

Consolidated Statements of Cash Flows

Years ended March 31, 2005, 2004 and 2003

West Japan Railway Company

	Millions of yen	Millions of yen	Millions of yen	Millions of U.S. dollars (Note 1)
	2005	2004	2003	2005
Cash Flows from Operating Activities				
Income before income taxes and minority interests	¥105,411	¥ 88,734	¥ 77,622	\$ 985
Adjustments for:				
Depreciation and amortization	113,682	115,361	113,040	1,062
Loss on impairment of fixed assets	4,429	—	—	41
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	38,526	28,988	29,593	360
Loss on disposal of property, plant and equipment	19,342	9,024	8,603	180
Loss on write-downs of investments in securities	76	460	3,509	0
Amortization of goodwill arising from consolidation	181	104	50	1
(Decrease) increase in allowance for doubtful accounts	(48)	(78)	138	(0)
(Decrease) increase in accrued retirement benefits	(9,154)	27,082	(14,836)	(85)
Decrease in accrued bonuses	(1,194)	(1,406)	(2,094)	(11)
Increase (decrease) in other accruals	9	16,032	(5,864)	0
Interest and dividend income	(330)	(398)	(298)	(3)
Interest expense	42,653	45,736	49,151	398
Net gain on sales of investments in securities	(25,035)	(7,512)	(1,278)	(233)
Equity in earnings of affiliates	(239)	(1,018)	(468)	(2)
Gain on contributions received for construction	(38,919)	(29,792)	(29,944)	(363)
(Increase) decrease in notes and accounts receivable	(9,709)	(1,327)	5,893	(90)
Decrease (increase) in inventories	544	(2,095)	(1,761)	5
Increase (decrease) in notes and accounts payable	4,065	(72,696)	3,892	37
(Decrease) increase in accrued consumption taxes	(4,611)	4,023	(3,287)	(43)
Other	(594)	11,173	(1,398)	(5)
Subtotal	239,084	230,397	230,263	2,234
Interest and dividend income received	323	389	349	3
Interest paid	(43,044)	(46,178)	(49,481)	(402)
Income taxes paid	(53,392)	(44,378)	(50,909)	(498)
Net Cash Provided by Operating Activities	142,970	140,229	130,222	1,336
Cash Flows from Investing Activities				
Payments for time deposits with a maturity of more than three months	(660)	(771)	(0)	(6)
Proceeds from time deposits with a maturity of more than three months	661	816	379	6
Purchases of property, plant and equipment	(145,371)	(142,773)	(137,715)	(1,358)
Proceeds from sales of property, plant and equipment	7,039	5,551	5,750	65
Contributions received for construction	40,284	36,719	42,515	376
Increase in investments in securities	(1,556)	(650)	(2,302)	(14)
Proceeds from sales of investments in securities	26,436	10,243	3,847	247
Net increase in cash and cash equivalents arising from investment in an initially consolidated subsidiary	—	—	25,036	—
Payments on long-term loans receivable	(10,129)	(328)	(250)	(94)
Collection of long-term loans receivable	672	454	519	6
Other	(2,295)	(953)	(1,171)	(21)
Net Cash Used in Investing Activities	(84,918)	(91,691)	(63,392)	(793)
Cash Flows from Financing Activities				
Increase (decrease) in short-term loans	1,437	1,126	(4,156)	13
Proceeds from long-term loans	32,000	39,500	24,700	299
Proceeds from issuance of bonds	10,000	20,000	—	93
Redemption of bonds	—	(25,000)	—	—
Repayment of long-term loans	(61,373)	(61,327)	(43,374)	(573)
Repayment of long-term payables	(37,504)	(35,340)	(38,571)	(350)
Cash dividends paid to the Company's shareholders	(12,972)	(10,011)	(10,015)	(121)
Cash dividends paid to minority shareholders of consolidated subsidiaries	(112)	(112)	(125)	(1)
Other	2,045	3,174	—	19
Net Cash Used in Financing Activities	(66,480)	(67,991)	(71,543)	(621)
Net Decrease in Cash and Cash Equivalents	(8,427)	(19,453)	(4,713)	(78)
Cash and Cash Equivalents at Beginning of the Year	70,655	89,310	94,023	660
Increase in Cash and Cash Equivalents Arising from:				
Merger of consolidated and unconsolidated subsidiaries and initial consolidation of subsidiaries	14	798	—	0
Cash and Cash Equivalents at End of the Year (Note 3)	¥ 62,241	¥ 70,655	¥ 89,310	\$ 581

See accompanying notes to consolidated financial statements.