April 27, 2012

FLASH REPORT [JAPANESE GAAP] (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

President: Takayuki Sasaki

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Scheduled date for the General Meeting of Shareholders: June 22, 2012

Planned filing of an annual security report: June 25, 2012 Planned start of dividend payments: June 25, 2012

Supplemental explanatory material prepared: Yes Results briefing held: Yes

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

1. Performance

(1) Operating results

Years ended March 31

Percentages indicate year-on-year increase/ (decrease).

	Operating revenues		Operating income		Recurring profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2012	1,287,679	6.1	109,799	14.4	82,458	19.6	29,489	(15.7)
2011	1,213,506	2.0	95,988	25.4	68,959	43.3	34,983	40.7

(Note) Comprehensive Income: Year ended March 31, 2012: ¥27,680 million, (18.2)%;
Year ended March 31, 2011: ¥33,849 million, 35.9%

	Net income per share	Net income per share after dilution	Return on equity	Recurring profit-to-total assets ratio	Operating income-to-operating revenues ratio
	Yen	Yen	%	%	%
2012	152.29	—	4.2	3.1	8.5
2011	180.66	—	5.2	2.6	7.9

(Reference) Gain on investment by equity method: Year ended March 31, 2012: ¥(847) million;
Year ended March 31, 2011: ¥2,421 million

(2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2012	2,642,994	733,546	26.6	3,632.41
2011	2,672,423	721,251	25.8	3,557.13

(Reference) Total shareholders' equity: March 31, 2012: ¥703,385 million , March 31, 2011: ¥688,808 million

(3) Cash flows

Years ended March 31

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financial activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2012	206,228	(199,153)	(36,840)	50,389
2011	223,221	(246,293)	51,445	79,512

2. Dividends

Year ended/ ending March 31

	Dividends per share					Total amount of dividends (for the entire fiscal year)	Payout ratio (Consolidated)	Dividends-to-net assets ratio (Consolidated)
	June 30	Sept. 30	Dec. 31	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
2011	—	4,000.00	—	4,000.00	8,000.00	15,498	44.3	2.3
2012	—	40.00	—	50.00	90.00	17,436	59.1	2.5
2013 (Forecast)	—	50.00	—	50.00	100.00		38.0	

3. Forecasts for Fiscal Year ending March 31, 2013

Percentages indicate year-on-year increase/ (decrease).

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	632,500	0.7	66,500	10.1	52,500	17.4
Fiscal year	1,288,000	0.0	111,500	1.5	86,500	4.9

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	31,000	20.3	160.09
Fiscal year	51,000	72.9	263.37

4. Other

1. Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None

2. Changes in accounting rules, procedures or method of presentation relating to the preparation of the consolidated financial statements.
   1) Changes based on revision of accounting standards: Yes
   2) Changes other than 1) above: None
   3) Changes in Accounting Estimates: None
   4) Restatements: None
   Note: For details, see “5. Changes in Accounting Policies” on page 23 of the accompanying material.

3. Number of Shares Outstanding (Common stock)

	Years ended March 31	
	2012	2011
1) Number of shares issued and outstanding (including treasury stock):	200,000,000	200,000,000
2) Number of treasury stock	6,358,499	6,358,400
3) Average number of shares outstanding for each period (cumulative term):	193,641,581	193,641,600

The Company conducted a stock split on July 1, 2011, at a ratio of 100 ordinary shares for each ordinary share. Figures for number of shares have been calculated assuming this stock split was conducted at the beginning of the previous fiscal year.

(Reference) FLASH REPORT (NON-CONSOLIDATED BASIS)

1. Performance

(1) Operating results

Years ended March 31

Percentages indicate year-on-year increase/ (decrease).

	Operating revenues		Operating income		Recurring profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2012	862,180	4.0	89,282	17.8	62,879	29.6	22,158	(22.3)
2011	828,651	1.5	75,821	29.6	48,523	62.8	28,530	38.7

	Net income per share	Net income per share after dilution
	Yen	Yen
2012	114.37	—
2011	147.27	—

(2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2012	2,381,774	588,394	24.7	3,037.12
2011	2,405,751	581,387	24.2	3,000.95

(Reference) Total shareholders' equity: March 31, 2012: ¥588,394 million, March 31, 2011: ¥581,387 million

2. Forecasts for Fiscal Year ending March 31, 2013

Percentages indicate year-on-year increase/ (decrease).

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	430,000	0.9	58,000	3.4	44,000	6.8
Fiscal year	862,500	0.0	90,500	1.4	66,000	5.0

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	27,000	12.2	139.37
Fiscal year	41,000	85.0	211.63

* Indication regarding the status of quarterly review procedures

These financial statements are not subject to quarterly review procedures under the Financial Instruments and Exchange Act. The review of these financial statements in accordance with the Financial Instruments and Exchange Act had not been completed at the time of disclosure.

Notes

1. The forward-looking statements made in this document, including the aforementioned forecasts, are based on all information available to the management at the time of this document's release. Actual results may differ from the results anticipated in the statements.

2. The Company conducted a stock split on July 1, 2011, at a ratio of 100 ordinary shares for each ordinary share. Figures for net income have been calculated assuming this stock split was conducted at the beginning of the previous fiscal year.
3. Supplementary materials for the financial statements are posted on our homepage.

1. BUSINESS PERFORMANCE

1. Analysis of Business Performance

(1) Overview of Results for the Subject Period

On April 25, 2005, JR-West caused an extremely serious accident when one of its trains derailed between Tsukaguchi and Amagasaki stations on the Fukuchiyama Line, resulting in 106 fatalities and more than 500 injuries of passengers. Since the accident JR-West has exerted its full effort with regard to its three pillars of management, specifically “Measures to have ourselves accepted as acting with the best of intentions by the victims of the train accident,” “Measures to enhance safety,” and “Furthering of reform.” We have also humbly accepted the report on the Fukuchiyama Line accident released by the Aircraft and Railway Accidents Investigation Commission in June 2007, and are working to make improvements by sincerely and quickly addressing its proposals, opinions and other issues raised.

In October 2010, JR-West formulated and announced the “Revision of the JR-West Group’s Medium-Term Management Plan 2008-2012.” The revisions shift the focus of management more toward long-term sustainability, while clarifying the direction of medium to long-term management, along with specific measures. We have been steadily implementing these measures.

The Great East Japan Earthquake that occurred in March 2011 had a considerable impact not only on regions directly affected by the disaster, but all of Japan. The JR-West Group’s entire business operations were also affected, including railway operations. While making efforts to aid in disaster relief and rehabilitation, JR-West was forced to reduce the frequency of train operations, or to shorten train configurations due to shortages of certain parts necessary for train maintenance. However, we took steps to ensure as little inconvenience as possible to the users of our service. We are also reaffirming the current state of our risk management, and implementing a broad range of measures to ensure safety in the event of massive earthquake and tsunami. JR-West recognizes that power supply issues are a problem affecting all of Japan. We will continue to implement energy conservation measures in stations, trains, offices and other areas to the fullest extent possible, with due consideration to the safety and convenience of users, and requesting their understanding and cooperation.

During the subject fiscal year (April 1, 2011 to March 31, 2012), JR-West conducted memorial services and held explanatory briefings for the victims of the Fukuchiyama Line accident, and continued to make concerted efforts with regard to the families of the victims that they would be able to accept with sincerity. We also conducted measures to help foster a safe and secure society through the JR-West Anshin Foundation, a public-interest association established in the wake of the Fukuchiyama Line accident.

Further, in accordance with the Corporate Philosophy and Safety Charter adopted in March 2006, and in order to establish “a corporate culture that places top priority on safety,” make further improvements in safety, regain customer trust, and realize the goal of the Basic Safety Plan to “Build a corporate system to ensure no accidents that produce casualties among our customers and no serious labor accidents to our employees,” JR-West implemented measures to establish a safety management system based on risk assessment.

For its reform efforts, in the recognition that operational reform is the necessary counterpart to improving safety, JR-West built on efforts toward "reform" and "revitalization" implemented up to now to help establish the principle of "Thinking and Acting based on the field," in which each employee takes a leading role at his or her workplace.

JR-West convened regular meetings of the Corporate Ethics Committee that acts as a consultative body for the Board of Directors. In February 2012 this committee submitted a report containing its recommendations based on the discussions held up to that point, and we have incorporated this advice into our activities. JR-West also implemented measures aimed at firmly establishing corporate ethics, including corporate ethics training for directors, and employee training utilizing case studies that call for difficult decisions in everyday operations.

The business climate for JR-West remains challenging as a result of the impact from the Great East Japan Earthquake, as well as such factors as the uncertainties in the economic outlook, the falling birthrate and aging population, and competition from other modes of transportation. Faced with these conditions, with the aim of long-term improvements in its corporate value, JR-West has devoted its full effort to enhancing safety in its mainstay railway business, while also working to enhance the value of our railway belts by developing a variety of measures that draw on the unique characteristics of each of our businesses, including other Group operations, and effectively utilizing their assets. We also have been developing various marketing strategies to stimulate travel demand.

In addition, JR-West formulated priority strategies for the corporate group, including maximizing the benefit from its two major projects, direct service operations between the Sanyo and Kyushu Shinkansen services, and Osaka Station City. We also took steps to secure earnings and strengthen our management structures.

As a result, on a consolidated basis, operating revenues for the subject fiscal year (April 1, 2011 to March 31, 2012) rose 6.1% from the previous fiscal year to ¥1,287.6 billion. Operating income increased 14.4% from a year earlier to ¥109.7 billion, and recurring profit was up 19.6% to ¥82.4 billion, though net income decreased 15.7% to ¥29.4 billion.

(2) Results by Business Segment

a. Transportation Operations

In the railway business, JR-West continued to pursue improvement measures that reflected the remarks, including the proposals and opinions, noted in the investigation report on the Fukuchiyama Line accident. Further, to enhance safety we continued to implement risk assessment measures aimed at "building a corporate system to ensure no accidents to produce casualties among our customers and no serious labor accidents to our employees" in accordance with the Basic Safety Plan formulated in April 2008. Specifically, these measures were enhanced through efforts that include sharing information on risks, and the horizontal development of recommended initiatives for effective countermeasures and risk assessment. We also continued with such measures as convening regular safety meetings to allow top management and officers on the one hand, and employees in the field on the other, to directly exchange opinions.

In terms of facilities, JR-West increased its ATS maintenance, enhanced safety for crossing systems, and conducted seismic retrofitting for pillars supporting elevated tracks. For the Sanyo

Shinkansen, we enhanced the functionality of the earthquake early warning system, and installed derailment prevention guards. From March 2012, we began using platform doors at Osakatemmangu Station on the JR Tozai Line. Further, for safety measures to respond to earthquakes and tsunami, drawing on the lessons from the Great East Japan Earthquake, we are implementing various measures including establishing systems for the relay of information on earthquakes and tsunami, and smooth evacuation of passengers. We also enhanced our ability to respond to snow disasters by securing additional snow removal and maintaining a snow melting system. In addition, taking to heart the seriousness of accidents now and in the future, we expanded to all JR-West Group employees the safety training session conducted at the Railway Safety Education Center, established to teach systematically the lessons learned from accidents. Various types of training sessions were also conducted on caring for passengers and improved response in the event of an accident.

In transportation operations, the full opening of the Kyushu Shinkansen and grand opening of Osaka Station City led to increased use of the Sanyo Shinkansen and JR-West's urban network. We implemented several measures to enhance convenience, including revision to train timetables in March 2012, increasing the frequency of *Mizuho* and *Sakura, direct train services between* the Sanyo and Kyushu Shinkansen. We also introduced *Kuroshio* limited express trains, and replaced train cars on the Takarazuka and Hanwa lines with newer models.

In marketing initiatives, following the full opening of the Kyushu Shinkansen in March 2011 and the commencement of direct service operations between the Sanyo and Kyushu Shinkansen services, JR-West worked to promote use of the railway through an ongoing proactive information campaign stressing the convenience and price advantages of the internet reservation service "e5489." Further, for the "Kumamoto, Miyazaki and Kagoshima Destination Campaign" and the "Sanyo and Kyushu Shinkansen Direct Service First Anniversary Campaign" conducted in cooperation with local governments, other JR companies and travel agents, JR-West developed travel packages and held tourism events in conjunction with local governments to help expand mutual exchanges between West Japan and Kyushu. We also conducted a variety of campaigns to stimulate travel demand, such as the "Detective Conan Okayama and Kurashiki Mystery Tour," the "San-in and Nakaumi Campaign," and the "Japanese Beauty Hokuriku Campaign." Further, in March 2012 we began providing the ICOCA service at JR Shikoku's Takamatsu and Sakaide stations.

For customer service initiatives, JR-West expanded efforts including the use of video on station and in-car displays to provide guidance to help passengers use the railway in safety and comfort. In addition, in April 2011 we expanded service hours for "women only" cars to all day.

For the renovation of Osaka Station, in April 2011 we fully opened the renewed facilities and in May held the grand opening of Osaka Station City, an event that attracted an extremely large number of customers.

Typhoon No. 12 in September 2011 caused extensive damage, including washing out a bridge on the Kisei Main Line. As a result of a concerted restoration effort, operations on all lines had resumed by December 2011. We also conducted the "Genki Desu Wakayama Campaign" and other initiatives in conjunction with local governments and travel agencies to bolster restoration efforts.

In environmental issues, JR-West implemented the “Think and Act Eco” initiative to encourage all employees to reconsider their lifestyles and work from an environmental perspective. We also continued with Group-wide measures incorporating customer participation, such as the “Eco Life Point” service.

In bus services, JR-West worked to enhance customer convenience with measures including flexible pricing schemes designed around usage trends, and enhancing the functionality of the Osaka Station Bus Terminal.

In ferry services (the Miyajima Line), JR-West marketed the service to travel companies and took other steps to secure revenue.

As a result, operating revenues for the Transportation Operations segment increased 4.0% from the previous fiscal year, to ¥839.0 billion, with operating income up 25.5%, to ¥76.7 billion.

b. Sales of Goods and Food Services

JR-West opened the JR Osaka Mitsukoshi Isetan department store in the new North Gate Building in May 2011. We have worked to offer highly original goods and services, and in response to the tight commercial climate, taken steps to establish shops that appeal to local customers. We also continued efforts to make stations more attractive, including opening new retail outlets and restaurants such as Daily-In and Deli Cafe Express as part of the renovation of Osaka Station, and opening the Entree Marche commercial center as part of the renovation of Shin-Osaka Station.

As a result, operating revenues in the Sales of Goods and Food Services segment rose 16.0% from the previous fiscal year, to ¥233.5 billion. In terms of earnings, however, the segment posted an operating loss for the period of ¥2.9 billion, due mainly to an increase in non-personnel costs stemming from the opening of the JR Osaka Mitsukoshi Isetan department store.

c. Real Estate Business

JR-West moved forward with the development of stations and surrounding areas. We opened the VIERA Okubo commercial facility on the south side of Okubo Station, and the ALBi commercial facility underneath the elevated tracks on the west side of Osaka Station, and held the grand opening for VIERA Nara underneath the elevated tracks of Nara Station. We also renovated the east side area underneath the tracks at Kobe Stations, and opened the PLiCO Kobe shopping center.

For the Osaka Station Development Project, in May 2011 we held the grand opening of Osaka Station City. In the North Gate Building, we opened of the LUCUA specialty shop zone, which has continued to attract many customers, and began leasing the office building portion. We also worked in cooperation with local businesses around Osaka Station to promote activities in the area, and developed condominiums on former sites of company housing. Two consolidated subsidiaries that manage shopping centers at Tennoji Station were merged in July 2011 from the standpoint of enhancing competitiveness and collective effectiveness.

As a result, operating revenues for the Real Estate Business segment increased 23.5% from the previous fiscal year, to ¥93.5 billion, with operating income up 16.8% to ¥25.9 billion.

d. Other Businesses

In hotel operations, JR-West worked to expand sales through such measures as opening restaurant facilities, and hosting various events.

In travel agency operations, JR-West strengthened inbound marketing and expanded internet sales, and took steps to increase sales of products that utilize railways, such as the Sanyo and Kyushu Shinkansen services.

For the J-West Card, we worked to encourage applications for the Osaka Station City J-WEST Card, and took other steps to expand the number of cardholders.

For the ICOCA e-money service, we worked to provide more opportunities to use the service around town. We began offering compatibility with payments for services for a major home delivery company and a major restaurant chain, expanded services to convenience stores in the Shikoku area, and allowing for payments for tickets to events and tourist attractions.

Despite these efforts, however, operating revenues for the Other Businesses segment decreased 6.5% from the previous fiscal year, to ¥121.4 billion, due mainly to revenue declines in the travel business stemming from sluggish demand for domestic travel. Operating income, however, rose 7.3% to ¥10.3 billion, due mainly to a decrease in non-personnel costs.

(3) Forecasts for the Fiscal Year Ending March 2013

The business environment for the JR-West Group, as a result of the uncertainties in the outlook for the Japanese economy, power supply issues and other factors, is expected to remain difficult with little cause for optimism. Nonetheless, we will increase revenue by maintaining a concerted effort as a corporate group to derive the maximum benefit from our two major projects, direct service operations between the Sanyo Shinkansen and Kyushu Shinkansen that launched operations in the previous fiscal year, along with Osaka Station City.

The fiscal year ending March 31, 2013, is the final year for “Revision of the JR-West Group’s Medium-Term Management Plan 2008-2012.” We will steadily implement the strategies of this plan, establish higher standards of safety in pursuit of greater peace of mind, and devote our full effort to realizing sustainable growth.

<u>Consolidated Forecasts for the Year Ending March 31, 2013</u>

Operating revenues:	¥1,288.0 billion	(On a par with previous year)
Operating income:	¥111.5 billion	(up 1.5% YoY)
Recurring profit:	¥86.5 billion	(up 4.9% YoY)
Net income:	¥51.0 billion	(up 72.9% YoY)

Note: Forecasts are based on certain assumptions considered reasonable at the time of this announcement, and are subject to change.

2. Qualitative Information on the Financial Position

(1) Cash Flow from Operating Activities

Cash provided by operating activities amounted to ¥206.2 billion, a decrease of ¥16.9 billion from the previous fiscal year. This was due mainly to a decline in accounts payable.

(2) Cash Flow from Investing Activities

Cash used in investing activities amounted to ¥199.1 billion, a decrease of ¥47.1 billion from the previous fiscal year. This was due mainly to a decrease in expenditures for acquisition of property, plant and equipment.

(3) Cash Flow from Financing Activities

Cash used in financing activities amounted to ¥36.8 billion, a decrease of ¥88.2 billion from the previous fiscal year. This was due mainly to a decrease in proceeds from the issuance of bonds.

As a result, cash and cash equivalents at the end of the subject fiscal year (March 31, 2012) amounted to ¥50.3 billion, a decrease of ¥29.1 billion from the end of the previous fiscal year (March 31, 2011).

(Reference) Cash Flow Indicators

Years ended March 31

	2008	2009	2010	2011	2012
Equity ratio (%)	25.9	26.7	26.3	25.8	26.6
Equity ratio, based on market value (%)	35.2	24.5	24.5	23.3	24.4
Interest-bearing debt to cash flow ratio (Times)	4.2	5.2	6.3	4.9	5.1
Interest coverage ratio (Times)	3.9	3.6	2.2	2.9	3.3

Notes: Equity ratio: shareholders' equity/ total assets
Market-based rate of equity ratio: total market capitalization/ total assets
Interest-bearing debt to cash flow ratio: interest-bearing debt/ operating cash flows
Interest coverage ratio: (operating income + interest & dividend income)/ interest expense

Notes:

1. All of the figures in the above table were calculated on a consolidated basis.
2. Total market capitalization was calculated by multiplying the closing stock price at the end of the term by the total amount of outstanding stock at the end of the term (excluding treasury stock).
3. Cash flow is defined as operating cash flow.
4. Interest-bearing debt is defined as interest-bearing debt of long-term debt and payables.

3. Basic Policy Regarding Distribution of Earnings, and Dividends for the Subject and Next Fiscal Years

JR-West considers it important to provide stable shareholder returns over the long term. On the premise that current project achieve results as planned, we plan to provide 3% of consolidated dividend on equity (DOE) for the fiscal year ending March 2013.

For the subject fiscal year, JR-West plans to pay a dividend of ¥90 per share, consisting of the ¥40 per share interim dividend already paid, and a year-end dividend of ¥50 per share.

2. MANAGEMENT POLICIES

On April 25, 2005, an extremely serious accident between Tsukaguchi and Amagasaki stations on the Fukuchiyama Line resulted in 106 fatalities and injuries to more than 500 passengers.

We pray for all the victims of the accident and offer our sincerest apologies to their bereaved families. We would also like to express our deepest sympathies and sincerest apologies to the injured, and hope they recover as soon as possible. We further offer deep apologies to passengers, shareholders and local residents for the excessive strain and trouble that we have caused.

We pledge never to forget this accident, and to remain conscious of our responsibility for protecting the truly precious lives of our customers. We also persistently act on the basis of safety first, and are working to build a railway that assures our customers of safety and reliability, in accordance with our Corporate Philosophy and Safety Charter.

1. Basic Management Policies

The JR-West Group, concentrating on its core business of railway operations, will work to establish a corporate culture that places a top priority on safety, regain trust as quickly as possible, and pursue sustainable development as a corporate group.

The Group's three pillars of management are "Measures to have ourselves accepted as acting with the best of intentions by the victims of the train accident," "Measures to enhance safety," and "Furthering of reform." While adhering to these principles without change, we will make a concerted effort realize the management vision outlined in the medium-term management plan.

Despite the lack of transparency in the outlook for the business environment, JR-West has continued to work to improve its corporate value. In accordance with the Corporate Philosophy and Safety Charter, and while maintaining a foundation of prioritizing safety and accurately assessing market trends, we have implemented strategic and timely measures that allow us to provide high-quality services and products that induce customers to continue choosing JR-West with confidence.

2. Medium to Long-Term Corporate Management Strategies

The JR-West Group formulated and announced the "Revision of the JR-West Group's Medium-Term Management Plan 2008-2012" in October 2010. This plan establishes the mission of the JR-West Group as contributing to the vitalization of the western Japan region through its business activities. Also, while keeping unchanged the previous three management pillars, the plan specifies the management direction through three new strategies of "Coexistence with local communities," "Innovation by technology," and "Thinking and acting based on the field." Further, by achieving harmony with stakeholders from a long-term perspective we will create a reinforcing cycle for value, and by expanding value overall (plus sum value realization), share the rewards with shareholders and all stakeholders.

3. Management Issues

The Great East Japan Earthquake that struck in March 2011 had a considerable impact not only on regions directly affected by the disaster, but all of Japan. We will also reaffirm the current state of our risk managements, and pursue a broad range of measures to ensure safety in the event of massive earthquake and tsunami. We will continue to implement energy conservation measures to the fullest extent possible.

The JR-West Group formulated and announced the “Revision of the JR-West Group’s Medium-Term Management Plan 2008-2012” in October 2010. This plan establishes the mission of the JR-West Group as contributing to the vitalization of the western Japan region through its business activities. Also, while keeping unchanged the previous three management pillars, the plan specifies the management direction through three new strategies of “Coexistence with local communities,” “Innovation by technology,” and “Thinking and acting based on the field.” Further, by achieving harmony with stakeholders from a long-term perspective we will create a reinforcing cycle for value, and by expanding value overall (plus sum value realization), share the rewards with shareholders and all stakeholders.

Being responsive to the bereaved families and all those who suffered as a result of the Fukuchiyama Line accident is one of our highest priorities. We will deal with them honestly, listen carefully to their opinions and requests, and strive to ensure that they accept the sincerity of our response.

For measures to enhance safety, JR-West will steadily move forward with efforts to achieve its Basic Safety Plan, with the goal of “Build a corporate system to ensure no accidents to produce casualties among our customers and no serious labor accidents to our employees.” We will also further enhance our safety management structure in line with the Railway Safety Management Manual.

Specifically, to achieve the goals of the Basic Safety Plan, we will confirm and share the current status of the level reached, expand risk assessment measures such as clarifying priority and residual risks, and implement new measures to prevent accidents. We will also continue to implement measures to ensure that we do not forget the Fukuchiyama Line accident, and will enhance the effectiveness of teaching the lessons learned from the accident through such measures as training sessions for all employees conducted at the Railway Safety Education Center. We will further a higher quality, safe and reliable transportation service by installing ATS systems, implementing measures to prevent accidents at crossings, and enhancing safety on platforms, as well as by taking steps to reduce instances of routine transportation disruptions though across-the-board deployment of effective measures, such as installing track barricades and additional junctions to turn trains. In addition, for measures to counter earthquakes and tsunami, we will continue to move forward with our seismic retrofitting program, and expand systems to ensure the smooth evacuation of passengers.

To better meet the expectations of customers, we will make improvements based on customer feedback and foster a service mentality, taking steps to ensure that the head office, branch offices and all worksites make a concerted effort to improve services and enhance the quality of service.

JR-West will also promote human resource development to further individual growth, in an effort to ensure management compliant with rules and regulations. Above all, we will earnestly prevent the occurrence of illicit activities that severely undermine the public trust in JR-West, strengthen our system of checks and controls at stations and other facilities, and ensure thorough training and guidance for employees to prevent any reoccurrence.

Realizing these safety and customer service measures requires encouraging changes in

JR-West’s corporate culture. We will continue to implement measures to establish the principle of “Thinking and acting based on the field,” centered on each and every employee in all work locations.

In the railway business, to maximize the benefits from direct service between the Sanyo and Kyushu Shinkansen, JR-West will establish convenient timetables, expand use of the internet reservation service “e5489,” and take other steps to enhance the competitiveness of the Shinkansen service by providing high-quality services. We will also work in coordination with regional areas to promote travel between regions, generate demand for tourism including foreign visitors to Japan, and bolster our information network. We will also enhance practical capabilities and technical skills, implement systematic changes for railway operations, and pursue initiatives for “innovation by technology” in areas such as measures to protect the global environment.

In the areas of sales of goods and food services and real estate, JR-West will ensure solid performance for Osaka Station City, move steadily forward with related projects, and deepen the area management for the districts around Osaka Station. Further, JR-West will increase the number of J-WEST Card cardholders, expand the number of stores where the ICOCA e-money service can be used, and take other steps to enhance convenience for customers in conjunction with their use of the railway service.

JR-West will also promote measures to enhance the value of our railway belts, with the railway and related divisions making a concerted effort, and in cooperation with local governments and communities, to maximize asset efficiency from the standpoint of enhancing the potential of stations and surrounding areas, and stimulating growth for the areas in between stations. We will also promote “coexistence with local communities” through measures to achieve plus-sum growth in our operating area.

For the promotion of corporate social responsibility (CSR) and compliance, JR-West will share examples of thoughts and actions of employees that reflect the realization of our corporate principles. To promote compliance and corporate governance, based on the recommendations of the Corporate Ethics Committee we will further strengthen measures to establish a foundation for management and corporate ethics, and to enhance management oversight and auditing functions. Further, as part of our effort to establish a new crisis management framework, we will take steps to respond to power supply and other energy crisis issues, update our business continuity plan based on the lessons from the Great East Japan Earthquake that occurred in March 2011, and implement disaster response strategies in terms of both policies and physical aspects. In addition, through the JR West Anshin Foundation, we will pursue measures beneficial to the establishment of a sustainable and stable society through initiatives including aid for activities and research related to mental and physical rehabilitation and establishing safety following accidents and disasters, and promoting awareness.

The business environment for JR-West is expected to remain extremely difficult as a result of such factors as uncertain outlook for the economy, the declining birthrate and aging population, and competition from other modes of transportation. In response to these circumstances, JR-West will focus on management for long-term sustainability, and will make a concerted effort as a corporate group to maximize the benefit from its two major projects, the direct service with the Kyushu Shinkansen, and Osaka Station City.

3. CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated Balance Sheets

March 31

	Millions of yen	
	2011	**2012**
ASSETS		
Current assets:		
Cash	79,742	50,619
Notes and accounts receivable-trade	16,734	15,504
Railway fares receivable	26,689	27,280
Accounts receivable	47,064	46,256
Income tax refundable	199	89
Inventories	28,043	33,360
Deferred income taxes	18,961	19,455
Other current assets	45,870	49,170
Less allowance for doubtful accounts	(872)	(835)
Total current assets	262,432	240,902
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	1,001,337	1,097,120
Machinery and transport equipment	323,914	328,154
Land	655,872	656,358
Construction in progress	139,615	41,282
Other property, plant and equipment	29,877	36,608
Total property, plant and equipment	2,150,617	2,159,523
Intangible fixed assets	25,798	30,053
Investments and other assets:		
Investments in securities	60,407	58,452
Deferred tax assets	142,069	123,584
Other investments and assets	32,213	31,500
Less allowance for doubtful accounts	(1,126)	(1,185)
Total investments and other assets	233,564	212,352
Total fixed assets	2,409,979	2,401,929
Deferred income taxes:		
Development expenses	11	162
Total deferred income taxes	11	162
Total assets	2,672,423	2,642,994

March 31

	Millions of yen	
	2011	**2012**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes and accounts payable-trade	51,207	46,205
Short-term loans	17,515	27,562
Current portion of bonds	—	30,000
Current portion of long-term debt	44,764	72,067
Current portion of long-term payables for acquisition of railway properties	39,101	40,823
Current portion of long-term accounts payable	31	31
Accounts payable	134,824	92,380
Accrued consumption tax	3,324	7,911
Accrued income tax	15,450	22,631
Railway deposits received	1,779	6,902
Deposits received	53,687	63,119
Prepaid railway fares received	31,183	32,359
Advances received	24,790	29,191
Allowance for bonuses	34,173	34,486
Allowance for compensation of completion of construction	49	—
Allowance for point program	660	1,005
Other current liabilities	35,290	40,163
Total current liabilities	487,837	546,842
Fixed liabilities:		
Bonds	444,970	424,972
Long-term debt	283,155	251,188
Long-term payables for acquisition of railway properties	290,408	249,620
Long-term accounts payable	190	159
Deferred tax liabilities	241	244
Accrued retirement benefits	322,737	316,876
Allowance for environmental safety measures	7,033	6,394
Provision for unredeemed gift certificates	2,670	2,550
Other long-term liabilities	111,925	110,599
Total fixed liabilities	1,463,334	1,362,605
Total liabilities	1,951,172	1,909,447

(continued on page 16)

	Millions of yen	
	2011	**2012**
NET ASSETS		
Total shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	55,000	55,000
Retained earnings	563,766	577,999
Treasury stock, at cost	(30,343)	(30,343)
Total shareholders' equity	688,423	702,656
Valuation and translation adjustments:		
Net unrealized holding gain on securities	546	902
Deferred gains or losses on hedges	(161)	(173)
Total Valuation and translation adjustments	384	728
Minority interests	32,443	30,161
Total net assets	721,251	733,546
Total liabilities and net assets	2,672,423	2,642,994

2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Years ended March 31

	Millions of yen	
	2011	**2012**
Operating revenues	1,213,506	1,287,679
Operating expenses:		
Transportation, other services and cost of sales	950,419	999,745
Selling, general and administrative expenses	167,097	178,133
Total operating expenses	1,117,517	1,177,879
Operating income	95,988	109,799
Non-operating revenues:		
Interest income	176	77
Dividend income	301	377
Insurance bonus	2,366	2,303
Transfer from administrative fee of contracted construction	1,731	1,514
Equity in earnings of affiliates	2,421	—
Other	2,473	3,681
Total non-operating revenues	9,471	7,954
Non-operating expenses:		
Interest expense	33,786	32,948
Equity in losses of affiliates	—	847
Other	2,714	1,500
Total non-operating expenses	36,500	35,295
Recurring profit	68,959	82,458
Extraordinary profits:		
Gain on contributions received for construction	39,737	16,182
Compensation for expropriation	4,899	2,971
Proceeds from sales of fixed assets	1,972	3,588
Other	4,526	4,864
Total extraordinary profits	51,135	27,607
Extraordinary losses:		
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	38,530	15,162
Loss on reduction entry of compensation for expropriation	4,847	2,970
Other	15,694	11,675
Total extraordinary losses	59,073	29,808
Income before income taxes	61,021	80,256
Income taxes- Current	29,952	35,023
Income taxes- Deferred	(3,587)	17,887
Total income taxes	26,364	52,910
Income before minority interests	34,656	27,345
Minority interests in loss	(326)	(2,143)
Net income	34,983	29,489

Consolidated Statements of Comprehensive Income

Years ended March 31

	Millions of yen	
	2011	**2012**
Income before minority interests	34,656	27,345
Other comprehensive income		
Valuation difference on available-for-sale securities	(690)	316
Deferred gains or losses on hedges	(66)	(14)
Share of other comprehensive income of associates accounted for using equity method	(50)	32
Total of other comprehensive income	(807)	334
Comprehensive income	33,849	27,680
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	34,184	29,833
Comprehensive income attributable to minority interests	(334)	(2,153)

3. Consolidated Statements of Changes in Net Assets

Years ended March 31

	Millions of yen	
	2011	**2012**
Shareholders' equity:		
Common stock:		
Balance at the previous year-end	100,000	100,000
Balance at the current year-end	100,000	100,000
Capital surplus:		
Balance at the previous year-end	55,000	55,000
Balance at the current year-end	55,000	55,000
Retained earnings:		
Balance at the previous year-end	543,323	563,766
Change in the fiscal year:		
Dividends from surplus	(14,530)	(15,498)
Net income	34,983	29,489
Change of scope of consolidation	(10)	242
Total	20,443	14,233
Balance at the current year-end	563,766	577,999
Treasury stock, at cost:		
Balance at the previous year-end	(30,343)	(30,343)
Change in the fiscal year		
Purchase of treasury stock	—	(0)
Total	—	(0)
Balance at the current year-end	(30,343)	(30,343)
Total shareholders' equity:		
Balance at the previous year-end	667,980	688,423
Change in the fiscal year:		
Dividends from surplus	(14,530)	(15,498)
Net income	34,983	29,489
Change of scope of consolidation	(10)	242
Purchase of treasury stock	—	(0)
Total	20,443	14,232
Balance at the current year-end	688,423	702,656

(continued on page 20)

Years ended March 31

	Millions of yen	
	2011	**2012**
Valuation and translation adjustments:		
Net unrealized holding gain on securities:		
Balance at the previous year-end	1,292	546
Change in the fiscal year:		
Net changes in items other than shareholders' equity	(746)	355
Total	(746)	355
Balance at the current year-end	546	902
Deferred gains or losses on hedges:		
Balance at the previous year-end	(108)	(161)
Change in the fiscal year:		
Net changes in items other than shareholders' equity	(52)	(11)
Total	(52)	(11)
Balance at the current year-end	(161)	(173)
Total valuation and translation adjustments:		
Balance at the previous year-end	1,183	384
Change in the fiscal year:		
Net changes in items other than shareholders' equity	(799)	344
Total	(799)	344
Balance at the current year-end	384	728
Minority interests:		
Balance at the previous year-end	32,977	32,443
Change in the fiscal year:		
Net changes in items other than shareholders' equity	(534)	(2,281)
Total	(534)	(2,281)
Balance at the current year-end	32,443	30,161
Total net assets:		
Balance at the previous year-end	702,141	721,251
Change in the fiscal year:		
Dividends from surplus	(14,530)	(15,498)
Net income	34,983	29,489
Change of scope of consolidation	(10)	242
Purchase of treasury stock	—	(0)
Net changes in items other than shareholders' equity	(1,333)	(1,937)
Total	19,109	12,295
Balance at the current year-end	721,251	733,546

4. Consolidated Statements of Cash Flows

Years ended March 31

	Millions of yen	
	2011	**2012**
Cash flows from operating activities		
Income before income taxes and minority interests	61,021	80,256
Depreciation and amortization	150,886	169,330
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	38,530	15,162
Loss on disposal of property, plant and equipment	8,878	8,058
Change in allowance for doubtful accounts	(29)	18
Change in allowance for retirement benefits	(2,063)	(5,861)
Change in allowance for accrued bonuses	1,141	295
Change in other reserves	(1,728)	(184)
Interest and dividend income	(477)	(454)
Interest expenses	33,786	32,948
Equity in earnings of affiliates	(2,421)	847
Gain on contributions received for construction	(39,737)	(16,182)
Change in notes and accounts receivable	(10,945)	2,075
Change in inventories	1,491	(5,311)
Change in notes and accounts payable	28,247	(20,227)
Change in accrued consumption tax	2,029	4,585
Other	15,798	1,226
Subtotal	284,406	266,583
Interest and dividends income received	473	454
Interest paid	(33,875)	(32,900)
Income taxes paid	(27,783)	(27,909)
Net cash provided by operating activities	223,221	206,228
Cash flows from investing activities		
Purchase of short-term investment securities	(30,000)	—
Proceeds from sales of short-term investment securities	30,000	—
Payments for time deposits with a maturity of more than three months	(230)	(230)
Proceeds for time deposits with a maturity of more than three months	230	230
Purchases of property, plant and equipment	(277,342)	(222,806)
Proceeds from sales of property, plant and equipment	659	2,363
Contributions received for constructions	34,370	23,090
Increase in investments in securities	(566)	(334)
Proceeds from sales of investments in securities	120	177
Payments on long-term loans receivable	(679)	(603)
Collections of long-term loans receivable	760	980
Other	(3,616)	(2,021)
Net cash used in investing activities	(246,293)	(199,153)

(continued on page 22)

	Millions of yen	
	2011	**2012**
Cash flows from financing activities		
Change in short-term loans	1,897	595
Proceeds from long-term loans	67,100	40,100
Repayment of long-term debt	(33,460)	(44,796)
Proceeds from issuance of bonds	60,000	10,000
Repayment of long-term payables for acquisition of railway properties	(29,984)	(39,065)
Purchase of treasury stock	—	(0)
Cash dividends paid to the Company's shareholders	(14,517)	(15,487)
Cash dividends paid to minority shareholders of consolidated subsidiaries	(117)	(49)
Other	528	11,863
Net cash used in financing activities	51,445	(36,840)
Change in cash and cash equivalents, net	28,373	(29,765)
Cash and cash equivalents at the beginning of the period	51,084	79,512
Increase in cash and cash equivalents from newly consolidated subsidiaries	54	1
Increase in cash and cash equivalents resulting from merger	—	641
Cash and cash equivalents at the end of the period	79,512	50,389

5. Changes in Accounting Policies

(Application of Accounting Standards for Per-Share Net Income)

From the subject fiscal year, the Company has applied “Accounting Standard for Earnings Per Share” (ASBJ Statement No.2, June 30, 2010); “Guidance on Accounting Standard for Earnings Per Share” (ASBJ Guidance No.4, June 30, 2010); and “Practical Solution on Accounting for Earnings Per Share” (ASBJ PITF No.9, June 30, 2010).

The Company conducted a stock split during the subject first half period. Per-share earnings have been calculated supposing that the stock split had been conducted at the beginning of the previous fiscal year.

6. Additional Information

For accounting changes and error corrections to be conducted from the beginning of the subject fiscal year, the Company has applied “Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No.24, December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No.24, December 4, 2009).

7. Notes to the Consolidated Financial Statements

(Segment Information)

1. Overview of Reportable Segments

The JR-West Group’s reportable segments allow it to acquire financial data separated into the various components of the corporate group. The scope of the segments is reviewed on a regular basis in order to allow the Board of Directors to determine the allocation of management resources, and evaluate earnings performance.

The JR-West Group’s principal business segments are “Transportation,” “Sales of Goods and Food Services” and “Real Estate.” Classification by category of the businesses that compose JR-West and its Group companies allows for management of business operations by JR-West or the respective Group company.

Accordingly, the JR-West Group comprises segments by business, and has the three reportable segments of “Transportation,” “Sales of Goods and Food Services” and “Real Estate.” The “Transportation” segment comprises the railway business, ferry business, and passenger vehicle transport operations. The “Sales of Goods and Food Services” segment comprises department store operations, retail goods and food service operations, and wholesale operations for various types of goods. The “Real Estate” segment comprises real estate sales and leasing operations, and shopping center management operations.

2. Operating Revenues and Earnings (or Loss) by Reportable Segment

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

	Millions of yen						
	Transporta-tion	Sales of goods and food services	Real estate	Other businesses	Total	Eliminations and intergroup	Consolidated
Operating revenues:							
Operating revenues from third parties	806,460	201,322	75,767	129,955	1,213,506	—	1,213,506
Intergroup operating revenues and transfers	17,402	48,680	14,170	174,015	254,269	(254,269)	—
Total operating revenues	823,863	250,003	89,937	303,971	1,467,775	(254,269)	1,213,506
Segment income	61,165	3,586	22,251	9,674	96,678	(689)	95,988
Segment assets	1,933,745	114,659	370,969	292,634	2,712,009	(39,585)	2,672,423
Other items							
Depreciation and amortization	129,513	4,905	11,829	4,638	150,886	—	150,886
Investment in affiliates accounted for by equity method	20,787	—	—	18,001	38,788	—	38,788
Increase in property, plant and equipment and intangible assets	228,495	9,497	41,858	7,917	287,768	—	287,768

Notes: 1. The “Other Businesses” category is a business segment not including in reportable segments. It includes such operations as hotels, travel services, and construction business.

2. Adjustments are as follows:

(1) The segment income adjustment of minus ¥689 million is elimination of intersegment transactions.

(2) The segment assets adjustment of minus ¥39,585 million reflects ¥209,837 in companywide assets not attributed to any segment, less ¥249,422 million in elimination of intersegment credits and debts.

3. Segment earnings are adjusted to the operating income figure on the Consolidated Statements of Income.

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

	Millions of yen						
	Transportation	Sales of goods and food services	Real estate	Other businesses	Total	Eliminations and intergroup	Consolidated
Operating revenues:							
Operating revenues from third parties	839,072	233,542	93,576	121,488	1,287,679	—	1,287,679
Intergroup operating revenues and transfers	17,364	47,918	19,829	173,245	258,358	(258,358)	—
Total operating revenues	856,436	281,461	113,406	294,733	1,546,037	(258,358)	1,287,679
Segment income	76,736	(2,996)	25,989	10,376	110,106	(306)	109,799
Segment assets	1,919,576	137,809	389,750	300,368	2,747,504	(104,510)	2,642,994
Other items							
Depreciation and amortization	139,621	6,055	19,456	4,196	169,330	—	169,330
Investment in affiliates accounted for by equity method	18,949	—	—	19,010	37,960	—	37,960
Increase in property, plant and equipment and intangible assets	143,075	22,240	41,747	3,797	210,861	—	210,861

Notes: 1. The “Other Businesses” category is a business segment not including in reportable segments. It includes such operations as hotels, travel services, and construction business.

2. Adjustments are as follows:

(1) The segment income adjustment of minus ¥306 million is elimination of intersegment transactions.

(2) The segment assets adjustment of minus ¥104,510 million reflects ¥165,340 in companywide assets not attributed to any segment, less ¥269,851 million in elimination of intersegment credits and debts.

3. Segment earnings (or loss) are adjusted to the operating income figure on the Consolidated Statements of Income.

(Per Share Information)

	Years ended March 31	
	2011	2012
Net assets (Yen)	3,557.13	3,632.41
Net income (Yen)	180.66	152.29

Notes: 1. “Net income per share, adjusted for latent shares” is not stated because there are no latent shares.

2. The Company, based on a resolution at a meeting of its Board of Directors on May 18, 2011, conducted a stock split on July 1, 2011, at a ratio of 100 ordinary shares for each ordinary share, and adopted a stock trade unit system with a stock trade unit of 100 shares.

3. Figures for net income have been calculated assuming this stock split was conducted at the beginning of the previous fiscal year.

4. The basis for calculating “Net income per share” is as follows.

	Years ended March 31	
	2011	2012
Net income per share		
Net income (Millions of yen)	34,983	29,489
Net income applicable to common shares (Millions of yen)	34,983	29,489
Average number of shares outstanding for each period (Thousands of shares)	193,641	193,641

Reference Materials

1. NON-CONSOLIDATED BALANCE SHEETS

March 31

	2011	**2012**	Change
	Billions of yen	Billions of yen	Billions of yen
ASSETS			
Current assets:			
Total current assets	206.2	182.7	(23.5)
Fixed assets:			
Fixed assets for railway operations	1,778.1	1,812.0	33.8
Construction in progress	74.9	38.5	(36.3)
Investments and other assets	346.3	348.4	2.0
Total fixed assets	2,199.4	2,199.0	(0.4)
Total assets	2,405.7	2,381.7	(23.9)

	2011	**2012**	Change
	Billions of yen	Billions of yen	Billions of yen
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of long-term debt	81.7	140.9	59.1
Accounts payable	412.6	420.2	7.5
Total current liabilities	494.4	561.1	66.7
Fixed liabilities:			
Bonds and long-term debt	1,006.2	915.4	(90.7)
Accrued retirement benefits	302.0	297.5	(4.5)
Other long-term liabilities	21.6	19.2	(2.4)
Total fixed liabilities	1,329.9	1,232.1	(97.7)
Total liabilities	1,824.3	1,793.3	(30.9)
Total shareholders' equity:			
Common stock	100.0	100.0	—
Capital surplus	55.0	55.0	—
Retained earnings	456.0	462.6	6.6
Treasury stock, at cost	(29.9)	(29.9)	(0.0)
Total shareholders' equity	581.0	587.6	6.6
Valuation and translation adjustments	0.3	0.7	0.3
Total net assets	581.3	588.3	7.0
Total liabilities and net assets	2,405.7	2,381.7	(23.9)

2. NON-CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31

	2011	**2012**	Change from the same period of the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
Operating revenues:				
Transportation	728.0	758.7	30.7	4.2
Transportation incidentals	19.5	19.5	0.0	0.0
Other operations	21.8	23.2	1.4	6.8
Miscellaneous	59.2	60.5	1.3	2.2
	828.6	862.1	33.5	4.0
Operating expenses:				
Personnel costs	235.3	237.9	2.6	1.1
Non personnel costs:				
Energy costs	33.7	36.2	2.5	
Maintenance costs	135.8	133.3	(2.4)	
Miscellaneous costs	163.8	169.9	6.0	
	333.4	339.5	6.1	1.8
Rental payments, etc	25.1	23.6	(1.5)	(6.0)
Taxes	29.8	30.9	1.1	3.8
Depreciation	129.1	140.7	11.6	9.0
	752.8	772.8	20.0	2.7
Operating income	75.8	89.2	13.4	17.8
Non-operating revenues and expenses, net:				
Non-operating revenues	7.0	7.1	0.1	
Non-operating expenses	34.3	33.5	(0.7)	
	(27.2)	(26.4)	0.8	(3.3)
Recurring profit	48.5	62.8	14.3	29.6
Extraordinary profit and loss, net:				
Extraordinary profit	48.9	23.1	(25.7)	
Extraordinary loss	49.4	24.8	(24.5)	
	(0.4)	(1.7)	(1.2)	
Income before income taxes	48.0	61.1	13.0	27.3
Income taxes	19.5	38.9	19.4	
Net income	28.5	22.1	(6.3)	(22.3)

Passenger-Kilometers and Transportation Revenues

	Millions of Passenger-Kilometers				Billions of yen			
	Passenger-Kilometers				Transportation Revenues			
	Years ended March 31		Change		Years ended March 31		Change	
	2011	**2012**	Amount	%	2011	**2012**	Amount	%
Sanyo Shinkansen								
Commuter Passes	718	722	4	0.6	8.9	8.9	(0.0)	0.0
Non-Commuter Passes	14,828	16,155	1,326	8.9	314.9	342.5	27.5	8.8
Total	15,546	16,878	1,331	8.6	323.9	351.5	27.5	8.5
Conventional Lines								
Commuter Passes	22,692	22,788	96	0.4	140.3	140.4	0.0	0.1
Non-Commuter Passes	14,374	14,450	75	0.5	263.6	266.7	3.0	1.2
Total	37,067	37,239	171	0.5	404.0	407.2	3.1	0.8
Kyoto-Osaka-Kobe Area								
Commuter Passes	18,352	18,440	87	0.5	113.3	113.4	0.1	0.1
Non-Commuter Passes	9,694	9,778	83	0.9	171.0	173.8	2.7	1.6
Total	28,047	28,218	171	0.6	284.4	287.3	2.9	1.0
Other Lines								
Commuter Passes	4,340	4,348	8	0.2	27.0	27.0	(0.0)	(0.2)
Non-Commuter Passes	4,680	4,672	(7)	(0.2)	92.5	92.8	0.2	0.3
Total	9,020	9,020	0	0.0	119.6	119.8	0.2	0.2
Total								
Commuter Passes	23,411	23,511	100	0.4	149.3	149.4	0.0	0.1
Non-Commuter Passes	29,203	30,605	1,402	4.8	578.6	609.2	30.6	5.3
Total	52,614	54,117	1,503	2.9	728.0	758.7	30.7	4.2

3. CAPITAL EXPENDITURES

Consolidated Basis

Years ended March 31

	2011	**2012**	Change from the same period of the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	282.7	208.8	(73.9)	(26.2)
Capital expenditures, excluding contributions received for constructions	260.0	195.4	(64.6)	(24.9)
Contributions received for constructions	22.7	13.4	(9.3)	(41.0)

Non-Consolidated Basis

Years ended March 31

	2011	**2012**	Change from the same period of the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	231.2	164.3	(66.9)	(29.0)
Capital expenditures, excluding contributions received for constructions	208.5	150.8	(57.6)	(27.6)
[Safety-related capital expenditures]*	[125.1]	[97.7]	[(27.4)]	[(21.9)]
Contributions received for constructions	22.7	13.4	(9.3)	(41.0)

Major Capital Expenditures

Safety and accident-prevention measures, including installation of ATS; introduction of new rolling stock (225 Series), Osaka Station Development Project, etc.

4. FORECASTS FOR FISCAL 2012, ENDING MARCH 31, 2013

Consolidated Statements of Income

	Year ended March 31, 2012	Forecast for year ending March 31, 2013	Change from the same period of the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
	<1.49>	<1.49>		
Operating revenues:				
Transportation	839.0	839.4	0.3	0.0
Sales of goods and food services	233.5	235.8	2.2	1.0
Real estate	93.5	89.5	(4.0)	(4.4)
Other businesses	121.4	123.3	1.8	1.5
	1,287.6	[1,300.0] 1,288.0	0.3	0.0
Operating expenses	1,177.8	1,176.5	(1.3)	(0.1)
Operating income:				
Transportation	76.7	78.0	1.2	1.6
Sales of goods and food services	(2.9)	(2.4)	0.5	
Real estate	25.9	26.0	0.0	0.0
Other businesses	10.3	10.2	(0.1)	(1.7)
Elimination and corporation	(0.3)	(0.3)	0.0	
	109.7	[95.5] 111.5	1.7	1.5
Recurring profit	82.4	[68.0] 86.5	4.0	4.9
	<1.33>	<1.24>		
Net income	29.4	[38.5] 51.0	21.5	72.9

Note: 1. Figures in brackets [ ] are targets in the medium-term management plan.
2. Figures in brackets < > are the consolidated-to-parent ratio.
3. Revenues by each segment are from third parties.

<u>Fiscal year ending March 31, 2013</u>

Capital expenditures (own fund): ¥157.0 billion

Balance of long-term debt and payables: ¥1,000.0 billion

Non-Consolidated Statements of Income

	Year ended March 31, 2012	Forecast for year ending March 31, 2013	Change from the same period of the previous year	
	Billions of yen	Billions of yen	Billions of yen	%
Operating revenues	862.1	862.5	0.3	0.0
Transportation	758.7	760.0	1.2	0.2
Operating expenses	772.8	772.0	(0.8)	(0.1)
Operating income	89.2	90.5	1.2	1.4
Recurring profit	62.8	66.0	3.1	5.0
Net income	22.1	41.0	18.8	85.0

<u>Fiscal year ending March 31, 2013</u>

Capital expenditures (own fund): ¥127.0 billion

[Safety-related capital expenditure] [¥69.0 billion]

Balance of long-term debt and payables: ¥990.0 billion