

# **West Japan Railway Company**

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

Results for the period ended September 30, 2002

### FORWARD-LOOKING STATEMENTS

Statements made in this release with respect to JR-West's current plans, strategy, and beliefs, including any forecasts or projections, and other statements that are not historical facts are forward-looking statements about the future performance of JR-West that are based on management assumptions and beliefs in light of information currently available to it, and thus involve risks and uncertainties. Potential risks and uncertainties include, without limitation, the general economic conditions and business environment, consumer spending trends, competitive conditions with companies other than JR-West and its affiliates, and changes to laws and regulations.

# FLASH REPORT (CONSOLIDATED BASIS)

Company name: West Japan Railway Company

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

Code number: 9021

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

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Date for Convening the Board of Directors Meeting for Approval of the Consolidated Financial Statements: November 8, 2002

Adoption of U.S. GAAP: No

## 1. Results for the six months ended September 30, 2002

### (1) Operating results

(Figures less than ¥1 million have been omitted)

	Operating revenues (% change from the previous interim period)		Operating income (% change from the previous interim period)		Recurring profit (% change from the previous interim period)	
	Millions of yen		Millions of yen		Millions of yen	
Six months ended September 30, 2002	579,642	(-2.3)	66,466	(1.4)	41,976	(7.8)
Six months ended September 30, 2001	593,572	(-0.1)	65,520	(-7.0)	38,950	(-0.9)
Year ended March 31, 2002	1,190,610		117,649		70,041	

	Net income (% change from the previous interim period)		Net income per share	Net income per share after dilution
	Millions of yen		Yen	Yen
Six months ended September 30, 2002	23,282	(-1.9)	11,641.20	-
Six months ended September 30, 2001	23,735	(12.7)	11,867.84	-
Year ended March 31, 2002	45,537		22,768.68	-

Notes: 1. Equity in earnings (losses) of affiliates:

Six months ended September 30, 2002: ¥ -568 million

Six months ended September 30, 2001: ¥ -460 million

Year ended March 31, 2002: ¥ -720 million

2. Average number of shares outstanding during period:

Six months ended September 30, 2002: 2,000,000 shares

Six months ended September 30, 2001: 2,000,000 shares

Year ended March 31, 2002: 2,000,000 shares

3. There were no changes in accounting policies.

4. Percentages indicate increase/(decrease) in operating revenues, operating income, recurring profit, and net income relative to previous semiannual period.

### (2) Financial position

	Total assets	Total shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Six months ended September 30, 2002	2,381,922	428,620	18.0	214,310.09
Six months ended September 30, 2001	2,458,528	397,873	16.2	198,936.93
Year ended March 31, 2002	2,416,787	411,480	17.0	205,740.04

Note: Number of shares outstanding at period end:

Six months ended September 30, 2002: 2,000,000 shares

Six months ended September 30, 2001: 2,000,000 shares

Year ended March 31, 2002: 2,000,000 shares

### (3) Cash flows

	Operating activities	Investing activities	Financing activities	Cash at end of the six months
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Six months ended September 30, 2002	43,469	-30,199	-33,251	74,042
Six months ended September 30, 2001	60,919	43,260	-152,691	95,307
Year ended March 31, 2002	99,590	17,790	-167,196	94,023

**(4) Number of subsidiaries and affiliates**

Consolidated subsidiaries: 64, Unconsolidated subsidiaries: 0, Affiliates accounted for by the equity method: 5

**(5) Changes in the scope of consolidation**

The number of consolidated companies added	0
The number of consolidated companies removed	0
The number of equity method affiliates added	0
The number of equity method affiliates removed	0

**2. Forecast for fiscal 2003 (April 1, 2002 to March 31, 2003)**

	<b>Operating revenues</b>	<b>Recurring profit</b>	<b>Net income</b>
	Millions of yen	Millions of yen	Millions of yen
Fiscal year	1,167,000	74,000	40,000

(Reference) Consolidated net income per share for the fiscal year is forecast to be ¥20,000.00.

## **(1) BASIC MANAGEMENT POLICIES**

### **1. Management Policy**

The West Japan Railway Company Group companies (the JR-West Group) are principally engaged in railway operations. Complementary operations in sales of goods and food services and real estate are undertaken with the aim of providing services primarily to the JR-West Group's railway users and leveraging the commercial potential of station premises and surrounding properties.

In the execution of these various operations and in line with basic management policy, West Japan Railway Company (JR-West) and its affiliated companies are working together to realize optimal use of corporate resources and enhanced competitive strength in their respective markets. At the same time, they have steadily worked to reinforce their operating structures through focused capital investments and reconfiguring administrative and operational systems for increased efficiency.

JR-West will continue to fortify its operating structure to cope with today's difficult operating environment while accurately identifying market trends. Toward this goal, JR-West will implement all possible measures in a strategic and timely manner to achieve optimal use of corporate resources and enhance competitive strength to further bolster its operating structures and raise the sales and profit levels of the JR-West Group as a whole.

### **2. Basic Policy Regarding the Distribution of Profits**

JR-West's basic policy is to make stable dividend payments while securing adequate internal capital reserves to maintain a management foundation that is capable of supporting stable, long-term growth.

### **3. Changes to Management Structure**

JR-West has instituted a number of important measures designed to further strengthen its management structure. These include the appointment of external directors, with the aim of revitalizing the Board of Directors, and the introduction of a corporate executive officer system, under which management decision-making processes and administrative executive functions are carried out separately. Aiming to enhance management transparency, JR-West is aggressively promoting information disclosure, primarily through investor relations activities.

In response to the dramatic changes in the operating environment and also to achieve sustainable growth, groupwide management reforms are being implemented. For example, in April 2001, the JR-West Group established four strategic business units: the Sales of Goods and Food Services Business Unit, the Shopping Center Business Unit, the Hotel Business Unit, and the Real Estate Business Unit, where affiliated companies and the operational division of JR-West are integrated as one unit.

As social responsibility becomes an increasingly important issue, JR-West will strengthen groupwide legal compliance and other efforts designed to establish corporate ethics.

### **4. Medium-Term Management Strategy**

In November 2001, the JR-West Group established new medium-term management targets for fiscal 2002 to fiscal 2006. Under the collective title "The Second Stage of Railway Revitalization," these targets set the following basic policies:

1. Enhance the security and reliability we offer to our customers
2. Contribute to the advancement and development of society and the economy, with the railway as our core business
3. Increase corporate value and live up to the expectations of our shareholders
4. Strive for business operations that are friendly to the global environment

The following are JR-West's numerical targets for 2006:

1. Operating income ROA (Return on Assets): 5.4% (Consolidated)
2. Net income ROE (Return on Equity): 9.6% (Consolidated)
3. Operating income: ¥130.0 billion (Consolidated)
4. Net income: ¥50.0 billion (Consolidated)
5. Long-term debt: ¥1,100.0 billion (Consolidated), ¥1,000.0 billion (Non-consolidated)
6. Number of employees at the start of the fiscal year: 32,000 (Non-consolidated)

## 5. Management Issues

The operating environment surrounding the JR-West Group is expected to remain challenging. The negative effect of the stagnant Japanese economy is being exacerbated by such factors as a decline in the size of Japan's labor force due to the declining birth rate and the aging of the population. Intensifying competition from rival transportation operations as well as recent technological innovations and the widespread adoption of IT pose additional challenges.

In December 2001, privatization from a legal and regulatory perspective was achieved due to the amendment to the Law Concerning Passenger Railway Companies and Japan Freight Railway Company (the JR Law). In response to the expectations of its customers and shareholders, JR-West is now striving to institutionalize management based on autonomy and self-reliance and is making utmost efforts to achieve its medium-term management targets. By providing value-added products and services that take into account societal changes and customer needs, JR-West aims to maintain or raise profitability as it steadily implements a variety of cost-cutting measures such as the reconfiguring of administrative and operational systems and the reduction of engineering expenses. Furthermore, to complete the process of complete privatization, JR-West is taking the necessary steps so that it will be ready whenever the Japan Railway Construction Public Corporation decides to sell the remaining shares held by the government in a public offering.

To ensure even higher levels of safety and stability in its core railway operations, JR-West will continue to aggressively promote initiatives both in services and equipment. As an example, JR-West is taking various steps to secure revenues by providing services of higher quality such as the high-speed transportation services provided by the 500 Series and 700 Series *Nozomi* and *Hikari Rail Star* trains. JR-West is also continuing to fortify its operating structures in this segment by promoting even greater efficiency in administrative operations and changes in the overhead cost structure.

Looking at non-transportation operations, JR-West has been steadily developing and remodeling stations and the areas surrounding stations, utilizing the JR-West's Group's assets to maximum effect to further fortify its business foundations and raise profits throughout the JR-West Group. In addition, JR-West will work to develop and expand new businesses that accurately respond to changing social and customer needs.

### **(2) PERFORMANCE HIGHLIGHTS**

During the interim period—the six-month period ended September 30, 2002—the Japanese economy was characterized by high unemployment and other factors indicating a dire employment situation as well as uncertainty about the future. This contributed to ongoing sluggishness in personal consumption and capital investment that ultimately resulted in extremely difficult circumstances.

Faced with such an environment, the JR-West Group worked toward achieving its medium-term management targets set in November 2001. It strived to raise profits, particularly in its core railway business, and to make efficient use of its assets, developing various policies designed to strengthen its operational structure.

As a result of the aforementioned activities, consolidated operating revenues for the term under review fell 2.3%, to ¥579.6 billion, year on year, while operating income rose 1.4%, to ¥66.4 billion, and recurring profit increased 7.8%, to ¥41.9 billion. Net income after taxes decreased 1.9%, to ¥23.2 billion.

## 1. Results by Business Segment

### 1) *Transportation Operations*

In JR-West's railway operations, it invested additional funds into the 700 Series train on the Sanyo Shikansen Line and enhanced its high-speed transportation system. To strengthen competitiveness, JR-West continued to improve comfort with such changes as switching from five seats in a row to four seats on its *Kodama* trains. As for its Urban Network services, in addition to improving transportation access to Universal Studios Japan, which opened in March 2001, JR-West provided extra train services and increased the number of cars on trains to coincide with the 2002 FIFA World Cup. JR-West is pursuing the expansion of intercity transportation services by undertaking construction projects to accelerate rail service on the Sanin Main Line between Tottori and Yonago as well as on the Imbi Line between Tottori and Chizu.

In JR-West's bus operations, amid sluggish use of regular and chartered buses, it is working toward increased convenience by expanding the number of highway bus routes.

As a result of the aforementioned factors, although operating revenues for Transportation Operations, inclusive of intergroup transactions, fell 2.7%, to ¥425.2 billion, operating income rose 2.4%, to ¥51.5 billion

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

In the Shin-Osaka Station, JR-West is working to enhance its retail operations within the station with such measures as the expansion and remodeling of the *Omiyage Kaido* souvenir shopping area and *Books Kiosk*, a bookstore. Moreover, at JR Kyoto Isetan, which has enjoyed ongoing popularity since its opening, JR-West is carrying out various projects, including aggressive expansion and remodeling focused on enhancing the women's fashion department. However, due to the influence of sluggish sales at Kiosk, a station shop targeting commuters, operating revenues, inclusive of intergroup transactions, remained at approximately the same level as the previous year, at ¥111.5 billion, while operating income slid 5.1%, to ¥2.6 billion.

### 3) *Real Estate*

Seeking to effectively utilize its real estate holdings by development in and around stations and adjusting the composition of tenants, JR-West has opened a mini station building, which serves as a shopping complex of restaurants and services, at Yamashina Station and reopened *Station Plaza Tennoji*, a Tennoji Station shopping center, and *Liv*, at the Sumiyoshi Station Building. As a result of the aforementioned measures, despite a 1.3% drop, to ¥34.0 billion, in operating revenues, inclusive of intergroup transactions, operating income increased 5.5%, to ¥7.9 billion.

### 4) *Other Businesses*

In the JR-West Group's business in hotel operations, the Hotel Granvia Kyoto completed a bell monument in the East Square of Kyoto Station, a location that has been used for many wedding ceremonies. In advertising agency services, JR-West overhauled the Umeda Virtual Corridor in the Sakurabashi Subway at Osaka Station and is working to develop other new advertising media. However, a decrease in construction contracts and other factors led to a 0.3% fall, to ¥81.8 billion, in operating revenues in Other Businesses, inclusive of intergroup transactions, and operating income dropped 13.4%, to ¥4.1 billion.

## 2. Forecast for Fiscal 2003

Economic conditions are expected to worsen. Given this gloomy outlook, the JR-West Group is implementing various measures to make optimal use of operational resources to secure stable revenues and profits and ultimately maximize corporate value.

Consolidated results are forecast as follows:

Operating revenues	¥ 1,167.0 billion
Operating income	¥ 120.0 billion
Recurring profit	¥ 74.0 billion
Net income	¥ 40.0 billion

### 3. Financial Position

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

In addition to a slight dip in income before taxes and minority interests, due to an increase in tax payments, cash flows from operating activities came to ¥43.4 billion, down ¥17.4 billion from the same period in the previous fiscal year.

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

Due to measures to ensure safe and stable transportation, improvements in transport capabilities, and capital investment in station buildings and department stores, cash flows used in investing activities amounted to ¥30.1 billion, down ¥73.4 billion from a ¥43.2 billion inflow during the same period in the previous fiscal year that was partially attributable to the sale of shares of Japan Telecom stock.

#### (3) Cash flows from financing activities

A ¥21.2 billion reduction in long-term debt and the payment of dividends resulted in a ¥33.2 billion outflow, down ¥119.4 billion from the same period in the previous fiscal year, in which the sale of shares of Japan Telecom stock was used to reduce long-term debt.

As a result of the aforementioned factors, cash and cash equivalents at the end of the first half of the fiscal year totaled ¥74.0 billion, a ¥19.9 billion year-on-year decrease.

## CONSOLIDATED BALANCE SHEETS

(Figures less than ¥1 million have been omitted)

	Millions of yen			
	September 30, 2002	March 31, 2002	Change from the previous year	September 30, 2001
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash	74,071	94,361	-20,290	94,528
Trade notes receivable	9,687	11,585	-1,898	10,240
Railway fares receivable	12,776	18,383	-5,607	18,942
Accounts receivable	10,950	14,771	-3,821	11,185
Income tax receivable	2	13	-10	2
Marketable securities	2	169	-166	2,838
Inventory	20,111	12,030	8,081	18,483
Deferred tax assets	16,903	16,450	452	16,146
Other current assets	31,964	24,594	7,369	29,896
Less allowance for doubtful accounts	-180	-400	219	-167
<b>Total current assets</b>	<b>176,289</b>	<b>191,960</b>	<b>-15,671</b>	<b>202,097</b>
<b>Fixed assets:</b>				
<b>Property, plant and equipment:</b>	<b>2,061,385</b>	<b>2,084,308</b>	<b>-22,922</b>	<b>2,092,517</b>
Buildings	1,054,784	1,077,195	-22,410	1,097,642
Machinery, equipment and transport equipment	225,129	221,507	3,621	226,238
Land	680,553	680,850	-297	681,724
Construction in progress	65,196	69,122	-3,926	52,239
Other property, plant and equipment	35,721	35,630	90	34,671
<b>Intangible fixed assets</b>	<b>9,207</b>	<b>7,024</b>	<b>2,182</b>	<b>8,006</b>
Consolidation goodwill	378	291	86	-
Other	8,829	6,733	2,096	8,006
<b>Investments and other assets:</b>	<b>134,983</b>	<b>133,420</b>	<b>1,563</b>	<b>155,785</b>
Investment securities	58,615	60,892	-2,277	77,453
Contribution to a welfare annuity	-	-	-	4,341
Deferred tax assets	56,512	51,641	4,871	51,445
Other investments and assets	20,811	21,814	-1,002	22,945
Less allowance for doubtful accounts	-955	-927	-27	-401
<b>Total fixed assets</b>	<b>2,205,576</b>	<b>2,224,753</b>	<b>-19,176</b>	<b>2,256,308</b>
<b>Deferred assets</b>	<b>56</b>	<b>73</b>	<b>-17</b>	<b>122</b>
<b>Total assets</b>	<b>2,381,922</b>	<b>2,416,787</b>	<b>-34,865</b>	<b>2,458,528</b>

## CONSOLIDATED BALANCE SHEETS

(Figures less than ¥1 million have been omitted)

	Millions of yen			
	September 30, 2002	March 31, 2002	Change from the previous year	September 30, 2001
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities:</b>				
Trade notes payable	31,075	39,101	-8,025	30,027
Short-term loans	4,804	7,694	-2,890	9,147
Current portion of long-term debt	75,852	45,670	31,182	48,583
Current portion of long-term payables to acquisition of railway properties	34,877	34,708	168	32,153
Accounts payable	51,391	82,951	-31,560	65,811
Accrued consumption tax	6,908	7,895	-987	8,121
Accrued income tax	23,229	30,093	-6,864	33,450
Railway deposits received	5,068	7,762	-2,693	6,545
Deposits received	20,292	26,239	-5,946	32,674
Prepaid railway fares received	33,504	28,401	5,102	32,950
Advances received	108,323	74,832	33,491	99,501
Less allowance for bonuses	39,241	40,378	-1,136	40,399
Reserve for compensation of completion of construction	39	40	-1	42
Reserve for repairs due to natural disaster	-	-	-	2,137
Other current liabilities	26,186	25,665	520	26,454
<b>Total current liabilities</b>	<b>461,794</b>	<b>451,434</b>	<b>10,360</b>	<b>468,001</b>
<b>Long-term liabilities:</b>				
Bonds	215,000	215,000	-	200,000
Long-term debt	309,774	351,402	-41,627	350,182
Long-term payables of acquisition of railway properties	600,224	611,178	-10,954	635,106
Long-term payables for leased railway facilities	43,826	40,836	2,990	37,087
Deferred tax liabilities	1,390	1,833	-442	2,421
Retirement allowances for employees	183,731	190,811	-7,079	218,706
Reserve for repairs on concrete structures	5,242	9,650	-4,407	12,584
Consolidation adjustment	-	-	-	87
Other long-term liabilities	113,117	114,298	-1,181	119,670
<b>Total long-term liabilities</b>	<b>1,472,308</b>	<b>1,535,011</b>	<b>-62,703</b>	<b>1,575,847</b>
<b>Total liabilities</b>	<b>1,934,103</b>	<b>1,986,446</b>	<b>-52,342</b>	<b>2,043,848</b>
<b>Minority interest</b>	<b>19,198</b>	<b>18,861</b>	<b>337</b>	<b>16,806</b>
<b>Shareholders' equity</b>				
Capital stock	100,000	100,000	-	100,000
Capital surplus	55,000	55,000	-	55,000
Consolidated retained earnings	268,647	250,513	18,133	233,695
Evaluation differences on other securities	4,973	5,966	-993	9,178
<b>Total shareholders' equity</b>	<b>428,620</b>	<b>411,480</b>	<b>17,140</b>	<b>397,873</b>
<b>Total liabilities, minority interest, and shareholders' equity</b>	<b>2,381,922</b>	<b>2,416,787</b>	<b>-34,865</b>	<b>2,458,528</b>

## CONSOLIDATED STATEMENTS OF INCOME

(Figures less than ¥1 million have been omitted)

	Millions of yen			
	Six months ended September 30, 2002	Six months ended September 30, 2001	Change from the previous interim period	Year ended March 31, 2002
<b>Operating revenues</b>	<b>579,642</b>	<b>593,572</b>	<b>-13,929</b>	<b>1,190,610</b>
<b>Operating expenses:</b>				
Transportation and other services and cost of sales	436,769	446,541	-9,771	911,241
Selling, general and administrative expenses	76,406	81,510	-5,104	161,719
	<b>513,175</b>	<b>528,051</b>	<b>-14,875</b>	<b>1,072,960</b>
<b>Operating income</b>	<b>66,466</b>	<b>65,520</b>	<b>946</b>	<b>117,649</b>
<b>Nonoperating revenues:</b>				
Interest	19	212	-192	243
Dividend	210	287	-76	319
Amortization of consolidated difference	-	276	-276	530
Equity in earnings of affiliates	-	460	-460	720
Other	1,007	1,533	-525	6,465
	<b>1,238</b>	<b>2,769</b>	<b>-1,531</b>	<b>8,279</b>
<b>Nonoperating expenses:</b>				
Interest	24,863	28,786	-3,922	54,380
Equity in losses of affiliates	568	-	568	-
Other	296	552	-256	1,507
	<b>25,728</b>	<b>29,339</b>	<b>-3,610</b>	<b>55,887</b>
<b>Recurring profit</b>	<b>41,976</b>	<b>38,950</b>	<b>3,025</b>	<b>70,041</b>
<b>Extraordinary profits:</b>				
Proceeds from construction contract	2,927	3,802	-875	30,963
Gain on investment securities	8	54,480	-54,472	68,488
Other	1,775	3,546	-1,770	9,783
	<b>4,711</b>	<b>61,829</b>	<b>-57,118</b>	<b>109,235</b>
<b>Extraordinary losses:</b>				
Loss on reduction entry of proceeds from construction	2,850	3,736	-886	28,837
Loss on transfer of debt	-	23,178	-23,178	23,178
Repair expenses for elevated track of Shinkansen	-	15,872	-15,872	15,872
Loss on investment securities	38	239	-201	9,072
Loss on transfer of travel business	-	7,747	-7,747	7,747
Other	1,987	7,325	-5,338	11,321
	<b>4,875</b>	<b>58,100</b>	<b>-53,224</b>	<b>96,030</b>
<b>Income before income taxes</b>	<b>41,811</b>	<b>42,680</b>	<b>-868</b>	<b>83,246</b>
Corporation, inhabitants and enterprise taxes	22,590	33,422	-10,831	48,366
Income taxes - deferred	-4,971	-15,532	10,560	-14,156
Minority interests in earnings of consolidated subsidiaries	910	1,054	-144	3,499
<b>Net income</b>	<b>23,282</b>	<b>23,735</b>	<b>-453</b>	<b>45,537</b>

## APPROPRIATION OF CONSOLIDATED RETAINED EARNINGS

(Figures less than ¥1 million have been omitted)

	Millions of yen			
	September 30, 2002	March 31, 2002	Change from the previous year	September 30, 2001
<b>Capital surplus at beginning of the period</b>	<b>55,000</b>	<b>55,000</b>	-	<b>55,000</b>
<b>Capital surplus at the end of the period</b>	<b>55,000</b>	<b>55,000</b>	-	<b>55,000</b>
<b>Retained earnings at beginning of the period</b>	<b>250,513</b>	<b>214,990</b>	<b>35,523</b>	<b>214,990</b>
<b>Increase in retained earnings</b>	<b>23,282</b>	<b>45,643</b>	<b>-22,361</b>	<b>23,825</b>
Net income	23,282	45,537	-22,254	23,735
Increase in retained earnings due to a merger between a consolidated subsidiary and an affiliate	-	106	-106	89
<b>Appropriations of retained earnings</b>	<b>5,148</b>	<b>10,120</b>	<b>-4,971</b>	<b>5,120</b>
Cash dividends	5,000	10,000	-5,000	5,000
Directors' bonuses	148	120	28	120
[Including corporate auditors' bonuses]	(22)	(17)	(4)	(17)
<b>Retained earnings at the end of the period</b>	<b>268,647</b>	<b>250,513</b>	<b>18,133</b>	<b>233,695</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Figures less than ¥1 million have been omitted)

	Millions of yen			
	September 30, 2002	September 30, 2001	Change from the previous year	March 31, 2002
<b>I. Cash flows from operating activities</b>				
Income before income taxes adjustments	41,811	42,680	-868	83,246
Depreciation and amortization	54,879	56,466	-1,586	115,160
Loss on reduction entry of fixed assets	2,850	3,736	-886	28,837
Loss from disposal of fixed assets	2,253	1,322	930	9,284
Loss on write-down of investment securities	38	239	-201	9,072
Amortization of consolidation differences	38	-276	315	-530
Increase (decrease) in allowance for doubtful accounts	-191	60	-252	818
Decrease (Increase) in allowance for retirement benefits	-7,079	-12,407	5,327	-40,302
Decrease in allowance for bonuses	-1,136	-601	-535	-622
Increase (decrease) in other reserves	-4,408	14,753	-19,162	9,813
Interest and dividends receivable	-230	-499	268	-562
Interest expenses	24,863	28,781	-3,917	54,380
Investment income from accounted for by the equity method	568	-460	1,028	-720
Contributions for the construction of railway facilities receivable	-2,927	-3,802	875	-30,963
Decrease in accounts receivable	13,548	11,458	2,090	3,925
Increase (decrease) in inventories	-8,081	-6,151	-1,929	302
Increase (decrease) in accounts payable	-11,622	4,107	-15,730	-4,990
Decrease in accrued consumption tax	-987	-690	-297	-915
Other	-6,570	-29,798	23,228	-43,465
Sub-total	97,613	108,918	-11,304	191,767
Interest and dividends received	222	562	-340	560
Interest paid	-24,922	-28,850	3,927	-54,713
Income taxes paid	-29,454	-19,827	-9,627	-38,129
Income taxes refunded	10	115	-104	105
<b>Net cash provided by operating activities</b>	<b>43,469</b>	<b>60,919</b>	<b>-17,449</b>	<b>99,590</b>
<b>II. Cash flows from investing activities</b>				
Cash placed in time deposits (maturities of more than 3 months)	-3	-3,560	3,557	-3,530
Cash withdrawn from time deposits (maturities of more than 3 months)	358	3,811	-3,453	5,328
Purchases of property, plant and equipment	-50,746	-50,474	-271	-120,277
Proceeds from sales of property, plant and equipment	591	399	191	7,333
Receipts of contributions for the construction of railway facilities	20,550	22,092	-1,542	41,658
Purchases of investment securities	-811	-502	-309	-867
Proceeds from sales of investment securities	23	71,575	-71,552	87,735
Increase in loans	-144	-36	-107	-795
Collections of loans and advances	317	92	225	313
Other	-334	-136	-197	893
<b>Net cash used in investing activities</b>	<b>-30,199</b>	<b>43,260</b>	<b>-73,460</b>	<b>17,790</b>
<b>III. Cash flows from financing activities</b>				
Change in short-term borrowings, net	-3,890	-4,729	839	-6,182
Increase in long-term debt	-	1,414	-1,414	39,117
Repayment of long-term debt	-10,445	-33,478	23,032	-72,856
Proceeds from issuance of bonds	-	-	-	15,000
Long-term payables of acquisition of railway properties	-10,785	-87,589	76,803	-108,961
Cash dividends	-5,004	-5,005	0	-10,009
Payment of cash dividends to minority interests	-125	-125	-	-125
Other	-3,000	-23,178	20,178	-23,178
<b>Net cash used in financing activities</b>	<b>-33,251</b>	<b>-152,691</b>	<b>119,440</b>	<b>-167,196</b>
<b>IV. Change in cash and cash equivalents, net</b>	<b>-19,981</b>	<b>-48,511</b>	<b>28,530</b>	<b>-49,814</b>
<b>V. Cash and cash equivalents at beginning of the period</b>	<b>94,023</b>	<b>143,781</b>	<b>-49,758</b>	<b>143,781</b>
<b>VI. Change in cash and cash equivalents accompanying consolidation of additional subsidiaries</b>	<b>-</b>	<b>36</b>	<b>-36</b>	<b>56</b>
<b>VII. Cash and cash equivalents at end of the period</b>	<b>74,042</b>	<b>95,307</b>	<b>-21,264</b>	<b>94,023</b>

## SEGMENT INFORMATION

### 1. Information by business segment

Six months ended September 30, 2001

	Millions of yen						
	Transportation	Sales of goods and food services	Real estate	Other	Total	Eliminations and intergroup	Consolidated
<b>Operating revenues and income:</b>							
Operating revenues from third parties	428,807	96,369	28,851	39,543	593,572	-	593,572
Intergroup operating revenues and transfers	8,057	15,225	5,598	42,561	71,443	(71,443)	-
Total sales	436,865	111,595	34,450	82,104	665,015	(71,443)	593,572
Operating expenses	386,543	108,826	26,935	77,264	599,569	(71,518)	528,051
Operating income	50,321	2,768	7,514	4,840	65,445	74	65,520

Six months ended September 30, 2002

	Millions of yen						
	Transportation	Sales of goods and food services	Real estate	Other	Total	Eliminations and intergroup	Consolidated
<b>Operating revenues and income:</b>							
Operating revenues from third parties	417,579	95,255	28,556	38,252	579,642	-	579,642
Intergroup operating revenues and transfers	7,705	16,291	5,459	43,566	73,024	(73,024)	-
Total sales	425,284	111,547	34,016	81,819	652,667	(73,024)	579,642
Operating expenses	373,757	108,918	26,090	77,625	586,393	(73,217)	513,175
Operating income	51,526	2,628	7,925	4,193	66,273	193	66,466

Fiscal 2002 (April 1, 2001 to March 31, 2002)

	Millions of yen						
	Transportation	Sales of goods and food services	Real estate	Other	Total	Eliminations and intergroup	Consolidated
<b>Operating revenues and income:</b>							
Operating revenues from third parties	852,188	195,262	57,693	85,464	1,190,610	-	1,190,610
Intergroup operating revenues and transfers	16,010	32,342	11,228	100,174	159,756	(159,756)	-
Total sales	868,199	227,605	68,922	185,639	1,350,366	(159,756)	1,190,610
Operating expenses	779,797	222,829	53,559	175,821	1,232,007	(159,047)	1,072,960
Operating income	88,401	4,776	15,363	9,817	118,358	(708)	117,649

Notes: 1. Fractional sums less than ¥1 million have been omitted.

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

3. Main activities of business segments

Transportation: railways, ferries, buses

Sales of goods and food services: department store, sales of food and beverages, wholesale of various goods, etc.

Real estate business: lending and leasing of real estate, operation of shopping center

Other: hotels, advertising sales of goods, construction, etc.

### 2. Information by location

As there were no overseas subsidiaries in fiscal 2002 or 2003, this item was not included.

### 3. Overseas sales

As there were no overseas sales in fiscal 2002 or 2003, this item was not included.

## FLASH REPORT (NON-CONSOLIDATED BASIS)

Company name: West Japan Railway Company

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

Code number: 9021

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

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

President: Shojiro Nan-ya

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

Telephone: +81-6-6375-8889

Date for Convening the Board of Directors Meeting for Approval of the Non-Consolidated Financial Statements:  
November 8, 2002

Interim dividends: Yes

Date of payment of interim dividends: December 10, 2002

Unit stock system: No

### 1. Results for six months ended September 30, 2002

#### (1) Operating results

(Figures less than ¥1 million have been omitted)

	Operating revenues (% change from the previous interim period)	Operating income (% change from the previous interim period)	Recurring profit (% change from the previous interim period)
	Millions of yen	Millions of yen	Millions of yen
Six months ended September 30, 2002	426,086 (-2.7)	56,241 (1.2)	33,632 (11.9)
Six months ended September 30, 2001	437,721 (-1.2)	55,588 (-12.8)	30,044 (-12.7)
Year ended March 31, 2002	869,887	99,533	54,092

	Net income (% change from the previous interim period)	Net income per share
	Millions of yen	Yen
Six months ended September 30, 2002	19,835 (3.0)	9,917.81
Six months ended September 30, 2001	19,250 (0.9)	9,625.04
Year ended March 31, 2002	32,546	16,273.31

Notes: 1. Average number of shares outstanding during period:

Six months ended September 30, 2002: 2,000,000 shares

Six months ended September 30, 2001: 2,000,000 shares

Year ended March 31, 2002: 2,000,000 shares

2. There were no changes in accounting policies.

3. Percentages indicate year-on-year increase/(decrease) in operating revenues, operating income, recurring profit, and net income.

#### (2) Dividends

	Interim dividends per share	Dividends per share for the fiscal years
	Yen	Yen
Six months ended September 30, 2002	2,500.00	-
Six months ended September 30, 2001	2,500.00	-
Year ended March 31, 2002	-	5,000.00

Note: Dividends of this period include no commemorative dividend and no special dividend.

### (3) Financial position

	Total assets	Total shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Six months ended September 30, 2002	2,125,081	402,967	19.0	201,483.84
Six months ended September 30, 2001	2,147,575	382,920	17.8	191,460.31
Year ended March 31, 2002	2,135,756	388,662	18.2	194,331.30

Note: Number of shares outstanding at period end:

Six months ended September 30, 2002: 2,000,000 shares

Six months ended September 30, 2001: 2,000,000 shares

Year ended March 31, 2002: 2,000,000 shares

### 2. Forecast for fiscal 2003 (April 1, 2002 to March 31, 2003)

	Operating revenues	Recurring profit	Net income	Dividends per share for the fiscal year	
				Year end dividends	
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
Fiscal year	850,500	60,000	34,200	2,500.00	5,000.00

(Reference) Net income per share for the fiscal year is forecast to be ¥17,100.00.

## NON-CONSOLIDATED BALANCE SHEETS

(Figures less than ¥1 million have been omitted)

	Millions of yen			
	September 30, 2002	March 31, 2002	Change from the previous year	September 30, 2001
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash	44,144	49,687	-5,542	34,486
Railway fares receivable	12,349	18,019	-5,670	18,582
Accounts receivable	7,223	10,398	-3,175	9,257
Accrued income	2,909	4,950	-2,040	2,869
Short-term loans	10,650	830	9,820	7,050
Real estate for sale	108	121	-13	337
Materials and supplies	5,961	2,942	3,019	5,054
Prepaid expenses	4,093	1,914	2,178	4,411
Deferred tax assets	13,623	12,618	1,005	13,435
Other current assets	9,748	7,600	2,147	12,258
Less allowance for doubtful accounts	-117	-267	150	-103
Total current assets	<b>110,695</b>	<b>108,816</b>	<b>1,878</b>	<b>107,639</b>
<b>Fixed assets:</b>				
Railway	1,585,504	1,598,106	-12,602	1,595,429
Ferry	201	214	-13	229
Other operations	62,708	64,539	-1,830	77,688
Related business	90,175	91,010	-834	94,073
Construction in progress	64,806	68,834	-4,027	52,149
<b>Investments and advances:</b>	<b>210,989</b>	<b>204,233</b>	<b>6,755</b>	<b>220,366</b>
Investment securities	23,363	23,968	-605	38,972
Stocks of subsidiaries	120,176	119,718	457	116,531
Long-term loans	8,494	5,425	3,068	4,393
Long-term prepaid expense	2,655	3,008	-352	3,291
Contribution to a welfare annuity	-	-	-	4,337
Deferred tax assets	49,368	45,083	4,285	44,093
Other investments and advances	7,628	7,709	-81	8,939
Less allowance for doubtful accounts	-696	-680	-15	-192
Total fixed assets	<b>2,014,385</b>	<b>2,026,939</b>	<b>-12,553</b>	<b>2,039,936</b>
<b>Total assets</b>	<b>2,125,081</b>	<b>2,135,756</b>	<b>-10,674</b>	<b>2,147,575</b>

## NON-CONSOLIDATED BALANCE SHEETS

(Figures less than ¥1 million have been omitted)

	Millions of yen			
	September 30, 2002	March 31, 2002	Change from the previous year	September 30, 2001
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities:</b>				
Short-term borrowings	57,092	42,663	14,429	22,900
Current portion of long-term debt	67,568	33,760	33,808	38,056
Current portion of long-term payables to the acquisition of railway properties	34,877	34,708	168	32,153
Current portion of long-term payables	1,168	3,946	-2,778	1,168
Accounts payable	60,764	98,394	-37,629	75,060
Accrued expenses	13,310	13,660	-349	13,492
Accrued consumption tax	5,470	4,985	484	6,602
Accrued income tax	19,633	25,431	-5,798	29,577
Railway deposits received	5,775	8,393	-2,618	7,305
Deposits	12,216	15,706	-3,490	23,983
Prepaid railway fares received	33,403	28,328	5,075	32,848
Deposits received	105,653	72,914	32,738	97,388
Advance payments received	1,417	441	976	1,165
Allowance for bonuses	32,524	33,916	-1,391	34,282
Reserve for repairs due to natural disaster	-	-	-	2,137
Other current liabilities	58	303	-245	91
<b>Total current liabilities</b>	<b>450,933</b>	<b>417,553</b>	<b>33,380</b>	<b>418,212</b>
<b>Long-term liabilities:</b>	215,000	215,000	-	200,000
Bonds	198,785	236,873	-38,088	229,953
Long-term debt	600,224	611,178	-10,954	635,106
Long-term payables of acquisition of railway properties	29,427	30,011	-584	14,740
Long-term payables	43,826	40,836	2,990	37,087
Long-term payables for leased railway facility	173,681	180,892	-7,211	208,686
Retirement allowances for employees	5,242	9,650	-4,407	12,584
Reserve for repairs on concrete structures	4,991	5,097	-105	8,284
Other long-term liabilities	1,271,179	1,329,540	-24,980	1,346,442
<b>Total long-term liabilities</b>	<b>1,722,113</b>	<b>1,747,093</b>	<b>-58,360</b>	<b>1,764,655</b>
<b>Total liabilities</b>				
<b>Shareholders' equity:</b>				
<b>Capital stock</b>	<b>100,000</b>	<b>100,000</b>	-	<b>100,000</b>
<b>Capital surplus</b>	<b>55,000</b>	<b>55,000</b>	-	<b>55,000</b>
<b>Capital reserve</b>	<b>55,000</b>	<b>55,000</b>	-	<b>55,000</b>
<b>Retained earnings:</b>	<b>244,858</b>	<b>230,102</b>	<b>14,755</b>	<b>221,806</b>
Earned legal surplus	11,327	11,327	-	11,327
Voluntary reserves	172,820	150,000	22,820	150,000
Reserved for advanced depreciation on property	2,820	-	2,820	-
Other reserves	170,000	150,000	20,000	150,000
Unappropriated retained earnings	60,710	68,775	-8,065	60,478
Evaluation differences on other securities	3,109	3,559	-450	6,114
<b>Total shareholders' equity</b>	<b>402,967</b>	<b>388,662</b>	<b>14,305</b>	<b>382,920</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,125,081</b>	<b>2,135,756</b>	<b>-10,674</b>	<b>2,147,575</b>

## NON-CONSOLIDATED STATEMENTS OF INCOME

(Figures less than ¥1 million have been omitted)

	Millions of yen			
	September 30, 2002	September 30, 2001	Change from the previous year	March 31, 2002
<b>Operating revenues:</b>				
Transportation	379,731	388,338	-8,607	770,259
Transportation incidentals	11,752	12,028	-276	24,609
Other operations	9,271	9,254	17	18,385
Travel Business	902	5,136	-4,233	6,452
Miscellaneous	24,428	22,962	1,466	50,179
	<b>426,086</b>	<b>437,721</b>	<b>-11,634</b>	<b>869,887</b>
<b>Operating expenses:</b>				
Personnel costs	151,760	168,250	-16,489	330,540
Non personnel costs	135,054	132,836	2,218	281,266
Energy costs	20,253	20,528	-274	39,233
Maintenance costs	55,613	53,920	1,693	116,878
Miscellaneous costs	59,187	58,387	799	125,154
Rental payments for JRCPC. etc	15,765	15,876	-111	31,389
Taxes	20,853	17,489	3,364	30,042
Depreciation	46,411	47,679	-1,268	97,115
	<b>369,845</b>	<b>382,132</b>	<b>-12,286</b>	<b>770,354</b>
<b>Operating income</b>	<b>56,241</b>	<b>55,588</b>	<b>652</b>	<b>99,533</b>
Non operating revenues	1,089	1,775	-686	6,263
Non operating expenses	23,697	27,318	-3,620	51,703
<b>Recurring profit</b>	<b>33,632</b>	<b>30,044</b>	<b>3,587</b>	<b>54,092</b>
Extraordinary profit	3,506	60,447	-56,940	105,142
Extraordinary loss	3,166	57,609	-54,442	99,677
<b>Income before income taxes</b>	<b>33,972</b>	<b>32,882</b>	<b>1,089</b>	<b>59,557</b>
Income taxes-current	19,097	29,560	-10,462	41,243
Income taxes-deferred	-4,961	-15,927	10,966	-14,232
<b>Net income</b>	<b>19,835</b>	<b>19,250</b>	<b>585</b>	<b>32,546</b>
Retained earnings carried forward from the previous period	40,874	41,228	-354	41,228
Interim dividends	-	-	-	5,000
<b>Unappropriated retained earnings</b>	<b>60,710</b>	<b>60,478</b>	<b>231</b>	<b>68,775</b>

## Supplemental Financial Data

### 1. Forecast for fiscal 2003 (Consolidated Basis)

	Forecast for fiscal 2003	March 31, 2002	Change from the previous year
	Billions of yen	Billions of yen	Billions of yen
Operating revenues	1,167.0	1,190.6	-23.6
Operating income	120.0	117.6	2.3
Recurring profit	74.0	70.0	3.9
Net income	40.0	45.5	-5.5

### 2. Earnings forecast by segment for fiscal 2003 (Consolidated Basis)

	Transportation	Sales of goods and food services	Real estate business	Other
	Billions of yen	Billions of yen	Billions of yen	Billions of yen
Operating revenues	848.5	226.0	67.8	184.8
Operating income	93.2	3.9	15.0	8.6

### 3. Forecast for fiscal 2003 (Non-Consolidated Basis)

	Forecast for fiscal 2003	March 31, 2002	Change from the previous year
	Billions of yen	Billions of yen	Billions of yen
Operating revenues (Transportation)	850.5 (753.2)	869.8 (770.2)	-19.3 (-17.0)
Operating income	103.0	99.5	3.4
Recurring profit	60.0	54.0	5.9
Net income	34.2	32.5	1.6

### 4. Other detailed data

(Number of persons, Billions of yen, %)

	September 30, 2002		September 30, 2001		Forecast for fiscal 2003	
	Consolidated Basis	Non-Consolidated Basis	Consolidated Basis	Non-Consolidated Basis	Consolidated Basis	Non-Consolidated Basis
Head count at end of period (Includes staff seconded to other companies)	42,856 -	29,283 (35,415)	45,526 -	31,549 (38,339)	- -	- -
Retirement payment costs	30.1	28.6	31.3	30.1	-	57.0
Number of employees entitled to retirement payment	1,781	1,258	2,558	2,014	-	2,576
Maintenance costs	-	55.6	-	53.9	-	124.5
Depreciation	54.8	46.4	56.4	47.6	112.6	94.7
Financial expenses, net	-24.6	-23.0	-28.2	-26.3	-49.4	-46.6
Interest and dividend income	0.2	0.4	0.4	0.7	0.2	0.5
Interest expenses	-24.8	-23.5	-28.7	-27.1	-49.6	-47.1
Capital expenditures	39.1	31.3	38.1	32.3	113.6	92.0
Own funds	31.9	24.1	29.4	23.5	113.6	92.0
Long-term debt and payables	1,236.7	1,147.0	1,266.0	1,151.1	1,220.0	1,135.0

Notes: 1. Figures less than ¥100 million have been omitted.

2. The number of employees on a consolidated and non-consolidated basis refers to regular staff only.

## 5. Comparison with numeric targets of Medium-Term Management

			September 30, 2002	Forecast for fiscal 2003	Medium-Term Management Targets (Fiscal 2006)
Operating income ROA	(consolidated)	%	2.8	4.9	5.4
Operating income	(consolidated)	Billions of yen	66.4	120.0	130.0
Net income	(consolidated)	Billions of yen	23.2	40.0	50.0
Long-term debt	(consolidated)	Billions of yen	1,236.7	1,220.0	1,100.0
Long-term debt	(non-consolidated)	Billions of yen	1,147.0	1,135.0	1,000.0
Head count at the start of the fiscal year	(non-consolidated)	People	36,497		32,000