

(Translation)

To the Shareholders:

JR-West's Business Report

DOCUMENTS ATTACHED TO
THE NOTICE OF THE 26TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

(From April 1, 2012 to March 31, 2013)

West Japan Railway Company

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To Our Shareholders:

On April 25, 2005, the Company caused a grave accident between the Tsukaguchi station and the Amagasaki station on the Fukuchiyama Line, claiming the lives of, and injuring, many passengers.

We again pray for all the victims of the accident and would like to express our sincerest apologies to the bereaved families and the wounded passengers. We would also like to express our earnest apologies to our customers, our shareholders and the residents of the affected area.

In March 2013, West Japan Railway Group formulated a "JR-West Group Medium-Term Management Plan 2017" and its central core "Safety Think-and-Act Plan 2017", which have continued to place "Three Pillars of Management", which comprises "measures to have ourselves accepted as acting with the best intentions by the victims of the train accident", "measures to enhance safety" and "furthering of reform", as its high-priority issues for management and to give shape to our management vision, the Group has newly announced "Our Future Direction - The Ideal Form for JR West" to substantiate the direction of our management. To materialize it, we have positioned the five-year period through the fiscal year ending March 31, 2018 as a "period for contributing to the establishment of a foundation for decisive management" and will implement, as the Priority Strategies, the "Three Strategies" of "Safety", "Customer Satisfaction" and "Technologies" and the "Four Business Strategies" of "Shinkansen", "Kansai Urban Area", "Other West Japan Area" and "Business Development".

Our business conditions are expected to remain difficult due to competition with rival transportation facilities and the recent power problem in addition to a declining population, globalization, the increasing prevalence of networks, growing disparities among regions and diversifying values. However, we, united as a group, will take the next step for a new era and move forward with communities to enhance our corporate value on a medium- and long-term basis.

Hence, we cordially seek the continued understanding and further support of our shareholders.

May 2013

Seiji Manabe,
President and Representative Director

BUSINESS REPORT FOR THE 26TH FISCAL YEAR

(From April 1, 2012 to March 31, 2013)

1. Matters concerning the situations of West Japan Railway Group (the "Group")

(1) Developments and results of business activities

(i) General developments:

On April 25, 2005, the Company caused a very grave accident to occur between Tsukaguchi and Amagasaki on the Fukuchiyama Line and 106 lives were claimed and more than 500 passengers were injured. The Company has since set up "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" as its "Three Pillars of Management" and continued its all-out efforts.

In October 2010, the Company formulated and publicized a "Revision of JR-West Group's Medium-Term Management Plan 2008-2012", and has defined it as a management vision to become a "corporate group that earns the trust of customers, local communities and society by realizing excellent safety management and contribute to the invigoration of the West Japan area through its business activities" and has strived to fulfill it.

On the basis of the status of the achievement, in March 2013, the Company formulated and publicized a "JR-West Group Medium-Term Management Plan 2017" and its central core "Safety Think-and-Act Plan 2017", which have continued to place "Three Pillars of Management" as its high-priority issues for management, and with the announcement of a new "Our Future Direction - The Ideal Form for JR West", will implement Priority Strategies to materialize it.

During the fiscal year under review, the Company held a "memorial ceremony commemorating the deceased victims of the train accident on the Fukuchiyama Line", as well as "explanatory sessions" for the victims in November 2012, whereby continuing its efforts to respond to the victims of the train accident with the best of intentions. In addition, the Company has exerted its efforts to contribute to "making society safer and securer" through the "JR-West *Anshin* Foundation", a public-interest foundation established in consideration of the accident.

Based on the "Corporate Philosophy" and "Safety Charter" instituted in March 2006, the Company has implemented measures to build "a corporate culture of placing top priority on safety". To further enhance safety and restore the confidence of its customers, the Company has exerted its efforts to establish a safety management system based on risk assessments for the purpose of "building a corporate system to ensure no accidents to produce casualties among our customers and no serious labor accidents to our employees", which is the goal of the "Basic Safety Plan" formulated in April 2008.

With regard to the furthering of reform, which the Company regards inseparable from "safety enhancement", the Company has exerted its efforts to establish the "thinking and acting based on the field" where each and every employee in every field site must think and act on his/her own initiative, based on the measures for "reform" and "revival" that have been implemented heretofore.

The Company also has exerted its efforts to make improvements based on customer feedbacks and elevate its customer satisfaction (CS) minds and improve its services and enhance the qualities of its work and implemented measures to develop human resources to induce the growth of each employee and establish workplace management to ensure the compliance with disciplines and rules.

In the meantime, to prevent a recurrence of misconduct that has seriously diminished trust among customers, the Company has taken measures to strengthen checking systems and control systems at its stations and other places and more intensively provide education and training to its employees.

With regard to the promotion of its corporate social responsibility (CSR), the Company has sent information on and shared the cases of the thinking and acting of each of its employees to realize its "Corporate Philosophy". With regard to the promotion of compliance and corporate governance, the Company has strengthened its efforts to establish its management base and corporate ethics and further enhance its functions of management supervision and control.

For the purpose of establishing a new risk management system, the Company has upgraded its business continuity plan (BCP) by taking into consideration the Great East Japan Earthquake that broke out in March 2011 and with regard to safety measures against massive earthquakes and tsunamis, has been implementing measures in its both software and hardware infrastructures. Specifically, the Company recognizes that countermeasures for energy crises, including the issue of electric power supply and demand, are issues confronting the whole nation and has continued to implement power-saving measures to the extent possible in its stations, trains and offices by giving due consideration to its customers' safety and convenience and asking for their understanding and cooperation. Simultaneously, to reduce electric power energy, the Company will promote technological development of power storage units.

The environment surrounding the management of the Company has remained difficult due to the unforeseeable economic conditions, the rapid aging of the population resulting from the decline in the birthrate and competition with rival transportation facilities, among other things. Under these circumstances, with the aim of enhancing its corporate value on a medium- and long-term range, the Company has exerted its all-out efforts to promote the enhancement of safety in the railway operations, its core business, implemented various measures in other businesses of the Group by exploiting their respective characteristics, made effective use of their assets to enhance the values of its railway belts, promoted "coexistence with local communities" to realize plus-sum values in the West Japan area and carried out various marketing activities to boost tourist demand.

Furthermore, the Company has exerted its group-wide efforts to execute its key strategies, such as the maximization of the effects of its two major projects "mutual through services with the Kyushu Shinkansen Line" and "Osaka Station City" to ensure a profit and strengthen its management base.

As a result, on a consolidated basis, operating revenues for the fiscal year under review amounted to ¥1,298.9 billion, up 0.9% from the previous fiscal year, while operating income amounted to ¥129.4 billion, up 17.9%. Recurring profit totaled ¥104.6 billion, up 26.9%. The Company reported an extraordinary profit due to a decrease in retirement benefit obligations as a result of the creation of a new reemployment policy for upper staff members. The Company also reported an extraordinary loss due to the disposal of an impairment loss on "JR Osaka Mitsukoshi Isetan", a department store in "Osaka Station City". As a result, net income (after income taxes) totaled ¥60.1 billion, up 104.1%.

(ii) Developments by segment:

<Transportation Business>

In the railway operations, the Company has continued to promote improvement measures in response to various remarks, including "proposals" and "opinions" stated in the report on the investigation of the train accident concerning the train accident on the Fukuchiyama Line. In addition, to "build a corporate system to ensure no accidents to produce casualties among our customers and no serious labor accidents to our employees", which is the goal of the "Basic Safety Plan", the Company has implemented measures for risk assessments to enhance safety. To be specific, the Company has implemented these measures to a fuller extent through the development in a cross-sectional manner of risk information sharing and effective measures, as well as recommended measures for risk assessments. The Company also has continued to hold "safety meetings" at which its officers exchange opinions directly with its employees in the field. With regard to hardware infrastructures, the Company has installed additional ATS systems, improved the safety of railway crossings, implemented safety measures on platforms, such as the installation of emergency buttons, and snow and ice control measures, such as the installation of equipment for snow removal, and as earthquake countermeasures, continued accelerating quake-proof reinforcement works of the columns of its elevated bridges and installing additional derauling prevention guards for the Sanyo Shinkansen Line. In addition, by taking into account the lessons learned from the Great East Japan Earthquake, the Company has instituted a "Tsunami Escape Guidance Manual" and improved an environment for smooth conveyance of information on earthquakes and tsunamis and escaping from danger. Furthermore, the Company has given education to its employees at its "*Tetsudo Anzen Kodokan* (Library to Think and Act for Railway Safety)" established to seriously ponder the gravity of the accident in the future and gain lessons from the accident systematically. The Company also has conducted various drills to enhance its capabilities to rescue passengers and respond upon the occurrence of an accident.

With regard to transportation, the use of the Sanyo Shinkansen Line and the Urban Network increased. As a result of the revision of the timetables in March 2013, the Company raised the frequency of "Nozomi" and "Sakura" trains of the Shinkansen and "Kuroshio" trains of the conventional lines and increased 12-car services of new rapid trains

on the JR Kyoto Line and the JR Kobe Line, to further enhance convenience. In the meantime, localized torrential rains frequently caused harm to train services last summer and a lot of train services were forced to be suspended or delayed on the Urban Network.

With regard to marketing activities, with the commencement of mutual through services of the Sanyo and Kyushu Shinkansen Lines, the Company has placed ads by using various media and held "Kagoshima College" in which college students dispatch information on the appeal of traveling through exchanges at sightseeing destinations to further boost mutual exchanges between West Japan and Kyushu and has continued to proactively spread information on the convenience and price edge of its Internet train reservation service "e5489" to promote the utilization of its services. In addition, the Company has conducted various campaigns, including "*Miyajima-Kure* Campaign" and "*San-in* Destination Campaign" to create tourist demand, launched "*Super Haya-toku*" early discount tickets in anticipation of competition with rival transportation facilities, and expanded the available area of "JR-West Rail Pass" and conducted "*Detective Conan Okayama/Kurashiki* Mystery Tour" originating in Taiwan to promote the use of its services targeting foreign tourists to Japan. Furthermore, the Company has started to sell "ICOCA Connection Pass" reciprocally with Kinki Nippon Railway Co., Ltd. in addition to Keihan Electric Railway Co., Ltd. and commenced transportation IC card mutual services available nationwide to enhance the convenience of railway use.

With regard to customer services, as a measure to enhance customer satisfaction, the Company has started to issue delay certificates on its website that can be confirmed via PCs and mobile phones and otherwise improved services from customers' perspective.

With regard to "Osaka Station City", which the Company opened on a full-scale basis in the Osaka station in May 2011, the number of its visitors reached 200 million in November 2012 and it has continued to attract a great number of visitors.

The Company also has promoted "innovation by technology", including technical succession, the improvement of business abilities and skills, a system change in railway operations and global environmental protection.

With regard to bus business, the Group has exerted its efforts to enhance the convenience of customers by setting flexible prices in response to usage trends.

With regard to ferry services (Miyajima Line), the Group has conducted sales activities to travel agencies to secure a sale.

With regard to train car technologies, to improve its overall train car technologies, the Company acquired a portion of the shares in The Kinki Sharyo Co., Ltd. and concluded a business alliance agreement with the company. In addition, to further develop its railway business through international exchanges, the Company concluded a cooperation agreement with the national railway of Spain (Red Nacional de los Ferrocarriles Españoles) and the Spanish railway infrastructure management organization (Administrador de Infraestructuras Ferroviarias).

As a result, operating revenues from the Transportation Business amounted to ¥844.9 billion, up 0.7% from the previous fiscal year and operating income amounted to ¥90.1 billion, up 17.4%.

<Sales of Goods and Food Services>

"JR Osaka Mitsukoshi Isetan", which has exerted efforts to offer its unique products and services, is making investigations into drastic measures to rehabilitate its business operations under severe commercial environments while conducting store operations to win customer support in the area. The Group also has opened a commercial establishment "Eki Marché Osaka" in the Osaka station and convenience store complexes "Entré Marché" in the Osaka station and the Tennoji station and developed a merchandise zone for sales of goods in the Tottori station, in an effort to make its stations more attractive. Furthermore, the Group has opened an economy hotel "Viainn Okayama" in the west exit of the Okayama station.

As a result, operating revenues from the Sales of Goods and Food Services amounted to ¥234.6 billion, up 0.5% and operating loss amounted to ¥0.4 billion.

<Real Estate Business>

The Group has commenced the operations of a commercial establishment "ALBi Suminodo" under the elevated tracks of the Suminodo station and "Sun Station Terrace Okayama West Building" in the west exit of the Okayama station. The Group also has renovated its existing shopping centers, including "Tennoji Mio Plaza" in the Tennoji Station Building and "Okayama First Avenue" in the basement of the Okayama station, in various manners and commenced the operations of an education establishment and a commercial establishment on its premises near the Nijo station and the Takatsuki station, respectively. As to "Osaka Station City", "LUCUA" specialty shop zone has remained in good form, while the Group also has engaged in office renting. In addition, to revitalize the whole districts surrounding the Osaka station, the Group has promoted area management activities in cooperation with businesses in the vicinity. It also has promoted sales of condominium apartments on its former lots of residence for its employees.

As a result, operating revenues from the Real Estate Business amounted to ¥90.9 billion, down 2.9% from the previous fiscal year and operating income amounted to ¥28.0 billion, up 7.7%.

<Other Businesses>

As to the hotel business, the Group has exerted its efforts on sales promotional activities by opening a quality guest room floor "Granvia Floor" on the top floor of Hotel Granvia Osaka and launching various events. As to the travel agency business, the Group has exerted its efforts to increase sales by offering a fuller line of products in shopping on the Internet, as well as increasing a line of products for using train services. With regard to "J-WEST Cards", the Group has commenced online membership application services and endeavored to increase the membership of "Osaka Station City J-West Cards". With regard to "ICOCA electronic money", the Group has commenced transportation IC card mutual services available nationwide, in an effort to make it available in more places and on more

occasions. In addition, the Group has made an entry into rehabilitation and day-service business and opened "J-Palette Minami-tanabe".

As a result, operating revenues from Other Businesses in the aggregate amounted to ¥128.4 billion, up 5.7% from the previous fiscal year and operating income amounted to ¥12.3 billion, up 19.0%.

(2) Capital expenditure

During the fiscal year under review, the Group made capital investments by placing the full weight of its effort on enhancing safety, including the installation of additional ATS-P systems on its rail tracks. The Group also made investments to improve services and profitability and build up its transportation infrastructures, among other things.

The investments totaled ¥170.3 billion.

A. A major projects completed during the fiscal year under review are as follows:

- Extended construction to install ATS-P systems on the relevant lines.
- Construction related to the Osaka Station Development Project.
- Construction to build new rolling stock (Conventional railway lines: 43 railcars).

B. Major projects under construction as of the end of the fiscal year under review are as follows:

- Construction to elevate the tracks near the Toyama station on the Hokuriku Main Line.
- Construction to improve the concourse of the Shin-Osaka station.
- Construction to improve the Hiroshima station on the Sanyo Main Line.
- Construction to build new rolling stock (Shinkansen: 136 railcars, conventional railway lines: 44 railcars).

(3) Fund-raising

The Group borrowed ¥25.0 billion in domestic straight bonds and ¥32.2 billion in long-term debt, which were used for debt redemption and capital expenditure.

(4) Issues to be addressed

The Group, viewing its responsibility for the accident on the Fukuchiyama Line and its consequences with the utmost gravity, is working unstintingly to build a safe railway that gives peace of mind and earns trust and will continue to use redoubled energy to restore trust.

In March 2013, the Group formulated a "JR-West Group Medium-Term Management Plan 2017", which has continued to place "Three Pillars of Management", which comprises "measures to have ourselves accepted as acting with the best intentions by the victims of the train accident", "measures to enhance safety" and "furthering of reform", as its high-priority

issues for management and to give shape to its management vision, the Group has newly announced "Our Future Direction - The Ideal Form for JR West". To materialize it, the Group will implement the Priority Strategies, which comprise the "Three Strategies" of "Safety", "Customer Satisfaction" and "Technologies" and the "Four Business Strategies" comprising "Shinkansen", "Kansai Urban Area", "Other West Japan Area" and "Business Development", proceed with "Building Management and Operational Foundations" and fulfill its responsibilities as a member of society to attain a long-term, sustainable growth.

With regard to responses to the victims of the train accident on the Fukuchiyama Line, one of the "Three Pillars of Management", the Group will continue to sincerely do its utmost to respond to the feelings of the victims.

With regard to "Safety", the highest priority among the "Three Strategies", the Group has launched a "Safety Think-and-Act Plan 2017", which materializes the issues to be tackled and the objectives, the Group will, in accordance with the determination of "ensuring that an accident such as that on the Fukuchiyama Line will never again occur", seek a higher level of safety with the objectives of "no railway accidents that result in casualties among our customers" and "no labor accidents that result in fatalities among our employees".

To be specific, with "continual effort to realize safe, reliable transport service", the Group will observe rules and execute basic motions, and analyze factors that interrupt safe, reliable transport services. The Group will also give adequate feedback on risk reports to "increase the level of risk assessment". Furthermore, through safety education and training, the Group will "increase safety awareness and implement think-and-act initiatives with the highest priority on human life". With regard to facilities, the Group will start "investment in safety" covering the introduction of safety systems in higher levels and safety on platforms and at level crossings. The Group will also implement measures to build foundations necessary to establish safety management, including the understanding and utilizing of the human factor.

With regard to "Customer Satisfaction", with the aim of ensuring "customer-based management" fixed as part of its corporate culture having a sustained focus on customers, the Group will meet the needs and expectations of the customers and implement measures to minimize the adverse effects and improve guidance in the event transport is interrupted.

With regard to "Technologies", through continuous innovations to support "Safety" and "Customer Satisfaction", the Group will promote technical development aimed at fostering a system change in railway operations and nurture engineers and use technologies to resolve issues that the Group faces, such as advancing of the development of technologies for gauge change trains.

With regard to the "Shinkansen", one of the "Four Business Strategies", the Group will strive to further increase its safety and reliability and provide competitive transport services and through enhancement of services for seniors and visitors to Japan, create new demand. The Group will also move ahead with preparations for the opening of the Hokuriku Shinkansen Kanazawa and promote human exchange to enhance the potential of the Shinkansen.

With regard to the "Kansai Urban Area", the Group will pursue higher levels of safety and implement thoroughgoing measures for reliable transport to build a railway that offers high-quality transport and is used repeatedly by customers. The Group will also enhance the Osaka Loop Line to heighten the value of its railway belts and increase the appeal of the urban area.

With regard to the "Other West Japan Area", the Group will strive to increase the safety and convenience of inter-city transport and intra-city transport and promote businesses with close ties with areas, such as the promotion of tourism through destination campaigns. The Group will also strive to realize sustainable regional transport in tandem with local communities to invigorate the merits and strengths of the area.

With regard to the "Business Development", the Group will expand lifestyle-related operations and increase the value of Group assets by promoting terminal station development and implementing a thorough reevaluation of Osaka Station City North Gate Building. The Group will also develop and nurture new fields of business to work to develop new businesses.

Furthermore, the Group will materialize measures to lay the foundations of the Group for sound business and operational management as a business entity, such as the enhancement of "front-line capabilities", the abilities to autonomously find solutions to problems, in every workplace and the recruiting and nurturing of employees and enhancement of their motivations.

The Group will also strive to meet its responsibilities as a member of society through compliance, corporate governance, disclosures, risk management and initiatives to protect the global environment.

Our business environment has continued to remain difficult due to competition with rival transportation facilities and the recent power problem, among other things and we are approaching an era in which forecasting business conditions will become even more problematic due to a declining population, globalization, the increasing prevalence of networks, growing disparities among regions and diversifying values. In this situation, through "thinking and acting based on the field", we, united as a group, will take the next step for a new era and move forward with communities, all in an effort to enhance our corporate value on a medium- and long-term basis.

We cordially seek the continued understanding and support of our shareholders.

(5) Assets and profits

Item	23rd April 1, 2009 - Mar. 31, 2010	24th April 1, 2010 - Mar. 31, 2011	25th April 1, 2011 - Mar. 31, 2012	26th (current year) April 1, 2012 - Mar. 31, 2013
Operating revenues (billion yen)	1,190.1	1,213.5	1,287.6	1,298.9
Recurring profit (billion yen)	48.1	68.9	82.4	104.6
Net income (billion yen)	24.8	34.9	29.4	60.1
Net income per share (yen)	12,837	18,066	152	310
Total assets (billion yen)	2,546.3	2,672.4	2,642.9	2,613.7
Net assets (billion yen)	702.1	721.2	733.5	768.1

(Note) As of July 1, 2011, the Company subdivided each share of common stock into 100 shares and adopted a share unit system under which the number of shares constituting one unit of shares shall be 100 shares. Net income per share for the 25th fiscal year (April 1, 2011 to March 31, 2012) is stated by taking into account such subdivision of shares.

(6) State of major subsidiaries, etc. (as of March 31, 2013)

(i) State of major subsidiaries:

Name	Paid-in capital (million yen)	Equity ownership by the Company (%)	Main business
West Japan Railway Hotel Development Limited	18,000	100.0	Hotels
West Japan Railway Isetan Limited	12,000	60.0	Department store
Kyoto Station Building Development Co., Ltd.	6,000	61.4 (61.9)	Real estate leasing
Osaka Terminal Building Company	5,500	74.4	Real estate leasing
Nippon Travel Agency Co., Ltd.	4,000	79.8	Travel agency
Chugoku JR Bus Company	2,840	100.0	Bus services
West Japan Railway Daily Service Net Company	2,300	100.0	Retail sales
West Japan JR Bus Company	2,110	100.0	Bus services
Tennoji Shopping Center Development Co., Ltd.	1,800	100.0	Real estate leasing
JR-West Japan Real Estate & Development Company	620	100.0	Real estate leasing
Japan Railway West Trading Company	200	79.8 (100.0)	Wholesales

Name	Paid-in capital (million yen)	Equity ownership by the Company (%)	Main business
JR West Japan Communications Company	200	65.0 (100.0)	Advertising services
West Japan Railway Techsia Co., Ltd.	100	51.9 (69.1)	Machinery and equipment work
West Japan Electric System Co., Ltd.	81	51.5	Electric engineering

(Note) The percentages in the parentheses represent the Company's equity ownership including shares held indirectly through the subsidiaries of the Company.

(ii) State of major affiliated companies:

Name	Paid-in capital (million yen)	Equity ownership by the Company (%)	Main business
Kansai Rapid Railway Co., Ltd.	75,280	23.9 (24.1)	Railway services
Osaka Soto-Kanjo Railway Co., Ltd.	15,510	21.9 (22.7)	Railway services
Daitetsu Kogyo Co., Ltd.	1,232	36.9	Construction
Kosei Construction Co., Ltd.	780	20.3	Construction

(Note) The percentages in the parentheses represent the Company's equity ownership including shares held indirectly through the subsidiaries of the Company.

(7) Major businesses and offices (as of March 31, 2013)

The major businesses the Group engages in and the offices therefor are as follows:

(i) Transportation Business:

In addition to the railway services, the Group engages in bus services and other services.

- The Company (Kita-ku, Osaka-City)
- Chugoku JR Bus Company (Minami-ku, Hiroshima-City)
- West Japan JR Bus Company (Konohana-ku, Osaka-City)

The outline of the railway services is as follows:

Office	Route length			Number of stations	Number of rolling stock cars
	Shinkansen	Conventional railway lines	Total		
Shinkansen Administration Department	km 644.0	km 8.5	km 652.5	3	985
Kanazawa Branch	-	(28.0) 637.0	(28.0) 637.0	164	551
Kansai Urban Area Regional Head Office	-	946.0	946.0	333	3,592
Wakayama Branch	-	282.5	282.5	86	0
Fukuchiyama Branch	-	331.7	331.7	71	189
Okayama Branch	-	601.0	601.0	154	382
Yonago Branch	-	605.7	605.7	154	239
Hiroshima Branch	-	959.3	959.3	257	596
Total	644.0	(28.0) 4,371.7	(28.0) 5,015.7	1,222	6,534

- (Notes) 1. Fukuoka Branch has been established under the Shinkansen Administration Department. Kyoto, Osaka and Kobe Branches have been established under the Kansai Urban Area Regional Head Office.
2. The kilometers in the parentheses are shown separately for the Category III railway services (Nanao Line (between Wakura-Onsen and Anamizu)). The conventional railway lines of the Kansai Urban Area Regional Head Office include 28.6 kilometers of the Category II railway services (Kansai-Airport Line (between Rinku-Town and Kansai-Airport), JR Tozai Line (between Kyobashi and Amagasaki) and Osaka Higashi Line (between Hanaten and Kyuhoji)). The other lines are all for the Category I railway services.

Category I railway services:	Transportation services provided by using its own railway tracks
Category II railway services:	Transportation services provided by leasing railway tracks from other operators
Category III railway services:	Possession of railway tracks that are used by other operators for transportation services

(ii) Sales of Goods and Food Services:

The Group engages in department store business in the Osaka station and the Kyoto station and sales of goods and food services in major stations.

- West Japan Railway Isetan Limited (Shimogyo-ku, Kyoto-City)
- West Japan Railway Daily Service Net Company (Amagasaki-City, Hyogo-Prefecture)
- Japan Railway West Trading Company (Suita-City, Osaka-Prefecture)

(iii) Real Estate Business:

The Group engages in sales and lease of real estate by use of its own real estate and other properties and operations of shopping centers.

- Kyoto Station Building Development Co., Ltd. (Shimogyo-ku, Kyoto-City)
- Osaka Terminal Building Company (Kita-ku, Osaka-City)
- Tennoji Shopping Center Development Co., Ltd. (Tennoji-ku, Osaka-City)
- JR-West Japan Real Estate & Development Company (Amagasaki-City, Hyogo-Prefecture)

(iv) Others:

The Group engages in hotel and advertising businesses by use of its own properties, travel agency business that has highly synergistic effects with its transportation services, and various construction and engineering works.

- West Japan Railway Hotel Development Limited (Shimogyo-ku, Kyoto-City)
- Nippon Travel Agency Co., Ltd. (Minato-ku, Tokyo)
- JR West Japan Communications Company (Kita-ku, Osaka-City)
- West Japan Railway Techsia Co., Ltd. (Amagasaki-City, Hyogo-Prefecture)
- West Japan Electric System Co., Ltd. (Yodogawa-ku, Osaka-City)

(8) State of employees

(as of March 31, 2013)

Segment description	Number of employees (increase or decrease compared with the end of the previous fiscal year)	
Transportation Business	27,829	(+105)
Sales of Goods and Food Services	2,426	(-102)
Real Estate Business	933	(+3)
Others	14,138	(-82)
Total	45,326	(-76)

(Note) The number of employees represents the number of those actually at work in the respective segments.

(9) Major lenders (top 10) (as of March 31, 2013)

Lender	Debt payable (billion yen)
Development Bank of Japan	53.8
Nippon Life Insurance Company	36.5
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	31.8
Sumitomo Mitsui Banking Corporation	22.0
Mizuho Corporate Bank, Ltd.	17.0
Sumitomo Mitsui Trust Bank, Limited	16.0
Sumitomo Life Insurance Company	12.0
Meiji Yasuda Life Insurance Company	11.0
Resona Bank, Limited	10.1
The Dai-ichi Life Insurance Company, Limited	10.0

2. Matters concerning shares (as of March 31, 2013)

- (1) Total number of issuable shares 800,000,000 shares
- (2) Total number of issued shares 198,256,600 shares
 (Notes) 1. 4,522,000 shares of treasury stock are included in the total number of issued shares.
 2. Pursuant to the resolution adopted at the meeting of the Board of Directors held on October 30, 2012, 1,743,400 shares of treasury stock (the ratio thereof to the total number of issued shares prior to the cancellation thereof was 0.87%) were cancelled on November 15, 2012.
- (3) Number of shareholders 162,989 persons
- (4) Major shareholders (top 10)

Name	Number of shares (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Unit)	9,541,900	4.93
Japan Trustee Services Bank, Ltd. (Trust Unit)	7,537,500	3.89
Mizuho Corporate Bank, Ltd.	6,450,000	3.33
Sumitomo Mitsui Banking Corporation	6,400,000	3.30
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	6,300,000	3.25
JR-West Employee Stock-Sharing Plan	4,702,900	2.43
Japan Trustee Services Bank, Ltd. (Trust Unit 9)	4,236,400	2.19
Nippon Life Insurance Company	4,000,000	2.06
SSBT OD05 OMNIBUS ACCOUNT – TREATY CLIENTS	3,999,702	2.06
Sumitomo Mitsui Trust Bank, Limited	3,200,100	1.65

(Note) For the purpose of computing the shareholding ratios, 4,522,000 shares of treasury stock are excluded from the total number of issued shares of the Company.

3. Matters concerning corporate officers (as of March 31, 2013)

(1) Names of officers, etc.

Title	Name	Duties and major concurrent posts
Chairman and Director (Chairman of the Board of Directors)	Takayuki Sasaki	
Director	Satoru Sone	Special Professor, Kogakuin University
Director	Tadashi Ishikawa	Attorney at law, Oh-Ebashi LPC & Partners External Corporate Auditor, Takeda Pharmaceutical Company Limited
Director	Yumiko Sato	Senior Research Fellow, Suntory Foundation
Director	Yuzo Murayama	Professor of Business Course, Graduate School, Doshisha University
Director	Norihiko Saito	Chairman and Representative Director, Kinden Corporation
President and Representative Director	Seiji Manabe	In charge of responses to the victims of the derailment accident on the Fukuchiyama Line of the Company
Executive Vice President and Representative Director	Akiyoshi Yamamoto	Provides general assistance to President. In charge of safety enhancement, Railway Operations Headquarters, Safety Research Institute, Structural Engineering Office and Construction Department
Executive Vice President and Representative Director	Shizuka Yabuki	Provides general assistance to President. In charge of Business Development Headquarters
Executive Vice President and Representative Director	Tatsuo Kijima	Provides general assistance to President. In charge of furthering of reform, Supporting Headquarters for the victims of the derailment accident on the Fukuchiyama Line of the Company, Corporate Planning Headquarters, Corporate Communication Department, Personnel Department, Finance Department and Tokyo Headquarters
Director	Kenji Nanakawa	In charge of matters specifically assigned by the President and Deliberation Department of the Derailment Accident on the Fukuchiyama Line

Title	Name	Duties and major concurrent posts
Director	Makoto Shibata	In charge of IT Development Headquarters and Marketing Division, Railway Operations Headquarters
Director	Akihiro Horisaka	In charge of Corporate Ethics and Risk Management Department, Secretary Office, General Affairs Department and Inquiry & Auditing Department
Director	Kazuaki Hasegawa	In charge of Kansai Urban Area Regional Head Office
Full-time Corporate Auditor	Yasutaka Kikuchi	
Full-time Corporate Auditor	Tsutomu Iwasaki	
Corporate Auditor	Ikuo Uno	Councilor, Nippon Life Insurance Company External Director, Panasonic Corporation External Director, FUJIKYUKO CO., LTD. External Corporate Auditor, Odakyu Electric Railway Co., Ltd. External Corporate Auditor, Tohoku Electric Power Company, Incorporated External Corporate Auditor, Sumitomo Mitsui Financial Group, Inc.
Corporate Auditor	Yasumi Katsuki	Certified public accountant, Katsuki Office External Corporate Auditor, Sakata Inx Corporation

- (Notes)
1. Directors Satoru Sone, Tadashi Ishikawa, Yumiko Sato, Yuzo Murayama and Norihiko Saito are external directors as provided for in Article 2, item 15 of the Companies Act of Japan.
 2. Full-time Corporate Auditor Tsutomu Iwasaki, Corporate Auditors Ikuo Uno and Yasumi Katsuki are external auditors as provided for in Article 2, item 16 of the Companies Act of Japan.
 3. The Company has registered all of its external officers (external directors and auditors) as independent officers as provided for by the financial instruments exchanges on which its shares are listed.
 4. Corporate Auditor Yasumi Katsuki, who is qualified as a certified public accountant, has considerable knowledge of financing and accounting.
 5. The Company has a business relationship with Nippon Life Insurance Company. It has no special relation with any other company or institution with which the external Directors and Corporate Auditors hold concurrent posts as listed above.
 6. Corporate Auditor Mr. Noboru Koide resigned at the close of the 25th Ordinary General Meeting of Shareholders of the Company held on June 22, 2012.

(2) Total amount of remuneration, etc. for officers

Classification	Number	Amount
Director	17	¥448 million
Corporate Auditor	5	¥73 million
Total	22	¥521 million

(Note) The total amount of remuneration, etc. for nine external officers for the fiscal year under review was ¥87 million.

(3) Matters concerning external officers

Classification	Name	Major activities
External Director	Satoru Sone	Mr. Sone attended 14 of the 15 sessions of the Board of Directors held during the fiscal year under review and expressed his opinions from time to time, principally from the professional perspective of an academic expert.
	Tadashi Ishikawa	Mr. Ishikawa attended all of the 15 sessions of the Board of Directors held during the fiscal year under review and expressed his opinions from time to time, principally from the professional perspective of an attorney at law.
	Yumiko Sato	Ms. Sato attended 14 of the 15 sessions of the Board of Directors held during the fiscal year under review and expressed her opinions from time to time, principally from the professional perspective of an academic expert.
	Yuzo Murayama	Mr. Murayama attended all of the 15 sessions of the Board of Directors held during the fiscal year under review and expressed his opinions from time to time, principally from the professional perspective of an academic expert.
	Norihiko Saito	Mr. Saito attended 11 of the 12 sessions of the Board of Directors held during the fiscal year under review after he assumed office and expressed his opinions from time to time, principally from the perspective of an experienced management executive.
External Corporate Auditor	Tsutomu Iwasaki	Mr. Iwasaki attended all of the 15 sessions of the Board of Directors and all of the 15 sessions of the Board of Corporate Auditors held during the fiscal year under review and expressed his opinions from time to time, principally with his wide experience in public administration.

Classification	Name	Major activities
	Ikuo Uno	Mr. Uno attended 10 of the 15 sessions of the Board of Directors and 12 of the 15 sessions of the Board of Corporate Auditors held during the fiscal year under review and expressed his opinions from time to time, principally from the perspective of an experienced management executive.
	Yasumi Katsuki	Mr. Katsuki attended all of the 15 sessions of the Board of Directors and all of the 15 sessions of the Board of Corporate Auditors held during the fiscal year under review and expressed his opinions from time to time, principally from the professional perspective of a certified public accountant.

(4) Summary of the agreements to limit liabilities

The Company has entered into an agreement with each of the External Director and External Corporate Auditor to limit his/her liabilities as provided for in Article 423, paragraph 1 of the Companies Act of Japan in accordance with Article 427, paragraph 1 of the said act. The maximum amount of the liabilities under the agreement is as provided for in laws and ordinances.

4. Matters concerning account auditors

(1) Name of the account auditors

Ernst & Young ShinNihon LLC

(2) Amount of remuneration, etc. for the account auditors

- (i) Amount of remuneration, etc. payable for the fiscal year under review: ¥179 million
- (ii) Total amount of money and other proprietary benefits payable by the Company and its subsidiaries: ¥377 million

(Note) The amount of remuneration payable to the account auditors for their audits under the Companies Act of Japan and the amount of remuneration payable for their audits under the Financial Instruments and Exchange Act of Japan are not specifically separated in the audit contract between the Company and the account auditors and cannot be separated practically. Hence, such amounts are stated collectively in the amount in (i) above.

(3) Content of non-auditing services

The Company has entrusted the account auditors with, and paid remuneration for, support for the adoption of International Financial Reporting Standards (IFRS) and others, which services are not covered by Article 2, paragraph 1 of the Certified Public Accountant Act of Japan.

(4) Policy on determination of dismissal and non-reappointment

In the event that the account auditors are considered to fall under any of the items of Article 340, paragraph 1 of the Companies Act of Japan or otherwise it is considered necessary by the Company, the Company shall determine to dismiss or not to reappoint the account auditors.

5. Systems to secure the properness of business activities (as of April 30, 2013)

The matters concerning the establishment of the systems to secure the execution by the Directors of their duties to comply with laws or ordinances and the Articles of Incorporation and other systems to secure the properness of business activities of the Company are described below:

(1) Systems to secure the execution by the Directors and employees of their duties to comply with laws or ordinances and the Articles of Incorporation

To establish corporate ethics, the Company shall institute its code of conduct and code of ethics in accordance with its "Corporate Philosophy", make its officers comply with these codes and exercise the initiative in materializing the "Corporate Philosophy" and generate a sense of common values that will constitute the bases of honest and fair business behaviors.

The Company shall establish a "Corporate Ethics Committee" with the President acting as chairman, which shall deliberate on and evaluate important matters for the establishment of corporate ethics and submit necessary reports to the Board of Directors.

The Company shall also accept consultations as to questionable acts from the perspective of law or corporate ethics through contacts with the "Ethics Office" of the Company and outside attorneys and improve its whistle-blowing system.

Against antisocial forces, the Company shall establish general supervising divisions and sections and manuals to cope. The Company shall also work closely with external specialized agencies and deal with them in a resolute attitude, and have no truck with them.

The Board of Directors of the Company shall meet once every month, in principle, to deliberate on important matters for management, report the development of execution of business and matters concerning corporate ethics on a timely and appropriate manner and monitor the execution by the Directors of their duties mutually. The Company shall make a clear distinction between Directors to engage exclusively in monitoring and supervision and Directors to execute business (concurrently serving as Executive Officers) as well, have two or more external Directors and improve the system of distributing information to the external Directors to strengthen its functions of monitoring and supervision of corporate management. In addition, the Company shall clarify the criteria for selection of Directors and Executive Officers to ensure objectivity and transparency.

With regard to the execution by the Directors and employees of their duties, the Company shall ensure transparency thereof by devising schemes that may allow checking

functions, including a system of circulating requests for managerial decision, as well as various committees from time to time, and make the Inquiry & Auditing Department, responsible for internal audits, audit business of the Company in general from the perspectives of compliance with laws or ordinances and regulations.

Furthermore, for the purpose of the establishment of systems to evaluate and audit internal control over financial reporting, the Company shall maintain and improve internal control over financial reporting through the evaluation of the effectiveness thereof by the department responsible for internal audits to ensure the correctness and credibility of financial reporting.

The Directors and Executive Officers shall submit "Letters of Confirmation of Execution of Duties", which shall state that they have committed no misdeed or material violation of laws or rules in connection with the execution of their duties, at the close of each fiscal year.

Through these measures, the Company shall endeavor to improve its systems to ensure compliance with law and establish corporate ethics in its business operations in general.

- (2) Systems concerning storage and management of information on the execution by the Directors of their duties

Pursuant to laws or ordinances and the document management manuals of the Company, information on the execution by the Directors of their duties shall be prepared, stored and managed properly by the respective sections in charge thereof and shall be made available for inspection by the Directors and Corporate Auditors at all times whenever necessary.

- (3) Regulations concerning management of exposure to the risk of loss and other systems

Taking seriously that on April 25, 2005, it caused a very grave accident to occur between Tsukaguchi and Amagasaki on the Fukuchiyama Line in which 106 lives were claimed and more than 500 passengers were injured, and with a resolve never to permit the occurrence of such any accident, the Company shall work to build a safe railway that gives peace of mind and earns trust in accordance with its "Corporate Philosophy" and "Safety Charter".

The Company shall steadily implement measures in response to remarks, including "proposals" and "opinions" stated in the report on the investigation of the train accident on the Fukuchiyama Line publicized by the Aircraft and Railway Accidents Investigation Commission in June 2007. The Company shall also steadily enhance the levels of safety by focusing on "continual effort to realize safe, reliable transport service", "increasing the level of risk assessment", "increasing safety awareness and implementing think-and-act initiatives with the highest priority on human life" and "investment in safety", which have all been set forth in the "Safety Think-and-Act Plan 2017" formulated in March 2013. Furthermore, the Company shall build a stronger safety management system based on its "Railway Safety Management Manual" instituted in accordance with the amended Railway Business Act of

Japan enforced in October 2006. Additionally, the "Risk Management Committee" with the President acting as chairman shall keep track of risks and critical factors that may have material effects on management of the Company, prepare manuals and deliberate on and determine important policies to respond thereto, prepare to establish a rapid initial response system and implement appropriate measures in the event of a wide-scale disaster or any other serious crisis, and examine and evaluate the risk management schemes and systems.

Through these efforts, the Company shall build up a system for appropriate risk management in its business activities in general.

(4) Systems to secure efficient execution by the Directors of their duties

The Directors in charge of their respective sections shall, based on the general business plan determined by the Board of Directors at the beginning of each fiscal year, execute their duties properly with regard to the measures of the respective sections in accordance with the authority and decision-making rules under the Company's regulations of its organization and execution of business.

The Company shall convene a session of the Executive Committee consisting of the Representative Directors and the Executive Officers serving at the head office of the Company once every week in principle, to deliberate on fundamental matters for execution of business, and introduce a system of executive officers to delegate authorities to the Executive Officers, whereby ensuring stronger functions of the Board of Directors to monitor and supervise and speedier decision-making.

(5) Systems to secure the properness of business activities of the corporate group

The Company shall determine policies on the establishment of corporate ethics in the whole Group by taking into consideration deliberations at its "Corporate Ethics Committee" and determine fundamental matters for risk management of the whole Group at its "Risk Management Committee". Based on these policies and fundamental matters, each group company shall take measures to establish committees and regulations, whereby formulating a system for the establishment of corporate ethics and appropriate risk management of the whole Group. In addition, with regard to the whistle-blowing system, the Company shall respond to consultations concerning any group company through contacts established in and outside of the Company.

With regard to important managerial matters of the group companies, the Company shall establish a system to allow them to consult with the Company in advance, and the Company shall make its officers assume the offices of directors and corporate auditors of its important group companies to ensure legitimate and effective management of the Group. Furthermore, for the purpose of its internal audits, the Company shall, whenever necessary, determine if laws or ordinances and regulations concerning execution of business of the group companies are observed.

With regard to the "evaluation of internal control over financial reporting", the Company shall promote its group-wide efforts as the business on a consolidated basis is subjected to such evaluation.

- (6) Matters concerning the employees to assist the Corporate Auditors to execute their duties and their independence from the Directors

The Company shall appoint its employees as the Corporate Auditors' staff to engage exclusively in assisting the Corporate Auditors and they shall execute their duties under the orders and instructions of the Corporate Auditors.

The Company shall make their personnel changes and evaluations by taking into consideration the opinions of the Corporate Auditors.

- (7) System for reporting by Directors and employees to the Corporate Auditors and other systems for reporting to the Corporate Auditors

The Directors, Executive Officers and employees shall give to the Corporate Auditors or the Board of Corporate Auditors reports promptly upon the occurrence of any grave accident, any act in violation of any law or ordinance or the Articles of Incorporation and any event that may cause material damage to the Company, as well as reports on the state of performance of internal audits, the particulars of information provided with the "Ethics Office", the particulars of the measures taken by the President's Special Aide, the details of business and problems of each section and such other matters as requested by the Corporate Auditors or the Board of Corporate Auditors from time to time and on a regular basis.

- (8) Other systems to ensure effective audits by the Corporate Auditors

The Directors of the Company shall formulate systems necessary for the Corporate Auditors to expediently perform audits, including those to allow the Corporate Auditors to attend important meetings, inspect decision documents and other important documents, cooperate with its internal audit section and account auditors and exchange opinions with the Representative Directors on a regular basis.

In addition, the sections responsible for the business offices of the Company shall coordinate and cooperate with each other to allow the Corporate Auditors to visit the offices to perform effective and efficient audits.

CONSOLIDATED BALANCE SHEET

(As of March 31, 2013)

(million yen)

ASSETS

Current assets:	245,410
Cash and deposits	48,636
Trade notes and accounts receivable	20,656
Railway fares receivable	28,657
Accounts receivable.....	46,431
Inventories.....	37,928
Deferred tax assets.....	19,011
Others	44,846
Less allowance for doubtful accounts	(757)
 Fixed assets:	 2,368,209
Tangible fixed assets:	2,120,820
Buildings and structures.....	1,080,462
Machinery, equipment and transport equipment.....	297,927
Land	659,045
Construction in progress	50,631
Other tangible fixed assets	32,753
 Intangible fixed assets:	 34,146
 Investments and other assets:	 213,243
Investment in securities	62,940
Deferred tax assets.....	120,804
Others.....	30,778
Less allowance for doubtful accounts	(1,281)
 Deferred assets:	 122
 TOTAL ASSETS	 2,613,743

(Note) Figures are indicated by discarding fractions of one million yen.

(million yen)

LIABILITIES

Current liabilities:	514,620
Trade notes and accounts payable	50,919
Short-term borrowings	24,124
Current portion of long-term debt	38,774
Current portion of long-term payables for the acquisition of railway properties	39,669
Current portion of long-term payables	31
Accounts payable	97,368
Accrued consumption taxes	9,083
Accrued income taxes	29,921
Railway deposits received	1,815
Deposits	62,931
Prepaid railway fares received	32,828
Advances received	29,441
Allowance for bonuses	35,054
Allowance for rewards based on points	1,193
Others	61,463
Long-term liabilities:	1,330,948
Bonds	449,973
Long-term debt	244,614
Long-term payables for the acquisition of railway properties	209,904
Long-term payables	127
Deferred tax liabilities	357
Retirement allowances for employees	304,486
Allowance for environment and safety measures	10,712
Allowance for gift certificates yet to be redeemed	2,609
Others	108,162
TOTAL LIABILITIES	1,845,569

NET ASSETS

Shareholders' equity:	742,512
Common stock	100,000
Capital surplus	55,000
Retained earnings	609,508
Treasury stock	(21,995)
Accumulated other comprehensive income:	3,165
Evaluation difference on other securities	2,677
Deferred hedge income (loss)	488
Minority interests:	22,495
TOTAL NET ASSETS	768,174
TOTAL LIABILITIES AND NET ASSETS	2,613,743

(Note) Figures are indicated by discarding fractions of one million yen.

CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2012 to March 31, 2013)

(million yen)

Operating revenues		1,298,913
Operating expenses:		
Transportation and other services and cost of sales	993,333	
Selling, general and administrative expenses	176,082	1,169,416
Operating income		129,497
Non-operating income:		
Interest income	61	
Dividend income	332	
Equity in earnings of affiliates	579	
Others	5,860	6,834
Non-operating expenses:		
Interest expenses	30,490	
Others	1,169	31,659
Recurring profit		104,671
Extraordinary profits:		
Proceeds from construction contract	14,447	
Expropriation compensation	4,120	
Reversal of retirement allowances for employees	18,418	
Others	4,605	41,593
Extraordinary expenses:		
Loss on reduction entry of proceeds from construction	12,166	
Loss on reduction entry of expropriation	3,362	
Impairment loss	19,706	
Transfer to allowance for environment and safety measures	4,709	
Others	6,643	46,588
Income before income tax		99,676
Corporation, inhabitant and enterprise taxes		45,169
Income taxes – deferred		2,062
Income before income tax and minority interest		52,444
Minority interest (loss)		(7,754)
Net income		60,198

(Note) Figures are indicated by discarding fractions of one million yen.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, ETC.

(From April 1, 2012 to March 31, 2013)

(million yen)

	Shareholders' equity					Accumulated other comprehensive income			Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Evaluation difference on other securities	Deferred hedge income (loss)	Total accumulated other comprehensive income		
Balance as of April 1, 2012	100,000	55,000	577,999	(30,343)	702,656	902	(173)	728	30,161	733,546
Changes during the year:										
Distribution of surplus			(20,342)		(20,342)					(20,342)
Net income			60,198		60,198					60,198
Acquisition of treasury stock				(0)	(0)					(0)
Retirement of treasury stock			(8,347)	8,347	-					-
Changes in items other than shareholders' equity during the year (net)						1,775	661	2,437	(7,665)	(5,228)
Total changes during the year	-	-	31,508	8,347	39,856	1,775	661	2,437	(7,665)	34,627
Balance as of March 31, 2013	100,000	55,000	609,508	(21,995)	742,512	2,677	488	3,165	22,495	768,174

(Note) Figures are indicated by discarding fractions of one million yen.

BALANCE SHEET
(As of March 31, 2013)

	(million yen)
<u>ASSETS</u>	
Current assets:	168,153
Cash and deposits	33,480
Railway fares receivable	30,683
Accounts receivable	25,256
Accrued income	4,246
Short-term loans	22,721
Materials and supplies	12,295
Prepaid expenses	1,838
Deferred tax assets	13,914
Others	24,307
Less allowance for doubtful accounts	(591)
Fixed assets:	2,165,147
Fixed assets for railway operations	1,649,140
Fixed assets for related businesses	75,764
Other relevant fixed assets	63,063
Construction in progress	47,334
Investments and other assets	329,844
Stocks of affiliates	137,792
Investment in securities	12,457
Long-term loans receivable	71,832
Long-term prepaid expenses	4,515
Deferred tax assets	102,006
Others	7,519
Less allowance for doubtful accounts	(6,279)
TOTAL ASSETS	2,333,300

(Note) Figures are indicated by discarding fractions of one million yen.

<u>LIABILITIES</u>	(million yen)
Current liabilities:	517,477
Short-term borrowings.....	151,834
Short-term bonds.....	25,000
Current portion of long-term debt.....	36,512
Current portion of long-term payables for acquisition of railway properties..	39,669
Current portion of long-term payables.....	288
Other accounts payable.....	112,344
Accrued expenses.....	17,492
Accrued consumption taxes.....	6,264
Accrued income taxes.....	23,511
Railway deposits received.....	1,670
Deposits.....	16,638
Prepaid railway fares received.....	32,676
Advances received.....	25,375
Prepaid income received.....	1,104
Allowance for bonuses.....	26,241
Allowance for rewards based on points.....	474
Others.....	380
Long-term liabilities:	1,204,212
Bonds.....	449,973
Long-term debt.....	235,989
Long-term payables for acquisition of railway properties.....	209,904
Other long-term payables.....	248
Retirement allowances for employees.....	284,333
Allowance for environment and safety measures.....	10,592
Others.....	13,171
TOTAL LIABILITIES	1,721,690
 <u>NET ASSETS</u>	
Shareholders' equity:	609,257
Common stock.....	100,000
Capital surplus.....	55,000
Capital reserve.....	55,000
Retained earnings.....	475,909
Retained earnings reserve.....	11,327
Other retained earnings.....	464,582
Reserve for advanced depreciation of fixed assets.....	22,132
General reserve.....	360,000
Retained earnings carried forward.....	82,449
Treasury stock.....	(21,651)
Evaluation and exchange differences, etc.:	2,352
Evaluation difference on other securities.....	2,352
TOTAL NET ASSETS	611,609
TOTAL LIABILITIES AND NET ASSETS	2,333,300

(Note) Figures are indicated by discarding fractions of one million yen.

STATEMENT OF INCOME

(From April 1, 2012 to March 31, 2013)

(million yen)

Railway operations		
Operating revenues	844,838	
Operating expenses	755,603	
Operating income		89,235
Related businesses		
Operating revenues	23,676	
Operating expenses	10,575	
Operating income		13,100
Operating income		102,335
Non-operating income		
Interest and dividend income	1,325	
Others	5,077	6,402
Non-operating expenses		
Interest expenses and bond interest	30,304	
Others	868	31,173
Recurring profit		77,565
Extraordinary profits		
Proceeds from construction contract	14,512	
Expropriation compensation	4,035	
Gain on sale of fixed assets	2,924	
Reversal of retirement allowances for employees	18,418	
Others	62	39,953
Extraordinary expenses		
Loss on reduction entry of proceeds from construction	12,166	
Loss on reduction entry of expropriation	3,277	
Loss on revaluation of stocks of affiliates	9,999	
Transfer to allowance for doubtful accounts of affiliates	5,986	
Transfer to allowance for environment and safety measures	4,709	
Others	3,647	39,786
Income before income tax		77,732
Corporation, inhabitant and enterprise taxes		34,152
Income taxes - deferred		1,664
Net income		41,915

(Note) Figures are indicated by discarding fractions of one million yen.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, ETC.

(From April 1, 2012 to March 31, 2013)

(million yen)

	Shareholders' equity									Evaluation and exchange differences, etc.	Total net assets
	Common stock	Capital surplus		Retained earnings				Treasury stock	Total shareholders' equity	Evaluation difference on other securities	
		Capital reserve	Retained earnings reserve	Other retained earnings			Total retained earnings				
				Reserve for advanced depreciation of fixed assets	General reserve	Retained earnings carried forward					
Balance as of April 1, 2012	100,000	55,000	11,327	21,698	360,000	69,659	462,684	(29,999)	587,684	709	588,394
Changes during the year:											
Distribution of surplus						(20,342)	(20,342)		(20,342)		(20,342)
Net income						41,915	41,915		41,915		41,915
Transfer to reserve for advanced depreciation of fixed assets				1,947		(1,947)	-		-		-
Reversal of reserve for advanced depreciation of fixed assets				(1,512)		1,512	-		-		-
Acquisition of treasury stock								(0)	(0)		(0)
Retirement of treasury stock						(8,347)	(8,347)	8,347	-		-
Changes in items other than shareholders' equity during the year (net)										1,642	1,642
Total changes during the year	-	-	-	434	-	12,790	13,225	8,347	21,572	1,642	23,215
Balance as of March 31, 2013	100,000	55,000	11,327	22,132	360,000	82,449	475,909	(21,651)	609,257	2,352	611,609

(Note) Figures are indicated by discarding fractions of one million yen.

Copy of Account Auditors' Audit Report Relating to Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

May 7, 2013

The Board of Directors
West Japan Railway Company

Ernst & Young ShinNihon LLC

Mikio Konishi (seal)

Designated and Limited Engagement Partner
Certified Public Accountant

Yoshihiro Shibata (seal)

Designated and Limited Engagement Partner
Certified Public Accountant

Naoya Nishino (seal)

Designated and Limited Engagement Partner
Certified Public Accountant

We have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity, etc. and the notes to consolidated financial statements of West Japan Railway Company (the "Company"), applicable to its consolidated fiscal year from April 1, 2012 to March 31, 2013 pursuant to Article 444, paragraph 4 of the Companies Act of Japan.

Management's Responsibility for Consolidated Financial Statements

The responsibility of the Company's management is to prepare and present properly these consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan. This includes maintaining and improving internal control considered necessary by management to prepare and present properly these consolidated financial statements free of material misstatement by fraud or error.

Account Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements from an independent standpoint, based on our audit conducted. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require us to formulate an audit plan and conduct an audit based thereon to obtain reasonable assurance about whether these consolidated financial statements are free of material misstatement.

In an audit, procedures are taken to obtain audit evidence as to the amount in consolidated financial statements and disclosure thereof. Audit procedures, on our own judgment, are selected and applied based on our risk assessment of material misstatement in the consolidated financial statements by fraud or error. An audit is not contemplated to

express an opinion on the effectiveness of internal control. However, in assessing risk, we assess internal control related to the preparation and proper presentation of these consolidated financial statements to form a plan for adequate audit procedures according to conditions. An audit also includes assessing the accounting policies and methods of application thereof employed by management and estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

We believe that our audit provides sufficient and appropriate audit evidence forming a basis for our opinion.

Account Auditors' Opinion

We are of the opinion that the above consolidated financial statements present properly the financial position and profit and loss of the corporate group comprised of West Japan Railway Company and its consolidated subsidiaries for the period related to the consolidated financial statements in all material respects in conformity with the corporate accounting standards generally accepted in Japan.

Financial Interest

We have no financial interest in the Company which is required to be disclosed under the provisions of the Certified Public Accountant Act of Japan.

- END -

Copy of Audit Report of the Board of Corporate Auditors Relating to Consolidated Financial Statements

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We, the Board of Corporate Auditors of the Company, based on the audit report prepared by each Corporate Auditor on the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity, etc. and the notes to consolidated financial statements for the 26th fiscal year from April 1, 2012 to March 31, 2013, prepared this audit report upon deliberation and hereby report as follows:

1. Method of Audit by the Corporate Auditors and the Board of Corporate Auditors and the Particulars thereof:

The Board of Corporate Auditors determined the audit policy, audit plans, etc. and received from each Corporate Auditor reports on the state of his performance of audits and the results thereof.

Each Corporate Auditor, in accordance with the audit policy, audit plans, etc., as determined by the Board of Corporate Auditors, received from Directors, employees, etc. reports on the consolidated financial statements and demanded their explanations whenever necessary. We also monitored and verified whether the Account Auditors had maintained an independent position and conducted adequate audits, and received from the Account Auditors reports on the state of performance of their duties and demanded their explanations whenever necessary. In addition, we received from the Account Auditors a notice that the "systems to secure adequate performance of duties" (as listed in the items of Article 131 of the Corporate Accounting Regulations) had been established in accordance with the "Standard for Quality Control Concerning Audits" (the Accounting Standards Board of Japan, October 28, 2005) and demanded their explanations whenever necessary. In accordance with such methods, we investigated the consolidated financial statements for the fiscal year under review.

2. Results of Audit:

We are of the opinion that the method and results of the audit made by the Account Auditors, Ernst & Young ShinNihon LLC, are proper.

May 9, 2013

The Board of Corporate Auditors
West Japan Railway Company

Yasutaka Kikuchi (seal)
Full-time Corporate Auditor

Tsutomu Iwasaki (seal)
Full-time Corporate Auditor
(External Corporate Auditor)

Ikuo Uno (seal)
External Corporate Auditor

Yasumi Katsuki (seal)
External Corporate Auditor

Copy of Account Auditors' Audit Report

INDEPENDENT AUDITORS' REPORT

May 7, 2013

The Board of Directors
West Japan Railway Company

Ernst & Young ShinNihon LLC

Mikio Konishi (seal)
Designated and Limited Engagement Partner
Certified Public Accountant

Yoshihiro Shibata (seal)
Designated and Limited Engagement Partner
Certified Public Accountant

Naoya Nishino (seal)
Designated and Limited Engagement Partner
Certified Public Accountant

We have audited the balance sheet, the statement of income, the statement of changes in shareholders' equity, etc. and the notes to non-consolidated financial statements, and the supplementary financial schedules of West Japan Railway Company (the "Company"), applicable to its 26th fiscal year from April 1, 2012 to March 31, 2013 pursuant to Article 436, paragraph 2, item 1 of the Companies Act of Japan.

Management's Responsibility for Financial Statements, etc.

The responsibility of the Company's management is to prepare and present properly these financial statements and the supplementary financial schedules in accordance with corporate accounting standards generally accepted in Japan. This includes maintaining and improving internal control considered necessary by management to prepare and present properly these financial statements and the supplementary financial schedules free of material misstatement by fraud or error.

Account Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements and the supplementary financial schedules from an independent standpoint, based on our audit conducted. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require us to formulate an audit plan and conduct an audit based thereon to obtain reasonable assurance about whether these financial statements and the supplementary financial schedules are free of material misstatement.

In an audit, procedures are taken to obtain audit evidence as to the amount in financial statements and supplementary financial schedules and disclosure thereof. Audit

procedures, on our own judgment, are selected and applied based on our risk assessment of material misstatement in the financial statements and the supplementary financial schedules by fraud or error. An audit is not contemplated to express an opinion on the effectiveness of internal control. However, in assessing risk, we assess internal control related to the preparation and proper presentation of these financial statements and the supplementary financial schedules to form a plan for adequate audit procedures according to conditions. An audit also includes assessing the accounting policies and methods of application thereof employed by management and estimates made by management, as well as evaluating the overall presentation of these financial statements and the supplementary financial schedules.

We believe that our audit provides sufficient and appropriate audit evidence forming a basis for our opinion.

Account Auditors' Opinion

We are of the opinion that the above financial statements and the supplementary financial schedules present properly the financial position and profit and loss for the period related to the financial statements and the supplementary financial schedules in all material respects in conformity with the corporate accounting standards generally accepted in Japan.

Financial Interest

We have no financial interest in the Company which is required to be disclosed under the provisions of the Certified Public Accountant Act of Japan.

- END -

Copy of Audit Report of the Board of Corporate Auditors

AUDITORS' REPORT

We, the Board of Corporate Auditors of the Company, based on the audit report prepared by each Corporate Auditor on the performance by the Directors of their duties during the 26th fiscal year from April 1, 2012 to March 31, 2013, prepared this audit report upon deliberation and hereby report as follows:

1. Method of Audit by the Corporate Auditors and the Board of Corporate Auditors and the Particulars thereof:

The Board of Corporate Auditors determined the audit policy, audit plans, etc. and received from each Corporate Auditor reports on the state of his performance of audits and the results thereof.

Each Corporate Auditor, pursuant to the rules of audits by Corporate Auditors determined by the Board of Corporate Auditors and in accordance with the audit policy, audit plans, etc., maintained constant communication with the Directors, internal audit divisions and other employees, etc. in an effort to collect information and improve the environment for auditing, attended meetings of the Board of Directors and other important meetings, received from the Directors and employees, etc., reports on the state of performance of their duties, demanded their explanations whenever necessary, inspected important decision documents, etc., and made investigation into the state of activities and property at the head office and principal business offices of the Company. We also monitored and verified the details of the resolutions of the Board of Directors for establishing such systems to secure that the performance by the Directors of their duties will comply with laws or ordinances and the Articles of Incorporation as described in the business report and such other systems provided for in Article 100, paragraphs 1 and 3 of the Regulations to Enforce the Companies Act of Japan as necessary to secure the adequacy of business of joint-stock corporations, as well as the status of the systems (internal control systems) established pursuant to such resolutions. With regard to its subsidiaries, we maintained constant communication and exchanged information with the directors, corporate auditors, etc. thereof and required the subsidiaries to render reports on their business operations and made investigation into the state of their activities and property whenever necessary. In accordance with such methods, we investigated the business report and its supplementary schedules for the fiscal year under review.

We also monitored and verified whether the Account Auditors had maintained an independent position and conducted adequate audits, and received from the Account Auditors reports on the state of performance of their duties and demanded their explanations whenever necessary. In addition, we received from the Account Auditors a notice that the "systems to secure adequate performance of duties" (as listed in the items of Article 131 of the Corporate Accounting Regulations) had been established in accordance with the "Standard for Quality Control Concerning Audits" (the Accounting Standards Board of Japan, October 28, 2005) and demanded their explanations whenever necessary. In accordance

with such methods, we investigated the balance sheet, the statement of income, the statement of changes in shareholders' equity, etc. and the notes to non-consolidated financial statements, and the supplementary financial schedules for the fiscal year under review.

2. Results of Audit:

(1) Results of audit of the business report, etc.:

We are of the opinion:

- (i) That the business report and its supplementary schedules fairly present the state of the Company in accordance with laws or ordinances and the Articles of Incorporation;
- (ii) That in connection with the performance by the Directors of their duties, no dishonest act or material fact of violation of laws or ordinances or the Articles of Incorporation exists; and
- (iii) That the details of the resolutions of the Board of Directors on internal control systems are proper and that the details of the descriptions in the business report and the performance by the Directors of their duties concerning such internal control systems contains nothing to be pointed out.

(2) Results of audit of the financial statements and the supplementary financial schedules:

We are of the opinion that the method and results of the audit made by the Account Auditors, Ernst & Young ShinNihon LLC, are proper.

May 9, 2013

The Board of Corporate Auditors
West Japan Railway Company

Yasutaka Kikuchi (seal)
Full-time Corporate Auditor

Tsutomu Iwasaki (seal)
Full-time Corporate Auditor
(External Corporate Auditor)

Ikuo Uno (seal)
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Yasumi Katsuki (seal)
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