	1,979,089	52,285	330,925	255,559	2,617,860	14,466	2,632,327
Depreciation	106,774	1,318	13,072	4,940	126,106	—	126,106
Capital expenditures	119,708	5,778	40,059	14,203	179,749	—	179,749

Fiscal 1999 (April 1, 1998 to March 31, 1999)

	Millions of yen						
	Transportation	Sales of goods	Real estate business	Other	Total	Eliminations and intergroup	Consolidated
<b>Operating revenues and income:</b>							
Operating revenues from third parties	889,345	174,217	39,429	102,085	1,205,078	—	1,205,078
Intergroup operating revenues and transfers	16,507	19,189	15,229	92,673	143,601	(143,601)	—
Total sales	905,853	193,407	54,659	194,759	1,348,679	(143,601)	1,205,078
Operating expenses	804,175	192,981	44,176	188,166	1,229,499	(142,362)	1,087,137
Operating income	101,677	425	10,483	6,593	119,179	(1,238)	117,941
<b>Assets, depreciation, and capital expenditures:</b>							
Total assets	1,954,003	56,705	324,921	243,336	2,578,967	(4,771)	2,574,195
Depreciation	105,683	1,489	12,084	5,745	125,002	—	125,002
Capital expenditures	117,706	2,752	5,273	5,668	131,401	—	131,401

Note 1. Fractional sums less than ¥1 million have been omitted.

Note 2. Method of defining business segments: With the standard breakdown of Japanese manufacturers as a base, business segments have been determined in a way that shows as precisely and accurately as possible the actual diversity of present business conditions.

Note 3. Main activities of business segments

Transportation: railways, buses, ferries

Sales of goods: department stores, food and beverages, office equipment, newspapers, etc.

Real estate business: lending, leasing, and purchasing of real estate

Other: food services, hotels, advertising services, railway-related electric facilities, etc.

Note 4. In the Total assets section for fiscal 1999, the intergroup assets included in the "Eliminations and intergroup" item total ¥69,193 million, the majority being in the form of excess working funds (cash and marketable securities) managed by the parent company.

### 2. Information by location

As there were no overseas subsidiaries in fiscal 1998 or fiscal 1999, this item was not included.

### 3. Overseas sales

As there were no overseas sales in fiscal 1998 or fiscal 1999, this item was not included.

**West Japan Railway Company**  
**May 20, 1999**

**Notice Of The Convening Of The 12th Ordinary Meeting of Shareholders**

At a board of directors' meeting held today, details of the 12th Ordinary Meeting of Shareholders were decided as follows:

1. Date and time: 10 a.m., June 25, 1999
2. Location: Rihga Royal Hotel, 3-68 Nakanoshima 5-chome, Kita-ku, Osaka
3. Meeting Agenda

**Management Report:**

The Business Report, the Balance Sheet, and the Statement of Income of the 12th term extending from April 1, 1998, through March 31, 1999

Items to Be Resolved:

**Agenda Item 1:** Approval of Proposal for Appropriation of Retained Earnings for the 12th business term

**Agenda Item 2:** Approval of Retirement Allowances to Retiring Directors and Corporate Auditors